

**THE DOWNTOWN LIBRARY DISTRICT**  
**TAX INCREMENT FINANCING PLAN**  
**KANSAS CITY, MISSOURI**

**October 9, 2002**

**CERTIFICATION:**

We hereby certify that this is a true and correct copy of the Plan approved by the Tax Increment Financing Commission  
of Kansas City, MO, on October 9, 2002

*Bill P. ...*  
Chairman

11/18/02  
Date

*Gaura Whitene*  
Director

11/19/02  
Date

## TABLE OF CONTENTS

	<u>Page</u>
I. <u>DEFINITIONS</u> .....	1
II. <u>TAX INCREMENT FINANCING</u> .....	4
III. <u>GENERAL DESCRIPTION OF PLAN AND PROJECTS</u> .....	4
A. <u>THE REDEVELOPMENT PLAN</u> .....	4
B. <u>REDEVELOPMENT AREA</u> .....	4
C. <u>PROJECT IMPROVEMENTS</u> .....	4
D. <u>REDEVELOPMENT PROJECTS</u> .....	5
E. <u>ESTIMATED DATE OF COMPLETION</u> .....	5
F. <u>REDEVELOPMENT PLAN OBJECTIVES</u> .....	5
G. <u>REDEVELOPMENT PLAN OBJECTIVES</u> .....	6
H. <u>ADVISORY COMMITTEE</u> .....	6
IV. <u>FINANCING</u> .....	6
A. <u>ESTIMATED REDEVELOPMENT PROJECT COSTS</u> .....	6
B. <u>ANTICIPATED SOURCES OF FUNDS</u> .....	6
C. <u>PAYMENTS IN LIEU OF TAXES</u> .....	6
D. <u>ECONOMIC ACTIVITY TAXES</u> .....	7
E. <u>ANTICIPATED TYPE AND TERMS OF OBLIGATIONS</u> .....	8
F. <u>EVIDENCE OF COMMITMENTS TO FINANCE</u> .....	8
V. <u>MOST RECENT EQUALIZED ASSESSED VALUATION</u> .....	8
VI. <u>ESTIMATED EQUALIZED ASSESSED VALUATION AFTER     REDEVELOPMENT</u> .....	8
VII. <u>GENERAL LAND USE</u> .....	9
VIII. <u>CONFORMANCE TO THE COMPREHENSIVE PLAN</u> .....	9
IX. <u>EXISTING CONDITIONS IN THE REDEVELOPMENT AREA</u> .....	9
X. <u>"BUT FOR TIF"</u> .....	9
XI. <u>COST-BENEFIT ANALYSIS</u> .....	10
XII. <u>ACQUISITION AND DISPOSITION</u> .....	10
XIII. <u>RELOCATION ASSISTANCE PLAN</u> .....	10
XIV. <u>ENTERPRISE ZONE</u> .....	10
XV. <u>PROVISION OF PUBLIC FACILITIES</u> .....	10

XVI. <u>REDEVELOPMENT AGREEMENT</u> .....	10
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## I. DEFINITIONS

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

- A. "City," the City of Kansas City, Missouri.
- B. "Commission," the Tax Increment Financing Commission of Kansas City, Missouri.
- C. "Conservation area," any improved area within the boundaries of a redevelopment area located within the territorial limits of a municipality in which fifty percent or more of the structures in the area have an age of thirty-five years or more. Such an area is not yet a blighted area but is detrimental to the public health, safety, morals, or welfare and may become a blighted area because of any one or more of the following factors: Dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; abandonment; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance; and lack of community planning. A conservation area shall meet at least three of the factors provided in this subdivision for projects approved on or after the effective date of this section.
- D. "Economic Activity Taxes," the total additional revenue from taxes which are imposed by a municipality and other taxing districts, and which are generated by economic activities within a redevelopment area over the amount of such taxes generated by economic activities within such redevelopment area in the calendar year prior to the adoption of the ordinance designating such a redevelopment area, while tax increment financing remains in effect, but excluding personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or special assessments. For redevelopment projects or redevelopment plans approved after December 23, 1997, if a retail establishment relocates within one year from one facility to another facility within the same county and the governing body of the municipality finds that the relocation is a direct beneficiary of tax increment financing, then for purposes of this definition the economic activity taxes generated by the retail establishment shall equal the total additional revenues from economic activity taxes which are imposed by a municipality or other taxing district over the amount of economic activity taxes generated by the retail establishment in the calendar year prior to its relocation to the redevelopment area.
- E. "Gambling Establishment," an excursion gambling boat as defined in section 313.800, RSMo, and any related business facility including any real property improvements which are directly and solely related to such business facility, whose sole purpose is to provide goods or services to an excursion gambling boat and whose majority ownership interest is held by a person licensed to conduct gambling games on an excursion gambling boat or licensed to operate an excursion gambling boat as provided in sections 313.800 to 313.850, RSMo.

- F. "Obligations," bonds, loans, debentures, notes, special certificates, or other evidences of indebtedness issued by a municipality to carry out a redevelopment project or to fund outstanding obligations.
- G. "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.
- H. "Payment in Lieu of Taxes," those estimated revenues from real property in the area selected for a redevelopment project, which revenues 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 99.850. Payments in lieu of taxes which are due and owing shall constitute a lien against the real estate of the Redevelopment Project from which they are derived, the lien of which may be foreclosed in the same manner as a special assessment lien as provided in Section 88.861 R.S.Mo.
- I. "Project Improvements," those development activities undertaken within the Redevelopment Area intended to accomplish the objectives of the Redevelopment Plan.
- J. "Redeveloper," the business organization or other entity selected by the Commission to implement the Redevelopment Plan.
- K. "Redevelopment Agreement," the agreement between the City of Kansas City, Missouri, the Tax Increment Financing Commission and Redeveloper for the implementation of the Redevelopment Plan.
- L. "Redevelopment 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, an economic development area, or a combination thereof, and which includes only those parcels of real property directly and substantially benefited by the proposed Redevelopment Project.
- M. "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 Redevelopment Area.
- N. "Redevelopment Project," any development project within a Redevelopment Area in furtherance of the objectives of the Redevelopment Plan.

- O. "Redevelopment Project Area," the area selected for a specific redevelopment project.
- P. "Redevelopment Project Costs" include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, any such costs incidental to a Redevelopment Plan and a Redevelopment Project. Such costs include, but are not limited to the following:
1. Costs of studies, surveys, plans and specifications;
  2. Professional service costs, including, but not limited to, architectural, engineering, legal, marketing, financial, planning or special services. Except the reasonable costs incurred by the commission established in section 99.820 for the administration of sections 99.800 to 99.865, such costs shall be allowed only as an initial expense which, to be recoverable, shall be included in the costs of a redevelopment plan or project;
  3. Property assembly costs, including but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land;
  4. Costs of rehabilitation, reconstruction, repair or remodeling of existing buildings and fixtures;
  5. Cost of construction of public works or improvements;
  6. Financing costs, including, but not limited to all necessary and incidental expenses related to the issuance of Obligations, and which may include payment of interest on any Obligations issued hereunder accruing during the estimated period of construction of any Redevelopment Project for which such Obligations are issued and for not more than eighteen months thereafter, and including reasonable reserves related thereto;
  7. All or a portion of a taxing district's capital cost resulting from the Redevelopment Project necessarily incurred or to be incurred in furtherance of the objectives of the Redevelopment Plan and Project, to the extent the municipality by written agreement accepts and approves such costs;
  8. 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;
  9. Payments in lieu of taxes.
- Q. "Special Allocation Fund," the fund of a municipality or its commission which contains at least two separate segregated accounts for each redevelopment plan, maintained by the treasurer of the municipality or the treasurer of the commission into which payments in lieu of taxes and other revenues are deposited in the other account.

- R. "Tax Increment Financing," tax increment allocation financing as provided pursuant to Chapter 99.800, et seq. RSMo.
- S. "Taxing Districts," any political subdivision of Missouri having the power to levy taxes.

## II. TAX INCREMENT FINANCING

This Plan is adopted pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Missouri Revised Statutes, Section 99.800 through 99.865 (the "Act"). The Act enables municipalities to finance Redevelopment Project Costs with the revenue generated from Payments in Lieu of Taxes and Economic Activity Taxes. This Redevelopment Plan shall be filed of record against all real property in the approved Redevelopment Project Area.

## III. GENERAL DESCRIPTION OF PLAN AND PROJECT.

- A. The Redevelopment Plan. The Downtown Library District Tax Increment Financing Redevelopment Plan (the "Redevelopment Plan") proposes to create and enhance a downtown neighborhood anchored by the new central library facility to be located in the renovated First National Bank Building located at the northeast corner of 10<sup>th</sup> and Baltimore. Implementation of the Redevelopment Plan will support the renovation and restoration of the historic First National Bank Building which is to be leased to the Kansas City, Missouri Public Library, enhance the financing of the proposed parking garage to be located at the northwest corner of 10<sup>th</sup> and Baltimore, provide for the addition of streetscape improvements within and adjacent to the proposed Redevelopment Area, and create a neighborhood improvement program fund, as well as other related activities associated with the revitalization within the downtown loop
- B. Redevelopment Area. The Redevelopment Plan Area is generally bound by 8<sup>th</sup> and 9<sup>th</sup> Streets on the north, Baltimore Avenue and Main Street on the east, 11<sup>th</sup> and 12<sup>th</sup> Streets on the south, and Wyandotte Street and Central Street on the west in Kansas City, Jackson County, Missouri (the "City") as legally described in Exhibit 1 (the "Redevelopment Area").
- C. Project Improvements. The Project Improvements will consist of construction of a parking garage, streetscape upgrades throughout the District, which improvements are consistent with the "District Streetscape Plan", and a "Neighborhood Improvement Program" which is expected to provide challenge grants to projects located along the streetscape corridors identified in Exhibit 2. The Plan also envisions future redevelopment of other retail structures located within the Redevelopment Area. Any additional Projects will require the Plan to be amended.

- D. Redevelopment Projects. The Project Improvements and other redevelopment activities will be undertaken as a series of redevelopment projects (the "Redevelopment Projects"), each of which will be approved by ordinance in conformance with the Act. The Redevelopment Area is described in Exhibit 1A. The Redevelopment Project Area provided for in this Plan is described in Exhibit 1B. Construction and employment information for the Redevelopment Project is set forth in Exhibit 4.
- E. Estimated Date of Completion. It is anticipated that improvements included in Project 1 will be completed by the first quarter of 2004. These improvements include the construction of the parking garage located at the northwest corner of 10<sup>th</sup> and Baltimore, along with a significant portion of landscaping and streetscaping done in conjunction with the historic bank building and garage. Additional Projects will be submitted to the TIF Commission and the City Council as they arise. In no event shall any ordinance approving a Redevelopment Project be adopted later than ten (10) years from the adoption of the ordinance approving this Redevelopment Plan.
- F. Redevelopment Plan Objectives. The general objectives of the Redevelopment Plan are:
1. To create a vibrant downtown neighborhood;
  2. To increase housing opportunities within the Central Business District;
  3. To eliminate adverse conditions which are detrimental to public health, safety, morals, or welfare in the Redevelopment Area and to eliminate and prevent the recurrence thereof for the betterment of the Redevelopment Area and the community at large;
  4. To enhance the tax base of the City and the other Taxing Districts, encourage private investment in the surrounding area, and increase employment opportunities in the Redevelopment Area;
  5. To increase employment opportunities in the City as a whole;
  6. To stimulate construction and development and generate tax revenues, which would not occur without Tax Increment Financing assistance;
  7. To support the creation of a new garage for use by the Kansas City, Missouri Public Library as the tenant of the historic bank building;
  8. To provide additional parking garages within the Central Business District.



- G. Gaming Status. The Redevelopment Plan does not include the initial development or redevelopment of any gambling establishment.
- H. Advisory Committee. An advisory committee shall be created to provide advice to the TIF Commission regarding the "Neighborhood Improvement Program" which is expected to provide challenge grants to projects located along the streetscape corridor. This committee shall serve in an advisory capacity to the TIF Commission.

#### IV. FINANCING

- A. Estimated Redevelopment Project Costs. Redevelopment Project Costs are estimated to be approximately \$23.6 million. The Plan proposes that approximately \$13.2 million in Redevelopment Project Costs be reimbursable from the Special Allocation Fund. The TIF revenues will be used to 1) provide credit enhancement of the annual debt service related to the parking garage project; 2) up to 30% of the revenues from a specific project may be used to provide gap financing to that specific project as may be approved by the TIF Commission and the City Council; 3) 40% of the remaining funds shall be designated for streetscape upgrades throughout the District, which improvements are consistent with the "District Streetscape Plan"; and 4) the remaining TIF revenues will be used to fund a "Neighborhood Improvement Program" which is expected to provide challenge grants to projects located along the streetscape corridors identified in Exhibit 2. The reimbursable Project Costs include those shown in Exhibit 5.

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

- B. Anticipated Sources of Funds. Anticipated sources and amounts of funds to pay Redevelopment Project Costs and amount to be available from those sources are shown on Exhibit 7. The expected sources of funds to be used reimburse eligible expenses include PILOTS and Economic Activity Tax proceeds.

If bonds are issued, bond proceeds will be deposited in a special construction fund for use in payment of Reimbursable Project Costs.

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

reassessment or classification. Furthermore it is assumed that the assessed valuation of real property will increase at a rate of 4% every other year, with no levy increases. The estimated total Payments in Lieu of Taxes generated by The Downtown Library District Redevelopment Plan over the duration of the Plan is \$728,700 (net present value) as shown in detail on Exhibit 6.

It is anticipated that all of the available Payments in Lieu of Taxes will be used to reimburse eligible Redevelopment Project Costs as provided for in this Plan. However, any Payments in Lieu of Taxes that exceed the amount necessary for such reimbursement shall be declared surplus and be available for distribution to the various Taxing Districts in the Redevelopment Area in the manner provided by the Act.

- D. Economic Activity Taxes. Over the life of the Plan, the total Economic Activity Tax revenues are estimated to be approximately \$4,142,400 (net present value). 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 \$2,071,200 (net present value) 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 6.

Anticipated Economic Activity Taxes are based upon projected net earnings taxes paid by businesses and employees, as well as sales tax. It is assumed that net earnings and sales tax revenues will increase due to inflation at a rate of 4% a year in addition to the assumed increases due to job creation and business expansion. The estimated PILOTS and Economic Activity Tax revenues are set forth in Exhibit 6 attached hereto.

The amount of Economic Activity Taxes in excess of the funds deemed necessary by the Commission for implementation of this Plan, if any, may be declared as surplus by the Commission. The declared surplus will be available for distribution to the various taxing districts in the Redevelopment Area in the manner provided by the Act.

The Plan requires that all affected businesses and property owners be identified and that the Commission shall be provided with documentation regarding payment of Economic Activity Taxes by Redeveloper, its contractors, tenants and assigns. The Commission shall make available information to the City of Kansas City regarding the identity and location of the affected businesses. It shall be the obligation and intent of the City of Kansas City to determine the Economic Activity Taxes and to appropriate such funds into the Special Allocation Fund, no less frequently than yearly and no more frequently than quarterly, in accordance with the Act.

- E. Anticipated Type and Terms of Obligations. In the event Obligations are issued, they must have a first call on the PILOTS and Economic Activity Taxes revenue stream. Additionally, it is estimated that available project revenues must equal 125 - 175% of the annual debt service payments required for the retirement of the Obligations. Revenues received in excess of 100% of funds necessary for the payment of principal and interest on the Obligations may be used for reserves, reimbursable project costs or to call Obligations in advance of their maturities or declared surplus. Obligations may be sold in one or more series in order to implement this Plan. All Obligations shall be retired no later than 23 years after the adoption of the ordinance adopting tax increment financing for the redevelopment project, or projects which support such Obligations, the costs of which are to be paid from the proceeds thereof. No redevelopment project may be approved by ordinance adopted more than ten years from the adoption of the ordinance approving the redevelopment plan under which the project is authorized.
- F. Evidence of Commitments to Finance Commitments for any private financing of Redevelopment Project Costs necessary to complete Project Improvements for all Projects shall be submitted for approval prior to the approval of any ordinance. Letters of interest from private mortgage financing sources are attached as Exhibit 14.

#### V. MOST RECENT EQUALIZED ASSESSED VALUATION

The total initial equalized assessed valuation of the Redevelopment Area according to current records at the Jackson County Assessor's Office is approximately \$28.3 million (land only assessed valuation is approximately \$20.9 million and improvement assessed valuation is approximately \$7.4 million). The current combined ad valorem property tax levy is projected to be \$10.00 (including 1989 M & M replacement taxes) per \$100 assessed valuation on land and \$9.25 (including 1989 M & M replacement taxes) per \$100 assessed valuation on improvements. The annual ad valorem tax revenue from the Redevelopment Area was approximately \$2.7 million in 2001.

The Total Initial Equalized Assessed Valuation of the Redevelopment Area will be determined prior to the time each individual Redevelopment Project is approved by ordinance. Payments in Lieu of Taxes measured by subsequent increases in property tax revenue which would have resulted from increased valuation had Tax Increment Financing not been adopted will be segregated from taxes resulting from the Total Initial Equalized Assessed Valuation as defined herein, and deposited in a special allocation fund earmarked for payment of Redevelopment Projects Costs as defined herein.

#### VI. ESTIMATED EQUALIZED ASSESSED VALUATION AFTER REDEVELOPMENT

When the Project Improvements have been completed, the total assessed valuation of the Redevelopment Area will be determined. The estimated increase in assessed valuation and the resulting Payments in Lieu of Taxes are shown in Exhibit 6. When complete and the Redevelopment Plan is terminated, the Redevelopment Area will annually initially yield the estimated real property taxes as indicated in Exhibit 6.

## VII. GENERAL LAND USE

The properties within the Redevelopment Area will be devoted to use as a mixture of commercial, residential and institutional uses. The Redevelopment Project shall be subject to the applicable provisions of the City's Zoning Ordinance as well as other codes and ordinances as may be amended from time to time.

## VIII. CONFORMANCE TO THE COMPREHENSIVE PLAN

This TIF Plan is consistent with the City's Comprehensive Plan, specifically with the FOCUS Plan as approved by the City Council on October 30, 1997 by Resolution Number 971268. The Kansas City Urban Core Plan component of the FOCUS Plan supports the targeting of incentives to Great Streets as called for in this TIF Plan. The Urban Core Plan calls for the revitalization of the boulevards and the designation of a network of Great Streets where the City will focus investment and target incentives to upgrade infrastructure, enhance the streetscape and encourage activity that is attractive to pedestrians.

This TIF Plan is also consistent with the Sasaki Plan. Though the Sasaki Plan has not been formally adopted by the City Council, it is frequently referred to in policy discussions regarding redevelopment in the Central Business District. The Sasaki Plan identifies the Redevelopment area as "The Library District." The policies of the Sasaki Plan stress the importance of parking in the area. In relation to the parking, the Sasaki Plan states that the area is to be designed to "create an active and pedestrian-friendly street" and stresses the need to "improve the connections between the downtown core and River Market Area. These assertions by the Sasaki Plan support the creation of an environment that has quality streetscape, which is important to the multi-modal environment as discussed in the FOCUS Kansas City Plan.

## IX. EXISTING CONDITIONS IN THE REDEVELOPMENT AREA.

The Redevelopment Area qualifies as a Conservation Area. Approximately 100 % of the structures within the Redevelopment Area are 35 years or older. The Conservation Study attached as Exhibit 10 provides evidence of dilapidation, obsolescence, illegal use of structures, presence of structures below minimum code standards, excessive vacancies, overcrowding of structures, excessive land coverage and other potential blighting factors referenced in Section 99.805(3) RSMo..

## X. "BUT FOR TIF"

The improvements proposed by this TIF Plan would not occur but for the use of TIF revenue. Much of the TIF revenues are intended for installation of streetscape and creation of a neighborhood improvement program. Both of these are activities that normally would be undertaken by a public agency and are not activities that would be economically feasible or reasonable to be undertaken by a single private entity.

The TIF revenue will be applied to the garage only as an enhancement. That is if the net operating income from operation of the garage is insufficient to service the debt, then the available TIF revenue will be applied to the shortfall. The subsidy request enjoys a self regulating "But For" test since the TIF revenue will only be called upon when cash flow is

negative. For those years in which TIF subsidy would be required for the garage, the return on investment would be no more than 0% -- a break-even cash flow.

#### XI. COST-BENEFIT ANALYSIS

A cost-benefit analysis has been prepared for the Redevelopment Area. This analysis describes (1) impact on the economy of each taxing district if the Plan and projects are not built; (2) impact on the economy of each taxing district if the Plan and projects are built; (3) fiscal impact study on every affected political subdivision; and (4) sufficient information to determine whether the projects as proposed are financially feasible. The cost-benefit analysis is attached as Exhibit 8.

#### XII. ACQUISITION AND DISPOSITION

It is not anticipated that any property will be acquired in order to achieve the redevelopment objectives of this Plan. In the event that it is necessary to acquire property to the achieve the redevelopment objectives, the Commission may acquire property by purchase, donation, lease or eminent domain in the manner provided for by corporations in Chapter 523, RSMo. The property acquired by the Commission may be cleared, and either (1) sold or leased for private redevelopment or (2) sold, leased, or dedicated for construction of public improvements or facilities. No property for a redevelopment project shall be acquired by eminent domain later than five (5) years from adoption of the ordinance approving the project.

#### XIII. RELOCATION ASSISTANCE PLAN

Because no displacement of persons or businesses will be required to complete the Redevelopment Plan, no relocation assistance plan is needed. Should relocation be necessary, relocation assistance will be available to all eligible displaced occupants in conformance with the Commission's Relocation Assistance Plan as shown in Exhibit 13 or as may be required by other state or federal laws. Any relocation will be at the expense of the Redeveloper.

#### XIV. ENTERPRISE ZONE

In the event mandatory abatement is sought or received pursuant to Section 135.215, R.S.Mo., as amended, such abatement shall not serve to reduce payments in lieu of taxes that would otherwise have been available pursuant to Section 99.845, R.S.Mo. without Commission approval. Said designation shall not relieve the assessor or other responsible official from ascertaining the amount of equalized assessed valuation of all taxable property annually as required by Section 99.855, R.S.Mo.

#### XV. PROVISION OF PUBLIC FACILITIES

Redeveloper will provide and maintain all necessary public facilities and utilities to service the Redevelopment Area.

#### XVI. REDEVELOPMENT AGREEMENT

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

1. implementation of the Plan;
2. reporting of Economic Activity Taxes;
3. the Commission's Affirmative Action Policy;
4. a design guideline review and approval process;
5. the Commission's Relocation Plan;
6. approval by Commission of the costs of Redevelopment Project Costs, and Project Costs; and
7. public participation in excess return.



## **EXHIBIT 1**

### **LEGAL DESCRIPTIONS**

- A.    Redevelopment Area
- B.    Redevelopment Project Areas



EXHIBIT 1  
LEGAL DESCRIPTION OF REDEVELOPMENT AREA

Commencing at the intersection of the center line of Baltimore Street and Ninth Street; thence proceeding easterly along the center line of Ninth Street to the intersection of the center line of Ninth Street and the center line of Main Street; thence proceeding southerly along the center line of Main Street to its intersection with the easterly extension of a line 5.75 feet south of and parallel to the north lot line of Lot 4, SMARTS PARTITION NO 3; thence west along a line 5.75 feet south of and parallel to the north lot line of Lot 4, SMARTS PARTITION NO 3 to its intersection with the center line of the north-south alley lying between Main Street and Baltimore Avenue; thence north along the center line of the north-south alley lying between Main Street and Baltimore Avenue to its intersection with the center line of Tenth Street; thence west along the center line of Tenth Street to its intersection with the center line of Baltimore Avenue; thence south along the center line of Baltimore Avenue to its intersection with the westerly extension of the north lot line of Lot 8, Block 18, ASHBURNS ADDITION; thence east along the north lot line of Lot 8, Block 18, ASHBURNS ADDITION a distance of 113.5 feet; thence south along a line 113.5 feet west of parallel to the west lot line of Lots 8 and 9, Block 18, ASHBURNS ADDITION to its intersection with a line 8.33 feet north of and parallel to the south lot line of Lot 9, Block 18, ASHBURNS ADDITION; thence east along a line 8.33 feet north of and parallel to the south lot line of Lot 9, Block 18, ASHBURNS ADDITION and the north lot line of Lot 5, SMARTS PARTITION NO 2 to its intersection with the center line of Main Street; thence southerly along the center line of Main Street to the intersection of the center line of Main Street and the center line of Eleventh Street; thence proceeding westerly along the center line of Eleventh Street to the intersection of the center line of Eleventh Street and the center line of Baltimore Avenue; thence proceeding southerly along the center line of Baltimore Avenue to the intersection of the center line of Baltimore Avenue and the center line of Twelfth Street; thence proceeding westerly along the center line of Twelfth Street to the intersection with the southerly extension of the east lot line of Lot 11, Block 20, ASHBURNS ADDITION; thence northerly along the east lot line of Lots 11, 12, 13 and 14, Block 20, ASHBURNS ADDITION to the north lot line of Lot 14, Block 20, ASHBURNS ADDITION; thence westerly along the north lot line of Lot 14, Block 20, ASHBURNS ADDITION to the west lot line of Lot 14, Block 20, ASHBURNS ADDITION; thence southerly along the west lot line of lots 11, 12, 13 and 14, Block 20, ASHBURNS ADDITION to the intersection with the center line of Twelfth Street; thence westerly along the center line of Twelfth Street to the intersection of the center line of Twelfth Street and the center line of Wyandotte Street; thence proceeding northerly along the center line of Wyandotte Street to the intersection of the center line of Wyandotte Street and the center line of Tenth Street; thence proceeding westerly along the center line of Tenth Street to the intersection of the center line of Tenth Street and the center line of the north-south alley located on the north side of Tenth Street between Wyandotte Street and Central Street; thence proceeding northerly along the center line of the north-south alley to the intersection of the center line of said north-south alley and the center line of the east-west alley located on the west side of Wyandotte Street between Tenth Street and Ninth Street; thence proceeding easterly along the center line of this east-west alley to the

intersection of the center line of the east-west alley and the center line of Wyandotte Street; thence proceeding northerly along the center line of Wyandotte Street to its intersection with the westerly extension of the north lot line of Lot 16, Block 2, ASHBURNS ADDITION; thence easterly along said westerly extension and the north lot line of Lot 16, Block 2, ASHBURNS ADDITION to its intersection with the center line of the north-south alley lying between Wyandotte Street and Baltimore Avenue; thence north along the center line of the north-south alley lying between Wyandotte Street and Baltimore Avenue to its intersection with the westerly extension of the north lot line of Lot 6, Block 2, ASHBURNS ADDITION; thence east along the north lot line of Lot 6, Block 2, ASHBURNS ADDITION to its intersection with the center line of Baltimore Avenue; thence north along the center line of Baltimore Avenue to the Point of Beginning, all now included in and a part of the City of Kansas City, Jackson County, Missouri.

#### Project Area Number 1

Project Area Number 1 is described as including the following:

Parcel Number 1(a): Commencing at the intersection of the center line of Baltimore Avenue and Ninth Street; thence proceeding easterly along the center line of Ninth Street to the intersection of the center line of Ninth Street and the center line of Main Street; thence proceeding southerly along the center line of Main Street to the intersection of the center line of Main Street and the center line of Tenth Street; thence proceeding westerly along the center line of Tenth Street to the intersection of the center line of Tenth Street and the center line of Baltimore Avenue; thence proceeding northerly along the center line of Baltimore Avenue to the Point of Beginning.

Parcel Number 1(b): All of Lots 1 through 5, Block 8, together with the west half of the vacated alley lying east of and adjacent to said Lots and the south half of the vacated alley lying north of and adjacent to said Lots, all in ASHBURN'S ADDITION, Kansas City, Jackson County, Missouri; All of Lots 6 through 10, Block 8, together with the east half of the vacated alley lying west of and adjacent to said Lots and the south half of the vacated alley lying north of and adjacent to said Lots, all in ASHBURN'S ADDITION, Kansas City, Jackson County, Missouri; the south 5 feet of Lot 12, Block 2, ASHBURNS ADDITION together with the north half of the vacated alley lying south of and adjacent to said portion of the Lot and the west half of the vacated alley lying east of and adjacent to said portion of the Lot, all in ASHBURN'S ADDITION, Kansas City, Jackson County, Missouri; and all of Lots 8 through 11, Block 2, ASHBURNS ADDITION together with the north half of the vacated alley lying south of and adjacent to said Lots and the east half of the vacated alley lying west of and adjacent to said Lots.

Project Area Number 2: All of Lots 12, 13 and 14 and the south 15 feet of Lot 15, Block 17, ASHBURNS ADDITION, and described as: Commencing at the southwest corner of Lot 12, Block 17, ASHBURNS ADDITION; thence north along the west lot lines of Lots 12, 13, 14 and 15 to a point 15 feet north of the south lot line of Lot 15, Block 17, ASHBURNS ADDITION; thence east along a line 15 feet north of and parallel to the

south lot line of Lot 15, Block 17, ASHBURNS ADDITION and its easterly extension to the center line of the north-south alley located between Wyandotte Street and Baltimore Avenue; thence south along the center line of the north-south alley located between Wyandotte Street and Baltimore Avenue to the easterly extension of the south lot line of Lot 12, Block 17, ASHBURNS ADDITION; thence west along said easterly extension and the south lot line of Lot 12, Block 17, ASHBURNS ADDITION, to the Point of Beginning.

Project Area Number 3: All of Lots 6, 7, 13, 14, 15 and 16, Block 2, ASHBURNS ADDITION and the north 20 feet of Lot 12, Block 2, ASHBURNS ADDITION, and the intervening north-south alley adjacent to said lots.

Project Area Number 4: All of Lots 1 through 11 and Lots 16 through 22, and the north 10 feet of Lot 15, Block 17, ASHBURNS ADDITION and all of lots 1 through 10, Block 11, ASHBURNS ADDITION and the intervening alleys. Said Project Area also described as: Commencing at the northwest corner of Lot 1, Block 11, ASHBURNS ADDITION, thence east along the north lot line of Lots 1 through 10, Block 11, ASHBURNS ADDITION to the east lot line of Lot 10, Block 11, ASHBURNS ADDITION; thence south along the east lot line of Lot 10, Block 11, ASHBURNS ADDITION and Lots 1 through 11, Block 17, ASHBURNS ADDITION to the south lot line of Lot 11, Block 17, ASHBURNS ADDITION; thence west along the south lot line of Block 17, ASHBURNS ADDITION and its westerly extension to the east lot line of Lot 12, Block 17, ASHBURNS ADDITION; thence north along the east lot line of Lot 12, Block 17, ASHBURNS ADDITION to a point 15 feet north of the south lot line of Lot 15, Block 17, ASHBURNS ADDITION; thence west along a line 15 feet north of and parallel to the south lot line of Lot 15, Block 17, ASHBURNS ADDITION to the west lot line of Lot 15, Block 17, ASHBURNS ADDITION; thence north along the west lot line of Lots 15 through 22, Block 17, ASHBURNS ADDITION and the west lot line of Lot 1, Block 11, ASHBURNS ADDITION to the Point of Beginning.

Project Area Number 5: The west 113.5 feet of Lots 8, 9, 10 and 11, Block 18, ASHBURNS ADDITION; and

All of Lots 15 through 18 and the south 2.47 feet of Lot 14, JOHNSTONS JOHN ADDITION and all of Lot 1 and the north 14.99 feet of Lot 2, SMARTS PARTITION NO 3; and

The north 3 feet of the south 9.125 feet of Lot 2, and all of Lot 3, and the north 5.75 feet of Lot 4 of SMARTS PARTITION NO 3; and

All of Lots 5 and 6 SMARTS PARTITION NO 2, and all of the vacated alley lying west of and adjacent thereto, also the south 8.33 feet of the east 3 feet of Lot 9 and the east 3 feet of Lots 10 and 11, Block 18, ASHBURNS ADDITION.

Project Area Number 6: All of Lots 1 through 10 and Lots 15 through 20, Block 20, ASHBURNS ADDITION. Said Project Area also described as: Commencing at the

intersection of the center line of Wyandotte Street and the center line of Eleventh Street; thence proceeding easterly along the center line of Eleventh Street to the intersection of the center line of Eleventh Street and the center line of Baltimore Avenue; thence proceeding southerly along the center line of Baltimore Avenue to the easterly extension of the south lot line of Lot 15, Block 20, ASHBURNS ADDITION; thence west along the south lot line of Lot 15, Block 20 ASHBURNS ADDITION to the center line of the north-south alley lying between Baltimore Avenue and Wyandotte Street; thence south along the center line of the north-south alley lying between Baltimore Avenue and Wyandotte Street to the intersection with the center line of Twelfth Street; thence proceeding westerly along the center line of Twelfth Street to the intersection of the center line of Twelfth Street and the center line of Wyandotte Street; thence proceeding northerly along the center line of Wyandotte Street to the Point of Beginning.

Project Area Number 7: All of Lots 9 through 12, Block 7, ASHBURNS ADDITION and a portion of the south half of the east-west alley lying between Ninth and Tenth Streets. Said Project Area also described as: Commencing at the southwest corner of Lot 9, Block 7, ASHBURNS ADDITION; thence north along the west line of Lot 9, Block 7, ASHBURNS ADDITION to the center line of the east-west alley lying between Ninth and Tenth Streets; thence east along the center line of the east-west alley lying between Ninth and Tenth Streets to the northerly extension of the east lot line of Lot 12, Block 7, ASHBURNS ADDITION; thence south along the east lot line of Lot 12, Block 7, ASHBURNS ADDITION to the south lot line of Lot 12, Block 7, ASHBURNS ADDITION; thence along the south lot lines of Lots 9 through 12, Block 7, ASHBURNS ADDITION to the Point of Beginning.

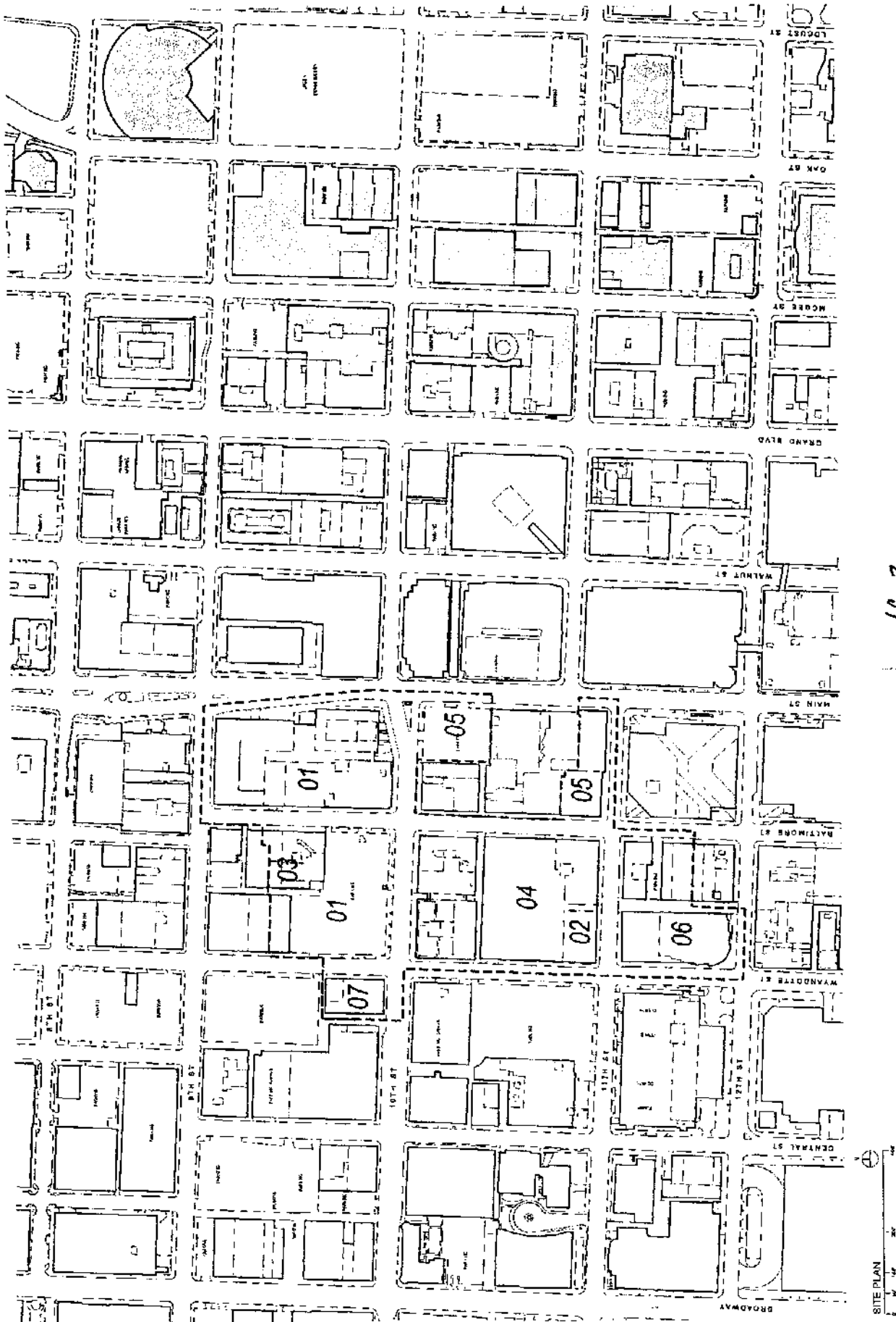
Revised 10-16-02



## **EXHIBIT 2**

### **SITE PLAN**

- A. Redevelopment Area
- B. Redevelopment Projects

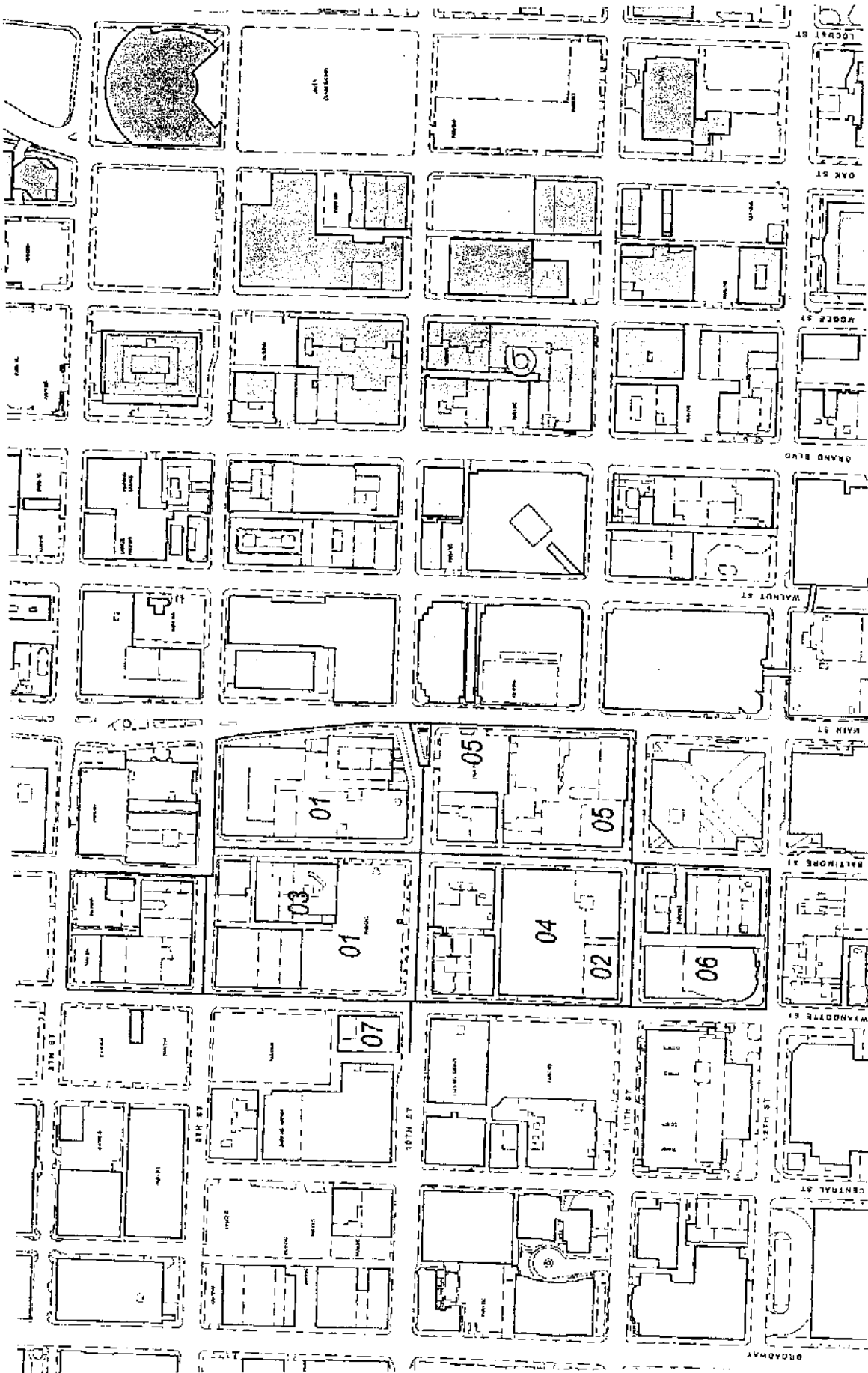


*copy 2*

LIBRARY TIF DISTRICT  
November 01, 2002

SITE PLAN

AREA OF TIF DISTRICT



*cefm<sup>2</sup>*  
ARCHITECTS

LIBRARY TIF DISTRICT  
November 01, 2002

SITE PLAN

— STREETSCAPE IMPROVEMENTS





## **EXHIBIT 3**

### **SPECIFIC OBJECTIVES**

## **EXHIBIT 3**

### **SPECIFIC OBJECTIVES**

1. To create a vibrant downtown neighborhood;
2. To increase housing opportunities within the Central Business District;
3. To eliminate adverse conditions which are detrimental to public health, safety, morals, or welfare in the Redevelopment Area and to eliminate and prevent the recurrence thereof for the betterment of the Redevelopment Area and the community at large;
4. To enhance the tax base of the City and the other Taxing Districts, encourage private investment in the surrounding area, and increase employment opportunities in the Redevelopment Area;
5. To increase employment opportunities in the City as a whole;
6. To stimulate construction and development and generate tax revenues, which would not occur without Tax Increment Financing assistance;
7. To support the creation of a new garage for use by the Kansas City, Missouri Public Library and its patrons as tenant of the historic bank building.
8. To provide additional parking garages within the Central Business District.
9. To install streetscape and landscape amenities.
10. To implement a neighborhood improvement program to encourage area property owners to improve their property.
11. To establish an neighborhood advisory committee which will advise the TIF Commission regarding implementation of the neighborhood improvement program.
12. To install, repair, construct, reconstruct and relocate streets, utilities, sidewalk improvements, essential to the preparation of the areas selected for redevelopment projects.
13. To construct, upgrade and refurbish utilities, and other infrastructure facilities serving the areas selected for redevelopment projects as well as other areas contiguous thereto.
14. To vacate any existing public rights-of-way inconsistent with the Plan and to make them a part of the Redevelopment Area.
15. To replat the land into parcels suitable for redevelopment in accordance with this Redevelopment Plan in accordance with City requirements.



## **EXHIBIT 4**

### **CONSTRUCTION AND EMPLOYMENT INFORMATION**

- A. Construction Totals by Project Area
- B. Employment Totals by Project Area

## CONSTRUCTION TOTALS BY PROJECT AREA\*

Downtown Library District TIF Plan – Project 1

	<b>NEW CONSTRUCTION</b>	<b>Existing Structures to REMAIN AS IS</b>	<b>Existing Structures to be REHABBED</b>	<b>Total</b>	<b>Existing Structures to be DEMOLISHED</b>
<b>Square feet of OFFICE Space</b>		22,594		22,594	
<b>Square feet of RETAIL Space</b>					
<b>Square feet of INSTITUTION AL Space</b>			156,503 <sup>1</sup>	156,503	
<b>Square feet of INDUSTRIAL Space</b>					
<b>Total Square Feet</b>		22,594	156,503	179,097	
<b>Number of DWELLING UNITS</b>					
<b>Number of HOTEL ROOMS</b>					
<b>Number of PARKING SPACES</b>	480 <sup>2</sup>			480	

\* A Project Area is defined as a specific geographical area within the overall Plan Area that is developed during a specific time frame.

<sup>1</sup> This is the renovation of the historic bank building at the northeast corner of Tenth and Baltimore by DTC, LLC for lease to the Kansas City Public Library. This is being included even though no TIF revenues are being used here.

<sup>2</sup> This is the parking garage at the northwest corner of Tenth and Baltimore, which is to be owned by the Missouri Development Finance Board.

**B. EMPLOYMENT TOTALS BY PROJECT AREA**

**Downtown Library District – Project 1**

<b>Permanent jobs to be CREATED IN Kansas City</b>	9
<b>Permanent jobs to be RELOCATED TO Kansas City</b>	0
<b>Permanent jobs to be RETAINED IN Kansas City</b>	637 <sup>1</sup>
<b>TOTAL</b>	646
<b>Anticipated Annual Payroll</b>	\$18,861,259 approx.
<b>Estimated number of construction workers to be hired during construction phase</b>	Currently unknown

1 These employment numbers include employees in the renovated historic bank building which is to be leased to the Kansas City, Missouri Public Library. Note that no TIF revenues are being used for the renovation of said building.





## **EXHIBIT 5**

### **ESTIMATED REDEVELOPMENT COSTS AND SCHEDULE**

- A. Redevelopment Costs.
- B. Redevelopment Schedule

**EXHIBIT 5**  
**LIBRARY DISTRICT TIF PLAN**  
**ESTIMATED REDEVELOPMENT PROJECT COSTS**

	AMOUNT	REIMBURSABLE EXPENSES	
<b>COMMISSION EXPENSES<sup>1</sup></b>			See Note 1
1 Estimated Reimbursable Costs for Plan Implementation			
A. Legal	\$ 50,000	\$ 50,000	
B. Agenda	2,000	2,000	
C. Staff Time	40,000	40,000	
D. Miscellaneous	4,000	4,000	
2 Plan Administration Expenses	230,000	230,000	
3 Final Development Plan Approval Fees (\$.05 per square foot @ \$350,000)	17,500	17,500	
<b>SUBTOTAL</b>	<b>\$ 343,500</b>	<b>\$ 343,500</b>	
<b>COSTS OF PLAN PREPARATION</b>			
a. Application fees	\$ 20,000	\$ 20,000	
b. Legal	\$ 50,000	\$ 50,000	
c. Consulting	\$ 13,650	\$ 13,650	
d. A/E and other Fees	\$ 8,300	\$ 8,300	
<b>SUBTOTAL</b>	<b>\$ 91,950</b>	<b>\$ 91,950</b>	
<b>LIBRARY PARKING GARAGE</b>			
a. Acquisition Costs	2,000,000	-	See Note 2
b. Parking Garage (485 cars)	7,414,320	-	
c. Utility Relocation	150,000	-	
d. Streetscape @\$200/s.f	450,000	-	
e. Architect & Engineering	410,680	-	
<b>SUBTOTAL</b>	<b>10,425,000</b>	<b>-</b>	
<b>LIBRARY GARAGE DEBT SERVICE/TIF</b>			
a. Debt	6,312,570	6,312,570	See Note 3
<b>SUBTOTAL</b>	<b>6,312,570</b>	<b>6,312,570</b>	
<b>STREETSCAPING</b>			
a. Streetscape @\$410/lf	617,706	6,177,060	See Note 4
b. Architect & Engineering	617,706	617,706	
<b>SUBTOTAL***</b>	<b>6,794,766</b>	<b>6,794,766</b>	
<b>FUTURE PROJECTS</b>			
Estimated redevelopment project costs will be submitted at time a developers proposal is submitted for the project.			See Note 5
<b>NEIGHBORHOOD IMPROVEMENTS</b>			
Estimated redevelopment project costs will be submitted at time a developers proposal is submitted for the project.			See Note 6
<b>TOTAL</b>	<b>\$ 23,967,786</b>	<b>\$ 13,542,786</b>	

## Estd Proj Costs

### Note:

#### **1 Commission Expenses**

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

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

#### **2 Library Parking Garage**

The Garage Developer will obtain a bridge loan for the \$2,500,000 in PIAC funds and a long term loan in the amount of \$1,125,000. The TIF money will be used to service the debt from these loans.

#### **3 Library Garage Debt Service:**

This amount is what the Redeveloper believes to be the "worst case scenario". In this scenario, it assumes that the garage is not doing well, resulting in the need to use 60% of the TIF revenue for the first 10 years of the loan and 50% of the TIF revenue for the last 10 years of the loan. This scenario also considers that the PIAC money is not released, requiring the use of TIF revenue to pay off the bridge loan.

#### **4 Streetscape:**

After the TIF revenues are applied to the garage debt service, 40% of the remaining funds will be available for the streetscaping projects in the District.

#### **5 Future Projects:**

After the TIF revenues are applied to the garage debt service, up to 30% of the remaining funds will be available for generators within the District for future projects approved by the Commission and the City.

#### **6 Neighborhood Improvements:**

After the TIF revenues are applied to the garage debt service and the remaining funds are applied to the Streetscape and Future Projects, then whatever is left (a minimum of 30%) will be available for Neighborhood Improvements.

#### **7 DTL, LLC is at the present time restoring the historic First National Bank Building for lease to the Kansas City, Missouri Public Library. The estimated cost of this project is \$36,650,000. This is in addition to amounts shown above.**

### **Redevelopment Schedule**

Renovation of the historic bank building to be completed within first quarter of 2004.

Construction of parking garage located at the northwest corner of Tenth and Baltimore to be completed within first quarter of 2004.

All Projects Ordinances to be approved by the end of 2012.



**EXHIBIT 6**

**ESTIMATED ANNUAL INCREASES ASSESSED VALUE  
AND  
RESULTING PAYMENTS IN LIEU OF TAXES  
AND  
PROJECTED ECONOMIC ACTIVITY TAXES**

## Project Assumptions

### Property Tax Rates

Tax Rate	Land	Improvement
Jackson County	0.57000%	0.57000%
KC School	4.95000%	4.95000%
Mental Health	0.13300%	0.13300%
Library	0.50000%	0.50000%
Jr. College	0.23000%	0.23000%
Handicap Workshop	0.08000%	0.08000%
City	2.07000%	1.32000%
Blind - Not Included	0.00000%	0.00000%
Replacement - Not Included	0.00000%	0.00000%
<b>Total</b>	<b>8.53300%</b>	<b>7.78300%</b>
Increase in Assessed Value	4.00000%	bi annually

### Economic Activity Tax Rates

City Sales Tax	2002 - 2017	1.7125%
	2017 - 2026	1.4625%
County Sales Tax		0.7500%
F&B Tax		1.7500%
Earnings Tax		1.0000%
Utility Tax		10.0000%

**50% is subject to TIF**

### Base and Forecast Sales and Utility Charges

Base	Food/Beverage	Retail Sales	Utility Charge
Ten Main	\$242,424	\$0	\$2.50
KC Club	\$0	\$0	\$0.00
Univ.	\$540,000	\$0	\$3.00
Library	\$0	\$0	\$2.50
<b>Forecast</b>			
Ten Main	\$500,000	\$0	\$2.50
KC Club	\$0	\$0	\$0.00
Univ.	\$985,000	\$0	\$3.00
Library	\$150,000	\$48,000	\$2.50

### Base and Forecast Employment

	2001 Base Year	Forecasted	Average Salary
10 Main Center	263	975	\$31,800
	Tied to Office Occupancy Rate		
Central Library	0	141.8	\$20,000
University Club	8	30	\$25,000
Garage -FTE	0	5	\$20,000
Library Construction	\$1,116,475 to date, \$5,210,119 to complete		
Garage Construction	0	11	\$70,000

Property Base Year Taxes				
Parcel ID	Address	Current - 2002		Total
		Land	Building	
Project Area 1a - Library/Office				
29-220-31-07	920 Main	Market Assessed	\$3,183,063 \$1,018,580	\$6,616,937 \$2,117,420
29-220-31-03	913 Baltimore	Market Assessed	\$239,678 \$75,697	\$322 \$103
29-220-31-06	915 Baltimore	Market Assessed	\$1,124,800 \$359,936	\$25,200 \$8,064
29-220-32-04	917 Baltimore	Market Assessed	\$85,851 \$27,472	\$0 \$0
Project Area 1b	Total	Market Assessed	\$4,633,392 \$1,482,685	\$6,642,459 \$2,125,587
Project Area 1b - Parking				
20-220-30-05	92 Wyandotte	Market Assessed	\$88,396 \$26,287	\$2,928 \$937
29-220-30-13	Wyandotte	Market Assessed	\$76,288 \$24,412	\$109 \$35
29-220-30-11	114 W. 10th St.	Market Assessed	\$804,384 \$257,403	\$616 \$197
29-220-30-08	950 Baltimore	Market Assessed	\$516,312 \$165,220	\$788 \$252
29-220-30-09	918 Baltimore	Market Assessed	\$318,000 \$101,760	\$775 \$248
Project Area 1a	Total	Market Assessed	\$1,803,380 \$577,082	\$5,216 \$1,669
Project Area 1	Total	Market Assessed	\$6,436,772 \$2,059,767	\$6,647,675 \$2,127,256
				\$13,084,447 \$4,187,023



## Forecast Taxes Upon Completion

Parcel ID	Address	Forecast - 2004		Total
		Land	Building	
<b>Project Area 1a- Library/Office</b>				
29-220-31-07	920 Main			
Ten Main Value at \$45/SF Rentable Compared to City				
Center Sq. @ \$50/SF and Comm. Tower @ \$32/SF				
29-220-31-03, 04 and 06	913-917 Baltimore			
		Market	\$9,703,812	\$12,886,875
		Assessed	\$3,105,220	\$4,123,800
		Market	\$25,522	\$1,475,851
		Assessed	\$8,167	\$472,272
<i>Library is not included for PILOTS</i>				
<b>Project Area 1b - Parking Garage</b>				
20-330-30-05	Project Area 1b	\$4,633,392	\$9,729,334	\$14,362,726
and 08, 11, 13		\$1,482,685	\$3,113,387	\$4,596,072
		Market	\$0	\$0
		Assessed	\$0	\$0
<i>Parking garage will be owned by MDFB and will not pay property taxes. The 2001 assessed value is included in the base, but no increment is considered while the garage is owned by the MDFB.</i>				
<b>Project Area 1a</b>				
29-220-30-09	918 Baltimore			
Univ. Club tax value @ \$20/SF				
Project Area 1a				
		Market	\$402,000	\$720,000
		Assessed	\$128,840	\$230,400
	Total:			
		Market	\$402,000	\$720,000
		Assessed	\$128,840	\$230,400
<b>Project Area 1</b>				
		Market	\$10,131,334	\$15,082,726
		Assessed	\$3,242,027	\$4,826,472



# Pilots and EATS Worksheet

	Incremental Forecasted Food & Bev. Sales	Incremental Forecasted Retail Sales	Total F&B Sales Tax Increment at 50%	Total Retail Sales Tax Increment at 50%	Incremental Payroll 1a and 1b	Incremental KC Earnings Taxes at 50%	Incremental Total Utilities	Incremental Utility Taxes at 50%	Total EATS	Total Pilots
2002	\$852,576	\$48,000	\$17,957	\$591	\$6,082,096	\$30,410	\$0	\$0	\$43,959	\$0
2003	\$886,679	\$48,920	\$18,675	\$615	\$14,250,284	\$71,301	\$21,948	\$1,097	\$91,689	\$0
2004	\$922,146	\$51,917	\$19,423	\$639	\$15,142,880	\$75,715	\$587,310	\$9,366	\$125,142	\$32,566
2005	\$959,032	\$53,893	\$20,200	\$665	\$19,273,876	\$96,369	\$696,902	\$34,845	\$152,079	\$32,566
2006	\$997,393	\$56,153	\$21,008	\$691	\$23,631,847	\$118,159	\$812,128	\$40,606	\$180,465	\$47,520
2007	\$1,037,289	\$58,399	\$21,849	\$719	\$28,429,651	\$132,148	\$891,730	\$44,587	\$199,302	\$47,520
2008	\$1,078,781	\$60,735	\$22,722	\$748	\$27,615,855	\$137,579	\$832,222	\$46,611	\$207,660	\$63,072
2009	\$1,121,932	\$63,165	\$23,631	\$779	\$28,636,342	\$143,182	\$873,929	\$48,696	\$216,287	\$63,072
2010	\$1,166,809	\$65,691	\$24,576	\$809	\$29,732,207	\$148,961	\$1,016,887	\$50,844	\$225,190	\$79,247
2011	\$1,213,481	\$68,319	\$25,559	\$841	\$30,934,584	\$154,923	\$1,081,134	\$53,037	\$234,380	\$79,247
2012	\$1,262,021	\$71,052	\$26,581	\$875	\$34,298,046	\$171,490	\$1,154,816	\$57,741	\$256,667	\$96,068
2013	\$1,312,502	\$73,894	\$27,645	\$913	\$35,629,491	\$178,147	\$1,203,200	\$60,150	\$268,862	\$96,068
2014	\$1,365,002	\$76,860	\$28,759	\$945	\$37,032,943	\$185,015	\$1,253,036	\$62,632	\$277,363	\$113,563
2015	\$1,419,602	\$79,924	\$29,900	\$984	\$38,419,745	\$192,089	\$1,304,367	\$65,218	\$286,202	\$113,563
2016	\$1,475,386	\$83,120	\$31,096	\$1,023	\$39,881,284	\$199,405	\$1,357,238	\$67,862	\$298,388	\$131,757
2017	\$1,535,441	\$86,445	\$32,340	\$1,064	\$41,398,991	\$206,945	\$1,411,595	\$70,585	\$310,934	\$131,757
2018	\$1,596,859	\$89,903	\$33,638	\$1,065	\$42,944,343	\$214,722	\$1,467,786	\$73,399	\$320,743	\$150,679
2019	\$1,660,733	\$93,499	\$34,903	\$1,024	\$44,548,858	\$222,744	\$1,525,550	\$75,278	\$332,960	\$150,679
2020	\$1,727,163	\$97,239	\$36,219	\$1,075	\$46,204,140	\$231,021	\$1,585,057	\$79,253	\$345,569	\$170,357
2021	\$1,795,249	\$101,129	\$37,586	\$1,119	\$47,911,786	\$239,559	\$1,646,559	\$82,318	\$358,584	\$170,357
2022	\$1,865,099	\$105,174	\$39,012	\$1,163	\$49,673,486	\$248,367	\$1,709,499	\$85,474	\$372,017	\$190,823
2023	\$1,942,823	\$109,361	\$40,492	\$1,210	\$51,490,975	\$257,455	\$1,774,514	\$88,726	\$385,883	\$190,823
2024	\$2,020,536	\$113,756	\$42,032	\$1,258	\$53,366,044	\$266,830	\$1,841,489	\$92,074	\$400,195	\$212,108
2025	\$2,101,357	\$118,305	\$43,633	\$1,309	\$55,300,543	\$276,503	\$1,910,474	\$95,524	\$414,968	\$212,108
2026	\$2,185,412	\$123,039	\$45,298	\$1,361	\$57,295,381	\$286,482	\$1,961,528	\$99,076	\$430,218	\$234,244
								NPV @ 9%	\$2,071,221	\$728,709

Pilots and EATS Total - Distribution							
Yr.	P LOTS and EATS Less 5% admin.	PILOTS and EATS - less 5%		Garage Debt Service	Priority 2A	Priority 2B	Priority 3
		Cumulative					
2002	\$46,511	\$46,511	\$0	\$13,953	\$13,953	\$13,953	\$13,953
2003	\$87,105	\$133,616	\$0	\$29,131	\$34,842	\$26,131	\$26,131
2004	\$149,823	\$283,438	\$0	\$42,947	\$59,929	\$44,947	\$44,947
2005	\$175,412	\$458,851	\$0	\$52,624	\$70,165	\$52,624	\$52,624
2006	\$216,585	\$675,436	\$0	\$64,978	\$86,634	\$64,978	\$64,978
2007	\$234,481	\$909,916	\$0	\$70,344	\$93,792	\$70,344	\$70,344
2008	\$257,196	\$1,167,112	\$0	\$77,169	\$102,878	\$77,169	\$77,169
2009	\$265,391	\$1,432,503	\$0	\$79,617	\$109,165	\$79,617	\$79,617
2010	\$289,215	\$1,721,718	\$0	\$85,765	\$113,666	\$85,765	\$85,765
2011	\$297,945	\$2,019,663	\$0	\$89,384	\$119,178	\$89,384	\$89,384
2012	\$335,116	\$2,354,781	\$0	\$100,635	\$134,047	\$100,635	\$100,635
2013	\$344,784	\$2,699,564	\$0	\$103,435	\$137,913	\$103,435	\$103,435
2014	\$371,379	\$3,070,944	\$0	\$111,414	\$148,552	\$111,414	\$111,414
2015	\$381,576	\$3,452,519	\$0	\$114,503	\$152,670	\$114,503	\$114,503
2016	\$409,588	\$3,862,207	\$0	\$122,876	\$163,835	\$122,876	\$122,876
2017	\$420,556	\$4,282,763	\$0	\$126,167	\$168,223	\$126,167	\$126,167
2018	\$447,851	\$4,730,614	\$0	\$134,355	\$179,140	\$134,355	\$134,355
2019	\$459,457	\$5,190,071	\$0	\$137,837	\$183,763	\$137,837	\$137,837
2020	\$430,130	\$5,660,201	\$0	\$147,039	\$196,052	\$147,039	\$147,039
2021	\$532,494	\$6,192,695	\$0	\$150,748	\$200,998	\$150,748	\$150,748
2022	\$534,698	\$6,717,393	\$0	\$160,409	\$213,879	\$160,409	\$160,409
2023	\$547,871	\$7,265,264	\$0	\$164,361	\$219,149	\$164,361	\$164,361
2024	\$551,668	\$7,816,932	\$0	\$174,506	\$232,675	\$174,506	\$174,506
2025	\$595,722	\$8,412,654	\$0	\$178,717	\$238,289	\$178,717	\$178,717
2026	\$631,236	\$9,043,890	\$0	\$189,372	\$252,495	\$189,372	\$189,372
NPV @ 9%							
		\$2,659,934					



## **EXHIBIT 7**

### **SOURCES AND USES OF FUNDS**

Charitable Contributions	\$13,978,750.00
Sale of State Historic Tax Credits	\$5,359,797.00
Sale of Federal Historic Tax Credits	\$4,649,462.00
Sale of MDFB Tax Credits	\$2,490,000.00
Library Payments	\$2,500,000.00
Loans	\$7,800,000.00
TIF	None
PIAC	None

Charitable Contributions	\$
Sale of State Historic Tax Credits	None
Sale of Federal Historic Tax Credits	None
Sale of MDEB Tax Credits	None
Loans	\$1,125,000.00 (long term debt)
	\$2,500,000.00 (bridge loan)
TIF (Priority 1)	\$6,312,570.00 (Maximum TIF Exposure)
PIAC	\$2,500,000.00 (upon receipt will pay off the bridge loan)

Charitable Contributions	None
Sale of State Historic Tax Credits	None
Sale of Federal Historic Tax Credits	None
Sale of MDFB Tax Credits	None
Loans	None
TIF	*\$6,177,060.00 (Maximum TIF Exposure)
PIAC	None

### **Plan Generators' Reimbursable Expenses Sources and Uses:**

**\*\*If the amount of money under the Garage's Maximum TIF Exposure is used, then 30% of remaining TIF money (remaining amount is approximately \$3,906,777.00) will equal approximately \$1,172,033.00.**

**Neighborhood Improvements Sources and Uses:**

TIF

\*\*\*Unknown until Plan are Submitted

\*\*\*If the amount of money under the Garage's Maximum TIF Exposure is used, then 30% of the remaining TIF money (remaining amount is approximately \$3,906,777.00) will equal approximately \$1,172,033.00.

Note: THESE NUMBERS WERE DERIVED BY USING INFORMATION FROM THE BUDGET AND THE CHART OUTLINING THE DISTRIBUTION OF PILOTS AND EATS IN THE FINANCIAL ANALYSIS.





## 10/7/02

## Without TIF

### Property Tax Component

Year	City	Handicap Workshop	Junior College	Library District	Mental Health	School District	Jackson County	MO Blind Pension	M&M Tax	Existing Tax	Incremental Tax	TIF	Total Tax	TIFFed EATS	City EATS	County EATS	Total EATS
	14.3% of (K+L)	.9% of (K+L)	2.5% of (K+L)	5.4% of (K+L)	1.4% of (K+L)	53.8% of (K+L)	8.1% of (K+L)	.3% of (K+L)	15.8% of (K+L)				K+L+M	0% of R			O+P+Q
1	\$ 382,293	\$ 23,169	\$ 65,612	\$ 144,808	\$ 38,519	\$ 1,433,597	\$ 165,081	\$ 8,688	\$ 416,178	\$ 2,678,944	\$ -	\$ -	\$ 2,678,944	-	\$ -	-	\$ -
2	386,116	23,401	67,278	146,256	38,904	1,447,933	166,732	8,775	420,339	2,705,734	-	-	\$ 2,705,734	-	-	-	\$ -
3	386,116	23,401	67,278	146,256	38,904	1,447,933	166,732	8,775	420,339	2,705,734	-	-	\$ 2,705,734	-	-	-	\$ -
4	389,977	23,635	67,950	147,718	39,293	1,462,412	168,399	8,863	424,543	2,732,791	-	-	\$ 2,732,791	-	-	-	\$ -
5	389,977	23,635	67,950	147,718	39,293	1,462,412	168,399	8,863	424,543	2,732,791	-	-	\$ 2,732,791	-	-	-	\$ -
6	393,876	23,871	68,630	149,196	39,686	1,477,037	170,083	8,952	428,788	2,760,119	-	-	\$ 2,760,119	-	-	-	\$ -
7	393,876	23,871	68,630	149,196	39,686	1,477,037	170,083	8,952	428,788	2,760,119	-	-	\$ 2,760,119	-	-	-	\$ -
8	397,815	24,110	69,316	150,688	40,083	1,491,807	171,784	9,041	433,076	2,787,720	-	-	\$ 2,787,720	-	-	-	\$ -
9	397,815	24,110	69,316	150,688	40,083	1,491,807	171,784	9,041	433,076	2,787,720	-	-	\$ 2,787,720	-	-	-	\$ -
10	401,793	24,351	70,009	152,194	40,484	1,506,725	173,502	9,132	437,407	2,815,597	-	-	\$ 2,815,597	-	-	-	\$ -
11	401,793	24,351	70,009	152,194	40,484	1,506,725	173,502	9,132	437,407	2,815,597	-	-	\$ 2,815,597	-	-	-	\$ -
12	405,811	24,595	70,710	153,716	40,889	1,521,792	175,237	9,223	441,781	2,843,753	-	-	\$ 2,843,753	-	-	-	\$ -
13	405,811	24,595	70,710	153,716	40,889	1,521,792	175,237	9,223	441,781	2,843,753	-	-	\$ 2,843,753	-	-	-	\$ -
14	409,869	24,841	71,417	155,254	41,297	1,537,010	176,989	9,315	446,199	2,872,191	-	-	\$ 2,872,191	-	-	-	\$ -
15	409,869	24,841	71,417	155,254	41,297	1,537,010	176,989	9,315	446,199	2,872,191	-	-	\$ 2,872,191	-	-	-	\$ -
16	413,968	25,089	72,131	156,806	41,710	1,552,380	178,759	9,408	450,661	2,900,913	-	-	\$ 2,900,913	-	-	-	\$ -
17	413,968	25,089	72,131	156,806	41,710	1,552,380	178,759	9,408	450,661	2,900,913	-	-	\$ 2,900,913	-	-	-	\$ -
18	418,108	25,340	72,852	158,374	42,128	1,567,904	180,547	9,502	455,167	2,929,922	-	-	\$ 2,929,922	-	-	-	\$ -
19	418,108	25,340	72,852	158,374	42,128	1,567,904	180,547	9,502	455,167	2,929,922	-	-	\$ 2,929,922	-	-	-	\$ -
20	422,289	25,593	73,581	159,958	42,549	1,583,583	182,352	9,597	459,719	2,959,221	-	-	\$ 2,959,221	-	-	-	\$ -
21	422,289	25,593	73,581	159,958	42,549	1,583,583	182,352	9,597	459,719	2,959,221	-	-	\$ 2,959,221	-	-	-	\$ -
22	426,512	25,849	74,316	161,557	42,974	1,599,419	184,176	9,693	464,316	2,988,813	-	-	\$ 2,988,813	-	-	-	\$ -
23	426,512	25,849	74,316	161,557	42,974	1,599,419	184,176	9,693	464,316	2,988,813	-	-	\$ 2,988,813	-	-	-	\$ -
Total	\$ 9,314,561	\$ 564,519	\$ 1,622,992	\$ 3,528,243	\$ 938,513	\$ 34,929,604	\$ 4,022,197	\$ 211,695	\$ 10,140,170	\$ 65,272,492	\$ -	\$ -	\$ 65,272,492	\$ -	\$ -	\$ -	\$ -

### Economic Activity Tax Component

[illegible]

**Assumptions:**

This assumes that existing Economic Activity Taxes (EATS) are marginal Existing Property Taxes are grown at 1% every other year. This assumption conforms to the average increase in Property Values City wide

	Land	Building	Total
Existing Taxes as of 2009	\$7,447,570	\$ 20,910,132	\$28,357,702

## Property Tax Millage Rates 2001

Jackson Co	0.0057	
Mio Blind	0.0003	
KCMO Schor	0.0495	
Mental Health	0.00133	
Library	0.005	
Jr. College	0.0023	
Hnd Wkshp	0.0008	
City	0.0132	Improvement
M&M	0.01437	
Total	0.0925	0.1

Exhibit 8  
Downtown Library District  
Cost Benefit Analysis  
10/7/02

2.227502228

Tax revenues to Affected Taxing Districts  
With TIF

Property Tax Component													EATS Available to Special Allocation Fund										EATS Flowing to Taxing Districts					Total EATS	
Year	City	Workshop	Junior College	Library District	Mental Health	School District	Jackson County	MO Blind Pension	M&M Tax	Existing Tax	TIF PILOTS	Total Taxes & PILOTS	City Portion 50% of EATS (Statutory EATS)	CVT Portion 90% of CVT on means	County EATS County's 50% EATS (Statutory TIF)	Total TIFed EATS N+O+P	City EATS 100% of City Base EATS+50% of Incremental EATS	CVT EATS 10% of All CVT on means	County EATS 100% of City Base EATS+50% of Incremental EATS	Total EATS to Taxing Districts R+S+T	Total EATS								
1	14.3% of K	3% K	2.5% K	5.4% K	1.4% K	55.5% of K	3.1% of K	3% of K	15.5% of K	Sum 9 items J	-	2,678,945	42,972	-	5,183	49,155	135,000	-	98,211	233,211	282,366								
2	382,293	23,169	66,612	144,808	38,519	1,433,597	165,081	8,688	416,178	2,678,945	-	2,678,945	85,483	-	6,225	91,689	140,400	-	102,139	242,639	334,226								
3	382,293	23,169	66,612	144,808	38,519	1,433,597	165,081	8,688	416,178	2,678,945	-	2,678,945	118,669	-	5,474	125,143	148,016	-	106,225	252,241	377,384								
4	382,293	23,169	66,612	144,808	38,519	1,433,597	165,081	8,688	416,178	2,678,945	-	2,678,945	145,346	-	6,733	152,079	151,857	-	110,474	262,331	414,405								
5	382,293	23,169	66,612	144,808	38,519	1,433,597	165,081	8,688	416,178	2,678,945	-	2,678,945	173,482	-	7,003	180,464	157,931	-	114,893	272,824	453,286								
6	382,293	23,169	66,612	144,808	38,519	1,433,597	165,081	8,688	416,178	2,678,945	-	2,678,945	192,020	-	7,283	199,302	164,248	-	119,488	283,737	483,036								
7	382,293	23,169	66,612	144,808	38,519	1,433,597	165,081	8,688	416,178	2,678,945	-	2,678,945	200,086	-	7,574	207,660	170,818	-	124,268	296,086	502,746								
8	382,293	23,169	66,612	144,808	38,519	1,433,597	165,081	8,688	416,178	2,678,945	-	2,678,945	208,410	-	7,877	216,287	177,657	-	129,238	306,890	523,176								
9	382,293	23,169	66,612	144,808	38,519	1,433,597	165,081	8,688	416,178	2,678,945	-	2,678,945	216,998	-	8,192	225,190	184,757	-	134,403	319,165	544,356								
10	382,293	23,169	66,612	144,808	38,519	1,433,597	165,081	8,688	416,178	2,678,945	-	2,678,945	225,861	-	8,520	234,381	192,147	-	139,784	331,932	566,312								
11	382,293	23,169	66,612	144,808	38,519	1,433,597	165,081	8,688	416,178	2,678,945	-	2,678,945	247,826	-	9,215	256,987	199,833	-	145,376	345,209	601,896								
12	382,293	23,169	66,612	144,808	38,519	1,433,597	165,081	8,688	416,178	2,678,945	-	2,678,945	257,647	-	9,583	266,962	207,827	-	151,191	359,017	625,879								
13	382,293	23,169	66,612	144,808	38,519	1,433,597	165,081	8,688	416,178	2,678,945	-	2,678,945	267,780	-	9,967	277,363	216,140	-	157,236	373,378	650,741								
14	382,293	23,169	66,612	144,808	38,519	1,433,597	165,081	8,688	416,178	2,678,945	-	2,678,945	278,234	-	10,365	288,201	224,785	-	163,528	388,313	675,514								
15	382,293	23,169	66,612	144,808	38,519	1,433,597	165,081	8,688	416,178	2,678,945	-	2,678,945	289,022	-	10,780	299,387	233,777	-	170,069	403,846	703,233								
16	382,293	23,169	66,612	144,808	38,519	1,433,597	165,081	8,688	416,178	2,678,945	-	2,678,945	300,154	-	10,546	310,934	243,128	-	176,872	420,000	730,934								
17	382,293	23,169	66,612	144,808	38,519	1,433,597	165,081	8,688	416,178	2,678,945	-	2,678,945	310,198	-	10,568	320,744	252,853	-	183,947	436,800	757,544								
18	382,293	23,169	66,612	144,808	38,519	1,433,597	165,081	8,688	416,178	2,678,945	-	2,678,945	321,991	-	11,406	332,959	262,967	-	191,304	454,272	787,231								
19	382,293	23,169	66,612	144,808	38,519	1,433,597	165,081	8,688	416,178	2,678,945	-	2,678,945	334,163	-	11,863	345,569	273,486	-	198,967	472,442	818,312								
20	382,293	23,169	66,612	144,808	38,519	1,433,597	165,081	8,688	416,178	2,678,945	-	2,678,945	346,721	-	12,337	358,584	284,425	-	205,915	491,340	849,924								
21	382,293	23,169	66,612	144,808	38,519	1,433,597	165,081	8,688	416,178	2,678,945	-	2,678,945	359,679	-	12,331	372,015	295,802	-	215,192	510,994	883,010								
22	382,293	23,169	66,612	144,808	38,519	1,433,597	165,081	8,688	416,178	2,678,945	-	2,678,945	373,052	-	13,344	385,883	307,934	-	223,799	531,433	917,316								
23	382,293	23,169	66,612	144,808	38,519	1,433,597	165,081	8,688	416,178	2,678,945	-	2,678,945	386,850	-	-	400,194	319,940	-	232,757	552,691	952,885								
Total	\$ 8,792,729	\$ 532,893	\$ 1,532,066	\$ 3,330,579	\$ 885,934	\$ 32,972,735	\$ 3,796,860	\$ 199,835	\$ 9,572,085	\$ 561,615,740	\$ -	\$ 61,615,740	\$ 5,682,604	\$ -	\$ 214,130	\$ 5,896,734	\$ 4,943,425	\$ -	\$ 3,596,295	\$ 8,539,689	\$ 14,436,423								

Assumptions:

- PILOTS captured under TIF are equal to all of the increase in property values.
- Under TIF, 50% of the Food & Beverage, Earnings, Corporate Profits, Utility Taxes and Sales Taxes are captured and 50% returned to the City and County.
- The City collects all EATS, with the exception that approximately 33% of the Sales taxes are collected by the County.
- 100% of all existing and new Personal Property Taxes continue to flow to the affected Taxing Districts. Due to lack of information, these amounts are not shown.
- The State's School Funding Formula applies. As a result the impact on the schools is negligible regardless of TIF.

Existing Taxes as of 2000  
Land \$7,447,570 Building \$20,910,132 Total \$28,357,702

Property Tax Millage Rates 2001			
Jackson Co	0.0067		
Mo Blind	0.0003		
KCMO Schoc	0.0495		
Mental Health	0.00133		
Library	0.005		
Jr. College	0.0023		
Hind Wkshp	0.0008		
City	0.0132	Improvement	Land
M&M	0.01437		
Total	0.0925		0.1

Downtown Library District  
Project 1

Taxes Available Under Statutory TIF

Total TIF & SuperTIF Revenues

Year	Construction Sales	Hotel Sales	F&B Sales	F&B CVT	Utilities	Individual Earnings	Total EATS Per TIF	PLOTS	Total TIF (Statutory)	TOTAL TIF	Cumulative Annual TIF
1	\$ -	\$ -	\$ 17,957	\$ 591	\$ -	\$ 30,410	\$ 48,958	-	\$ 48,958	\$ 48,958	\$ 48,958
2	-	-	18,676	615	1,097	71,301	91,589	-	91,689	31,689	140,647
3	-	-	19,423	639	29,366	75,715	125,143	32,566	157,709	57,709	298,356
4	-	-	20,200	655	34,845	96,369	152,079	32,566	184,645	184,645	483,001
5	-	-	21,008	691	40,506	113,159	180,464	47,520	227,984	227,984	710,985
6	-	-	21,848	719	44,587	132,148	199,302	47,520	246,822	246,822	957,807
7	-	-	22,722	748	46,511	137,579	207,660	63,072	270,732	270,732	1,228,539
8	-	-	23,531	778	48,696	143,182	216,287	63,072	279,359	279,359	1,507,898
9	-	-	24,576	809	50,844	148,961	225,190	79,247	304,437	304,437	1,812,335
10	-	-	25,559	841	53,057	154,923	234,381	73,247	313,629	313,628	2,125,963
11	-	-	26,581	875	57,741	171,490	256,887	96,068	352,755	352,755	2,478,718
12	-	-	27,545	910	60,160	178,147	266,862	96,068	362,930	362,930	2,841,648
13	-	-	28,750	946	62,652	185,015	277,353	113,563	390,926	390,926	3,232,574
14	-	-	29,900	984	65,218	192,099	288,201	113,563	401,764	401,764	3,634,338
15	-	-	31,096	1,023	67,862	199,406	299,387	131,757	431,144	431,144	4,065,482
16	-	-	32,340	1,064	70,585	206,945	310,934	131,757	442,691	442,691	4,508,173
17	-	-	31,638	995	73,389	214,722	320,744	150,679	471,423	471,423	4,979,596
18	-	-	32,903	1,034	76,278	222,744	332,959	150,679	483,638	483,638	5,463,234
19	-	-	34,219	1,076	79,253	231,021	345,569	170,357	515,926	515,926	5,979,161
20	-	-	35,588	1,119	82,318	239,559	358,584	170,357	528,941	528,941	6,508,101
21	-	-	37,012	1,163	85,474	248,367	372,016	190,823	562,839	562,839	7,070,940
22	-	-	38,492	1,210	88,726	257,455	385,893	190,823	576,706	576,706	7,647,646
23	-	-	40,032	1,258	92,074	266,830	400,194	212,108	612,302	612,302	8,259,949
Total	\$ -	\$ -	\$ 641,798	\$ 20,753	\$1,311,439	\$3,922,547	\$ 5,896,537	\$ 2,363,412	\$ 8,259,949	\$ 8,259,949	

Assumptions

Statutory EATS are 50% of total economic activity taxes collected by City and County  
Project consists of rehabilitation of historic bank building, Ten Main, KC Club and University Club.  
Economic Activity Taxes are assumed to grow at 4% a year.

\$

F&B CVT -- Sales increase by \$1,364,447 when stabilization occurs in Year 3

Base year sales assumed to be \$550,000

Tax rate @ 1.75%. Inflation at 2.5% per year thereafter

Construction Earnings-- 45% of total construction cost of \$15,826,600 at tax rate of 1%

Individual Earnings-- 23% of increased revenues over base year 1998

Tax rate @ 1%; Inflation at 3.5% per year thereafter

PLOTS -- Property tax increment, income approach yields approx. \$17,500,000 in total market value when complete

Assessed at 32%; tax rate of \$7.773 per \$100 value

Inflation @ 1% every other year

Source of information regarding income approach: Jackson Co. Assessor's Office

Existing assessed value is \$2,160,000

Anticipated assessed value after appeal is \$1,871,000 (base assessment)

**EXHIBIT 8**

**COST BENEFIT ANALYSIS**



**EXHIBIT 9**

**EVIDENCE OF "BUT FOR"**

**APPRAISAL CONSULTING  
FOR THE  
LIBRARY GARAGE TIF**

**10<sup>TH</sup> & BALTIMORE  
KANSAS CITY, MISSOURI**

**RECORD NO. 7652**

**RULE & COMPANY, INC.  
Kansas City, Missouri**

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# **RULE & COMPANY**

Thomas M. Rule, MAI  
Brock J. Rule, MAI

## **Measurement of Real Estate Values**

October 4, 2002

Ms. Laura Whitener  
Assistant Director  
Tax Increment Financing Commission of Kansas City, Missouri  
10 Petticoat Lane  
Suite 250  
Kansas City, Missouri 64106-2103

Dear Ms. Whitener:

### **Introduction**

Per your request, I am pleased to herewith submit my development finance consulting report for Phases 1A and 1B of the Downtown Library Tax Increment Financing Plan located at 10<sup>th</sup> and Baltimore in Kansas City, Missouri. The owner-developer is Library TIF, LLC.

### **Purpose**

The purpose of the assignment is to judge the appropriate size of tax increment financing benefits being requested by the developer. This assignment provides real property appraisal consulting services as defined by Standard 5 of the Uniform Standards of Professional Appraisal Practice (USPAP).

### **Intended Use and Intended User(s)**

The investment analysis will be used by the Tax Increment Financing Commission of Kansas City, Missouri as an aid in making underwriting decisions regarding the property and its use by others or for other purposes is prohibited.

### **Scope of the Assignment**

This consulting assignment is complete and the report is self-contained. The appraisal consulting and report comply with the Uniform Standards of Professional Appraisal Practice of the Appraisal Standards Board of the Appraisal Foundation. No reliance is given to the Departure Rule of USPAP. Furthermore, the consultant has been retained to act as a disinterested third party and to render an unbiased opinion.

**RULE & COMPANY, INC.****APPRAISAL CONSULTING**

---

The subject property was inspected on October 2, 2002. The inspection consisted of a "windshield" tour of the property from the public rights-of-way. The effective date of the consulting is October 2, 2002.

The client or developer provided the consultant with the following information: 1) Developer Application Package (dated approx. 4-Sep-02); and 2) sources and uses and profit and loss statements (version 2; revised approx. 2-Oct-02).

**Property Review**

The immediate purpose of the subject redevelopment district is to construct a new 485-space parking garage (460 spaces in structure, 25 surface spaces) on the north side of 10<sup>th</sup> Street between Baltimore and Wyandotte. The garage will support the new public library now being renovated in the former First National Bank building located at the northeast corner of 10<sup>th</sup> and Baltimore. The garage will also be available to the public, including perhaps the tenants of the Library Lofts apartments now being renovated in several former office buildings located on the south side of 10<sup>th</sup> Street between Main and Wyandotte.

Phase 1A of the subject redevelopment project includes the block bounded by 10<sup>th</sup> Street, Main Street, Baltimore Avenue, and 9<sup>th</sup> Street. The Phase 1A block includes the 10 Main Center office building, the library, and a small office building (913 Baltimore). Phase 1B covers about the south half of its block (9<sup>th</sup> to 10<sup>th</sup>, Baltimore to Wyandotte), including only the proposed parking garage and the Kansas City University Club (918 Baltimore).

Future phases of the redevelopment include streetscape (estimated to cost \$3 to \$6 million). In addition, the redevelopment plan calls for a Neighborhood Improvement District that would offer matching funds from private investment in the project area.

**Deal Structure****Development Costs - Uses**

The developer's sources and uses statement shows a total cost of \$10.425 million for the garage. The cost of the site is \$2,000,000, or about \$50.00 per square foot. The site has been operated as a surface parking lot for the former First National Bank building. The hard costs of construction total about \$6,500,000 while the soft costs add 30%, including a management fee of \$110,000. A development fee is not included and the management fee is quite reasonable as the project manager has a charitable motivation with regard to the library project.

The total development cost for the 485 spaces equates to \$21,495 per space. The hard and soft costs of construction (i.e., total excluding land) equates to \$17,371 per space. The garage costs seem higher than employed in most development projections. However, the developer indicates the garage is being designed to an institutional standard given the prominence of the library project. Extraordinary design features include a park / green space on 10<sup>th</sup> Street, glass stairwells (projected beyond façade), and glass elevator doors.

**RULE & COMPANY, INC.****APPRAISAL CONSULTING****Financing - Sources**

The project will be financed with bonds from the Missouri Development Finance Board. The MDFB will be the owner of the garage and issue bonds for the full amount of the project cost; however, the ultimate size of the permanent debt is expected to be \$1,125,000. Charitable contributions of \$6,800,000 will pay down most of the debt, while a PIAC grant for \$2,500,000 is expected in 2006 and 2007.

**TIF Revenue**

The project will generate TIF revenue from enhanced activity in Phases 1A and 1B. The garage will be owned by a public entity so that no PILOTs will be garnered. In fact, the valuation for the garage parcel (now \$1,485,000 in appraised value) will be reduced to zero. The primary source for TIF revenue in the developer's projections is new activity in the library and at 10 Main Center. The building to be occupied by the library is now vacant and paying only modest real estate taxes. The 10 Main Center office complex is not well occupied at present, but is anticipating a new tenant (AMC Theaters) and is expected to further improve with the opening of the new library, garage, loft apartments, and streetscape.

The TIF revenue generated by Phases 1A and 1B are to be expended in the following priority order: 1) enhancement of the parking garage debt service; and 2) public improvements such as streetscape. The public improvements funds will be allocated 30% to the plan generators in Phases 1A and 1B, 40% to streetscape upgrades within the larger TIF district, and 30% to challenge / matching grants under a Neighborhood Improvement Plan.

**Investment Analysis****Operating Projections**

Reportedly, the garage will be encumbered by a 99-year lease with the library. The library will have the right to 50 of the subject garage spaces at no charge, plus up to an additional 100 spaces for employees at \$45 per month. The developer's estimate of market rent is \$75 per month, so that the last 100 spaces for the library employees are leased at a below market rate. The garage manager, Central Parking Systems, is proposing that 100 spaces be rented monthly to tenants in the area (such as those now occupying the surface lot) for \$75 per month, while the balance of the garage will be offered on a transient basis. One proposal under consideration would allow library patrons to validate for 1 hour of free parking.

Central Parking Systems anticipates that the garage will generate \$300,000 annually in net operating income, which will then be available for debt service. The projected net operating income is sufficient to support the expected permanent debt of \$1,125,000. The anticipated permanent debt amount of \$1,125,000 carries about \$100,000 per year in debt service (20-yr. amortization, 6% interest). If the PIAC funds were not available, then the debt service could be about \$300,000.

**RULE & COMPANY, INC.**

APPRAISAL CONSULTING

**But For**

The TIF revenue will be applied to the garage only as an enhancement. That is, if the net operating income from operation of the garage is insufficient to service the debt, then the available TIF revenue will be applied to the shortfall. The subsidy request enjoys a self-regulating "But For" test since the TIF revenue will only be called upon when cash flow is negative. For those years in which TIF subsidy would be required for the garage, the return on investment would be no more than 0%—a break-even cash flow.

When TIF revenue is not required for the garage, it will be applied to approved public improvements such as streetscape.

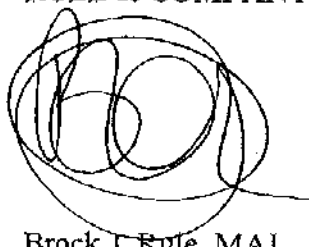
**Conclusion**

The foregoing analysis of the project's economics indicates that the requested TIF subsidy will not result in excessive returns to the developer.

While the But For test in any given year is self-regulating, the redevelopment contract should include appropriate safeguards regarding cumulative returns and duration of the enhancement.

It has been a pleasure to serve you in this assignment.

Sincerely,  
RULE & COMPANY, INC.



Brock J. Rule, MAI  
Principal

Missouri State Certified General Real Estate Appraiser (Certificate No. RA 001130)  
Kansas Certified General Real Property Appraiser (Certificate No. G-1003)

Record No. 7652

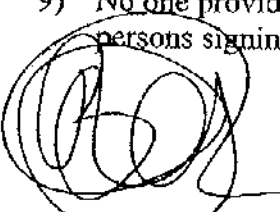
RULE &amp; COMPANY, INC.

CERTIFICATE

**CERTIFICATE**

As of October 4, 2002, I certify that, to the best of my knowledge and belief...

- 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, impartial and unbiased professional analyses, opinions, conclusions and recommendations.
- 3) I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- 4) I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 5) My engagement in this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 6) My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and with the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- 7) I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- 8) As of the date of this report, Brock J. Rule, MAI has completed the requirements of the continuing education program of The Appraisal Institute.
- 9) No one provided significant real property appraisal or appraisal consulting assistance to the persons signing this certification.

  
Brock J. Rule, MAI      Did Inspect ☒      Did Not Inspect ☐  
State Certified General Real Estate Appraiser in Missouri (Certificate No. RA 001130)  
Kansas Certified General Real Property Appraiser (Certificate No. G-1003)

RULE &amp; COMPANY, INC.

SUBJECT PHOTOGRAPHS

## GENERAL ASSUMPTIONS & LIMITING CONDITIONS

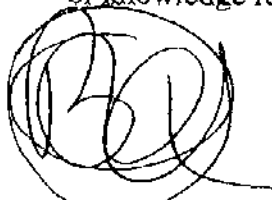
This study is subject to the following assumptions and limiting conditions:

- 1) No responsibility is assumed for the legal description, or for legal matters including and title to the property is assumed to be good and marketable unless otherwise stated.
- 2) It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property lines and that there is no encroachment or trespass unless noted in the report.
- 3) The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
- 4) The information furnished by others is believed to be reliable; however, no warranty is given for its accuracy.
- 5) Responsible ownership and competent property management are assumed.
- 6) All engineering is assumed to be correct. The site plans and illustrative material in this report are intended only to assist the reader in visualizing the property.
- 7) It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
- 8) Subsurface rights (minerals, oil, etc.) were not considered in making this appraisal, unless specifically stated otherwise.
- 9) It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
- 10) It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless a nonconformity has been stated, defined and considered in this appraisal report.
- 11) It is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
- 12) The distribution of the total valuation in this report between land and improvements applies only to the existing utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
- 13) Possession of this report or a copy thereof, does not imply the right of publication or use for any purpose by any other than the addressee, without the written consent of the appraiser.
- 14) The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless prior agreements have been made in writing.
- 15) Neither all nor any part of the contents of this report, especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the

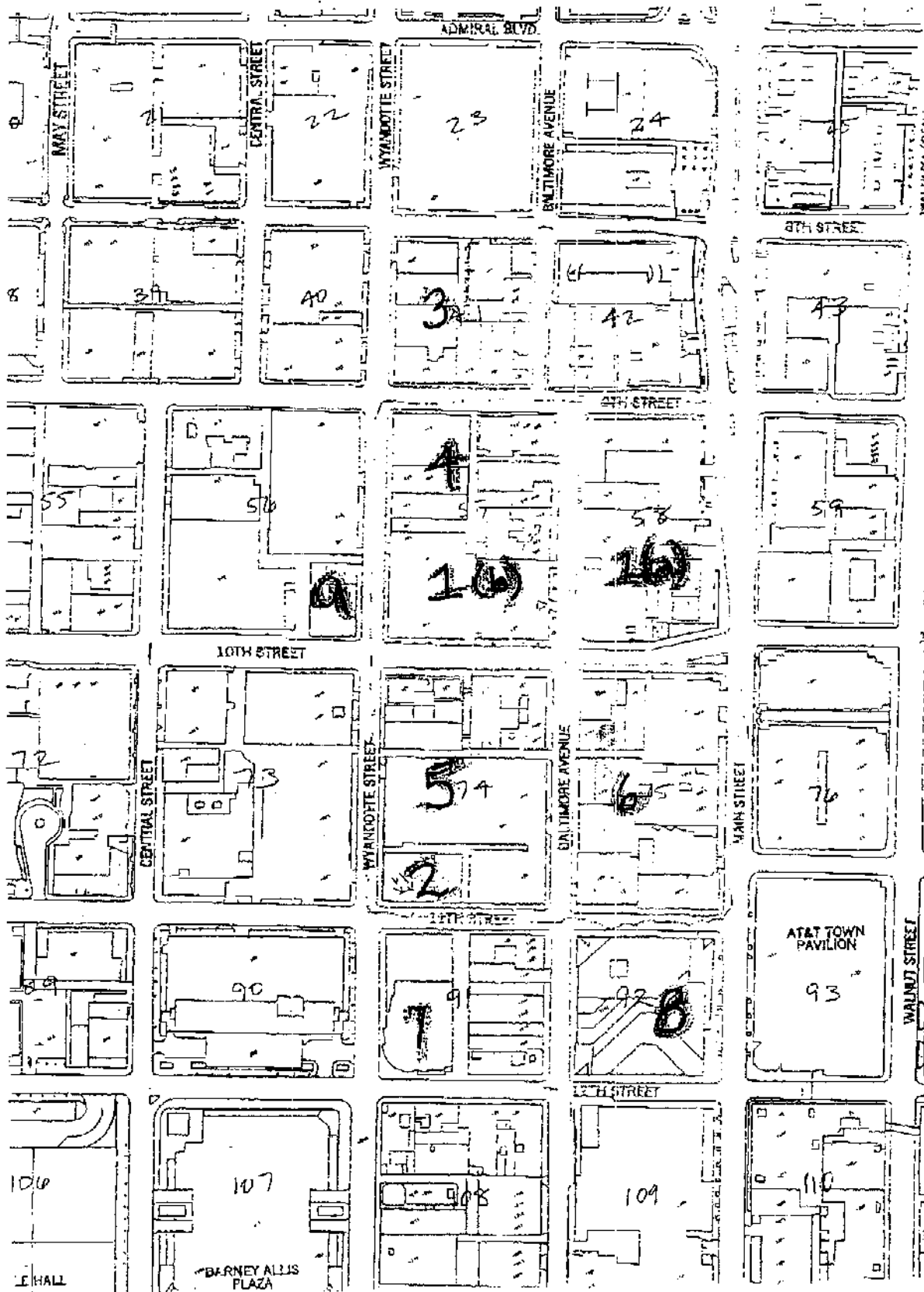
RULE & COMPANY, INC.SUBJECT PHOTOGRAPHS

Appraisal Institute or to the MAI designation shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the undersigned.

- 16) The appraiser has not made an environmental inspection of the site and is not qualified to detect the existence of hazardous materials. Hazardous materials may or may not be present on the property, but the appraiser has no knowledge of their existence on or in this property. The client is
- 17) The Americans With Disabilities Act (ADA) became effective January 26, 1992. Unless otherwise stated in this report, the appraisers have not been provided with a compliance survey; therefore, our conclusions are predicated upon the assumption that the subject is not negatively impacted by issues related to the ADA.
- 18) Unless otherwise stated in this report, problems with Year 2000 compliance were not investigated, nor called to the attention of, nor did the appraiser become aware of such during the appraiser's inspection. Problems with Year 2000 compliance of embedded systems and the cost to correct them could affect the value of the property but the appraiser is not qualified to recognize or estimate the cost to solve such problems, unless otherwise stated. The value estimated herein is predicated on the assumption that no such Year 2000 problems exist and no responsibility is assumed for any such problems, nor for any expertise or knowledge required to discover them.



Brock J. Rule, MAI





**RULE & COMPANY, INC.****BROCK J. RULE**

## **QUALIFICATIONS OF BROCK J. RULE, MAI**

### **Education**

Rose-Hulman Institute of Technology, Terre Haute, Indiana, Bachelor of Science, Chemical Engineering (1977 to 1981), *cum laude*

### **The Appraisal Institute**

#### **Designation**

Brock obtained the MAI designation in 1991 (No. 8810). Brock was a Regional Representative in 1994-95.

#### **Continuing Education**

Feasibility Analysis and HBU: Nonres (1989)  
Rates, Ratios and Reasonableness (1989)  
Comprehensive Examination Workshop (1990)  
Income Property Demo Appraisal (1990)  
Experience Review Training Session (1991)  
Reviewing Appraisals (1992)  
Condemnation Appraising & Mock Trial (1992)  
Tax Increment Financing (Realtors, 1992)  
Maximizing Value of an App Practice (1994)  
Stds of Professional App Practice, Part A (1994)  
Ltd Appraisals & Reporting Options (1994)  
Appraisal Institute Annual Symposium (1994)  
The Internet: How to use as a Business Tool (1995)  
Assessor's Forum (1995)  
Developer's Tax Credit Conference (1995)

Developing on the Info Super Highway (1995)  
Stds of Professional App Practice, Part B (1996)  
Appraisal of Retail Properties (1996)  
Affordable Housing Valuation (1997)  
Intro. to Business Valuation, Part I (1997)  
Understanding DCF Software (1998)  
Internet Search Strategies (1998)  
Detrimental Conditions of Real Estate (1998)  
Stds of Professional Practice, Part C (1999)  
Partial Interests - Divided (2000)  
Basics of Business Valuation (2000)  
Stds of Professional Practice, Part C (2001)  
Using Your HP12C Financial Calculator (2002)  
Appraising from Blueprints and Specs (2002)

### **Employment**

Dow Chemical, U.S.A., Granville, Ohio (1981-1984), Research & Development  
Atlantic Richfield Chemical, Philadelphia, Pennsylvania (1984-1985), Corporate Marketing  
Rule & Company, Inc., Kansas City, Missouri (1985-present), Principal  
Hopkins Appraisal/Valuation Services, Inc. (2000-present), Chief Operating Officer

### **Affiliations**

Certified General Real Estate Appraiser in Missouri since 1991 (Certificate No. RA 001130)  
Certified General Real Property Appraiser in Kansas since 1991 (Certificate No. G-1008)  
Who's Who in Kansas City Real Estate 1995, *Kansas City Business Journal*  
Commercial Real Estate Institute (CCIM), Affiliate (1997-present)  
UMKC Athletic Foundation Board Of Directors (ex officio; 1999-2002)  
Urban Land Institute, Associate Member (1993-1997), Co-Chair Programs (1994-1996)  
Harvesters-The Community Food Network, Board Of Dir. (1988-1995), President (1991-1993)  
Greater Kansas City Day Steering Committee (1988-1998)  
Mark Twain Bank Kansas City, Business Advisory Council (1993-1995)  
Bernard Powell Memorial Award for "Extraordinary Community Leadership and Action" (1994)

**RULE & COMPANY****COMPANY PROFILE****COMPANY PROFILE**

Rule & Company, Inc. is a commercial real estate appraisal and consulting firm. Our property experience is very broad. Special expertise exists with gaming, airport properties, leasehold valuations, secondary use of limestone caves, LIHC apartments, and lodging properties. Geographic coverage is national with emphasis on the Midwest. Our home territory is all of the states of Missouri, Kansas, Nebraska and Iowa. In the last three years we have performed appraisals in more than 20 other states.

Rule & Company, Inc. is quality and customer driven. We strive to provide responsive service, insightful analysis, and detailed market data. Following is a partial list of our recent clientele:

**INSTITUTIONS**

AEGON  
Fidelity Mgmt & Research  
GE Investments  
The Guardian  
GNA  
John Alden Life  
MetLife Capital  
Mutual of Omaha  
Penn Mutual  
Phoenix Mutual  
Principal Financial  
Sentinel Real Estate  
UNUM  
Woodmen of the World

**BANKS**

Banc One  
Bank of America  
Bank of New York  
Citicorp  
Commerce Bank  
First National Bank of Kansas  
First National Bank of Omaha  
First Star  
First Union  
Hillcrest Bank  
Key Bank  
LaSalle Bank  
Norwest  
Oak Park Bank  
Union Bank  
United Missouri Bank  
Valley View Bank  
Wells Fargo

**MORTGAGE****BANKERS**

Charter American Mortgage  
Northland/Marquette Capital  
Thellman Financial  
Triad Mortgage

**FNMA DUS, etc.**

AMI Capital  
Berkshire  
Freddie Mac  
Midland Mortgage Investment  
Paramount Financial  
Patrician Financial  
PW Funding  
Washington Mortgage

**ATTORNEYS**

Armstrong Teasdale  
Craft Fridkin & Rhyne  
Farley & Hubbard  
Lathrop & Gage  
Lewis Rice Fingersh  
Mitchell, Kristl & Lieber  
Morrison & Hecker  
Polsinelli, White  
Shugart Thomson & Kilroy  
Stinson Mag & Fizzell  
White, Goss, Bowers, et al  
Williams & Barzee

**DEVELOPERS**

John Brown & Company  
Corporate Woods  
The Garney Companies  
Hardy Peterson Retail Group  
J.C. Nichols Company  
The Perot Group  
J.A. Peterson Company  
Mel Simon & Assoc.  
Tower Properties  
Trammell Crow  
VT Asset Management

**SECURITIZATION  
and REITS**

Column Financial  
Donalson, Lutkin, Jenrette  
Heller Financial  
Lehman Brothers  
Midland Asset Management

**GOVERNMENTS**

City of Gladstone, Missouri  
City of Kansas City, Missouri  
City of Lee's Summit, Missouri  
City of North Kansas City, MO  
City of Riverside, Missouri  
City of San Jose, California  
General Services Admin.  
HUD  
Clay County, Missouri  
Jackson County, Missouri  
Platte County, Missouri  
U.S. Army Corps of Engineers  
U.S. Post Office



**EXHIBIT 10**

**EXISTING CONDITIONS STUDY  
(CONSERVATION STUDY)**

**CONSERVATION AREA STUDY**

**LIBRARY TIF DISTRICT**

**8TH ST. SOUTH TO 12TH ST AND WYANDOTTE EAST TO MAIN  
KANSAS CITY, JACKSON COUNTY, MISSOURI 64081**

**PREPARED FOR:**

**MS. JENNIFER PERKINS  
STINSON MORRISON HECKER LLP  
1201 WALNUT, SUITE 2800  
KANSAS CITY, MISSOURI 64106-2150**

**EFFECTIVE DATE OF THE  
CONSERVATION AREA STUDY:  
SEPTEMBER 29, 2002**

**INTEGRA REALTY RESOURCES  
KANSAS CITY  
FILE NUMBER: 19020288**

October 4, 2002

Ms. Jennifer Perkins  
Stinson Morrison Hecker LLP  
1201 Walnut, Suite 2800  
Kansas City, 64106-2150

SUBJECT: Conservation Area Study  
Library TIF District  
8th St. south to 12th St and Wyandotte east to Main  
Kansas City, Jackson County, Missouri 64081  
Integra Realty Resources Kansas City File No. 19020288

Dear Ms. Perkins:

Integra Realty Resources Kansas City is pleased to transmit this conservation area study that was prepared on Library TIF District as of September 29, 2002, the effective date of the study. This Conservation Area Study was performed in accordance with Section 99.805(3) R.S. Mo. of Missouri's Tax Increment Financing (TIF) statutes and is part of an application for Tax Increment Financing. I inspected the study area on September 29, 2002.

The report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Standards of Professional Practice of the Appraisal Institute. My opinions and conclusions presented in this report are premised upon the Assumptions and Limiting Conditions following the conclusion.

After my inspection and study of all of the relevant factors, it is my opinion that **Library TIF District is a Conservation Area according to the definition cited above and stated in full in the body of this report.** The building improvements in the study area have been constructed between 1880 and 1986 and 80% of the land in the study area is improved with structures that are at least 35 years old. Approximately 66% of the gross building square footage in the study area is structures at least 35 years old. The study area exhibits nine of the 14 potentially blighting factors. Additionally, much of the study area and the surrounding areas have previously been found to be blighted. **Thus, I conclude that the redevelopment area fulfills the definition of a "conservation area" as described in Section 99.805(3) R.S. Mo.**

LOCAL EXPERTISE...NATIONALLY

1901 WEST 47<sup>TH</sup> PLACE, SUITE 300 • WESTWOOD, KANSAS 66205-1834 • 913-236-4700 • FAX 913-236-4307  
E-MAIL: KANSASCITY@IRR.COM

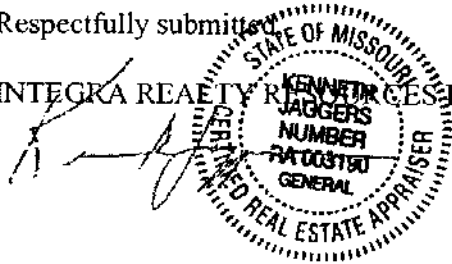
Ms. Jennifer Perkins  
Blackwell Sanders Peper Martin, LLP  
October 4, 2002  
Page 2

Should you have any questions or if I may be of further service please contact me at your convenience.

Thank you for the opportunity to be of service.

Respectfully submitted,

INTEGRA REALTY RESEARCH SERVICES KANSAS CITY



Kenneth Jaggers  
Senior Analyst  
Certified General Real Estate Appraiser  
Missouri Certificate #RA003190

**TABLE OF CONTENTS**

	<b>PAGE NO.</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>2</b>
<b>GENERAL INFORMATION .....</b>	<b>3</b>
Identification of Study Area .....	3
Purpose and Effective Date .....	3
Intended Use and Intended User .....	3
Experience3	
Scope of Conservation Area Study .....	4
<b>PHOTOGRAPHS.....</b>	<b>5</b>
<b>ECONOMIC ANALYSIS.....</b>	<b>10</b>
Jackson County area Analysis .....	10
CBD Market Factors .....	22
Neighborhood Factors.....	28
<b>PROPERTY ANALYSIS .....</b>	<b>32</b>
Description and Analysis of the Land .....	32
Description and Analysis of the Improvements .....	34
<b>CONSERVATION AREA ANALYSIS.....</b>	<b>35</b>
Conservation Area .....	35
Conclusion .....	40
<b>CERTIFICATION .....</b>	<b>41</b>
<b>ASSUMPTIONS AND LIMITING CONDITIONS.....</b>	<b>43</b>
<b>ADDENDA</b>	
Qualifications of Consultant(s).....	Addendum A



**EXECUTIVE SUMMARY**

<b>LIBRARY TIF DISTRICT</b>	
<b>Property Address</b>	8th St. south to 12th St and Wyandotte east to Main Kansas City, Jackson County, Missouri 64081
<b>Effective Date of the Conservation Area Study</b>	September 29, 2002
<b>Date of the Report</b>	October 4, 2002
<b>Owner of Record</b>	There are 40 properties with approximately 24 different owners.
<b>Land Area</b>	13.26 Acres
<b>Improvements</b>	The study area is fully developed with office buildings, structured parking and surface parking. The building improvements range in age from approximately 16 years to 100 years and include Class A, B and Rehab office properties and vacant and partially occupied Class C properties.

## **GENERAL INFORMATION**

### **IDENTIFICATION OF STUDY AREA**

The study area is approximately 13.26 acres located in the heart of Kansas City's downtown. Its boundaries are generally 8th Street on the north, 12<sup>th</sup> Street on the south, Wyandotte on the west and Main on the east. There are some parcels within these boundaries that are already included in other TIF districts and, as such, are not part of the study area known as the Library TIF District.

All of the sites in the study area are improved, at a minimum with surface parking, up to Class A office development. 33 of the 40 parcels in the study area are improved with buildings or parking structures.

### **PURPOSE AND EFFECTIVE DATE**

The purpose of this conservation area study is to derive my opinion of whether the subject property is a conservation area as defined by Missouri Statute. The effective date of this study is September 29, 2002, the date of my inspection.

### **INTENDED USE AND INTENDED USER**

This conservation area study has been prepared for Ms. Jennifer Perkins, Stinson Morrison Hecker LLP, 1201 Walnut, Suite 2800, Kansas City, Missouri. It is intended for use in the application process for Tax Increment Financing. It is not intended for any other use.

### **EXPERIENCE**

Integra Realty Resources and this consultant comply with the Competency Provision of USPAP with experience with numerous conservation area and blight studies on numerous properties. These include but are not limited to the following:

- 1101 Walnut, 1120 Grand and 1115 Walnut Street Blight Study
- Kansas Medical Research and Medical Campus Blight Study
- Blight Study on the Board of Trade, Burnham, and Dwight Buildings
- Longview Farms Conservation Study

## **SCOPE OF CONSERVATION AREA STUDY**

As part of this conservation area study, I have completed the following steps to gather, confirm, and analyze the data.

- Physically inspected the subject and the surrounding neighborhood.
- Collected factual information about the subject and the surrounding market and confirmed that information with various sources.
- Collected and confirmed market information.
- Prepared a conservation area study setting forth the conclusion derived in this analysis as well as the information upon which the conclusions are based.

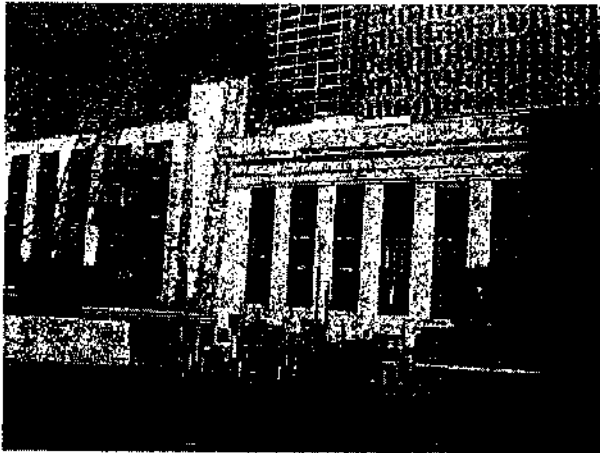
The client provided me with the following information for this assignment.

- Parcel Identification Numbers. Provided separately in the TIF Application
- Outline of the property boundaries. Provided separately in the TIF Application

This report involves a conservation area study of the study area and conforms to the requirements of the *Uniform Standards of Professional Appraisal Practice* (USPAP). No reliance is given the Departure Rule of USPAP.

## **PHOTOGRAPHS**

***LIBRARY TIF DISTRICT***



1. Former First National Bank Building  
(Photo Taken on September 29, 2002)



2. Ten Main Center in the background  
(Photo Taken on September 29, 2002)



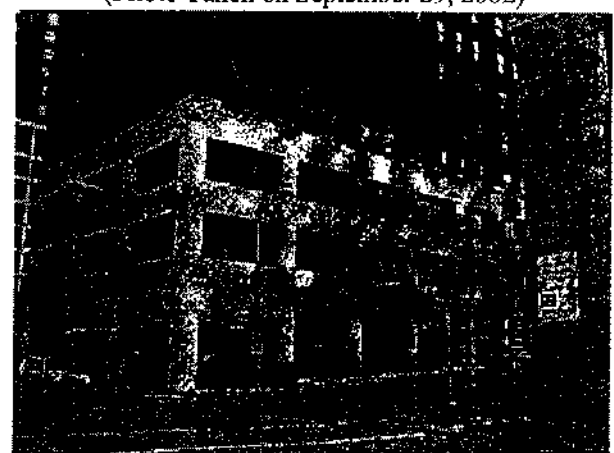
3. Mezzanine office space in Ten Main Center  
(Photo Taken on September 29, 2002)



4. Mass Transit Station, Hanover Building (Left) and  
Ten Main (Right)  
(Photo Taken on September 29, 2002)



5. Loft redevelopments.  
(Hanover, Dwight, Board of Trade)  
(Photo Taken on September 29, 2002)



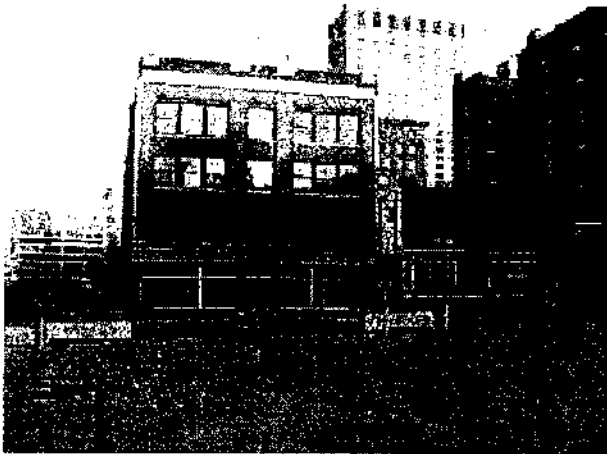
6. Mark Twain Tower  
(Photo Taken on September 29, 2002)



7. Vacant Building SEC 9<sup>th</sup> and Baltimore  
(Photo Taken on September 29, 2002)



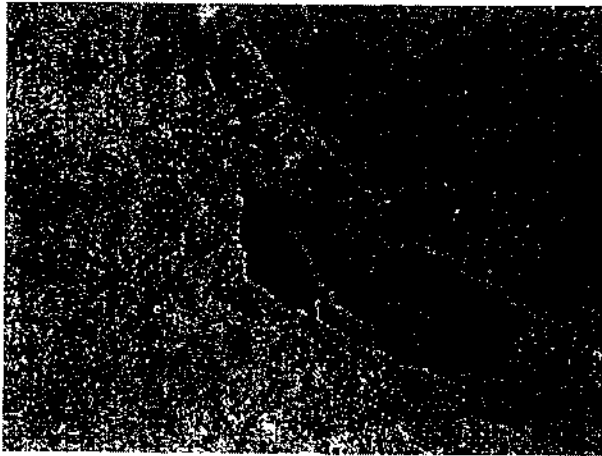
8. Vacant Building on Wyandotte, between 9<sup>th</sup> and 10<sup>th</sup>.  
(Photo Taken on September 29, 2002)



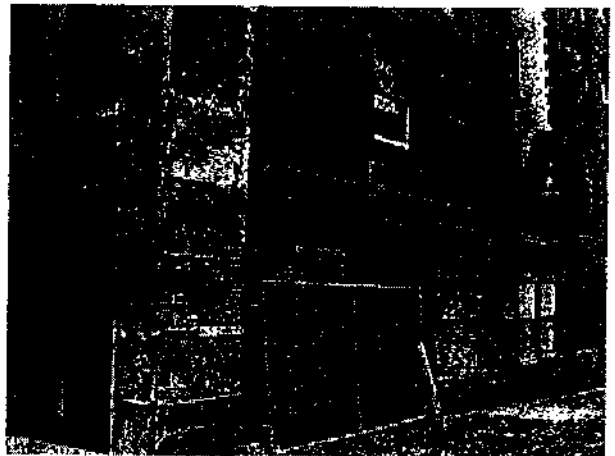
9. Vacant Building at 8<sup>th</sup> and Wyandotte  
(Photo Taken on September 29, 2002)



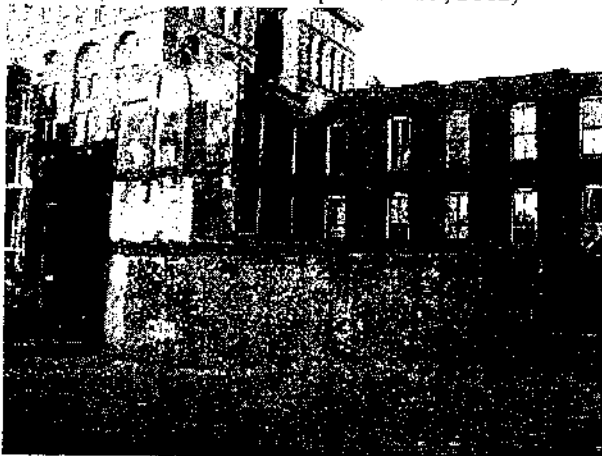
10. Vacant New England Life Building surrounded  
by redevelopment projects.  
(Photo Taken on September 29, 2002)



11. Dilapidation/Deterioration of public infrastructure at the southwest corner of 10<sup>th</sup> and Baltimore.  
(Photo Taken on September 29, 2002)



12. Dilapidation/Deterioration at the Farm and Home Savings Building  
(Photo Taken on September 29, 2002)



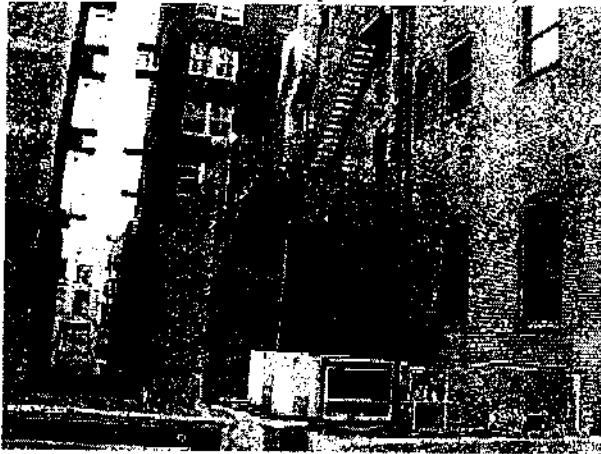
13. Dilapidation/Deterioration of building on 9<sup>th</sup> St. between Wyandotte and Baltimore.  
(Photo Taken on September 29, 2002)



14. Evidence of unlawful use at the Kansas City Club site.  
(Photo Taken on September 29, 2002)



15. Evidence of unlawful use at the Kansas City Club site.  
(Photo Taken on September 29, 2002)



16. Fire exit at Kansas City Club that may attract nuisance.  
(Photo Taken on September 29, 2002)



## ECONOMIC ANALYSIS

### JACKSON COUNTY AREA ANALYSIS

#### INTRODUCTION

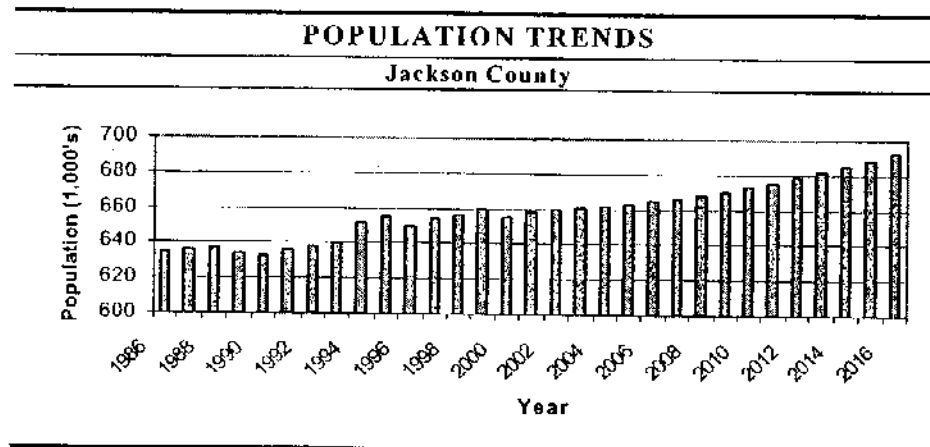
The economic vitality of the surrounding area, and the immediate neighborhood encompassing the subject property, is an important consideration in estimating future real estate demand and income potential. Historic social, economic, governmental, and environmental forces that reflect the quantity and quality of real estate demand provide a basis from which future estimates of demand can originate.

The subject property is located in Jackson County, Missouri. Our evaluation of historical, current and projected trends for this area will focus on a comparison to the Kansas City Metropolitan Statistical Area (MSA).

A detailed demographic analysis of Jackson County and the Kansas City MSA was conducted using information provided by the *National Planning Association*, a recognized industry source. Information supplied includes historical and projected population, employment and income data.

#### POPULATION

Historic and projected population trends for Jackson County are depicted in the following chart.



The population of Jackson County, as seen in the accompanying table, increased at a compounded annual rate of 0.25% from 1996 to 2001. For the same time frame, the Kansas City MSA experienced a compounded annual growth rate of approximately 1.19%. Over the last fifteen years Jackson County's average annual compound change was 0.24%, as compared to 1.11% for the Kansas City MSA. Looking ahead over the next 15 years, 2001 to 2016, both Jackson County and the Kansas City MSA are expected to increase in population. It is anticipated that Jackson County will experience increases at an average annual compound rate of 0.33%, while the Kansas City MSA's population is expected to grow at an average annual compound rate of 0.80% for this period. Five-year projections reflect growth rates that are lower than the 15-year estimates.

Both Jackson County and the Kansas City MSA are anticipated to experience continued growth, with future population estimates reflecting growth less than those experienced in the past.

POPULATION TRENDS COMPARISON					
Kansas City MSA			Jackson County		
	Year	Population (000's)	% Change	Population (000's)	% Change
Historical	1986	1,522.8		635.1	
	1991	1,603.5	5.3%	636.0	0.1%
	1996	1,694.8	5.7%	650.5	2.3%
	1997	1,716.8	1.3%	653.8	0.5%
	1998	1,736.7	1.2%	656.8	0.5%
	1999	1,756.9	1.2%	660.0	0.5%
	2000	1,776.1	1.1%	664.9	-0.8%
Current (Est)	2001	1,798.3	1.3%	658.5	0.5%
	2002	1,812.6	0.8%	659.4	0.1%
	2003	1,826.9	0.8%	660.4	0.2%
Projected	2004	1,841.1	0.8%	661.6	0.2%
	2005	1,855.2	0.8%	663.0	0.2%
	2006	1,869.6	0.8%	664.5	0.2%
	2011	1,944.8	4.0%	675.9	1.7%
	2016	2,025.8	4.2%	692.2	2.4%
Average Annual Compound Change		<u>Historical</u>			
		Past 5 years	1.19%		0.25%
		Past 15 years	1.11%		0.24%
		<u>Projected</u>			
		Next 5 years	0.78%		0.18%
		Next 15 years	0.80%		0.33%

Source: NPA Data Services, Inc.; compiled by IRR

The ten largest cities in Jackson County are presented in the table below:

JACKSON COUNTY MAJOR CITY POPULATIONS	
City	2000 Population
Kansas City (pt)	331,080
Independence (pt)	117,534
Lee's Summit (pt)	70,808
Blue Springs	45,982
Raytown	28,911
Grandview	25,731
Oak Grove (pt)	5,162
Grain Valley	4,648
Sugar Creek (pt)	3,793
Green Wood	3,203

Note: (pt) - part

### EMPLOYMENT

Employment trends for both Jackson County and the Kansas City MSA are anticipated to follow a pattern similar to the population trends for these areas, although at higher rates of increase. Employment trends for Jackson County and the Kansas City MSA are presented in the accompanying chart. From 1996 to 2001, Jackson County realized employment growth at an average annual compound rate of 0.78%. For the same time period, the rate of growth for the Kansas City MSA was 2.23%. These figures indicate that Jackson County lagged the Kansas City MSA in employment growth over the last five years. Looking back fifteen years, employment for Jackson County grew at an average annual compound rate of 0.53%, while the Kansas City MSA experienced a 2.00% growth rate.

Estimates for the next five and fifteen year periods reflect rates of employment growth for Jackson County that are below those of the Kansas City MSA. From 2001 to 2006, Jackson County is anticipated to experience a 0.66% average annual growth rate, while the long term projection, 2001 to 2016, indicates a 0.58% average annual compound increase. For the same time frames, the Kansas City MSA is expected to grow at average annual compound rates of 1.82% and 1.40%, respectively. While employment gains do not correlate directly to real estate demand, they do depict the underlying health of the economy. Historical and projected trends for Jackson County indicate growth rates, which generally lag the Kansas City MSA's rate, suggesting a declining position within the Kansas City MSA.

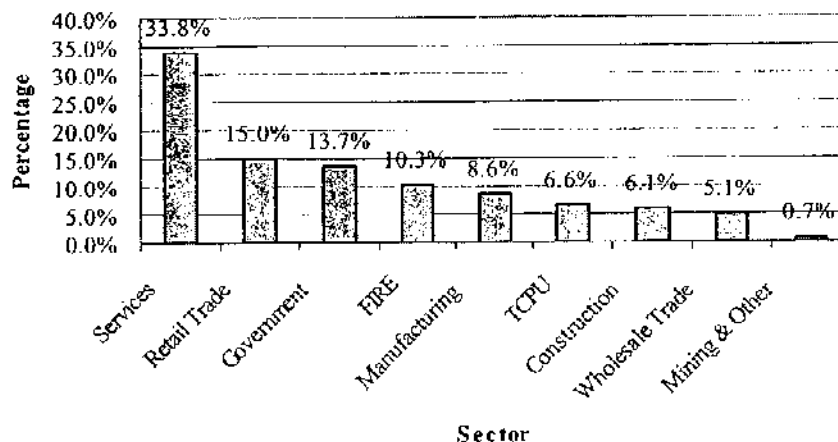
NON-FARM EMPLOYMENT TRENDS COMPARISON					
Kansas City MSA			Jackson County		
	<u>Year</u>	<u>Employment (000's)</u>	<u>% Change</u>	<u>Employment (000's)</u>	<u>% Change</u>
<b>Historical</b>	1986	894.8		437.9	
	1991	963.3	7.7%	432.5	-1.2%
	1996	1,077.9	11.9%	456.2	5.5%
	1997	1,117.3	3.7%	468.3	2.7%
	1998	1,148.4	2.8%	470.6	0.5%
	1999	1,173.8	2.2%	476.1	1.2%
	2000	1,197.6	2.0%	479.1	0.6%
<b>Current (Est)</b>	<b>2001</b>	<b>1,203.7</b>	<b>0.5%</b>	<b>474.3</b>	<b>-1.0%</b>
<b>Projected</b>	2002	1,225.6	1.8%	476.5	0.5%
	2003	1,250.2	2.0%	480.2	0.8%
	2004	1,272.7	1.8%	483.3	0.6%
	2005	1,295.6	1.8%	486.8	0.7%
	2006	1,317.6	1.7%	490.3	0.7%
	2011	1,409.3	7.0%	504.4	2.9%
	2016	1,483.7	5.3%	517.3	2.6%
<b>Average Annual</b>		<b><u>Historical</u></b>			
<b>Compound Change</b>		Past 5 years	2.23%		0.78%
		Past 15 years	2.00%		0.53%
		<b><u>Projected</u></b>			
		Next 5 years	1.82%		0.66%
		Next 15 years	1.40%		0.58%

Source: NPA Data Services, Inc.; compiled by IRR

An analysis of employment mix will further establish an understanding of the economies of Jackson County and the Kansas City MSA and how they relate to future real estate demand. The following chart depicts the current distribution of employment by industry.

## EMPLOYMENT SECTORS 2001

## Jackson County



The preceding chart and accompanying tables show that in 2001, the largest employment sectors in Jackson County were Services (33.8%), Retail Trade (15.0%), Government (13.7%), and FIRE (10.3%). In 2001, the Kansas City MSA's largest employment sectors were Services (32.3%), Retail Trade (16.5%), Government (12.5%), and FIRE (9.1%).

As shown in the following table, historical trends for Jackson County indicate that the largest meaningful percentage gains in employment over the past fifteen years occurred within the Services and Mining & Other and Services sectors with annual average compound growth rates of 1.7% and 1.9% respectively. Over the past five years the most significant activity has occurred in the Construction and Mining & Other sectors with annual average compound growth rates of 3.3% and 3.2%.

## HISTORIC EMPLOYMENT TRENDS

Jackson County								
	1986	% of Total	1991	1996	2001	% of Total	Change Rate	
							(15 yr)	(5 yr)
Total Employment	437.9	100%	432.5	456.2	474.3	100%	0.5%	0.8%
Services	124.8	28.5%	130.1	147.1	160.5	33.8%	1.7%	1.8%
Retail Trade	69.6	15.9%	69.4	73.4	71.0	15.0%	0.1%	-0.7%
Government	58.6	13.4%	64.5	61.9	65.2	13.7%	0.7%	1.0%
FIRE	45.1	10.3%	44.0	45.3	49.0	10.3%	0.5%	1.6%
Manufacturing	62.2	14.2%	49.1	47.3	41.0	8.6%	-2.8%	-2.9%
TCPU	27.4	6.2%	28.0	29.4	31.4	6.6%	0.9%	1.3%
Construction	23.0	5.2%	19.2	24.7	29.1	6.1%	1.6%	3.3%
Wholesale Trade	24.7	5.6%	25.1	24.2	24.0	5.1%	-0.2%	-0.2%
Mining & Other	2.5	0.6%	3.0	2.9	3.3	0.7%	1.9%	3.2%
Ttl Non-Mfg.	375.6	85.8%	383.3	408.8	433.3	91.4%	1.0%	1.2%
Ttl Office-Related*	228.5	52.2%	238.6	254.3	274.6	57.9%	1.2%	1.5%

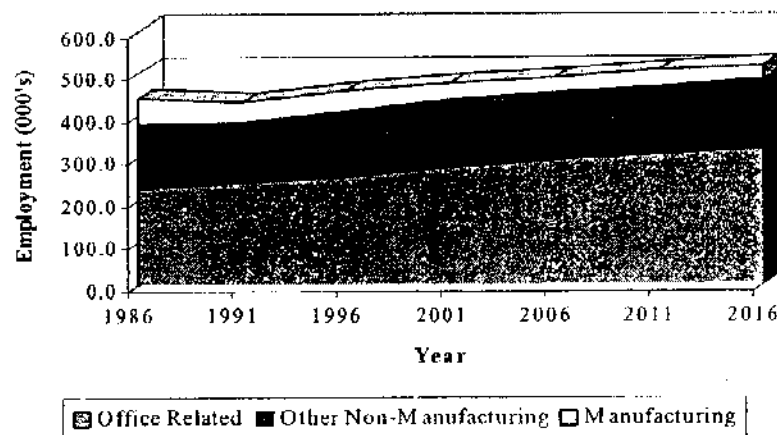
\*Includes FIRE, Services and Government

(Numbers in thousands (000's))

Employment trends are further examined in the following chart which depicts growth in the broad-based categories of manufacturing, office related and other non-manufacturing employment. For purposes of this analysis, office related employment is defined as total employment in the FIRE, Services and Government sectors. While not all employment from these sectors is office related, office employment trends tend to mirror the trends from these categories. As seen in these charts, office-related employment has captured an increasing share of total employment, indicating a shift toward a more service-based economy. This is a common trend on a national basis.

## EMPLOYMENT SECTOR TRENDS

## Jackson County



Historical trends for the Kansas City MSA are summarized in the following chart and indicate the largest meaningful gains in employment over the past fifteen years occurred within the Services and Mining & Other sectors with annual average compound growth rates of 3.4% and 3.3% respectively. Over the past five years significant activity has occurred in the Construction and TCPU sectors with annual average compound growth rates of 4.4% and 4.0%.

HISTORIC EMPLOYMENT TRENDS								
Kansas City MSA								
	1986	% of Total	1991	1996	2001	% of Total	Change Rate	
							(15 yr)	(5 yr)
Total Employment	894.8	100%	963.3	1077.9	1203.7	100%	2.0%	2.2%
Construction	51.3	5.7%	45.7	60.5	74.9	6.2%	2.6%	4.4%
FIRE	86.3	9.6%	88.1	93.9	109.1	9.1%	1.6%	3.0%
Government	125.6	14.0%	137.7	140.9	150.6	12.5%	1.2%	1.3%
Manufacturing	120.8	13.5%	108.1	110.4	104.0	8.6%	-1.0%	-1.2%
Mining & Other	8.2	0.9%	10.0	11.1	13.3	1.1%	3.3%	3.8%
Retail Trade	146.4	16.4%	162.0	186.0	199.1	16.5%	2.1%	1.4%
Services	236.1	26.4%	278.3	332.3	388.6	32.3%	3.4%	3.2%
TCPU	61.0	6.8%	70.5	76.1	92.6	7.7%	2.8%	4.0%
Wholesale Trade	59.2	6.6%	63.0	66.8	71.4	5.9%	1.3%	1.3%
Ttl Non-Mfg.	774.0	86.5%	855.2	967.5	1099.7	91.4%	2.4%	2.6%
Ttl Office-Related*	448	50.1%	504.1	567.1	648.3	53.9%	2.5%	2.7%

\*Includes FIRE, Services and Government

(Numbers in thousands (000's))

Future projections are summarized in the following tables. Fifteen-year projections for Jackson County show Mining & Other related employment leading all other sectors with Government as the next leading sector. The Kansas City MSA forecast has Mining & Other related employment leading all other sectors with Construction as the next leading sector.

PROJECTED EMPLOYMENT TRENDS								
Jackson County								
	2001	% of Total	2006	2011	2016	% of Total	Change Rate	
							(15 yr)	(5 yr)
Total Employment	474.3	100%	490.3	504.4	517.3	100%	0.6%	0.7%
Construction	29.1	6.1%	31.0	32.8	34.7	6.7%	1.2%	1.3%
FIRE	49.0	10.3%	50.2	51.0	51.7	10.0%	0.4%	0.5%
Government	65.2	13.7%	71.0	75.7	79.5	15.4%	1.3%	1.7%
Manufacturing	41.0	8.6%	38.3	35.9	33.7	6.5%	-1.3%	-1.3%
Mining & Other	3.3	0.7%	3.7	4.0	4.4	0.8%	1.8%	2.1%
Retail Trade	71.0	15.0%	71.6	72.2	72.8	14.1%	0.2%	0.2%
Services	160.5	33.8%	170.2	179.1	187.6	36.3%	1.0%	1.2%
TCPU	31.4	6.6%	31.3	31.0	30.8	5.9%	-0.1%	-0.1%
Wholesale Trade	24.0	5.1%	23.1	22.5	22.3	4.3%	-0.5%	-0.8%
Ttl Non-Mfg.	433.3	91.4%	452.0	468.5	483.7	93.5%	0.7%	0.8%
Ttl Office-Related*	274.6	57.9%	291.4	305.9	318.8	61.6%	1.0%	1.2%

\*Includes FIRE, Services and Government

(Numbers in thousands (000's))

PROJECTED EMPLOYMENT TRENDS								
Kansas City MSA								
	2001	% of Total	2006	2011	2016	% of Total	Change Rate	
							(15 yr)	(5 yr)
Total Employment	1203.7	100%	1317.6	1409.3	1483.7	100%	1.4%	1.8%
Construction	74.9	6.2%	84.7	93.6	101.7	6.9%	2.1%	2.5%
FIRE	109.1	9.1%	117.5	123.7	128.3	8.6%	1.1%	1.5%
Government	150.6	12.5%	165.3	177.0	186.4	12.6%	1.4%	1.9%
Manufacturing	104.0	8.6%	105.2	104.2	101.7	6.9%	-0.2%	0.2%
Mining & Other	13.3	1.1%	15.7	17.8	19.8	1.3%	2.7%	3.3%
Retail Trade	199.1	16.5%	215.6	228.2	237.8	16.0%	1.2%	1.6%
Services	388.6	32.3%	436.5	477.9	514.3	34.7%	1.9%	2.3%
TCPU	92.6	7.7%	98.6	102.5	104.8	7.1%	0.8%	1.2%
Wholesale Trade	71.4	5.9%	78.5	84.3	89.1	6.0%	1.5%	1.9%
Ttl Non-Mfg.	1099.7	91.4%	1212.4	1305.1	1382.1	93.1%	1.5%	2.0%
Ttl Office-Related*	648.3	53.9%	719.3	778.7	828.9	55.9%	1.7%	2.1%

\*Includes FIRE, Services and Government

(Numbers in thousands (000's))

An examination of total employment figures reveals that Jackson County accounted for approximately 48.9% of the Kansas City MSA's employment in 1986. By 2001, this ratio changed to 40.0% and it is projected at 34.9% through 2016. This is an indication that Jackson County is growing at a rate below that of the Kansas City MSA as a whole.

The varied composition of the region's employment base and an examination of its major employers indicate a diversified economy that is not dependent upon any particular sector. Therefore, Jackson County should be less susceptible to cyclical fluctuations that have occurred in other areas dominated by a single industry. Jackson County's ten largest employers are presented in the following table followed by the top fifty employers in the Kansas City MSA.

MAJOR EMPLOYERS IN JACKSON COUNTY	
Employer	# of Employees
1. U.S. Office of Personnel Management	17,100
2. Health Midwest	8,735
3. City of Kansas City, MO	6,000
4. St. Luke's	5,860
5. Hallmark	5,600
6. Honeywell International Inc.	4,820
7. Southwestern Bell	4,600
8. Kansas City, MO School District	4,500
9. AT&T	4,023
10. DST Systems Inc.	4,000

Kansas City Business Journal Book of Lists



TOP 50 AREA EMPLOYERS				
2000 Rank	Company	Current No. of Local Employees	Year Established Locally	Nature of Operations
1.	Sprint Corporation	18,000	1959	Local, long distance, wireless, internet service
2.	U.S. Office of Personnel Management	17,100	1934	Federal government personnel
3.	Health Midwest	8,488	1991	Health care
4.	State of Missouri	7,140	N/A	State government
5.	Ford Motor Company	6,034	1906	Automobile and truck manufacturing
6.	Saint Luke's-Shawnee Mission Health System	5,716	1996	Health care
7.	Hallmark Cards, Inc.	5,600	1910	Greeting cards and related products, television programming, art materials
8.	DST Systems, Inc.	5,000	1969	Information processing, computer software services
9.	City of Kansas City, Missouri	4,907	1853	City government
10.	Kansas City, Missouri School District	4,900	1867	School district
11.	Southwestern Bell	4,700	1917	Voice, data, networking and e-business services
12.	Honeywell International, Inc.	4,075	1949	Materials and components manufacturer for national defense.
13.	AT&T	4,023	1888	Voice and data communications
14.	Black & Veatch Corporation	3,900	1915	Engineering, consulting, construction, asset management
15.	Shawnee Mission Public School District	3,893	1969	Public school district
16.	Trans World Airlines	3,600	1929	National and international airline
17.	Kansas City, Kansas Public Schools	3,400	1886	Education
18.	General Motors Fairfax Assembly Plant	3,200	1946	Automobile assembly
19.	Olathe District Schools	3,179	1965	Education
20.	Johnson County, Kansas	2,725	N/A	County government
21.	Truman Medical Center, Inc.	2,700	1870	Health care
22.	University of Missouri-Kansas City	2,678	1963	Education, research, public service
23.	UMB Financial Corporation	2,535	1913	Banking and financial services
24.	Children's Mercy Hospital & Clinics	2,520	1897	Pediatric inpatient and outpatient health care
25.	KU Med	2,516	1998	Academic hospital
26.	Burlington Northern Santa Fe Railway	2,500	1869	Rail freight transportation
27.	Commerce Bank	2,500	1865	Banking and financial services
28.	University of Kansas Medical Center	2,438	1905	Education, research
29.	North Kansas City School District	2,394	1917	Education
30.	American Century Investments	2,200	1958	Mutual fund, brokerage and investment services
31.	Unified Government of Wyandotte County/Kansas City, Kansas	2,200	1861	County and municipal government
32.	Carondelet Health	2,195	1997	Health care
33.	Citicorp Credit Services, Inc.	2,132	1986	Credit card support
34.	Blue Valley Schools	2,095	1965	Education
35.	Lee's Summit R-7 School District	2,021	1949	Education
36.	Yellow Corporation	2,000	1924	Freight transportation services
37.	Ameristar Casino	1,944	1997	Casino and hotel
38.	Kansas City, Missouri Police Department	1,858	1874	Municipal law enforcement
39.	Cerner Corporation	1,828	1979	Health care information technology
40.	Harrah's North Kansas City Casino & Hotel	1,816	1994	Gaming, casino entertainment, hotel
41.	Associated Wholesale Grocers, Inc.	1,800	1926	Wholesale grocery supplier
42.	State of Kansas	1,760	N/A	State government
43.	Kansas City Power & Light	1,685	1882	Electric utility
44.	Applebee's International, Inc.	1,650	1988	Restaurant
45.	Utilicorp United	1,605	1917	International energy and risk management company
46.	North Kansas City Hospital	1,594	1958	Acute-care hospital
47.	Bank of America	1,554	1886	Banking and financial services
48.	Union Pacific Railroad	1,519	1865	Freight transportation
49.	Dunn Industries, Inc.	1,500	1924	General contractor
50.	J.C. Penney Lenexa Catalog Fulfillment Center	1,500	1977	Catalog distribution

Kansas City Business Journal Book of Lists 2001

***INCOME***

Personal income is also a significant factor in determining the real estate demand in a given market. As illustrated in the accompanying charts, Jackson County's per capita income has historically achieved a growth rate below that of the Kansas City MSA.

From 1996 to 2001, Jackson County has achieved per capita income growth at an average annual compound rate of 2.89%. For the same time period, the average annual compound rate of growth for the Kansas City MSA was 3.18%. The two market areas displayed a similar pattern in per capita income growth over the last fifteen years with Jackson County's growth being at an average annual compound rate of 1.80% while the Kansas City MSA's growth recorded an average annual compound rate of 1.98%. Projections for the next five and fifteen year periods reflect rates of per capita income growth for Jackson County less than the anticipated gains in income for the Kansas City MSA. For the two time frames, 2001 to 2006 and 2001 to 2016, Jackson County is anticipated to experience a 2.22% and a 1.55% average annual growth rate respectively. For the same time frames, the Kansas City MSA is expected to grow at average annual compound rates of 2.51% and 1.80%, respectively.

An examination of personal income on a per household basis instead of a per capita basis reveals that, historically, Jackson County has experienced a growth rate below that of the Kansas City MSA, and future projections show Jackson County with a growth rate below that of the Kansas City MSA. In absolute dollars, Jackson County's personal income historically has been below that of the Kansas City MSA, both on a per capita and per household basis.

INCOME PER CAPITA COMPARISON					
Kansas City MSA			Jackson County		
	<u>Year</u>	<u>Income/Capita</u>	<u>% Change</u>	<u>Income/Capita</u>	<u>% Change</u>
Historical	1986	\$22,611		\$21,727	
	1991	\$23,450	3.7%	\$22,778	4.8%
	1996	\$25,962	10.7%	\$24,607	8.0%
	1997	\$26,631	2.6%	\$25,024	1.7%
	1998	\$27,901	4.8%	\$26,018	4.0%
	1999	\$28,810	3.3%	\$26,728	2.7%
	2000	\$30,178	4.8%	\$28,313	5.9%
Current (Est)	2001	\$30,356	0.6%	\$28,379	0.2%
	2002	\$31,163	2.7%	\$29,037	2.3%
	2003	\$32,021	2.8%	\$29,744	2.4%
Projected	2004	\$32,808	2.5%	\$30,392	2.2%
	2005	\$33,637	2.5%	\$31,075	2.2%
	2006	\$34,369	2.2%	\$31,665	1.9%
	2011	\$37,269	8.4%	\$33,919	7.1%
	2016	\$39,688	6.5%	\$35,742	5.4%
Average Annual Compound Change	<u>Historical</u>				
	Past 5 years		3.18%		2.89%
	Past 15 years		1.98%		1.80%
	<u>Projected</u>				
	Next 5 years		2.51%		2.22%
	Next 15 years		1.80%		1.55%
Source: NPA Data Services, Inc.; compiled by IRR					

INCOME PER HOUSEHOLD COMPARISON					
Kansas City MSA			Jackson County		
	Year	Income/Household	% Change	Income/Household	% Change
Historical	1986	\$59,594		\$55,056	
	1991	\$61,142	2.6%	\$57,030	3.6%
	1996	\$67,510	10.4%	\$61,496	7.8%
	1997	\$69,244	2.6%	\$62,479	1.6%
	1998	\$72,612	4.9%	\$64,860	3.8%
	1999	\$74,459	2.5%	\$66,129	2.0%
	2000	\$76,903	3.3%	\$69,378	4.9%
Current (Est)	2001	\$77,352	0.6%	\$69,529	0.2%
Projected	2002	\$79,176	2.4%	\$70,923	2.0%
	2003	\$81,119	2.5%	\$72,432	2.1%
	2004	\$82,867	2.2%	\$73,785	1.9%
	2005	\$84,712	2.2%	\$75,213	1.9%
	2006	\$86,299	1.9%	\$76,410	1.6%
	2011	\$92,203	6.8%	\$80,611	5.5%
	2016	\$96,721	4.9%	\$83,652	3.8%
Average Annual		<u>Historical</u>			
Compound Growth		Past 5 years	2.76%		2.49%
		Past 15 years	1.75%		1.57%
		<u>Projected</u>			
		Next 5 years	2.21%		1.91%
		Next 15 years	1.50%		1.24%

Source: NPA Data Services, Inc.; compiled by IRR

## CONCLUSION

Overall, the economic outlook for Jackson County and the Kansas City MSA is positive. Total population for both areas is projected to increase slightly. More importantly, both areas are projected to experience increasing employment growth. Based on this analysis, it is anticipated that the Kansas City MSA and Jackson County will continue to grow and prosper. The expected growth should provide an economic base that supports demand for real estate in the subject neighborhood and for the subject property. These conditions should stimulate increases in general property values within the foreseeable future.

## **CBD MARKET FACTORS**

Development of the Kansas City, Missouri Central Business District (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 U.S. cities in which the retail and residential developments that were spurred by the CBD core of office and financial development has dwindled, generally relocating to the suburbs. Today, the majority of space is office with a smaller portion of retail, restaurants, apartments/condominiums and a few hotels. The CBD includes the Kansas City, Missouri downtown area located within the Freeway Loop, the River Market, and south from the south loop to and including Crown Center.

### **OFFICE DEVELOPMENT AND REDEVELOPMENT**

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. Twelve Wyandotte Plaza, Commerce Bank Building, Town Pavilion, One Kansas City Place, and 1201 Walnut were all constructed in a period of about four years. All told, these projects represent approximately 4.75 million square feet of rentable area and increased the CBD supply by 35%. Each of these properties has significant structured parking and is of Class A quality. This new development effectively moved 1101 Walnut, and the buildings known as Ten Main Center and City Center Square from the ranks of Class A office space to Class B office space.

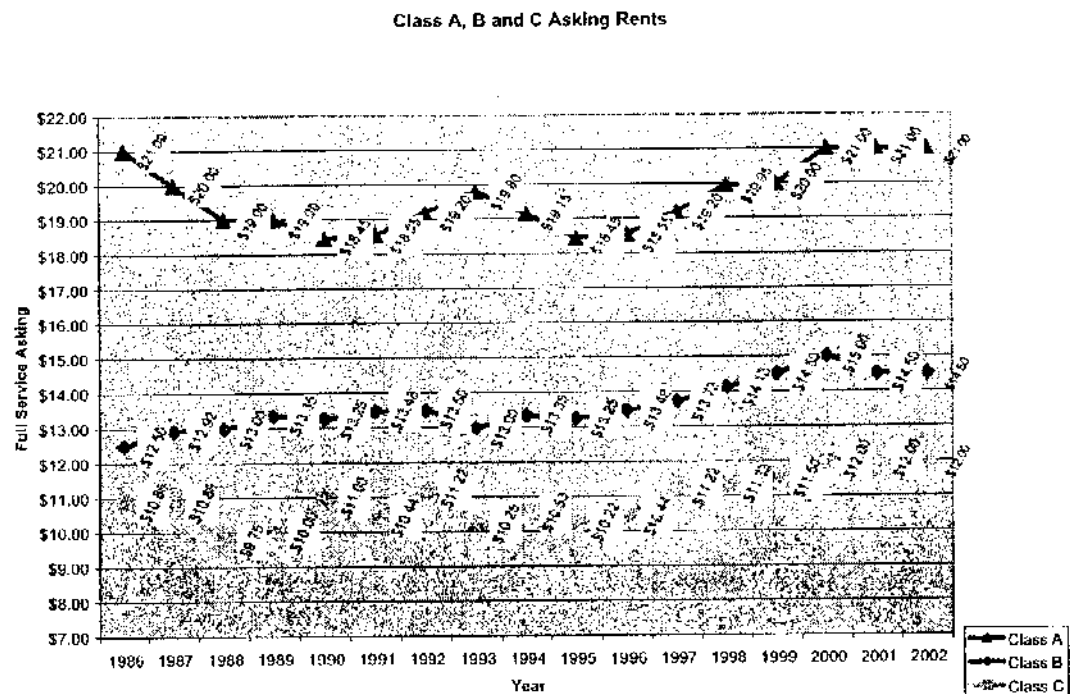
These new buildings offered better parking, higher quality finish and amenities, zoned heating and cooling, modern and functional design, and development incentives. It was no surprise that many of the major financial and law firms relocated to the Class A buildings. Each of these factors contributed to the realignment in the CBD office submarket. While 1101 Walnut and the two other buildings were squeezed from the Class A category, many properties that are older, have little or no parking or had experienced long-term vacancy were squeezed from the Class B category to Class C. These include the Bryant Building, 911 Walnut and Traders on Grand among others. This shift has slowed significantly since the late 1980's but has not stopped.

Further difficulty for old Class B and Class C properties is the emergence of Rehab properties. Some examples are Lucas Place, The Carnival Building, Fashionbilt and Thayer Place to name a few. These buildings were renovated to offer Class A or B interior finish in turn of the century mill or multi-story industrial buildings. The best example of this is the old New York Life Building that was renovated for occupancy by Utilicorp, and Lucas Place, home of HOK Sports. These buildings are in peripheral CBD locations and have better access to surface parking.

The changes in the CBD submarket over the past 15 to 20 years have resulted in stagnant rental rates and nominal net absorption. There have been few market sales of multi-tenant investment properties over this time period relative to suburban submarkets. 1101 Walnut, Ten Main Center, and City Center Square have all sold within the last several years. In each instance, the sale was well below the replacement cost. Land is scarce in the CBD and development requires assemblage, often necessitating eminent domain.

### CBD RENTAL RATES

A historic depiction of the Class A, B and C asking rental rates and occupancy rates since 1986 are shown in the following graphs. 1101 Walnut is a Class B office property.



As shown in the graph above, rental rates for all the segments in the CBD have remained relatively stagnant for the last 16 years. Class A properties are now generating market rents equal to what developers forecast when the properties were constructed. This shows no significant appreciation in market rents. Compounding the problem for Class A owners is that public incentives such as tax abatement were relied upon in the original development analysis and are now "burned off" or significantly reduced. Market rents have not increased significantly, but expenses continue to increase at the rate of inflation.

Class B market rents have increased approximately \$2.00 per square foot since 1986. This equates to 1.00% per year. This is combined with lower occupancy as is discussed in the following sections. Class A building owners have demonstrated the willingness to hold rental rates flat while continuing to offer Class A tenant finish and Class A amenities. The lessening competitiveness of the Class B buildings will continue to be evident until demand increases bringing this submarket nearer to equilibrium than it appears to have been over the last 16 years. Recent leases at the subject range from \$9.64 to \$15.00, full service.

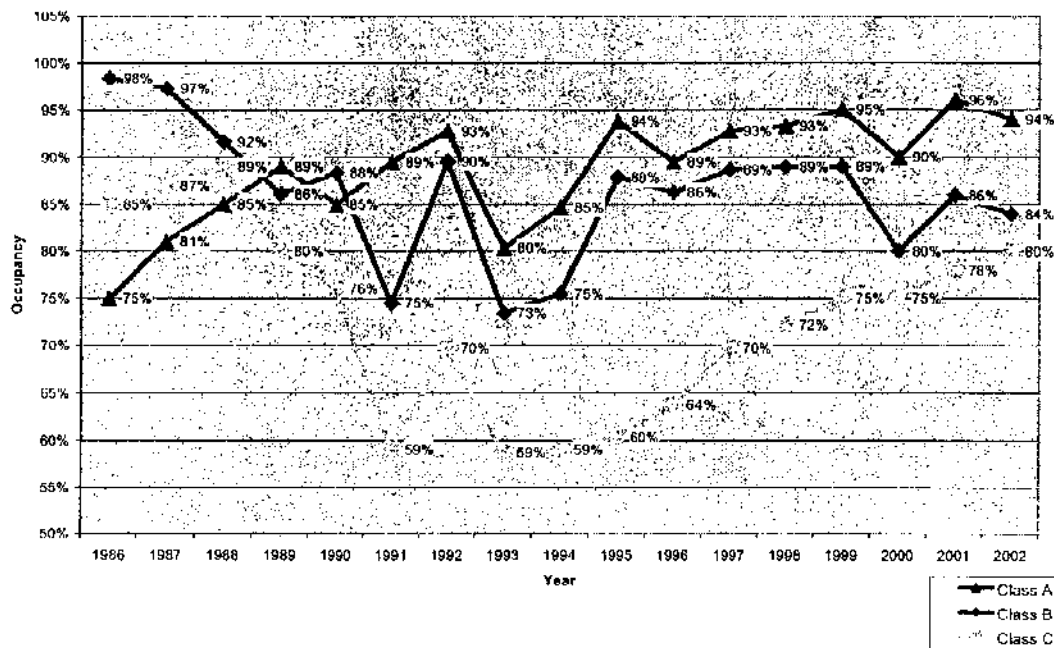
Class C rents have shown somewhat higher annual appreciation. However, sometimes the lease rates for Class C properties include significant building renovations, portions of which are amortized in the rent. Thus, the rent indications are somewhat higher than is actually realized by the building owners. Furthermore, many Class C buildings are simply removed from the active supply when they become fully vacant.

### ***CBD MARKET OCCUPANCY***

Occupancy in the CBD market has been sporadic compared to other submarkets. The chart below depicts Class A, B and C occupancy for the last 16 years. Class A rents show the initial absorption from 1986 through 1990 and since 1995 have been relatively stable. Class C occupancy shows a steep decline from 1988 when the last of the Class A additions came on line and 1991 at the bottom of the recession of the early 1990's.

Our survey of CBD office buildings indicates Class A vacancy at less than 10% and Class B and C vacancy at 16% and 20% respectively. Prudence suggests that owners and investors will consider an increase in vacancy of Class A space particularly due to the movements of law firms and the contraction of Aquila.

CBD Market Occupancy



Unless the owners of Class B properties can provide a level of tenant finish and amenities that are significantly distinguishing from the Class C product and not noticeably inferior to the Class A product, there will be a blurring of the line between Class B and C. This potential bifurcation of the submarket will not hinder attempts by owners and civic groups to attract the large employers to the CBD that typically desire the bulk of their finish to be functional Class B space with a small portion of Class A executive space. These options are now present in the CBD, but without adequate parking and significant improvements to the existing Class B buildings, these tenants will go elsewhere. It is important to note that TIF and abatement were traditionally a vehicle for urban and CBD redevelopment. Similar programs are being offered in suburban and urban areas on both sides of the state line and potential tenants will not go unserved.



**RETAIL REDEVELOPMENT**

The central business district continues to decline as a retail center. Only the AT&T Town Pavilion has included any significant retail space. The Jones Store has closed its downtown store, which has been vacant for approximately four years. In contrast to these major impacts on the CBD retail scene, there are small-scale successes. The City Market, with sponsorship from the city, has successfully attracted and maintained successful weekend activities such as the farmer's market and several celebrations and festivals for which Kansas City is well known. The River Market has 170 plus apartment units over approximately 120,000 square feet of storefront retail and office space. The retail space and office space, within the city market, is approximately 90% leased. Nightspots including a Tanner's Bar & Grill, Oldham, Minsky's Pizza and The Quaff exemplify a renewed effort to provide after work activities to the employment base in the CBD. While discussed for many years, the proposed Centertainment District (AKA The Power & Light District) died last year from lack of funding. Individual property owners in this cumbersome TIF District are proposing smaller scale projects such as the Presidents Hotel and Power & Light Building.

**OTHER TRENDS**

Expansion of Bartle Hall, the downtown's largest convention and exhibition hall, was completed in the early 1990's expanding to approximately 400,000 square feet. Lodging in the CBD, like parking, is in somewhat short supply. At present, there are approximately 2,100 lodging rooms in the CBD. This excludes the Class A hotels at Crown Center. Of these, approximately 1,500 represent completely renovated or newly constructed rooms.

From the City Market, south to and including Crown Center, the employment totals over 94,000 persons. This is more than Clay and Platte Counties combined. This information is according to the Mid-America Regional Council. However, as is evident in the relatively stagnant net absorption over the past several years, employment is not growing significantly. For the significant growth experienced by DST, Commerce Bank, and UMB, and the addition of HOK Sports, recent losses such as Midland Loan Servicing to Corporate Woods, Shook Hardy & Bacon to Crown Center, and Sprint to its new campus leaves little only nominal positive absorption.

Still, major employers such as DST, Commerce Bank, State Street Bank, Aquila, and Utilicorp remain resolutely committed to the ongoing revitalization of the CBD. Federal, State, County, and Local government has repeatedly demonstrated the willingness to assist new development or redevelopment to the extent possible. This assistance includes historic preservation tax credits, tax abatements, and tax increment financing.

**CONCLUSION**

In summation, the Central Business District of Kansas City, Missouri experienced a major period of new Class A office construction during the 1980s, followed by an ongoing period of retrenchment. Vacancies in the Class B sector were higher than Class A, while the Class A sector has enjoyed good absorption. However, while primary occupancy levels for Class A space are reasonably high, some large blocks of office space are available for lease reflecting the consolidation and downsizing of national corporate tenants, financial companies, insurance companies and consolidation of the law firms.

Future expectations for the neighborhood are guardedly optimistic due to the presence of many of the metropolitan area's major commercial office buildings and employers. The past two years has seen in excess of \$1 billion in current and planned developments in the CBD. Many of the older, vacated hotels and office buildings 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.

## **NEIGHBORHOOD FACTORS**

### ***BOUNDARIES***

The study area neighborhood is the City of Kansas City, Missouri downtown area. For purposes of this report, the neighborhood boundaries are best described as follows:

<b>North:</b>	Interstate 70
<b>South:</b>	Cross-town Freeway
<b>East:</b>	East Freeway Loop
<b>West:</b>	Interstate 35

These boundaries are referred to as the "loop" and consist of the primary interstate highways through the metropolitan area. The neighborhood is primarily influenced by the heavy concentration of office buildings in the CBD. The subject is located in the center west portion of the neighborhood.

### ***ACCESS***

Access to the neighborhood is excellent as interstate highways surround it. Freeway interchange access is available at various locations around the loop. However, because of the relatively dense concentration of office buildings, area highways become congested during peak commuting periods.

### ***LAND USE***

In general, land use within the neighborhood includes typical central business district development patterns, including city, county and federal government buildings, as well as high-rise office towers, convention facilities, hotels, and a relatively small amount of housing, primarily multifamily. Most of the major office properties within the neighborhood are focused between 10th and 12th Streets, and between Walnut and Wyandotte, with a few exceptions. The subject is located within these CBD core, dominated by law firms and financial institutions. Within the subject's immediate vicinity, there is a significant amount of multi-level parking, though the entire CBD remains significantly under parked. This area is considered the core area of the CBD. Governmental uses are generally concentrated between 8th and 13th Streets, between Grand and Cherry Streets. A new wave of redevelopment, spurred primarily by Broadway Square Partners, in association with DST, is occurring west of Broadway between 7<sup>th</sup> and 10<sup>th</sup> and Broadway and Jefferson.

Other land use characteristics are shown in the following table.

<b>Predominant Age of Improvements</b>	New to 100 years.
<b>Predominant Quality and Condition</b>	Poor to excellent.
<b>Approximate Percent Developed</b>	100%
<b>Life Cycle Stage</b>	Revitalization.
<b>Infrastructure/Planning</b>	Average.
<b>Predominant Location of Undeveloped Land</b>	Tracts without building improvements are used for surface parking. New development is on surface parking lots or redevelopment of improved tracts.
<b>Prevailing Direction of Growth</b>	Growth is occurring in the Garment District to the northwest.
<b>Study Area's Surrounding Land Use</b>	
<b>North</b>	Utilicorp TIF
<b>South</b>	Power & Light Area
<b>East</b>	Commerce Bank
<b>West</b>	Garment District

### **DEVELOPMENT ACTIVITY**

In general, development of speculative office space was intense in the 1980's but virtually stalled in the early 1990s. The most recent developments involve owner-occupant office buildings, such as the Unitog, FBI and IFTC buildings, and renovation of existing older office buildings and hotel renovation. The Bartle Hall expansion over the Crosstown Freeway was complete in 1996 and the new Unitog and IFTC buildings were completed in 1997. Additionally, the Federal Courthouse, at 9th and Oak is complete. The proposed Power & Light District has ceased and several smaller projects within the larger TIF District boundaries are emerging. Consequently, some new development activity will likely continue into the foreseeable future but one of the major projects no longer exists.

Two of the largest occupants and employers in the CBD are expanding their presence. Commerce Bank and UMB are both using Section 353 Tax Abatement and/or TIF to add to or improve their CBD facilities. DST continues to sponsor development that is made possible with TIF and/or tax abatement. Their newest project is the Kansas City Southern Building, part of what is known as the Cathedral Square Project. DST, one of the major presences in the CBD, is the largest provider of third-party shareholder services in the United States. DST is headquartered in the CBD and has grown threefold from 1993 to 2000. The company has made a strong commitment to the Central Business District and with its employment base of over 4000 employees is the largest single employer in the

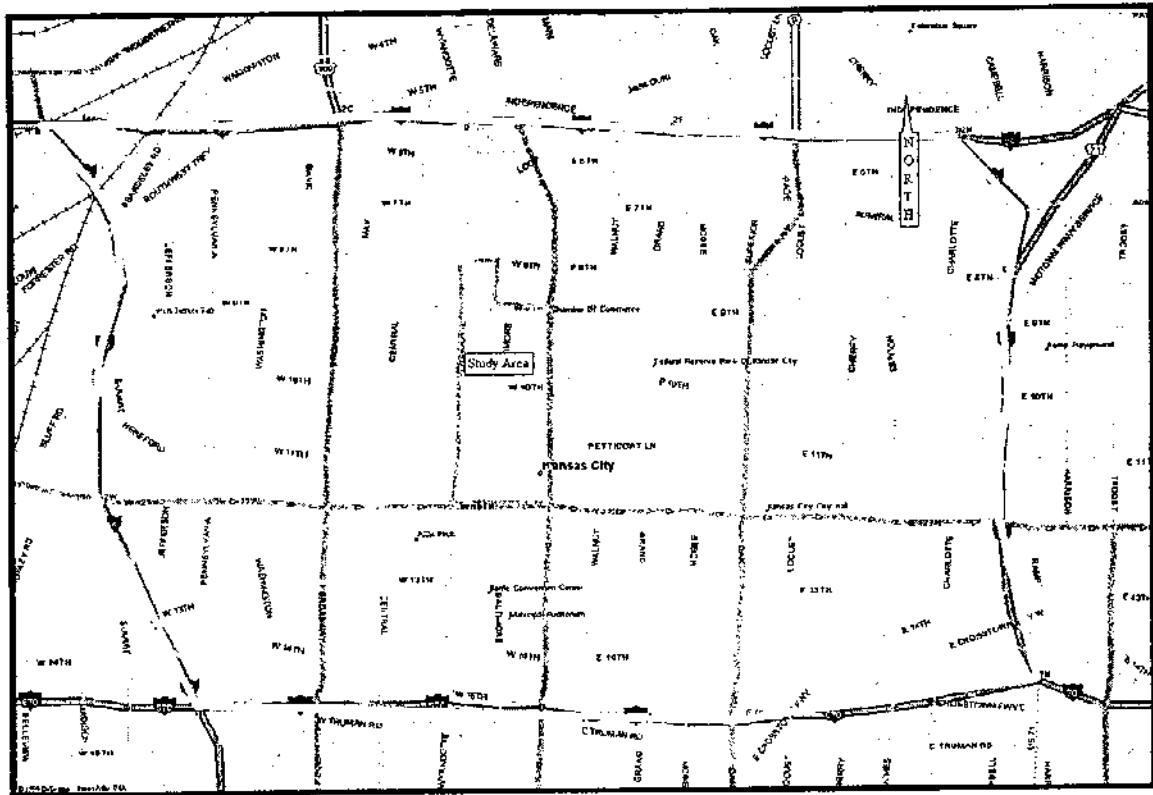
CBD. Job growth, lessening crime, increasing residential population and a large employee pool demonstrate a stabilizing effect on the CBD.

Construction within the Library TIF district includes the renovation of the Dwight, Burnap and Board of Trade Buildings from marginally occupied office space to approximately 300 loft apartments. This renovation is underway. The Hanover Building is also being redeveloped. The largest project is the renovation of the former First National Bank Building at the northeast corner of 10<sup>th</sup> and Baltimore to the Main Branch of the Public Library. This project is underway and is expected to be completed within the next 18 months.

### ***OUTLOOK AND CONCLUSIONS***

Given the history of the neighborhood and the growth trends noted in the Area Data, it is our opinion the values in the subject neighborhood are expected to start to show the start of an upward trend in the next one to two years and if DST and other major downtown players continue to grow and prosper with increases in staffing and activity the market should establish a significant upside potential. Much is to be determined as the current recession plays out. If it is a shallow recession as is now widely predicted, the CBD may emerge to realize improving market rents and occupancies in the near future. However, if the recession lingers or experiences a false recovery, the CBD may struggle with static occupancy and rental rates in the near term.

## NEIGHBORHOOD MAP



## PROPERTY ANALYSIS

### DESCRIPTION AND ANALYSIS OF THE LAND

The subject site is summarized in the following tables. The description is based on our inspection as well as information provided by the applicant for the redevelopment of the First National Bank Building.

#### PHYSICAL FEATURES

<b>Land Area</b>	13.26 acres in 40 parcels
<b>Configuration</b>	Generally rectangular
<b>Topography</b>	Sloping slightly east to west.
<b>Drainage</b>	Adequate.
<b>Flood Plain</b>	
<b>Community Panel #</b>	2901730090 B Dated 8/5/1986
<b>Flood Zone</b>	Zone C
<b>Flood Insurance</b>	Not typically required within this zone.
<b>Environmental Hazards</b>	
Environmental evaluation is beyond our scope of expertise. A qualified engineer should be consulted on this matter. No obvious hazardous materials or conditions were observed during our inspection.	

#### STREETS, ACCESS, FRONTAGE

<b>Street</b>	8 <sup>th</sup> , 9 <sup>th</sup> , 10 <sup>th</sup> , 11 <sup>th</sup> , 12 <sup>th</sup>	Wyandotte, Baltimore, Main
<b>Paving</b>	All Paved	All Paved
<b>Curbs/Gutters/Sidewalks</b>	Yes, All	Yes, All
<b>Lanes</b>	Two	Two on Baltimore and Wyandotte. Four on Main
<b>Direction of Traffic</b>	East/West	North/South
<b>Condition</b>	Adequate	Adequate
<b>Traffic Levels</b>	High morning and evening commute	
<b>Signals/Traffic Control</b>	Several traffic signals are located throughout the neighborhood. Mostly on Main Street and 12 <sup>th</sup> and 10 <sup>th</sup> Streets. Other intersections have stop signs.	
<b>Access</b>	Access to and within the neighborhood is good.	
<b>Visibility</b>	Good	

**LEGAL**

<b>Zoning</b>	
<b>Designation</b>	C-4. Plan approval will be required for future development/redevelopment.
<b>Permitted Uses</b>	As per approved plan
<b>Lot Restrictions</b>	As per approved plan
<b>Building Restrictions</b>	As per approved plan
<b>Setback Requirements</b>	As per approved plan
<b>Parking Requirement</b>	As per approved plan
<b>Conformance</b>	Existing and proposed development are subject to plan approval and presumed to conform.
<b>Easements, Encumbrances, and Moratoria</b>	
There are numerous easements affecting the study area. Interpretation of these easements is a question legal in nature and must be addressed by an appropriately qualified attorney.	
<b>Encroachments</b>	
We are aware of no apparent encroachment(s).	

**UTILITIES**

Utility	Provider
Water	City of Kansas City Missouri
Sewer	City of Kansas City Missouri
Electricity	Kansas City Power & Light
Natural Gas	Missouri Gas Energy
Steam	Trigen



## **DESCRIPTION AND ANALYSIS OF THE IMPROVEMENTS**

The following discussion of the improvements is based on our inspection which occurred on September 29, 2002. My discussion of the utility and condition of the improvements is expanded in the conservation area analysis to follow. Below is a summary of the characteristics of the construction and use of the improvements on the study area. I have not inspected the interior of the building improvements included in the study area for the purposes of this report, but have previously inspected many of the buildings located within the study area.

The improvements in the study area include vacated buildings located at the SEC of 9<sup>th</sup> and Baltimore, 8<sup>th</sup> and Wyandotte, the New England Life Building, and the Farm and Home Savings building among others. Also included is the Class A office building at 120 West 12<sup>th</sup> Street, one of two premier Class B buildings in the downtown, Ten Main Center and a prominent downtown rehab, Mark Twain Tower. Other rehab properties in the study area include the Dwight Building, Burnap Building and Board of Trade Building. These last three are being renovated for residential loft apartments.

The Hanover Building is undergoing renovation to residential loft apartments as well. Also, the former First National Bank Building at the northeast corner of 10<sup>th</sup> and Baltimore is under renovation to become the new Main Branch of the Kansas City Public Library. There are several small structured parking garages in the area and three larger garages. The larger garages serve 120 West 12<sup>th</sup> Street and Ten Main Center.

The buildings in the study area present a wide range of utility and quality; both issues will be discussed in following sections of this report.

## CONSERVATION AREA ANALYSIS

### CONSERVATION AREA

#### ***DEFINED***

Section 99.805(3) R.S. MO of Missouri's Tax Increment Financing Statute defines a "Conservation Area" as follows:

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

The elements of the TIF statute provide the basis for determining whether the Redevelopment Area constitutes a conservation Area. The definition is comprised of two primary issues. 1) The 35 year age threshold for 50% or more of the structures within the Redevelopment Area, and 2) the area's detriment to the public health, safety, morals, or welfare due to its potential for blight, as exhibited by one or more of the potentially blighting factors listed in the preceding paragraphs. Throughout this report we will refer to the study area photographs included on pages 6-9.

#### ***ISSUE 1: IMPROVEMENT AGE***

To qualify as a conservation area, the area described at least 50% of the improvements must be 35 years old or older.

- The building improvements in the Library TIF area were constructed in the period from 1890 to 1985. The life expectancy of these buildings which include steel frame and concrete panel construction to masonry and post and beam construction ranges from 50 to 60 years. Site improvements such as surface parking lots will have an economic life of 5 to 15 years.
- Life expectancy may be prolonged by rehabilitation or shortened by changing functional standards attributed to changing technology, changing preferences of users, in this instance financial institutions and general

office users, changes mandated by legislation particularly pertaining to life safety and utility service requirements and general accessibility to the handicapped. External obsolescence, changes in factors external to the building improvements can hasten the aging of the buildings as well. I have relied on typical life expectancy characteristics cited in *Marshall Valuation Service* as the basis for the economic life expectancy of the improvements.

- There are 40 parcels included in the Library TIF district. Of those 40 parcels 33 parcels are improved. The total land area, excluding streets and alleys is approximately 13.26 acres based on my measurement of the plat map. There are three improved parcels that are less than 35 years old. These include 12 Wyandotte and Ten Main Center. The gross building area of the improvements newer than 35 years totals 34% of the entire gross building area of the study area. Ten Main Center was constructed in 1968. By 2003, this property will be included among those 35 or more years old. At that time, just 16% of the gross building area will be newer than 35 years.

Thus, the Library TIF area satisfies the age requirement that at least 50% of the improvements be older than 35 years.

## **ISSUE 2: POTENTIAL BLIGHTING FACTORS**

The conservation area is intended to preempt the deterioration of an area into blight in citing the "potential" of blight that may be exhibited by one or a combination of the following 14 factors. The following is a discussion of each of the building improvements and the site improvements relative to the 14 factors.

### **FACTOR 1: DILAPIDATION**

Webster's defines dilapidated as "decayed, deteriorated, or fallen into partial ruin esp. through neglect or misuse". I interpret this to pose the question of structural soundness and is most germane to the unoccupied structures. Below is our discussion of the individual buildings.

- I find evidence of dilapidation throughout the study area. Significant examples of dilapidation to building improvements are represented by Photograph Nos. 7 – 10. Example of dilapidation of site improvements and infrastructure are represented by Photograph Nos. 11, 13, 14, 15, and 16.

### **FACTOR 2: OBSOLESCENCE**

Functional obsolescence is a loss in value caused by a design problem as viewed by today's standards. Common examples are outdated building components or materials, an inefficient floor plan, mechanical inadequacies, or an over-improvement for the present use. External obsolescence is a loss in

value caused by forces outside the property, such as a depressed market, noxious developments in the neighborhood, changes in land use or legislation, etc.

- Class A and B office Buildings located within the Library District include 120 West 12<sup>th</sup> and Ten Main Center and are considered functional office improvements by the market.
- The former First National Bank Building ceased being a functional office property many years ago. Presently, most banking activities occur in Class A and B office space or satellite customer service centers. The need for extensive building space for pedestrian banking service is gone. The former First National Bank Building served well the needs of its owner and their clients for many years. However, people now are more likely to conduct their banking on line, over the phone, or at a drive-through teller or ATM. The Former First National Bank Building was designed and built to serve the needs of the previous era in banking. Thus, the size, design, and finish of the former First National Bank Building are obsolete for the current needs of a financial institution and also functionally obsolete for general office requirements because of the high ceilings, long and narrow footprint, and column spacing.
- The floor plates of all but 120 West 12<sup>th</sup> and Ten Main Center are generally too small to accommodate the needs of the large office users that are necessary to improve the occupancy and economics of the downtown from its current condition.
- There is a lack of structured parking in the area. The surface parking areas are an underutilization of the land. Furthermore many of the existing parking structures in the area do not accommodate the larger SUV's that are very popular. This may seem insignificant; however, the principals of the firms locating downtown will certainly consider the safety, suitability, and convenience of the parking which they expect as an amenity of their lease.
- External obsolescence is demonstrated in the occupancy and market rent analysis in the previous sections. There is a very large disparity between the cost to acquire land and to building an office property with adequate parking, and return from that investment based on the pro forma net operating income. Class C vacancy rates are 10 or more percentage points higher than Class A and B. Aside from the three Class A and B office properties listed previously, the office space in the study area is Class C. There has been no new office construction project or significant renovation project in the CBD to have occurred without the benefit of TIF or tax abatement in recent history.

Specifically, external obsolescence is demonstrated in the approximately 50% occupancy rate for Ten Main Center and the numerous vacant and nearly vacant buildings in the area. I estimate there to be 10 vacant building within the study area. This does not include any of the buildings presently being redeveloped. While these buildings do not comprise a large percentage of the total square footage of the study area, the overall occupancy of the area is well below that of the overall CBD.

**FACTOR 3: DETERIORATION**

This factor is intended to address the level of the maintenance of the improvements, and is difficult to segregate from the conclusions under Factor 1 and Factor 13. This potential blighting factor is best posed to the building improvements which are still utilized, thus not yet dilapidated.

- For those office buildings, parking structures, and surface parking lots that are still in use, I find there to be no significant evidence of deterioration.

**FACTOR 4: ILLEGAL USE OF INDIVIDUAL STRUCTURES**

This factor addresses whether the existing use is in accordance with the existing Use Regulations.

- The parcels under consideration here, as currently improved and or used, do not adequately discourage vagrancy or litter. Furthermore, the alleys are conducive to public nuisance. I refer specifically to Photograph Nos. 12, 14, 15, and 16.

**FACTOR 5: PRESENCE OF STRUCTURES BELOW MINIMUM CODE STANDARDS**

- While I have not inspected the interior of the numerous buildings in the study area, there is the exterior appearance that the some of the structures would not meet minimum code standards. As a practical matter, each of the vacant buildings would likely have to have a complete upgrade of HVAC, electric and life safety systems at a minimum to accommodate new and productive use.

**FACTOR 6: ABANDONMENT**

- Some of the vacant buildings discussed under Factor No. 1 give the appearance of abandonment. However, as taxes not significantly in arrears, I do not consider them completely abandoned.

**FACTOR 7: EXCESSIVE VACANCIES**

- My discussion of economic obsolescence under Factor No. 2 is demonstrative of excessive vacancy.

**FACTOR 8: OVERCROWDING OF STRUCTURES AND COMMUNITY FACILITIES**

- Overcrowding of structures and facilities is evident in that there is no green space or significant exterior common area in the entire 13.26 acres comprising the Library TIF District.

**FACTOR 9: LACK OF VENTILATION, LIGHT, OR SANITARY FACILITIES**

- The lack of ventilation, light, or sanitary facilities was not evident during our inspection of the exterior of the buildings. Additionally, we have been inside most of the buildings included in the TIF area in the recent past and did not find evidence of a lack of ventilation, light, or sanitary facilities.

**FACTOR 10: INADEQUATE UTILITIES**

- The utilities serving the Library TIF District are adequate for the present and anticipated future needs.

**FACTOR 11: EXCESSIVE LAND COVERAGE**

- Excessive land coverage is evident in that there is no green space or even significant exterior common area within the 13.26 acre study area.

**FACTOR 12: DELETERIOUS LAND USE OR LAYOUT**

Webster's defines deleterious as "harmful often in a subtle or unexpected way".

- Land use and or layout do not in themselves create deleterious conditions. However, the unauthorized and illegal use of some areas within the study area does create a deleterious condition.

**FACTOR 13: DEPRECIATION OF PHYSICAL MAINTENANCE**

- The physical maintenance and condition of the buildings and site improvements was discussed under Factor Nos. 1 and 3. As the improvements age, the cost of maintaining an acceptable standard of condition and occupancy increases. Depreciation of physical maintenance is lacking to a potentially blighting extent.

**FACTOR 14: LACK OF COMMUNITY PLANNING**

- The planning and platting of the study area comprising the Library TIF District is adequate and typical for an urban core.

**CONCLUSION**

I find that all of the building improvements at Library TIF District satisfy the age qualification for a conservation area requiring at least 50% of the buildings to be over 35 years of age. Presently, 66% of the gross building square footage comprising study area is over 35 years of age. This will change to 84% in 2003 when Ten Main Center ages beyond 35 years. In addition to the age qualification, the study area exhibits nine of the 14 potentially blighting factors.

The presence of the age qualification for a conservation area and nine of 14 of the potential blighting factors indicates that the subject property is detrimental to the public health, safety, morals, or welfare and may become a blighted area. Therefore, I have determined the Library TIF Districts, as of September 29, 2002, is a Conservation Area as defined by the Missouri Tax Increment Financing Statute, Section 99.805(3) R. S. Mo.

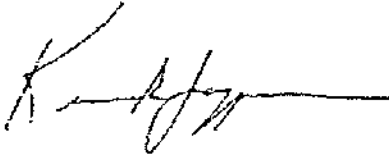
## CERTIFICATION

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

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 is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon a conclusion that favors the cause of the client or the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this conservation area study.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in compliance with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, in conformity with the *Uniform Standards of Professional Appraisal Practice (USPAP)*.
8. Kenneth Jagers has made a personal inspection of the property that is the subject of this report on September 29, 2002.
9. No one has provided significant real property assistance to the person(s) signing this certification.
10. I have not relied on unsupported conclusions relating to characteristics such as race, color, religion, national origin, gender, marital status, familial status, age, and receipt of public assistance income, handicap, or an unsupported conclusion that homogeneity of such characteristics is necessary in reaching the conclusion as stated herein.



11. It is my opinion that the subject does not include any enhancement as a result of any natural, cultural, recreational or scientific influences retrospective or prospective.
12. I have experience in similar consulting assignments and am in compliance with the Competency Rule of USPAP.
13. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.



Kenneth Jagers  
Senior Analyst  
Certified General Real Estate Appraiser  
Missouri Certificate #RA003190

## **ASSUMPTIONS AND LIMITING CONDITIONS**

In conducting this conservation area study, we have assumed, except as otherwise noted in our report, as follows:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable.
4. Our conservation area study is subject to the following limiting conditions, except as otherwise noted in our report.
5. A conservation area study is inherently subjective and represents our opinion as to the condition of the property.
6. The conclusions stated in our conservation area study apply only as of the effective date of the conservation area study, and no representation is made as to the effect of subsequent events.
7. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
8. No environmental impact studies were either requested or made in conjunction with this conservation area study, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the conservation area study assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
9. I am not required to give testimony or to be in attendance in court or any government or other hearing with reference to the property without written contractual arrangements having been made relative to such additional employment.
10. I have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The conservation area study covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
11. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our conservation area study.
12. I accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal

matters, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters.

13. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the consultants, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without prior written consent from Integra Realty Resources.
14. Information, estimates and opinions contained in this report, obtained from sources outside of the office of the undersigned, are assumed to be reliable and may not have been independently verified.
15. No consideration has been given to personal property located on the premises.
16. The analyses contained in this report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
17. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific survey or analysis of this property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. In as much as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, we cannot comment on compliance to ADA. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. Specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
18. This conservation area study has been prepared for the exclusive benefit Stinson Morrison Hecker, LLP, 1201 Walnut, Suite 2800, Kansas City, Missouri. It may not be used or relied upon by any other party. All parties who use or rely upon any information in this report without our written consent do so at their own risk.
19. I have not been provided with any evidence or documentation as to the presence or location of any flood plain areas and/or wetlands. Wetlands generally include swamps, marshes, bogs, and similar areas. I am not qualified to detect such areas. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.

**ADDENDUM A**

**QUALIFICATIONS OF CONSULTANT(S)**

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## **KENNETH JAGGERS**

### **SENIOR ANALYST**

**Integra Realty Resources Kansas City**

Mr. Jagers has been with Integra Realty Resources, since May 1993. He started his career in commercial real estate in 1987 as an investment officer with a subsidiary of Metropolitan Life in Kansas City then in the Washington D.C., and Boston, Massachusetts's offices. In 1991, Mr. Jagers joined BankBoston and served as a review and field appraiser for two years duties included quality control over real estate valuation, and USPAP and internal compliance at two acquired banks in Maine and Vermont.

In 1993 Mr. Jagers returned to Kansas City as a Senior Analyst for Integra Realty Resources. Since that time he has completed appraisals on commercial properties of all types, primarily for institutional investors and for litigation support. Mr. Jagers is licensed in Missouri, Kansas, and Nebraska and has completed appraisal assignments in 22 states.

Mr. Jagers specializes in performing blight studies, market and feasibility studies and other consulting assignments for public and private sector clients. Recent successes include consulting projects for several local municipalities - Kansas City, MO; Grandview, MO; and Parkville, MO. Mr. Jagers has expertise in providing feasibility analyses for local municipalities involved in Tax Increment Financing (TIF), Transportation Development District Financing, and tax abatement projects, and has been instrumental in bringing 20 such projects to close in the past three years. Mr. Jagers recently completed work on eight separate consulting assignments for the Land Clearance Redevelopment Authority to provide gap in financing and investor yield analysis on several different property types. Mr. Jagers is also well-versed in the areas of Section 42 Low Income Housing Tax Credits and Historic Preservation Tax Credits.

One of Mr. Jagers' most significant assignments was for a private sector client, performing the feasibility analysis of a 436-acre redevelopment tract in Clay County, Missouri. The plan included 400 acres of industrial land, 30 acres of multi-family land, and 96 acres of rentable underground space with an anticipated absorption period of approximately 20 years.

Mr. Jagers is an associate of the Appraisal Institute and a member of the Kansas City Chapter of the Appraisal Institute. He graduated in 1983 from Chadron State College in Nebraska with a Bachelor of Arts in Economics and Marketing.

# State of Missouri

Department of Economic Development  
Division of Professional Registration  
Real Estate Appraisers Commission  
**Real Estate Appraiser**

State Certified General

VALID THROUGH JUNE 30, 2004  
ORIGINAL CERTIFICATE/LICENSE NO. RA003190

KENNETH JAGGERS  
INTEGRA NUNNINK & ASSOCIATES  
1901 WEST 47TH PLACE  
WESTWOOD KS 66205  
USA

*Rodger L. Pittman*  
EXECUTIVE DIRECTOR

*Maileys Taylor Hillman*  
DIVISION DIRECTOR

# INTEGRA REALTY RESOURCES, INC.

## CORPORATE PROFILE

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Integra Realty Resources, Inc. is a leading national commercial valuation and counseling firm with Corporate Offices in New York City. With 45 offices in 28 states, Integra is the largest property valuation and counseling firm in the United States that is independent of brokerage, accounting and financial services activities. Integra was created for the purpose of combining the intimate knowledge of well-established local offices with the powerful resources and capabilities of a national company. Integra's local offices have an average of 20 years of service in the local market. A Managing Director with an average of 25 years of deep-rooted valuation and counseling experience in the local market leads each office.

Integra Realty Resources, Inc. has over 120 professionals who hold the Appraisal Institute's MAI designation, of which 23 are CRE members of The Counselors of Real Estate. In addition to having expertise in the standard commercial property types, the firm has an extensive track record in specialty property classes including regional malls, hotels, health care facilities, golf courses, and pipeline rights-of-way. Integra also has a wealth of experience in market and feasibility studies, property tax consulting, litigation support, and machinery and equipment and business valuation.

A listing of Integra's local offices and their Managing Directors follows:

ATLANTA, GA - J. Carl Schultz, Jr., MAI, SRA, CRE  
ATLANTIC COAST NEW JERSEY - Anthony S. Graziano, MAI, CRE  
BALTIMORE, MD - Patrick C. Kerr, MAI, SRA  
BIRMINGHAM, AL - O. Lonnie Tidwell, MAI, SRA, CRE  
BOSTON, MA - David L. Cury, MAI, SRA, CRE  
CHARLOTTE, NC - Fitzhugh L. Stout, MAI, CRE  
CHICAGO, IL - Gary K. DeClark, MAI, CRE  
CHICAGO, IL - J. Scott Patrick, MAI  
CINCINNATI, OH - Gury S. Wright, MAI, SRA  
COLUMBIA, SC - Michael B. Dodds, MAI, CCIM  
COLUMBUS, OH - Eric E. Belfrage, MAI, CRE  
DALLAS, TX - Charles A. Bissell, MAI, CRE  
DENVER, CO - Brad A. Weiman, MAI  
DETROIT, MI - Jay L. Messer, MAI  
EUGENE, OR - Roxanne R. Gillespie, MAI  
FORT MYERS, FL - Woodward S. Hanson, MAI, CRE, CCIM  
FORT WORTH, TX - Benjamin D. Loughry, MAI  
HOUSTON, TX - David R. Dominy, MAI  
INDIANAPOLIS, IN - Michael C. Ludy, MAI, SRA, CCIM  
KANSAS CITY, MO/KS - Kevin K. Nunnink, MAI  
LAS VEGAS, NV - Shelli L. Lowe, MAI, SRA  
LOS ANGELES, CA - John G. Ellis, MAI  
LOUISVILLE, KY - Lin E. Bell, MAI, SRA, CCIM

MEMPHIS, TN - J. Walter Allen, MAI  
MIAMI, FL - Michael Y. Cannon, MAI, SRA, CRE  
MILWAUKEE, WI - Gary K. DeClark, MAI, CRE  
MINNEAPOLIS, MN - Alan P. Leirness, MAI, CCIM  
MORGANTOWN, WV - Thomas A. Motta, MAI, CRE  
NASHVILLE, TN - R. Paul Perutelli, MAI, SRA  
NEW YORK, NY - Raymond T. Cirz, MAI, CRE  
NORTHERN NEW JERSEY - Barry J. Krauser, MAI, CRE  
ORANGE COUNTY, CA - D. Matt Marschall, MAI  
ORLANDO, FL - Michael S. Sorich, MAI, CRE  
PHILADELPHIA, PA - Joseph D. Pasquarella, MAI, CRE  
PHOENIX, AZ - Walter Winius, Jr., MAI, CRE  
PITTSBURGH, PA - Paul D. Griffith, MAI  
PORTLAND, OR - Gerald L. Curtis, MAI, SRA  
RICHMOND, VA - Robert E. Coles, MAI, CRE  
SACRAMENTO, CA - Scott Beebe, MAI  
SAN ANTONIO, TX - Martyn C. Glen, MAI, CRE, FRICS  
SAN DIEGO, CA - Lance W. Doré, MAI  
SAVANNAH, GA - J. Carl Schultz, Jr., MAI, SRA, CRE  
TAMPA, FL - Bradford L. Johnson, MAI  
TULSA, OK - Robert E. Gray, MAI  
WASHINGTON, DC - Patrick C. Kerr, MAI, SRA

### Corporate Office

Sean P. Hutchinson, President

George G. Ward, MAI, Vice President

3 Park Avenue, 39th Floor, New York, NY 10016-5902

(212) 255-7858; (646) 424-1869 Fax; E-Mail: [Integra@irr.com](mailto:Integra@irr.com)

Visit our web site at [www.irr.com](http://www.irr.com)



***LIBRARY TIF DISTRICT***

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# RULE & COMPANY

Thomas M. Rule, MAI  
Brock J. Rule, MAI

## Measurement of Real Estate Values

TRANSMISSION TO: Laura Whitener

RECEIVER'S FAX #: 221-0189

SENDER'S FAX #: (816)-373-2585

FROM: Brock Rule

DATE: 10-4-02

# OF PAGES (INCLUDING THIS COVER SHEET) 11

IF THERE ARE ANY PROBLEMS WITH THIS TRANSMISSION, CALL  
(816) 421-7853 AND ASK FOR Tanette

THANK YOU

COMMENTS: Originals to be couriered shortly.

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**EXHIBIT 11**

**EVIDENCE OF FINANCING INTEREST**

**DRAFT**  
**As of 9/25/02**

**TRANSACTION SUMMARY**  
**Library Garage- Missouri Development Finance Board (MDFB)**  
**September 25, 2002**

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Note: The following transaction summary is intended for convenience only, and nothing herein shall modify or otherwise change the terms, covenants and conditions of the original documents. Reference should be made to the original documents for additional terms and details.

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REQUEST	A proposal to acquire land and build a parking garage and surface parking lot on the current surface lot at the northwest corner of Baltimore and 10 <sup>th</sup> Street, Kansas City, Missouri.
PREAMBLE	<p>It is the intent of MDFB, DLPG, LLC and the Kansas City Urban Public Library District (Library) to promote the renovation and revitalization of the area surrounding the renovated former 1<sup>st</sup> National Bank Building into the Library and its new garage, referred to as the Library District. These common efforts include providing an environment that promotes residential units, offices, Library and its patrons. Add economic development for the City and State, etc.</p> <p>All agreements, policies, rules and regulations will be viewed in this intent. To insure that this intent is followed, all interpretations will be referred to the Library District Advisory Board for resolution.</p>
DEVELOPER	DLPG, LLC
PROJECT MANAGER	MC Real Estate Services, Inc.
OWNERS	<p><u>Pre transaction</u> Kansas City Missouri Public Library owns:</p> <ul style="list-style-type: none"><li>- Fee simple of the northwest corner of Baltimore and 10<sup>th</sup> Street</li></ul> <p><u>Post Transaction</u> Missouri Development Finance Board (MDFB) would purchase</p> <ul style="list-style-type: none"><li>- Fee simple of the northwest corner of Baltimore and 10<sup>th</sup> Street</li></ul>
PROJECT DESCRIPTION	<ul style="list-style-type: none"><li>- DLPG, LLC would build a 460 space parking garage and an adjacent surface parking lot with 25 spaces on the northwest corner of Baltimore and 10<sup>th</sup> Street</li><li>- Green/open spaces on the south side of the garage and streetscapes adjacent to the garage and the Library Building</li></ul>

**DRAFT**  
**As of 9/25/02**

- The project would cost \$10.425 million

PROPOSED OCCUPANCY     3<sup>rd</sup> Quarter 2003

TERMS                      Prior to the start of construction, MDFB would purchase the fee simple ground for \$2.0 million from the Library

DLPG, LLC and the MDFB will have a Development Agreement with the following major provisions:

- The garage would be a Design Build Project
- The design would include a green/ open space on the south side adjacent to 10<sup>th</sup> St.
- The Project's construction portion would commence upon execution of the Agreement
- MDFB will have a professional parking company manage and operate the garage and surface lot. The Garage Operating Agreement would set the standards as to the level of maintenance of the facility. The MDFB will operate the garage as a Class "A" parking facility.
- MDFB will agree to include a reserve maintenance fund to provide for maintenance of the garage
- MDFB may consider to include the site in the Downtown Council's Community Improvement District and pay the corresponding assessment. The MDFB is exempt from such payments, as a state agency, but can elect to pay the assessment.
- MDFB and the City will execute a tax credit agreement that will include the provision for the City to have the responsibility and ability to enforce local laws, codes, and ordinances on the garage property.
- One option available for the maintenance and enhancement of the greenspace is for the MDFB to lease the green/open space on the south side of the Garage adjacent to 10<sup>th</sup> St. to DLP, LLC or the Library with the rights of assignment.
- Question: who will pay for this maintenance? Shouldn't the garage?

Library will enter into a lease with MDFB with the following major provisions:

- Long term lease (99years)
- Parking Spaces:
- 50 spaces at no cost, designated for Library use. Location of spaces nearest to the Library, subject to Library approval.

**DRAFT**  
**As of 9/25/02**

- 100 spaces at \$45.00 per month for Library staff parking. Location can be at Operators discretion subject to Library approval. The \$45.00 per month rate shall be subject to an annual increase of 50% of the CPI-U not to annually exceed \$4.00 per month per space.
- A minimum of 50 spaces, with an option for 50 more at market cost, presently \$75.00 for Library patrons. Location to be nearest to Library subject to approval by Library. The Library, upon 90 days notice, can obtain or return up to 50 designated Library parking spaces. The rate shall be subject to an annual increase of 50% of the CPI-U not to annually exceed \$4.00 per month per space. Alternately, the Library may elect to allow the Operator to keep all revenue from a portion of the spaces designated for Library Patrons and, in turn, the Library would pay rent for those spaces.
- Library spaces, other than staff parking, used for hourly parking
- ~~Library designated spaces are not to be used for hourly parking as operation of Central Parking Pool for the Library.~~
- An option at a later date to purchase the garage at the unamortized amount of the \$3,400,000 tax credits issued plus an annual return of ??%.
- MDFB will establish a maintenance and repair fund that will be initially funded with \$200,000. Every year thereafter the garage will contribute to the fund from Operating Revenue at the rate of \$70 per space or 8 % of the annual net operating income, whichever is greater.
- MDFB will include in the Garage operator's contract requirements for an Annual Inspection and Repair and Maintenance Report for the garage. This Inspection and Report will be completed by a structural engineer, licensed in the State of Missouri and approved by the Library, and maintenance personnel (who's??) who would inspect all components of the garage. The MDFB will implement the recommendations of the Repair and Maintenance Report.
- The Operator shall coordinate with the Library for the Library's special events.
- The Garage Operator shall be subject to the Library's approval.

**DRAFT**  
**As of 9/25/02**

- Hours of Operation shall be coordinated with the Library's hours of operation.
- Project signage and/or monument signage shall be coordinated with and subject to the Library's approval.
- Adequate security shall be provided by Operator including lighting, alert stations and other security systems and methods.

**SPECIAL PROVISIONS**

The garage and surface parking lot will provide parking for the Library's employees, users and visitors. In addition, the parking will be available to the public at market rates.

If the University/KC Club desires to connect their building to the garage, the University/KC Club will pay all costs associated with it

DLPG, LLC, will coordinate project's design with the Library and MDFB.

**GOVERNMENTAL  
INCENTIVES**

The incentives are

- MDFB tax credits of \$3.4 million based on \$6.8 million of contributions, allocated \$1.4 million in CY 2002 (donations of \$2.8 m) and \$2.0 million in CY 2003 (donations of \$4.0 m).
- City of KCMO would allocate \$2.5 million of PIAC funds, in FY 2005-6 of \$1.5 million and in FY 2006-7 of \$1.0 million

**FINANCING**

The garage would be financed by:

- Donations of \$6.8 million, which will generate \$3.4 million in tax credits.
- The City of KCMO would allocate \$2.5 million of PIAC funds, in FY 2005-6 of \$1.5 million and FY 2006-7 of \$1.0 million. A short term loan will be needed until these funds are received.
- \$1,125,000 in long term debt secured by Garage Operations and TIF revenues.



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**As of 9/25/02**

**An alternate to the above**

MDFB would issue "Lower Floater Bonds" for \$10,425,000, backed by a Letter of Credit:

Bond Portion A- \$6,800,000 until all donations received  
Bond Portion B- \$2,500,000 until PIAC funds received  
Bond Portion C- \$1,125,000 long term debt, 20 years, secured by operations and TIF revenues.

- Garage revenue will be used to first cover operations, maintenance reserve then to debt service and then to reduce the \$3,400,000 in tax credits issued

**PROPOSED TIF**

Library District Tax Increment Financing (TIF) district has been submitted to the City of Kansas City. The district includes the library building and garage and other surrounding buildings. One of the main purposes of the TIF proceeds would be used to back the long term debt on the garage. This will serve as the "but for" requirement of the TIF district.

TIF revenues will be used to improve streetscape and other enhancements throughout the TIF district.



**EXHIBIT 12**  
**ACQUISITION**

No acquisition is anticipated.



**EXHIBIT 13**  
**RELOCATION ASSISTANCE**

## EXHIBIT 13

### RELOCATION ASSISTANCE PLAN

(a) Definitions. The following terms, whenever used or referred to herein, shall have the following meanings:

(i) Designated Occupants. "Designated Occupants" shall mean handicapped displaced occupants and those displaced occupants who are 65 years of age or older at the time of the notice to vacate or who have an income less than the average median income for the metropolitan area as certified annually by the Director of City Development based upon standards established by the Department of Housing and Community Development of Kansas City, Missouri.

(ii) Displaced Business. "Displaced Business" shall mean any business that moves from real property within the development area as a result of the acquisition of such property, or as a result of written notice to vacate such property, or in conjunction with the demolition, alteration or repair of said property, by the Tax Increment Financing Commission pursuant to RSMo. 99.800 et. seq., as amended.

(iii) Displaced Occupant. "Displaced Occupant" shall mean any occupant who moves from real property within the development area as a result of the acquisition of such property, or as a result of written notice to vacate such property, or in connection with the demolition, alteration or repair of said property, by the Tax Increment Financing Commission pursuant to RSMo. 99.800 et. seq., as amended.

(iv) Handicapped Occupant. "Handicapped Occupant" shall mean any occupant who is deaf, legally blind, or orthopedically disabled to the extent that acquisition of other residence presents a greater burden than other occupants would encounter or that modification to the residence would be necessary.

(v) Occupant. "Occupant" shall mean a residential occupant of a building having lawful possession thereof, and further shall include any person in lawful possession, whether related by blood or marriage to any other occupant.

(vi) Person. "Person" shall mean any individual, firm, partnership, joint venture, association, corporation and any life insurance company, organized under the laws of, or admitted to do business in the State of Missouri, undertaking a redevelopment project in a urban renewal area, whether organized for profit or not, estate, trust, business trust, receiver or trustee appointed by any state or federal court, syndicate, or any other group or combination acting as a unit, and shall include the male as well as the female gender and the plural as well as the singular number.

(b) Plan Requirement. Every person approved by the Commission as a developer of property subject to be acquired by the Tax Increment Financing Commission if furtherance of a Tax Increment Financing plan shall submit to the Commission a relocation plan as part of the developer's redevelopment plan.

(c) Contents of Plan. The relocation plan shall provide for the following:

(i) Payments to all displaced occupants and displaced businesses in occupancy at least ninety (90) days prior to the date said displaced occupant or said displaced business is required to vacate the premises by the developer, its assigns or

any person seeking acquisition powers under the Tax Increment Financing plan pursuant to RSMo. 99.800 et. seq., as amended; and

(ii) Program for identifying needs of displaced occupants and displaced businesses with special consideration given to income, age, size of family, nature of business, availability of suitable replacement facilities, and vacancy rates of affordable facilities; and

(iii) Program for referrals of displaced occupants and displaced businesses with provisions for a minimum of three (3) suitable referral sites, a minimum of ninety (90) days notice of referral sites for handicapped displaced occupants and sixty (60) days notice of referral sites for all other displaced occupants and displaced businesses, prior to the date such displaced occupant or displaced business is required to vacate the premises; and arrangements for transportation to inspect referral sites to be provided to designated occupants.

(iv) Every displaced occupant and every displaced business shall be given a ninety (90) day notice to vacate; provided, however, that the developer may elect to reduce the notice time to sixty (60) days if the developer extends the relocation payments and benefits set forth in subsections (d), (e) and (f) below to any displaced occupant or displaced business affected by said reduction in time.

(d) Payments to Occupants. All displaced occupants eligible for payments under subsection (c)(i) hereof shall be provided with relocation payments based upon one of the following, at the option of the occupant:

(i) A \$500.00 payment to be paid at least thirty (30) days prior to the date the occupant is required to vacate the premises; or

(ii) Actual reasonable costs of relocation including actual moving costs, utility deposits, key deposits, storage or personal property up to one month, utility transfer and connection fees, and other initial rehousing deposits including first and last month's rent and security deposit.

(e) Handicapped Displaced Occupant Allowance. In addition to the payments provided in subsection (d) hereof, an additional relocation payment shall be provided to handicapped displaced occupants which shall equal the amount, if any, necessary to adapt a replacement dwelling to substantially conform with the accessibility and usability of such occupant's prior residence, such amount not to exceed Four Hundred Dollars (\$400.00).

(f) Payment to Businesses. All displaced businesses eligible for payments under subsection (c)(i) hereof shall be provided with relocation payments based upon the following, at the option of the business:

(i) A \$1,500.00 payment to be paid at least thirty (30) days prior to the date the business is required to vacate the premises; or

(ii) Actual costs of moving including costs for packing, crating, disconnecting, dismantling, reassembling and installing all personal equipment and costs for relettering signs and replacement stationery.

(g) Waiver of Payments. Any occupant who is also the owner of premises and any business may waive their relocation payments set out above as part of the negotiations for

acquisition of the interest held by said occupant or business. Said waiver shall be in writing and filed with the Commission.

(h) Notice of Relocation Benefits. All occupants and businesses eligible for relocation benefits hereunder shall be notified in writing of the availability of such relocation payments and assistance, such notice to be given concurrent with the notice of referral sites required by subsection (c)(iii) hereof.

(i) Persons Bound by the Plan. Any developer, its assigns or transferees, provided assistance in land acquisition by the Tax Increment Financing Commission, is required to comply with the Executive Director of the Commission. Such certification shall include, among other things, the addresses of all occupied residential buildings and structures within the redevelopment plan area and the names and addresses of occupants and businesses displaced by the developer and specific relocation benefits provided to each occupant and business, as well as a sample notice provided each occupant and business.

(j) Minimum Requirements. The requirements set out herein shall be considered minimum standards. In reviewing any proposed redevelopment plan, the Commission shall determine the adequacy of the proposal and may require additional elements to be provided therein.





**EXHIBIT 14**  
**REDEVELOPER AFFIDAVIT**