

**SECOND AMENDMENT TO THE  
CIVIC MALL TAX INCREMENT FINANCING  
PLAN,**

**(Revised as of May 5, 1998)**

**As Proposed by  
VISTA DEL RIO REDEVELOPMENT COMPANY, L.L.C.,  
a Missouri Limited Liability Company**

**Approved and Recommended by  
the Tax Increment Financing Commission  
of Kansas City, Missouri**

**CERTIFICATION:**

We hereby certify that this is a true and correct copy of the Second Amendment to the Civic Mall Tax Increment Financing Plan approved by the Tax Increment Financing Commission of Kansas City, MO, 5/13/98.

Kay Waldo Barnes  
Chairman

5/13/98  
Date

[Signature]  
Executive Director

5/13/98  
Date

## SECOND AMENDMENT TO THE CIVIC MALL TAX INCREMENT FINANCING PLAN

### I. INTRODUCTION

The Second Amendment to the Civic Mall Tax Increment Financing Plan (the "Second Amendment") shall amend the Civic Mall Tax Increment Financing Plan as adopted by the City Council of Kansas City, Missouri (the "Council") through Ordinance N° 941589 and subsequently amended by the Council through Ordinance N° 970236 (collectively the Civic Mall Tax Increment Financing Plan as amended shall be referred to herein as the "Plan"). Generally, the Second Amendment alters the Plan in the following ways: i) it expands the Redevelopment Area as established in the Plan to include additional area immediately north of the Redevelopment Area described in the Plan said area being bounded generally by 6<sup>th</sup> Street on the north, Charlotte Street on the east, Admiral Boulevard on the south and Locust Street on the west in Kansas City, Jackson County, Missouri; ii) it adds nine (9) additional Redevelopment Projects; and iii) it authorizes redevelopment of a hotel in the new Redevelopment Project Block No. 15A. Other than those changes specifically set forth in this Second Amendment, the Plan shall remain unchanged and shall remain in full force and effect.

### II. SPECIFIC AMENDMENTS

In accordance with this Second Amendment, the Plan shall be amended as set forth below.

**Amendment N° 1.** Exhibit N° 1 of the Plan, entitled "Location and Legal Description of the Redevelopment Area", shall be deleted and a new, revised Exhibit N° 1, attached hereto, shall replace it.

**Amendment N° 2.** Exhibit N° 2 of the Plan, entitled "Site Plan," shall be deleted and a new, revised Exhibit N° 2, attached hereto, shall replace it.

**Amendment N° 3.** Exhibit N° 4 of the Plan, entitled "Estimated Redevelopment Project Costs," shall be deleted and a new, revised Exhibit N° 4, attached hereto, shall replace it.

**Amendment N° 4.** Exhibit N° 5 of the Plan, entitled "Sources of Funds," shall be supplemented with the addendum attached hereto as Exhibit N° 5.

**Amendment N° 5.** Exhibit N° 6 of the Plan, entitled "Estimated Annual Payments in Lieu of Taxes and Economic Activity Taxes Over the Life of the Redevelopment Plan," shall be supplemented with the addendum attached hereto as Exhibit N° 6.

**Amendment N° 6.** Exhibit N° 7 of the Plan, entitled "Developer's Proposal," shall be supplemented with the addendum attached hereto as Exhibit N° 7.

**Amendment N° 7.** Exhibit N° 8 of the Plan, entitled "Existing Conditions Study," shall be supplemented with addendum attached hereto as Exhibit N° 8.

**Amendment N° 8.** Exhibit N° 9 of the Plan, entitled "Development Schedule," shall be supplemented with the addendum attached hereto as Exhibit N° 9.

**Amendment N° 9.** Exhibit N° 11 of the Plan, entitled "Land Acquisition and Disposition Map" shall be deleted and a new, revised Exhibit N° 11, attached hereto, shall replace it.

**Amendment N° 10.** Exhibit N° 12 of the Plan, entitled "Affirmative Action Policy" shall be deleted and a new, revised Exhibit N° 12, attached hereto, shall replace it.

**Amendment N° 11.** Subsection I.B. of the Plan, "General Description," shall be revised to read as follows:

The redevelopment area has an irregular boundary generally encompassed by 6<sup>th</sup> Street on the north, Interstate 70 (also known as Midtown Freeway) on the east, 13<sup>th</sup> Street on the south and McGee Street on the west (the "Redevelopment Area") in Kansas City, Jackson County, Missouri (the "City") as described in Exhibit 1.

**Amendment N° 12.** The first paragraph of Section II. of the Plan, "Estimated Redevelopment Project Costs," shall be revised to read as follows:

Estimated redevelopment project costs for the project are projected to be approximately \$221,914,500 over the life of the Plan. The Plan proposes that approximately \$83,207,000 in redevelopment project costs will be reimbursable from the Special Allocation Fund. The reimbursable project costs include those shown as set forth in Exhibit N° 4.

**Amendment N° 13.** Subsection III.A., of the Plan, "Payment in Lieu of Taxes," shall be revised to read as follows:

The total payments in lieu of taxes ("PILOTS") generated over the duration of the Plan are estimated to be approximately \$55,768,533. Of the total PILOTS generated over the duration of the Plan \$7,380,533 will be generated by the Redevelopment Project Blocks approved by the Second Amendment, and in accordance with the Act, said amount excludes any taxes attributable to 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 article X of the Missouri Constitution for Redevelopment Projects proposed and approved as part of the Second Amendment. The resulting payments in lieu of taxes available to pay redevelopment project costs year are shown in Exhibit N° 6.

**Amendment N° 14.** The first full paragraph of Subsection III.B. of the Plan "Economic Activity Taxes," shall be revised to read as follows:

Over the life of the Plan, the total economic activity tax revenues are estimated to be approximately \$55,768,000. Of the total additional revenue from taxes imposed by the Municipality or other taxing districts and which are generated by economic activities within the redevelopment project areas, as defined in Section 99.845.3, fifty percent (50%), or approximately \$27,884,000 over the life of the Plan, will be made available upon annual appropriation, to pay eligible redevelopment project costs. Those economic activity taxes available to pay project costs are shown in Exhibit N<sup>o</sup> 6.

**Amendment N<sup>o</sup> 15.** The first full paragraph of Section VI. of the Plan, "Most Recent Equalized Assessed Valuation," shall be revised to read as follows:

The total initial equalized assessed valuation of the areas selected for redevelopment projects, according to the Kansas City assessor's records is \$10,404,020. The current combined tax levee for commercially assessed property is projected to be \$10.95 per hundred dollars assessed valuation on land and \$9.20 per hundred dollars assessed valuation on improvements. The current annual tax revenue is approximately \$998,625.

**Amendment N<sup>o</sup> 16.** Section VII. of the Plan, "Estimated Equalized Assessed Valuation After Redevelopment," shall be revised to read as follows:

Upon completion of all of the redevelopment projects, the assessed valuation of the areas selected for all Redevelopment Projects is anticipated to be approximately \$38,707,400. The increase in assessed valuation therefore is anticipated to be approximately \$30,507,000. The resulting payments in lieu of taxes available to pay redevelopment costs by year are shown in Exhibit N<sup>o</sup> 6 attached hereto. When complete, the Redevelopment Projects will yield an estimated \$2,135,676 in additional real property taxes annually.

**Amendment N<sup>o</sup> 17.** Section X. of the Plan, "But For TIF," shall be revised by replacing the last grammatical sentence with the following:

Redevelopment Project Block 15A of the Redevelopment Plan, as proposed, has little to no return on investment without Tax Increment Financing assistance and has a rate of return with the assistance proposed that is satisfactory given the investment risk associated with the project. Empirical evidence of this fact is more fully described in Exhibit N<sup>o</sup> 15 which demonstrates that the Redevelopment Project Block 15A of the Plan is not likely to attract private investment without public assistance.

**Amendment N<sup>o</sup> 18.** Section XI. of the Plan, "Conformance to the Comprehensive Plan," shall be revised by adding the following to the end of that section.

The Plan is also in compliance with the FOCUS Kansas City Plan and specifically supports the following initiatives:

1. Target existing public incentives to projects in areas with existing public infrastructure (Preservation Plan);
2. Enhance the feasibility of infill development, redevelopment or development proposed as a contiguous or logical extension of existing development patterns through direct assistance or development incentives, where justified (Physical Framework Plan);
3. Retain and attract good business citizens and jobs (Heart of the City Plan); and
4. Provision of new urban amenities in Central Business District (Heart of the City Plan).

**Amendment Nº 19.** Section XIX., entitled "Requests for Proposals" shall be revised by replacing the last two sentences of that Section, with the following:

The proposal of any prospective Developer(s) must include evidence of financial commitments sufficient to complete the given Redevelopment Project. The accuracy of the information contained in any proposal and the reasonableness of the assumptions contained therein shall be certified to in writing by the prospective Developer prior to the conclusion of any public hearing on such matters. That proposal will then be attached to the Plan as a part of Exhibit 7 and shall become part of the plan.

As to implementation of Redevelopment Project Block 15A, the Commission made a public request for proposals to which Vista Del Rio Redevelopment Company, L.L.C. responded. A summary of Vista Del Rio Redevelopment Company, L.L.C.'s Proposal, including evidence of commitments for financing, is attached hereto as part of Exhibit 7. Specific components of Vista Del Rio Redevelopment Company, L.L.C.'s Proposal have been integrated into and have become a part of the Plan.

**Amendment Nº 20.** A new Section XXII., entitled "Public Participation in Success of the Plan," shall be added to the Plan and it shall read as follows:

Substantial public financing of the future project improvements is provided for herein to assist in successful redevelopment of the redevelopment project areas which will serve the public purposes set forth herein. The purpose of affording public assistance is to accomplish the stated of public purposes and not to subsidize an otherwise economically viable redevelopment project. The exhibits to the Plan demonstrate that these projects would not be undertaken but for the public assistance being provided. It is recognized that the ongoing profitability of the Plan is based upon projections that may or may not be fulfilled. Therefore, in order to assure that the public assistance being provided does not subsidize an unreasonable level of earnings, the redevelopment agreement to be entered with the developer shall contain provisions limiting the developer's return to a reasonable level not to exceed eighteen (18) percent, whereby the public may participate in the annual cash-on-cash returns in excess of such reasonable level of return. In the event that any project improvement is refinanced or sold, once

all costs of sale or refinancing have been paid, the net remaining proceeds shall be dispersed as follows:

First, to retire any the private debt incurred by the Developer to finance the subject project improvement;

Second, to retire any outstanding public debt issued in connection with the project, if any;

Third, to pay for any cumulative annual return due to the Developer as allowed pursuant to this Plan; and

Fourth, to return the investors' equity.

If upon payment of the forgoing amounts a balance remains, the Commission may require the Developer to share in the residual proceeds with the Commission in the same proportion as each party's respective investment in the subject project improvement.

**Amendment N° 21.** A new Section XXIII., entitled, "Cost Benefit Analysis," shall be added to the Plan and it shall read as follows:

A cost benefit analysis has been prepared for that portion of the redevelopment area approved by the Second Amendment to the Civic Mall Tax Increment Financing Plan. Such analysis describes the following: (1) The impact on the economy of each taxing district if the Second Amendment to the Plan and the projects therein are not built; (2) The impact on the economy of each taxing district if the Second Amendment to the Plan and the projects therein are built; (3) Fiscal impact study on every affected political subdivision; and (4) Sufficient information to determine whether the Second Amendment to the Civic Mall Tax Increment Plan, as proposed, is financially feasible. The cost benefit analysis referred to herein is attached hereto as Exhibit N° 16.

**Amendment N° 22.** A new Section XXIV., entitled, "Gaming" shall be added to the Plan and it shall read as follows.

The Redevelopment Plan does not include the initial development or redevelopment of any gambling establishment.

**Amendment N° 23.** A copy of the Developer's Affidavit attached hereto, shall be attached to the Plan as Exhibit 17.

## **Exhibit No. 1**

### **Location and Legal Description of the Redevelopment Area**

## EXHIBIT 1

### LOCATION AND LEGAL DESCRIPTION OF THE REDEVELOPMENT AREA

The proposed Redevelopment Area has an irregular boundary generally encompassed by 6<sup>th</sup> Street Trafficway on the north, Interstate 70 (also known as the Midtown Freeway) on the east, 13th Streets on the south and McGee Street on the west. The boundaries are more specifically described as follows:

Beginning at the point of intersection of the center line of 13th Street and the center line of McGee Street, thence north along the center line of McGee Street to the center line of 11<sup>th</sup> Street; thence east along the center line of 11<sup>th</sup> Street to the center line of Oak Street; thence north along the center line of Oak Street to the center line of 10<sup>th</sup> Street; thence west along the center line of 10<sup>th</sup> Street to the center line of McGee Street; thence north along the center line of McGee Street to the center line of 8th Street; thence east along the center line of 8th Street to the center line of Oak Street; thence northeasterly along the center line of Oak Street to the south right-of-way line of 6<sup>th</sup> Street Trafficway; thence east along the south right-of-way line of 6<sup>th</sup> Street Trafficway to the west right-of-way line of Interstate 70; thence southerly and westerly along the west right-of-way line of Interstate 70 to the center line of 11th Street; thence west along the center line of 11th Street to the center line of Charlotte Street; thence south along the center line of Charlotte Street to the center line of 12th Street; thence west along the center line of 12th Street to the center line of Cherry Street; thence north along the center line of Cherry Street to the center line of 11th Street; thence west along the center line of 11th Street to the center line of Oak Street; thence south along the center line of Oak Street to the center line of 13th Street; thence west along the center line of 13th Street to the Point of Beginning, now all included in and a part of the City of Kansas City, Jackson County, Missouri.

### REDEVELOPMENT PROJECT AREA DESCRIPTIONS

#### BLOCK 14

That city block legally described as beginning at the intersection of the center line of Admiral Blvd. and the center line of Locust Street; thence East along the center line of Admiral Blvd. to the center line of Cherry Street; thence North along the center line of Cherry Street to the center line of 6<sup>th</sup> Street; thence West along the center line of 6<sup>th</sup> Street to the center line of Locust Street; thence South along the center line of Locust Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

#### BLOCK 15A

Beginning at the Northwest corner of Lot 7, Block 6, of RICE'S ADDITION, also being a point of the North line of Admiral Blvd. as established by Ordinance N<sup>o</sup> 15,550 passed October 10, 1900; thence North 252 feet along West line of Lots 8, 9, 10, 11, 12, Block 6, RICE'S ADDITION, to South line of Right-of Way of Intercity Freeway (also know as 6<sup>th</sup> Street); thence East a distance of 288 feet along said South line of Intercity Freeway



to its point of intersection with West line of vacated Holmes St.; thence continuing East a distance of 50 feet, along South line of 6<sup>th</sup> Street, as established by Ordinance N<sup>o</sup> 31324 to its point of intersection with West line of Lot 8, Block 4, RICE'S ADDITION; thence South a distance of 237 feet along West line of Lots 8 and 9, Block 4, across vacated 6<sup>th</sup> Street Trafficway and along West line of Lots 1 and 2, Block 5, RICE'S ADDITION, to North line of Admiral Blvd. as established by said Ordinance N<sup>o</sup> 15,550, said point begin Northwest corner of Lot 3, Block 5, RICE'S ADDITION; thence West along North line of said Lot 3, prolonged West to West line of vacated Holmes Street; thence South along West line of vacated Holmes Street to a point 10 feet North of North line of Lot 18, Block 6, RICE'S ADDITION; thence West and parallel with North line of said Lot 18 and its prolongation West to West line of vacated alley in Block 6 in said RICE'S ADDITION; thence South along West line of said mentioned alley to the North line of said Lot 7, Block 6, in said RICE'S ADDITION, thence West along the North line of said Lot 7, to the point of beginning; except all that part of Lots 11, 12, 13 and 14, Block 6, RICE'S ADDITION, a subdivision and all that part of vacated Holmes Street, in Kansas City, Jackson County, Missouri, described as follows: Beginning at the point of intersection of the South line of the Intercity Freeway, as now established, and the East line of vacated Holmes Street; thence South 0 degrees, 08 minutes East along said East line, 84.00 feet; thence due West 98.53 feet; thence due South 16.00 feet; thence due West, 49.33 feet; thence due North, 16.00 feet; thence due West 78.33 feet to a point on the East outside line of an existing building; thence North 0 degrees, 06 minutes, 49 seconds West along said East outside line and the Northerly prolongation thereof, 84.00 feet to the South line of said Intercity Freeway; thence due East 226.16 feet to the point of beginning.

#### **BLOCK 15 B**

All of that city block legally described as beginning at the intersection of the center line of Cherry Street and the center line of Admiral Blvd.; thence East along the center line of Admiral Blvd. to the center line of Charlotte Street; thence North along Charlotte Street to the center line of 6<sup>th</sup> Street; thence West along the center line of 6<sup>th</sup> Street to the center line of Cherry Street; thence South to the point of beginning all included in and a part of Kansas City, Jackson County, Missouri, excluding that portion of the city block legally described as follows:

Beginning at the Northwest corner of Lot 7, Block 6, of RICE'S ADDITION, also being a point of the North line of Admiral Blvd. as established by Ordinance N<sup>o</sup> 15,550 passed October 10, 1900; thence North 252 feet along West line of Lots 8, 9, 10, 11, 12, Block 6, RICE'S ADDITION, to South line of Right-of Way of Intercity Freeway (also know as 6<sup>th</sup> Street); thence East a distance of 288 feet along said South line of Intercity Freeway to its point of intersection with West line of vacated Holmes St.; thence continuing East a distance of 50 feet, along South line of 6<sup>th</sup> Street, as established by Ordinance N<sup>o</sup> 31324 to its point of intersection with West line of Lot 8, Block 4, RICE'S ADDITION; thence South a distance of 237 feet along West line of Lots 8 and 9, Block 4, across vacated 6<sup>th</sup> Street Trafficway and along West line of Lots 1 and 2, Block 5, RICE'S ADDITION, to North line of Admiral Blvd. as established by said Ordinance N<sup>o</sup> 15,550, said point begin Northwest corner of Lot 3, Block 5, RICE'S ADDITION; thence West along North

line of said Lot 3, prolonged West to West line of vacated Holmes Street; thence South along West line of vacated Holmes Street to a point 10 feet North of North line of Lot 18, Block 6, RICE'S ADDITION; thence West and parallel with North line of said Lot 18 and its prolongation West to West line of vacated alley in Block 6 in said RICE'S ADDITION; thence South along West line of said mentioned alley to the North line of said Lot 7, Block 6, in said RICE'S ADDITION, thence West along the North line of said Lot 7, to the point of beginning; except all that part of Lots 11, 12, 13 and 14, Block 6, RICE'S ADDITION, a subdivision and all that part of vacated Holmes Street, in Kansas City, Jackson County, Missouri, described as follows: Beginning at the point of intersection of the South line of the Intercity Freeway, as now established, and the East line of vacated Holmes Street; thence South 0 degrees, 08 minutes East along said East line, 84.00 feet; thence due West 98.53 feet; thence due South 16.00 feet; thence due West, 49.33 feet; thence due North, 16.00 feet; thence due West 78.33 feet to a point on the East outside line of an existing building; thence North 0 degrees, 06 minutes, 49 seconds West along said East outside line and the Northerly prolongation thereof, 84.00 feet to the South line of said Intercity Freeway; thence due East 226.16 feet to the point of beginning, all included in and a part of Kansas City, Jackson County, Missouri.

#### **BLOCK 16**

That city block legally described as beginning at the intersection of the center line of 6<sup>th</sup> Street and the center line of Cherry Street; thence East along the center line of 6<sup>th</sup> Street to the center line of Charlotte Street; thence North along the center line of Charlotte Street to the South Right-of-Way line of Interstate 70 (also known as the Midtown Freeway); thence West and South along said Southern Right-of-Way line of Interstate 70 (also known as the Midtown Freeway) to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

#### **BLOCK 17**

That area including an irregularly shaped city block legally described as beginning at the intersection of the center line of Admiral Blvd. and the center line of Charlotte Street; thence East along said center line of Admiral Blvd. to the West Right-of-Way line of Interstate 70 (also known as the Midtown Freeway); thence North and East along said Right-of-Way line of Interstate 70 (also known as the Midtown Freeway) to the center point of Charlotte Street to the center line of Charlotte Street; thence South on the center line of Charlotte Street to the point of beginning, all included in and a part of Kansas City, Jackson County, Missouri.

#### **BLOCK 30**

That city block legally described as beginning at the intersection of the center line of 8th Street and the center line of Oak Street; thence northeast along the center line of Oak Street to the center line of Admiral Boulevard; thence east along the center line of Admiral Boulevard to the center line of Locust Street; thence south along the center line of Locust Street to the center line of 8th Street; thence west along the center line of 8th Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

#### **BLOCK 31**

That city block legally described as beginning at the intersection of the center line of Locust Street and the center line of 8<sup>th</sup> Street; thence East along the center line of 8<sup>th</sup> Street to the center line of Cherry Street; thence North along the center line of Cherry Street to the center line of Admiral Blvd.; thence West along the center line of Admiral Blvd. to the center line of Locust Street; thence South along center line of Locust Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

#### **BLOCK 32**

That city block legally described as beginning at the intersection of the center line of Cherry Street and the center line of 8<sup>th</sup> Street; thence East along said center line of 8<sup>th</sup> Street to the center line of Charlotte Street; thence North along the center line of Charlotte Street to the center line Admiral Blvd.; thence West along the center line of Admiral Blvd. to the center line of Cherry Street; thence South along the center line of Cherry Street to the Point of Beginning; all included in and a part of Kansas City, Jackson County, Missouri.

#### **BLOCK 33**

That city block legally described as beginning at the intersection of the center line of 8<sup>th</sup> Street and the center line of Charlotte Street; thence East along the center line of 8<sup>th</sup> Street to the West Right-of-Way line of Interstate 70 (also known as the Midtown Freeway); thence North along the West Right-of-Way line of Interstate 70 (also known as the Midtown Freeway) to the center point of Admiral Blvd.; thence West along the center line of Admiral Blvd. to the center line of Charlotte Street; thence South along the center line of Charlotte Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

#### **BLOCK 46**

That city block legally described as beginning at the intersection of the center line of 9th Street and the center line of McGee Street; thence north along the center line of McGee Street to the center line of 8th Street; thence east along the center line of 8th Street to the center line of Oak Street; thence south along the center line of Oak Street to the center line of 9th Street; thence west along the center line of 9th Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

#### **BLOCK 47**

That city block legally described as beginning at the intersection of the center line of 9th Street and the center line of Oak Street; thence north along the center line of Oak Street to the center line of 8th Street; thence east along the center line of 8th Street to the center line of Locust Street; thence south along the center line of Locust Street to the center line of 9th Street; thence west along the center line of 9th Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

**BLOCK 49**

That city block legally described as beginning at the intersection of the center line of 9th Street and the center line of Cherry Street; thence north along the center line of Cherry Street to the center line of 8th Street; thence east along the center line of 8th Street to the center line of Holmes Street; thence southeasterly and southerly along the center line of Holmes Street to the center line of 9th Street; thence west along the center line of 9th Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

**BLOCK 50**

That city block legally described as beginning at the intersection of the center line of 9th Street and the center line of Holmes Street; thence northwesterly along the center line of Holmes Street to the center line of 8th Street; thence east along the center line of 8th Street to the center line of Charlotte Street; thence south along the center line of Charlotte Street to the center line of 9th Street; thence west along the center line of 9th Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

**BLOCK 51**

That city block legally described as beginning at the intersection of the center line of 9th Street and the center line of Charlotte Street; thence East along the center line of 9th Street to the West Right-of-Way line of Interstate 70 (also known as the Midtown Freeway); thence North along the West Right-of-Way line of Interstate 70 (also known as the Midtown Freeway) to the center line of 8th Street; thence West along the center line of 8th Street to the center line of Charlotte Street; thence South along the center line of Charlotte to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

**BLOCK 62**

That city block legally described as beginning at the intersection of the center line of 10th Street and the center line of McGee Street; thence north along the center line of McGee Street to the center line of 9th Street; thence east along the center line of 9th Street to the center line of Oak Street; thence south along the center line of Oak Street to the center line of 10th Street; thence west along the center line of 10th Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

**BLOCK 63**

That city block legally described as beginning at the intersection of the center line of 10th Street and the center line of Oak Street; thence north along the center line of Oak Street to the center line of 9th Street; thence east along the center line of 9th Street to the center line of Locust Street; thence south along the center line of Locust Street to the center line of 10th Street; thence west along the center line of 10th Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

**BLOCK 64A**

That half city block legally described as beginning at the intersection of the center line

of 9th Street and the center line of Locust Street; thence east along the center line of 9th Street to the center line of Cherry Street; thence south along the center line of Cherry Street to the easterly extension of the north lot line of Lot 4, Block 3, SMART'S 2ND ADDITION; thence west along the easterly extension of said line and the north lot line of Lot 4, Block 3, SMART'S 2ND ADDITION, and the north lot line of Lot 4, Block 4, T.A. SMARTS ADDITION, and the westerly extension of said lot line to the center line of Locust Street; thence north along the center line of Locust Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

#### **BLOCK 64B**

That half city block legally described as beginning at the intersection of the center line of Locust Street and the westerly extension of the north lot line of Lot 4, Block 4, T.A. SMARTS ADDITION; thence east along the westerly extension of said line and the north lot line of Lot 4, Block 4, T.A. SMART'S ADDITION, and the north lot line of Lot 4, Block 3, SMART'S 2ND ADDITION, and the easterly extension of said lot line to the center line of Cherry Street; thence south along the center line of Cherry Street to the center line of 10th Street; thence east along the center line of 10th Street to the center line of Locust Street; thence north along the center line of Locust Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

#### **BLOCK 65A**

That half city block legally described as beginning at the intersection of the center line of 9th Street and the center line of Cherry Street; thence east along the center line of 9th Street to the center line of Holmes Street; thence south along the center line of Holmes Street to the easterly extension of the north lot line of Lot 28, Block 15, SMART'S ADDITION NO. 3; thence west along the easterly extension of said line and the north lot line of Lot 28, Block 15, SMART'S ADDITION NO. 3, and the north lot line of Lot 4, Block 4, SMART'S 2ND ADDITION, and the westerly extension of said lot line to the center line of Cherry Street; thence north along the center line of Cherry Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

#### **BLOCK 65B**

That half city block legally described as beginning at the intersection of the center line of Cherry Street and the westerly extension of the north lot line of the north lot line of Lot 4, Block 4, SMART'S 2ND ADDITION; thence east along the westerly extension of said line and the north lot line of Lot 4, Block 4, SMART'S 2ND ADDITION, and the north lot line of Lot 28, Block 15, SMART'S ADDITION NO. 3, and the easterly extension of said lot line to the center line of Holmes Street; thence south along the center line of Holmes Street to the center line of 10th Street; thence east along the center line of 10th Street to the center line of Cherry Street; thence north along the center line of Cherry Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

#### **BLOCK 66**

That city block legally described as beginning at the intersection of the center line of 10th Street and the center line of Holmes Street; thence north along the center line of Holmes

Street to the center line of 9th Street; thence east along the center line of 9th Street to the center line of Charlotte Street; thence south along the center line of Charlotte Street to the center line of 10th Street; thence west along the center line of 10th Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

#### **BLOCK 67**

That portion of a city block legally described as beginning at the intersection of the center line of 10th Street and the center line of Charlotte Street; thence north along the center line of Charlotte Street to the center line of 9th Street; thence east along the center line of 9th Street to the west right-of-way line of Interstate 70 (also known as the Midtown Freeway); thence south along the west right-of-way line of Interstate 70 (also known as the Midtown Freeway) to the center line of 10th Street; thence west along the center line of 10th Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

#### **BLOCK 80**

That city block legally described as beginning at the intersection of the center line of 11th Street and the center line of Oak Street; thence north along the center line of Oak Street to the center line of 10th Street; thence east along the center line of 10th Street to the center line of Locust Street; thence south along the center line of Locust Street to the center line of 11th Street; thence west along the center line of 11th Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

#### **BLOCK 81A**

That half city block legally described as beginning at the intersection of the center line of 10th Street and the center line of Locust Street; thence east along the center line of 10th Street to the center line of Cherry Street; thence south along the center line of Cherry Street to the easterly extension of the north lot line of Lot 20, Block 14, SMART'S ADDITION NO. 3; thence west along the easterly extension of said line and the north lot line of Lot 20, Block 14, SMART'S ADDITION NO. 3, and the north lot line of Lot 4, Block 5, SMART'S SECOND ADDITION, and the westerly extension of said lot line to the center line of Locust Street; thence north along the center line of Locust Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

#### **BLOCK 81B**

That half city block legally described as beginning at the intersection of the center line of Locust Street and the westerly extension of the north lot line of Lot 4, Block 5, SMART'S SECOND ADDITION; thence east along the westerly extension of said line and the north lot line of Lot 4, Block 5, SMART'S SECOND ADDITION, and the north lot line of Lot 20, Block 14, SMART'S ADDITION NO. 3, and the easterly extension of said lot line to the center line of Cherry Street; thence south along the center line of Cherry Street to the center line of 11th Street; thence east along the center line of 11th Street to the center line of Locust Street; thence north along the center line of Locust Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

#### **BLOCK 82A**

That half city block legally described as beginning at the intersection of the center line of 10th Street and the center line of Cherry Street; thence east along the center line of 10th Street to the center line of Holmes Street; thence south along the center line of Holmes Street to the easterly extension of the north lot line of Lot 81, Block 20, CONT. SMART'S ADDITION NO. 3; thence west along the easterly extension of said line and the north lot line of Lot 81, Block 20, CONT. SMART'S ADDITION NO. 3, and the north lot line of Lot 45, Block 17, SMART'S ADDITION NO. 3, and the westerly extension of said lot line to the center line of Cherry Street; thence north along the center line of Cherry Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

#### **BLOCK 82B**

That half city block legally described as beginning at the intersection of the center line of Cherry Street and the westerly extension of the north lot line of the north lot line of Lot 45, Block 17, SMART'S ADDITION NO. 3; thence east along the westerly extension of said line and the north lot line of Lot 45, Block 17, SMART'S ADDITION NO. 3, and the north lot line of Lot 81, Block 20, CONT. SMART'S ADDITION NO. 3, and the easterly extension of said lot line to the center line of Holmes Street; thence south along the center line of Holmes Street to the center line of 11th Street; thence east along the center line of 11th Street to the center line of Cherry Street; thence north along the center line of Cherry Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

#### **BLOCK 83A**

That half city block legally described as beginning at the intersection of the center line of 10th Street and the center line of Holmes Street; thence east along the center line of 10th Street to the center line of Charlotte Street; thence south along the center line of Charlotte Street to the easterly extension of the north lot line of Lot 8, Block 12, PEERY PLACE ADDITION; thence west along the easterly extension of said line and the north lot line of Lot 8, Block 12, PEERY PLACE ADDITION, and the north lot line of Lot 89, Block 23, SMART'S THIRD ADDITION, and the westerly extension of said lot line to the center line of Holmes Street; thence north along the center line of Holmes Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

#### **BLOCK 83B**

That half city block legally described as beginning at the intersection of the center line of Holmes Street and the westerly extension of the north lot line of the north lot line of Lot 89, Block 23, SMART'S THIRD ADDITION; thence east along the westerly extension of said line and the north lot line of Lot 89, Block 23, SMART'S THIRD ADDITION, and the north lot line of Lot 8, Block 12, PEERY PLACE ADDITION, and the easterly extension of said lot line to the center line of Charlotte Street; thence south along the center line of Charlotte Street to the center line of 11th Street; thence east along the center line of 11th Street to the center line of Holmes Street; thence north along the center line of Holmes Street to the Point of Beginning, all included in and a part of

Kansas City, Jackson County, Missouri.

**BLOCK 84**

That portion of a city block legally described as beginning at the intersection of the center line of 11th Street and the center line of Charlotte Street; thence north along the center line of Charlotte Street to the center line of 10th Street; thence east along the center line of 10th Street to the west right-of-way line of Interstate 70 (also known as the Midtown Freeway); thence south along the west right-of-way line of Interstate 70 (also known as the Midtown Freeway) to the center line of 11th Street; thence west along the center line of 11th Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

**BLOCK 96A**

That half of a city block legally described as beginning at the intersection of the center line of 12th Street and the center line of McGee Street; thence north along the center line of McGee Street to the center line of 11th Street; thence east along the center line of 11th Street to the center line of the north-south alley lying between McGee Street and Oak Street; thence south along the center line of said north-south alley to the center line of 12th Street; thence west along the center line of 12th Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

**BLOCK 96B**

That half of a city block legally described as beginning at the intersection of the center line of 12th Street and the center line of the north-south alley lying between McGee Street and Oak Street; thence north along the center line of said north-south alley to the center line of 11th Street; thence east along the center line of 11th Street to the center line of Oak Street; thence south along the center line of Oak Street to the center line of 12th Street; thence west along the center line of 12th Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

**BLOCK 99**

That city block legally described as beginning at the intersection of the center line of 12th Street and the center line of Cherry Street; thence north along the center line of Cherry Street to the center line of 11th Street; thence east along the center line of 11th Street to the center line of Holmes Street; thence south along the center line of Holmes Street to the center line of 12th Street; thence west along the center line of 12th Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

**BLOCK 100**

That city block legally described as beginning at the intersection of the center line of 12th Street and the center line of Holmes Street; thence north along the center line of Holmes Street to the center line of 11th Street; thence east along the center line of 11th Street to the center line of Charlotte Street; thence south along the center line of Charlotte Street to the center line of 12th Street; thence west along the center line of 12th Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

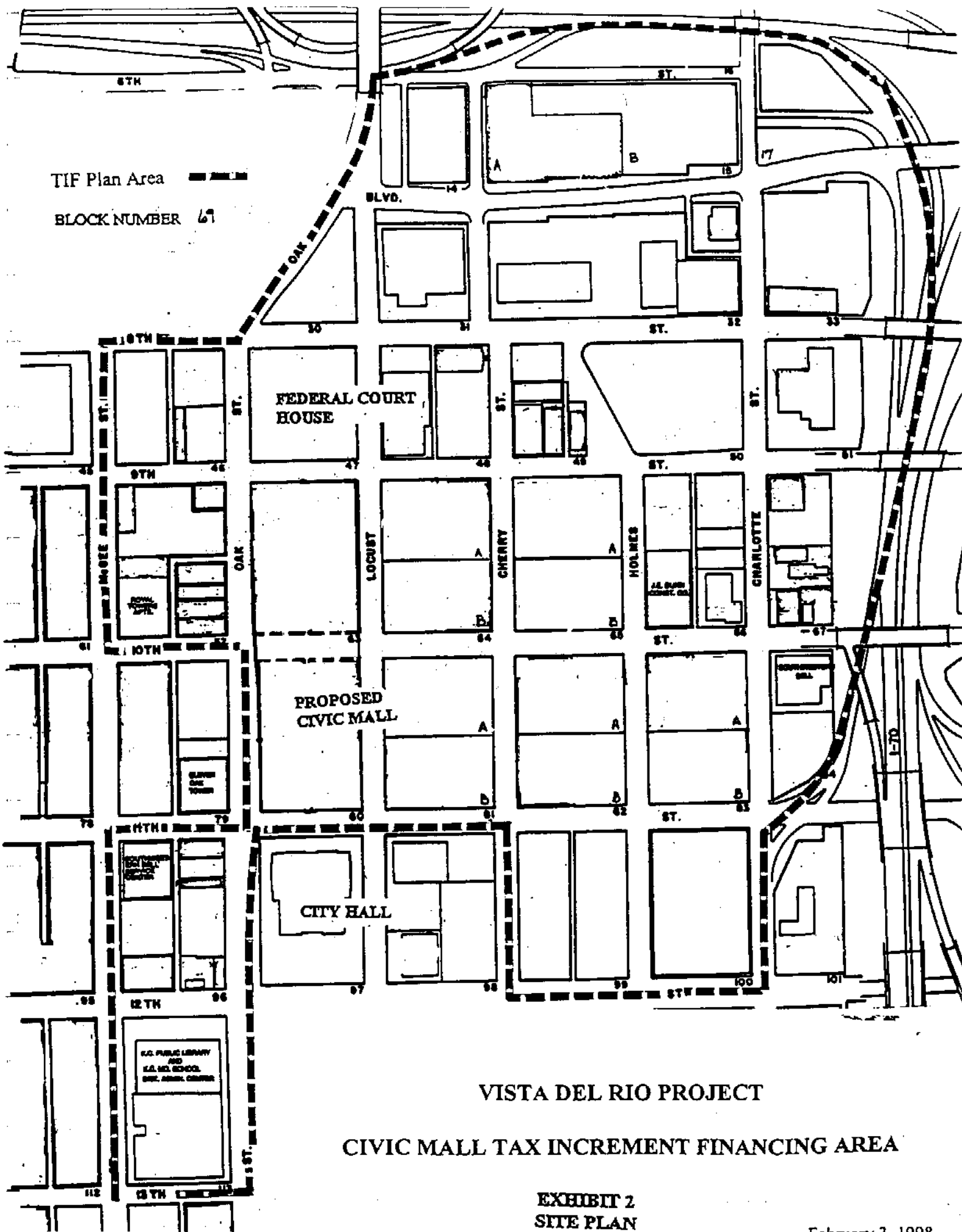


**BLOCK 113**

That city block legally described as beginning at the intersection of the center line of 13th Street and the center line of McGee Street; thence north along the center line of McGee Street to the center line of 12th Street; thence east along the center line of 12th Street to the center line of Oak Street; thence south along the center line of Oak Street to the center line of 13th Street; thence west along the center line of 13th Street to the Point of Beginning, all included in and a part of Kansas City, Jackson County, Missouri.

**Exhibit No. 2**

**Site Plan, Land Use and Zoning Maps.**



TIF Plan Area

BLOCK NUMBER 67

FEDERAL COURT  
HOUSE

PROPOSED  
CIVIC MALL

CITY HALL

K.C. PUBLIC LIBRARY  
AND  
K.C. NO. SCHOOL  
DIST. ADMIN. CENTER

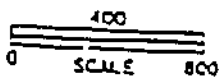
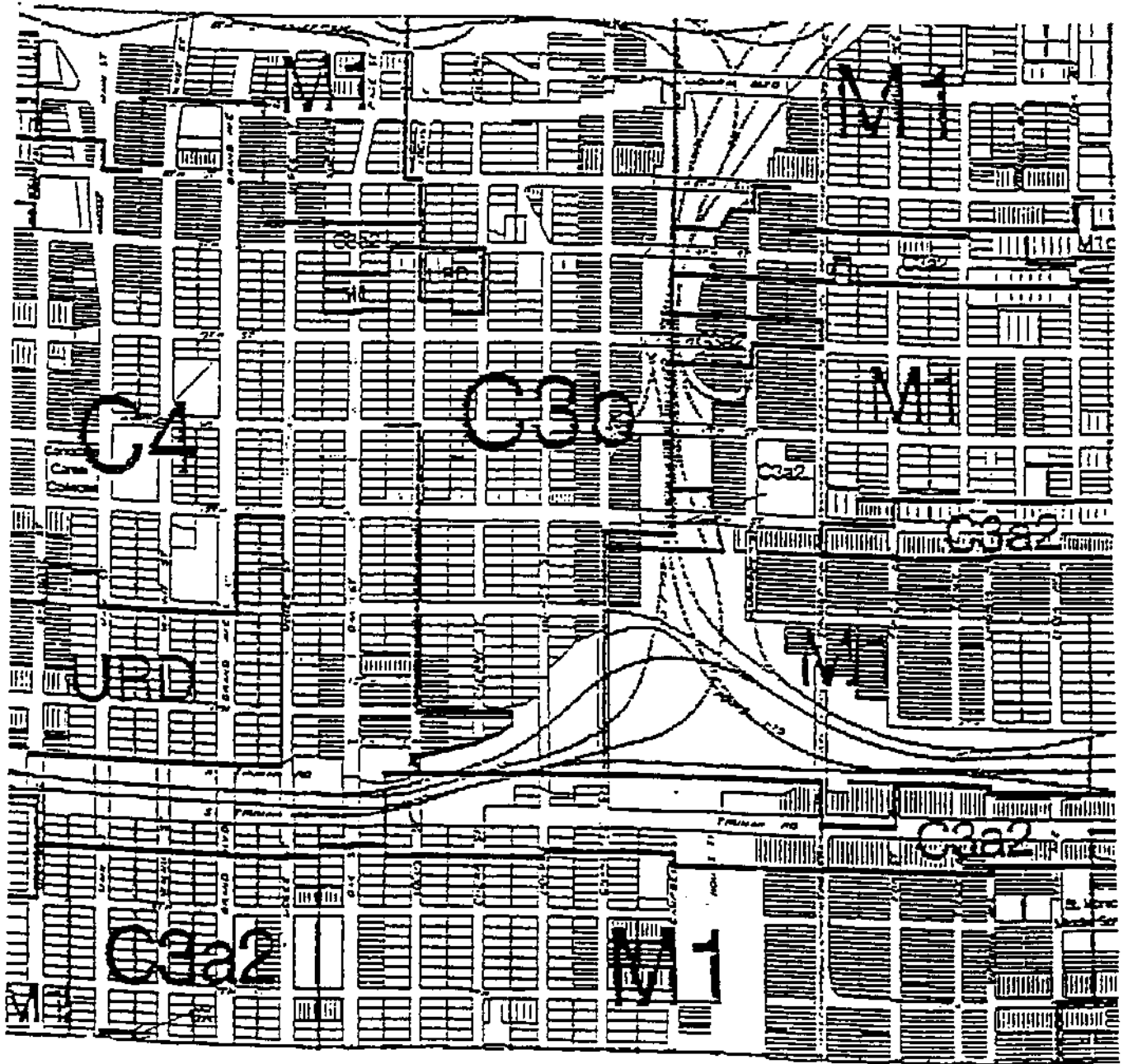
VISTA DEL RIO PROJECT

CIVIC MALL TAX INCREMENT FINANCING AREA

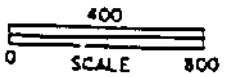
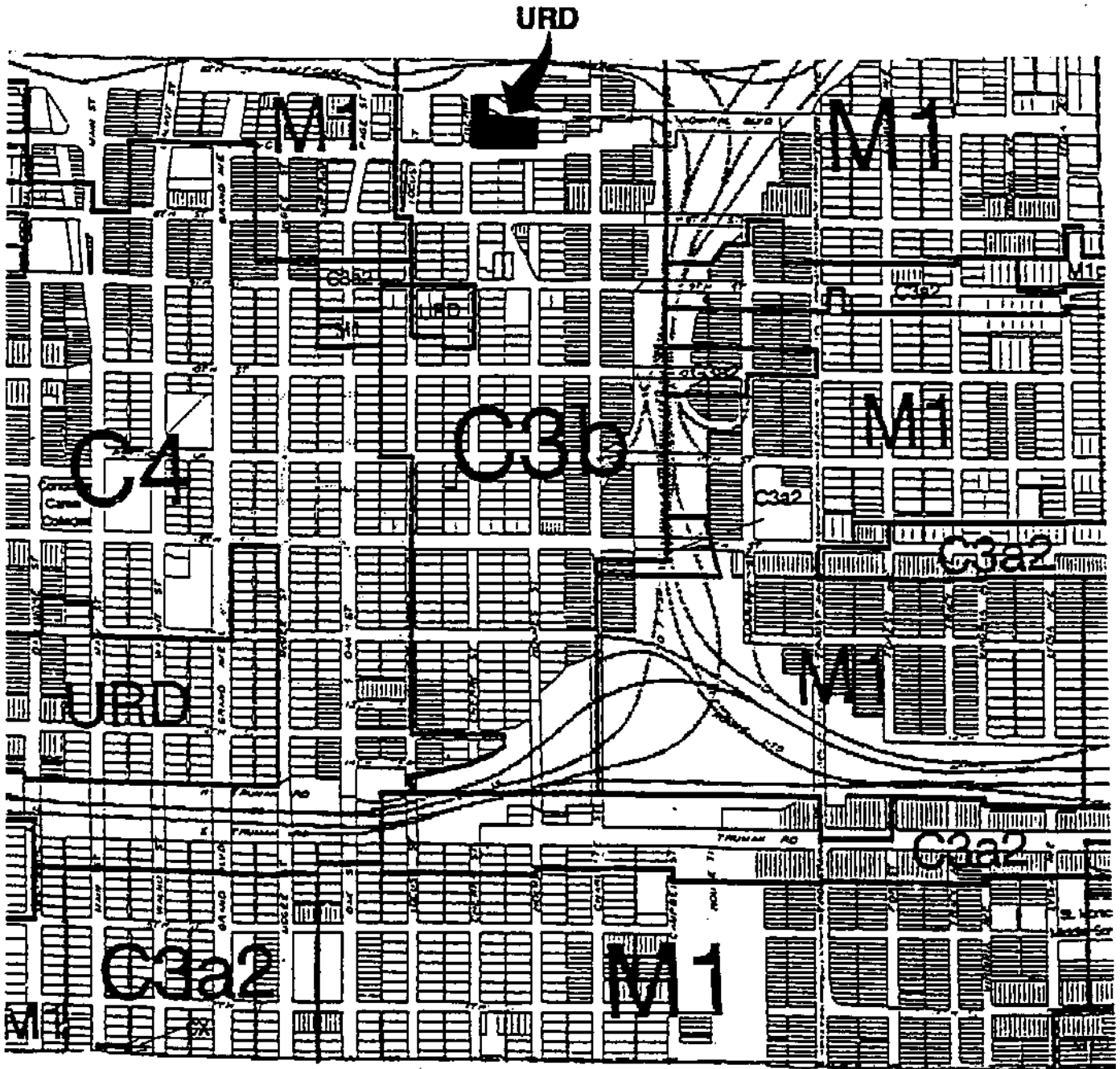
EXHIBIT 2  
SITE PLAN

February 2, 1989

CURRENT LAND USE AND ZONING MAP



# PROPOSED LAND USE AND ZONING MAP



Intentionally Omitted

## **Exhibit No.4**

### **Estimated Redevelopment Project Costs.**

## EXHIBIT 4

## ESTIMATED REDEVELOPMENT PROJECT COSTS

	AMOUNT	REIMBURSABLE EXPENSES
COMMISSION EXPENSES*		
Estimated Reimbursable Costs for Plan Implementation	\$ 330,000	\$ 330,000
BLOCK 30 - OPEN SPACE		
Acquisition, Demolition & Relocation	\$ -	\$ -
Construction	\$ 750,000	\$ 750,000
SUBTOTAL	\$ 750,000	\$ 750,000
BLOCK 46 - FEDERAL COURT HOUSE PARKING		
Acquisition, Demolition & Relocation	\$ 2,143,000	\$ -
Construction	\$ 1,080,000	\$ -
SUBTOTAL	\$ 3,223,000	\$ -
BLOCK 47 - NEW FEDERAL COURT HOUSE		
Acquisition, Demolition & Relocation	\$ 1,966,000	\$ -
Construction	\$ 60,000,000	\$ -
SUBTOTAL	\$ 61,966,000	\$ -
BLOCK 49 - OPEN SPACE		
Acquisition, Demolition & Relocation	\$ 1,370,000	\$ 1,370,000
Construction	\$ 840,000	\$ 840,000
SUBTOTAL	\$ 2,210,000	\$ 2,210,000
BLOCK 50 - CONSTRUCTION OF COMMERCIAL SPACE		
Project Costs and Reimbursable Project Costs to be established at the time a project(s) is brought to the Commission.		
BLOCK 62 - REHABILITATION &/OR CONSTRUCTION OF COMMERCIAL SPACE		
Project Costs and Reimbursable Project Costs to be established at the time a project(s) is brought to the Commission.		
BLOCK 63 & 80 - CIVIC MALL		
Acquisition, Demolition & Relocation, Other related	\$ 8,050,000	\$ 8,050,000
Construction	\$ 3,000,000	\$ 3,000,000
SUBTOTAL	\$ 11,050,000	\$ 11,050,000
BLOCK 64A - CONSTRUCTION OF GOVERNMENTAL OFFICE & PARKING		



Acquisition, Demolition & Relocation	\$ 2,050,000	\$	2,050,000
Construction	\$ 10,400,000	\$	2,000,000
SUBTOTAL	\$ 12,450,000	\$	4,050,000

**BLOCK 64B - CONSTRUCTION OF GOVERNMENTAL OFFICE & PARKING**

Acquisition, Demolition & Relocation	\$ 2,050,000	\$	2,050,000
Construction	\$ 10,400,000	\$	2,000,000
SUBTOTAL	\$ 12,450,000	\$	4,050,000

**BLOCK 65A - CONSTRUCTION OF OFFICE**

Acquisition, Demolition & Relocation	\$ 1,323,000	\$	-
Construction	\$ 8,400,000	\$	-
SUBTOTAL	\$ 9,723,000	\$	-

**BLOCK 65B - CONSTRUCTION OF 800 CAR PARKING GARAGE**

Acquisition, Demolition & Relocation	\$ 1,323,000	\$	1,323,000
Construction	\$ 8,000,000	\$	8,000,000
SUBTOTAL	\$ 9,323,000	\$	9,323,000

**BLOCK 66- EXPANSION OF EXISTING USE**

Acquisition, Demolition & Relocation	\$ 2,646,000	\$	-
Construction	\$ 2,000,000	\$	1,154,500
SUBTOTAL	\$ 4,646,000	\$	1,154,500

**BLOCK 67 - CONSTRUCTION OF COMMERCIAL SPACE**

Project Costs and Reimbursable Project Costs to be established  
at the time a project(s) is brought to the Commission.

**BLOCK 79 - REHABILITATION &/OR CONSTRUCTION OF COMMERCIAL SPACE**

Project Costs and Reimbursable Project Costs to be established  
at the time a project(s) is brought to the Commission.

**BLOCK 81A - CONSTRUCTION OF GOVERNMENTAL/PUBLIC OFFICE & PARKING**

Acquisition, Demolition & Relocation	\$ 3,700,000	\$	3,700,000
Construction	\$ 10,400,000	\$	2,000,000
SUBTOTAL	\$ 14,100,000	\$	5,700,000

**BLOCK 81B - CONSTRUCTION OF GOVERNMENTAL/PUBLIC OFFICE & PARKING**

Acquisition, Demolition & Relocation	\$ 3,700,000	\$	3,700,000
Construction	\$ 10,400,000	\$	2,000,000
SUBTOTAL	\$ 14,100,000	\$	5,700,000

**BLOCK 82A - CONSTRUCTION OF 800 CAR PARKING GARAGE**

Acquisition, Demolition			
& Relocation	\$	1,319,500	\$ 1,319,500
Construction	\$	8,000,000	\$ 8,000,000
<b>SUBTOTAL</b>	\$	9,319,500	\$ 9,319,500

**BLOCK 82B - CONSTRUCTION OF OFFICE**

Acquisition, Demolition			
& Relocation	\$	1,319,500	\$ -
Construction	\$	8,400,000	\$ -
<b>SUBTOTAL</b>	\$	9,719,500	\$ -

**BLOCK 83 - CONSTRUCTION OF COMMERCIAL USES**

Project Costs and Reimbursable Project Costs to be established at the time a project(s) is brought to the Commission.

**BLOCK 84 - CONSTRUCTION OF COMMERCIAL SPACE**

Project Costs and Reimbursable Project Costs to be established at the time a project(s) is brought to the Commission.

**BLOCK 96A - REHABILITATION &/OR CONSTRUCTION OF COMMERCIAL SPACE**

Project Costs and Reimbursable Project Costs to be established at the time a project(s) is brought to the Commission.

**BLOCK 96B - CONSTRUCTION OF 600 CAR PARKING GARAGE**

Acquisition, Demolition			
& Relocation	\$	1,263,000	\$ 1,263,000
Construction	\$	6,000,000	\$ 6,000,000
<b>SUBTOTAL</b>	\$	7,263,000	\$ 7,263,000

**BLOCK 99 - CONSTRUCTION OF 1000 CAR PARKING GARAGE**

Acquisition, Demolition			
& Relocation	\$	658,900	\$ 658,900
Construction	\$	10,000,000	\$ 10,000,000
<b>SUBTOTAL</b>	\$	10,658,900	\$ 10,658,900

**BLOCK 100 - REHABILITATION OF EXISTING BUILDING**

Project Costs and Reimbursable Project Costs to be established at the time a project(s) is brought to the Commission.

**BLOCK 113 - REHABILITATION OF EXISTING BUILDING**

Acquisition, Demolition			
& Relocation	\$	2,554,000	\$ -
Construction	\$	9,000,000	\$ -
<b>SUBTOTAL</b>	\$	11,554,000	\$ -

**STREETSCAPE**

<b>IMPROVEMENTS</b>	\$	1,800,600	\$ 1,800,600
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**BLOCK 14 - CONSTRUCTION OF COMMERCIAL SPACE**

Project Costs and Reimbursable Project Costs to be established  
at the time a project(s) is brought to the Commission.

**BLOCK 15A**

Acquisition, Demolition & Relocation	\$ 3,900,000	\$	3,900,000
Construction	\$ 22,432,000	\$	5,447,500
Civic Mall Area Improvements	\$ 500,000	\$	500,000
<b>SUBTOTAL</b>	<b>\$ 26,832,000</b>	<b>\$</b>	<b>9,847,500</b>

**BLOCK 15B - CONSTRUCTION OF COMMERCIAL SPACE**

Project Costs and Reimbursable Project Costs to be established  
at the time a project(s) is brought to the Commission.

**BLOCK 16 - CONSTRUCTION OF COMMERCIAL SPACE**

Project Costs and Reimbursable Project Costs to be established  
at the time a project(s) is brought to the Commission.

**BLOCK 17 - CONSTRUCTION OF COMMERCIAL SPACE**

Project Costs and Reimbursable Project Costs to be established  
at the time a project(s) is brought to the Commission.

**BLOCK 31 - CONSTRUCTION OF COMMERCIAL SPACE**

Project Costs and Reimbursable Project Costs to be established  
at the time a project(s) is brought to the Commission.

**BLOCK 32 - CONSTRUCTION OF COMMERCIAL SPACE**

Project Costs and Reimbursable Project Costs to be established  
at the time a project(s) is brought to the Commission.

**BLOCK 33 - CONSTRUCTION OF COMMERCIAL SPACE**

Project Costs and Reimbursable Project Costs to be established  
at the time a project(s) is brought to the Commission.

<b>TOTAL</b>	<b>\$ 221,914,500</b>	<b>\$</b>	<b>83,207,000</b>
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**ESTIMATED REDEVELOPMENT PROJECT COSTS -- NOTES**

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

In addition, the Commission has determined that those planning and special services

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

The amounts included herein are estimated expenses. The actual types and amounts to be reimbursed will be revised, for purposes of this Plan, at the time the TIF Commission reviews and approves each of the individual Redevelopment Projects. Such revisions of themselves shall not be considered amendments to this plan.

Additional sources of public financing are anticipated to be available for financing of activities related to the Civic Mall Redevelopment Plan. These revenues are expected once the Plan has commenced.

**Exhibit No. 5**

**Addendum to "Sources of Funds."**

## EXHIBIT 5

### A. SOURCE OF FUNDS FOR ALL ESTIMATED REDEVELOPMENT PROJECT COSTS

1.	Estimated Amount of Reimbursable Costs from PILOTS and Economic Activity Taxes within proposed Redevelopment Project Areas	\$83,207,000
2.	Estimated Private Investment and other Sources within proposed Redevelopment Project Areas	<u>\$138,707,500</u>
	<b>TOTAL</b>	<b>\$221,914,500</b>

### B. BONDS

The total estimated amount of PILOTS and Economic Activity Taxes over twenty-three years available to reimburse project costs under the TIF legislation is approximately \$84,990,500. The Commission may dedicate part or all of this amount to help support the issuance of bonds to defray the cost of the projects.

**EXHIBIT 5A  
VISTA DEL RIO PROJECT**

**A. SOURCE OF FUNDS FOR ALL  
ESTIMATED REDEVELOPMENT PROJECT COSTS**

1.	Estimated Amount of Reimbursable Costs from PILOTS and Economic Activity Taxes within proposed Redevelopment Project Areas	\$ 9,847,500
2.	Estimated Private Investment and other Sources within proposed Redevelopment Project Areas	<u>\$16,984,500</u>
	<b>TOTAL</b>	<b>\$26,832,000</b>

**B. BONDS**

The total estimated amount of PILOTS and Economic Activity Taxes over twenty-three years available to reimburse project costs under the TIF legislation is approximately \$11,631,000. The Commission may dedicate part or all of this amount to help support the issuance of bonds to defray the cost of the projects.

**Note:** The amounts reflected in Exhibit 5A and B are included in the amounts shown on Exhibit 5.

**Exhibit No. 6**

**Addendum to "Estimated Annual payments  
in Lieu of Taxes and Economic Activity Taxes  
Over the Life of the Redevelopment Plan."**



Exhibit 6  
(Page 1 of 7)

## VISTA DEL RIO HOTEL

## PROJECTION OF STATUTORY TIF REVENUES &amp; ADDITIONAL CITY TAXES

STATUTORY TIF REVENUES				ADDITIONAL CITY TAXES						
YEAR	PILOTs	EATs	TOTAL PILOTs/EATs	OTHER HALF OF CITY EATs				PERSONAL PROP TAX*	HOTEL TAX (50%)	TOTAL REVENUES
				CITY GEN SALES TAX	FOOD & BVRG TAX	UTILITIES TAX	EARNINGS TAX			
1 1999	\$ 146,255	\$ 51,863	\$ 198,118	\$ 15,071	\$ 3,600	\$ 9,919	\$ 5,000	\$ -	\$ 62,852	\$ 294,561
2 2000	310,209	121,139	431,348	35,741	8,537	23,524	10,000	5,983	149,057	664,191
3 2001	313,489	140,974	454,463	42,024	10,037	27,659	10,300	5,385	175,258	725,126
4 2002	313,489	146,554	460,042	43,719	10,442	28,775	10,609	4,787	182,326	740,700
5 2003	316,800	154,686	471,487	46,232	11,043	30,429	10,927	4,188	192,807	767,112
6 2004	316,800	159,381	476,181	47,636	11,378	31,353	11,255	3,590	198,663	780,056
7 2005	320,145	164,085	484,230	49,040	11,713	32,278	11,593	2,992	204,519	796,365
8 2006	320,145	169,135	489,280	50,552	12,075	33,273	11,941	7,398	210,826	815,344
9 2007	323,524	174,196	497,719	52,064	12,436	34,268	12,299	6,568	217,133	832,488
10 2008	323,524	179,267	502,791	53,577	12,797	35,264	12,668	5,888	223,440	846,424
11 2009	326,936	183,812	510,748	54,916	13,117	36,145	13,048	5,208	229,026	862,208
12 2010	326,936	188,472	515,409	56,289	13,445	37,049	13,439	4,528	234,751	874,910
13 2011	330,382	193,251	523,634	57,696	13,781	37,975	13,842	3,848	240,620	891,397
14 2012	330,382	198,152	528,534	59,139	14,125	38,924	14,258	3,168	246,635	904,785
15 2013	333,863	203,177	537,040	60,617	14,479	39,898	14,685	8,216	252,801	927,736
16 2014	333,863	208,330	542,193	62,133	14,841	40,895	15,126	7,445	259,121	941,754
17 2015	337,379	213,614	550,993	63,686	15,212	41,917	15,580	6,675	265,599	959,661
18 2016	337,379	219,032	556,411	65,278	15,592	42,965	16,047	5,904	272,239	974,437
19 2017	340,930	224,588	565,518	66,910	15,982	44,039	16,528	5,133	279,045	993,156
20 2018	340,930	230,285	571,215	68,583	16,381	45,140	17,024	4,363	286,022	1,008,728
21 2019	344,516	236,128	580,644	70,297	16,791	46,269	17,535	3,592	293,172	1,028,300
22 2020	344,516	242,118	586,635	72,055	17,211	47,426	18,061	9,644	300,501	1,051,532
23 2021	348,138	248,262	596,400	73,856	17,641	48,611	18,603	8,737	308,014	1,071,862

NPV 6.75%

23 years	\$ 3,569,545	\$ 1,922,357	\$ 5,491,903	\$ 572,950	\$ 136,851	\$ 377,109	\$ 140,745	\$ 56,863	\$ 2,389,463	\$ 9,165,885
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\*Only \$0.68 of the \$1.34 city personal property tax levy may be redirected.

# VISTA DEL RIO HOTEL

## PROJECTION OF ECONOMIC ACTIVITY TAXES (Stated at 50%)

YEAR	CITY GEN SALES TAX	COUNTY GEN SALES TAX	TRANSPORT. TAX	FOOD & BVRC TAX	UTILITY TAX	EARNINGS TAX	TOTAL EATS
1999	\$ 15,071	\$ 6,970	\$ 11,303	\$ 3,600	\$ 9,919	\$ 5,000	\$ 51,863
2000	35,741	16,530	26,806	8,537	23,524	10,000	121,139
2001	42,024	19,436	31,518	10,037	27,659	10,300	140,974
2002	43,719	20,220	32,789	10,442	28,775	10,609	146,554
2003	46,232	21,382	34,674	11,043	30,429	10,927	154,686
2004	47,636	22,032	35,727	11,378	31,353	11,255	159,381
2005	49,040	22,681	36,780	11,713	32,278	11,593	164,085
2006	50,552	23,380	37,914	12,075	33,273	11,941	169,135
2007	52,064	24,080	39,048	12,436	34,268	12,299	174,196
2008	53,577	24,779	40,183	12,797	35,264	12,668	179,267
2009	54,916	25,399	41,187	13,117	36,145	13,048	183,812
2010	56,289	26,034	42,217	13,445	37,049	13,439	188,472
2011	57,696	26,685	43,272	13,781	37,975	13,842	193,251
2012	59,139	27,352	44,354	14,125	38,924	14,258	198,152
2013	60,617	28,035	45,463	14,479	39,898	14,685	203,177
2014	62,133	28,736	46,599	14,841	40,895	15,126	208,330
2015	63,686	29,455	47,764	15,212	41,917	15,580	213,614
2016	65,278	30,191	48,959	15,592	42,965	16,047	219,032
2017	66,910	30,946	50,183	15,982	44,039	16,528	224,588
2018	68,583	31,720	51,437	16,381	45,140	17,024	230,285
2019	70,297	32,513	52,723	16,791	46,269	17,535	236,128
2020	72,055	33,325	54,041	17,211	47,426	18,061	242,118
2021	73,856	34,158	55,392	17,641	48,611	18,603	248,262

\$ 1,267,110 \$ 586,038 \$ 950,332 \$ 302,654 \$ 833,998 \$ 310,368 \$ 4,250,500

NPV 6.75%  
23 years \$ 556,509 \$ 257,385 \$ 417,382 \$ 132,924 \$ 366,288 \$ 136,604 \$ 1,867,093

## VISTA DEL RIO HOTEL

## PROJECTION OF REAL PROPERTY TAXES &amp; PILOTS

YEAR	Taxes on Base Year Value	Taxes on Increment*	PILOTS	TOTAL TAXES & PILOTS
1 1999	\$ 21,044	\$ 27,638	\$ 146,255	\$ 194,938
2 2000	21,044	58,621	310,209	389,875
3 2001	21,044	59,241	313,489	393,774
4 2002	21,044	59,241	313,489	393,774
5 2003	21,044	59,867	316,800	397,712
6 2004	21,044	59,867	316,800	397,712
7 2005	21,044	60,499	320,145	401,689
8 2006	21,044	60,499	320,145	401,689
9 2007	21,044	61,137	323,524	405,706
10 2008	21,044	61,137	323,524	405,706
11 2009	21,044	61,782	326,936	409,763
12 2010	21,044	61,782	326,936	409,763
13 2011	21,044	62,433	330,382	413,860
14 2012	21,044	62,433	330,382	413,860
15 2013	21,044	63,091	333,863	417,999
16 2014	21,044	63,091	333,863	417,999
17 2015	21,044	63,756	337,379	422,179
18 2016	21,044	63,756	337,379	422,179
19 2017	21,044	64,427	340,930	426,401
20 2018	21,044	64,427	340,930	426,401
21 2019	21,044	65,104	344,516	430,665
22 2020	21,044	65,104	344,516	430,665
23 2021	21,044	65,789	348,138	434,971
	\$ 484,021	\$ 1,394,724	\$ 7,380,533	\$ 9,259,278

\*This includes the replacement tax and  
the blind pension fund tax.

(Page 4 of 7)

## VISTA DEL RIO HOTEL

## PROJECTION OF INCREMENTAL NON-TIF REVENUES

YEAR	REAL PROPERTY TAXES			PERSONAL			SALES TAXES			FOOD &		UTILITIES		EARNINGS		HOTEL		TOTAL	
	Replacmt	Blind Pen	Total	PROP TAX	City	County	Bi-State	Total	BVRG TAX	TAX	TAX	TAX	TAX	TAX	TAX	TAX	TAX	NON-TIF REV	
1 1999	\$ 30,349	\$ 634	\$ 30,983	\$ -	\$ 26,374	\$ 6,970	\$ 3,768	\$ 37,112	\$ 3,600	\$ 9,919	\$ 5,000	\$ 125,705	\$ 212,319						
2 2000	60,699	1,267	61,966	68,572	62,547	16,530	8,935	88,013	8,537	23,524	10,000	298,114	516,664						
3 2001	61,306	1,280	62,586	61,714	73,541	19,436	10,506	103,483	10,037	27,659	10,300	350,516	578,209						
4 2002	61,306	1,280	62,586	54,857	76,507	20,220	10,930	107,657	10,442	28,775	10,609	364,653	589,753						
5 2003	61,919	1,293	63,212	48,000	80,905	21,382	11,558	113,845	11,043	30,429	10,927	385,613	610,670						
6 2004	61,919	1,293	63,212	41,143	83,363	22,032	11,909	117,303	11,378	31,353	11,255	397,326	618,904						
7 2005	62,538	1,306	63,844	34,286	85,820	22,681	12,260	120,761	11,713	32,278	11,593	409,039	627,929						
8 2006	62,538	1,306	63,844	84,779	88,466	23,380	12,638	124,485	12,075	33,273	11,941	421,652	694,760						
9 2007	63,163	1,319	64,482	75,273	91,113	24,080	13,016	128,209	12,436	34,268	12,299	434,266	702,229						
10 2008	63,163	1,319	64,482	67,481	93,759	24,779	13,394	131,953	12,797	35,264	12,668	446,879	710,775						
11 2009	63,795	1,332	65,127	59,688	96,103	25,399	13,729	135,231	13,117	36,145	13,048	458,051	718,098						
12 2010	63,795	1,332	65,127	51,896	98,506	26,034	14,072	138,612	13,445	37,049	13,439	469,502	725,137						
13 2011	64,433	1,345	65,778	44,104	100,959	26,685	14,424	142,077	13,781	37,975	13,842	481,240	733,199						
14 2012	64,433	1,345	65,778	36,312	103,493	27,352	14,785	145,629	14,125	38,924	14,258	493,271	740,950						
15 2013	65,077	1,359	66,436	94,156	106,080	28,035	15,154	149,270	14,479	39,898	14,685	505,603	815,465						
16 2014	65,077	1,359	66,436	85,325	108,732	28,736	15,533	153,002	14,841	40,895	15,126	518,243	823,065						
17 2015	65,728	1,372	67,100	76,494	111,450	29,455	15,921	156,827	15,212	41,917	15,580	531,199	831,619						
18 2016	65,728	1,372	67,100	67,682	114,237	30,191	16,320	160,747	15,592	42,965	16,047	544,479	839,989						
19 2017	66,385	1,386	67,771	58,831	117,093	30,946	16,728	164,766	15,982	44,039	16,528	558,091	849,459						
20 2018	66,385	1,386	67,771	50,000	120,020	31,720	17,146	168,885	16,381	45,140	17,024	572,043	859,700						
21 2019	67,049	1,400	68,449	41,169	123,020	32,513	17,574	173,107	16,791	46,269	17,535	586,344	869,069						
22 2020	67,049	1,400	68,449	110,520	126,096	33,325	18,014	177,435	17,211	47,426	18,061	601,003	957,406						
23 2021	67,720	1,414	69,134	100,130	129,248	34,158	18,464	181,871	17,641	48,611	18,603	615,028	967,162						

TOTALS \$ 1,441,558 \$ 30,095 \$ 1,471,653 \$ 1,412,392 \$ 2,217,442 \$ 686,038 \$ 316,777 \$ 3,120,268 \$ 302,654 \$ 833,998 \$ 310,368 \$ 10,568,858 \$ 16,591,691

## VISTA DEL RIO HOTEL

YEA	PROJECTION OF SALES					TOTAL	SALARIES*	ENERGY EXPENSE	ASSESSED VALUE	
	ROOM	FOOD & BVRG	PHONE	OTHER	HOTEL				FF&E	
1 1999	\$ 2,285,539	\$ 411,397	\$ 91,422	\$ 114,277	\$ 2,902,634	\$ 1,000,000	\$ 111,534	\$ 2,112,000	\$	879,912
2 2000	5,420,250	975,845	216,810	271,013	6,883,718	2,000,000	264,508	4,224,000		791,921
3 2001	6,373,010	1,147,142	254,920	318,650	8,093,722	2,060,000	311,003	4,266,240		703,930
4 2002	6,630,050	1,193,409	265,202	331,502	8,420,163	2,121,800	323,546	4,266,240		615,938
5 2003	7,011,154	1,262,008	280,446	350,558	8,904,165	2,185,454	342,144	4,308,902		527,947
6 2004	7,224,109	1,300,340	288,964	361,205	9,174,619	2,251,018	352,537	4,308,902		439,956
7 2005	7,437,065	1,338,672	297,483	371,853	9,445,072	2,318,548	362,929	4,351,991		1,087,891
8 2006	7,666,402	1,379,952	306,656	383,320	9,736,330	2,388,105	374,120	4,351,991		965,903
9 2007	7,895,738	1,421,233	315,830	394,787	10,027,588	2,459,748	385,312	4,395,511		865,913
10 2008	8,125,075	1,462,514	325,003	406,254	10,318,846	2,533,540	396,504	4,395,511		765,923
11 2009	8,328,202	1,499,076	333,128	416,410	10,576,817	2,609,546	406,416	4,439,466		685,933
12 2010	8,536,407	1,536,553	341,456	426,820	10,841,237	2,687,833	416,577	4,439,466		565,943
13 2011	8,749,817	1,574,967	349,993	437,491	11,112,268	2,768,468	426,991	4,483,861		465,953
14 2012	8,968,563	1,614,341	358,743	448,428	11,390,075	2,851,522	437,666	4,483,861		1,208,213
15 2013	9,192,777	1,654,700	367,711	459,639	11,674,827	2,937,067	448,608	4,528,700		1,094,891
16 2014	9,422,596	1,696,067	376,904	471,130	11,966,697	3,025,179	459,823	4,528,700		981,569
17 2015	9,658,161	1,738,469	386,326	482,908	12,265,865	3,115,935	471,318	4,573,987		868,247
18 2016	9,899,615	1,781,931	395,985	494,981	12,572,511	3,209,413	483,101	4,573,987		754,925
19 2017	10,147,106	1,826,479	405,884	507,355	12,886,824	3,305,695	495,179	4,619,727		641,603
20 2018	10,400,783	1,872,141	416,031	520,039	13,208,995	3,404,866	507,558	4,619,727		528,281
21 2019	10,660,803	1,918,944	426,432	533,040	13,539,220	3,507,012	520,247	4,665,924		1,418,192
22 2020	10,927,323	1,966,918	437,093	546,366	13,877,700	3,612,222	533,253	4,665,924		1,284,872
23 2021	11,200,506	2,016,091	448,020	560,025	14,224,642	3,720,589	546,585	4,712,583		1,284,872

\$ 192,161,050   \$ 34,588,989   \$ 7,585,442   \$ 9,608,052   \$ 244,044,533   \$ 62,073,661   \$ 9,377,459   \$ 100,317,202   \$ 18,123,854

\*Does not include  
 Gratuity Income

# VISTA DEL RIO HOTEL

## ASSUMPTIONS FOR PROJECTION OF TIF REVENUES

Ad Valorem Levy Rates Subject to TIF		
Taxing District	Rate	% Share
City General	1.340%	17.26%
Handicap	0.080%	1.03%
Junior College	0.220%	2.83%
Library	0.500%	6.44%
Mental Health	0.133%	1.71%
School District	4.960%	63.89%
County General	0.530%	6.83%
Total	7.753%	100.00%
Ad Valorem Assessment Ratio		32%
Annual Growth/Inflation Rate		1%
with reassessment in odd years		
Base Year Assessed Value		\$ 228,000

GENERAL SALES TAX*		
Taxing District	Rate	% Share
City		
General	1.0000%	45.20%
Transportation**	0.4625%	20.90%
County-Gen	0.7500%	33.90%
	2.213%	100.00%

\*50% is subject to TIF

\*\*Effective rate eliminating ATA share of trans. tax

OTHER CITY ECONOMIC ACTIVITY TAXES*	
Type of Tax	Rate
Food & Beverage	1.75%
Earnings Tax	1.00%
Utilities Tax	10.00%

\*50% is subject to TIF

Sales Tax not Subject to TIF	
Bi-State	0.125%
Hotel/Motel Tax	5.500%

HOTEL DEVELOPMENT	
Mkt Values (per room)	\$ 50,000
Hotel	\$ 10,000
FF & E	
No. of Rooms	264
Completion Date	Jul-99
Occupancy Rate	
Year 1	55%
Year 2	60%
Year 3	65%
Year 4	66%
Years 5-23	68%
Average Room Rate	
Year 1	\$ 86.25
Year 2	\$ 93.75
Year 3	\$ 101.75
Year 4	\$ 104.25
Year 5	\$ 107.00
Year 6	\$ 110.25
Year 7	\$ 113.50
Year 8	\$ 117.00
Year 9	\$ 120.50
Year 10	\$ 124.00
Years 11-23 Growth Rate	2.5%
Sales (% of Room Sales)	
Food & Beverage	18.0%
Telephone	4.0%
Other	5.0%

Construction Purchases*	
Construction Materials	\$ 6,618,000
FF&E	\$ 3,462,000

\*These purchases have not been included in the projection of EATs.

Salaries	
Construction*	\$ 11,250,000
Hotel Operation Year 1	\$ 2,000,000
Annual Increase	3%

\*Construction salaries have not been included in the projection of EATs.

Future FF&E Purchases		
Year	Amount	
2005	\$ 3,000,000	
2012	\$ 3,400,000	
2019	\$ 4,000,000	

PERSONAL PROPERTY ASSESSMENT RATIO  
33.33%

Energy Expense  
(% of Room Sales)  
4.88%

(Page 7 of 7)

**VISTA DEL RIO HOTEL**  
**ASSUMPTIONS FOR PROJECTION OF INCREMENTAL NON-TIF TAX REVENUES**

<b>Ad Valorem Levy Rates not Subject to TIF</b>	
Blind Pension	0.030%
Replacement Tax	1.437%

<b>Replacement Tax % Share Per Taxing District</b>	
City	19.31%
Handicap	1.42%
Junior College	3.85%
Library	2.65%
Mental Health	0.71%
School District	26.10%
County General	11.62%
Blind Pension	0.42%

<b>Sales Taxes Subject to TIF*</b>		
<b>Taxing District</b>	<b>Rate</b>	<b>% Share</b>
City		
General	1.0000%	45.20%
Transportation**	0.4625%	20.90%
County	0.7500%	33.90%
<b>Total</b>	<b>2.2125%</b>	<b>100.00%</b>

\*50% is subject to TIF

\*\*Effective rate eliminating ATA share of trans. tax

<b>Sales Tax not Subject to TIF</b>	
Bi-State	0.125%
Hotel/Motel Tax	5.500%

<b>Personal Property Tax Levy Rates</b>		
<b>Taxing District</b>	<b>Rate</b>	<b>% Share</b>
City General	1.340%	17.19%
Handicap	0.080%	1.03%
Junior College	0.220%	2.82%
Library	0.500%	6.42%
Mental Health	0.133%	1.71%
School District	4.960%	63.65%
County General	0.530%	6.80%
Blind Pension	0.030%	0.38%
Replacement Tax	0.000%	0.00%
<b>Total</b>	<b>7.793%</b>	<b>100.00%</b>

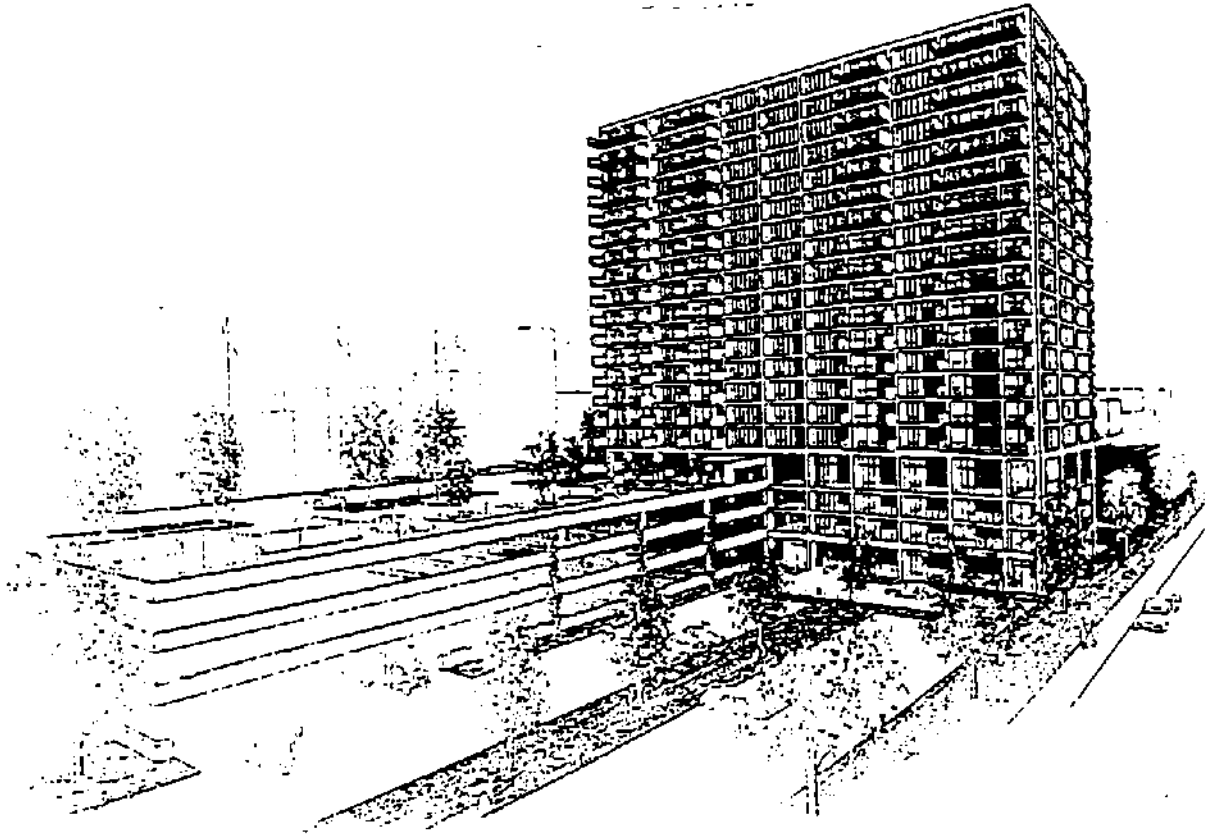
**Exhibit No. 7**

**Addendum to "Developer's Proposal."**



## **EXECUTIVE SUMMARY**

### **VISTA DEL RIO HOTEL REDEVELOPMENT PROJECT**



#### **SUBMITTED BY:**

**VISTA DEL RIO REDEVELOPMENT COMPANY, L.L.C.**  
1734 East 63rd Street, Suite 505  
Kansas City, Missouri 64110

#### **PREPARED BY:**

**KING HERSHEY COLEMAN KOCH & STONE**  
2345 Grand Boulevard, Suite 2100  
Kansas City, Missouri 64108-2625

**JANUARY 27, 1998**

## EXECUTIVE SUMMARY

### VISTA DEL RIO HOTEL REDEVELOPMENT PROJECT

The Vista Del Rio Redevelopment Company, LLC. (the "Developer"), has submitted a proposal to the Tax Increment Financing Commission of Kansas City, Missouri (the "TIF Commission") for the redevelopment of the Vista Del Rio apartment building into a 264-room suite hotel. This hotel will provide an added amenity to the Civic Mall. The proposal provides for the expansion of the existing Civic Mall Redevelopment Area to include the proposed project. The following is an outline which summarizes the project as proposed by the Developer.

#### I. DEVELOPER INFORMATION

The Developer is a Missouri limited liability corporation. The owners of the development entity include Peter Spanos, Willie Wyatt, Alex Harris and Dale G. Diggs, Jr., resulting in 75% ownership by minority individuals.

#### II. PROJECT DESCRIPTION

##### A. Project Location/Site Plan

The project is bounded on the south by Admiral Boulevard, on the west by Cherry Street, on the east by the east edge of vacated Holmes, and on the north by 6th Street and the existing assisted-living facility. A preliminary site plan is located behind Tab 1 of this summary.

##### B. Hotel Facility

The existing 20-story Vista Del Rio apartment building will be converted into a 21-story, 264-room suite hotel. The hotel will be operated as a Sheraton Suites by De Palma Hotel Corporation. Under the Sheraton Suites flag, the hotel will provide convention center-quality hotel suite accommodations at affordable prices -- a product type currently absent in the downtown Kansas City, Missouri area.

**C. Conference Facilities**

A 10,000 square-foot addition will be constructed west and immediately adjacent to the existing building to accommodate 9,100 square feet of conference facilities.

**D. Garage Facility**

The existing three-level parking garage will be renovated to accommodate 115 parking spaces. It is anticipated that the parking garage will be expanded to 320 spaces. The additional 205 spaces will allow this parking garage to meet the parking demands of the surrounding area including properties within the Civic Mall Redevelopment Area.

**E. Civic Mall Development**

The Developer's proposal includes the expenditure of \$500,000 for off-site public improvements throughout the Civic Mall Redevelopment Area. These funds could be used to landscape and provide other amenities throughout the area, such as streetscape, off-street parking and/ or a newly renovated library facility.

**III. PROJECT COSTS**

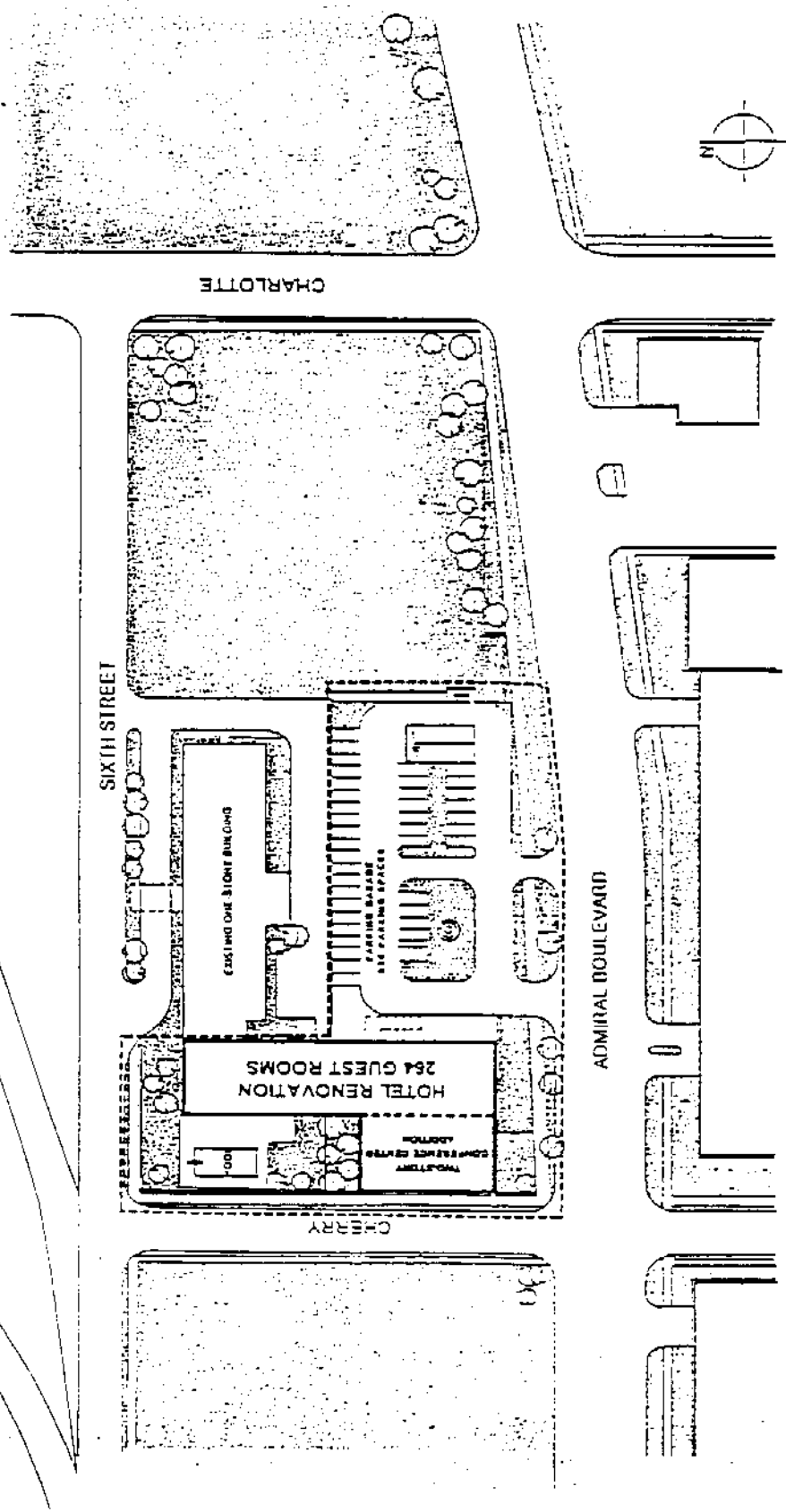
The estimated project costs and the amounts to be reimbursed with tax increment financing revenues are detailed in an exhibit located behind Tab 2 of this summary. The total project costs are approximately \$28,000,000. The Developer is requesting "Super" TIF assistance which will fund approximately \$10,000,000 of the project costs. It is anticipated that approximately \$26,000,000 of the project costs will be financed with bonds or a combination of bonds and a private loan to be secured by a first mortgage against the hotel and garage, a pledge of the hotel operating revenues, tax increment financing revenues and city credit enhancement similar to that provided to the Muehlebach and Americana hotel projects.

**IV. ECONOMIC IMPACT**

The project will create approximately 450 construction jobs and 211 permanent jobs. This project will generate approximately \$12,200,000 in additional tax revenues that will actually be retained by the taxing jurisdictions over a 23-year period. Without the adoption of tax increment financing, this area will generate less than \$600,000 in tax revenues during the same 23-year period. Even after the allocation of Super TIF revenues to pay project costs, the City of Kansas City, Missouri will realize approximately \$5,700,000 in additional tax revenues from this project over a 23-year period.



I-70 HWY



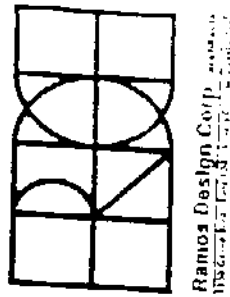
--- SITE BOUNDARY  
 SITE PLAN  
 SCALE: 1" = 40' 0"

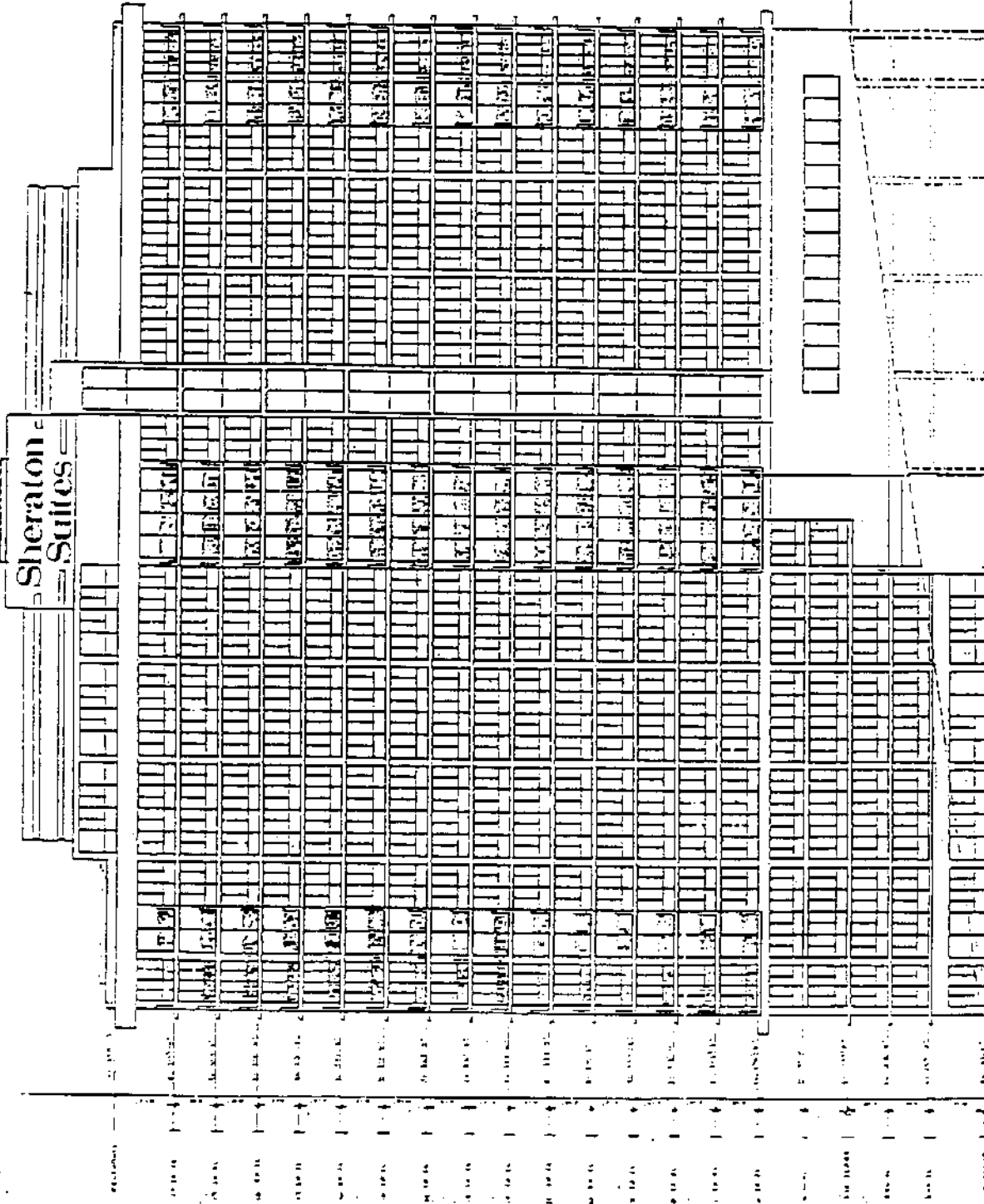
# Sheraton Suites Downtown

## Admiral Boulevard & Cherry

### Kansas City, Missouri

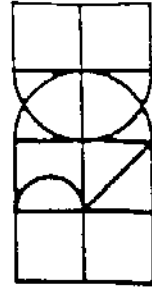
For: Vista Del Rio Redevelopment Corporation





**Sheraton Suites Downtown**  
 Kansas City, Missouri

WEST ELEVATION  
 SCALE 3/32" = 1'-0"



Haseo Design Corporation, Inc.  
 1180 Grand Suite 100  
 Kansas City, MO 64108  
 (816) 421-0471 (816) 421-1044 Fax

EXHIBIT 7  
VISTA DEL RIO HOTEL & GARAGE

Revised May 1, 1998

<b>PROPERTY</b>		
Appraised Value	\$ 4,500,000	
Less Existing Debt	<u>600,000</u>	
Developer Equity	\$ 3,900,000	
<hr/>		
<b>COSTS TO BE FINANCED</b>	<b>Estimated Total</b>	<b>TIF Reimbursables</b>
<b>CONSTRUCTION COSTS</b>		
Architectural & Engineering	\$ 620,000	\$ 300,000
Hotel	12,300,000	2,725,000
Conference, Lobby & Public Space	1,200,000	1,200,000
Garage	2,805,000	2,805,000
Renovate Existing 115 Spaces   \$345,000		
Add 205 New Spaces           \$2,460,000		
Swimming Pool	150,000	-
Off-Site Work	<u>90,000</u>	<u>90,000</u>
<b>Total Construction Costs</b>	<b>\$ 17,165,000</b>	<b>\$ 7,120,000</b>
<b>FURNITURE, FIXTURES &amp; EQUIPMENT COSTS</b>		
Hotel Tower & Conference Center	\$ 2,700,000	\$ -
Hotel/F&B Smallwares	140,000	-
Telephone Equipment	192,000	-
Kitchen Equipment	250,000	-
Laundry Equipment	80,000	-
Interior & Exterior Signage	<u>100,000</u>	<u>-</u>
<b>Total Furniture, Fixtures &amp; Equipment Costs</b>	<b>\$ 3,462,000</b>	<b>\$ -</b>
<b>Subtotal—Hard Costs</b>	<b>\$ 20,627,000</b>	<b>\$ 7,120,000</b>
<b>PRE-OPENING &amp; OPERATIONAL COSTS</b>		
Initial Inventories/Pre-Opening/Marketing/Labor	\$ 200,000	\$ -
Payroll	<u>50,000</u>	<u>-</u>
<b>Total Pre-Opening &amp; Operational Costs</b>	<b>\$ 250,000</b>	<b>\$ -</b>
<b>MISCELLANEOUS COSTS</b>		
Legal & Title Insurance	\$ 50,000	\$ 25,000
Franchise Fees & Feasibility Study	100,000	50,000
Working Capital	400,000	-
Negative Cash Reserve	650,000	-
Other Expenses (Licenses, Permits, Etc.)	30,000	15,000
TIF Commission Expenses	50,000	50,000
Developer Overhead	<u>50,000</u>	<u>-</u>
<b>Total Miscellaneous Costs</b>	<b>\$ 1,330,000</b>	<b>\$ 140,000</b>
<b>SUBTOTAL</b>	<b>\$ 22,207,000</b>	<b>\$ 7,260,000</b>
<b>DEVELOPER FEE/COST OVERRUN RESERVE</b>	<b>1,400,000</b>	<b>-</b>
<b>EXISTING DEBT TO BE RETIRED</b>	<b><u>600,000</u></b>	<b><u>-</u></b>
<b>SUBTOTAL HOTEL &amp; GARAGE COSTS</b>	<b>\$ 24,207,000</b>	<b>\$ 7,260,000</b>
<b>CIVIC MALL DEVELOPMENT</b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>
<b>FINANCING COSTS</b>		
Construction Period Interest—(All Public Debt)	\$ 1,350,000	\$ 1,350,000
Bond Closing Costs	700,000	700,000
Miscellaneous Venture & Loan Costs (Architectural Review, Appraisal, Legal, Environmental, Audit, Etc.)	<u>75,000</u>	<u>37,500</u>
<b>Total Financing Costs</b>	<b>\$ 2,125,000</b>	<b>\$ 2,087,500</b>
<b>TOTAL PROJECT COSTS TO BE FINANCED</b>	<b>\$ 26,832,000</b>	<b>\$ 9,847,500</b>

January 16, 1998

Ms. Roxsen E. Koch  
King Hershey Coleman Koch & Stone  
2345 Grand Boulevard, Suite 2100  
Kansas City, Missouri 64108

RE: Vista Del Rio Redevelopment Company, L.L.C.  
Proposed Hotel Redevelopment Project

Dear Roxsen:

We have reviewed the draft of the Developer Application Package for the proposed Vista Del Rio Redevelopment Project (the "Project") and projected revenues to be generated by the Project, and have had conversations with you regarding the Project. The projected tax increment financing revenues and the projected hotel and garage revenues available for debt service during the first 25 years of the hotel's operation will provide sufficient revenue to amortize approximately \$28,882,000 in credit-enhanced bonds. We have assumed that the projections are correct.

Having reviewed the Developer Application Package and the market analysis prepared by Horvath Hospitality Consulting, Inc., we believe that with the appropriate credit enhancement and subject to market conditions at the time of the sale, A.G. Edwards & Sons, Inc. will be able to successfully underwrite and complete the sale of bonds or other debt instruments to finance the project costs. The financing will be subject to our due diligence and to our approval of terms, conditions and documentation.

We look forward to working with you, the developer, the TIF Commission and the City with regard to the Project and stand ready to provide input with regard to the financing of the Project.

Sincerely,

  
Laura Mirkin Radcliff  
Investment Banking

# DEVELOPMENT STRATEGIES

CONSULTANTS IN REAL ESTATE, COMMUNITY, AND ECONOMIC DEVELOPMENT  
REAL ESTATE APPRAISAL

## MEMORANDUM

To: Ms. Roxsen Koch  
From: Barry Hogue and Brad Eilerman  
Date: January 15, 1998  
Re: Economic Benefits Analysis of Vista Del Rio Hotel

In reviewing the tax increment financing (TIF) redevelopment plan for the Vista Del Rio Hotel, we have found the project will have a substantial impact on new jobs and earnings in the Kansas City Metropolitan area.

When completed the hotel is expected to generate 211 permanent full-time equivalent (FTE) jobs. In addition, during the rehabilitation phase approximately 450 new construction jobs will be created, albeit temporary (resulting in approximately 260 full-time construction for a one-year period). These newly created jobs have a positive impact on the community as other new jobs are created as money is spent and re-spent. In other words, the 211 hotel jobs and the 450 construction jobs will have a multiplier effect on the metropolitan area, thereby creating other new jobs in various other industries.

### Jobs

According to the Economic Policy Division of the United States Chamber of Commerce for every one hotel job created 1.89 total jobs will be created. This indicates that the 211 jobs created at the hotel will produce an additional 187 ( $211 \times 0.89$ ) jobs for a total of 399 jobs.

The construction jobs will have even a greater impact on the local economy with a multiplier of 3.27. This indicates that for every one job created in new construction, 2.27 ( $3.27-1$ ) are created in other industries. Applying the 260 FTE jobs to this multiplier implies that 590 additional jobs will be supported for a one-year period during the construction phase.

### Household Earnings

As new jobs are created, total earnings will also have a multiplier effect throughout the community.

Total household earnings attributable to the construction earnings is expected to be \$26.1 million based upon \$11.2 million in direct wages and a 2.3 multiplier factor.

Total permanent new household earnings will be \$3.9 million based upon \$2.2 million in direct permanent wages and a 1.8 multiplier factor.

Richard C. Ward, CRE, AICP  
Larry Marks, AICP, ALA  
Robert M. Lewis, AICP  
Barry Hogue, CED, AICP  
Brad Beggs

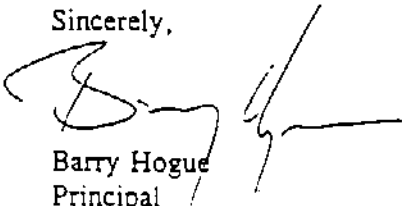
D. Michael Goetze, MAI



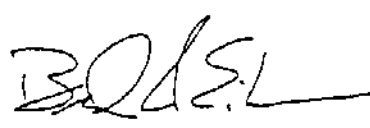
Thus, the proposed redevelopment project will have a profound economic impact on the community and will greatly increase the long-term tax base and provide many other quantifiable and qualitative benefits to the area residents, businesses and taxing districts.

We appreciate the opportunity to assist King Hershey Coleman Koch and Stone with this project. If you have additional questions regarding the information included in this memorandum or the accompanying data, please do not hesitate to call us.


Sincerely,



Barry Hogue  
Principal



Brad R. Eilerman  
Real Estate Analyst



January 20, 1998

Mr. Peter Spanos  
1734 East 63rd, Suite 301  
Kansas City Missouri

Dear Mr. Spanos:

In accordance with our engagement letter of October 8, 1997 we have completed our market and financial analysis of a proposed hotel development in Kansas City, Missouri. This report summarizes our findings and conclusions with regard to the operating potential of the property.

#### ENGAGEMENT OBJECTIVE AND SCOPE

You have asked that we complete market and economic analyses for the property to assist you in refining your development plans for the property, including estimates of attainable occupancy and room rate levels, as well as prospective financial performance.

In completing our market analysis for the project, we:

- met with you at the commencement of the engagement to tour the property and surrounding areas and review plans and other information regarding the overall development plans for the project;

studied the area's transient lodging market characteristics based on inspections of competitive properties, interviews with operators of those properties, interviews with lodging demand generators and analysis of other data available to us;

estimated future lodging market supply and demand conditions in order to identify market niches with the greatest development potential;

estimated occupancy and average room rate for the facilities during the first five full years of operation;

estimated cash flow from operations available for debt service and income taxes; and

prepared this report summarizing our findings for your use in connection with your development efforts.

#### SITE LOCATION AND DESCRIPTION

The proposed project contemplates the complete renovation and conversion of the existing Vista Del Rio residential structure to a Sheraton Suites Hotel. The property is located within the northeast quadrant of the intersection of Admiral Boulevard and Cherry Street in downtown Kansas City, Missouri.

The site is approximately two blocks from the new Charles Evan Whitaker Federal Court House, presently under construction at Oak and Admiral and approximately six blocks

January 20, 1998

north of the existing Federal Building, located at 13<sup>th</sup> Street and Oak. Downtown's major office concentrations begin at approximately Ninth and Walnut, approximately five blocks from the subject site, and the City's major convention facility, H. Roe Bartle Hall, is located at 12th and Central, at the southwest corner of the freeway loop. The River Market Area residential, retail and entertainment district is located across Interstate 70 from the property and the (Hilton) Flamingo Casino is located approximately one mile to the east.

Visibility of the property for interstate traffic is excellent due to the location and 21-story height of the building.

Access is direct for both eastbound and westbound Interstate 70 traffic via the Oak Street exits.

#### Proposed Facilities

Facilities and amenities planned for the property include:

- . 260 guest suites;
- . 3,116 square foot restaurant;
- . 1,009 square foot lobby lounge;
- . 1,829 square foot cocktail lounge;
- . over 9,000 square feet of meeting and conference space;
- . indoor pool; and
- . structured parking.

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Affiliation and Management

We understand, and have assumed for these analyses, that the property will be operated with a Sheraton Suites affiliation by a management organization with substantial experience in the marketing and operation of similar hotels.

GENERAL MARKET ANALYSIS

The following paragraphs present an overview of the economic and demographic environment of the Kansas City Metropolitan Statistical Area (MSA) in order to provide a general frame of reference with regard to the economic environment of the Kansas City MSA.

Population

The following table presents population data for the 11-county MSA for 1980, 1990 and 1996. The proposed property would be located in the City of Kansas City, Jackson County, Missouri.

	<u>Population</u>			<u>Compound Change</u>
	<u>1980</u>	<u>1990</u>	<u>1996</u>	
Missouri Counties:				
Cass	51,029	63,808	72,717	2.2%
Clay	136,487	153,411	165,016	1.2
Clinton	15,916	16,595	17,553	.6
Jackson	629,267	633,232	634,751	.1
Lafayette	29,926	31,107	32,140	.4
Platte	46,342	57,876	66,036	2.2
Ray	<u>21,378</u>	<u>21,971</u>	<u>22,031</u>	.2
	<u>930,345</u>	<u>978,000</u>	<u>1,010,244</u>	.5
Kansas Counties:				
Johnson	270,269	355,054	399,568	2.5
Leavenworth	54,809	64,371	69,663	1.5
Miami	21,619	23,466	24,950	.9
Wyandotte	<u>179,335</u>	<u>161,993</u>	<u>153,962</u>	(.7)
	<u>519,032</u>	<u>604,884</u>	<u>647,873</u>	1.4
Metropolitan Total	<u>1,449,377</u>	<u>1,582,884</u>	<u>1,658,117</u>	.8%

Source: Greater Kansas City Chamber of Commerce

As indicated, the overall population of the MSA has grown at a compound annual rate of approximately one percent over the 14 years, with the greatest growth experienced in Johnson County, Kansas.

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Employment

The following table presents employment data for the MSA for 1989 and 1996.

## EMPLOYMENT-KANSAS CITY MSA

<u>Category</u>	<u>1989</u>		<u>1996</u>		<u>1989-1996 Compound Change</u>
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	
Manufacturing	<u>110,200</u>	<u>14.2%</u>	<u>108,600</u>	<u>12.3%</u>	(.2%)
Non-manufacturing:					
Mining and construction	33,100	4.3	40,900	4.6	3.1
Transportation, communications and public utilities	63,600	8.2	69,700	7.9	1.3
Trade (total)	202,300	26.0	216,200	24.5	1.0
Financing, insurance and real estate	59,200	7.6	63,200	7.1	0.9
Services	190,800	24.6	254,800	28.8	4.2
Government	<u>117,600</u>	<u>15.1</u>	<u>131,800</u>	<u>14.9</u>	1.6
Total non-manufacturing	<u>666,600</u>	<u>85.8</u>	<u>777,000</u>	<u>87.7</u>	2.2
Total non-agricultural employment	<u>776,800</u>	<u>100.0%</u>	<u>885,600</u>	<u>100.0%</u>	<u>1.9%</u>
Unemployment rates:					
Kansas City MSA				4.0%	
State of Missouri				4.6	
United States				5.6	

Source: Missouri Division of Employment Security

As indicated, overall employment growth in the MSA has occurred at an annual compound rate of 1.9 percent, with the most rapid growth occurring within the Services sector.

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Office space

Commercial office space in the Kansas City MSA has been absorbed at an annual compound rate of 4.8 percent between 1988 and 1995. With the overbuilding of office space, as with most forms of real estate in the late 1980's, excessive vacancy rates were experienced. Growth in economic activity, employment and associated demand for office space has resulted in significant tightening of office vacancy rates for most sectors of the Kansas City market, as indicated in the following table.

## OFFICE MARKET-KANSAS CITY MSA

	<u>Buildings</u>	Net Rentable Area (000s)	Vacant Square Feet (000s)	Vacancy Percent	Occupied Square Feet (000s)
4th Quarter:					
1988	393	27,913	5,737	20.6%	22,176
1989	399	28,469	4,607	16.2	23,862
1990	526	32,494	4,712	14.5	27,782
1991	531	34,246	5,892	17.2	28,354
1992	546	34,554	5,301	15.3	29,253
1993	534	34,213	4,798	14.0	29,415
1994	535	34,093	3,951	11.6	30,142
1995	539	34,317	3,544	10.3	30,773
Compound annual growth, 1988-1995		<u>4.6%</u>	<u>3.0%</u>	( <u>6.6%</u> )	<u>4.8%</u>

Source: Cohen-Esrey



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The Downtown area (including Crown Center) represents 35.4 % of the MSA office supply and experienced a vacancy rate of 12.2% in 1995, as detailed below:

OFFICE MARKET-DOWNTOWN					
	Net	Vacant		Occupied	
	Rentable	Square	Vacancy	Square Feet	
	Buildings	Area (000	Feet (000	Percent	(000s)
4th Quarter, 1990	75	10,938	1,762	16.1%	9,176
4th Quarter, 1991	72	12,408	2,758	22.2%	9,650
4th Quarter 1992	72	12,204	2,684	22.0%	9,520
4th Quarter, 1993	71	12,143	2,304	19.0%	9,839
4th Quarter, 1994	71	12,143	1,956	16.1%	10,187
4th Quarter, 1995	74	12,143	1,485	12.2%	10,658
Compound Annual Growth, '90-'95	-0.3%	2.1%	-3.4%		3.0%

### Transportation

Kansas City is served by Kansas City International Airport (KCI), which opened in 1972. The airport design has proven unsuitable for hub operations, given the multi-terminal configuration without modern inter-terminal transportation facilities. Without a dominant hub carrier, KCI is serviced by a wide variety of airlines, including a number of low-fare carriers. As a result, travelers to and from Kansas City benefit from a very economical fare structure with a wide variety of origin destination options. Recent growth in airport activity is reflected in the following table.

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## KCI PASSENGER ACTIVITY

	Enplaned/ Deplaned Total <u>Passengers</u>	Percent <u>Change</u>	Origin/ Destination Total <u>Passengers</u>	Percent <u>Change</u>
1982	5,004,878		3,607,090	
1983	5,010,752	.1%	3,817,080	5.8%
1984	6,458,155	28.9	4,578,190	19.9
1985	7,238,789	12.1	4,984,270	8.9
1986	8,299,388	14.7	5,236,750	5.1
1987	9,433,030	13.7	5,722,980	9.3
1988	9,481,389	.5	6,006,540	5.0
1989	9,351,284	(1.4)	6,026,350	.3
1990	6,943,949	(25.7)	6,142,570	1.9
1991	6,949,615	.1	5,853,410	(4.7)
1992	7,414,111	6.7	6,304,410	7.7
1993	7,932,018	7.0	6,877,380	9.1
1994	8,923,456	12.5	7,856,710	14.2
1995	9,500,677	6.5	8,313,110	5.8
1996	9,947,643	4.7		

Compound annual  
growth, 1982-19964.7%6.1%

Source: Kansas City Aviation Department

The origin destination data above reflects only those passengers beginning or terminating their trip in Kansas City (i.e. excludes inter- and intra-line transfers). It therefore is the best indicator of airport travel activity.

Kansas City is served by three major interstates. Interstate 70 is an east/west transcontinental route which, in addition to normal commercial traffic, experiences heavy tourism volume in the summer months. Interstate 35 is a major north/south highway and has been proposed for designation as the NAFTA highway, connecting Canada, the United States and Mexico. Interstate 29 originates in Kansas City and terminates at the Minnesota/Canada border. There has been relatively limited north/south tourism traffic to

Mr. Peter Spanos

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the Kansas City area; however, in recent years visitation to Branson, Missouri, located approximately five hours south of Kansas City, has generated increased levels of tourism demand on Interstates 29 and 35.

#### Convention activity

The area's major convention facility is the H. Roe Bartle Hall, recently expanded to 388,000 square feet of column-free exhibit area, approximately 155,000 square feet of additional meeting space and conference space and a 24,000-square foot ballroom.

With only 1,000 rooms located within walking distance of Bartle Hall, Kansas City's overall convention package is weak relative to many other convention destinations in the central United States. The completion of the 400-room Doubletree Hotel conversion of the former Americana Hotel and the expansion of the Marriott-Downtown from approximately 600 to approximately 1,000 rooms with additional convention facilities, will significantly mitigate this competitive constraint. Data regarding convention activity in Kansas City is presented in the following table.

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## TOTAL CONVENTION ACTIVITY

	<u>Meetings</u>	<u>Percent Change</u>	<u>Room Nights</u>	<u>Percent Change</u>
1985	435		378,583	
1986	445	2.3%	353,747	( 6.6%)
1987	531	19.3	326,068	( 7.8)
1988	570	7.3	384,862	18.0
1989	662	16.1	414,552	7.7
1990	666	.6	470,340	13.5
1991	676	1.5	437,464	(7.0)
1992	666	( 1.5)	421,223	( 3.7)
1993	692	3.9	457,062	8.5
1994	752	8.7	490,251	7.3
1995	657	(12.6)	487,788	( .5)
1996	589	(10.4)	451,055	(7.5)
Compound annual Growth, 1985-1996		<u>2.8%</u>		<u>1.6%</u>

Source: Kansas City Convention &amp; Visitors Bureau

Tourism

Kansas City offers numerous tourism attractions, including theme parks, shopping destinations, riverboat casinos and professional sports.

Worlds of Fun and Oceans of Fun are destination theme parks located in the northeast Kansas City area.

The Kansas City Royals and Kansas City Chiefs play their home games at Kaufmann and Arrowhead Stadium facilities which constitute the Truman Sport Complex, located in Jackson County, east of downtown Kansas City.

Plans for a NASCAR track in western Kansas City (Wyandotte County), Kansas were recently announced. The facility would initially have capacity for 75,000, with plans to expand to 150,000. Three major NASCAR events are expected annually, with a variety of other racing, entertainment and other events also planned.

Five riverboat casinos presently operate in the Kansas City area, including Argosy, Harrah's, Sam's Town, (Hilton) Flamingo and Station. Casino hotel facilities are components of the Harrah's and Station complexes, which have allowed broader regional marketing efforts to attract non-local patrons. The following table presents admission data for the Kansas City area riverboat casinos for the fiscal years ended June 30, 1996 and 1997 which reflect the rapid expansion of the gaming industry, with over 18,000,000 admissions in fiscal year ended June 30, 1997:

RIVERBOAT CASINO ADMISSION  
(12 MONTHS ENDED JUNE 30)

<u>BOAT</u>	<u>OPENED</u>	<u>1996</u>	<u>1997</u>	<u>PERCENT CHANGE</u>
ARGOSY	June-94	3,447,669	3,263,423	-5.3%
HARRAH'S	September-94	5,246,986	7,523,302	39.6%
SAM'S TOWN	September-95	2,848,086	2,388,594	-16.1%
HILTON FLAMINGO	October-96	n/a	1,615,187	n/a
STATION CASINO	January-97	n/a	3,995,314	n/a
KANSAS CITY AREA		<u>11,542,741</u>	<u>18,586,320</u>	61.0%
ALL MISSOURI BOATS		22,557,596	32,135,692	42.5%
NUMBER OF BOATS		9	16	77.8%

Source: Missouri Gaming Commission

Mr. Peter Spanos

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Destination shopping in Kansas City is a significant regional tourism draw, with significant visitation generated by the shops and restaurants of the Country Club Plaza, as well as crown Center and suburban retail malls.

## MARKET ANALYSIS

### Lodging Market Overview

The Kansas City area lodging market includes approximately 18,000 rooms in 135 properties, according to Smith Travel Research. Horwath Hospitality Consulting, Inc., in conjunction with Smith Travel Research, compiles and publishes monthly the Lodging Market Trend Report for Kansas City as one of 21 such publications prepared for major markets across the country.

As indicated, data is broken down to the following geographic areas:

- City of Kansas City
- Overland Park-Lenexa
- Kansas City North-Airport
- Kansas City Outlying areas

The City of Kansas City sector includes all properties within the city limits of Kansas City, Missouri and is dominated by the major hotels in the downtown, Crown Center and Country Club Plaza areas. The Overland Park-Lenexa market includes properties in the suburban Johnson County Kansas market and has traditionally been the strongest sector in terms of occupancy level and average rate growth. Kansas City North-Airport sector has demonstrated significant improvement in recent years, as office and other commercial development has occurred in the northland area. Occupancies have recently approached

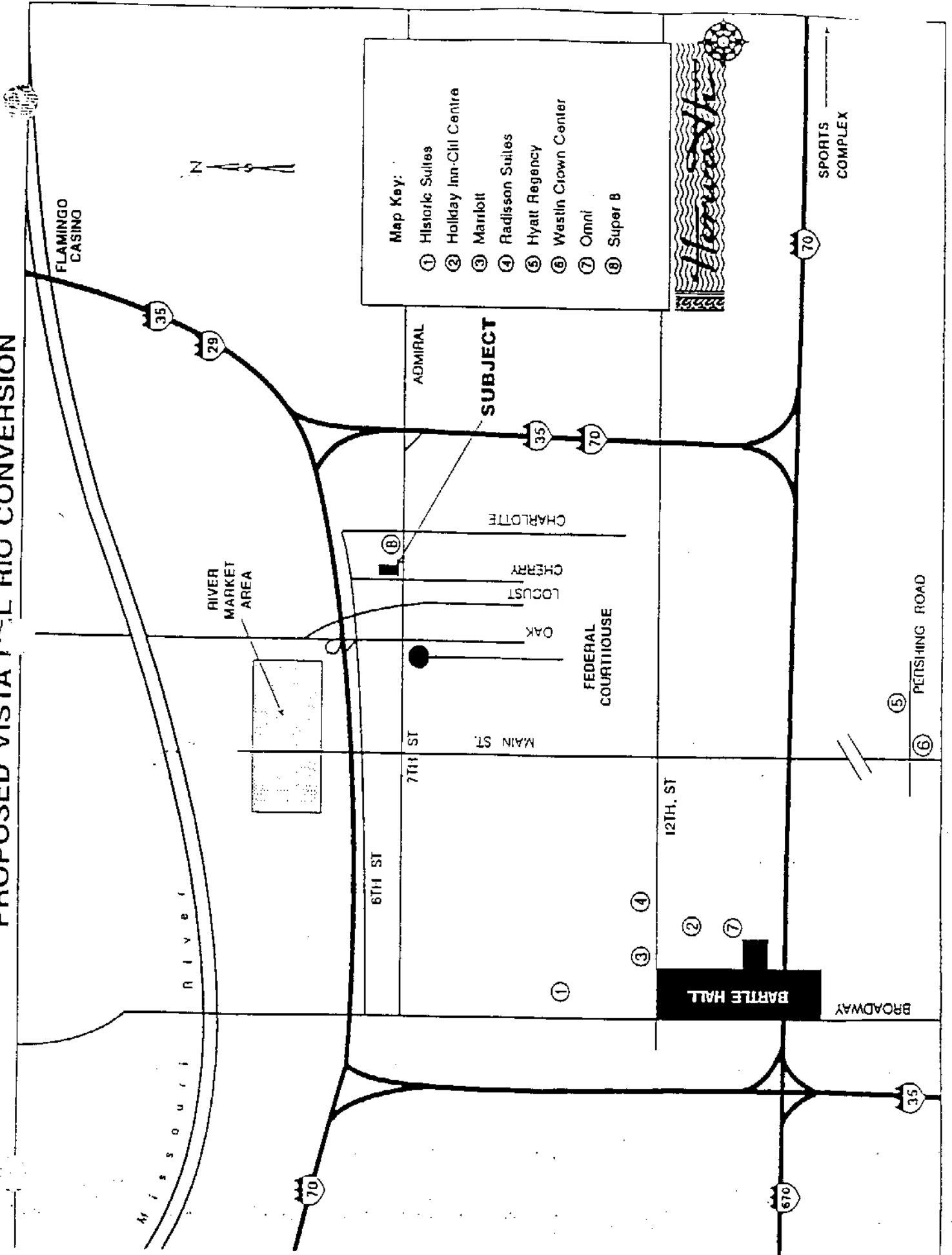
Johnson County levels, with significantly greater improvements in average rate performance. Kansas City Outlying areas include properties generally east and south of the Kansas City, Missouri city limits. Recent and anticipated developments in hotel market around the Kansas City area include:

- Significant hotel market activity is occurring in the Kansas City North-Airport sector, as developers are drawn to the strong occupancy and increasing room rate levels of the sector;
- Hotel development in the downtown area includes the renovation of the former Americana Hotel to a 400-room Doubletree and the expansion of the 600-room Marriott-Downtown by 400 rooms, which projects should significantly enhance the downtown convention package;
- Several limited service and limited-service/extended-stay properties have recently opened, with more proposed for various locations around Johnson County, Kansas.

#### Competitive Supply

We have identified six properties, comprising 2,584 rooms operating in 1996, as those potentially competitive with the proposed property. This competitive supply was determined through consideration of factors such as location, size and age of facilities, amenities offered, affiliation, rate structure, management and types of demand accommodated. Significant characteristics of the competitive market properties and their locations are presented in the competitive supply chart and the map on the following and facing pages.

# PROPOSED VISTA DEL RIO CONVERSION







# COMPETITIVE SUPPLY PROFILE

## Proposed Vista Del Rio Conversion

Map Key	Property	Rooms Available	Single	Suites	Double	Amenities*
1	Historic Suites	100	\$150	(All Suites)	\$225	B, G
2	Holiday Inn-City Centre	191	109	119-250	109	B, D, E, F, H
3	Marriott	573	109	189-350	169	B, D, E, F, G, H
4	Radisson Suites	240	99-119	(All Suites)	105-125	B, D, E, G, H
5	Hyatt Regency	730	99-159	195	110-189	B, D, E, F
6	Westin	750				
	Total	2,584				
7	Doubletree	400	179-250	229-289	179-250	B, D, E, F
8	Marriott	400	109	189-350	169	D, D, E, F, G, H
	Super 8	115	50-69	N/A	50-69	N/A
	Subtotal	260				
	Total	3,759				

Amenities Key
A. Retail/Gift Shops
B. Health/Fitness facilities
C. Indoor Pool
D. Lounge
E. Restaurant
F. Outdoor Pool
G. Continental Breakfast
H. Business Center

### Additions To Supply

Certain additions to the competitive supply of rooms have been contemplated in our analysis, including the Doubletree (Omni) and Marriott expansion projects near the Bartle Hall convention facility, as well as a 115-unit Super 8 limited-service property planned for a site immediately adjacent to the subject property to the east.

The following table summarizes our supply addition assumptions:

1996 Supply	2,584
Doubletree	400
Marriott	200
Super 8	115
Subject	<u>260</u>
Total	<u>3,759</u>

We are not aware of any other supply additions that would affect our analysis.

### Demand

We estimate that the competitive properties in 1996 experienced demand of approximately 645,900 room-nights for a composite occupancy level of approximately 68%.

Commercial segment: The commercial demand segment includes salespeople, government employees, service representatives and other employees of companies with operations in the area. Demand from this segment is primarily realized Monday through Thursday evenings and represented approximately 47% of competitive market demand in 1996. The level of individual commercial demand remains relatively steady throughout the year in the area, with seasonal declines in holiday periods.

Group: Group demand within the competitive market is currently accommodated by the Marriott, Hyatt Regency and Westin Crown Center, with overflow to other downtown properties. It includes business meetings, convention/association activity, training activity, as well as social functions. Group demand equaled 33% of the market in 1996.

Tourist: The tourist demand segment in the area is substantial and includes travelers on I-70, as well as those with destinations such as Royals/Chiefs games, Worlds/Oceans of Fun, and area riverboat casinos. The tourist segment is traditionally the most rate-sensitive of market segments. This segment represented approximately 15% of total competitive market demand in 1996.

Government: Demand generated by Federal and other government office activity downtown is served by all downtown properties in varying degrees and represented 5% of total market demand in 1996.

The estimated 1996 demand for the identified competitive market is summarized in the attached Exhibit A.

#### Estimated Future Demand

We have estimated future levels of demand based on current competitive market conditions, discussed previously, and growth based on the results of our general and lodging market analyses. Growth rates for each segment are discussed in the following paragraphs.

Commercial: Prospects for continued growth in the commercial segment of demand are estimated to be good due to the moderate growth environment as evidenced by recent trends in employment and office market demand. We anticipate additional increases in demand

accommodated in 1997 through 1998 with the increases in hotel supply which will increase market capacity during peak demand periods.

Group: Base growth in the group segment of demand is anticipated at a moderate base rate with additional increases in demand accommodated in 1997 through 1999 with the increases in hotel supply and the conference facilities associated with the subject project which will improve the convention package and increase market capacity during peak demand periods.

Tourist: The tourist segment of competitive market demand is estimated to continue to increase at a moderate baseline rate. We anticipate additional increases in demand accommodated in 1998 and 1999 with the opening of the subject property, which will increase market capacity during peak demand periods.

Government: The government segment of competitive market demand is estimated to continue to increase at a moderate baseline rate.

Our estimates of total market demand are summarized in the attached Exhibit A.

#### ESTIMATED OCCUPANCY AND AVERAGE RATE

We have estimated attainable occupancy and room rate levels for the subject property, assuming the property will open by 1999.

Estimated Penetration

We have evaluated the market penetration potential for each market segment by comparing the anticipated advantages or disadvantages of the subject property to the competitive supply of properties in the market. Factors affecting penetration that were considered in our analysis include location and accessibility, property size, room rates, food and beverage facilities, other amenities, physical appearance and age, management, affiliation and local reputation.

The estimated penetrations, discussed below, can be considered in relation to the hotel's fair market share. If demand were distributed evenly, in accordance with the ratio of the hotel's rooms to the total market supply, the proposed property would capture approximately 6.9 percent (260/3759) of each segment of market demand.

Commercial segment: We estimate that competitive properties experienced penetration rates ranging between approximately 73% and 133% of fair market share during 1996. We estimate that the proposed property will penetrate commercial demand at 105% of fair market share by the third year of operation, reflecting the appeal of the suite configuration of the property and Sheraton affiliation.

Group Segment: Competitive properties' penetration rates were estimated to range from 48% to 116% of fair market share in the Group segment in 1996. We anticipate the proposed property will attain 95% of fair share penetration in the group market, reflecting the property's location relative to the City's major convention facilities and relatively limited public space.

Tourist segment: Competitive properties' penetration rates were estimated to range from 58% to 164% of fair market share in the tourist segment in 1996. We estimate that the

proposed property will attain 110% of fair market share, reflecting the appeal of the suite configuration and Sheraton affiliation.

Government: Competitive properties' penetration rates were estimated to range from 40% to 133% of fair market share in the Government segment in 1996. We estimate that the proposed property will penetrate the Government segment at 115 % of fair market share.

Summary of Captured Demand and Occupancy

The attached Exhibit A details our estimates of demand, by segment, to be captured by the proposed hotel and attainable occupancies for the first five full years of operation, as summarized below:

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Commercial	24,400	26,400	28,300	28,800	29,400
Group	17,200	19,100	20,800	21,400	21,900
Tourist	8,100	8,700	9,300	9,500	9,700
Other	<u>2,600</u>	<u>2,800</u>	<u>3,000</u>	<u>3,000</u>	<u>3,100</u>
Total	<u>52,300</u>	<u>57,000</u>	<u>61,400</u>	<u>62,700</u>	<u>64,100</u>
Occupancy	55%	60%	65%	66%	68%
Percent of Market Average	92%	97%	102%	102%	102%

Our estimates of attainable occupancy for the property are subject to revision based upon final facility configuration and affiliation changes in anticipated competitive market conditions.

Estimated Average Daily Rate

Estimated average daily rates for competitive market hotels for 1996 ranged between \$55 and \$85, resulting in a market average of approximately \$75. Rate increases in 1997 have been substantial, approximating 10 percent over 1996 levels, indicating a range from \$60 to \$94, averaging \$82 in 1997. The existing Sheraton Suites property on the Country Club Plaza, approximately five miles to the south of the subject property, attains average rates approximately 20 percent above the leading downtown properties.

We estimate that the proposed property will attain a \$90.00 average rate by its third year of operation, expressed in 1996 value dollars, which is equivalent to \$92.25 in 1997 value dollars, applying the 2.5 % inflation assumption utilized in this analysis. The average rate in the first two years of operation will be lower as market position is established. We have utilized a 2.5% compound annual inflation forecast. The following table presents our estimates of average daily rate achievable by the proposed property expressed in 1996 and current (or stated-year) value dollars assuming inflationary increases of 2.5% per year.

ESTIMATED AVERAGE DAILY RATE

<u>Year</u>	<u>1996 Value Dollars</u>	<u>Current Value Dollars</u>
1999	\$80.00	\$86.25
2000	85.00	93.75
2001	90.00	101.75
2002	90.00	104.25
2003	90.00	107.00

Our estimates of attainable occupancy for the property are subject to revision based upon final facility configuration and affiliation changes in anticipated competitive market conditions.

### PROSPECTIVE FINANCIAL ANALYSIS

We have prepared estimates of cash flow from operations available for debt service and income taxes for the proposed property for the first five full years of operation, as presented on the attached Exhibit B.

The revenues are based upon the occupancy and room rate estimates presented above; other operating revenues and expenses are based upon industry standards for similar properties (as summarized in the U.S. Hotel Industry published by Horwath Hospitality Consulting and Smith Travel Research), adjusted as appropriate.

All estimated amounts have been rounded to the nearest \$1,000. Account classifications generally conform to the definitions prescribed by the American Hotel and Motel Association in the Uniform System of Accounts for Hotels.

The resulting prospective financial analyses, expressed in dollars adjusted for the assumed effects of inflation, are presented on the attached Exhibit B. Revenues and expenses are inflated at the annual rate of 2.5 percent.

#### Revenues

Revenue at the subject lodging facility will be generated from several sources: room sales; food and beverage sales; telephone; minor operated departments; and rental and other sources.

Rooms revenue: Guest rooms revenues are based on prospective levels of occupancy and average room rates discussed in the preceding sections and summarized below:



Mr. Peter Spanos

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	<u>Room Percent occupancy</u>	<u>Rooms occupied</u>	<u>Average daily rate</u>	<u>Room revenue (000)</u>
1999	55%	52,300	\$86.25	\$4,511
2000	60%	57,000	\$93.75	\$5,344
2001	65%	61,400	\$101.75	\$6,247
2002	66%	62,700	\$104.25	\$6,536
2003	68%	64,100	\$107.00	\$6,859

Food and beverage revenue : Food and beverage revenues include food, beverage, banquet rentals and other income from the hotel's restaurant, lounge and meeting facilities.

Telephone revenue: Telephone revenue represents charges to guests for local and long distance calls and was estimated based on industry averages.

Minor operated departments: Minor operated departments include, net of direct expenses, revenues from such sources as vending machines and other incidental sources and were estimated based on industry standards for comparable properties.

Rentals and other income: Rentals and other income were estimated based on industry standards.

### Expenses

This generally includes all expenses necessary to maintain the production of revenue from operating the subject property. To estimate operating expenses both industry statistics and historical data from comparable properties were utilized.

Mr. Peter Spanos

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Rooms expense: Rooms expenses include both payroll and other departmental costs, as well as costs associated with reservation fees. Payroll expenses include the cost of front desk, laundry and housekeeping personnel. Other rooms expenses include the cost of guest supplies, laundry, linen, uniforms, and other items required for the upkeep of guest rooms and the lobby area.

Food and beverage expense: Total food and beverage departmental expenses includes cost of food and beverage sold, payroll and related expenses and other departmental costs.

Telephone expense: Telephone expenses reflect the cost of local and long distance calls.

#### Undistributed operating expenses

This expense classification relates to expense items not directly attributed to specific operating departments. Detailed explanations for the line item amounts follow.

Administrative and general: The administrative and general category includes the payroll and related expenses of management and the cost of various administrative functions and supplies which include cash overages and shortages, commissions on credit cards, credits and collection charges, professional fees, printing and stationery, dues, publications, donations, postage and other miscellaneous expenses.

Management fees: Base management fees are calculated at three percent of total revenue for the hotel.

Marketing: Marketing expenses include payroll and related expenses, the cost of advertising and promotion in various media such as highway billboards, newspaper,

magazine and directories, as well as direct mail campaigns and miscellaneous sales and marketing expenses, including franchise-related assessments.

**Franchise fees:** Franchise fees have been computed at five percent of room revenue.

**Energy costs:** Energy costs include expenses for electricity, heating, fuel, water, sewage, and trash removal costs and were computed based on industry standards.

**Property operation and maintenance:** These expenses include both payroll and related and other expenses associated with the general upkeep of the property.

#### Fixed charges

This category relates to those expense items that are relatively fixed and not sensitive to the operating levels of the facility.

**Insurance:** Property insurance expense estimates are based on industry standards.

**Property taxes:** Property tax estimates are based on industry standards and are subject to refinement based on actual assessment and related procedures.

**Replacement reserves:** Periodic replacement of short-lived building and site improvement components (including FF&E) is necessary to maintain the quality image and annual income for the subject facility. Reserve for replacement has been calculated at 2.0% to 4.0% based on industry standards.

### LIMITATIONS

We did not ascertain the legal and regulatory requirements applicable to this project, including zoning and other state and local government regulations, permits and licenses. Further, no effort was made to determine the possible effect on this project of present or future federal, state and local legislation including any environmental or ecological matters or interpretations thereof.

Our analysis was based on the assumption that the United States will not experience a severe economic disturbance during the analysis period.

The prospective financial information included in this report is based on estimates, assumptions and other information developed from research of the market, knowledge of the industry and meetings with you during which you provided us certain information. The sources of information and basis of the estimates and assumptions are stated in this report. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the analysis period will vary from the estimates, and the variations may be material.

Further, we neither evaluated management's effectiveness nor are responsible for future marketing efforts and other management actions upon which actual results will depend.

We have no obligation to revise this report or the prospective financial results to reflect events or conditions which occur subsequent to the last day of our fieldwork. However, we are available to discuss the necessity for revision in view of changes in the economic or market factors affecting the proposed project.

Mr. Peter Spanos

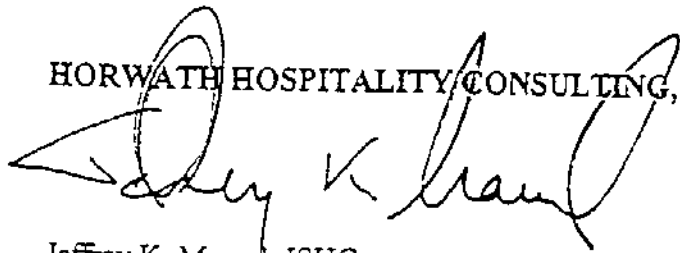
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January 20, 1998

This report and estimates included herein is intended solely for your information and for submission to City officials, prospective franchising/management organizations and financing institutions and should not be relied upon for any other purpose.

Sincerely,

HORWATH HOSPITALITY CONSULTING, INC.

A handwritten signature in black ink, appearing to read "Jeffrey K. Marvel", is written over the company name.

Jeffrey K. Marvel, ISHC

Director

# MARKET ANALYSIS SUMMARY

Exhibit A

Projected Value Del Rio Conversion

## SUPPLY AND DEMAND

	1996	1997	1998	1999	2000	2001	2002	2003	2004
Commercial Demand Growth	306,400	321,700	331,900	371,600	382,700	390,400	398,200	406,200	414,300
	3%	10%	3%	3%	3%	2%	2%	2%	2%
Group Demand Growth	211,000	217,100	226,900	233,600	238,300	241,500	244,100	246,800	249,500
	10%	13%	10%	3%	3%	3%	3%	3%	3%
Tenant Demand Growth	96,600	101,400	111,600	117,200	120,700	121,400	121,500	121,600	121,700
	3%	10%	3%	3%	3%	2%	2%	2%	2%
Other Demand Growth	31,900	32,300	31,200	33,500	36,600	37,300	38,100	38,800	39,600
	3%	3%	4%	3%	3%	2%	2%	2%	2%
Total Demand Growth	613,900	641,800	669,600	693,900	719,600	729,600	738,900	747,400	755,100
	6%	11%	7%	4%	3%	2%	2%	2%	2%
Rooms available	2,384	2,784	3,799	3,739	3,739	3,739	3,739	3,739	3,739
Marked occupancy	64 %	68 %	64 %	60 %	62 %	61 %	63 %	64 %	63 %

## PENETRATION

	200 total Property	1999	2000	2001	2002	2003	2004
Particular		6.9 %	6.9 %	6.9 %	6.9 %	6.9 %	6.9 %
Particular		-3 %	4 %	5 %	5 %	5 %	5 %
Commercial Group		-15 %	-10 %	-5 %	-5 %	-5 %	-5 %
Tenant		8 %	5 %	10 %	10 %	10 %	10 %
Other		5 %	10 %	15 %	15 %	15 %	15 %

## DEMAND CAPTURED

	200 total Property	1999	2000	2001	2002	2003	2004
Demand Captured		74,400	76,400	76,300	78,800	79,400	79,400
Commercial Group		17,200	19,100	20,800	21,400	21,900	21,900
Tenant		4,100	4,700	5,100	5,500	5,700	5,700
Other		2,600	2,600	3,000	3,000	3,100	3,100
Total		52,300	57,800	61,800	62,800	64,100	64,100
Occupancy		55 %	60 %	65 %	66 %	66 %	66 %
Percent of Market Average		92 %	97 %	102 %	102 %	102 %	102 %

Proposed Vail Del Rio Conversion  
Estimated Cash Flow From Operations Before  
Debt Service and Income Taxes  
Current (Sited Year) Value Dollars (000's)

	1999		2000		2001		2002		2003	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
<b>Revenues:</b>										
Rooms	\$4,311	73.9%	\$5,143	77.6%	\$6,147	79.1%	\$6,536	79.3%	\$6,859	79.1%
Food and beverage	969	16.3	1,016	15.0	1,101	14.0	1,144	13.9	1,181	13.7
Telephone	199	3.3	217	3.3	231	3.0	245	3.0	256	3.0
Room operating department	186	3.1	204	3.0	221	2.8	230	2.8	239	2.8
Rentals and other income	82	1.4	85	1.2	88	1.1	90	1.1	94	1.1
	<u>5,847</u>	<u>100.0%</u>	<u>6,886</u>	<u>100.0%</u>	<u>7,894</u>	<u>100.0%</u>	<u>8,315</u>	<u>100.0%</u>	<u>8,633</u>	<u>100.0%</u>
<b>Depreciation costs and expenses:</b>										
Rooms	1,170	24.8	1,207	33.4	1,294	20.7	1,344	20.6	1,396	20.4
Food and beverage	710	74.3	768	74.1	814	73.8	841	73.6	872	73.6
Telephone	116	58.3	125	57.6	132	56.3	137	55.9	143	55.9
Minor operating departments	141	26.3	152	74.1	162	73.1	168	73.0	174	77.8
	<u>2,097</u>	<u>35.3</u>	<u>2,235</u>	<u>32.3</u>	<u>2,402</u>	<u>30.4</u>	<u>2,491</u>	<u>30.2</u>	<u>2,585</u>	<u>30.9</u>
	<u>3,849</u>	<u>64.7</u>	<u>4,651</u>	<u>67.3</u>	<u>5,492</u>	<u>69.6</u>	<u>5,734</u>	<u>69.8</u>	<u>6,048</u>	<u>70.1</u>
<b>Indirect expenses:</b>										
Administration and general	985	11.1	719	10.7	791	10.1	824	10.0	858	9.9
Management fees	178	3.0	207	3.0	239	3.0	247	3.0	259	3.0
Marketing	390	6.6	414	6.0	433	5.6	456	5.5	474	5.5
Frontline fees	226	3.8	267	3.9	312	4.0	322	4.0	343	4.0
Energy	117	5.7	132	5.1	160	4.7	179	4.6	191	4.5
Property operation and maintenance	318	5.5	355	5.2	382	4.8	397	4.8	414	4.8
	<u>2,117</u>	<u>36.1</u>	<u>2,336</u>	<u>33.9</u>	<u>2,555</u>	<u>32.1</u>	<u>2,638</u>	<u>31.9</u>	<u>2,719</u>	<u>31.7</u>
<b>Cash flow from operations before fixed charges, reserve for replacement of fixed assets, debt service and income taxes</b>	<u>1,730</u>	<u>29.7</u>	<u>2,206</u>	<u>32.4</u>	<u>2,339</u>	<u>29.5</u>	<u>2,174</u>	<u>27.9</u>	<u>2,309</u>	<u>28.1</u>
<b>Equipment costs:</b>										
Property insurance	59	1.0	64	1.0	79	1.0	82	1.0	87	1.0
Real estate taxes	179	3.0	206	3.0	216	3.0	247	3.0	259	3.0
Reserve for replacement of fixed assets	119	2.0	207	3.0	316	4.0	340	4.0	363	4.0
	<u>357</u>	<u>6.0</u>	<u>477</u>	<u>7.0</u>	<u>611</u>	<u>8.0</u>	<u>671</u>	<u>8.0</u>	<u>710</u>	<u>8.0</u>
<b>Cash flow from operations before debt service and income taxes</b>	<u>11,348</u>	<u>21.2</u>	<u>11,817</u>	<u>16.4</u>	<u>12,316</u>	<u>19.5</u>	<u>12,461</u>	<u>29.9</u>	<u>12,618</u>	<u>30.1</u>
<b>Salaries:</b>										
Rooms available	300		360		360		360		360	
Rooms occupied monthly	37,300	31%	37,000	63%	41,700	63%	41,700	63%	41,700	63%
Chapman	340.13		391.75		401.31		401.31		401.31	
Average rate										

The comments and assumptions contained in this report are an integral part of this analysis.

**VISTA DEL RIO HOTEL  
REDEVELOPMENT PROJECT  
DEAL POINT/RECOMMENDATIONS  
(May 5, 1998)**

**I. TIF STAFF RECOMMENDATION**

**A. Amend TIF Plan**

Approval of the Second Amendment to the Civic Mall Tax Increment Financing Plan (the "TIF Plan"), which provides for the expansion of the Civic Mall Redevelopment Area.

**B. Approve Vista Del Rio Redevelopment Project**

Approval of the proposed Vista Del Rio Redevelopment Project (the "Vista Project"), as revised to include the deal points outlined below.

**II. VISTA PROJECT DEAL POINTS**

**A. Equity & Debt**

1. Equity Investment. The Vista Del Rio Redevelopment Company, L.L.C. (the "Developer"), will contribute to the property. The equity is equal to the value of the property less the existing debt.
2. Public/Private Debt. City of Kansas City, Missouri (the "City"), and Developer should evaluate the best proportion of public and private debt. Approximately \$10 million of private debt can be issued, but City may determine it will issue bonds for the entire debt to achieve lower interest rates and to have a first mortgage on the property.

**B. Sources of Revenue to Pay Public/Private Debt**

1. Hotel/Garage Revenue. Net operating revenue of hotel and garage.
2. Statutory TIF. 100% of PILOTS and 50% of EATs (taxes on earnings, utilities, sales on rooms and other items, and food and beverage).
3. Additional City Assistance. All of the additional incremental city taxes (50% of city taxes on earnings, utilities, sales on rooms and other items, and food and beverage, 100% of city taxes on personal property and 50% of hotel motel/tax).

**Note:** Developer and City should evaluate merits of seeking 50% of state sales taxes per the TIF statutes as of December 23, 1997.



**C. Public Participation in Profits**

1. Annual Distributions. Combined annual net operating revenues from hotel and garage after payment of debt and taxes will be distributed in the following order of priority:
  - a. FIRST, Developer will receive distribution of profits to the extent necessary to provide Developer with the 18% cumulative annual return on (i) a portion of the Developer's equity investment not to exceed \$2.5 million, said equity investment to be determined by a review appraisal to be undertaken by the Commission prior to entering a Redevelopment Agreement; and (ii) 100% of any equity investment contributed from the Developer's fee or other source, or to prepay, at Developer's option, any private debt incurred to cover cost overruns.
  - b. SECOND, hotel operator will receive 5% of all remaining annual net profits distributed after return on investment to the Developer.
  - c. THIRD, the remaining annual profits will be distributed to the city and the Developer in proportion to their respective share in the financing, i.e., regular TIF and additional City assistance to private debt and private equity; provided however, (a) the \$500,000 to be used for public improvements in the Civic Mall area will not be included for purposes of determining this proportionate share, and (b) the City will use its pro rata portion to accelerate retirement of public debt.
2. Sale or Refinancing of Property. In the event the property is sold or refinanced, the proceeds will be distributed in the following order of priority:
  - a. FIRST, to pay or reimburse Developer for all customary out-of-pocket costs, fees and expenses associated with the sale of the property.
  - b. SECOND, to retire all private debt.
  - c. THIRD, release City risk by paying off public debt or providing alternative credit enhancement.
  - d. FOURTH, pay Developer's cumulative return on investment as set forth in Section C.1.a., above.
  - e. FIFTH, return Developer's equity to the extent allowed in Section C.1.a above.

- f. SIXTH, remainder shall be distributed among the Developer and the TIF Commission in the same proportion as each party's respective investment in the completed project.

**Note:** In the event the Developer retires all public debt and/or releases the City's public exposure, then the TIF Commission will not share in additional sale proceeds or in annual revenue.

3. Sale or Refinancing of Property Without Payment of Bonds. The Developer will be required to get the City's approval to sell the property unless the bonds are paid in full by redemption or defeasance. This will ensure that the City is able to evaluate its continued risk in the project in the event it approves such a sale or refinancing.

**D. Excess Annual TIF**

Excess annual statutory TIF revenues and excess additional City taxes generated by the Vista Project will be used to accelerate retirement of public debt.

**E. Cost Overruns**

The Developer's fee will be maintained in an escrow account until the Vista Project is completed and all project costs are paid with proceeds of bonds and private debt, if any. The funds in the escrow account will be used to the extent necessary to pay such excess project costs; provided, however, the Developer will have the option of incurring additional private debt or adding an equity partner to pay for all or any portion of such excess costs instead of using the Developer's fee.

**F. Incorporation Into the Redeveloper's Agreement**

The foregoing terms and provisions shall be incorporated into any agreement entered into with the redeveloper for implementation of the project improvements proposed for redevelopment project 15A.

**Exhibit No. 8**

**Addendum to "Existing Conditions Study."**

**SUPPLEMENT TO  
EXHIBIT 8**

**DATA PERTAINING TO  
THE ADOPTION OF A FINDING OF BLIGHT  
FOR THE  
CIVIC MALL REDEVELOPMENT AREA  
AS DESCRIBED IN  
THE SECOND AMENDMENT**

**PREPARED BY THE TAX INCREMENT FINANCING COMMISSION  
OF KANSAS CITY, MISSOURI**

**FEBRUARY 9, 1998**

**I. INTRODUCTION**

**A. Purpose of this Report**

The purpose of this report is to supplement the original Blight Study for the Civic Mall Redevelopment Area by describing the conditions contained within the area added to the Civic Mall Redevelopment Area as a part of the Second Amendment to the Civic Mall Tax Increment Financing Plan. The intent of this report is to present evidence supporting the designation of the expanded Civic Mall Redevelopment Area (the "Redevelopment Area") as a Real Property Tax Increment Allocation Redevelopment Area.

**B. Eligibility Criteria**

The Real Property Tax Increment Allocation Redevelopment Act, Missouri Revised Statutes, Section 99.800 et seq., 1986, as amended (the "Act"), provides that a Real Property Tax Increment Allocation Redevelopment Plan can be implemented by the Tax Increment Financing Commission if the governing body of a community determines by ordinance, that an area qualifies under the Act as:

1. a blighted area;
2. a conservation area; or
3. an economic development area; and

that the area 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.

This report is intended to show evidence that the Redevelopment Area qualifies as a Blighted Area. The Act defines a "Blighted Area" as follows:

"[A]n area which, by reason of the predominance of defective or inadequate street layout, insanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use."

## **II. REDEVELOPMENT AREA**

### **A. General Location**

The Civic Mall Redevelopment Area generally comprises the eastern half of the Central Business District of the City of Kansas City, Missouri. The Redevelopment Area, as described in the Second Amendment to the Civic Mall Tax Increment Financing Plan is generally bound by the Intercity Freeway on the north, Interstate 70 (Midtown Freeway) on the east, 13<sup>th</sup> Street on the south, and McGee Street on the west, in Kansas City, Jackson County, Missouri. The Redevelopment Area, as described in the second amendment, is revised to include the additional properties located in an area generally bound by Intercity Freeway on the north, Interstate 70 on the east, 8<sup>th</sup> Street on the south and Locust on the west.

Exhibit A shows the location of the Civic Mall Redevelopment Area, as amended.

### **B. Current Land Uses**

The area added to the Civic Mall Redevelopment Area as a part of the Second Amendment includes a variety of uses including commercial, residential, public and institutional uses, surface parking lots and open space.

## **III. Blighted Area Qualification**

### **A. Prior Designation**

All of the land area contained in the expansion to the Civic Mall Redevelopment Area, as described in the Second Amendment to the Civic Mall TIF Plan, is contained within the Eastside Urban Renewal Area. As a part of the Urban Renewal Plan approval process this area was found to be blighted.

Exhibit B shows the boundaries of the approved Urban Renewal Areas which overlay the Redevelopment Area.

### **B. Lack of Redevelopment Activities**

There has been minimal redevelopment activity. No new construction has occurred in the 1980's or 1990's in the expanded area. Overall, the Redevelopment Area has shown a steady decline since the 1960's..

### **C. Disinvestment and Under-utilization**

There are a total of thirteen new assessment parcels. Of these parcel, 75%, a total of nine (9) parcels, are either surface parking lots or open space. Four (4) of the

assessment parcels contain five structures. One of these structures is a vacant 20 story room apartment building.

Exhibit C shows surface parking and vacant lots located within the Redevelopment Area.

D. Building Conditions.

The Redevelopment Area contains signs of significant building deterioration. In particular, the 20 story structure located on the block bound by 6<sup>th</sup> Street, Cherry Street, Admiral Boulevard and Holmes is in severely deteriorating condition. The 20 story structure was originally built as a multifamily residential use. The building is now vacant except for vandals and homeless persons occupying the structure. Numerous walls, windows and doors are missing and vandalism remains an ongoing problem. Though the building appears to be structurally sound, the inability to keep the building boarded and to prevent vandalism and destruction by natural forces will lead to irreparable damage to the structure.

#### IV. REPORT OF FINDINGS

A. FINDING NUMBER 1: The Civic Mall Redevelopment Area, as described in the Second Amendment to the Civic Mall Tax Increment Financing Area, is a Blighted Area.

The conditions in those portions of the Civic Mall Redevelopment Area, as added to the Redevelopment Area as a part of the Second Amendment to the Civic Mall TIF Plan, meet the criteria for designation as a Blighted Area under the Act.

B. FINDING NUMBER 2: The Redevelopment Area has not been subject to growth and redevelopment by private enterprise.

That portion of the Civic Mall Redevelopment Area included as a part of and described in the Second Amendment to the Civic Mall TIF Plan, has not been subject to significant growth or redevelopment.

C. FINDING NUMBER 3: The Redevelopment Area would not reasonably be anticipated to be developed without the adoption of the Tax Increment Financing Plan.

The Redevelopment Area would not reasonably be anticipated to be developed without the proposed Tax Increment Financing Plan. Tax Increment Financing is necessary to make this project feasible.

**SUPPLEMENT TO  
EXHIBIT 8**

**DATA PERTAINING TO  
THE ADOPTION OF A FINDING OF BLIGHT  
FOR THE  
CIVIC MALL REDEVELOPMENT AREA  
AS DESCRIBED IN  
THE SECOND AMENDMENT**

**PREPARED BY THE TAX INCREMENT FINANCING COMMISSION  
OF KANSAS CITY, MISSOURI**

**FEBRUARY 9, 1998**

**I. INTRODUCTION**

**A. Purpose of this Report**

The purpose of this report is to supplement the original Blight Study for the Civic Mall Redevelopment Area by describing the conditions contained within the area added to the Civic Mall Redevelopment Area as a part of the Second Amendment to the Civic Mall Tax Increment Financing Plan. The intent of this report is to present evidence supporting the designation of the expanded Civic Mall Redevelopment Area (the "Redevelopment Area") as a Real Property Tax Increment Allocation Redevelopment Area.

**B. Eligibility Criteria**

The Real Property Tax Increment Allocation Redevelopment Act, Missouri Revised Statutes, Section 99.800 et seq., 1986, as amended (the "Act"), provides that a Real Property Tax Increment Allocation Redevelopment Plan can be implemented by the Tax Increment Financing Commission if the governing body of a community determines by ordinance, that an area qualifies under the Act as:

1. a blighted area;
2. a conservation area; or
3. an economic development area; and

that the area 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.

This report is intended to show evidence that the Redevelopment Area qualifies as a Blighted Area. The Act defines a "Blighted Area" as follows:

"[A]n area which, by reason of the predominance of defective or inadequate street layout, insanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use."

## **II. REDEVELOPMENT AREA**

### **A. General Location**

The Civic Mall Redevelopment Area generally comprises the eastern half of the Central Business District of the City of Kansas City, Missouri. The Redevelopment Area, as described in the Second Amendment to the Civic Mall Tax Increment Financing Plan is generally bound by the Intercity Freeway on the north, Interstate 70 (Midtown Freeway) on the east, 13<sup>th</sup> Street on the south, and McGee Street on the west, in Kansas City, Jackson County, Missouri. The Redevelopment Area, as described in the second amendment, is revised to include the additional properties located in an area generally bound by Intercity Freeway on the north, Interstate 70 on the east, 8<sup>th</sup> Street on the south and Locust on the west.

Exhibit A shows the location of the Civic Mall Redevelopment Area, as amended.

### **B. Current Land Uses**

The area added to the Civic Mall Redevelopment Area as a part of the Second Amendment includes a variety of uses including commercial, residential, public and institutional uses, surface parking lots and open space.

## **III. Blighted Area Qualification**

### **A. Prior Designation**

All of the land area contained in the expansion to the Civic Mall Redevelopment Area, as described in the Second Amendment to the Civic Mall TIF Plan, is contained within the Eastside Urban Renewal Area. As a part of the Urban Renewal Plan approval process this area was found to be blighted.

Exhibit B shows the boundaries of the approved Urban Renewal Areas which overlay the Redevelopment Area.

### **B. Lack of Redevelopment Activities**

There has been minimal redevelopment activity. No new construction has occurred in the 1980's or 1990's in the expanded area. Overall, the Redevelopment Area has shown a steady decline since the 1960's..

### **C. Disinvestment and Under-utilization**

There are a total of thirteen new assessment parcels. Of these parcel, 75%, a total of nine (9) parcels, are either surface parking lots or open space. Four (4) of the



assessment parcels contain five structures. One of these structures is a vacant 20 story room apartment building.

Exhibit D shows surface parking and vacant lots located within the Redevelopment Area.

D. Building Conditions.

The Redevelopment Area contains signs of significant building deterioration. In particular, the 20 story structure located on the block bound by 6<sup>th</sup> Street, Cherry Street, Admiral Boulevard and Holmes is in severely deteriorating condition. The 20 story structure was originally built as a multifamily residential use. The building is now vacant except for vandals and homeless persons occupying the structure. Numerous walls, windows and doors are missing and vandalism remains an ongoing problem. Though the building appears to be structurally sound, the inability to keep the building boarded and to prevent vandalism and destruction by natural forces will lead to irreparable damage to the structure.

#### IV. REPORT OF FINDINGS

A. FINDING NUMBER 1: The Civic Mall Redevelopment Area, as described in the Second Amendment to the Civic Mall Tax Increment Financing Area, is a Blighted Area.

The conditions in those portions of the Civic Mall Redevelopment Area, as added to the Redevelopment Area as a part of the Second Amendment to the Civic Mall TIF Plan, meet the criteria for designation as a Blighted Area under the Act.

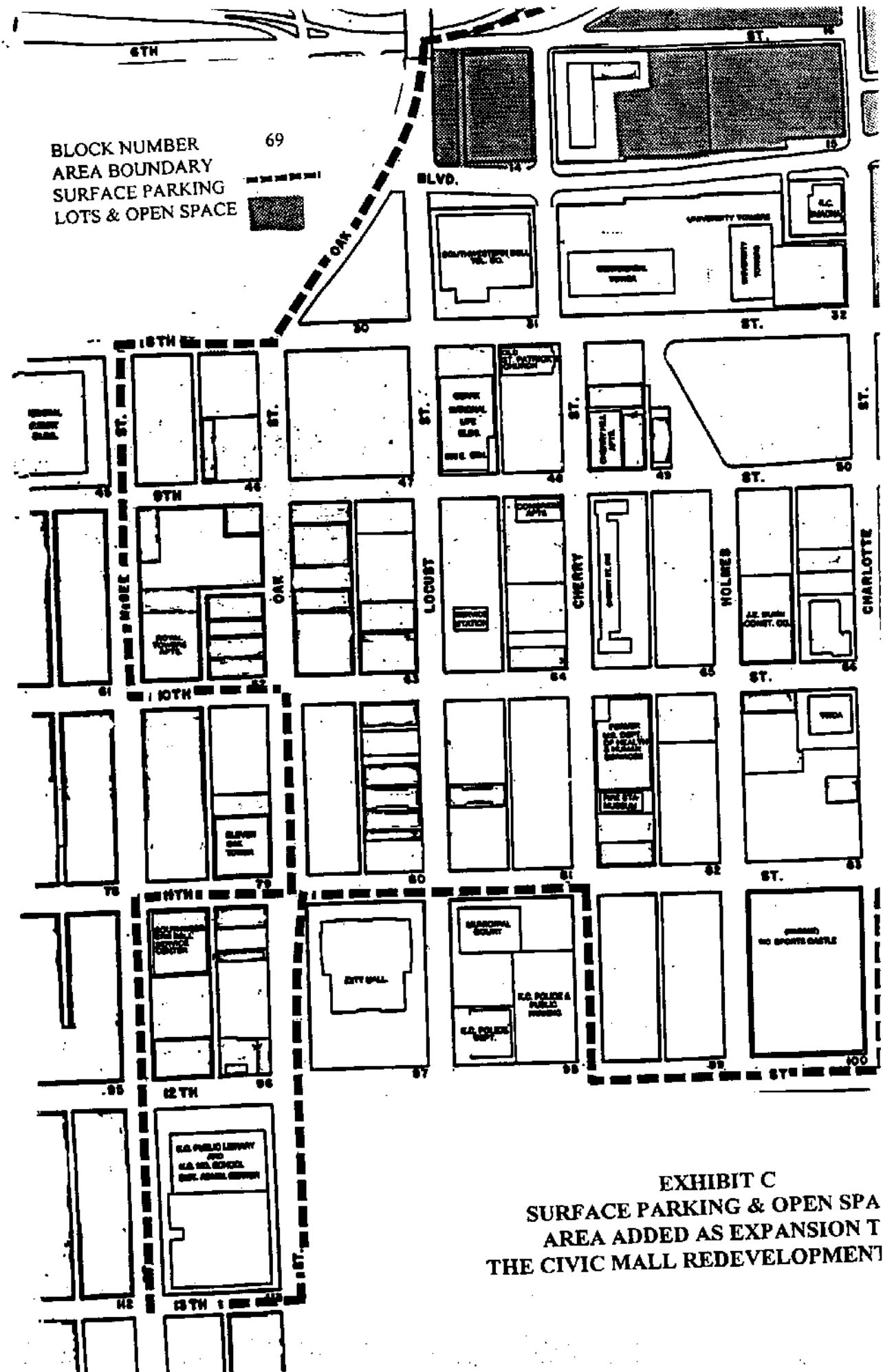
B. FINDING NUMBER 2: The Redevelopment Area has not been subject to growth and redevelopment by private enterprise.

That portion of the Civic Mall Redevelopment Area included as a part of and described in the Second Amendment to the Civic Mall TIF Plan, has not been subject to significant growth or redevelopment. .

C. FINDING NUMBER 3: The Redevelopment Area would not reasonably be anticipated to be developed without the adoption of the Tax Increment Financing Plan.

The Redevelopment Area would not reasonably be anticipated to be developed without the proposed Tax Increment Financing Plan. Tax Increment Financing is necessary to make this project feasible.





BLIGHT STUDY

**VISTA DEL RIO HOTEL PROPERTY**

600 ADMIRAL BOULEVARD  
KANSAS CITY, MISSOURI 64106

Prepared for:

VISTA DEL RIO REDEVELOPMENT COMPANY, LLC  
c/o ROXSEN E. KOCH  
KING, HERSHEY, COLEMAN, KOCH & STONE  
2345 GRAND BOULEVARD, SUITE 2100  
KANSAS CITY, MISSOURI 64108

DATE OF REPORT: OCTOBER 23, 1997

EFFECTIVE DATE: SEPTEMBER 30, 1997

FILE NO. 9703194

Prepared by:

APPRAISAL & CONSULTING SERVICES GROUP  
Thomas H. Slack, MAI

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October 23, 1997

VISTA DEL RIO REDEVELOPMENT COMPANY, LLC  
c/o Roxsen E. Koch  
KING, HERSHEY, COLEMAN, KOCH & STONE  
2345 Grand Boulevard, Suite 2100  
Kansas City, MO 64108

RE: Blight Study  
VISTA DEL RIO HOTEL PROPERTY  
600 Admiral Boulevard  
Kansas City, Missouri 64106  
Our File No. 9703194

Dear Ms. Koch:

In accordance with your request, I have personally inspected the 1.45 acre proposed redevelopment area located near the northeastern edge of the central business district at 600 Admiral Boulevard in Kansas City, Jackson County, Missouri. Vista del Rio is a 19 story building that has been vacant since 1992 and the anticipated cost for redevelopment for the conversion to a hotel is \$18 million. The property is legally described as shown in Addendum B of this report.

This property comprises the Vista del Rio Tax Increment Financing Plan redevelopment property. An inspection was made in conjunction with a determination of whether or not the area is blighted, as defined in Section 99.805 of the Revised Statutes of Missouri. This section is part of Sections 99.800 to 99.865, comprising the "Real Property Tax Increment Allocation Redevelopment Act."

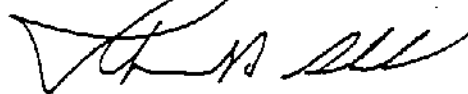
As explained in detail in the report which follows, it is my opinion that the area is blighted within the definition of the statutes referenced above, as of September 30, 1997. The effective date is the date on which the property was inspected for purposes of this study.

You should note, the term "blight" is a statutorily specifically defined term, which does not necessarily coincide with the generic or common definition of the word. For these purposes, the term "blighted area" shall mean "an area which, by reason of the predominance of defective or inadequate street layout, insanitary or unsafe conditions, deterioration of site improvements, improper or obsolete platting, the existence of conditions endangering life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to public health, safety, morals or welfare in its present condition and use." In contrast, *Webster's Dictionary* defines the word "blight" as "something that frustrates plans or hopes; something that impairs or destroys" and defines "urban blight" as "an impaired condition." Thus, the determination of blight under the statutory definition has no direct correlation to the dictionary definition.

As explained in the attached report, it is my opinion that the area is blighted within the definition of the statutes referenced above, as of September 30, 1997.

Respectfully submitted,

APPRAISAL & CONSULTING SERVICES GROUP



Thomas H. Slack, MAI  
State of Missouri Certified General  
Real Estate Appraiser (RA 001977)



THS/sh

## TABLE OF CONTENTS

### Introduction

The format of this report is structured to focus upon the operative issues affecting valuation and the conclusions of the appraiser on each of those issues. For this reason, the body of the report contains applicable analyses and conclusions, while addenda have been utilized for factual and supporting documentation. To properly understand this report and the conclusions reached, the readers should familiarize themselves with the contents of the addenda, as they are considered to provide the supporting documentation to the conclusions reached.

Cover Page

Letter of Transmittal

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### ADDENDA

Addendum A .....	Applicable Ordinances and Statutes
Addendum B .....	Legal Description And Title Report
Addendum C .....	Subject Photographs

## CERTIFICATION

I certify, to the best of my knowledge and belief, that:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, unbiased professional analysis, opinion and conclusion.
3. I have no present or prospective interest in the property that is the subject of this analysis and no personal interest or bias with respect to the parties involved. The services performed herein are intended to result in an analysis, opinion or conclusion of a disinterested third party.
4. My compensation is not contingent upon reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result or the occurrence of a subsequent event.
5. Receipt of the assignment was not based upon a requested minimum value, a specific value or approval of a loan.
6. My analyses, opinions and conclusions were developed and this report has been prepared in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP). I have not relied upon any departure provision of USPAP.
7. My analyses, opinions and conclusions were developed and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
8. I have completed the requirements of the continuing education program of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. I have made a personal inspection of the property that is the subject of this appraisal on September 30, 1997.
11. No one provided significant professional assistance to the person signing this report.



A handwritten signature in black ink, appearing to read "THOMAS H. SLACK", written over a horizontal line.

THOMAS H. SLACK, MAI  
State of Missouri Certified General  
Real Estate Appraiser (RA 001977)



## HISTORY OF THE PROPERTY

A title report indicates the redevelopment area lies within the boundaries of the East Side Urban Renewal Area, as created by the plan approved by Ordinance No. 22763, passed June 13, 1958. The property was apparently acquired by Land Clearance for Redevelopment Authority of Kansas City, Missouri, on or about June 30, 1965. The improvements to the area were originally constructed in 1967, according to county records, when the property was developed as the University Towers Apartments. The property was subsequently operated as a federal HUD subsidized housing project. It was also reportedly previously owned by the federal government following default on a loan by a prior owner. It is my understanding the property has been unoccupied since 1992. Title records indicate a party wall and easement agreement between the University of Health Sciences, which owns a building abutting the subject property on the east side, and the Secretary of Housing and Urban Development was filed December 7, 1993. At the same time, a Declaration of Reciprocal Easement Agreement between the parties was also signed. The property has reportedly been owned by Diggs Construction, Inc. and Vista del Rio Redevelopment Company, LLC, for several months. A title policy issued by Ticor Title Insurance Company with an effective date of March 12, 1997 was provided, indicating title to the property was held in the name of Land Trust of Jackson County, Missouri, with the property proposed to be transferred on that date to Vista del Rio, a Missouri limited liability company. A second title policy dated August 11, 1997 indicates the property is now held as tenants in common by Diggs Construction and Vista del Rio Redevelopment.

## IDENTIFICATION OF PROPERTY

The property analyzed consists of a 1.45 acre tract of land located along the south frontage road parallel with Interstate 70 Highway, also known as Sixth Street, and comprises the majority of the east half of a city block bounded by Sixth Street, Admiral Boulevard, Cherry Street and Charlotte. The property extends from Sixth Street to Admiral Boulevard and from Cherry Street to the middle of the block at vacated Holmes. The entire property is located within the city limits of Kansas City and is presently zoned C-3b, Intermediate Business Transitional, permitting multifamily dwellings and commercial buildings which complement the uses in the central business district. At the present time, the property is unoccupied, with the exception of homeless people. It has been vacant since 1992, or approximately five years, during which the improvements have deteriorated dramatically.

## FUNCTION OF THE REPORT

This blight study has been prepared for use in conjunction with an application for tax increment financing, pursuant to Revised Missouri Statute 99.800.

## PURPOSE OF THE REPORT

The purpose of this blight study is to determine whether the specific redevelopment area is blighted within the meaning of Section 99.805 of the Revised Statutes of Missouri.

## SCOPE OF THE REPORT

At the request of the client, this blight study is not limited in scope. That is to say, the analyst, in preparation of this blight study, has considered all available relevant data identified as impacting the determination of whether the area is blighted. Data sources relied upon include, but are not limited to the City of Kansas City, Missouri Planning and Development Office, the Kansas City Police and Fire Departments, Jackson County Assessor's Office, interviews with area real estate brokers and development records relating to nearby properties. In the preparation of this report, I have completed a physical inspection of the subject property, immediate neighborhood and the competitive market area.

## EFFECTIVE DATE OF THE REPORT

The effective date of this blight study is September 30, 1997. Unless otherwise stated, all factors pertinent to a determination of blight were considered as of that date.

## METHOD OF ANALYSIS

In determining whether the defined area is a blighted area, the obvious initial responsibility is to define the term. For purposes of this study, the following definition, found in Section 99.805 of the Revised Statutes of Missouri, was used:

"Blighted Area", an area which, by reason of the predominance of defective or inadequate street layout, insanitary or unsafe conditions, deterioration of site improvements, improper or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes; or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use.

In determining whether the area under review is blighted pursuant to these definitions, I first reviewed the general conditions in the neighborhood, particularly trends in the area as they relate to an indication of whether this portion of the city is blighted. In reviewing the history of the statute, I noted little historic use of the tax increment financing (TIF), until relatively recently, with developers having primarily utilized Chapter 353 abatement. With regard to blight, as applied to 353 cases, I found judicial decisions stating the governing bodies could reasonably determine an area was blighted, although not necessarily the total area or any particular portion of it constituting what is generally known as a "slum." Instead, the term "blighted" for purpose of this statute requires a finding that the redevelopment area on the whole has a predominance of one or more of the following conditions:

1. Defective or inadequate street layout;
2. Insanitary or unsafe conditions;

3. Deterioration of site improvements;
4. Improper subdivision or obsolete platting; or
5. The existence of conditions that endanger life or property by fire and other causes.

And, as a result of these conditions, the redevelopment area:

1. Retards the provision of housing accommodations;
2. Constitutes an economic or social liability; or
3. Constitutes a menace to the public health, safety, morals or welfare in its present condition and use.

I have analyzed the existing land and improvements and associated development cost estimates for the subject property. General issues applicable to the property and the entire neighborhood include population declines and continuing crime concerns, as well as property assessed values and real estate market trends of the local marketplace. With regard to the specific property, the City of Kansas City Police and Fire Departments were unable to report details regarding the actual number and nature of calls relating to the subject property. However, numerous complaints are known to have been made and the trainer of the security dogs reported meeting police officers at the property on several occasions in order to assist their investigation of the building. The various factors were then reviewed in the aggregate to determine whether the area is a "blighted area."

### KANSAS CITY AREA ANALYSIS

The Kansas City metropolitan area contains approximately 5,022 square miles. This bi-state community encompasses ten counties and 136 cities in northwestern Missouri and northeastern Kansas. An excellent highway network includes three interstate highways, four auxiliary interstate routes and eight federal highways. This highway network, the nucleus of which is the central business district, provides Kansas City with exceptional interstate and intrastate travel.

#### Demographics

The Kansas City MSA has experienced steady growth. Population figures from the 1980 census were 1,449,376, while 1990 census population figures were 1,582,875, a 9.2% increase for the decade. The 1995 estimate of 1,658,117 showed a 4.8% increase over the 1990 figure, indicating recent growth of just under 1% per year. This trend is expected to continue at a steady rate, with a projected 2000 population of 1,730,871, a 4.4% increase over the 1995 estimate.

Due to Kansas City's diverse economic base, the metropolitan area has fared better in the recent economic conditions than many major cities. Between 1982 and 1986, the unemployment rate in the Kansas City MSA ranged from a high of 10% in 1982 to a low of

4.5% in 1986. These figures were consistently below the national average by approximately 1.5%. Between 1987 and 1991, Kansas City unemployment ranged from 4.4% to 5.6% and the gap between it and the national average narrowed to between 0.5% and 1%. In 1992, the gap widened once again, with Kansas City unemployment at 4.9% and the national average at 7.2%. As of early 1994, unemployment in Kansas City had risen slightly to 5.2%, while national unemployment had dropped slightly to 7.1%. Current statistics are available as of January 1997. The metropolitan area reports an unemployment rate of 3.9%, compared with a national unemployment rate of 5.9%. The unemployment rate is down from 4.2% reported in January 1996. Total employment, as of January 1997, is 906,600, a 32,300 job increase from the 874,300 people employed in January 1996. Jackson County, Missouri, reported an unemployment rate of 4.0% in January 1997, with 343,200 employed.

Government is the area's largest employer, followed by health care, which employs approximately 52,000 people. Other significant industries in the area include argi-business and food, telecommunication, banking and finance, engineering, transportation and manufacturing. Eight organizations recently reported employing over 5,000 people each. These organizations are: AT&T, the federal government, Hallmark Cards, Inc., Health Midwest, Kansas City Southern Industries, Sprint, TransWorld Airlines and the University of Kansas Medical Center.

The median household income in the Kansas City MSA in 1989 was \$31,610. This represented a 67.9% increase over the 1979 figure of \$18,825. This increase continued into 1993, though at a slower rate. The 1993 estimated median household income for the Kansas City MSA was \$35,047, a 10.9% increase over four years. Additionally, the projected median household income for 2000 is \$42,236, representing an increase of 12.1% over the five year projection period.

#### Traffic

Kansas City has consistently been a leader in river traffic, railroads, highways and air transportation. The Kansas City MSA is the second leading rail center in the nation, based on the number of railroad car movements. Kansas City has about 300 freight movements and six Amtrak movements per day. Overall, there are 11 on-line railroads providing daily service to the Kansas City area. Due to its spacious railroad and intermodal system, providing efficient interchange services between main line rail carriers, Kansas City enjoys the nation's most flexible storage and transit combinations.

Kansas City International Airport (KCI), which opened in 1972, established Kansas City as a center of the nation's transportation network, but the unique passenger-friendly design is inefficient for today's airline hub operation market. In addition, the airport suffered from unprofitable companies selecting the city for hub operations subsequent to deregulation, which occurred on October 18, 1978. However, despite the bankruptcy of Braniff in April 1989, when passenger accounts decreased, and the fact that at present KCI does not serve as a hub for any airline, KCI has experienced steady growth in commercial passenger traffic since 1990, as indicated on the chart below:

Year	Enplanements	Deplanements	Total Passengers
1985	3,618,640	3,620,149	7,238,798
1986	4,135,123	4,164,265	8,299,388
1987	4,701,886	4,332,144	9,433,030
1988	4,736,358	4,745,031	9,481,389
1989	4,680,757	4,670,527	9,351,284
1990	3,480,581	3,463,368	6,943,949
1991	3,473,333	3,473,282	6,946,615
1992	3,710,845	3,703,739	7,414,584
1993	3,970,354	3,961,664	7,932,018
1994	4,465,975	4,457,541	8,923,516
1995	4,743,893	4,486,526	8,981,417
1996	5,044,314	4,973,137	10,017,451
1997 (Latest 12 months)	5,410,491	5,401,397	10,811,888

As of October 1997, a total of 18 passenger airlines serve KCI with more than 277 flights daily. Of those daily flights, 205 are jets and 72 are commuter planes. Southwest Airlines leads the way in volume with a 20% market share. The total number of passengers flying in or out of KCI increased dramatically from 5.0 million in 1983 to 9.5 million in 1988, when Braniff's KCI hub was in full operation. However, as a result of the bankruptcy of Braniff in April 1989, passenger accounts decreased. Traffic was also negatively affected in 1991 by the war in the Middle East. Nonetheless, significant traffic increases have occurred in both passenger and freight flights since 1991. In 1996, both categories reported record volumes.

Inbound and outbound cargo (including mail and freight) at KCI has steadily increased since 1985, with a dip in that fluctuation occurring shortly after the loss of Braniff as a hub. However, it has shown an increase since 1992, as shown on the following chart:

Year	Cargo Total (000)*
1985	133,271
1986	162,304
1987	181,399
1988	193,913
1989	170,689
1990	188,024
1991	184,785
1992	213,580
1993	253,817
1994	308,009
1995	284,355
1996	319,852
1997 (Latest 12 months)	313,074

\*Cargo Total includes both enplaned and deplaned mail and freight

As of September 1997, Federal Express was the major freight carrier out of KCI with approximately 28% of the market share. It was followed by UPS with 14.14%, Burlington Air Express with 12.82%, Emery Air with 10.58% and DHL with 10.30%. The remaining 23.37% represents numerous smaller carriers.

In addition to KCI, the Kansas City MSA has 21 public and 73 private general aviation airports. Some of the larger air fields which serve executive aircraft include the East Kansas City Airport, Independence Memorial Airport, Johnson County Executive Airport, New Century AirCenter, Kansas City Downtown Airport, Lee's Summit Memorial Airport and Richards-Gebaur Airport.

Kansas City's extensive highway network is considered a significant asset. The city is located at the junction of three interstate highways (Interstates 29, 35 and 70), which are interconnected by four interstate linkages (Interstates 435, 470, 670 and 635). In addition, eight federal highways and 49 state roads round out the efficient highway system which has contributed to Kansas City's rank among the top 10 trucking centers in the nation. The metropolitan area is served by 313 motor freight carriers, several of which are headquartered here. The Kansas City Area Transportation Authority provides the largest public transportation system, while Johnson County Transit connects suburban Johnson County areas with selected business centers in Kansas City. In addition, Kansas City is currently reviewing the possibility of a light rail system, which would link the central business district with major residential and business centers throughout the metropolitan area.

Due to Kansas City's location at the confluence of the Missouri and Kansas Rivers, river barge traffic offers an affordable alternative in transporting goods. The Kansas City MSA has eight grain and bulk terminals and two full-service terminals with high capacity cranes to handle a wide range of cargo loads. Currently, the area is served by six regulated barge lines and containerized shipping continues to expand.

### Schools

Some of the nation's best public and private schools are located in the Kansas City MSA. At last count, the city contained a total of 346 public elementary schools, 78 public junior high/middle schools and 97 public high schools. These schools employ a total of 17,576 teachers, with total enrollment of approximately 254,520 students. The Kansas City MSA reports that 80.1% of people over the age of 25 are high school graduates. This compares favorably to the U.S. average of 75.2%. Kansas City is also served with a variety of options for higher education, including two major universities, more than a dozen colleges, several community colleges, three medical schools, a law school, a conservatory of music and a nationally recognized art college. Approximately 20.4% of Kansas City area residents have had four or more years of college. This is comparable to the national average of 20.3%.

### Services

Community services found in the Kansas City MSA consist of approximately 50 hospitals and 234 nursing homes. As stated previously, the health care industry is the area's second largest employer. The city is also served with 59 public libraries and several university libraries. Kansas City is also home to the Linda Hall Library of Science and Technology,

the largest privately endowed scientific and technological library in the country. Cultural and social activities in the Kansas City MSA include the American Royal Museum, the NCAA Visitors Center, the Woodlands Race Track and Worlds of Fun /Oceans of Fun. Kansas City is also home to a professional football team, a professional baseball team, a professional indoor soccer team, a professional hockey team, a professional tennis team and a newly formed outdoor, professional soccer team. Most recently, five riverboat gambling casinos have opened along the Missouri River on the State of Missouri side, all opening since 1995. Other recreational amenities that the metropolitan area has to offer include 57 private, municipal and daily fee golf courses, 109 tennis facilities, 22 country clubs and 600 parks, including Swope Park, the nation's second largest urban park. There are also 24 public lakes, more than 20 art galleries and more than 40 museums and shopping centers. Shopping centers of note include the nationally recognized Country Club Plaza and Crown Center, as well as three leading enclosed malls.

### NEIGHBORHOOD/CENTRAL BUSINESS DISTRICT ANALYSIS

The subject property is located in the northeast portion of the central business district (CBD) of Kansas City, Missouri, which is generally bounded by Sixth Street and Interstate 70 on the north, Charlotte Street and Interstate 70/Interstate 35 on the east, Truman Road and Interstate 35 on the south and Pennsylvania and the West Freeway Loop on the west. The area being studied is located within that area designed as the residential portion of the CBD under the city's proposed functional organization concept map, which was drafted during the 1980s. The area is located directly north of the Government District, with the dividing line at approximately Tenth Street. This area, east of Oak Street, experienced little or no new construction during the peak CBD commercial construction years from 1993 to 1989. It has declined in both usage and value over the past 20 years. However, efforts are underway to revitalize the neighborhood. A new federal courthouse is being constructed between Eighth and Ninth Streets from Oak to Locust. In addition, the City of Kansas is in the process of developing a city mall to connect the new federal courthouse and city hall. Commercial development is anticipated on either side of the Civic Mall. In addition, a new office building is being developed for the Federal Aviation Administration near the southwest corner of the residentially designated portion of the city's Organization Concept Map. Thus, while the development in the CBD has been generally consistent with the city's concepts, the northeast corner has been unable to sustain residential development. Properties such as the subject have been abandoned or generate limited income.

Development of the Kansas City, Missouri CBD was historically influenced by its proximity to the Missouri River and later by the development of other transportation routes, such as the railroad and the interstate highway system. In more recent history, generally the past 20 years, Kansas City has experienced the trend that is prevalent among most United States cities in which retail and residential developments, spurred by the CBD core of office and financial development, have dwindled, generally relocating to the suburbs. Today, the majority of space is office with a smaller portion of retail and department stores, restaurants, apartments/condominiums and a few hotels.

## Prevailing Trends

### Overall Commercial Demand

Since 1991, the only significant new commercial project completed in the CBD is the \$130 million expansion of Bartle Hall, the city's primary convention center, with the project completed in 1994. The city expanded the convention center downtown at 13<sup>th</sup> and Central, from less than 200,000 square feet to over 400,000 square feet, with the expansion spanning the Crosstown Freeway. This huge public project appears to fall within the purview of Section 36.2 and Chapter 353 abatement relating to a determination of the necessity for the legislation, in which there is reference to existing blighted areas which "occasions large outlays for the creation of public facilities and services..." It appears TIF was designed to serve essentially the same purpose of encouraging development and this enabling legislation may be equally applicable. There is no evidence of any private investment contemplated to develop convention related facilities.

A major hotel was discussed in conjunction with Bartle Hall for a number of years, with the project expected to range from 400 to 1,000 rooms, depending upon ultimate city approval. Several proposed new hotel projects were delayed for years, then appear to have been ultimately shelved as each project contemplated that a majority of the funding will be provided through the City of Kansas City. Independent feasibility studies indicated the projects were not economically feasible without substantial sums of public dollars. Both a World Trade Center and a major hotel were discussed by the Ross Perot-Whitney Kerr group following expansion of Bartle, but city funding support was not deemed adequate, and Bartle opened without a concurrent new hotel. Two renovation/expansion projects were finally undertaken. The Americana Hotel has undergone a major renovation using TIF (reopening as Omni) and the Marriott Allis Plaza is in the process of a 430 room expansion, again using TIF.

A second major anticipated project in the CBD is a new federal courthouse to be located at 801 Oak, east of the existing courthouse and north of city hall, with plans envisioning a city funded open air mall and park area to connect the federally funded new project with the existing city hall. A third major public project is the new Federal Aviation Administration (FAA) building to be located at 901 Locust, across Locust Street from the courthouse. The fourth major publicly generated project is a build-to-suit structure under construction for the Federal Bureau of Investigation (FBI) at Fourteenth and Summit on the west side of the CBD loop. The developer was able to obtain 353 abatement for this project.

Unitog also has a new office building under construction, which will be primarily owner-occupied. It is a TIF-supported project.

Finally, a new downtown parking garage, now under construction at Eleventh and Main, was promised as part of the lease negotiations to lure TransAmerica to the Town Pavilion. Again, this new commercial development requires city funding for the vast majority of the project.



## Hotels

One area of downtown that has suffered the longest and most consistently is the hotel market. However, the last few years have seen a renaissance of hotels locally, regionally and nationally. The Marriott Allis Plaza is the only remotely new first class hotel within the CBD. It was built in the early 1980s with the benefit of loans and other financial support from community groups and local banks. Nevertheless, it has been the subject of constant financial problems, loan defaults and changes of ownership. CIGNA wrote off millions of dollars of debt in hopes of being paid off on the remainder, concurrent with the ownership's request for tax increment financing (TIF) to fund construction of the 430 room expansion on an adjacent site. The site has recently been cleared for the addition, which will enable Allis Plaza to market itself as a 1,000 room convention hotel. Occupancy mushroomed from around 50% to the mid-60s when the Marriott flag was acquired around 1992. Subsequently, occupancy has increased another ten points.

Older CBD hotels include the former Americana Hotel, which was historically marketed as a 482 room hotel. It closed, then sold in 1994 for a reported price of \$2.8 million, indicating a price of \$5,800 per room, with the new owners intending to use TIF to renovate and reopen the hotel as a first class hotel for convention travelers. In 1997, it reopened as an Omni Suites Hotel and reflects a multimillion dollar redesign both inside and outside.

Hotel occupancy is on the rise as Bartle Hall's expansion has placed upward demand on room nights, while deteriorating or closed hotels and inadequate ADRs reduce supply and eliminate new construction. Unlike office buildings, however, the city is determined to add to the existing supply, if at all possible, in order to justify the cost of Bartle Hall. Thus, the strengthening market may be temporary. However, as evidenced by the publicized loss of the multimillion dollar American Academy of Family Physicians (AAFP) convention in 1997 due to inadequate rooms, additional supply is required to attain large conventions.

The hotel market downtown, though limited in number of rooms, is enjoying a significant recovery. However, the recovery is funded substantially with TIF money. A 1991 *Convention Center Hotel Study* prepared by Deloitte & Touche for the Economic Development Corporation of Kansas City, Missouri, found that a privately financed 1,000 room garage and hotel could support debt of slightly less than \$28 million, compared with an estimated project cost of \$140 million, requiring tax increment financing and other debt or investment support of approximately \$112 million. While a new convention center hotel has been discussed for well over five years, only the Marriott 400 room expansion is under construction. The market is nearly devoid of newer vintage, limited service rooms.

## Office

In the 1980s, downtown Kansas City, Missouri experienced one of the major expansion periods of development of major Class "A" office space in its history. The largest office building recently constructed is the AT&T Town Pavilion at 1101 Main/1122 Walnut. This 38-story building contains approximately 1.2 million gross square feet of office and retail space and approximately 925,000 net rentable square feet of office. There is also a 2,200 car parking garage which is attached to the Town Pavilion by an elevated enclosed walkway, located at the southeast corner of 12<sup>th</sup> and Walnut Streets. The reader should note, the 29-story Walnut building office tower sits atop the northwest portion of the

parking garage, with 24 stories above the garage and five smaller floors in front of the garage. The Walnut Tower office building was completed in 1991 with approximately 80% of the 477,878 square feet of net rentable area having been leased prior to completion. Also, at 1200 Main Street is One Kansas City Place, which contains approximately 897,000 gross square feet and 780,684 net rentable square feet. This 42-story office tower is the tallest building in the State of Missouri and opened in January 1988.

Within the CBD, the most recently completed buildings are One Petticoat Lane, Eleven Broadway Square and Walnut Tower, along with 2600 Grand in Crown Center. One Petticoat Lane is sandwiched between the new AT&T, Commerce Bank and United Missouri Bank buildings. The building contains 136,210 gross square feet of office and retail space. Eleven Broadway Square contains 315,000 gross square feet and 260,000 rentable square feet and was constructed at 11<sup>th</sup> and Broadway. These two buildings opened in 1989. The Walnut Tower and 2600 Grand buildings contain 478,000 and 240,000 square feet of net rentable area, respectively, and opened in 1991.

Construction over the six years from 1985 to 1991 added over 4.5 million gross square feet of new Class "A" office space to downtown Kansas City, or roughly 750,000 square feet per year. Within the CBD, approximately 3.58 million square feet were constructed. All of the major office projects were developed with the benefit of tax abatement.

In terms of job growth in the service sector, the area commonly referred to as the CBD increased 22.6%, or roughly 2% per year, from 35,594 in 1980 to 43,631 in 1990. Estimating demand of 250 square feet of office space per service sector employee indicates the 8,000 new jobs in services equates to demand for 2,009,250 square feet of office space, or 56% of the 3.58 million square feet of new office space constructed in the CBD in the 1980s. From 1980 to 1990, the actual Class "A" absorption has been higher than that indicated by employment statistics. Total job growth in the CBD increased 4.7%, or 0.5% per year, from 53,130 in 1980 to 55,652 in 1990, or total net growth of only 2,500 jobs. Thus, growth in jobs was virtually non-existent, resulting in huge vacancies in older office space where former tenants moved up to the new office space, and also resulting in very limited success in newer retail space as higher rents were not coupled with increased traffic. In other words, the new buildings have become occupied at the expense of older CBD buildings.

However, growth and expansion of local businesses, such as the city's largest law firm, Shook, Hardy & Bacon, DST Systems and Midland Properties, as well as other law firms, banks, accounting firms and other service providers, supplemented by the influx of new employers, such as TransAmerica, has resulted in increased occupancy rates during the 1990s. In addition, several renovation, owner-occupant and government office buildings are being built. Barkley & Evergreen advertising moved its 120 employees to the rehabilitated Fashionbilt Building at Eighth and Washington (423 West Eighth) in December 1995. DST continues to grow and is renovating several buildings in the Eighth and Bank Street area where Barkley & Evergreen moved. Also, Hugh Zimmer is renovating the old New York Life Building at Ninth and Baltimore to be converted to the headquarters of Utilicorp United. Tax abatement is involved in the Utilicorp project. One private employer, Unitog, Inc., is in the process of developing a new building to serve as its headquarters near Thirteenth and Washington. Another, UMB Bank, is constructing a data processing center at Tenth and Grand. Three other new projects are also under

construction, all developments of the federal government. A new federal courthouse building, a new FBI building and a new FAA building are all under construction in the CBD.

### Retail

Contrary to office redevelopment, the CBD continues to decline as a retail center. Only the AT&T Town Pavilion has included any significant new retail space, while Dillard's (old Macy's) has discounted use of the building, which has been vacant for about five years (i.e., presently being rated) and is the location of a proposed parking garage. Woolf Brothers sold its building and reopened in much smaller AT&T space before closing completely. The owners of both Boatmen's First National Bank and City Center Square office buildings redesigned their lower levels to reduce the amount of unused retail space. Only two of the 11 spaces on the first floor of One Petticoat Lane, which were allotted to retail use, have been leased in the six years the building has been open, and those tenants subsequently vacated.

In 1986, the Mid-America Regional Council projected retail trade employment to increase throughout the metropolitan area in the 1990s by 9%, while CBD retail trade employment was projected to decline by 29%. Moreover, a 20 year forecast to 2010 projects a 33% decline in the CBD from 1990. One dramatic, speculative proposal to reverse the trend is the proposed Centertainment project of AMC Theaters' Stanley Durwood. The \$400 million entertainment, retail and office project, if funded and successful, would create hundreds of new retail oriented jobs. It has received city council blessing for nearly \$200 million of TIF support, but is contingent upon substantial equity and co-developer involvement.

### Residential

Regarding apartment usage, several apartment renovation programs occurred at the periphery of the CBD and achieved mixed success over the past five to 15 years. Chief criteria for success includes location, amenities and the quality of construction/renovation. Many of the downtown apartment buildings do not feature proximity to the major office buildings that allow tenants to walk to work during inclement weather. The most notable residential project is Quality Hill, located west of Broadway, generally between Ninth and Twelfth Streets. New townhomes were built using various types of government grants, loans or subsidies in the mid-1980s. The population statistics provided below indicate the reason nonsubsidized projects are not common.

### Population Statistics

The Kansas City CBD population was 4,045 in 1990, as determined by the United States Census Bureau. The most current estimate for 1994 is 3,622 people. The CBD consists of Census Tracts 11, 12, 13, 14 and 28.01. Despite unprecedented new commercial construction and the redevelopment of the Quality Hill residential area during the 1980s, the CBD population declined 19.9% from 5,053 in 1980 to 4,045 in 1990 and an additional 10.5% so far during the 1990s. As a further note, the combined CBD population in 1980 to 5,053 compares with a 1970 population of 5,453 and a 1960 population of 9,893. Thus, since 1960, the population has declined by 63%. Furthermore, Mid-America Regional

Council projects the population will decline to 3,611 by 2000, to 3,250 by 2010 and to 3,165 by 2020.

### Crime Statistics

As noted previously, one of the factors influencing a determination of blight is the presence of conditions causing increased criminal activity. Unfortunately, due to inconsistencies in reporting statistics over a long period of time, it is difficult to identify trends with regard to crime statistics in the CBD. I have reviewed the Kansas City, Missouri Police Department's annual statistical summary by report area. The subject is located near the boundary of Area 112, an area which is bounded on the north by Independence Avenue or Sixth Street, on the south by Eleventh Street, on the west by Broadway and on the east by Charlotte. This area encompasses essentially the north half of the CBD and includes approximately 72 blocks. Thus, Area 112 is analyzed in detail as it fairly represents the CBD, overall. As shown on the chart below, Part 1 offenses, considered the most serious of crimes, have been relatively stable over the past five years, although 1994 reported a 27% increase over 1993, with 1,493 Part 1 offenses, primarily attributable to a significant increase in robbery, aggravated assault, burglary and larceny. Violent offenses, consisting of murder, forcible rape, robbery and aggravated assault, totaled 243, greater than in any of the past five years. Fortunately, both Part 1 felonies and violent crimes declined in 1995, back to historic levels, with 1,238 felonies reported and 1897 violent crimes.

In contrast, some historic information was obtained from a report based upon the Uniform Crime Reporting System, with crime statistics reported in the CBD for 1980 and 1983. Reportedly, crime statistics for 1980 and 1983 encompass the CBD, defined as properties located within the CBD loop, or the area surrounded by the Crosstown Freeway System. In contrast to this area of approximately 145 city blocks, 1990 through 1995 crime statistics are based upon an area approximately one-half the size being considered in the early 1980s. For instance, the 1983 statistics indicated an average of 15.1 crimes per block based on 145 blocks being located in the area. In contrast, crimes per block ranged from 15.2 to 20.7 for the smaller area, including the subject, over the past five years. Thus, on a per block basis, criminal activity has been relatively consistent, at least until the 1994 increase. However, if one considers the population in the area, the number of crimes per person has increased dramatically over the past decade. Based on 1980 population statistics, Part 1 felonies occurred at a rate of between one for every three people and one for every four people living in the area during the early 1980s. During the 1990s, the number of Part 1 felonies per capita has increased to over one Part 1 felony for every person living in the area, more than triple the rate of 10 years previous. For 1994, this rate jumped to 1.42 crimes per person, before declining to 1.10 in 1995. Thus, despite a declining population, the statistics identify the continuing problem with crime in the area. The 1996 statistics were not available for the neighborhood, but Kansas City reported another decline in crimes, so the tide may be turning.

Offense	1980	1983	1990	1991	1992	1993	1994	1995
Murder	4	1	2	2	1	3	3	1
Forcible Rape	12	4	6	4	8	4	4	10
Robbery	178	129	89	155	145	115	156	102
Aggravated Assault	74	100	48	79	63	70	80	74
<b>Total Violent Offenses</b>			<b>145</b>	<b>248</b>	<b>217</b>	<b>192</b>	<b>243</b>	<b>187</b>
Burglary	299	222	157	149	121	119	206	100
Larceny - Theft	1,945	1,593	664	621	660	709	895	787
Auto Theft	224	120	222	250	157	148	143	161
Arson	9	18	7	5	7	6	3	3
<b>Total Part I Crimes</b>	<b>2,745</b>	<b>2,187</b>	<b>1,195</b>	<b>1,265</b>	<b>1,162</b>	<b>1,174</b>	<b>1,493</b>	<b>1,238</b>
Blocks in Study	145	145	72	72	72	72	72	72
Crimes per Block	18.9	15.1	16.6	17.6	16.1	16.3	20.7	17.2
Population	8,882	8,882	1,710	1,710	1,710	1,050	1,050	1,125
Felonies per Person	.31	.25	.70	.74	.68	1.12	1.42	1.10

### CBD Market Forecast

As detailed previously, a number of government projects are under construction, along with several private sector office and hotel developments, all using TIF. All should create much needed jobs downtown. The most dramatic potential development is the mixed-use Centertainment retail/office/hotel proposal. Its future is still uncertain. Regarding planned office and retail CBD buildings which could spill over into the subject area, as summarized in the CBD general data presented previously, a continual decline in retail employment is projected as retail spending patterns continue to move to the suburbs, with only limited retail support of noontime office traffic required. Centertainment could reverse the MARC projections, however.

From a general CBD market perspective, the cost of construction and achievable rent imbalance in the CBD results in the conclusion that, except for the possibility of a build-to-suit or owner-occupied structure, there is a very little possibility of new office construction in the CBD for at least the next two years. Not only is it marginally economically feasible, at best, with the benefit of tax abatement pursuant to Chapter 353 of the Revised Statutes of Missouri or TIF, limited available conventional financing without 50% plus pre-leasing further inhibits the possibility of new construction.

In summation, the CBD of Kansas City, Missouri experienced one of the major periods of new Class "A" office construction during the 1980s followed by a period of retrenchment. A number of new projects are underway, all being constructed either for public purposes or with public assistance. Future expectation for the neighborhood remains optimistic due to the presence of many of the metropolitan area's major commercial office buildings. Many of the older, vacated hotels will form the assembled sites for the next wave of office construction, which is not anticipated in the immediate future. Thus, market conditions are relatively static for speculative development, but active for public uses and owner-occupancy.

## PROPERTY DESCRIPTION

As referenced in the Identification of the Property included in this analysis, the property consists of a 1.44 acre tract of land, as measured and assessed by the Jackson County Assessor's Office, but contains 63,167 square feet, or 1.450 acres, according to an ALTA/ACSM Land Title Survey prepared by Torres Consulting Engineers, Inc., dated June 17, 1997. In 1967, the property was improved with a high-rise apartment building, 19 stories in height, which contains a total of 217,512 gross square feet of building area, again, according to county records. The survey prepared by Torres Consulting shows the building with dimensions of 54 feet by 207 feet, or 11,178 square feet per floor. The building is situated along the west boundary of the property and enjoys excellent visibility from Interstate 70, also known as the Intercity Freeway, which is located directly north of the property. The site slopes fairly steeply downward from the Admiral Boulevard grade on the south side of the property to the Sixth Street or Intercity Freeway grade on the north side of the property. According to county records, there are 15 floors above the Admiral Boulevard level, but a total of 19 finished floors, including the basement level. At 11,178 square feet per floor, this would indicate a gross building area of 212,382 square feet. It is interesting to note, the survey identifies 12 stories above the Admiral Boulevard level, indicating a total of 16 stories, or a total gross building area of 178,848 square feet.

The reader's attention is directed to Paragraph 11 of Schedule B of the owner's title policy included in Addendum B. As noted, a survey by Torres Consulting Engineers, Inc., on June 17, 1997, reported encroachments of a concrete ramp over the east property line and a rock wall and rock steps over the south property line. A property user or investor should analyze the potential impact of these encroachments.

There are two entrances to the property, one of which consists of a circular drive accessing the main lobby from Admiral Boulevard (Seventh Street). The second entrance is from Sixth Street on the north side of the property. Sixth Street, at this location, is a one-way, eastbound collector street. A driver must pass in front of the property, then pass a small nursing home, turn right onto the access drive, which extends behind the nursing home, and then back west to the subject property's secured parking garage. Like the building improvements, the garage features masonry concrete construction. The second, third and fourth floors of the existing building lead to the garage. The garage levels exhibit numerous signs of deterioration and lack of attention to maintenance. All of the suspended fluorescent fixtures are heavily rusted. The ramps and the floors of the garage levels are beginning to decay, with exposed and rusted rebar reinforcing materials. Portions of some of the garage levels have been patched periodically over the years, but there is no evidence of any repair or capital improvements work of recent vintage. A qualified structural engineer would be required to accurately determine the cost to repair and rehabilitate the garage, but the wide variation in temperatures experienced in the Kansas City climate, snow, rain and wind, all typically cause substantial structural damage to concrete garages that are not consistently maintained and sealed.

As shown by the representative photographs included in this report, building improvements exhibit even greater deterioration than the parking garage, much of which is attributable to vandalism, not just wear and tear and lack of standard maintenance during the last five years that the property has been vacant. Countless windows, walls, doors and lavatories have been damaged or destroyed. Numerous windows are missing, having been broken by

vandals and homeless people living in the building. After the windows are removed, the aluminum frames are reportedly removed to be sold as scrap. A representative of the property owners stated that he had offered to pay one of the vandals to prevent people from destroying the building, but one week later found that person holding the door open to help the other vandals abscond with their materials. The building is surrounded with barbed wire fencing and two large dogs patrol the building to keep out visitors. However, these efforts have simply not been entirely successful in preventing uninvited guests from taking up residence in the building.

As stated above, numerous walls, windows and doors are missing. Broken glass is found on virtually every floor of the building. The property was constructed with concrete balconies on every floor, all of which exhibit deteriorating concrete and exposed, rusted reinforcement steel. In addition, a number of locations are fire damaged. In some cases, this appears to be attributable to fires built for warmth. In others, it appears to simply be an act of vandalism.

To summarize, the longer the property remains vacant and the more windows and doors are removed, the more the property is exposed to the elements, which increases the rate of deterioration. In general, the property appears to have been well constructed and should be structurally sound, although, again, a structural engineer is recommended. However, significant capital improvements would be required in order to make the property safe and inhabitable, following years of inattention and vandalism.

### BLIGHT FACTORS

The Vista del Rio property exhibits numerous blight factors. The reader's attention is directed to the statutory definition of blighted area, which was reproduced earlier in this report. Each of the delineated blight factors will be specifically reviewed.

#### Defective or Inadequate Street Layout

Although street layout is less than ideal, any defects are minor compared with the substantial deterioration of site improvements. The parking garage servicing the building is accessible only from eastbound Sixth Street, with indirect access from behind an adjacent nursing home, as previously described. Furthermore, Cherry Street along the west boundary of the property is a one-way, northbound street, which further limits traffic flow.

#### Insanitary/Unsafe Conditions

As described briefly in the Property Description, the entire property is presently in an unsanitary and unsafe condition. As noted above, the high-rise building has numerous floor to ceiling windows missing entirely. Broken glass is found throughout the building and trash and debris left by homeless residents over the years results in virtually every floor being insanitary. Not only are conditions insanitary and conducive to vermin and other disease carrying animals, the property is the site of numerous criminal acts. Furthermore, absent redevelopment, there is every reason to believe the insanitary and unsafe conditions will continue.

### Deterioration of Site Improvements

The photographs and the property description provide both a graphic and narrative analysis of the condition and level of deterioration of site improvements. Landscaped areas are overgrown and trash strewn, piles of trash are located in the drive-through entry area, weeds are growing in the expansion joints of the driveway and the property exhibits all other negative visual features one would anticipate from an abandoned building. It is unnecessary to repeat all of the evidence of deterioration previously described, but it would be difficult to overstate the level of continuing deterioration. Perhaps the best objective evidence of deterioration of the site improvements is the recent history of the decline in the appraised value of the property for tax purposes. As shown in the chart below, the property has declined in value by 78% since 1991 and the site improvements themselves have declined by 85%.

Year	Land Value	Improvements Value	Total Appraised Value
1991	\$470,820	\$4,988,089	\$5,458,709
1992	\$470,820	\$3,949,179	\$4,419,999
1993	\$470,820	\$2,629,180	\$3,100,000
1994	\$470,820	\$1,279,180	\$1,750,000
1995	\$470,820	\$1,279,180	\$1,750,000
1996	\$470,820	\$1,471,706	\$1,942,526
1997	\$470,820	\$729,180	\$1,200,000

### Improper/Obsolete Platting

A copy of the Jackson County Plat Map indicating the location of the subject is included on the facing page. In addition, the reader should refer to the neighborhood map provided previously. As shown, the building improvements physically abut a nursing home identified on the neighborhood map as a "medical pavilion". A title report is included in Addendum B. Paragraph 8 of the Special Exceptions references a party wall and easement agreement relating to this property.

Paragraph 11 of the Special Exceptions of the title report indicates two encroachments, one involving a concrete ramp over the east property line and the other involving a rock wall and rock steps over the south property line. Furthermore, the Kansas City Zoning Code Section 80-153, relating to District C-3b requires that a district "shall consist of not less than six gross acres and shall be related to a plan of redevelopment or rehabilitation." The plan of rehabilitation of the subject comprises only 1.45 acres. It is presumed the original development plan included a larger area, probably also including the other original University Towers Building. A legal opinion is recommended regarding the impact of the limited redevelopment plan proposed for the subject, regarding its compliance with zoning. It should also be noted, the district limits apartment buildings, apartment hotels and motels to 12 stories, or 164 feet in height. According to the survey, the subject would appear to comply with zoning, as measured from Admiral Boulevard, although it would not comply with zoning as reported by the Jackson County Appraiser's Office, which appears to be consistent with physical observation. Thus, there would appear to be improper or obsolete zoning and platting.



It should also be noted, the platted property includes a portion of vacated Holmes Street. The platting and layout of the improvements and adjacent improvements is less than ideal, but may not be technically improper, subject to additional research.

### Conditions Endangering Life or Property

The reader's attention is again directed to the analysis of insanitary and unsafe conditions, as well as the general property description. The lack of windows and doors in a high-rise building obviously endangers the lives of anyone within the property. Furthermore, the trespassers and vandals endanger both life and property.

### Area Retards the Provision of Housing Accommodations

As shown by surrounding development patterns, as well as the recent history of the property, the proposed redevelopment area definitely retards the provision of housing accommodations. The building was designed for multifamily housing. In its deteriorated condition, however, there are no permanent residents in the property. Furthermore, whether a vestige of surrounding conditions or a cause of neighborhood problems, several properties in the area also have histories reflecting declining housing accommodations. For example, several years ago, J.E. Dunn Construction Company purchased a multistory residential building and razed the structure, which had been allowed to deteriorate. Ultimately, Dunn Construction determined the only way to eliminate both the eyesore and, more importantly, the unsafe conditions attributable to the property and the trespassers occupying the building, was to purchase and raze the improvements. Similarly, the Vista del Rio building will continue to retard the provision of housing accommodations, unless it is redeveloped.

### Constitutes an Economic or Social Liability

In my opinion, the combination of the various factors noted above constitute an economic or social liability in the property's present condition and use. The dramatic decline in appraised value of the property for tax purposes indicates the inability of the property to generate tax revenues which could be used for the benefit of the citizens of Kansas City. The arson fires and police calls attributable to the vacant structure cause an additional cost to the citizenry in terms of police and fire protection time and money.

The physical condition of the property and the excessive redevelopment costs in bringing the property to a habitable and usable commercial condition, comprises a substantial economic impediment to development. The details of the proposed redevelopment for the property were not provided, but are representative of the Vista del Rio Redevelopment Company, reported the budget for the redevelopment of the property and conversion to a hotel is \$18 million, which equates to approximately \$83 per square foot of gross building area. In comparison, the Radisson Suites Hotel in downtown Kansas City sold for less than \$40 per square foot in 1995, albeit subject to a planned expansion and renovation. However, even with the renovation, the total investment would have been well under \$50 per square foot. Furthermore, the planned investment in the Vista del Rio is within 20% of the cost of building an entirely new hotel. There have not been any new hotels developed in the CBD of Kansas City without the benefit of tax abatement in a number of years.

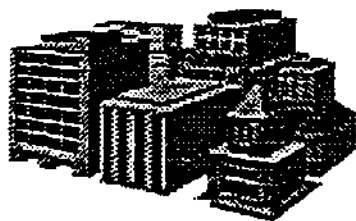
### Menace to the Public Health, Safety, Morals or Welfare

The conditions described above constitute an obvious menace to the public health, safety, morals and welfare. The insanitary conditions create a potential for disease and the unsafe conditions are an obvious menace to the safety of the citizens, while the vandalism and other criminal behavior create unsafe conditions for both the public at large and law enforcement officials. Finally, the dramatic reduction in property taxes during this decade additionally adversely affects the public welfare.

### CONCLUSIONS

It is my opinion the property area studied constitutes a blighted area within the definition of the Real Property Tax Increment Allocation Redevelopment Act, Chapter 99 of the Revised Statutes of Missouri. The project suffers from a dramatic decline in physical condition caused by lack of use over the past five years, coupled with damage caused by transients, homeless, vandals and thieves. The site improvements continue to deteriorate and conditions are obviously insanitary and unsafe, conditions which endanger both life and property, retarding the provision of housing accommodations and constituting both an economic and a social liability, creating a menace to the public health safety and welfare. Furthermore, the estimated cost to renovate the property to function as a quality commercial structure which would add to the vitalization of the CBD is in excess of its market value upon completion. Absent the use of public assistance or temporary tax benefits, the project would not be feasible.

# Appraisal & Consulting Services Group



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## THOMAS H. SLACK, MAI, J.D. Qualifications & Experience

### Certifications

- I. State of Kansas Certified General Real Property Appraiser (G-250)
- II. State of Missouri Certified General Real Estate Appraiser (RA 001977)
- III. State of Nebraska General Certified Real Estate Appraiser (CG 920660)
- IV. State of Iowa General Real Property Appraiser (513603742)

### Work History

- 1983-Present Full Time Fee Appraiser
- 1981-1983 Vice President of Mid-America Mortgage Consultants, Ltd.
- 1979-1981 Tax Accountant with Arthur Young & Company, Kansas City

### Specialized Appraisal Related Experience

- I. Litigation Valuation - *Ad valorem* tax, bankruptcy, eminent domain, construction defects, environmental contamination, probate, divorce, impact studies and zoning.
- II. Local, Regional and National Scope Valuation Assignments, Market Valuation and Feasibility Analysis, Fee Simple, Lease by Lease and Fair Rental Analysis
  - A. Retail - Regional Malls, Community Centers, Outlet Malls, Power Centers, Neighborhood Centers, Discount Stores, Convenience Stores, Service Stations, Restaurants, etc.
  - B. Industrial - Manufacturing Plants, Distribution Centers, Industrial/Business Parks
  - C. Residential - Adult Congregate Care Facilities, Subdivision Analysis, Single Family, Nursing Homes
  - D. Apartments - High Rise, Mid-Rise, Garden, Retirement, HUD
  - E. Office - Regional and National Corporate Headquarters, Single and Multiple Tenant
  - F. Specialized Properties - Business Appraisals, Blight Studies, Impact Studies (Landfills, Convenience Stores, Retail, Cellular Monopoles, etc.), Golf Courses, Merchandise Marts

THOMAS H. SLACK, MAI, J.D.

Qualifications & Experience

Page 2

III. Expert Witness:

District/Circuit Courts: Jackson, Greene and Clay Counties in Missouri;  
Johnson County, Kansas; Delaware County, Iowa; Cook County, Illinois

Federal Bankruptcy Court: Kansas City, Missouri; Kansas City and Topeka in  
Kansas

Board of Tax Appeals for the State of Kansas

State Tax Commission for the State of Missouri

Education

I. University of Kansas, Bachelor of Science in Business Administration (1972-1976)

II. University of Kansas, School of Law, Juris Doctorate (1976-1979)

Affiliations

I. Appraisal

A. Member, The Appraisal Institute (MAI) No. 7785

B. Kansas City Chapter No. 20 of The Appraisal Institute

C. Affiliate, The Appraisal and Consulting Services Group

D. Appraisal Institute Regional Ethics and Counseling Panel Member

E. Director, Kansas City Chapter, American Institute of Real Estate Appraisers  
(1990-1991)

F. Director, Kansas City Chapter, Appraisal Institute (1992-1993)

II. Legal

A. Admitted to Kansas Bar, 1979

B. Admitted to Missouri Bar, 1980

C. Member, Kansas City Bar Association

III. Accounting

Awarded Missouri CPA Certificate 1984

IV. Social and Other

A. Chairman of the Board, Midwest Ear Institute (1993-1995)

B. Director, Midwest Ear Institute (1993-Present)

C. Director, United Cerebral Palsy Association of Kansas City (1989-1994)

D. Kansas University Alumni Association and Williams Education Fund

E. Sigma Alpha Epsilon Fraternity - Kansas Alpha

F. Director, Midwest Bancorporation, Inc., Hays, Kansas (1988-1994)

## **ADDENDUM A**

### **APPLICABLE ORDINANCES AND STATUTES**

1986 Amendment. In the first sentence substituted "constitutional charter city" for "city having a population of more than four hundred thousand".

#### Title of Act

An Act relating to taxation L.1973, p. 186.

99.705. Assessor to issue current assessed value statement, when (Kansas City, St. Louis city)

Within thirty days of receiving the certificate, the applicant shall notify the city or county assessor, as the case may be, who shall, as soon as possible, issue a statement as to the current assessed valuation of the then existing real property covered by the plans. The authority shall issue a copy of the plans to the assessor.

(L. 1973, p. 186, § 2. Amended by L. 1979, p. 238, § 1.)

99.710. Assessor's statement, area covered—on file for ten years (Kansas City, St. Louis city)

The city or county assessor's statement, as issued under section 99.705, shall be the maximum total assessed valuation of all real property included in the plans, a copy of which shall remain on file in his office, for each year for a period of ten years from the date on which the statement was issued.

(L. 1973, p. 186, § 3. Amended by L. 1979, p. 238, § 1.)

99.715. Assessor's statement to affect assessment of approved new construction or rehabilitation only (St. Louis city)

In no event shall section 99.710 prevent the assessor from increasing or decreasing the assessed valuation of the real property other than the new construction or rehabilitation approved in the certificate of qualification.

(L. 1973, p. 186, § 4.)

### CURRENT TAX 1973

## REAL PROPERTY TAX INCREMENT ALLOCATION REDEVELOPMENT

99.800. Law, how cited

Sections 99.800 to 99.865 shall be known and may be cited as the "Real Property Tax Increment Allocation Redevelopment Act".

(L. 1982, p. 250, § A (§ 1).)

#### Law Review Commentaries

Tax increment financing for redevelopment in Missouri. 54 UMKC L.Rev. 77 (1985).

#### Library References

Coulters ¶21.

Municipal Corporations ¶257.

C.J.S. Counties § 50.

C.J.S. Municipal Corporations § 1035.

99.805. Definitions

As used in sections 99.800 to 99.865, unless the context clearly requires otherwise, the following terms shall mean:

(1) "Blighted area", an area which, by reason of the predominance of defective or inadequate street layout, insanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social

liability or a condition and use

(2) "Conservation project area" means more of the structure is not yet a blighted area and may factors: Dilapidated presence of structures; overcrowding; sanitary facilities; layout; depreciated

(3) "Economic territorial limits"

(1) and (2) of this redevelopment is

(a) Discourage another state; or

(b) Result in improvement

(c) Result in improvement

(4) "Municipalities"

(5) "Obligations of indebted"

(6) "Ordinance" or a county or an authorized to enact

(7) "Payment in redevelopment project or plan received had a true would result from

financing during the exceeds the total in is terminated pursuant

(8) "Redevelopment intended by conditions, the existing area; conservation thereby enhance the redevelopment area. section 99.810:

(9) "Redevelopment the redevelopment"

(10) "Redevelopment which the municipality to be classified. combination the

(11) "Redevelopment costs incurred redevelopment plan the following:

liability or a menace to the public health, safety, morals, or welfare in its present condition and use:

(2) "Conservation area", any improved area within the boundaries of a redevelopment project 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;

(3) "Economic development area", any area or portion of an area located within the territorial limits of a municipality, which does not meet the requirements of subdivisions (1) and (2) of this section, and in which the governing body of the municipality finds that redevelopment is in the public interest because it will:

(a) Discourage commerce, industry or manufacturing from moving their operations to another state; or

(b) Result in increased employment in the municipality; or

(c) Result in preservation or enhancement of the tax base of the municipality;

(4) "Municipality", a city, village, or incorporated town or any county of this state;

(5) "Obligations", bonds, loans, debentures, notes, special certificates, or other evidences of indebtedness issued by a municipality to carry out a redevelopment project or to refund outstanding obligations;

(6) "Ordinance", an ordinance enacted by the governing body of a city, town, or village or a county or an order of the governing body of a county whose governing body is not authorized to enact ordinances;

(7) "Payment in lieu of taxes", those estimated revenues from real property in a redevelopment project area acquired by a municipality, which according to the redevelopment project or plan are to be used for a private use, which taxing districts would have received had a municipality not adopted tax increment allocation financing, and which would result from levies made after the time of the adoption of tax increment allocation financing during the time the current equalized value of real property in the project area exceeds the total initial equalized value of real property in such area until the designation is terminated pursuant to subsection 2 of section 99.350;

(8) "Redevelopment plan", the comprehensive program of a municipality for redevelopment intended by the payment of redevelopment costs to reduce or eliminate those conditions, the existence of which qualified the redevelopment project area as a blighted area, conservation area, economic development area, or combination thereof, and to thereby enhance the tax bases of the taxing districts which extend into the project redevelopment area. Each redevelopment plan shall conform to the requirements of section 99.810;

(9) "Redevelopment project", any development project in furtherance of the objectives of the redevelopment plan;

(10) "Redevelopment project area", an area designated by a municipality, in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as a blighted area, a conservation area, economic development area, or a combination thereof;

(11) "Redevelopment project costs" include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to a redevelopment plan and a redevelopment project. Such costs include, but are not limited to, the following:

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of the last preceding year  
on the tax rolls within

the following:

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community to be heard at

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by any interested

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collector to the affected districts of real property taxes from real property in the redevelopment project area.

2. Without limiting the provisions of subsection 1 of this section, the municipality may, in addition to obligations secured by the special allocation fund, pledge, for a period not greater than the term of the obligations, toward payment of such obligations any part of any combination of net revenues of all or part or any redevelopment project, or a mortgage on part or all of the redevelopment project.

3. Obligations issued under sections 99.300 to 99.365 may be issued in one or more series bearing interest at such rate or rates as the governing body of the municipality shall determine by ordinance. Such obligations shall bear such date or dates, mature at such time or times not exceeding twenty years from their respective dates, be in such denomination, carry such registration privileges, be executed in such manner, be payable in such medium of payment at such place or places, contain such covenants, terms and conditions, and be subject to redemption as such ordinance shall provide. Obligations issued pursuant to sections 99.300 to 99.365 may be sold at public or private sale at such price as shall be determined by the governing body and shall state that obligations issued pursuant to sections 99.300 to 99.365 are special obligations of the municipality payable solely from the special allocation fund. No referendum approval of the electors shall be required as a condition to the issuance of obligations pursuant to sections 99.300 to 99.365.

4. The ordinance authorizing the issuance of obligations may provide that the obligations shall contain a recital that they are issued pursuant to sections 99.300 to 99.365, which recital shall be conclusive evidence of their validity and of the regularity of their issuance.

(L 1982, p. 254, § A (§ 5).)

#### Notes of Decisions

##### 1. Review

Preliminary bond validity will be considered by courts only upon substantial showing of inability to issue and sell such bonds, and such consideration

should be by circuit court within jurisdiction where question arises and should be framed as declaratory judgment action rather than as declaratory judgment and writs. State ex inf. Ashworth, ex rel. Plann Properties, Inc. v. City of Kansas City (Sup. 1985) 587 S.W.2d 375.

99.340. Obligation, refunded to pay redevelopment costs, requirements—other obligations of municipality pledged to redevelopment may qualify

1. A municipality may also issue its obligations to refund, in whole or in part, obligations theretofore issued by such municipality under the authority of sections 99.300 to 99.365, whether at or prior to maturity, provided, however, that the last maturity of the refunding obligations shall not be expressed to mature later than the last maturity date of the obligations to be refunded.

2. In the event a municipality issues obligations under home rule powers or other legislative authority, the proceeds of which are pledged to pay for redevelopment project costs, the municipality may, if it has followed the procedures in conformance with sections 99.300 to 99.365, retire such obligations from funds in the special allocation fund in amounts and in such manner as if such obligations had been issued pursuant to the provisions of sections 99.300 to 99.365.

(L 1982, p. 254, § A (§ 7).)

#### Library References

Municipal Corporations —910.

C. I. S. Municipal Corporations § 1910.



99.845. Tax increment financing adoption—division of ad valorem taxes—payments in lieu of tax, deposit evaluation not to be used in calculating state school aid formula, when

A municipality, either at the time a redevelopment project area is designated or, in the event a municipality has undertaken acts establishing a redevelopment plan and redevelopment project and has designated a redevelopment project area after the passage and approval of sections 99.800 to 99.865 but prior to August 13, 1982, which acts are in conformance with the procedures of sections 99.800 to 99.865, may adopt tax increment allocation financing by passing an ordinance providing that after the total equalized assessed valuation of the taxable real property in a redevelopment project area exceeds the certified total initial equalized assessed value of all taxable real property in such project area, the ad valorem taxes, and payments in lieu of taxes, if any, arising from the levies upon taxable real property in such redevelopment project area by taxing districts and tax rates determined in the manner provided in subsection 2 of section 99.855 each year after the effective date of the ordinance until redevelopment project costs have been paid shall be divided as follows:

(1) That portion of taxes levied upon each taxable lot, block, tract, or parcel of real property which is attributable to the initial equalized assessed value of each such taxable lot, block, tract, or parcel of real property in the redevelopment project area shall be allocated to and, when collected, shall be paid by the county collector to the respective affected taxing districts in the manner required by law in the absence of the adoption of tax increment allocation financing.

(2) Payments in lieu of taxes attributable to the increase in the current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in the redevelopment project area over and above the initial equalized assessed value of each such unit of property in the redevelopment project area shall be allocated to and, when collected, shall be paid to the municipal treasurer who shall deposit such payment in lieu of taxes into a special fund called the "Special Allocation Fund" of the municipality for the purpose of paying redevelopment project costs and obligations incurred in the payment thereof. The municipality may, in the ordinance, pledge the funds in the special allocation fund for the payment of such costs and obligations. No part of the current equalized assessed valuation of each lot, block, tract, or parcel of property in the redevelopment project area attributable to any increase above the total initial equalized assessed value of such properties shall be used in calculating the general state school aid formula provided for in section 163.031, RSMo, until such time as all redevelopment project costs have been paid as provided for in sections 99.845 and 99.850.

(L. 1982 p. 255, § A (§ 5). Amended by L. 1986, S.B. No. 664, § A; L. 1986, H.B. Nos. 989 & 1390, § A.)

1986 Amendments. L. 1986, S.B. No. 664, and L. 1986, H.B. Nos. 989 & 1390, inserted "and payments in lieu of taxes" following "the ad valorem taxes" in the introductory sentence fragment.

#### Library References

Municipal Corporations §967.

C.J.S. Municipal Corporations §§ 1993, 1994.

99.850. Surplus funds in special allocation fund, distribution—dissolution of fund and project area designation

1. When such redevelopment project costs, including, but not limited to, all municipal obligations financing redevelopment project costs incurred under sections 99.800 to 99.865 have been paid, all surplus funds then remaining in the special allocation fund shall be paid by the municipal treasurer to the county collector who shall immediately thereafter pay such funds to the taxing districts in the redevelopment project area in the same manner and proportion as the most recent distribution by the collector to the affected districts of real property taxes from real property in the redevelopment project area.

2. Upon the payment of all redevelopment project costs, retirement of obligations and the distribution of any excess moneys pursuant to section 99.845 and this section, the

municipality, redevelopment project area, extended or absence of

3. Nothing project area the Missouri

(L. 1982, p. 2

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99.855. Tax

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1. If a municipality pursuant to determine the redevelopment project area, assessed value of the taxable

2. After the taxable property in the taxing district official request taxable property to be extended increment all property in a initial equalized assessed value measuring the levies shall the redevelopment all other tax established at dissolving the

(L. 1982, p. 256 § A.)

1986 Amendments. L. 1986, H.B. No. 989, subsection 1, "county deleted subsection, recently assessed real property, introductory in "county assessed debt service charge" in the 2. substituted "F"

# CITIES, TOWN AND VILLAGES

99.355

municipality shall adopt an ordinance dissolving the special allocation fund for the project redevelopment area and terminating the designation of the redevelopment project area as a redevelopment project area. Thereafter the rates of the taxing districts shall be extended and taxes levied, collected, and distributed in the manner applicable in the absence of the adoption of tax increment financing.

3. Nothing in sections 99.200 to 99.355 shall be construed as relieving property in such project areas from paying a uniform rate of taxes, as required by article X, section 3 of the Missouri Constitution.

(L 1982, p. 253, § A (§ 3).)

## Library References

Municipal Corporations — 337.

C.J.S. Municipal Corporations § 1584.

99.355. Tax rates for districts containing redevelopment areas, method for establishing county assessor's duties—methods for extending taxes to terminate, when

1. If a municipality by ordinance provides for tax increment allocation financing pursuant to sections 99.245 and 99.350, the county assessor shall immediately thereafter determine the total equalized assessed value of all taxable real property within such redevelopment project area by adding together the most recently ascertained equalized assessed value of each taxable lot, block, tract or parcel of real property within such project area, and shall certify such amount as the total initial equalized assessed value of the taxable real property within such project area.

2. After the county assessor has certified the total initial equalized assessed value of the taxable real property in such redevelopment project area, then, in respect to every taxing district containing a redevelopment project area, the county clerk, or any other official required by law to ascertain the amount of the equalized assessed value of all taxable property within such district for the purpose of computing any debt service levies to be extended upon taxable property within such district, shall in every year that tax increment allocation financing is in effect ascertain the amount of value of taxable property in a redevelopment project area by including in such amount the certified total initial equalized assessed value of all taxable real property in such area in lieu of the equalized assessed value of all taxable real property in such area. For the purpose of measuring the size of payments in lieu of taxes under sections 99.300 to 99.365, all tax levies shall then be extended to the current equalized assessed value of all property in the redevelopment project area in the same manner as the tax rate percentage is extended to all other taxable property in the taxing district. The method of extending taxes established under this section shall terminate when the municipality adopts an ordinance dissolving the special allocation fund for the redevelopment project area.

(L 1982, p. 256, § A (§ 9). Amended by L 1985, S.B. No. 664, § A; L 1986, H.B. Nos. 989 & 1390, § A.)

1986 Amendments. L 1986, S.B. No. 664, and L 1986, H.B. Nos. 989 & 1390, substituted in subsection 1, "county assessor" for "county clerk", deleted subsection 1(1) which pertained to the most recently ascertained equalized assessed value of real property, and merged subd. (2) with the introductory fragment of subsection 1; substituted "county assessor" for "county clerk" and "any debt service levies" for "the tax rate percentage" in the first sentence of subsection 2, and substituted "For the purpose of measuring the

size of payments in lieu of taxes under §§ 99.200 to 99.365, all tax levies shall then" for "The tax rate percentage determined shall" in the second sentence of subsection 2.

## Library References

Counties — 193.

Municipal Corporations — 971.01.

C.J.S. Counties § 234.

C.J.S. Municipal Corporations § 2042 et seq.

## 99.860. Severability

If any section, subsection, subdivision, paragraph, sentence or clause of sections 99.800 to 99.865 is, for any reason, held to be invalid or unconstitutional, such decision shall not affect any remaining portion, section, or part thereof which can be given effect without the invalid provision.

(L 1982, p. 256, § A (§ 101).)

## Library References

Statutes ~~99~~(4).

C.J.S. Statutes § 98.

## 99.865. Report by municipalities, contents, publication—satisfactory progress of project, procedure to determine

1. Each year the governing body of the municipality, or its designee, shall prepare a report concerning the status of each redevelopment plan and project. The report shall include the following: The amount and source of revenue in the special allocation fund, the amount and purpose of expenditures from the special allocation fund, the amount of any pledge of revenues, including principal and interest on any outstanding bonded indebtedness, the original assessed value of the redevelopment project area, the assessed valuation added to the redevelopment project area, payments made in lieu of taxes received and expended, contracts made incident to the implementation and furtherance of a redevelopment plan and project, the cost for an amount of any property acquired, disposed of, rehabilitated, reconstructed, repaired or remodeled, and any additional information the municipality deems necessary. An annual statement showing the payments made in lieu of taxes received and expended in that year, the status of the redevelopment project and plan, amount of outstanding bonded indebtedness and any additional information the municipality deems necessary shall be published in a newspaper of general circulation in the municipality.

2. Five years after the establishment of a redevelopment plan and every five years thereafter the governing body shall hold a public hearing regarding those redevelopment plans and projects created pursuant to sections 99.800 to 99.865. The purpose of the hearing shall be to determine if the redevelopment project is making satisfactory progress under the proposed time schedule contained within the approved plans for completion of such projects. Notice of such public hearing shall be given in a newspaper of general circulation in the area served by the authority once each week for four weeks immediately prior to the hearing.

(L 1982, p. 256, § A (§ 111).)

## Library References

Councils ~~159~~.

Municipal Corporations ~~885~~.

C.J.S. Councils § 212.

C.J.S. Municipal Corporations § 1885.

## CHAPTER 100. INDUSTRIAL DEVELOPMENT

INDUSTRIAL DEVELOPMENT  
PROJECTS—BONDS

Section	
100.105.	Municipality to file annual report on bond issuances with department, content.
100.155.	Revenue bonds, municipalities, refunding issue authorized—form and terms.

## INDUSTRIAL DEVELOPMENT FUNDING

100.250.	Title of act.
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## Section

100.255.	Definitions.
100.260.	Funds established—administration, investment—no transfer to general revenue, when.
100.265.	Missouri industrial development board created—qualifications, terms—director of economic development to be ex officio member—quorum, effect of vacancy—expenses.
100.270.	Board's powers and duties—rules, authority to promulgate.

## CITIES, T

## Section

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# ADDENDUM B

## LEGAL DESCRIPTION AND TITLE REPORT

## EXHIBIT A

File No.: 97619179 K-A

Beginning at the Northwest corner of Lot 7, Block 6, of RICE'S ADDITION, also being a point on North line of Admiral Blvd. as established by Ordinance No. 15,550, passed October 10, 1900; thence North 252 feet along West line of Lots 8, 9, 10, 11, 12, Block 6, RICE'S ADDITION, to South line of Right-of-Way of Intercity Freeway (also known as 6th Street); thence East a distance of 288 feet along said South line of Intercity Freeway to its point of intersection with West line of vacated Holmes St.; thence continuing East a distance of 50 feet, along South line of 6th Street, as established by Ordinance No. 31324 to its point of intersection with West line of Lot 8, Block 4, RICE'S ADDITION; thence South a distance of 237 feet along West line of Lots 8 and 9, Block 4, across vacated 6th Street Trafficway and along West line of Lots 1 and 2, Block 5, RICE'S ADDITION, to North line of Admiral Blvd. as established by said Ordinance No. 15,550, said point being Northwest corner of Lot 3, Block 5, RICE'S ADDITION, thence West along North line of said Lot 3, prolonged West to West line of vacated Holmes Street; thence South along West line of vacated Holmes Street to a point 10 feet North of North line of Lot 18, Block 6, RICE'S ADDITION; thence West and parallel with North line of said Lot 18 and its prolongation West to West line of vacated alley in Block 6 in said RICE'S ADDITION; thence South along West line of said mentioned alley to the North line of said Lot 7, Block 6, in said RICE'S ADDITION, thence West along the North line of said Lot 7, to the point of beginning; except all that part of Lots 11, 12, 13 and 14, Block 6, RICE'S ADDITION, a subdivision, and all that part of vacated Holmes Street, in Kansas City, Jackson County, Missouri, described as follows: Beginning at the point of intersection of the South line of the Intercity Freeway, as now established, and the East line of vacated Holmes Street; thence South 0 degrees, 06 minutes East along said East line, 84.00 feet; thence due West 98.53 feet; thence due South 16.00 feet; thence due West, 49.33 feet; thence due North, 16.00 feet; thence due West 78.23 feet to a point on the East outside line of an existing building; thence North 0 degrees, 06 minutes, 49 seconds West along said East outside line and the Northerly prolongation thereof, 84.00 feet to the South line of said Intercity Freeway; thence due East 226.16 feet to the point of beginning.

From title commitment

## EXHIBIT A

File No. 97619173

Beginning at the Northwest corner of Lot 7, Block 6, of RICE'S ADDITION, also being a point on North line of Admiral Blvd. as established by Ordinance No. 15,550, passed October 10, 1900; thence North 252 feet along West line of Lots 8, 9, 10, 11, 12, Block 6, RICE'S ADDITION, to South line of Right-of-Way of Intercity Freeway (also known as 6th Street); thence East a distance of 288 feet along said South line of Intercity Freeway to its point of intersection with West line of vacated Holmes St.; thence continuing East a distance of 50 feet, along South line of 6th Street, as established by Ordinance No. 31324 to its point of intersection with West line of Lot 8, Block 4, RICE'S ADDITION; thence South a distance of 237 feet along West line of Lots 8 and 9, Block 4, across vacated 6th Street Trafficway and along West line of Lots 1 and 2, Block 5, RICE'S ADDITION, to North line of Admiral Blvd. as established by said Ordinance No. 15,550, said point being Northwest corner of Lot 3, Block 5, RICE'S ADDITION, thence West along North line of said Lot 3, prolonged West to West line of vacated Holmes Street; thence South along West line of vacated Holmes Street to a point 10 feet North of North line of Lot 18, Block 6, RICE'S ADDITION; thence West and parallel with North line of said Lot 18 and its prolongation West to West line of vacated alley in Block 6 in said RICE'S ADDITION; thence South along West line of said mentioned alley to the North line of said Lot 7, Block 6, in said RICE'S ADDITION, thence West along the North line of said Lot 7, to the point of beginning; except all that part of Lots 11, 12, 13 and 14, Block 6, RICE'S ADDITION, a subdivision, and all that part of vacated Holmes Street, in Kansas City, Jackson County, Missouri, described as follows: Beginning at the point of intersection of the South line of the Intercity Freeway, as now established, and the East line of vacated Holmes Street; thence South 0 degrees, 08 minutes East along said East line, 84.00 feet; thence due West 98.53 feet; thence due South 16.00 feet; thence due West, 49.33 feet; thence due North, 16.00 feet; thence due West 78.33 feet to a point on the East outside line of an existing building; thence North 0 degrees, 06 minutes, 49 seconds West along said East outside line and the Northerly prolongation thereof, 84.00 feet to the South line of said Intercity Freeway; thence due East 226.16 feet to the point of beginning.

TICOR TITLE INSURANCE COMPANY  
OWNER'S POLICY

26 8100 106 - 00004590

SCHEDULE B

This policy does not insure against loss or damage by reason of the following:

Standard Exceptions

- a. Rights or claims of parties in possession not shown by the public records.
- b. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
- c. Taxes or special assessments which are not shown as existing liens by the public records.

Special Exceptions

1. All taxes and assessments for the year 1997 and thereafter.
2. Easement granted to Kansas City by the instrument filed August 17, 1965 as Document No. B-525847 in Book B-5825 at Page 373, said easement being fully described in said document.
3. Sewer easement granted to the City of Kansas City by the instrument filed February 10, 1977 as Document NO. K-318096 in Book K-731 at Page 103, over part of the premises in question.
4. Easements, if any, for public utilities installed in, under or upon Homes Street prior to the vacation thereof, and for which no notice appears in the Office of the Recorder of Deeds.
5. Utility easements in that part of the premises in question in the Holmes Street herein described, reserved in Ordinance No. 31250, of the City of Kansas City, together with the covenants, conditions and restrictions affecting said vacated Homes Street.  
  
Ordinance No. 467090 of the City of Kansas City, filed September 10, 1976 as Document No. K-304258 in Book K-699 at Page 1569.
6. The premises in question lie within the boundaries of the Eastside Urban Renewal Area, as created by the plan approved by Ordinance No. 22763, passed June 13, 1958 as amended by Ordinance No. 28849, passed June 21, 1963 and as amended by Ordinance No. 38070, passed April 24, 1970, for the levy of assessments.

Continued on next page

Schedule B Continued

Owner's Policy No.:

7. Terms and provisions of the Restrictions as set forth in the Contract to Sell and Purchase, dated June 18, 1965 by and between Land Clearance for Redevelopment Authority of Kansas City, Missouri Non-Profit Corporation, filed June 30, 1965 as Document No. B-520793. Certificate of Compliance with Contract to Sell and Purchase, dated October 26, 1967 as Document No. K-01590 in Book K-4 at Page 1085.
8. Party Wall and Easement Agreement by and between the University of Health Sciences and the Secretary of Housing and Urban Development of Washington, D.C., its successors and assigns, by the instrument filed December 7, 1993 as Document No. K-1113491 in Book K-2486 at Page 646.
9. Easement Termination and Declaration of Reciprocal Easement Agreement by and between the University of Health Sciences and the Secretary of Housing and Urban Development of Washington, D.C., its successors and assigns, by the instrument filed December 7, 1993 as Document No. K-1113492 in Book K-2486 at Page 656.
10. Easement granted to Kansas City Power & Light Company by the instrument filed December 28, 1993 as Document No. K-1116610 in Book K-2495 at Page 1608, said easement being fully described in said document.
11. Encroachment of concrete ramp over the East Property Line as shown on Certificate of Survey by Torres Consulting Engineers Inc., dated June 17, 1997 as Job No. 97024.  
  
Encroachment of Rock Wall and Rock Steps over South Property Line as shown on Certificate of Survey by Torres Consulting Engineers Inc., dated June 17, 1997 as Job No. 97024.  
  
Any discrepancy between the actual boundaries of the land and the apparent boundaries indicated by the chain length fence.
12. Deed of Trust executed by Vista Del Rio Redevelopment Co., LLC, a Missouri limited liability company and Diggs Construction Company, Inc., a Kansas Corporation to Patrick J. Regan, Jr., Trustee for American Bank, Dated August 8, 1997 and Filed August 11, 1997 as Document No. 97K37142, securing future advances in an original amount of \$550,000.00, and all other obligations secured thereby.

Continued on next page



Schedule B Continued

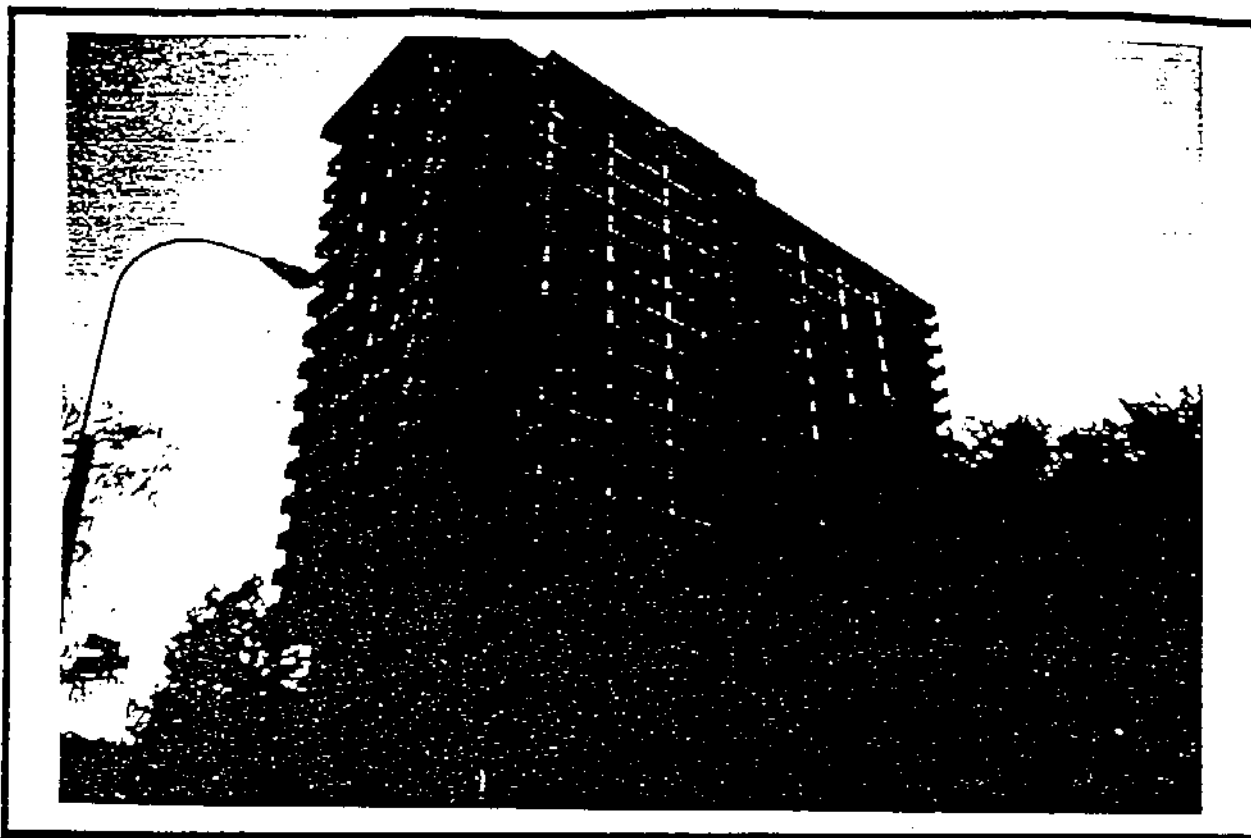
Owner's Policy No.:

13. Assignment of Leases and Rents executed by Vista Del Rio Redevelopment Co. LLC, a Missouri limited liability Company and Diggs Construction Company, Inc., a Kansas Corporation to American Bank dated August 8, 1997 and filed August 11, 1997 as Document No. 97K37143 given to further secure the payment of the promissory note secured by the Deed of Trust set out in Schedule A.
14. UCC-1 executed by Vista Del Rio Redevelopment Co., LLC, Debtor, and American Bank, Secured Party, filed August 11, 1997 as Document No. 97K37144.

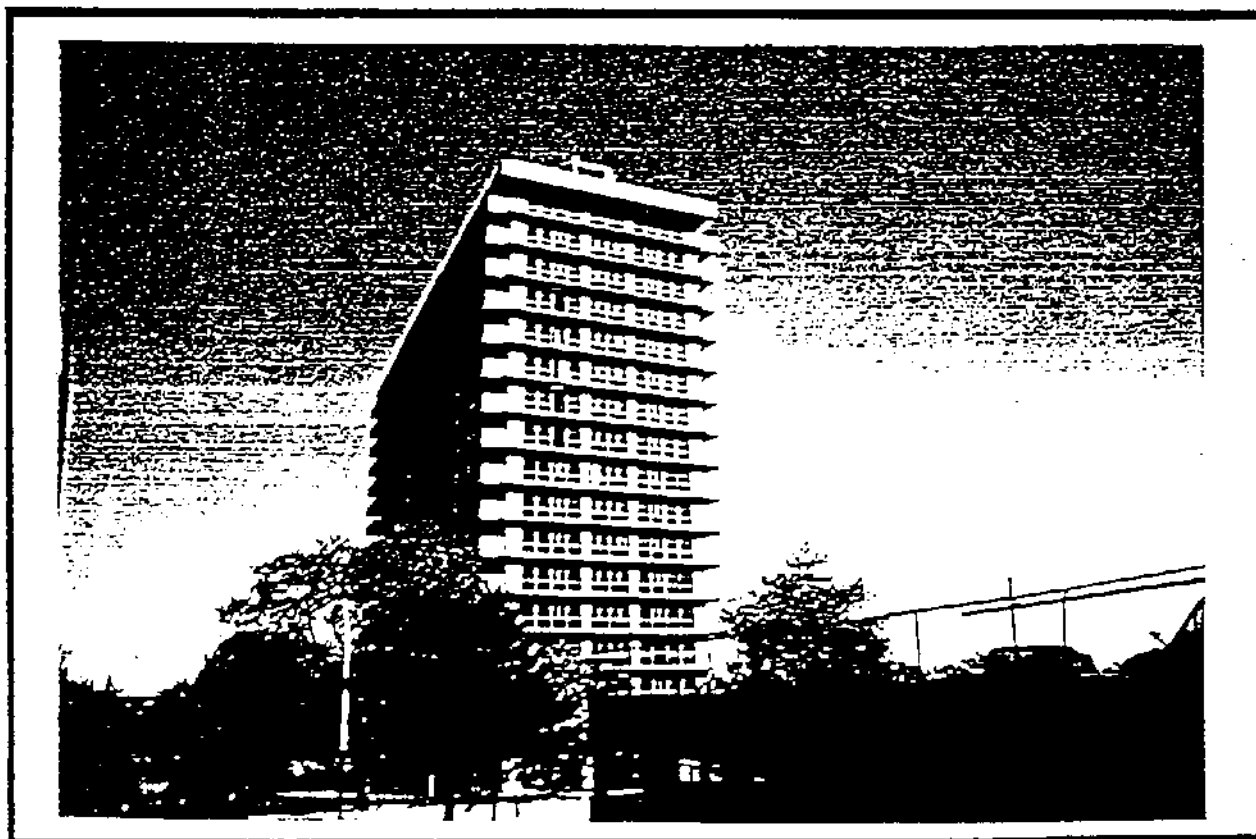
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# ADDENDUM C

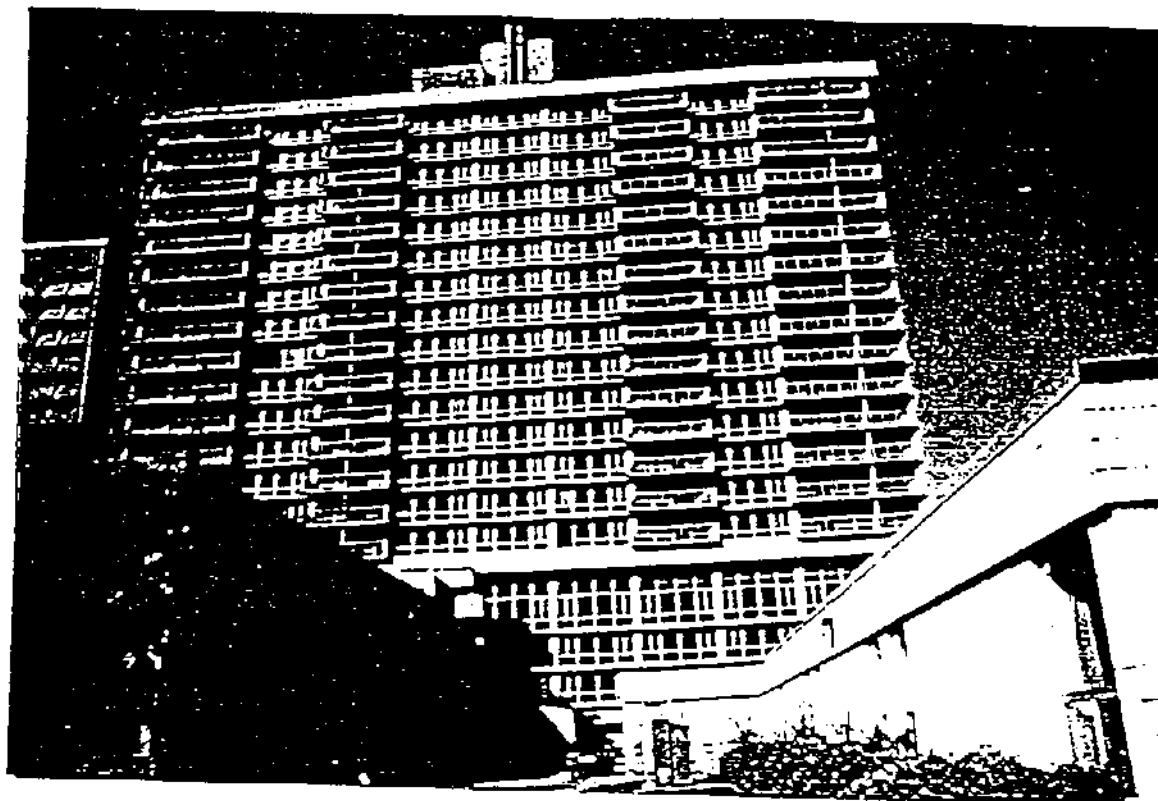
## SUBJECT PHOTOGRAPHS



VISTA DEL RIO, LOOKING SOUTHEAST FROM SIXTH STREET



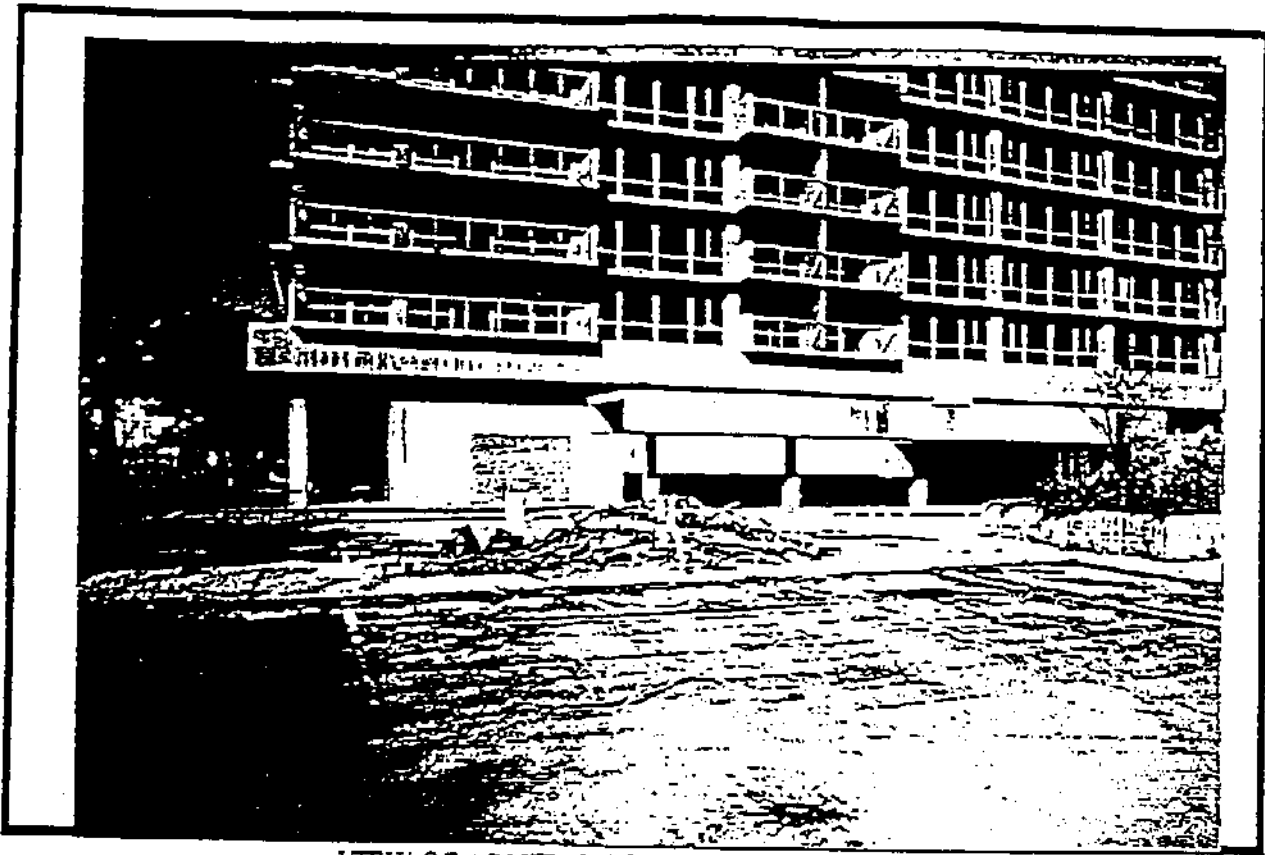
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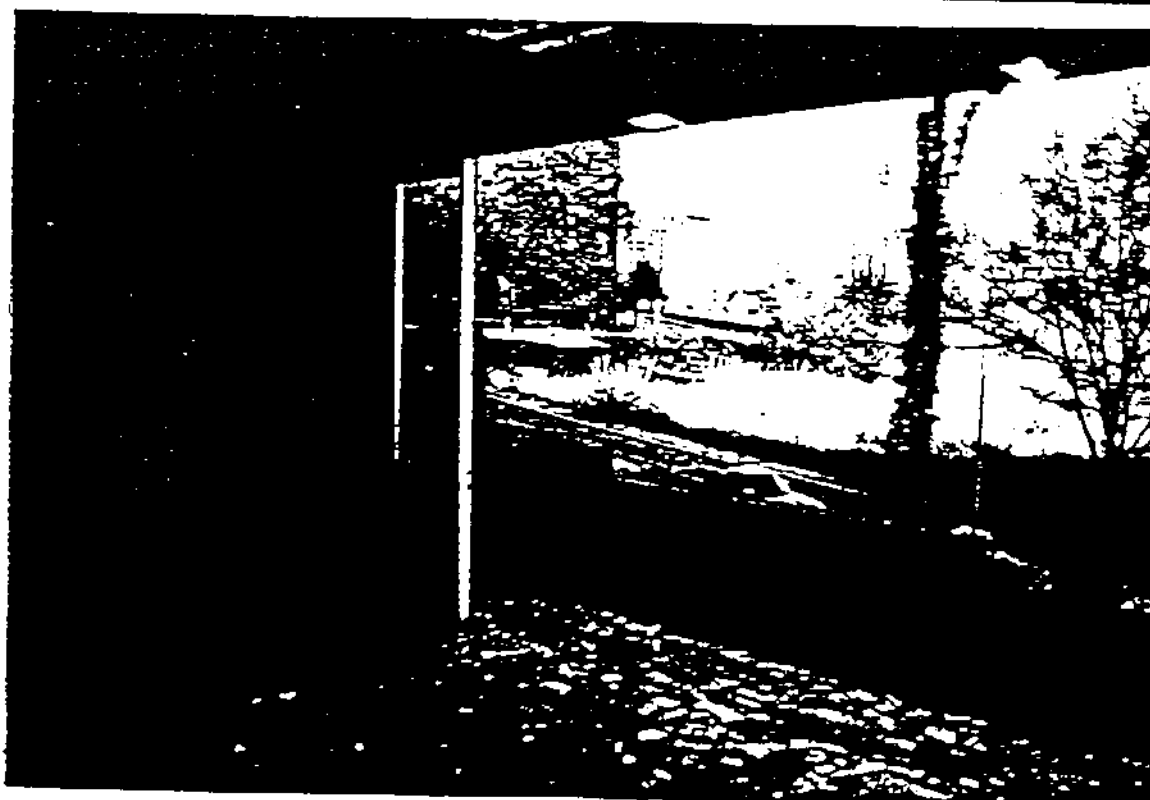
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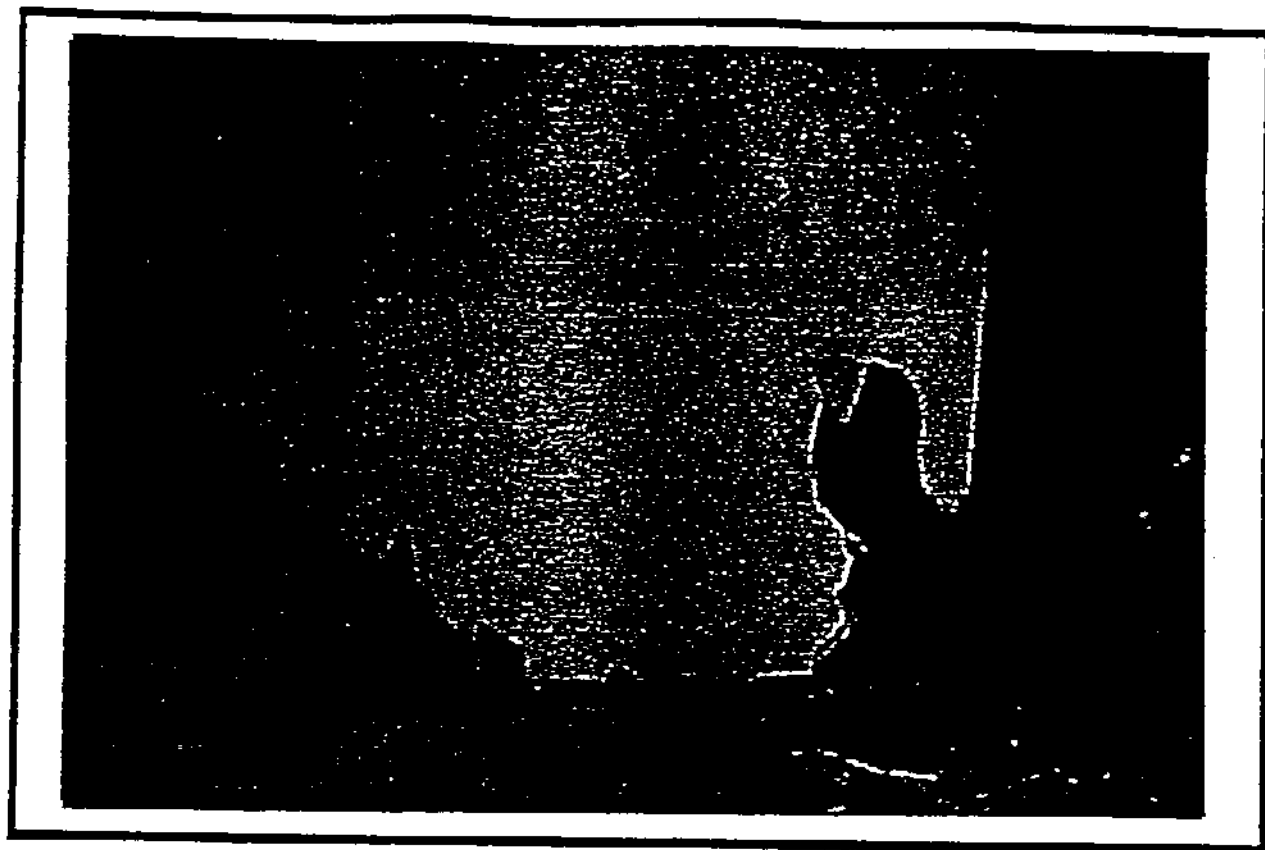
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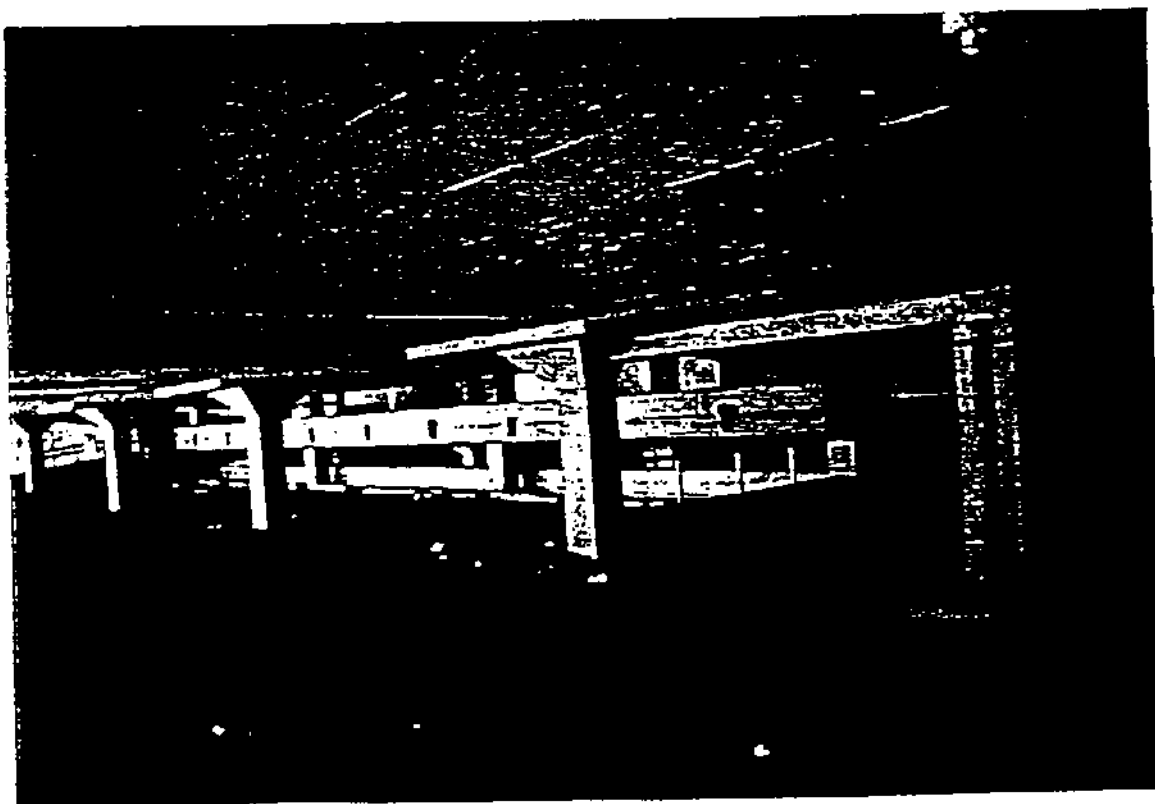




HALLWAY ON UPPER FLOOR LEVEL



TYPICAL INTERIOR APARTMENT VIEW (Note: Missing Window Open to Balcony)



VIEW OF DETERIORATING GARAGE

- (a) Costs of studies, surveys, plans, and specifications;
  - (b) Professional service costs, including, but not limited to, architectural, engineering, legal, marketing, financial, planning or special services;
  - (c) 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;
  - (d) Costs of rehabilitation, reconstruction, or repair or remodeling of existing buildings and fixtures;
  - (e) Initial costs for an economic development area;
  - (f) Costs of construction of public works or improvements;
  - (g) 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;
  - (h) All or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project, to the extent the municipality by written agreement accepts and approves such costs;
  - (i) Relocation costs to the extent that a municipality determines that relocation costs shall be paid or are required to be paid by federal or state law;
  - (j) Payments in lieu of taxes;
  - (12) "Taxing districts", any political subdivision of this state having the power to levy taxes;
  - (13) "Taxing districts' capital costs", those costs of taxing districts for capital improvements that are found by the municipal governing bodies to be necessary and to directly result from the redevelopment project; and
  - (14) "Vacant land", any parcel or combination of parcels of real property not used for industrial, commercial, or residential buildings.
- (L. 1982, p. 250, § A (§ 2). Amended by L.1986, E.B. Nos. 989 & 1390, § A; L.1986, S.B. No. 664, § A.)

1986 Amendments. L.1986, E.B. Nos. 989 & 1390, inserted definitions of "Economic development area" and modified definitions of "Redevelopment plan", "Redevelopment project area", "Redevelopment project costs", and "Vacant land".

L.1986, S.B. No. 664, interpolated a definition of "Economic development area", and modified a definition of "Payment in lieu of taxes".

#### 99.310. Redevelopment plan, contents—adoption of plan, required findings

Each redevelopment plan shall set forth in writing the program to be undertaken to accomplish the objectives and shall include, but need not be limited to, estimated redevelopment project costs, the sources of funds to pay the costs, evidence of commitments to finance the project costs, the nature and term of the sources of funds to pay costs, the nature and term of the obligations to be issued, the most recent equalized assessed valuation of the project area, an estimate as to the equalized assessed valuation after redevelopment, and the general land uses to apply in the redevelopment project area. No redevelopment plan shall be adopted by a municipality without findings that:

- (1) The redevelopment project area on the whole is a blighted area, a conservation area, economic development area, 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 the redevelopment plan;

making public disclosure of the terms of the disposition and all bids and proposals made in response to the municipality's request. The procedures for obtaining such bids and proposals shall provide reasonable opportunity for any person to submit alternative proposals or bids;

(4) Within a redevelopment project area, clear any area acquired by demolition or removal of existing buildings and structures;

(5) Within a redevelopment project area, renovate, rehabilitate, or construct any structure or building;

(6) Install, repair, construct, reconstruct, or relocate streets, utilities, and site improvements essential to the preparation of the redevelopment area for use in accordance with a redevelopment plan;

(7) Within a redevelopment project area, fix, charge, and collect fees, rents, and other charges for the use of any building or property owned or leased by it or any part thereof, or facility therein;

(8) Accept grants, guaranties, and donations of property, labor, or other things of value from a public or private source for use within a project redevelopment area;

(9) Acquire and construct public facilities within a redevelopment project area;

(10) Incur project redevelopment costs;

(11) Create a commission of not less than five nor more than fifteen persons to be appointed by the chief executive officer of the municipality, with the consent of the majority of the governing body of the municipality, to serve such terms as may be provided by ordinance. The commission, subject to approval of the governing body, may exercise the powers enumerated in this section. The commission shall also have the power to hold the public hearings required by sections 99.300 to 99.365 and to make recommendations to the governing body concerning the adoption of redevelopment plans and redevelopment projects and the designation of redevelopment project areas;

(12) Make payment in lieu of taxes, or a portion thereof, to taxing districts. If payments in lieu of taxes, or a portion thereof, are made to taxing districts, those payments shall be made to all districts within a project redevelopment area on a basis which is proportional to the current collections of revenue which each taxing district receives from real property in the redevelopment project area;

(13) If any member of the governing body of the municipality, a member of a commission established pursuant to subdivision (11) of this section, or an employee or consultant of the municipality involved in the planning and preparation of a redevelopment plan, or redevelopment project for a redevelopment area or proposed redevelopment area, owns or controls an interest, direct or indirect, in any property included in any redevelopment area, or proposed redevelopment area, he or she shall disclose the same in writing to the clerk of the municipality, and shall also so disclose the dates, terms, and conditions of any disposition of any such interest, which disclosures shall be acknowledged by the governing body of the municipality and entered upon the minutes books of the governing body of the municipality. If an individual holds such an interest then that individual shall refrain from any further official involvement in regard to such redevelopment plan, redevelopment project or redevelopment area, from voting on any matter pertaining to such redevelopment plan, redevelopment project or redevelopment area, or communicating with other members concerning any matter pertaining to that redevelopment plan, redevelopment project or redevelopment area. Furthermore, no such member or employee shall acquire any interest, direct or indirect, in any property in a redevelopment area or proposed redevelopment area after either (a) such individual obtains knowledge of such plan, project or area or (b) first public notice of such plan, project or area pursuant to section 99.330, whichever first occurs.

(L. 1982, p. 252, § A (§ 3).)

Revisor's note—1982: Word "or" appears here in original rolls.

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# CITIES, TOWNS AND VILLAGES

## CITIES, TOWNS AND VILLAGES

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### Library References

Municipal Corporations — 2102, 257

City of Kansas City (Sec. 953) 257 S.W.2d 1033.

State ex rel. American ex rel. Public Proceedings  
In re City of Kansas City (Sec. 953) 257 S.W.2d 573.

### Notes of Decisions

#### 1. Validity

Real Property Tax Increment Allocation Redevelopment Act is not facially unconstitutional.

99.325. Adoption of ordinance for redevelopment, public hearing required—objection procedure—hearing and notices not required, when—restrictions on certain projects

1. Prior to the adoption of an ordinance proposing the designation of a redevelopment project area, or approving a redevelopment plan or redevelopment project, the municipality shall fix a time and place for a public hearing and notify each political subdivision located wholly or partially within its boundaries of the hearing. At the public hearing any interested person or affected taxing district may file with the clerk written objections to, and may be heard orally in respect to, any issues embodied in the notice. The municipality shall hear and determine all protests and objections at the hearing. The hearing may be adjourned to another date without further notice other than a motion to be entered upon the minutes fixing the time and place of the subsequent hearing. Prior to the adoption of an ordinance approving a redevelopment plan or redevelopment project, or designating a redevelopment project area, but after the hearing, changes may be made in the redevelopment plan, redevelopment project, or redevelopment area which changes do not alter the exterior boundaries, or do not substantially affect the general land uses established in the redevelopment plan or substantially change the nature of the redevelopment project, without further hearing or notice; provided, that notice of such changes is given by mail to each affected taxing district and by publication in a newspaper or newspapers of general circulation within the taxing districts not less than ten days prior to the adoption of the changes by ordinance. After the adoption of an ordinance approving a redevelopment plan or redevelopment project, or designating a redevelopment project area, no ordinance shall be adopted altering the exterior boundaries affecting the general land uses established pursuant to the redevelopment plan or changing the nature of the redevelopment project without complying with the procedures provided in this section pertaining to the initial approval of a redevelopment plan or redevelopment project and designation of redevelopment project area. Hearings with regard to a redevelopment project, redevelopment area, or redevelopment plan may be held simultaneously.

2. Tax incremental financing projects within an economic development area shall apply to and fund only the following infrastructure projects: highways, roads, streets, bridges, sewers, traffic control systems and devices, water distribution and supply systems, curbing, sidewalks and any other similar public improvements, but in no case shall it include buildings.

(L. 1982, p. 253, § A (§ 4). Amended by L. 1986, S.B. No. 664, § A; L. 1985, H.B. Nos. 953 & 1090, § A.)

1986 Amendments: L. 1986, S.B. No. 664 and L. 1986, H.B. Nos. 953 & 1090, designated subsection 1; inserted "and notify each political subdivision located wholly or partially within its boundaries of the hearing" in the first sentence of subsection 1; inserted "but after the hearing" in

the fifth sentence of subsection 1; and added subsection 2.

### Library References

Municipal Corporations — 253(1).

C.F.S. Municipal Corporations § 1092.

99.330. Notice of public hearings, publication and mailing requirements, contents

1. Notice of the public hearing required by section 99.325 shall be given by publication and mailing. Notice by publication shall be given by publication at least twice, the first

publication to be not more than thirty days and the second publication to be not more than ten days prior to the hearing, in a newspaper of general circulation within the taxing districts. Notice by mailing shall be given by depositing such notice in the United States mails by certified mail addressed to the person or persons in whose name the general taxes for the last preceding year were paid on each lot, block, tract, or parcel of land lying within the project redevelopment area. Such notice shall be mailed not less than ten days prior to the date set for the public hearing. In the event taxes for the last preceding year were not paid, the notice shall also be sent to the persons last listed on the tax rolls within the preceding three years as the owners of such property.

2. The notices issued pursuant to this section shall include the following:

- (1) The time and place of the public hearing;
- (2) The boundaries of the proposed redevelopment project area by legal description and by street location, where possible;
- (3) A statement that all interested persons shall be given an opportunity to be heard at the public hearing;
- (4) A description of the project redevelopment plan or redevelopment project for the proposed redevelopment project area if a plan or project is the subject matter of the hearing and a location and time where the entire plan may be reviewed by any interested party;
- (5) Such other matters as the municipality may deem appropriate.

3. Not less than forty-five days prior to the date set for the public hearing, the municipality shall give notice by mail as provided in subsection 1 of this section to all taxing districts from which taxable property is included in the redevelopment area, redevelopment project or redevelopment plan, and in addition to the other requirements under subsection 2 of this section, the notice shall include an invitation to each taxing district to submit comments to the municipality concerning the subject matter of the hearing prior to the date of hearing.

(L 1982, p. 253, § A (§ 5).)

#### Library References

Municipal Corporations § 298.  
C.I.S. Municipal Corporations § 1102.

99.835. Secured obligations authorized—interest rates—how retired—sale—approval of electors not required—surplus fund distribution—county collectors' and municipal treasurers' duties

1. Obligations secured by the special allocation fund set forth in section 99.845 and 99.850 for the redevelopment project area may be issued to provide for redevelopment project costs. Such obligations, when so issued, shall be retired in the manner provided in the ordinance authorizing the issuance of such obligations by the receipts of payments in lieu of taxes as specified in section 99.855. A municipality may, in the ordinance, pledge all or any part of the funds in and to be deposited in the special allocation fund created pursuant to sections 99.845 and 99.850 to the payment of the redevelopment project costs and obligations. Any pledge of funds in the special allocation fund may provide for distribution to the taxing districts of moneys not required for payment and securing of the obligations and such excess funds shall be deemed to be surplus funds. In the event a municipality only pledges a portion of the funds in the special allocation fund for the payment of redevelopment project costs or obligations, any such funds remaining in the special allocation fund after complying with the requirements of the pledge, shall also be deemed surplus funds. All surplus funds shall be distributed annually to the taxing districts in the redevelopment project area by being paid by the municipal treasurer to the county collector who shall immediately thereafter make distribution to the respective taxing districts in the same manner and proportion as the most recent distribution by the

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**Exhibit No. 9**

**Addendum to "Development Schedule."**

**Projected Redevelopment Schedule  
For Redevelopment Project Approved by the Second Amendment to  
The Civic Mall Tax Increment Financing Plan**

Block No.	Aquisition Period	Construction Period
14	N/A	N/A
15A	N/A	1999
15B	N/A	N/A
16	N/A	N/A
17	N/A	N/A
31	N/A	N/A
32	N/A	N/A
33	N/A	N/A



**Intentionally Omitted**

**Exhibit No. 11**

**Land Acquisition and Disposition Map.**



**Intentionally Omitted**

Intentionally Omitted

VISTA DEL RIO HOTEL & GARAGE OPERATING PRO FORMA

INCOME & EXPENSES	1999*	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Revenues</b>										
Rooms	\$ 4,571,078	\$ 5,420,250	\$ 6,373,010	\$ 6,630,050	\$ 7,011,154	\$ 7,224,109	\$ 7,437,065	\$ 7,666,402	\$ 7,895,738	\$ 8,125,075
Food and Beverage	822,794	975,845	1,147,142	1,193,409	1,262,008	1,300,340	1,338,672	1,379,952	1,421,233	1,462,514
Telephone	182,843	216,810	254,920	265,202	280,446	288,964	297,483	306,656	315,830	325,003
Minor Operating Departments	196,556	233,071	274,039	285,092	301,480	310,637	319,794	329,655	339,517	349,378
Rentals and Other Income	82,279	97,565	114,714	119,341	126,201	130,034	133,867	137,995	142,123	146,251
Parking Garage	350,400	353,904	357,443	361,017	364,628	368,274	371,957	375,676	379,433	383,227
<b>Total Revenue</b>	<b>\$ 6,205,950</b>	<b>\$ 7,297,244</b>	<b>\$ 8,521,268</b>	<b>\$ 8,854,111</b>	<b>\$ 9,345,915</b>	<b>\$ 9,672,358</b>	<b>\$ 9,896,837</b>	<b>\$ 10,196,337</b>	<b>\$ 10,493,874</b>	<b>\$ 10,791,449</b>
<b>Departmental Costs &amp; Expenses</b>										
Rooms	\$ 1,133,627	\$ 1,224,977	\$ 1,440,300	\$ 1,498,391	\$ 1,584,521	\$ 1,632,649	\$ 1,680,777	\$ 1,732,607	\$ 1,784,437	\$ 1,835,267
Food and Beverage	611,336	722,953	846,591	878,349	928,838	957,050	985,262	1,015,645	1,046,027	1,075,410
Telephone	106,598	124,883	143,265	148,248	156,769	161,521	166,293	171,421	176,549	181,677
Minor Operating Departments	149,972	173,638	200,871	208,117	219,477	226,144	232,810	239,969	247,168	254,347
Parking Garage	68,000	71,000	73,000	76,000	79,000	82,000	85,000	88,000	91,000	95,000
<b>Total Dept. Costs &amp; Expenses</b>	<b>\$ 2,069,533</b>	<b>\$ 2,317,450</b>	<b>\$ 2,704,027</b>	<b>\$ 2,809,105</b>	<b>\$ 2,968,605</b>	<b>\$ 3,069,373</b>	<b>\$ 3,150,142</b>	<b>\$ 3,247,661</b>	<b>\$ 3,345,181</b>	<b>\$ 3,443,701</b>
<b>Net Operating Income</b>	<b>\$ 4,136,417</b>	<b>\$ 4,979,795</b>	<b>\$ 5,817,241</b>	<b>\$ 6,045,006</b>	<b>\$ 6,377,311</b>	<b>\$ 6,562,985</b>	<b>\$ 6,748,695</b>	<b>\$ 6,948,675</b>	<b>\$ 7,148,693</b>	<b>\$ 7,347,748</b>
<b>Undistributed Expense</b>										
Administrative and General	\$ 673,388	\$ 742,937	\$ 816,383	\$ 849,309	\$ 898,129	\$ 925,408	\$ 952,688	\$ 982,066	\$ 1,011,444	\$ 1,040,822
Management Fees	175,687	208,300	244,915	254,793	269,439	277,623	285,806	294,620	303,433	312,247
Marketing	386,468	458,260	538,812	560,544	592,765	610,770	628,774	648,164	667,553	686,943
Franchise Fees	234,222	277,734	326,553	339,724	359,252	370,163	381,075	392,826	404,578	416,329
Energy	297,120	352,316	414,246	430,953	455,725	469,567	483,409	498,315	513,223	528,130
Prop. Operations & Maintenance	310,298	364,862	426,063	442,706	467,296	481,119	494,942	509,817	524,694	539,572
<b>Total Undistributed Expense</b>	<b>\$ 2,077,161</b>	<b>\$ 2,404,410</b>	<b>\$ 2,766,972</b>	<b>\$ 2,878,029</b>	<b>\$ 3,042,605</b>	<b>\$ 3,134,649</b>	<b>\$ 3,226,695</b>	<b>\$ 3,325,809</b>	<b>\$ 3,424,925</b>	<b>\$ 3,524,043</b>
<b>Cash Flow Before Fixed Charges, Replacement Reserves, Debt Service and Income Taxes</b>	<b>\$ 2,059,256</b>	<b>\$ 2,575,384</b>	<b>\$ 3,050,270</b>	<b>\$ 3,166,977</b>	<b>\$ 3,334,706</b>	<b>\$ 3,428,336</b>	<b>\$ 3,522,000</b>	<b>\$ 3,622,866</b>	<b>\$ 3,723,768</b>	<b>\$ 3,823,705</b>
Equipment Lease	\$ 62,060	\$ 72,972	\$ 85,213	\$ 88,541	\$ 93,459	\$ 96,224	\$ 98,988	\$ 101,963	\$ 104,939	\$ 107,914
Property Insurance	64,000	74,500	86,000	88,000	92,500	95,000	99,000	101,000	104,000	108,000
Real Estate Taxes	194,938	389,875	393,774	393,774	397,712	397,712	401,689	405,706	409,706	413,706
Personal Property Taxes	-	68,572	61,714	54,857	48,000	41,143	34,266	27,379	20,481	13,581
Garage Capital Improvmt Reserve	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Hotel Replacement Reserve	186,179	291,890	426,063	531,247	560,755	577,341	593,930	611,780	629,632	647,487
<b>Total Replacement Reserves</b>	<b>\$ 547,176</b>	<b>\$ 937,809</b>	<b>\$ 1,092,764</b>	<b>\$ 1,196,419</b>	<b>\$ 1,232,426</b>	<b>\$ 1,248,420</b>	<b>\$ 1,267,693</b>	<b>\$ 1,341,212</b>	<b>\$ 1,359,550</b>	<b>\$ 1,376,588</b>
<b>Cash Flow Before Debt Service and Income Taxes</b>	<b>\$ 1,512,081</b>	<b>\$ 1,637,575</b>	<b>\$ 1,957,505</b>	<b>\$ 1,970,558</b>	<b>\$ 2,102,280</b>	<b>\$ 2,179,916</b>	<b>\$ 2,254,107</b>	<b>\$ 2,281,655</b>	<b>\$ 2,364,218</b>	<b>\$ 2,447,117</b>
<b>Statistics</b>										
Occupancy	55.00%	60.00%	65.00%	66.00%	68.00%	68.00%	68.00%	68.00%	68.00%	68.00%
Average Room Rate	\$ 86.25	\$ 93.75	\$ 101.75	\$ 104.25	\$ 107.00	\$ 110.25	\$ 113.50	\$ 117.00	\$ 120.50	\$ 124.00
No. of Rooms	264	264	264	264	264	264	264	264	264	264
No. of Room Nights	96,360	96,360	96,360	96,360	96,360	96,360	96,360	96,360	96,360	96,360

\* Although these numbers are annualized, the hotel is projected to open in July of 1999. Therefore, the actual numbers for year 1999 will be one-half of the amounts shown.

(Page 1 of 2)

VISTA DEL RIO HOTEL

PROJECTED DEBT SERVICE SCHEDULE--PUBLIC FINANCING ONLY  
(WITH ADDITIONAL CITY ASSISTANCE)

Bond Issuance Date	1-Jul-98
Interest Rate	6.75%
Capitalized Interest	\$ 1,350,000
Debt Service Reserve	2,900,000
Costs of Issuance	700,000
Civic Mall Project Fund	500,000
Hotel Project Fund	24,282,000
Total Principal Amount	\$ 29,732,000

		PAYMENTS			AVAILABLE REVENUE SOURCES								CVG		SEMI-ANL		CUMM	
DATE	PRINCIPAL BALANCE	PRINCIPAL	INTEREST	TOTAL DEBT SERV	DEBT SERV RESERVE	CAPTLZD INTEREST	FUND INTEREST	TIF/CITY REVENUE	HOTEL REVENUE	TOTAL	RATIO	XCESS REV	XCESS REV	XCESS REV	XCESS REV	XCESS REV		
1-Jul-98	\$ 29,732,000	\$ -	\$ -	\$ 1,003,455	\$ 97,875	\$ 620,563	\$ 291,384	\$ -	\$ -	\$ 1,009,822	-	\$ -	\$ -	\$ 6,366	6,366	-		
1-Jan-99	29,732,000	-	1,003,455	1,003,455	97,875	726,156	182,115	-	-	1,006,146	100%	2,691	2,691	9,058	9,058	-		
1-Jul-99	29,732,000	-	1,003,455	1,003,455	97,875	77,531	-	74,153	756,040	1,005,600	-	2,145	2,145	11,202	11,202	-		
1-Jan-00	29,732,000	140,000	1,003,455	1,143,455	97,875	-	-	220,406	818,788	1,137,071	100%	(6,384)	(6,384)	4,818	4,818	-		
1-Jul-00	29,592,000	-	998,730	998,730	97,875	-	-	173,969	818,788	1,090,662	-	91,932	91,932	96,750	96,750	-		
1-Jan-01	29,592,000	600,000	998,730	1,598,730	97,875	-	-	490,192	978,753	1,568,819	102%	(31,911)	(31,911)	64,839	64,839	-		
1-Jul-01	28,992,000	-	978,480	978,480	97,875	-	-	203,126	978,753	1,279,754	-	301,274	301,274	366,113	366,113	-		
1-Jan-02	28,992,000	800,000	978,480	1,776,480	97,875	-	-	522,000	985,279	1,605,154	105%	(173,326)	(173,326)	192,787	192,787	-		
1-Jul-02	28,192,000	-	951,480	951,480	97,875	-	-	211,213	985,279	1,294,366	-	342,886	342,886	535,673	535,673	-		
1-Jan-03	28,192,000	1,000,000	951,480	1,951,480	97,875	-	-	529,488	1,051,140	1,678,503	102%	(272,977)	(272,977)	252,596	252,596	-		
1-Jul-03	27,192,000	-	917,730	917,730	97,875	-	-	223,062	1,051,140	1,372,077	-	454,347	454,347	717,043	717,043	-		
1-Jan-04	27,192,000	1,200,000	877,230	2,117,730	97,875	-	-	544,051	1,089,958	1,731,884	102%	(385,846)	(385,846)	331,156	331,156	-		
1-Jul-04	25,992,000	-	877,230	877,230	97,875	-	-	229,833	1,089,958	1,417,666	-	540,436	540,436	871,632	871,632	-		
1-Jan-05	25,992,000	1,300,000	877,230	2,177,230	97,875	-	-	550,223	1,127,054	1,775,152	105%	(402,078)	(402,078)	469,554	469,554	-		
1-Jul-05	24,692,000	-	833,355	833,355	97,875	-	-	236,614	1,127,054	1,461,542	-	628,187	628,187	1,057,742	1,057,742	-		
1-Jan-06	24,692,000	1,300,000	833,355	2,133,355	97,875	-	-	559,751	1,140,827	1,798,453	110%	(334,902)	(334,902)	762,840	762,840	-		
1-Jul-06	23,392,000	-	789,480	789,480	97,875	-	-	243,901	1,140,827	1,482,603	-	893,123	893,123	1,455,963	1,455,963	-		
1-Jan-07	23,392,000	1,300,000	789,480	2,089,480	97,875	-	-	571,444	1,182,109	1,851,428	116%	(238,052)	(238,052)	1,217,311	1,217,311	-		
1-Jul-07	22,092,000	-	745,605	745,605	97,875	-	-	251,198	1,182,109	1,531,182	-	785,577	785,577	2,003,488	2,003,488	-		
1-Jan-08	22,092,000	1,300,000	745,605	2,045,605	97,875	-	-	581,290	1,223,559	1,902,724	123%	(142,881)	(142,881)	1,860,605	1,860,605	-		
1-Jul-08	20,792,000	-	701,730	701,730	97,875	-	-	258,506	1,223,559	1,579,939	-	878,209	878,209	2,738,816	2,738,816	-		
1-Jan-09	20,792,000	1,300,000	701,730	2,001,730	97,875	-	-	587,918	1,223,559	1,909,352	129%	(92,378)	(92,378)	2,546,437	2,546,437	-		
1-Jul-09	19,492,000	-	657,855	657,855	97,875	-	-	265,032	1,223,559	1,506,465	-	928,610	928,610	3,575,048	3,575,048	-		
1-Jan-10	19,492,000	1,300,000	657,855	1,957,855	97,875	-	-	597,176	1,223,559	1,918,610	134%	(39,245)	(39,245)	3,535,603	3,535,603	-		
1-Jul-10	18,192,000	-	613,980	613,980	97,875	-	-	271,723	1,223,559	1,593,156	-	979,176	979,176	4,514,979	4,514,979	-		
1-Jan-11	18,192,000	-	613,980	613,980	97,875	-	-	271,723	1,223,559	1,593,156	-	979,176	979,176	4,514,979	4,514,979	-		

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## VISTA DEL RIO HOTEL

PROJECTED DEBT SERVICE SCHEDULE—PUBLIC FINANCING ONLY  
(WITH ADDITIONAL CITY ASSISTANCE)

DATE	PRINCIPAL BALANCE	PAYMENTS		AVAILABLE REVENUE SOURCES							CVG RATIO	CUMM XCESS REV
		PRINCIPAL	INTEREST	TOTAL DEBT SERV	DEBT SERV RESERVE	CAPTLZD INTEREST	FUND INTEREST	TIF/CITY REVENUE	HOTEL REVENUE	TOTAL		
13 1-Jul-11	18,192,000	1,300,000	613,980	1,913,980	97,875	-	-	603,187	1,223,559	1,924,621	139%	10,641
1-Jul-12	16,892,000	-	570,105	570,105	97,875	-	-	278,583	1,223,559	1,600,017		1,029,912
1-Jul-12	16,892,000	1,300,000	570,105	1,870,105	97,875	-	-	612,814	1,223,559	1,934,248	145%	64,143
1-Jul-13	15,592,000	-	526,230	526,230	97,875	-	-	285,617	1,223,559	1,607,051		1,060,821
1-Jul-13	15,592,000	1,300,000	526,230	1,826,230	97,875	-	-	619,168	1,223,559	1,940,602	151%	114,372
1-Jul-14	14,292,000	-	482,355	482,355	97,875	-	-	292,829	1,223,559	1,614,262		1,131,907
1-Jul-14	14,292,000	1,400,000	482,355	1,882,355	97,875	-	-	634,908	1,223,559	1,956,341	151%	73,986
1-Jul-15	12,892,000	-	435,105	435,105	97,875	-	-	300,223	1,223,559	1,621,656		1,186,551
1-Jul-15	12,892,000	1,400,000	435,105	1,835,105	97,875	-	-	641,531	1,223,559	1,962,965	158%	127,860
1-Jul-16	11,492,000	-	387,855	387,855	97,875	-	-	307,804	1,223,559	1,629,238		1,241,383
1-Jul-16	11,492,000	1,500,000	387,855	1,887,855	97,875	-	-	651,857	1,223,559	1,973,291	158%	85,436
1-Jul-17	9,992,000	-	337,230	337,230	97,875	-	-	315,577	1,223,559	1,637,011		1,299,781
1-Jul-17	9,992,000	1,600,000	337,230	1,937,230	97,875	-	-	658,860	1,223,559	1,980,294	159%	43,064
1-Jul-18	8,392,000	-	283,230	283,230	97,875	-	-	323,547	1,223,559	1,644,980		1,361,750
1-Jul-18	8,392,000	1,800,000	283,230	2,083,230	97,875	-	-	669,610	1,223,559	1,991,043	154%	(92,187)
1-Jul-19	6,592,000	-	222,480	222,480	97,875	-	-	331,718	1,223,559	1,653,152		1,430,672
1-Jul-19	6,592,000	2,000,000	222,480	2,222,480	97,875	-	-	677,010	1,223,559	1,998,444	149%	(224,036)
1-Jul-20	4,592,000	-	154,980	154,980	97,875	-	-	340,096	1,223,559	1,661,530		1,506,550
1-Jul-20	4,592,000	2,000,000	154,980	2,154,980	97,875	-	-	688,204	1,223,559	2,009,638	159%	(145,342)
1-Jul-21	2,592,000	-	87,480	87,480	97,875	-	-	348,686	1,223,559	1,670,120		1,582,640
1-Jul-21	2,592,000	2,592,000	87,480	2,679,480	2,997,875	-	-	705,561	1,223,559	4,926,995	238%	2,247,515
TOTALS		\$ 29,732,000	\$ 28,119,230	\$ 58,851,230	\$ 7,402,260	\$ 1,424,260	\$ 473,499	\$ 18,683,687	\$ 31,016,740	\$ 59,000,426		

Average Coverage Ratio 130%



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Loan Issuance Date 1-Jul-98  
Interest Rate 8.5%  
Capitalized Interest \$ 1,350,000  
Costs of Issuance 700,000  
Civic Mall Project Fund 500,000  
Hotel Project Fund 24,282,000  
Total Principal Amount \$ 26,832,000

## VISTA DEL RIO HOTEL

PROJECTED DEBT SERVICE SCHEDULE  
(WITHOUT TIF ASSISTANCE)

DATE	PRINCIPAL BALANCE	PRINCIPAL	PAYMENTS						HOTEL Revenue	TOTAL	CVRG RATIO	SEMI-ANNUAL EXCESS (SHORTFALL)	CUMM EXCESS (SHORTFALL)
			INTEREST	TOTAL DEBT SERV	CAPITALIZED INTEREST	PROJECT FUND INTEREST	INTEREST						
1-Jul-98	\$ 26,832,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1-Jan-99	26,832,000	-	1,140,360	1,140,360	728,800	291,384	-	-	1,020,184	-	-	(120,176)	(120,176)
1-Jul-99	26,832,000	-	1,140,360	1,140,360	657,800	182,115	-	-	839,915	82%	-	(300,445)	(420,621)
1-Jan-00	26,832,000	-	1,140,360	1,140,360	-	-	-	756,040	756,040	-	-	(384,320)	(804,941)
1-Jul-00	26,832,000	200,000	1,140,360	1,340,360	-	-	-	818,788	818,788	47%	-	(521,572)	(1,326,513)
1-Jan-01	26,632,000	-	1,140,360	1,140,360	-	-	-	818,788	818,788	-	-	(321,572)	(1,648,085)
1-Jul-01	26,632,000	400,000	1,131,860	1,531,860	-	-	-	978,753	978,753	18%	-	(553,107)	(2,201,193)
1-Jan-02	26,232,000	-	1,131,860	1,131,860	-	-	-	978,753	978,753	-	-	(153,107)	(2,354,300)
1-Jul-02	26,232,000	600,000	1,114,860	1,714,860	-	-	-	985,279	985,279	-8%	-	(729,581)	(3,083,881)
1-Jan-03	25,632,000	-	1,114,860	1,114,860	-	-	-	985,279	985,279	-	-	(129,581)	(3,213,462)
1-Jul-03	25,632,000	700,000	1,089,360	1,789,360	-	-	-	1,051,140	1,051,140	-36%	-	(738,220)	(3,951,682)
1-Jan-04	24,932,000	-	1,089,360	1,089,360	-	-	-	1,051,140	1,051,140	-	-	(38,220)	(3,989,902)
1-Jul-04	24,932,000	700,000	1,059,610	1,759,610	-	-	-	1,089,958	1,089,958	-64%	-	(669,652)	(4,659,554)
1-Jan-05	24,232,000	-	1,059,610	1,059,610	-	-	-	1,089,958	1,089,958	-	-	30,348	(4,629,206)
1-Jul-05	24,232,000	900,000	1,029,860	1,929,860	-	-	-	1,127,054	1,127,054	-82%	-	(802,806)	(5,432,012)
1-Jan-06	23,332,000	-	1,029,860	1,029,860	-	-	-	1,127,054	1,127,054	-	-	97,194	(5,334,819)
1-Jul-06	23,332,000	1,000,000	991,610	1,991,610	-	-	-	1,140,827	1,140,827	-105%	-	(850,783)	(6,185,601)
1-Jan-07	22,332,000	-	991,610	991,610	-	-	-	1,140,827	1,140,827	-	-	149,217	(6,036,384)
1-Jul-07	22,332,000	1,000,000	949,110	1,949,110	-	-	-	1,182,109	1,182,109	-131%	-	(767,001)	(6,803,385)
1-Jan-08	21,332,000	-	949,110	949,110	-	-	-	1,182,109	1,182,109	-	-	232,999	(6,570,385)
1-Jul-08	21,332,000	1,000,000	906,610	1,906,610	-	-	-	1,223,559	1,223,559	-154%	-	(683,051)	(7,253,437)
1-Jan-09	20,332,000	-	906,610	906,610	-	-	-	1,223,559	1,223,559	-	-	316,949	(6,936,489)
1-Jul-09	20,332,000	1,200,000	864,110	2,064,110	-	-	-	1,223,559	1,223,559	-162%	-	(840,551)	(7,777,040)
1-Jan-10	19,132,000	-	864,110	864,110	-	-	-	1,223,559	1,223,559	-	-	359,449	(7,417,591)
1-Jul-10	19,132,000	1,200,000	813,110	2,013,110	-	-	-	1,223,559	1,223,559	-185%	-	(789,551)	(8,207,142)
1-Jan-11	17,932,000	-	813,110	813,110	-	-	-	1,223,559	1,223,559	-	-	410,449	(7,796,694)

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## VISTA DEL RIO HOTEL

PROJECTED DEBT SERVICE SCHEDULE  
(WITHOUT TIF ASSISTANCE)

DATE	PRINCIPAL BALANCE	PRINCIPAL	INTEREST	PAYMENTS				TOTAL	CURRG RATIO	SEMI-ANNUAL EXCESS (SHORTFALL)	CUMM EXCESS (SHORTFALL)
				TOTAL DEBT SERV	CAPITALIZED INTEREST	PROJECT FUND INTEREST	HOTEL REVENUE				
13 1-Jul-11	17,932,000	1,400,000	762,110	2,162,110	-	-	1,223,559	1,223,559	-194%	(938,551)	(8,735,245)
14 1-Jan-12	16,532,000	-	762,110	762,110	-	-	1,223,559	1,223,559	-	461,449	(8,273,796)
14 1-Jul-12	16,532,000	1,400,000	702,610	2,102,610	-	-	1,223,559	1,223,559	-220%	(879,051)	(9,152,848)
15 1-Jan-13	15,132,000	-	702,610	702,610	-	-	1,223,559	1,223,559	-	520,949	(8,631,899)
15 1-Jul-13	15,132,000	1,400,000	643,110	2,043,110	-	-	1,223,559	1,223,559	-244%	(819,551)	(9,451,450)
16 1-Jan-14	13,732,000	-	643,110	643,110	-	-	1,223,559	1,223,559	-	580,449	(8,871,002)
16 1-Jul-14	13,732,000	1,400,000	583,610	1,983,610	-	-	1,223,559	1,223,559	-267%	(760,051)	(9,631,063)
17 1-Jan-15	12,332,000	-	583,610	583,610	-	-	1,223,559	1,223,559	-	639,949	(8,991,104)
17 1-Jul-15	12,332,000	1,400,000	524,110	1,924,110	-	-	1,223,559	1,223,559	-286%	(700,551)	(9,691,656)
18 1-Jan-16	10,932,000	-	524,110	524,110	-	-	1,223,559	1,223,559	-	699,449	(8,992,207)
18 1-Jul-16	10,932,000	1,700,000	464,610	2,164,610	-	-	1,223,559	1,223,559	-269%	(941,051)	(9,933,258)
19 1-Jan-17	9,232,000	-	464,610	464,610	-	-	1,223,559	1,223,559	-	758,949	(9,174,310)
19 1-Jul-17	9,232,000	1,700,000	392,360	2,092,360	-	-	1,223,559	1,223,559	-293%	(868,801)	(10,043,111)
20 1-Jan-18	7,532,000	-	392,360	392,360	-	-	1,223,559	1,223,559	-	831,199	(9,211,912)
20 1-Jul-18	7,532,000	1,800,000	320,110	2,120,110	-	-	290,027	290,027	-339%	(1,830,063)	(11,041,975)
21 1-Jan-19	5,732,000	-	320,110	320,110	-	-	290,027	290,027	-	(30,063)	(11,072,078)
21 1-Jul-19	5,732,000	1,800,000	243,610	2,043,610	-	-	1,223,559	1,223,559	-403%	(820,051)	(11,892,129)
22 1-Jan-20	3,932,000	-	243,610	243,610	-	-	1,223,559	1,223,559	-	979,949	(10,912,181)
22 1-Jul-20	3,932,000	1,900,000	167,110	2,067,110	-	-	1,223,559	1,223,559	-409%	(843,551)	(11,755,732)
23 1-Jan-21	2,032,000	-	167,110	167,110	-	-	1,223,559	1,223,559	-	1,056,449	(10,699,283)
23 1-Jul-21	2,032,000	2,032,000	86,360	2,118,360	-	-	1,223,559	1,223,559	-407%	(894,801)	(11,594,084)

TOTALS \$ 26,832,000 \$ 36,296,060 \$ 52,127,060 \$ 473,499 \$ 48,672,876 \$ 50,632,976

Average Coverage Ratio -168%

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## VISTA DEL RIO HOTEL

PROJECTED DEBT SERVICE SCHEDULE--PUBLIC AND PRIVATE COMBINED  
(WITH ADDITIONAL CITY ASSISTANCE)

	PRIVATE		PUBLIC		TOTAL
	1-Jul-98	1-Jul-98	1-Jul-98	1-Jul-98	
Loan Date	1-Jul-98	1-Jul-98	1-Jul-98	1-Jul-98	
Interest Rate	8.50%	8.50%	6.75%	6.75%	
Capitalized Interest	\$ 1,100,000	\$ 960,000	\$ 960,000	\$ 2,060,000	
Debt Service Reserve	-	1,900,000	1,900,000	1,900,000	
Costs of Issuance	225,000	550,000	550,000	775,000	
Civic Mall Project Fund	-	500,000	500,000	500,000	
Hotel Project Fund	8,675,000	15,607,000	15,607,000	24,282,000	
Total Principal Amount	10,000,000	19,517,000	19,517,000	29,517,000	

DATE	PRINCIPAL		PAYMENTS		AVAILABLE REVENUE SOURCES										CVRG		PUBLIC		TOTAL
	BALANCE	PRINCIPAL	INTEREST	TOTAL	DEBT SERV	DEBT SERV RESERVE	CAPLZD INTEREST	FUND INTEREST	TIFICITY REVENUE	HOTEL Revenue	TOTAL	RATIO	SEMI-ANL XCESS REV	CUMM XCESS REV			1-Jul-98	1-Jul-98	
1-Jul-98	\$ 29,517,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1-Jan-99	29,517,000	-	1,083,699	1,083,699	64,125	64,125	757,600	291,384	-	-	1,113,109	-	29,410	29,410	-	-	1-Jul-98	1-Jul-98	
1-Jul-99	29,517,000	-	1,083,699	1,083,699	64,125	64,125	826,600	182,115	-	-	1,072,840	101%	(10,859)	18,552	-	-	6.75%	6.75%	
1-Jan-00	29,517,000	-	1,083,699	1,083,699	64,125	64,125	463,650	-	74,153	756,040	1,357,968	-	274,270	292,821	-	-			
1-Jul-00	29,517,000	400,000	1,083,699	1,483,699	64,125	64,125	108,600	-	220,408	818,788	1,211,921	100%	(271,778)	21,043	-	-			
1-Jan-01	29,117,000	-	1,066,699	1,066,699	64,125	64,125	-	-	173,999	818,788	1,056,912	99%	(9,787)	11,256	-	-			
1-Jul-01	29,117,000	475,000	1,066,699	1,541,699	64,125	64,125	-	-	480,192	978,753	1,533,069	99%	(8,629)	2,626	-	-			
1-Jan-02	28,642,000	-	1,047,168	1,047,168	64,125	64,125	-	-	203,126	978,753	1,248,004	102%	198,836	201,463	-	-			
1-Jul-02	28,642,000	655,000	1,047,168	1,702,168	64,125	64,125	-	-	522,000	985,279	1,571,404	102%	(130,764)	70,699	-	-			
1-Jan-03	27,987,000	-	1,021,080	1,021,080	64,125	64,125	-	-	211,213	985,279	1,260,516	100%	239,536	310,236	-	-			
1-Jul-03	27,987,000	855,000	1,021,080	1,876,080	64,125	64,125	-	-	529,488	1,051,140	1,644,753	100%	(231,327)	76,908	-	-			
1-Jan-04	27,132,000	-	988,243	988,243	64,125	64,125	-	-	223,062	1,051,140	1,338,327	100%	350,084	420,933	-	-			
1-Jul-04	27,132,000	1,055,000	988,243	2,043,243	64,125	64,125	-	-	544,051	1,089,958	1,698,134	100%	(345,109)	83,884	-	-			
1-Jan-05	26,077,000	-	948,655	948,655	64,125	64,125	-	-	229,833	1,089,958	1,383,916	99%	435,261	519,145	-	-			
1-Jul-05	26,077,000	1,255,000	948,655	2,203,655	64,125	64,125	-	-	550,223	1,127,054	1,741,402	99%	(462,253)	56,892	-	-			
1-Jan-06	24,822,000	-	902,318	902,318	64,125	64,125	-	-	236,614	1,127,054	1,427,792	105%	525,475	582,367	-	-			
1-Jul-06	24,822,000	1,235,000	902,318	2,137,318	64,125	64,125	-	-	559,751	1,140,827	1,764,703	105%	(372,614)	209,753	-	-			
1-Jan-07	23,587,000	-	856,830	856,830	64,125	64,125	-	-	243,901	1,140,827	1,448,853	110%	592,023	801,776	-	-			
1-Jul-07	23,587,000	1,255,000	856,830	2,111,830	64,125	64,125	-	-	571,444	1,182,109	1,817,678	110%	(294,152)	507,623	-	-			
1-Jan-08	22,332,000	-	810,493	810,493	64,125	64,125	-	-	251,196	1,182,109	1,497,432	117%	686,939	1,194,563	-	-			
1-Jul-08	22,332,000	1,255,000	810,493	2,065,493	64,125	64,125	-	-	581,290	1,223,559	1,868,974	117%	(196,519)	593,044	-	-			
1-Jan-09	21,077,000	-	764,155	764,155	64,125	64,125	-	-	258,506	1,223,559	1,546,189	123%	782,034	1,760,078	-	-			
1-Jul-09	21,077,000	1,255,000	764,155	2,019,155	64,125	64,125	-	-	587,918	1,223,559	1,875,602	123%	(143,553)	1,636,525	-	-			
1-Jan-10	19,822,000	-	717,818	717,818	64,125	64,125	-	-	265,032	1,223,559	1,552,715	128%	834,898	2,471,423	-	-			
1-Jul-10	19,822,000	1,255,000	717,818	1,972,818	64,125	64,125	-	-	597,176	1,223,559	1,884,860	128%	(87,958)	2,383,465	-	-			
1-Jan-11	18,567,000	-	671,480	671,480	64,125	64,125	-	-	271,723	1,223,559	1,559,406		887,926	3,271,392	-	-			

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VISTA DEL RIO HOTEL

PROJECTED DEBT SERVICE SCHEDULE--PUBLIC AND PRIVATE COMBINED  
(WITH ADDITIONAL CITY ASSISTANCE)

PRINCIPAL		PAYMENTS		AVAILABLE REVENUE SOURCES										
BALANCE		PRINCIPAL	INTEREST	TOTAL DEBT SERV	DEBT SERV RESERVE	CAPTLZD INTEREST	FUND INTEREST	TIFCITY REVENUE	HOTEL REVENUE	TOTAL	CVRG RATIO	SEMI-ANL XCESS REV	CUMM XCESS REV	
13	1-Jul-11	18,567,000		1,255,000	671,480	1,926,480	64,125	-	-	603,187	1,223,559	133%	(35,809)	3,235,783
	1-Jan-12	17,312,000		-	625,143	625,143	64,125	-	-	278,583	1,223,559		941,124	4,176,907
14	1-Jul-12	17,312,000		1,255,000	625,143	1,880,143	64,125	-	-	612,814	1,223,559	138%	20,355	4,197,262
	1-Jan-13	16,057,000		-	578,805	578,805	64,125	-	-	285,617	1,223,559		994,496	5,191,758
15	1-Jul-13	16,057,000		1,255,000	578,805	1,833,805	64,125	-	-	619,168	1,223,559	144%	73,047	5,264,804
	1-Jan-14	14,802,000		-	532,468	532,468	64,125	-	-	292,829	1,223,559		1,048,045	6,312,849
16	1-Jul-14	14,802,000		1,455,000	532,468	1,987,468	64,125	-	-	634,908	1,223,559	139%	(64,876)	6,247,973
	1-Jan-15	13,347,000		-	479,380	479,380	64,125	-	-	300,223	1,223,559		1,108,526	7,356,499
17	1-Jul-15	13,347,000		1,555,000	479,380	2,034,380	64,125	-	-	641,531	1,223,559	140%	(105,165)	7,251,334
	1-Jan-16	11,792,000		-	422,918	422,918	64,125	-	-	307,804	1,223,559		1,172,570	8,423,904
18	1-Jul-16	11,792,000		1,555,000	422,918	1,977,918	64,125	-	-	651,857	1,223,559	147%	(38,376)	8,385,528
	1-Jan-17	10,237,000		-	366,455	366,455	64,125	-	-	315,577	1,223,559		1,236,806	9,622,333
19	1-Jul-17	10,237,000		1,655,000	366,455	2,021,455	64,125	-	-	658,860	1,223,559	149%	(74,911)	9,547,422
	1-Jan-18	8,582,000		-	308,618	308,618	64,125	-	-	323,547	1,223,559		1,304,613	10,852,035
20	1-Jul-18	8,582,000		1,655,000	308,618	1,981,618	64,125	-	-	669,610	1,223,559	157%	(4,324)	10,847,711
	1-Jan-19	6,927,000		-	246,780	246,780	64,125	-	-	331,718	1,223,559		1,372,622	12,220,332
21	1-Jul-19	6,927,000		2,255,000	246,780	2,501,780	64,125	-	-	677,010	1,223,559	130%	(537,086)	11,683,246
	1-Jan-20	4,672,000		-	166,693	166,693	64,125	-	-	340,096	1,223,559		1,461,087	13,144,333
22	1-Jul-20	4,672,000		2,255,000	166,693	2,421,693	64,125	-	-	688,204	1,223,559	139%	(445,805)	12,698,529
	1-Jan-21	2,417,000		-	86,605	86,605	64,125	-	-	348,686	1,223,559		1,549,765	14,248,293
23	1-Jul-21	2,417,000		2,417,000	86,605	2,503,605	1,964,125	-	-	705,561	1,223,559	213%	1,389,640	15,637,933

Average Coverage Ratio 123%

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VISTA DEL RIO HOTEL

PROJECTED DEBT SERVICE SCHEDULE-PRIVATE PORTION  
(WITH ADDITIONAL CITY ASSISTANCE)

Loan Date	1-Jul-98
Interest Rate	8.50%
Capitalized Interest	\$ 1,100,000
Debt Service Reserve	
Costs of Issuance	225,000
Civic Mall Project Fund	
Hotel Project Fund	8,675,000
Total Principal Amount	\$ 10,000,000

DATE	PRINCIPAL BALANCE	PAYMENTS			AVAILABLE REVENUE SOURCES				CUMM EXCESS REV
		PRINCIPAL	INTEREST	TOTAL DEBT SERV	CAPITALIZED INTEREST	PROJECT FUND INTEREST	HOTEL REVENUE	TOTAL	
1-Jul-98	\$ 10,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1-Jan-99	10,000,000	-	425,000	425,000	328,800	104,100	-	432,900	7,900
1-Jul-99	10,000,000	-	425,000	425,000	369,800	65,063	-	434,863	9,862
1-Jan-00	10,000,000	-	425,000	425,000	460,050	-	756,040	1,216,090	791,090
1-Jul-00	10,000,000	400,000	425,000	825,000	-	-	818,788	818,788	(6,212)
1-Jan-01	9,600,000	-	408,000	408,000	-	-	818,788	818,788	410,788
1-Jul-01	9,600,000	400,000	408,000	808,000	-	-	978,753	978,753	170,753
1-Jan-02	9,200,000	-	391,000	391,000	-	-	978,753	978,753	587,753
1-Jul-02	9,200,000	455,000	391,000	846,000	-	-	985,279	985,279	139,279
1-Jan-03	8,745,000	-	371,663	371,663	-	-	985,279	985,279	613,616
1-Jul-03	8,745,000	455,000	371,663	826,663	-	-	1,051,140	1,051,140	224,478
1-Jan-04	8,290,000	-	352,325	352,325	-	-	1,051,140	1,051,140	698,815
1-Jul-04	8,290,000	455,000	352,325	807,325	-	-	1,089,958	1,089,958	282,633
1-Jan-05	7,835,000	-	332,988	332,988	-	-	1,089,958	1,089,958	756,971
1-Jul-05	7,835,000	455,000	332,988	787,988	-	-	1,127,054	1,127,054	339,066
1-Jan-06	7,380,000	-	313,650	313,650	-	-	1,127,054	1,127,054	813,404
1-Jul-06	7,380,000	435,000	313,650	748,650	-	-	1,140,827	1,140,827	392,177
1-Jan-07	6,945,000	-	295,163	295,163	-	-	1,140,827	1,140,827	845,665
1-Jul-07	6,945,000	455,000	295,163	750,163	-	-	1,182,109	1,182,109	431,947
1-Jan-08	6,490,000	-	275,825	275,825	-	-	1,182,109	1,182,109	906,284
1-Jul-08	6,490,000	455,000	275,825	730,825	-	-	1,223,559	1,223,559	492,734
1-Jan-09	6,035,000	-	256,488	256,488	-	-	1,223,559	1,223,559	967,071
1-Jul-09	6,035,000	455,000	256,488	711,488	-	-	1,223,559	1,223,559	512,071
1-Jan-10	5,580,000	-	237,150	237,150	-	-	1,223,559	1,223,559	966,409
1-Jul-10	5,580,000	455,000	237,150	692,150	-	-	1,223,559	1,223,559	531,409
1-Jan-11	5,125,000	-	217,813	217,813	-	-	1,223,559	1,223,559	1,005,746
1-Jul-11	5,125,000	-	217,813	217,813	-	-	1,223,559	1,223,559	12,911,707

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## VISTA DEL RIO HOTEL

PROJECTED DEBT SERVICE SCHEDULE-PRIVATE PORTION  
(WITH ADDITIONAL CITY ASSISTANCE)

		PAYMENTS									
PRINCIPAL BALANCE		PRINCIPAL	INTEREST	TOTAL DEBT SERV	CAPITALIZED INTEREST	PROJECT FUND INTEREST	HOTEL REVENUE	TOTAL	SEMI-ANNUAL EXCESS REV	CUMM EXCESS REV	
13	1-Jul-11	5,125,000	217,813	672,813	-	-	1,223,559	1,223,559	550,746	13,462,453	
	1-Jan-12	4,670,000	198,475	198,475	-	-	1,223,559	1,223,559	1,025,084	14,487,537	
14	1-Jul-12	4,670,000	198,475	653,475	-	-	1,223,559	1,223,559	570,084	15,057,621	
	1-Jan-13	4,215,000	179,138	179,138	-	-	1,223,559	1,223,559	1,044,421	16,102,042	
15	1-Jul-13	4,215,000	179,138	634,138	-	-	1,223,559	1,223,559	589,421	16,691,463	
	1-Jan-14	3,760,000	159,800	159,800	-	-	1,223,559	1,223,559	1,063,759	17,755,222	
16	1-Jul-14	3,760,000	159,800	614,800	-	-	1,223,559	1,223,559	608,759	18,363,981	
	1-Jan-15	3,305,000	140,463	140,463	-	-	1,223,559	1,223,559	1,083,096	19,447,077	
17	1-Jul-15	3,305,000	140,463	595,463	-	-	1,223,559	1,223,559	628,096	20,075,173	
	1-Jan-16	2,850,000	121,125	121,125	-	-	1,223,559	1,223,559	1,102,434	21,177,607	
18	1-Jul-16	2,850,000	121,125	576,125	-	-	1,223,559	1,223,559	647,434	21,825,040	
	1-Jan-17	2,395,000	101,788	101,788	-	-	1,223,559	1,223,559	1,121,771	22,946,811	
19	1-Jul-17	2,395,000	101,788	556,788	-	-	1,223,559	1,223,559	666,771	23,613,583	
	1-Jan-18	1,940,000	82,450	82,450	-	-	1,223,559	1,223,559	1,141,109	24,754,691	
20	1-Jul-18	1,940,000	82,450	537,450	-	-	1,223,559	1,223,559	686,109	25,440,800	
	1-Jan-19	1,485,000	63,113	63,113	-	-	1,223,559	1,223,559	1,160,446	26,601,246	
21	1-Jul-19	1,485,000	63,113	518,113	-	-	1,223,559	1,223,559	705,446	27,306,692	
	1-Jan-20	1,030,000	43,775	43,775	-	-	1,223,559	1,223,559	1,179,784	28,486,475	
22	1-Jul-20	1,030,000	43,775	498,775	-	-	1,223,559	1,223,559	724,784	29,211,260	
	1-Jan-21	575,000	24,438	24,438	-	-	1,223,559	1,223,559	1,199,121	30,410,381	
23	1-Jul-21	575,000	24,438	599,438	-	-	1,223,559	1,223,559	624,121	31,034,502	

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## VISTA DEL RIO HOTEL

PROJECTED DEBT SERVICE SCHEDULES--PUBLIC PORTION  
(WITH ADDITIONAL CITY ASSISTANCE)

Bond Issuance Date	1-Jul-98
Interest Rate	6.75%
Capitalized Interest	\$ 960,000
Debt Service Reserve	1,900,000
Costs of Issuance	550,000
Civic Mall Project Fund	500,000
Hotel Project Fund	15,607,000
Total Principal Amount	\$ 19,517,000

DATE	PRINCIPAL BALANCE	PAYMENTS			AVAILABLE REVENUE SOURCES						TOTAL		SEMI-ANNUAL XCESS REV		CUMULATIVE XCESS REV
		PRINCIPAL	INTEREST	TOTAL DEBT SERV	DEBT SERV RESERVE	CAPITALIZED INTEREST	FUND INTEREST	TIF/CITY REVENUE	XCESS HOTEL Revenue						
1-Jul-98	\$ 19,517,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1-Jan-99	19,517,000	-	658,699	658,699	64,125	428,800	187,284	-	-	-	680,209	21,510	21,510	-	21,510
1-Jul-99	19,517,000	-	658,699	658,699	64,125	456,800	117,053	-	-	-	637,978	(20,721)	(20,721)	-	789
1-Jan-00	19,517,000	-	658,699	658,699	64,125	3,600	-	74,153	791,090	-	932,968	274,270	274,270	-	275,059
1-Jul-00	19,517,000	-	658,699	658,699	64,125	108,600	-	220,408	(6,212)	-	386,921	(271,778)	(271,778)	-	3,280
1-Jan-01	19,517,000	-	658,699	658,699	64,125	15,450	-	173,999	410,788	-	584,362	5,663	5,663	-	8,943
1-Jul-01	19,517,000	75,000	658,699	733,699	64,125	-	-	490,192	170,753	-	725,069	(8,529)	(8,529)	-	314
1-Jan-02	19,442,000	-	656,168	656,168	64,125	-	-	203,126	587,753	-	855,004	196,836	196,836	-	199,150
1-Jul-02	19,442,000	200,000	656,168	856,168	64,125	-	-	522,000	139,279	-	725,404	(130,764)	(130,764)	-	68,387
1-Jan-03	19,242,000	-	649,418	649,418	64,125	-	-	211,213	613,616	-	888,954	239,536	239,536	-	327,923
1-Jul-03	19,242,000	400,000	649,418	1,049,418	64,125	-	-	529,488	224,478	-	818,090	(231,327)	(231,327)	-	76,596
1-Jan-04	18,842,000	-	635,918	635,918	64,125	-	-	223,062	698,815	-	996,002	350,064	350,064	-	426,680
1-Jul-04	18,842,000	600,000	635,918	1,235,918	64,125	-	-	544,051	282,633	-	890,809	(345,109)	(345,109)	-	61,571
1-Jan-05	18,242,000	-	615,668	615,668	64,125	-	-	229,833	756,971	-	1,050,928	435,261	435,261	-	516,832
1-Jul-05	18,242,000	800,000	615,668	1,415,668	64,125	-	-	550,223	339,066	-	953,414	(462,253)	(462,253)	-	54,579
1-Jan-06	17,442,000	-	588,668	588,668	64,125	-	-	236,614	813,404	-	1,114,142	525,475	525,475	-	580,054
1-Jul-06	17,442,000	600,000	588,668	1,388,668	64,125	-	-	559,751	392,177	-	1,016,053	(372,614)	(372,614)	-	207,440
1-Jan-07	16,642,000	-	561,668	561,668	64,125	-	-	243,901	845,665	-	1,153,690	592,023	592,023	-	799,463
1-Jul-07	16,642,000	800,000	561,668	1,361,668	64,125	-	-	571,444	431,947	-	1,067,515	(294,152)	(294,152)	-	505,311
1-Jan-08	15,842,000	-	534,668	534,668	64,125	-	-	251,198	906,284	-	1,221,607	686,939	686,939	-	1,192,250
1-Jul-08	15,842,000	800,000	534,668	1,334,668	64,125	-	-	581,290	492,734	-	1,138,149	(196,519)	(196,519)	-	995,731
1-Jan-09	15,042,000	-	507,668	507,668	64,125	-	-	258,506	967,071	-	1,289,702	782,034	782,034	-	1,777,766
1-Jul-09	15,042,000	800,000	507,668	1,307,668	64,125	-	-	587,918	512,071	-	1,164,114	(143,553)	(143,553)	-	1,634,212
1-Jan-10	14,242,000	-	480,668	480,668	64,125	-	-	265,032	966,409	-	1,315,565	634,898	634,898	-	2,469,110
1-Jul-10	14,242,000	800,000	480,668	1,280,668	64,125	-	-	597,176	531,409	-	1,192,710	(87,958)	(87,958)	-	2,381,153
1-Jan-11	13,442,000	-	453,668	453,668	64,125	-	-	271,723	1,005,746	-	1,341,594	887,926	887,926	-	3,269,079

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VISTA DEL RIO HOTEL

PROJECTED DEBT SERVICE SCHEDULES--PUBLIC PORTION  
(WITH ADDITIONAL CITY ASSISTANCE)

PRINCIPAL		PAYMENTS			AVAILABLE REVENUE SOURCES								SEMI-ANL		CUMM
DATE	BALANCE	PRINCIPAL	INTEREST	TOTAL	DEBT SERV	RESERVE	CAPTLZD	FUND	TIF/CITY	XCESS HOTEL	TOTAL	XCESS REV	XCESS REV		
13	1-Jul-11	13,442,000	800,000	453,668	1,253,668	84,125	-	-	-	603,187	550,746	1,218,058	(35,609)	3,233,470	
	1-Jan-12	12,642,000	-	426,668	426,668	64,125	-	-	-	278,583	1,025,084	1,367,792	941,124	4,174,594	
14	1-Jul-12	12,642,000	800,000	426,668	1,226,668	64,125	-	-	-	612,814	570,084	1,247,023	20,355	4,194,950	
	1-Jan-13	11,842,000	-	399,668	399,668	64,125	-	-	-	285,617	1,044,421	1,394,163	994,496	5,189,445	
15	1-Jul-13	11,842,000	800,000	399,668	1,199,668	64,125	-	-	-	619,168	589,421	1,272,714	73,047	5,262,492	
	1-Jan-14	11,042,000	-	372,668	372,668	64,125	-	-	-	292,829	1,063,759	1,420,712	1,048,045	6,310,536	
16	1-Jul-14	11,042,000	1,000,000	372,668	1,372,668	64,125	-	-	-	634,908	608,759	1,307,791	(64,876)	6,245,660	
	1-Jan-15	10,042,000	-	338,918	338,918	64,125	-	-	-	300,223	1,083,096	1,447,444	1,108,526	7,354,187	
17	1-Jul-15	10,042,000	1,100,000	338,918	1,438,918	64,125	-	-	-	641,531	628,096	1,333,752	(105,165)	7,249,021	
	1-Jan-16	8,942,000	-	301,793	301,793	64,125	-	-	-	307,804	1,102,434	1,474,363	1,172,570	8,421,592	
18	1-Jul-16	8,942,000	1,100,000	301,793	1,401,793	64,125	-	-	-	651,857	647,434	1,363,416	(38,376)	8,383,215	
	1-Jan-17	7,842,000	-	264,668	264,668	64,125	-	-	-	315,577	1,121,771	1,501,473	1,236,806	9,620,021	
19	1-Jul-17	7,842,000	1,200,000	264,668	1,464,668	64,125	-	-	-	658,860	666,771	1,389,756	(74,911)	9,545,109	
	1-Jan-18	6,642,000	-	224,168	224,168	64,125	-	-	-	323,547	1,141,109	1,528,780	1,304,613	10,849,722	
20	1-Jul-18	6,642,000	1,200,000	224,168	1,424,168	64,125	-	-	-	669,610	686,109	1,419,843	(4,324)	10,845,398	
	1-Jan-19	5,442,000	-	183,668	183,668	64,125	-	-	-	331,718	1,160,446	1,556,289	1,372,622	12,218,020	
21	1-Jul-19	5,442,000	1,800,000	183,668	1,983,668	64,125	-	-	-	677,010	706,446	1,446,582	(537,086)	11,682,934	
	1-Jan-20	3,642,000	-	122,918	122,918	64,125	-	-	-	340,096	1,179,784	1,584,005	1,461,087	13,142,021	
22	1-Jul-20	3,642,000	1,800,000	122,918	1,922,918	64,125	-	-	-	688,204	724,784	1,477,113	(445,805)	12,696,216	
	1-Jan-21	1,842,000	-	62,168	62,168	64,125	-	-	-	348,686	1,199,121	1,611,932	1,549,765	14,245,981	
23	1-Jul-21	1,842,000	1,842,000	62,168	1,904,168	1,964,125	-	-	-	705,561	624,121	3,293,807	1,389,640	15,635,621	
TOTALS			\$ 19,617,000	\$ 20,715,143	\$ 40,232,143	\$ 4,849,750	\$ 304,337	\$ 1,013,250	\$ 18,583,687	\$ 31,016,740	\$ 55,867,763				



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**VISTA DEL RIO HOTEL  
DIRECT TAX IMPACT ANALYSIS-ALL TAXING DISTRICTS**

INCREMENTAL TAXES RETAINED										
YEAR	REAL PROPERTY TAXES			PERSONAL	GENERAL SALES TAXES			HOTEL	TOTAL	
	Replace	Blind Pen	Total	PROP TAX	City/County	Bi-State	Total	TAX (50%)	NON-TIF REV	
1 1999	\$ 30,349	\$ 634	\$ 30,983	\$ -	\$ 18,273	\$ 3,768	\$ 37,112	\$ 62,852	\$ 130,947	
2 2000	60,699	1,267	61,966	68,572	43,336	8,935	88,013	149,057	367,607	
3 2001	61,306	1,280	62,586	61,714	50,954	10,506	103,483	175,258	403,041	
4 2002	61,306	1,280	62,586	54,857	53,009	10,930	107,657	182,326	407,426	
5 2003	61,919	1,293	63,212	48,000	56,056	11,558	113,845	192,807	417,864	
6 2004	61,919	1,293	63,212	41,143	57,758	11,909	117,303	198,663	420,321	
7 2005	62,538	1,306	63,844	34,286	59,461	12,260	120,761	204,519	423,410	
8 2006	62,538	1,306	63,844	84,779	61,295	12,638	124,485	210,826	483,934	
9 2007	63,163	1,319	64,482	75,273	63,128	13,016	128,209	217,133	485,097	
10 2008	63,163	1,319	64,482	67,481	64,962	13,394	131,933	223,440	487,335	
11 2009	63,795	1,332	65,127	59,688	66,586	13,729	135,231	229,026	489,072	
12 2010	63,795	1,332	65,127	51,896	68,250	14,072	138,612	234,751	490,386	
13 2011	64,433	1,345	65,778	44,104	69,957	14,424	142,077	240,620	492,579	
14 2012	64,433	1,345	65,778	36,312	71,706	14,785	145,629	246,635	494,355	
15 2013	65,077	1,359	66,436	94,156	73,498	15,154	149,270	252,801	562,663	
16 2014	65,077	1,359	66,436	85,325	75,336	15,533	153,002	259,121	563,884	
17 2015	65,728	1,372	67,100	76,494	77,219	15,921	156,827	265,599	566,020	
18 2016	65,728	1,372	67,100	67,662	79,150	16,320	160,747	272,239	567,749	
19 2017	66,385	1,386	67,771	58,831	81,128	16,728	164,766	279,045	570,414	
20 2018	66,385	1,386	67,771	50,000	83,157	17,146	168,865	286,022	572,678	
21 2019	67,049	1,400	68,449	41,169	85,236	17,574	173,107	293,172	575,897	
22 2020	67,049	1,400	68,449	110,520	87,366	18,014	177,435	300,501	656,905	
23 2021	67,720	1,414	69,134	100,130	89,551	18,464	181,871	308,014	659,148	
TOTALS \$ 1,441,558 \$ 30,095 \$ 1,471,653 \$ 1,412,392 \$ 1,536,371 \$ 316,777 \$ 3,120,258 \$ 5,284,429 \$ 11,288,732										
NPV 6.75%										
—23 YEARS \$ 698,488 \$ 14,582 \$ 713,070 \$ 851,871 \$ 694,702 \$ 143,237 \$ 1,410,889 \$ 2,389,483 \$ 5,165,093										

The current assessed value of the Redevelopment Project Area is \$288,000 which generates approximately \$26,582 per year in real property taxes. This area does not generate any economic activity taxes. It will not be redeveloped without tax increment financing. The area will continue to deteriorate and the assessed value and real property taxes will likely decline if there is no redevelopment.

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**VISTA DEL RIO HOTEL  
DIRECT TAX IMPACT ANALYSIS-CITY**

		INCREMENTAL TAXES RETAINED				
YEAR		TRANS SALES	PERSONAL	REAL	HOTEL	TOTAL
		TAX	PROP TAX	PROP TAX	TAX (50%)	
1	1999	\$ 7,257	\$ -	\$ 5,860	\$ 62,852	\$ 75,969
2	2000	17,209	5,807	11,721	149,057	183,795
3	2001	20,234	5,227	11,838	175,258	212,557
4	2002	21,050	4,646	11,838	182,326	219,861
5	2003	22,260	4,065	11,957	192,807	231,089
6	2004	22,937	3,484	11,957	198,663	237,041
7	2005	23,613	2,904	12,076	204,519	243,112
8	2006	24,341	7,180	12,076	210,826	254,423
9	2007	25,069	6,375	12,197	217,133	260,774
10	2008	25,797	5,715	12,197	223,440	267,149
11	2009	26,442	5,055	12,319	229,026	272,842
12	2010	27,103	4,395	12,319	234,751	278,568
13	2011	27,781	3,735	12,442	240,620	284,578
14	2012	28,475	3,075	12,442	246,635	290,628
15	2013	29,187	7,974	12,566	252,801	302,529
16	2014	29,917	7,226	12,566	259,121	308,831
17	2015	30,665	6,478	12,692	265,599	315,435
18	2016	31,431	5,730	12,692	272,239	322,093
19	2017	32,217	4,982	12,819	279,045	329,064
20	2018	33,022	4,235	12,819	286,022	336,098
21	2019	33,848	3,487	12,947	293,172	343,454
22	2020	34,694	9,360	12,947	300,501	357,503
23	2021	35,562	8,480	13,077	308,014	365,132

**TOTALS \$ 610,111 \$ 119,617 \$ 278,365 \$ 5,284,429 \$ 6,292,522**

**NPV 6.75%**

**23 YEARS \$ 275,874 \$ 55,191 \$ 134,878 \$ 2,389,463 \$ 2,855,407**

Annual Real Property Taxes Without Adoption of TIF: \$ 3,055  
(Assuming current assessed value does not decline.)

23-Year Total Without TIF: \$ 70,270

23-Year Total With TIF: \$ 6,362,792

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**VISTA DEL RIO HOTEL  
DIRECT TAX IMPACT ANALYSIS-COUNTY**

YEAR	INCREMENTAL TAXES RETAINED			
	SALES TAX	PERSONAL PROP TAX	REAL PROP TAX	TOTAL
1 1999	\$ 6,970	\$ -	\$ 3,527	\$ 10,497
2 2000	16,530	4,864	7,053	28,247
3 2001	19,436	4,197	7,124	30,757
4 2002	20,220	3,731	7,124	31,074
5 2003	21,382	3,264	7,195	31,842
6 2004	22,032	2,798	7,195	32,025
7 2005	22,681	2,332	7,267	32,280
8 2006	23,380	5,766	7,267	36,413
9 2007	24,080	5,119	7,340	36,539
10 2008	24,779	4,589	7,340	36,708
11 2009	25,399	4,059	7,413	36,871
12 2010	26,034	3,529	7,413	36,976
13 2011	26,685	3,000	7,487	37,171
14 2012	27,352	2,470	7,487	37,308
15 2013	28,035	6,404	7,562	42,001
16 2014	28,736	5,803	7,562	42,101
17 2015	29,455	5,202	7,638	42,295
18 2016	30,191	4,602	7,638	42,430
19 2017	30,946	4,001	7,714	42,661
20 2018	31,720	3,400	7,714	42,834
21 2019	32,513	2,800	7,791	43,104
22 2020	33,325	7,516	7,791	48,633
23 2021	34,158	6,810	7,869	48,837

**TOTALS \$ 586,038 \$ 96,056 \$ 167,509 \$ 849,604**

**NPV 6.75%**

**23 YEARS \$ 264,989 \$ 44,320 \$ 81,164 \$ 390,474**

Annual Real Property Taxes Without Adoption of TIF: \$ 1,208  
(Assuming current assessed value does not decline.)

23-Year Total Without TIF \$ 27,793

23-Year Total With TIF: \$ 877,397

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**VISTA DEL RIO HOTEL  
DIRECT TAX IMPACT ANALYSIS-SCHOOL DISTRICT**

		INCREMENTAL TAXES RETAINED		
		PERSONAL	REAL	
YEAR		PROP TAX	PROP TAX	TOTAL
1	1999	\$ -	\$ 7,921	\$ 7,921
2	2000	43,644	15,842	59,486
3	2001	39,279	16,001	55,280
4	2002	34,915	16,001	50,916
5	2003	30,551	16,161	46,711
6	2004	26,186	16,161	42,347
7	2005	21,822	16,322	38,144
8	2006	53,959	16,322	70,282
9	2007	47,909	16,486	64,394
10	2008	42,949	16,486	59,435
11	2009	37,990	16,651	54,640
12	2010	33,030	16,651	49,681
13	2011	28,071	16,817	44,888
14	2012	23,111	16,817	39,928
15	2013	59,927	16,985	76,913
16	2014	54,307	16,985	71,292
17	2015	48,686	17,155	65,841
18	2016	43,065	17,155	60,220
19	2017	37,444	17,327	54,771
20	2018	31,823	17,327	49,150
21	2019	26,203	17,500	43,703
22	2020	70,342	17,500	87,842
23	2021	63,730	17,675	81,404

**TOTALS \$ 898,943 \$ 376,247 \$ 1,275,190**

NPV 6.75%

**23 YEARS \$ 414,768 \$ 182,305 \$ 597,073**

Annual Real Property Taxes Without Adoption of TIF: \$ 11,309  
(Assuming current assessed value does not decline.)

23-Year Total Without TIF: \$ 260,102

23-Year Total With TIF: \$1,535,292

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**VISTA DEL RIO HOTEL  
DIRECT TAX IMPACT ANALYSIS-JUNIOR COLLEGE**

		INCREMENTAL TAXES RETAINED		
		PERSONAL	REAL	
YEAR		PROP TAX	PROP TAX	TOTAL
1	1999	\$ -	\$ 1,168	\$ 1,168
2	2000	1,936	2,337	4,273
3	2001	1,742	2,360	4,103
4	2002	1,549	2,360	3,909
5	2003	1,355	2,384	3,739
6	2004	1,161	2,384	3,545
7	2005	968	2,408	3,376
8	2006	2,393	2,408	4,801
9	2007	2,125	2,432	4,557
10	2008	1,905	2,432	4,337
11	2009	1,685	2,456	4,141
12	2010	1,465	2,456	3,921
13	2011	1,245	2,481	3,726
14	2012	1,025	2,481	3,506
15	2013	2,658	2,505	5,164
16	2014	2,409	2,505	4,914
17	2015	2,159	2,531	4,690
18	2016	1,910	2,531	4,441
19	2017	1,661	2,556	4,217
20	2018	1,412	2,556	3,967
21	2019	1,162	2,581	3,744
22	2020	3,120	2,581	5,701
23	2021	2,827	2,607	5,434

**TOTALS \$ 39,872 \$ 55,500 \$ 95,372**

NPV 6.75%

**23 YEARS \$ 18,397 \$ 26,892 \$ 45,289**

Annual Real Property Taxes Without Adoption of TIF: \$ 502  
(Assuming current assessed value does not decline.)

23-Year Total Without TIF \$ 11,537

23-Year Total With TIF: \$ 106,909

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**VISTA DEL RIO HOTEL  
DIRECT TAX IMPACT ANALYSIS-LIBRARY DISTRICT**

		INCREMENTAL TAXES RETAINED		
YEAR		PERSONAL	REAL	TOTAL
		PROP TAX	PROP TAX	
1	1999	\$ -	\$ 804	\$ 804
2	2000	4,400	1,609	6,008
3	2001	3,960	1,625	5,584
4	2002	3,520	1,625	5,144
5	2003	3,080	1,641	4,721
6	2004	2,640	1,641	4,281
7	2005	2,200	1,657	3,857
8	2006	5,439	1,657	7,097
9	2007	4,830	1,674	6,503
10	2008	4,330	1,674	6,003
11	2009	3,830	1,691	5,520
12	2010	3,330	1,691	5,020
13	2011	2,830	1,707	4,537
14	2012	2,330	1,707	4,037
15	2013	6,041	1,725	7,766
16	2014	5,474	1,725	7,199
17	2015	4,908	1,742	6,650
18	2016	4,341	1,742	6,083
19	2017	3,775	1,759	5,534
20	2018	3,208	1,759	4,967
21	2019	2,641	1,777	4,418
22	2020	7,091	1,777	8,868
23	2021	6,424	1,795	8,219

**TOTALS \$ 90,619 \$ 38,201 \$ 128,821**

**NPV 6.75%**

**23 YEARS \$ 41,811 \$ 18,510 \$ 60,321**

Annual Real Property Taxes Without Adoption of TIF: \$ 1,140  
(Assuming current assessed value does not decline.)

23-Year Total Without TIF: \$ 26,220

23-Year Total With TIF: \$155,041

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**VISTA DEL RIO HOTEL  
DIRECT TAX IMPACT ANALYSIS-MENTAL HEALTH DISTRICT**

		INCREMENTAL TAXES RETAINED		
YEAR		PERSONAL	REAL	TOTAL
		PROP TAX	PROP TAX	
1	1999	\$ -	\$ 215	\$ 215
2	2000	1,170	431	1,601
3	2001	1,053	435	1,489
4	2002	936	435	1,371
5	2003	819	440	1,259
6	2004	702	440	1,142
7	2005	585	444	1,029
8	2006	1,447	444	1,891
9	2007	1,285	448	1,733
10	2008	1,152	448	1,600
11	2009	1,019	453	1,472
12	2010	886	453	1,339
13	2011	753	457	1,210
14	2012	620	457	1,077
15	2013	1,607	462	2,069
16	2014	1,456	462	1,918
17	2015	1,305	467	1,772
18	2016	1,155	467	1,621
19	2017	1,004	471	1,475
20	2018	853	471	1,325
21	2019	703	476	1,179
22	2020	1,886	476	2,362
23	2021	1,709	481	2,190

**TOTALS \$24,104.7 \$ 10,235.1 \$ 34,340**

**NPV 6.75%**

**23 YEARS \$ 11,122 \$ 4,959 \$ 16,081**

Annual Real Property Taxes Without Adoption of TIF: \$ 303  
(Assuming current assessed value does not decline.)

23-Year Total Without TIF: \$ 6,975

23-Year Total With TIF: \$41,314

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**VISTA DEL RIO HOTEL  
DIRECT TAX IMPACT ANALYSIS-BLIND PENSION FUND**

		INCREMENTAL TAXES RETAINED		
YEAR		PERSONAL	REAL	TOTAL
		PROP TAX	PROP TAX	
1	1999	\$ -	\$ 761	\$ 761
2	2000	264	1,522	1,786
3	2001	238	1,537	1,775
4	2002	211	1,537	1,749
5	2003	185	1,553	1,738
6	2004	158	1,553	1,711
7	2005	132	1,568	1,700
8	2006	326	1,568	1,895
9	2007	290	1,584	1,874
10	2008	260	1,584	1,844
11	2009	230	1,600	1,830
12	2010	200	1,600	1,800
13	2011	170	1,616	1,786
14	2012	140	1,616	1,756
15	2013	362	1,632	1,994
16	2014	328	1,632	1,960
17	2015	294	1,648	1,943
18	2016	260	1,648	1,909
19	2017	226	1,665	1,891
20	2018	192	1,665	1,857
21	2019	158	1,681	1,840
22	2020	425	1,681	2,107
23	2021	385	1,698	2,084

**TOTALS \$ 5,437 \$ 36,150 \$ 41,587**

**NPV 6.75%**

**23 YEARS \$ 2,509 \$ 17,516 \$ 20,025**

Annual Real Property Taxes Without Adoption of TIF: \$ 68  
(Assuming current assessed value does not decline.)

23-Year Total Without TIF: \$ 1,573

23-Year Total With TIF: \$43,160



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**VISTA DEL RIO HOTEL  
DIRECT TAX IMPACT ANALYSIS-HANDICAP**

		INCREMENTAL TAXES RETAINED		
	YEAR	PERSONAL PROP TAX	REAL PROP TAX	TOTAL
1	1999	\$ -	\$ 431	\$ 431
2	2000	704	862	1,566
3	2001	634	871	1,504
4	2002	563	871	1,434
5	2003	493	879	1,372
6	2004	422	879	1,302
7	2005	352	888	1,240
8	2006	870	888	1,758
9	2007	773	897	1,670
10	2008	693	897	1,590
11	2009	613	906	1,519
12	2010	533	906	1,439
13	2011	453	915	1,368
14	2012	373	915	1,288
15	2013	967	924	1,891
16	2014	876	924	1,800
17	2015	785	933	1,719
18	2016	695	933	1,628
19	2017	604	943	1,547
20	2018	513	943	1,456
21	2019	423	952	1,375
22	2020	1,135	952	2,087
23	2021	1,028	962	1,990
<b>TOTALS</b>		<b>\$ 14,499</b>	<b>\$ 20,470</b>	<b>\$ 34,969</b>
<b><u>NPV 6.75%</u></b>				
<b>23 YEARS</b>		<b>\$ 6,690</b>	<b>\$ 9,919</b>	<b>\$ 16,608</b>

Annual Real Property Taxes Without Adoption of TIF: \$ 182  
(Assuming current assessed value does not decline.)

23-Year Total Without TIF: \$ 4,195

23-Year Total With TIF: \$ 39,164

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**VISTA DEL RIO HOTEL  
DIRECT TAX IMPACT ANALYSIS--BI-STATE CULTURAL TAX**

	<b>YEAR</b>	<b>ADDITIONAL REVENUE</b>
1	1999	\$ 3,768
2	2000	8,935
3	2001	10,506
4	2002	10,930
5	2003	11,558
6	2004	11,909
7	2005	12,260
8	2006	12,638
9	2007	13,016
10	2008	13,394
11	2009	13,729
12	2010	14,072
13	2011	14,424
14	2012	14,785
15	2013	15,154
16	2014	15,533
17	2015	15,921
18	2016	16,320
19	2017	16,728
20	2018	17,146
21	2019	17,574
22	2020	18,014
23	2021	<u>18,464</u>

**TOTALS \$ 316,777**

**NPV 6.75%**  
**23 YEARS \$ 143,237**

23-Year Total Without TIF: \$ -

23-Year Total With TIF: \$ 316,777

DEVELOPER AFFIDAVIT

STATE OF MISSOURI )  
COUNTY OF JACKSON )

ss.

COMES NOW PETER J. SPANOS, and, being first duly sworn, on his oath states:

1. I am over the age of eighteen (18) and competent to testify to the following matters of my own knowledge and on behalf of Vista Del Rio Redevelopment Company, LLC.

2. I am the Managing Partner of Vista Del Rio Redevelopment Company, LLC. (the "Developer"), the proposed developer for the Vista Del Rio Redevelopment Project (the "Project") pursuant to the proposed amendment to the Civic Mall Tax Increment Financing Plan (the "TIF Plan") as set forth in the Developer Application Package (the "Application") for the Project submitted by the Developer.

3. A detailed description of the factors that qualify the redevelopment project area (the "Redevelopment Project Area") for the Project is set out in the blight study (the "Blight Study") which was prepared by Appraisal & Consulting Services Group and which is attached to the Application as an exhibit.

4. The Redevelopment Project Area on the whole is a "blighted area," as that term is defined in the Real Property Tax Increment Allocation Redevelopment Act, Section 99.800, et seq. RSMo, and has not been subject to growth and development through investment by private enterprise.

5. The Redevelopment Project Area would not reasonably be anticipated to be developed without the adoption of tax increment financing.

6. The Developer will not and could not be reasonably expected to develop the Redevelopment Project Area without the adoption of the proposed amendment to the TIF Plan and the adoption of tax increment financing for the Redevelopment Project Area.

  
PETER J. SPANOS

Subscribed and sworn to before me, a Notary Public, in and for said County and State, this 21<sup>ST</sup> day of January, 1998.

  
Notary Public

HAZEL E. NUNN  
(Printed Name)

HAZEL E. NUNN  
NOTARY PUBLIC

My Commission Expires  
JANUARY 1, 1999

# TICOR TITLE INSURANCE

26 8100 106 00004590

## Policy of Title Insurance

American Land  
Title Association  
Owner's Policy  
(10-17-92)

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS CONTAINED IN SCHEDULE B AND THE PROVISIONS OF THE CONDITIONS AND STIPULATIONS, TICOR TITLE INSURANCE COMPANY, a California corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the amount of insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;

2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title.
4. Lack of a right of access to and from the land.

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title, as insured, but only to the extent provided in the Conditions and Stipulations.

This policy shall not be valid or binding until countersigned below by an authorized signatory of the Company.

Issued by:

ATI TITLE COMPANY  
CITY CENTER SQUARE  
1100 MAIN, SUITE 210  
KANSAS CITY, MO 64105  
(816) 474-1883  
FAX (816) 842-4426

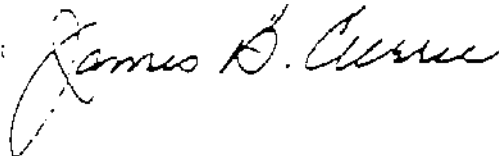
TICOR TITLE INSURANCE COMPANY

By



President

Attest:



Secretary



Authorized Signatory

## Exclusions from Coverage

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy; or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
  - (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
  - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
    - (a) to timely record the instrument of transfer; or
    - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

## Conditions and Stipulations

### 1. DEFINITION OF TERMS

The following terms when used in this policy mean:

- (a) "insured": the insured named in Schedule A, and, subject to any rights or defenses the Company would have had against the named insured, those who succeed to the interest of the named insured by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, or corporate or fiduciary successors.
- (b) "insured claimant": an insured claiming loss or damage.
- (c) "knowledge" or "known": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of the public records as defined in this policy or any other records which impart constructive notice of matters affecting the land.
- (d) "land": the land described or referred to in Schedule A, or in Schedule C if not provided for in Schedule A, and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in the applicable schedule, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.
- (e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.
- (f) "public records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to property to purchasers for value and without knowledge. With respect to Section 1(a)(iv) of the Exclusions From Coverage, "public records" shall also include environmental protection liens filed in the records of the clerk of the United States district court for the district in which the land is located.
- (g) "unmarketability of the title": an alleged or apparent matter affecting title to the land, not excluded or excepted from coverage, which would entitle a purchaser of the estate or interest described in Schedule A to be released from the obligation to purchase by virtue of a contractual condition negating the delivery of marketable title.

### CONTINUATION OF INSURANCE AFTER CONVEYANCE OF TITLE

The coverage of this policy shall continue in force as of Date of Policy in an insured only so long as the insured retains an estate or interest in or holds an indebtedness secured by a purchase money mortgage given by a purchaser from the insured, or only so long as the insured shall have liability by reason of covenants of warranty made by the insured in any transfer or conveyance of the estate or interest. This policy shall not continue in favor of any purchaser from the insured of either (i) an estate or interest in the land, or (ii) an indebtedness secured by a purchase money mortgage.

### 3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 4(a) below, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest, as insured, is rejected as unmarketable. If prompt notice shall not be given to the Company, then as to the insured all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

### 4. DEFENSE AND PROSECUTION OF ACTIONS; DUTY OF INSURED CLAIMANT TO COOPERATE

(a) Upon written request by the insured and subject to the options contained in Section 6 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an insured in litigation in which any third party asserts a claim adverse to the title or interest as insured, but only as to those stated causes of action alleging a defect, lien or encumbrance or other matter insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the insured to object for reasonable cause) to represent the insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the insured in the defense of those causes of action which allege matters not insured against by this policy.

(b) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest, as insured, or to prevent or reduce loss or damage to the insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this policy. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(c) Whenever the Company shall have brought an action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured shall

requested by the Company, the insured, or the Company's expense shall give the Company all reasonable aid (i) in an action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement; and (ii) in any other lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest as insured. If the Company is prejudiced by the failure of the insured to furnish the required cooperation, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

#### 5. PROOF OF LOSS OR DAMAGE

In addition to and after the notices required under Section 3 of these Conditions and Stipulations have been provided the Company, a proof of loss or damage signed and sworn to by the insured claimant shall be furnished to the Company within 90 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect in, or lien or encumbrance on the title, or other matter insured against by this policy which constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the insured claimant to provide the required proof of loss or damage, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such proof of loss or damage.

In addition, the insured claimant may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the insured claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the insured claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in this paragraph shall terminate any liability of the Company under this policy as to that claim.

#### 5. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

##### (a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations to the insured under this policy, other than to make the payment required, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

##### (b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs (b)(i) or (ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

#### 7. DETERMINATION OF EXTENT OF LIABILITY AND COINSURANCE

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy shall not exceed the least of:

(i) the Amount of Insurance stated in Schedule A; or

(ii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(b) In the event the Amount of Insurance stated in Schedule A at the Date of Policy is less than 80 percent of the value of the insured estate or interest or the full consideration paid for the land, whichever is less, or if subsequent to the Date of Policy an improvement is erected on the land which increases the value of the insured estate or interest by at least 20 percent over the Amount of Insurance stated in Schedule A, then this Policy is subject to the following:

(i) where no subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that the amount of insurance at Date of Policy bears to the total value of the insured estate or interest at Date of Policy; or

(ii) where a subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that 120 percent of the Amount of Insurance stated in Schedule A bears to the sum of the Amount of Insurance stated in Schedule A and the amount expended for the improvement.

The provisions of this paragraph shall not apply to costs, attorneys' fees and expenses for which the Company is liable under this policy, and shall only apply to that portion of any loss which exceeds, in the aggregate, 10 percent of the Amount of Insurance stated in Schedule A.

(c) The Company will pay only those costs, attorneys' fees and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

#### 8. APPORTIONMENT

If the land described in applicable Schedule consists of two or more parcels which are not used as a single site, and a loss is established affecting one or more of the parcels but not all, the loss shall be computed and settled on a pro rata basis as if the amount of insurance under this policy was divided pro rata as to the value on Date of Policy of each separate parcel to the whole, exclusive of any improvements made subsequent to Date of Policy, unless a liability or value has otherwise been agreed upon as to each parcel by the Company and the insured at the time of the issuance of this policy and shown by an express statement or by an endorsement attached to this policy.

#### 9. LIMITATION OF LIABILITY

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title as insured.

(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim or suit without the prior written consent of the Company.

#### 10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto.

#### 11. LIABILITY NONCUMULATIVE

It is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage to which exception is taken in Schedule B or to which the insured has agreed, assumed, or taken subject, or which is hereafter executed by an insured and which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy to the insured owner.

#### 12. PAYMENT OF LOSS

(a) No payment shall be made without producing this policy for endorsement of the payment unless the policy has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(5) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions. Subrogation: The loss or damage shall be payable within 30 days thereafter.

### 13. SUBROGATION UPON PAYMENT OR SETTLEMENT

#### (a) The Company's Right of Subrogation.

Whenever the Company shall have settled and paid a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant.

The Company shall be subrogated to and be entitled to all rights and remedies which the insured claimant would have had against any person or property in respect to the claim had this policy not been issued. If requested by the Company, the insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The insured claimant shall permit the Company to sue, compromise or settle in the name of the insured claimant and to use the name of the insured claimant in any transaction or litigation involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the insured claimant, the Company shall be subrogated to these rights and remedies in the proportion which the Company's payment bears to the whole amount of the loss.

If loss should result from any act of the insured claimant, as stated above, that act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

#### (b) The Company's Rights Against Non-Insured Obligors.

The Company's right of subrogation against non-insured obligors shall exist and shall include, without limitation, the rights of the insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments which provide for subrogation rights by reason of this policy.

### 14. ARBITRATION (INAPPLICABLE IN KANSAS AND MISSOURI)

Unless prohibited by applicable law, either the Company or the insured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. All

arbitrable matters when the amount of insurance is \$1,000,000 or less shall be arbitrated at the option of either the Company or the insured. All arbitrable matters when the amount of insurance is in excess of \$1,000,000 shall be arbitrated only when agreed to by both the Company and the insured. Arbitration pursuant to this policy and under the Rules in effect on the date of demand for arbitration is made or, at the option of the insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permit a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

A copy of the Rules may be obtained from the Company upon request.

### 15. LIABILITY LIMITED TO THIS POLICY: POLICY ENTIRE CONTRACT

(a) This policy together with all endorsements, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the title to the estate or interest covered hereby or by any action asserting such claim, shall be restricted to this policy.

(c) No amendment of or endorsement to this policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

### 16. SEVERABILITY

In the event any provision of the policy is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

### 17. NOTICES, WHERE SENT

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to the Company at Ticor Title Insurance Company, Claims Department, P.O. Box 2233, Los Angeles, California 90051.

 **TICOR TITLE INSURANCE**

Ticor Title Insurance Company

Insurance

Title

of

Policy

TICOR TITLE INSURANCE COMPANY  
OWNER'S POLICY

Agent: ATI Title Company  
City Center Square  
1100 Main, Suite 210  
Kansas City, MO 64105

SCHEDULE A

Risk Rate = \$490.00  
Premium = \$1,245.00

Case Number: 97619179

Amount of Insurance: \$550,000.00

Policy No.: 26 8100 106-00004590

Date of Policy: August 11, 1997 at 10:13.0 A.M.

1. Name of Insured:

Diggs Construction, Inc. and Vista del Rio Redevelopment Co.,  
LLC as tenants in common

2. The estate or interest in the land described herein and which is covered by this policy is:

FEF SIMPLE

3. The estate or interest referred to herein is at Date of Policy vested in:

Diggs Construction, Inc. and Vista del Rio Redevelopment Co.,  
LLC as tenants in common

4. The land referred to in this policy is described as follows:

SEE ATTACHED EXHIBIT A.