GRAND RESERVE
TAX INCREMENT FINANCING PLAN
KANSAS CITY, MISSOURI

TIF COMMISSION APPROVAL:
12/09/15 12-9-15
DATE RESOLUTION NO.

CITY COUNCIL APPROVAL:
5/12/16 160163
DATE ORDINANCE NO.

Attached herewith is a true and correct copy of TIF Plan as approved by the Tax Increment Financing Commission of Kansas City, Missouri.

Chair
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I. SUMMARY

The Grand Reserve Tax Increment Financing Plan (this “Plan”) contemplates the rehabilitation of the former Federal Reserve Bank of Kansas City tower, along with the rehabilitation of an existing adjacent 150-stall parking garage, and a four story Annex Building, pursuant to the proposal attached hereto as Exhibit 14, all within an area generally bounded by E. 9th Street on the north, McGee Street on the east, E. 10th Street on the south, and Grand Boulevard on the west in Kansas City, Jackson County, Missouri.

The development contemplated by the Plan will include (A) the historic rehabilitation and adaptive reuse of the approximately 301,533 square foot, 21-story former Federal Reserve Bank of Kansas City building located at 925 Grand Boulevard into an all-suite approximately 301 room hotel that will include restaurants, meeting and event facilities within Redevelopment Project Area 1 and (B) the redevelopment of a four-story Annex Building into an approximately 24-room boutique hotel and coffee house, along with an approximately 86,443 square foot data center and the rehabilitation of the existing adjacent 150-stall parking garage in an area adjacent to (and not within) Redevelopment Project Area 1 (the “Adjoining Redevelopment”) and (C) any and all necessary infrastructure to support Redevelopment Project Area 1.

The estimated Redevelopment Project Costs to implement Redevelopment Project 1 are approximately $148,509,612, which include approximately $23,201,913 in Reimbursable Project Costs. Approximately $11,395,925 of such Reimbursable Project Costs (which includes $6,022,753 of Permanent Interest Cost) will be reimbursed from TIF Revenue (as hereafter defined) and no more than $11,805,988 of such Reimbursable Project Costs (which includes $6,175,740 of Permanent Interest Cost) will be reimbursed from the Additional City Contribution (as hereafter defined). The Reimbursable Project Costs are identified on Exhibit 5A, attached to this Plan. It is anticipated a Community Improvement District (CID) will be formed and approximately $3,107,008 of Redevelopment Project Costs related to Redevelopment Project Area 1 will be funded with CID Revenue (as hereafter defined). The remaining Redevelopment Project Costs related to Redevelopment Project Area 1 will be funded with a combination of federal and state historic tax credits and private debt and equity, as more particularly set forth on Exhibit 7, attached hereto. The estimated Redevelopment Project Costs to implement the Adjoining Redevelopment are approximately $48,185,898, all of which will be funded, together with interest related thereto, with a combination of federal and state historic tax credits and private debt and equity, as more particularly set forth on Exhibit 7, attached hereto.

The 2014 total initial equalized assessed valuation of the Redevelopment Area according to current records at the Jackson County Assessor’s Office is approximately $2,944,000. The 2014 combined ad valorem property tax levy was $8.0288 per $100 assessed valuation. The 2014 annual ad valorem tax revenue from the Redevelopment Project Area was approximately $278,673. Following the completion of all Project Improvements (as hereafter defined), it is estimated that the assessed value of the property within the Redevelopment Project Area is anticipated to increase to approximately $12,522,034.

Pursuant to the Act, Tax Increment Financing (as hereinafter defined) allows for the use of Payments in Lieu of Taxes and Economic Activity Taxes generated and collected within the
Redevelopment Project Area 1 for a twenty-three (23) year period to pay Reimbursable Project Costs.

The Redeveloper intends to seek Missouri Chapter 100 benefits, which would exempt sales taxes on construction materials, along with exemptions on personal and real property taxes within Redevelopment Project Area 1 and the area comprising the Adjoining Redevelopment. The requested Chapter 100 assistance is 100% real property tax abatement for twenty (20) years and 100% personal property tax abatement for ten (10) years. No Payments in Lieu of Taxes will be captured and deposited into the Special Allocation Fund to pay for any Reimbursable Project Costs during the first twenty (20) years Tax Increment Financing shall be authorized within the Redevelopment Project Area 1. The estimated Payments In Lieu of Taxes to be generated within the Redevelopment Project Area 1 and deposited into the Special Allocation Fund during years 21 through 23 shall be declared surplus.

The estimated Economic Activity Taxes generated within Redevelopment Project Area 1 and, subject to appropriation by the City Council, will be available to the pay Reimbursable Project Costs are approximately $11,395,925.

Additionally, the Additional City Contribution (as hereafter defined), subject to appropriation by the City Council, will be available to pay Reimbursable Project Costs. The Additional City Contribution will not exceed $11,805,988 in the aggregate.

Additionally, CID Revenue (as hereafter defined), subject to appropriation by the Board of Directors of CID, will be available to pay Redevelopment Project Costs. The projected CID Revenue available to pay Redevelopment Project Costs is $3,107,008.

Upon the reimbursement of all Reimbursable Project Costs (including Administrative Expenses), Tax Increment Financing will be terminated and the Taxing Districts (as hereafter defined), subject to Section 99.850 RSMo, will receive all tax revenue generated within the Redevelopment Area.

II. DEFINITIONS

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


B. “Administrative Expenses” shall have the meaning set forth in Section V.A. of the Plan.

C. “Additional City Contribution,” an amount equal to (1) 35% of the total retail sales taxes generated in Redevelopment Project Area 1 from the City’s 2.00% convention and tourism sales tax imposed on the retail sales of food and beverages pursuant to Section 68-551 of the City’s Code of Ordinances (or any successor provision thereto), but no more than $60,000 annually, plus (2) 35% of the total retail sales taxes
generated in the Redevelopment Area from the City’s 7.50% convention and tourism sales tax imposed on sales or charges for hotel rooms pursuant to Section 68-551 of the City’s Code of Ordinances (or any successor provision thereto), but no more than $400,000 annually, plus (3) 50% of the retail sales taxes generated in Redevelopment Project Area 1 from the City’s 0.25% fire department sales tax pursuant to Section 68-444 of the City’s Code of Ordinances (or any successor provision thereto) and the City’s 0.25% public safety sales tax pursuant to Section 68-447 of the City’s Code of Ordinances (or any successor provision thereto), as each is imposed on any retail sale; provided, however, that the Additional City Contribution shall not exceed $11,805,988 in the aggregate.

D. “CID,” a Community Improvement District, established as a political subdivision of the State of Missouri for the purpose of paying a portion of the Redevelopment Project Costs.

E. “CID Revenues,” the one percent (1%) sales and use tax levied by the CID and approved by the voters in the CID and a resolution of the Board of Directors of the CID and levied pursuant to Section 67.1545 of the Revised Statutes of Missouri, as amended, on all retail sales made within the CID that are subject to taxation pursuant to Section 144.010 to 144.525 of the Revised Statutes of Missouri, as amended, except sales of motor vehicles, trailers, boats or outboard motors, and sales to public utilities, 50% of the proceeds of which the CID will transfer to the Commission to be used to pay a portion of the Reimbursable Project Costs, subject to annual appropriation of the Board of Directors of the CID.

F. “City,” City of Kansas City, Missouri.


H. “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 definition for Redevelopment Areas designated and approved on or after December 23, 1997.

I. “Economic Activity Taxes” fifty percent of the total additional revenue from taxes, penalties and interest which are imposed by the City or other Taxing Districts, and which are generated by economic activities within the area of the Redevelopment
Project over the amount of such taxes generated by economic activities within the area of the Redevelopment Project in the calendar year prior to the adoption of the Redevelopment Project by ordinance, while Tax Increment Financing remains in effect, but excluding personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, taxes levied pursuant to Section 70.500 RSMo, taxes levied for the purpose of public transportation pursuant to Section 94.660 RSMo, taxes imposed on sales pursuant to subsection 2 of Section 67.1712 RSMo for the purpose of operating and maintaining a metropolitan park and recreation district, licenses, fees or special assessments other than payments in lieu of taxes and penalties and interest thereon, any sales tax imposed by a county with a charter form of government and with more than six hundred thousand but fewer than seven hundred thousand inhabitants, for the purpose of sports stadium improvement or levied by such county under Section 238.410 RSMo for the purpose of the County transit authority operating transportation facilities, or with respect to a Redevelopment Project approved by Ordinance after August 28, 2013, taxes imposed on sales under and pursuant to Section 67.700 or 650.399 RSMo for the purpose of emergency communication systems. Beginning August 28, 2014, if the voters in a Taxing District vote to approve an increase in such Taxing District’s sales tax or use tax, other than the renewal of an expiring sales or use tax, any additional revenues generated within an existing Redevelopment Project Area that are directly attributable to the newly voter-approved incremental increase in such taxing district’s levy rate shall not be considered Economic Activity Taxes subject to deposit into a Special Allocation Fund without the consent of such Taxing District.

J. “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.

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

L. “Ordinance,” an ordinance enacted by the governing body of the City.

M. “Payment in Lieu of Taxes” or “PILOTs,” revenues attributable to the increase in the current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in the Redevelopment Project Area any applicable penalty and interest over and above the initial equalized assessed value of each such unit of property in the Redevelopment Project Area shall be allocated to and, when collected, shall be deposited into a Special Allocation Fund for the purpose of paying Redevelopment Project Costs identified by this Plan and Obligations incurred in the payment thereof.
Beginning August 28, 2014, if the voters in a Taxing District vote to approve an increase in such Taxing District’s levy rate for ad valorem tax on real property, any additional revenues generated within an existing Redevelopment Project Area that are directly attributable to the newly voter-approved incremental increase in such Taxing District’s levy rate shall not be considered Payments in Lieu of Taxes subject to deposit into a Special Allocation Fund without the consent of such Taxing District.

N. “Project Improvements,” those development activities undertaken within the Redevelopment Area and the area comprising the Adjoining Redevelopment intended to accomplish the objectives of the Redevelopment Plan, which are described by Section IV.C. of the Plan.

O. “Redeveloper,” Delta Quad Holdings, LLC, or such other business organization or other entity selected by the Commission that enters into the Redevelopment Agreement with the Commission for the purpose of implementing the Project Improvements or a portion thereof contemplated by the Redevelopment Plan.

P. “Redevelopment Agreement,” the agreement between the Commission and Redeveloper for the implementation of the Project Improvements or a portion thereof contemplated by the Redevelopment Plan.

Q. “Redevelopment Area,” the real property legally described on Exhibit 1A.

R. “Redevelopment Plan” or “Plan,” The Grand Reserve Tax Increment Financing Plan, as amended from time to time.

S. “Redevelopment Project” or “Redevelopment Project 1,” the redevelopment project located within the Redevelopment Area, described by Section IV.B of the Plan, and designated as such by Ordinance and intended to further the objectives of the Redevelopment Plan.

T. “Redevelopment Project Area” or “Redevelopment Project Area 1,” the area selected for the Redevelopment Project that is described by Section IV.B of the Plan and on Exhibit 1B, and as may be modified from time to time by an Ordinance passed by the City Council of the City.

U. “Redevelopment Project Costs” include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, any such costs incidental to the Redevelopment Plan, the Project Improvements and/or the Redevelopment Project and the Adjoining Redevelopment. Such costs are identified on Exhibit 5A, attached hereto, and may include, but are not limited to the following:

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

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

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

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

5. Cost of construction of public works or improvements;

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

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

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

9. Payments in lieu of taxes.

V. “Reimbursable Project Costs,” Twenty-Three Million, Two Hundred One Thousand, Nine Hundred Thirteen and no/100 Dollars ($23,201,913) of the Redevelopment Project Costs, as specifically identified on Exhibit 5A, attached hereto, which, subject to the terms and conditions of the Redevelopment Agreement, may be reimbursed to the Redeveloper.

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

X. “Tax Increment Financing,” tax increment allocation financing as provided pursuant to Chapter 99.800, et seq. RSMo.

Y. “Taxing Districts,” any political subdivision of Missouri located wholly or partially within the Redevelopment Project Area and having the power to levy taxes.

III. TAX INCREMENT FINANCING

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

IV. GENERAL DESCRIPTION OF PLAN AND PROJECT.

A. The Redevelopment Plan. The Redevelopment Plan contemplates the rehabilitation of the former Federal Reserve Bank of Kansas City tower, along with the rehabilitation of an existing adjacent 150-stall parking garage, and a four story Annex Building, pursuant to the proposal attached hereto as Exhibit 14, all within an area generally bounded by E. 9th Street on the north, McGee Street on the east, E. 10th Street on the south, and Grand Boulevard on the west in Kansas City, Jackson County, Missouri.

B. Redevelopment Area and Redevelopment Project Area. The Redevelopment Area will consist of one Redevelopment Project Area and the area comprising the Adjoining Redevelopment. The Redevelopment Area includes two parcels that are approximately 1.937 acres located in Kansas City, Jackson County, Missouri, as legally described on Exhibits 1A and 1C, attached hereto. The legal description of the Redevelopment Project Area is set forth on Exhibit 1B, attached hereto.

C. The Project Improvements. The Project Improvements will consist (A) the historic rehabilitation and adaptive reuse of the approximately 301,533 square foot, 21-story former Federal Reserve Bank of Kansas City building located at 925 Grand Boulevard into an all-suite approximately 301 room hotel that will include restaurants, meeting and event facilities within Redevelopment Project Area 1 and (B) the redevelopment of a four-story Annex Building into an approximately 24-room boutique hotel and coffee house, along with an approximately 86,443 square foot data center and the rehabilitation of the existing adjacent 150-stall parking garage in (the “Adjoining Redevelopment”) and (C) any and all necessary infrastructure to support Redevelopment Project Area 1. The Project Improvements and other redevelopment activities will be undertaken pursuant to Exhibit 14 and in furtherance of the objectives of the Plan. A Site Plan generally depicting the location of the Project Improvements and the Redevelopment Project Area is attached as Exhibit 2. Estimated construction and employment information for the Project Improvements is set forth on Exhibits 4A and 4B.

D. Estimated Date of Completion. The estimated date for completion for the Project Improvements is spring 2018 and the schedule for construction is set forth on Exhibit 5B.

The completion of the Project Improvements and the retirement of Obligations (if any) incurred to finance the Reimbursable Project Costs will occur no later than
twenty-three (23) years from the adoption of the ordinance approving the Redevelopment Project.

In no event shall any ordinance approving the Redevelopment Project or any other redevelopment project be passed by the City later than ten (10) years from the passage of the ordinance approving this Redevelopment Plan.

E. Redevelopment Plan Objectives. The specific objectives of the Redevelopment Plan are set forth on Exhibit 3, attached hereto.

F. Gambling Establishment. The Redevelopment Plan does not include the initial development or redevelopment of any Gambling Establishment.

V. FINANCING

A. Estimated Redevelopment Project Costs. The estimated Redevelopment Project Costs to implement Redevelopment Project Area 1 are approximately $148,509,612, which include approximately $23,201,913 in Reimbursable Project Costs. Approximately $11,395,925 of such Reimbursable Project Costs (which includes $6,022,753 of Permanent Interest Cost) will be reimbursed from TIF Revenue (as hereafter defined) and no more than $11,805,988 of such Reimbursable Project Costs (which includes $6,175,740 of Permanent Interest Cost) will be reimbursed from Additional City Contribution (as hereafter defined). The Reimbursable Project Costs are identified on Exhibit 5A, attached to this Plan. It is anticipated a Community Improvement District (CID) will be formed and approximately $3,107,008 of Redevelopment Project Costs related to Redevelopment Project Area 1 will be funded with CID Revenue (as hereafter defined). The remaining Redevelopment Project Costs related to Redevelopment Project Area 1 will be funded with a combination of federal and state historic tax credits and private debt and equity, as more particularly set forth on Exhibit 7, attached hereto. The estimated Redevelopment Project Costs to implement the Adjoining Redevelopment are approximately $48,185,898, all of which will be funded, together with interest related thereto, with a combination of federal and state historic tax credits and private debt and equity, as more particularly set forth on Exhibit 7, attached hereto.

The City has determined that certain expenses incidental to the administration of the Plan (“Administrative Expenses”), which are not direct costs related to the implementation of the Project Improvements are nonetheless reasonable and necessary costs related to the Redevelopment Plan. The incidental costs will be recovered by the Commission or City, as the case may be, from the Special Allocation Fund in an amount equal to 5% of the Payments in Lieu of Taxes and Economic Activity Taxes paid annually into the Special Allocation Fund.

B. Anticipated Sources of Funds. Redeveloper will acquire all necessary properties and construct the Project Improvements through the use of private capital in the form of equity, private debt financing, TIF Revenue and Additional City Contribution, which may be pledged to secure Obligations (if any) issued to finance all or a portion of the
Reimbursable Project Costs. Anticipated sources, including CID Revenues, federal and state historic tax credits and private equity and debt to pay Redevelopment Project Costs are shown on Exhibit 7 and in the information contained in Exhibit 11, “Evidence of Financing Interest.”

If Obligations are issued, the proceeds will be deposited in a construction/project fund and used to pay Reimbursable Project Costs, in accordance with the Redevelopment Agreement and the documents prepared and executed in connection with the issuance and sale of such Obligations. At this time, it is not anticipated that Obligations will be issued.

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

The Redeveloper intends to seek Missouri Chapter 100 benefits, which shall include 100% real property tax abatement for the first twenty (20) years and 100% personal property tax abatement for the ten (10) years while Tax Increment Financing is in effect within the Redevelopment Project Area. No Payments in Lieu of Taxes will be deposited into the Special Allocation Fund to pay for any Reimbursable Project Costs during the first twenty (20) years while Tax Increment Financing is in effect within the Redevelopment Project Area. The estimated Payments In Lieu of Taxes to be generated within the Redevelopment Project Area and deposited into the Special Allocation Fund while Tax Increment Financing remains in effect during years 21 through 23 of the Plan shall be declared surplus.

D. Economic Activity Taxes. The projected Economic Activity Taxes to be deposited in the Special Allocation Fund, in accordance with the Act, during the time Tax Increment Financing remains in effect, with respect to the Redevelopment Project Area, is $11,395,925 as shown in Exhibit 6, attached hereto, all of which will be made available, upon annual appropriation by the City, to pay eligible Reimbursable Project Costs, in accordance with the Redevelopment Agreement.

Available Anticipated Economic Activity Taxes will include 50% of the net earnings taxes paid by businesses and employees, 50% of the net food & beverage taxes, 50% of the net utility taxes, 50% of the City and County net sales taxes.

It is assumed that net earnings and sales tax revenues will increase due to inflation at a rate of 1.0% a year, which shall be in addition to the assumed increases due to job creation and business expansion.

The amount of Economic Activity Taxes in excess of the funds deemed necessary by the City for implementation of this Plan, if any, subject to Section 99.850 RSMo, shall be declared surplus. The declared surplus will be available for distribution to the Taxing Districts in accordance with Section 99.850 RSMo.
All affected businesses and property owners located within the Redevelopment Project Area, at the time the Redevelopment Project Area is designated by an Ordinance passed by the City Council of the City, shall be identified by the Redeveloper and the Redeveloper shall provide the Commission with such identifying documentation described by the Commission’s Economic Activity Tax Documentation and Collection Policy (the “EATS Documentation”). The Commission shall provide the City with the EATS Documentation related to each business located within the Redevelopment Project Area. Based upon such EATS Documentation, the City shall determine the “base year” and the annual amount of the Economic Activity Taxes generated within the Redevelopment Project Area and, subject to City Council approval, shall thereafter appropriate such funds into the Special Allocation Fund, no less frequently than semi-annually and no more frequently than quarterly, in accordance with the Act.

E. Additional City Contribution. The projected Additional City Contribution to be collected by the City and, subject to appropriation, deposited in a separate account of the Special Allocation Fund, during the time Tax Increment Financing remains in effect, with respect to the Redevelopment Project Area, is $11,805,988 as shown on Exhibit 6, attached hereto, all of which will be made available, upon annual appropriation by the City, to pay eligible Reimbursable Project Costs, in accordance with a Tax Redirection Agreement between the City and the Redeveloper; provided, however, that the Additional City Contribution shall not exceed $11,805,988 in the aggregate.

F. Anticipated Type and Terms of Obligations. In the event Obligations are issued, the Plan intends that these Obligations shall be secured by the Payments in Lieu of Taxes, Economic Activity Taxes and/or Additional City Contribution generated within the Redevelopment Project Area. Additionally, unless otherwise recommended by a financial advisor engaged by the Commission, it is estimated that TIF Revenue and Additional City Contribution must equal not less than 125% 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 debt service reserves, unpaid Reimbursable Project Costs or to redeem Obligations in advance of their maturities. Obligations may be sold in one or more series in order to implement this Plan. All Obligations shall be retired no later than twenty-three (23) years after the adoption of the Ordinance adopting tax increment financing for the Redevelopment Project. At this time, it is not anticipated that Obligations will be issued. The Redevelopment Project may not be approved by an Ordinance more than ten years from the adoption of the Ordinance approving the Redevelopment Plan.

G. Evidence of Commitments to Finance. Commitments for any private financing of Redevelopment Project Costs necessary to complete the Project Improvements shall be submitted for approval to the Commission prior to the approval of any Ordinance approving a Redevelopment Project. Letters of interest for financing are attached as Exhibit 11.
VI. **MOST RECENT EQUALIZED ASSESSED VALUATION**

The 2014 total initial equalized assessed valuation of the Redevelopment Area according to current records at the Jackson County Assessor’s Office is approximately $2,944,000. The 2014 combined ad valorem property tax levy was $8.0288 per $100 assessed valuation. The 2014 annual ad valorem tax revenue from the Redevelopment Area was approximately $278,673. Following the completion of all Project Improvements (as hereafter defined), it is estimated that the assessed value of the real property within the Redevelopment Area will increase to approximately $12,522,034.

The total initial equalized assessed valuation of the Redevelopment Area will be determined prior to the time the Redevelopment Project Area is designated 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 the Special Allocation Fund for payment of Reimbursable Project Costs, in accordance with the Redevelopment Agreement.

VII. **ESTIMATED EQUALIZED ASSESSED VALUATION AFTER REDEVELOPMENT**

When the Project Improvements have been completed, the total assessed valuation of the Redevelopment Area will be determined. It is estimated that the assessed value of the real property within the Redevelopment Area will increase to approximately $12,522,034.

VIII. **GENERAL LAND USE**

The Redevelopment Plan identifies the existing property to be rehabilitated through the use of historic tax credits and these properties do not require any re-zoning, as the current zoning designation of DC-15 allows for these uses. In the event there is an expansion of the existing building or amendments to the site, re-zoning may be required as the Redevelopment Project Area 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. This property is within the Greater Downtown Area Plan.

IX. **CONFORMANCE TO THE COMPREHENSIVE PLAN**

The TIF Plan conforms with the FOCUS Plan, the City’s Comprehensive Plan, as well as the Greater Downtown Area Plan.

X. **EXISTING CONDITIONS IN THE REDEVELOPMENT AREA**

The Redevelopment Area is a Conservation Area, as defined by the Act, because more than fifty percent (50%) of the structures in the area have an age of thirty-five (35) years or more and, although the area is not yet a blighted area, it is detrimental to the public health, safety, morals, or welfare due to varied and extensive: aging and advanced aging, dilapidation, obsolescence, deterioration, depreciation of physical maintenance and excessive vacancies. An
independent Conservation Analysis undertaken by Belke Appraisal & Consulting Services, Inc., attached as Exhibit 10, provides evidence of such conditions.

XI. “BUT FOR TIF”

Substantial public financing of the Project Improvements is identified within the Plan. This assistance is necessary to ensure successful redevelopment of the Redevelopment Area in order to serve the public purpose set forth on Exhibit 3, attached hereto. The purpose of affording public assistance is to accomplish the stated public purpose and not to subsidize otherwise economically viable project improvements. In order to ensure that the public assistance being provided does not subsidize an unreasonable level of earnings, the Redevelopment Plan incorporates, as Exhibit 9, an analysis completed by Springsted, Incorporated, which was presented to the Commission and City prior to approval of the Redevelopment Plan. The analysis, along with the Redeveloper Affidavit, attached as Exhibit 13, demonstrates that the Redevelopment Area has not been subject to growth and development by private enterprise and the Project Improvements within the Redevelopment Area would not reasonably be anticipated to be developed without the adoption of Tax Increment Financing (the “But-For Test”).

The But-For-Test suggests that acceptable investment returns to real estate investors depend on a large number of external factors and the nature of the specific investment, including, the property sector of land use; the life cycle of the property; local market conditions such as new development, major employers and their plans, demographics and the like; the overall risk associated with the property; inflation expectations, and numerous other factors. One method of determining the need for assistance through Tax Increment Financing is to study a redeveloper’s internal rate of return (“IRR”). The internal rate of return takes into account both the annual income derived as cash flow as well as the potential return from a hypothetical sale of the private improvements at the end of the forecast period.

The Redevelopment Agreement shall contain provisions whereby the public may participate in the annual cash-on-cash return that is in excess of an acceptable return. The level of participation will be identified in the financial analysis of the Redevelopment Project.

In the event that any Project Improvement is refinanced or sold, once all cost of the sale or refinancing have been paid, the private debt retired, the investors’ equity investment returned, the public will share in residual proceeds that are in excess of an acceptable return. The annual cash-on-cash and residual sales participation shall be in the same proportion as the proportion of public investment in the completed Project Improvements bears to the total cost of all improvements undertaken by a Redeveloper within the Redevelopment Area. The proceeds of such participation shall be distributed per the discretion of the Commission.

Springsted Incorporated (“Springsted”) conducted an analysis whereby it reviewed the financial information associated with the Plan examining the utilization of Chapter 100 Tax Abatement, Tax Increment Financing, Additional City Contribution and CID Revenue for the Project Improvements.

The analysis determined unleveraged rates of return for the following scenarios:
- A rate of return without Chapter 100 Tax Abatement, Tax Increment Financing, Additional City Contribution revenue or CID Revenue would be 7.05% for all of the Project Improvements and 5.11% for Redevelopment Project 1 alone;

- A rate of return with Chapter 100 Tax Abatement and CID Revenue, but no Tax Increment Financing or Additional City Contribution revenue would be 8.91% for all of the Project Improvements and 7.28% for Redevelopment Project 1 alone;

- A rate of return with Tax Increment Financing, Chapter 100 Tax Abatement and CID Revenue, but no Additional City Contribution revenue would be 9.52% for all of the Project Improvements and 8.24% for Redevelopment Project 1 alone;

- A rate of return with Chapter 100 Tax Abatement, Tax Increment Financing, Additional City Contribution and CID Revenue would be 10.14% for all of the Project Improvements and 9.21% for Redevelopment Project 1 alone; and

- Additionally, Springsted calculated a leveraged rate of return of 15.52% for all of the Project Improvements and 13.43% for Redevelopment Project 1 alone with Chapter 100 Tax Abatement, Tax Increment Financing, Additional City Contribution revenue and CID Revenue.

To evaluate the rate of return for a project of this nature, Springsted consulted Korpacz/Price Waterhouse Cooper Real Estate Investor Survey prepared for the third quarter of 2014. This survey provides a resource for comparing developer’s rate of return to a market benchmark to help determine feasibility. According to the developers surveyed, the typical unleveraged market return necessary for a Developer to pursue a project of this nature falls in a range from 8.5% to 13.00%; with an average return of 10.48%. Based upon the Conservation Analysis, Redeveloper affidavit and the financial analysis, Springsted concluded that the proposed project would not occur on this site at this time without tax increment financing and such other public subsidies identified by this Plan.

Therefore, the analysis supports a finding that the Redevelopment Area has not been subject to growth and development through investment by private enterprise, as supported by the Redeveloper Affidavit, attached as Exhibit 13, and would not reasonably be anticipated to be developed without the adoption of tax increment financing due to the substantial costs of the Redevelopment Project. Found on Exhibit 9 is the analysis conducted by Springsted.

**XII. COST-BENEFIT ANALYSIS**

The cost-benefit analysis, attached hereto as Exhibit 8, shows the economic impact of this Plan on each Taxing District. The analysis includes a fiscal impact study on every Taxing District, and sufficient information to evaluate whether this Plan, as proposed, is financially feasible.
XIII. ACQUISITION AND DISPOSITION

The Commission, pursuant to Sections 99.810(3) and 99.820(3), RSMo, 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 located within the Redevelopment Project Area shall be acquired by eminent domain later than five (5) years from adoption of the Ordinance designating the Redevelopment Project Area. No properties are currently under consideration for acquisition by eminent domain. The Redeveloper is the owner of all necessary property for the implementation of this Redevelopment Plan.

XIV. RELOCATION ASSISTANCE PLAN

Relocation assistance will be available to all eligible displaced occupants in conformance with the Commission’s Relocation Assistance Plan as shown in Exhibit 12 or as may be required by other state or federal laws. Any relocation will be at the expense of the Redeveloper.

XV. ENHANCED ENTERPRISE ZONE

In the event mandatory abatement is sought or received pursuant to Section 135.215, RSMo., 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, RSMo. without City 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, RSMo.

XVI. PROVISION OF PUBLIC FACILITIES

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

XVII. REDEVELOPMENT AGREEMENT

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

1. Implementation of the Plan;
2. Reporting of Economic Activity Taxes;
4. The Commission’s Relocation Plan;
5. Certification and approval by Commission of Redevelopment Project Costs;
6. Public participation;
7. Payment of Prevailing Wages;
8. Certification of Costs and Reimbursement Policy; and
10. Parameters for the issuance of Obligations;
11. Interest Policy;
12. Annual Progress Reporting;
13. Procedures for the Payment of Prevailing Wages; and
14. Environmental Policy.

XVIII. PROVISIONS FOR AMENDING THE PLAN

This Redevelopment Plan and Redevelopment Project may be amended pursuant to the provisions of the Act, except in the event that there are minor inaccuracies contained within this Redevelopment Plan or any Exhibit attached hereto, and such inaccuracies do not alter the substance of the Redevelopment Plan, Redevelopment Project or the Project Improvements, the City Council of the City authorizes the Commission to approve and correct such inaccuracies and to execute any required instruments and to make and incorporate such amendment or change to this Redevelopment Plan or any Exhibit attached hereto.
Exhibit 1A

Redevelopment Area Legal Description

The Redevelopment Area consists of all of the following real property:

All of Lots 103,104, 105, 106, 107, 108, 111, 112,113, 114, 115, 116, 117 and 118, SWOPES ADDITION TO THE CITY OF KANSAS CITY, NOW KANSAS CITY, a subdivision in Kansas City, Jackson County, Missouri; together with that part of the vacated North-South alley lying East and adjacent to Lots 103 through 106, inclusive, and West and adjacent to Lots 114 through 118, inclusive.
Exhibit 1B

Redevelopment Project Area Legal Description

Redevelopment Project Area 1

Redevelopment Project Area 1 consists of all of the following real property:

Those portions of Lots 103, 104, 105 and 106, SWOPE’S ADDITION to the City of Kansas, now Kansas City, Jackson County, Missouri situated above the horizontal plane generally described as the existing subflooring of the Floor 1 lobby of the building located at 925 Grand Street, Kansas City, Missouri

together with:

Those portions of Lots 114, 115, 116, 117 and 118, SWOPE’S ADDITION to the City of Kansas, now Kansas City, Jackson County, Missouri, and the entire vacated North-South alley adjacent to and connecting Lots 103, 104, 105 and 106, SWOPE’S ADDITION, with said Lots 115, 116, 117 and 118, together with the east half of said vacated alley adjacent to Lot 114, all lying between two horizontal planes, the lower plane being generally described as the existing subflooring of the Floor 1 lobby of the building located at 925 Grand Street, and the upper horizontal plane being generally described as eleven (11) feet above and parallel to such lower plane
Exhibit 1C
Parcel Information

Grand Reserve Parcel Information

925 GRAND BLVD, KANSAS CITY, MO 64106
Parcel 29-220-34-11-00-0-00-000
Legal Description: SWOPES ADD---LOTS 103-108 & W 1/2 VAC ALLEY LY E & ADJ

920 MCGEE ST, KANSAS CITY, MO 64106
Parcel 29-220-34-10-00-0-00-000
Legal Description: SWOPES ADD---LOTS 111-118 & E 1/2 VAC ALLEY LY W & ADJ
Exhibit 2
Redevelopment Map
Exhibit 3

Specific Objectives

1. 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;

2. To enhance the tax base of the City and the other Taxing Districts, encourage private investment in the surrounding area;

3. To increase employment opportunities;

4. To stimulate construction and development and generate tax revenues, which would not occur without Tax Increment Financing assistance;

5. To cause (A) the historic rehabilitation and adaptive reuse of the approximately 301,533 square foot, 21-story former Federal Reserve Bank of Kansas City building located at 925 Grand Boulevard into an all-suite approximately 301 room hotel that will include restaurants, meeting and event facilities within Redevelopment Project Area 1 and (B) the redevelopment of a four-story Annex Building into an approximately 24-room boutique hotel and coffee house, along with a an approximately 86,443 square foot data center in an area adjacent to (and not within) Redevelopment Project Area 1 (the “Adjoining Redevelopment”) and (C) any and all necessary infrastructure to support Redevelopment Project Area 1.

6. To promote additional commercial development within the Redevelopment Area, this may include development of a “boutique” hotel.
**Exhibit 4A**

CONSTRUCTION TOTALS FOR REDEVELOPMENT PROJECT AREA 1

<table>
<thead>
<tr>
<th></th>
<th>New Construction</th>
<th>Existing Structures to REMAIN as is</th>
<th>Existing Structures to be REHABBED</th>
<th>Total</th>
<th>Existing Structures to be DEMOLISHED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Square feet of Hotel Space</td>
<td>0</td>
<td>0</td>
<td>214,830</td>
<td>214,830</td>
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<tr>
<td>Square feet Commercial space</td>
<td>0</td>
<td>0</td>
<td>86,703</td>
<td>86,703</td>
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<tr>
<td>Square feet Industrial Space</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>N/A</td>
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<tr>
<td>Total Square Feet</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>301,533</td>
<td>N/A</td>
</tr>
</tbody>
</table>

| Number of Dwelling Units        | 0                | 0                                   | 0                                  | 0      | N/A                                  |
| Number of Hotel Rooms           | 0                | 0                                   | 301                                | 301    | N/A                                  |
| Number of Parking Spaces        | 0                | 0                                   | 0                                  | 0      | N/A                                  |
### Exhibit 4B

**EMPLOYMENT INFORMATION**  
**REDEVELOPMENT PROJECT AREA 1**

<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
</tr>
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<tbody>
<tr>
<td>Permanent jobs to be CREATED IN Kansas City</td>
<td>245</td>
</tr>
<tr>
<td>Permanent jobs to be RELOCATED TO Kansas City</td>
<td>0</td>
</tr>
<tr>
<td>Permanent jobs to be RETAINED IN Kansas City</td>
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</tr>
<tr>
<td>TOTAL</td>
<td>245</td>
</tr>
<tr>
<td>Anticipated Annual Payroll</td>
<td>$8,875,125</td>
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<tr>
<td>Estimated number of construction workers to be hired during construction phase</td>
<td>500</td>
</tr>
<tr>
<td>Estimated construction payroll in all construction phases</td>
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</table>
### Exhibit 5A

**Estimated Redevelopment Costs**

<table>
<thead>
<tr>
<th>DEVELOPMENT COSTS</th>
<th>COST</th>
<th>DEVELOPER PORTION</th>
<th>TIF REIMBURSABLE</th>
<th>SALES TAX DEDICATION REIMBURSABLE</th>
<th>CID SALES TAX REIMBURSABLE</th>
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<tr>
<td>Land Acquisition</td>
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<td>Building Acquisitions</td>
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<td>Construction &amp; Rehab Costs</td>
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<td>Parking Garage Costs</td>
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<td>Contractor Profit</td>
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<td>Cost Certification &amp; Audit Fee</td>
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<td>$50,000</td>
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<td>Architect's Fee - Design</td>
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<td>-</td>
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<td>Architect's Fee - Supervision Fee</td>
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<td>Interior Design Fees</td>
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<td>Engineering - MEP &amp; Civil</td>
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<td>Survey</td>
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<td>Environmental Study</td>
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<td>Hotel Market Study</td>
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<td>Hotel Consultant</td>
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<td>Hotel Pre-Sales &amp; Pre-Opening</td>
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<td>Historic Tax Credit Consultant</td>
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<td>TIF Program - Legal, Consultants &amp; Studies</td>
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<td>-</td>
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<td>Exterior Signage</td>
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<td>FF&amp;E</td>
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<td>Insurance - Construction Bond</td>
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<td>Insurance - Construction Period GL</td>
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<td>-</td>
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<td>-</td>
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<tr>
<td>Real Estate Taxes - Construction Period</td>
<td>$315,000</td>
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<td>-</td>
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<td>Legal - Construction Loan</td>
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<td>Legal - Permanent Loan</td>
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<td>Legal - Tax Credits, Bonds, etc.</td>
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<td>-</td>
</tr>
<tr>
<td>Title &amp; Recording - Construction Loan</td>
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<td>$20,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Title &amp; Recording - Permanent Loan</td>
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<td>$20,000</td>
<td>-</td>
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<td>Construction Loan Fee</td>
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<td>$1,100,000</td>
<td>-</td>
<td>-</td>
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<td>Permanent Loan Fee</td>
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<td>$1,100,000</td>
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<td>Bridge/Mezzanine Loan Fee</td>
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<td>Construction Inspection Fee</td>
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<td>Interest - Construction Period</td>
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<td>Acquisition Loan Fee</td>
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<td>Acquisition Loan Interest</td>
<td>$1,062,500</td>
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<td>National Park Service Fee</td>
<td>$25,000</td>
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<td>Operating Reserves</td>
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<td>State Tax Credit Issuance Fee</td>
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<tr>
<td>Development Fee</td>
<td>$3,685,086</td>
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<td>-</td>
<td>-</td>
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</tr>
<tr>
<td><strong>Total Development Costs</strong></td>
<td>$98,436,523</td>
<td>$85,867,680</td>
<td>$5,373,173</td>
<td>$5,630,249</td>
<td>$1,565,422</td>
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<tr>
<td>Percentages</td>
<td>100%</td>
<td>87.23%</td>
<td>5.46%</td>
<td>5.72%</td>
<td>1.59%</td>
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<tr>
<td>Permanent Interest Cost</td>
<td>$50,073,089</td>
<td>$36,333,010</td>
<td>$6,022,753</td>
<td>$6,175,740</td>
<td>$1,541,587</td>
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<tr>
<td><strong>Grand Total</strong></td>
<td>$148,509,612</td>
<td>$122,200,690</td>
<td>$11,395,925</td>
<td>$11,805,988</td>
<td>$3,107,008</td>
</tr>
<tr>
<td>Percentages</td>
<td>100%</td>
<td>82.28%</td>
<td>7.67%</td>
<td>7.95%</td>
<td>2.09%</td>
</tr>
</tbody>
</table>
Exhibit 5B

Development Schedule

Redevelopment Project Area 1

<table>
<thead>
<tr>
<th>Event</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Begins</td>
<td>Summer 2016</td>
</tr>
<tr>
<td>Construction Completed</td>
<td>Spring 2018</td>
</tr>
</tbody>
</table>
Exhibit 6

Estimated Payments in Lieu of Taxes and
Projected Economic Activity Taxes
## GRAND RESERVE HOTEL

### CHAPTER 100

#### TOTAL TIF

| Date       | NPV @ 7%       | $1,169,790 | $2,182,436 | $516,277 | $175,627 | $3,473,173 | $28,781,791 | $851,579 | $123,173 | $2,421,706 | $3,894,474 | $26,481,791 |

#### TOTALS

| Date       | $2,537,083 | $4,750,471 | $1,084,103 | $368,790 | $2,655,478 | $11,395,925 | $175,627 | $1,138,377 | $1,485,420 | $7,462,709 | $851,579 | $204,828 | $5,689,384 | $50,341,014 |

#### NPV @ 7%

**Exhibit 7**

Sources and Uses of Funds - Include CID Revenues and Tax Credits

**SOURCES OF FUNDS FOR ALL ESTIMATED REDEVELOPMENT PROJECT COSTS**

**REDEVELOPMENT PROJECT AREA 1**

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer Equity and/or Debt</td>
<td>$59,984,063</td>
</tr>
<tr>
<td>Reimbursable Costs from PILOTs and EATs</td>
<td>$5,373,173</td>
</tr>
<tr>
<td>Additional City Contribution</td>
<td>$5,630,249</td>
</tr>
<tr>
<td>Reimbursable Costs from State Historic Tax Credits</td>
<td>$11,503,190</td>
</tr>
<tr>
<td>Reimbursable Costs from Federal Historic Tax Credits</td>
<td>$14,380,426</td>
</tr>
<tr>
<td>CID Sales Tax</td>
<td>$1,565,422</td>
</tr>
<tr>
<td><em>Permanent interest identified in Exhibit 5A is not included in these figures</em></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$98,436,523</strong></td>
</tr>
</tbody>
</table>

Adjoining Redevelopment Budget                          $48,185,898

**BONDS**

The total estimated amount of PILOTs and Economic Activity Taxes over twenty-three years for Redevelopment Project Area 1 which is available and is intended to fund Reimbursable Redevelopment Project Costs net of Administrative Costs per the Act is approximately $11,395,925. The Commission may dedicate part of these entire amounts to help support the issuance of Obligations.
Exhibit 8

Cost Benefit Analysis
MEMORANDUM

TO: Dan Moye, EDCKC
FROM: Matt Stark, Springsted Incorporated
DATE: February 24, 2016
SUBJECT: Cost-Benefit analysis of Grand Reserve project

This memorandum serves to update our previous analyses of the Grand Reserve project, which were performed and delivered in March, April, May, and November of 2015. This updated analysis follows the same form and methodology as the earlier iterations, but uses updated cost figures and incentive terms.

Introduction

The project under review consists of two phases, developing concurrently. Under Phase One, the developer has proposed to construct an upscale hotel in the former Federal Reserve Bank. The hotel would include 301 guest suites, restaurants, meeting and event facilities, and on-site parking. The total cost of developing the project, including land acquisition, construction, and soft costs, is estimated at $98.4 million.

In Phase Two, the developer would redevelop the adjacent four-story Annex Building into a 24-room boutique hotel and coffee house, along with a data center approximately 86,443 square feet in area. Total cost of Phase Two would be approximately $48.2 million.

To make this development feasible, the developer is seeking assistance for the project in the form of Chapter 100 tax abatement and Tax Increment Financing (TIF) assistance, as well as a sales tax dedication agreement with the City of Kansas City. The proposed TIF incentives would apply to activities in Phase One only. In addition, the project would create a Community Improvement District (“CID”) that would impose a 1% sales tax on taxable retail sales within the project area.
Assumptions

Our analysis and projections depend on a number of assumptions about the proposed development. Some of these come from the developer’s estimates of construction costs and employment growth. Others are estimates of commuting and shopping patterns, the origin of new employees, and the location and size of new households. These assumptions are based on Census data and our own professional opinions, supplemented by discussions with the developer and EDC staff.

Assumptions about the proposed development include the following:

- Renovations and construction will occur in 2016-17.
- Operations will begin in 2018.
- Acquisition of the current property will be approximately $15.1 million.
- Construction and renovation costs will be approximately $116.8 million (net of land acquisition).
- Renovations and improvements will add approximately $9.6 million in assessed value to the property.
- Personal property will add another $5.1 million in assessed value, which is depreciated and replaced on a 5-year cycle.
- 245 new employees will be hired for the project, at an average annual wage of $34,413, for total payroll of $8,431,250.
- Based on regional multipliers for developments in the Accommodations sector, indirect economic effects will generate an additional 193 positions, and additional payroll of $10.7 million.
- Based on recent data regarding the local labor force for the hospitality sector, we estimate that nearly all of the new employment will come from the local labor pool. As a result, we estimate that only 10% of the newly created positions represent workers new to the City.
- 30% of gross salaries will be spent on taxable goods and services.
- Consumer spending will be 70% in Kansas City, 80% in Jackson County, and 80% in Missouri.
- Based on Census data and our estimates regarding local workers versus in-migration, we estimate that new employees will add 11 new students to the School District rolls.

Incentives

The Developer is seeking TIF assistance, under which the following revenues will be captured and re-directed to pay for eligible project costs: 50% of growth in EATS (personal & corporate earnings taxes, sales and use taxes, food and beverage taxes, and utility taxes). These TIF incentives would apply only to economic activity in the Phase One segment of the project. The Developer also requests Chapter 100 assistance, which would exempt sales taxes on construction materials, along with exemptions on personal and real property taxes. The requested Chapter 100 assistance is for 100% of real property for 20 years, and 100% of personal property for 10 years.

The Developer also requests assistance from the City in the form of a Sales Tax Dedication Agreement, calculated based on portions of the City’s projected revenues.

Our analysis does not include activities related to the proposed CID, as these revenues and incentives do not affect the other taxing jurisdictions.
Per-capita Costs and Revenues

For each entity with taxing authority over the property, we have reviewed the most recent available financial statements and used this information to generate per-capita and per-worker costs and revenues. On the revenue side, we have excluded property, sales, and earnings taxes in the overall calculation, because these sources are calculated specifically, based on project data; including them in the per-capita calculations would result in double-counting. Other revenue line items were allocated between residential and commercial/industrial sources, from which we derived revenues per capita and per commercial/industrial employee.

For costs, we looked at each line item for operating expenditures and allocated them between residential and commercial/industrial uses. Similarly, we allocated each jurisdiction’s net capital investment between the two categories. From these, we calculated total costs per capita and per worker.

For revenues and costs alike, we calculated total average values, as opposed to marginal costs and revenues. This has the effect of overstating the impacts of adding new population, because a significant proportion of each jurisdiction’s costs and revenues are fixed, and thus would change very little based on population growth. At the present time, a study of marginal costs for each jurisdiction and each project is outside the scope of our analysis. For the purposes of illustration, we present a scenario in which half of each jurisdiction’s per-capita costs and revenues are treated as fixed, with the other half growing in proportion to additional residents and workers.

Findings

Our projections indicate that over the first ten years of the development, positive net benefits will be shown by seven of the ten affected jurisdictions. These impacts are estimated as follows:

<table>
<thead>
<tr>
<th>Taxing Authority</th>
<th>Public Benefits:</th>
<th>Public Costs &amp; Incentives:</th>
<th>Net Benefits (Costs):</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Kansas City</td>
<td>35,732,781</td>
<td>16,924,344</td>
<td>18,808,437</td>
</tr>
<tr>
<td>Jackson County</td>
<td>6,755,056</td>
<td>2,769,814</td>
<td>3,985,242</td>
</tr>
<tr>
<td>Mental Health Fund</td>
<td>167,541</td>
<td>178,154</td>
<td>(10,613)</td>
</tr>
<tr>
<td>EITAS</td>
<td>137,437</td>
<td>136,411</td>
<td>1,026</td>
</tr>
<tr>
<td>Blind Pension Fund</td>
<td>63,715</td>
<td>48,520</td>
<td>15,195</td>
</tr>
<tr>
<td>Kansas City Public Library</td>
<td>693,917</td>
<td>690,971</td>
<td>2,946</td>
</tr>
<tr>
<td>Kansas City Zoological District</td>
<td>661,047</td>
<td>235,360</td>
<td>425,687</td>
</tr>
<tr>
<td>Kansas City Public Schools</td>
<td>7,216,031</td>
<td>8,507,839</td>
<td>(1,291,808)</td>
</tr>
<tr>
<td>Metro Community Colleges</td>
<td>563,870</td>
<td>612,036</td>
<td>(48,166)</td>
</tr>
<tr>
<td>State of Missouri</td>
<td>38,612,423</td>
<td>15,627,690</td>
<td>22,984,733</td>
</tr>
</tbody>
</table>

Jurisdictions with significant sales and earnings tax revenues see a fairly significant positive impact, while those jurisdictions reliant on property taxes see more modest impacts due to the abatement or redirection of those taxes. For these jurisdictions, revenues are limited to personal property and indirect impacts from consumer spending. For most jurisdictions, these revenues largely offset their per-capita costs of services. For the School District and the
Community College district, the cost of services are higher, and as a result, these two districts show a negative net impact from the proposed project. The Mental Health Fund, Developmental Disability (EITAS) Fund, Blind Pension Fund, and Library each show very modest impacts, either positive or negative.

Measured over the full 23-year period covered by the requested tax incentive, the overall picture improves. Negative annual impacts to the School and Community College are mitigated by M&M replacement taxes becoming available, resulting in modest positive impacts for each. Under this scenario, all jurisdictions except for the School District see positive impacts of varying degrees. The figures for the full 23-year period are shown below:

<table>
<thead>
<tr>
<th>Taxing Authority</th>
<th>Public Benefits:</th>
<th>Public Costs &amp; Incentives:</th>
<th>Net Benefits (Costs):</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Kansas City</td>
<td>89,271,090</td>
<td>41,051,665</td>
<td>48,219,426</td>
</tr>
<tr>
<td>Jackson County</td>
<td>16,625,274</td>
<td>6,404,326</td>
<td>10,220,947</td>
</tr>
<tr>
<td>Mental Health Fund</td>
<td>421,561</td>
<td>380,570</td>
<td>40,991</td>
</tr>
<tr>
<td>EITAS</td>
<td>349,864</td>
<td>304,712</td>
<td>45,153</td>
</tr>
<tr>
<td>Blind Pension Fund</td>
<td>163,140</td>
<td>106,048</td>
<td>57,092</td>
</tr>
<tr>
<td>Kansas City Public Library</td>
<td>1,747,670</td>
<td>1,457,429</td>
<td>290,241</td>
</tr>
<tr>
<td>Kansas City Zoological District</td>
<td>1,624,486</td>
<td>563,702</td>
<td>1,060,784</td>
</tr>
<tr>
<td>Kansas City Public Schools</td>
<td>18,136,596</td>
<td>18,820,530</td>
<td>(683,933)</td>
</tr>
<tr>
<td>Metro Community Colleges</td>
<td>1,447,352</td>
<td>1,440,396</td>
<td>6,956</td>
</tr>
<tr>
<td>State of Missouri</td>
<td>94,379,590</td>
<td>39,125,152</td>
<td>55,254,438</td>
</tr>
</tbody>
</table>

As mentioned earlier, our projections use full total average costs based on population of residents and workers, which include fixed costs that would not be impacted proportionally by growth, thus overstating the net costs to each jurisdiction. If we were to assume, for the sake of argument, that 50% of costs and revenues were fixed, and limit our calculations to the 50% remaining as variable, the impacts to each entity would be as follows:

<table>
<thead>
<tr>
<th>Taxing Authority</th>
<th>Public Benefits:</th>
<th>Public Costs &amp; Incentives:</th>
<th>Net Benefits (Costs):</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Kansas City</td>
<td>34,195,425</td>
<td>14,310,273</td>
<td>19,885,153</td>
</tr>
<tr>
<td>Jackson County</td>
<td>6,504,541</td>
<td>2,264,094</td>
<td>4,240,448</td>
</tr>
<tr>
<td>Mental Health Fund</td>
<td>166,908</td>
<td>165,265</td>
<td>1,643</td>
</tr>
<tr>
<td>EITAS</td>
<td>119,906</td>
<td>115,115</td>
<td>4,791</td>
</tr>
<tr>
<td>Blind Pension Fund</td>
<td>52,452</td>
<td>42,949</td>
<td>9,503</td>
</tr>
<tr>
<td>Kansas City Public Library</td>
<td>687,656</td>
<td>656,968</td>
<td>30,687</td>
</tr>
<tr>
<td>Kansas City Zoological District</td>
<td>639,735</td>
<td>201,587</td>
<td>438,148</td>
</tr>
<tr>
<td>Kansas City Public Schools</td>
<td>6,877,434</td>
<td>7,337,599</td>
<td>(460,165)</td>
</tr>
<tr>
<td>Metro Community Colleges</td>
<td>443,358</td>
<td>453,599</td>
<td>(10,241)</td>
</tr>
<tr>
<td>State of Missouri</td>
<td>33,732,859</td>
<td>8,438,889</td>
<td>25,293,970</td>
</tr>
</tbody>
</table>
Because the development figures assume that most workers are being drawn from existing residents, the per-capita calculations for the related impacts were fairly muted. Thus, the reduction of these per-capita impacts by 50% does not have the kind of effect on overall costs and benefits as would be seen in developments with larger population changes.

Over the full 23-year period, all jurisdictions show positive impacts to some degree. Figures for the full 23-year period are shown below:

<table>
<thead>
<tr>
<th>Taxing Authority</th>
<th>Public Benefits:</th>
<th>Public Costs &amp; Incentives:</th>
<th>Net Benefits (Costs):</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Kansas City</td>
<td>85,221,219</td>
<td>34,165,389</td>
<td>51,055,830</td>
</tr>
<tr>
<td>Jackson County</td>
<td>15,965,340</td>
<td>5,072,103</td>
<td>10,893,238</td>
</tr>
<tr>
<td>Mental Health Fund</td>
<td>419,894</td>
<td>346,619</td>
<td>73,275</td>
</tr>
<tr>
<td>EITAS</td>
<td>303,683</td>
<td>248,610</td>
<td>55,073</td>
</tr>
<tr>
<td>Blind Pension Fund</td>
<td>133,469</td>
<td>91,373</td>
<td>42,096</td>
</tr>
<tr>
<td>Kansas City Public Library</td>
<td>1,731,175</td>
<td>1,367,855</td>
<td>363,320</td>
</tr>
<tr>
<td>Kansas City Zoological District</td>
<td>1,568,345</td>
<td>474,734</td>
<td>1,093,611</td>
</tr>
<tr>
<td>Kansas City Public Schools</td>
<td>17,244,626</td>
<td>15,737,752</td>
<td>1,506,873</td>
</tr>
<tr>
<td>Metro Community Colleges</td>
<td>1,129,884</td>
<td>1,023,023</td>
<td>106,861</td>
</tr>
<tr>
<td>State of Missouri</td>
<td>81,525,304</td>
<td>20,187,620</td>
<td>61,337,684</td>
</tr>
</tbody>
</table>

A summary of each jurisdiction’s impacts are included as an attachment to this report. If you have any questions about our assumptions or our analysis, please do not hesitate to contact us. We hope this report provides your policy makers with information of relevance to their decision making, and we hope we may be of service to you again in the near future.
### Cost-Benefit Analysis

**Cost-Benefit Summary - 10-year analysis**

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

<table>
<thead>
<tr>
<th>Benefits</th>
<th>City of Kansas City</th>
<th>Jackson County</th>
<th>Mental Health EITAS Fund</th>
<th>Blind Pension Fund</th>
<th>Kansas City Public Library</th>
<th>Kansas City Zoological District</th>
<th>Kansas City Public Schools</th>
<th>Metro Community Colleges</th>
<th>State of Missouri</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Taxes:</td>
<td>$ 27,783,163</td>
<td>$ 5,459,342</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>$ 606,594</td>
<td>--</td>
<td>--</td>
<td>$ 20,596,253</td>
</tr>
<tr>
<td>Property Taxes:</td>
<td>$ 2,118,312</td>
<td>$ 723,704</td>
<td>$ 166,276</td>
<td>$ 102,376</td>
<td>$ 41,188</td>
<td>$ 681,394</td>
<td>--</td>
<td>--</td>
<td>$ 322,845</td>
</tr>
<tr>
<td>Income Taxes:</td>
<td>$ 2,484,501</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>$ 8,257,042</td>
</tr>
<tr>
<td>Other Revenues:</td>
<td>$ 3,346,804</td>
<td>$ 572,010</td>
<td>$ 1,265</td>
<td>$ 35,061</td>
<td>$ 22,527</td>
<td>$ 12,523</td>
<td>$ 54,453</td>
<td>--</td>
<td>$ 241,026</td>
</tr>
<tr>
<td>Total Revenues:</td>
<td>$ 35,732,781</td>
<td>$ 6,755,056</td>
<td>$ 167,541</td>
<td>$ 137,437</td>
<td>$ 63,715</td>
<td>$ 693,917</td>
<td>$ 661,047</td>
<td>$ 7,216,031</td>
<td>$ 563,870</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Costs</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs for Services:</td>
<td>$ 10,100,918</td>
<td>$ 1,011,440</td>
<td>$ 25,776</td>
<td>$ 42,593</td>
<td>$ 11,142</td>
<td>$ 68,006</td>
<td>$ 67,545</td>
<td>$ 2,340,481</td>
<td>$ 316,875</td>
</tr>
<tr>
<td>Incentives:</td>
<td>$ 6,823,426</td>
<td>$ 1,758,374</td>
<td>$ 152,377</td>
<td>$ 93,819</td>
<td>$ 37,378</td>
<td>$ 622,965</td>
<td>$ 167,814</td>
<td>$ 6,167,358</td>
<td>$ 295,161</td>
</tr>
<tr>
<td>Total Costs:</td>
<td>$ 16,924,344</td>
<td>$ 2,769,814</td>
<td>$ 178,154</td>
<td>$ 136,411</td>
<td>$ 48,520</td>
<td>$ 690,971</td>
<td>$ 235,360</td>
<td>$ 8,507,839</td>
<td>$ 612,036</td>
</tr>
</tbody>
</table>

| Net Cost/Benefit              |                      |                |                          |                   |                           |                               |                         |                        |                   |
| Public Benefits:              | $ 35,732,781          | $ 6,755,056    | $ 167,541                | $ 137,437         | $ 63,715                  | $ 693,917                     | $ 661,047               | $ 7,216,031            | $ 563,870          |
| Public Costs & Incentives:    | $ 16,924,344          | $ 2,769,814    | $ 178,154                | $ 136,411         | $ 48,520                  | $ 690,971                     | $ 235,360               | $ 8,507,839            | $ 612,036          |
| Net Benefits (Costs):         | $ 18,808,437          | $ 3,985,242    | (10,613)                 | 1,026             | 15,195                    | 2,946                         | 425,687                 | (1,291,808)            | (48,166)          |
| Present Value of Public Benefits: | $ 31,274,527         | $ 5,930,063    | $ 146,259                | $ 119,934         | $ 55,581                  | $ 605,748                     | $ 580,570               | $ 6,302,559            | $ 491,928          |
| Present Value of Incentives:  | $ 6,048,765           | $ 1,574,205    | $ 133,334                | $ 82,091          | $ 32,702                  | $ 545,123                     | $ 150,455               | $ 5,396,780            | $ 258,278          |

**Springsted Incorporated**

Summary

10
### Cost-Benefit Analysis

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

#### Benefits City of Kansas City  Jackson County  Mental Health Fund  EITAS  Blind Pension Fund  Kansas City Public Library  Kansas City Zoological District  Kansas City Public Schools  Metro Community Colleges  State of Missouri

| Sales Taxes: | $69,806,277 | $13,348,128 | -- | -- | -- | $1,483,125 | -- | -- | $50,223,026 |
| Property Taxes: | $5,300,195 | $1,782,808 | $418,227 | $257,502 | $103,798 | $1,714,680 | -- | $16,352,655 | $812,416 |
| Income Taxes: | $5,396,066 | -- | -- | -- | -- | -- | -- | -- | -- | $18,447,992 |
| Other Revenues: | $8,768,553 | $1,494,338 | $3,333 | $92,362 | $59,342 | $32,989 | $141,361 | $1,783,941 | $634,937 | $25,708,572 |
| **Total Revenues:** | $89,271,090 | $16,625,274 | $421,561 | $349,864 | $163,140 | $1,747,670 | $1,624,486 | $18,136,596 | $1,447,352 | $94,379,590 |

#### Costs

| Costs for Services: | $25,578,540 | $2,664,447 | $67,903 | $112,203 | $29,351 | $179,149 | $177,935 | $6,165,554 | $834,747 | $37,875,063 |
| Incentives: | $15,473,125 | $3,739,879 | $312,667 | $192,509 | $76,697 | $1,278,280 | $385,766 | $12,654,975 | $605,649 | $1,250,089 |
| **Total Costs:** | $41,051,665 | $6,404,326 | $380,570 | $304,712 | $106,048 | $1,457,429 | $563,702 | $18,820,530 | $1,440,396 | $39,125,152 |

#### Net Cost/Benefit

| Public Benefits: | $89,271,090 | $16,625,274 | $421,561 | $349,864 | $163,140 | $1,747,670 | $1,624,486 | $18,136,596 | $1,447,352 | $94,379,590 |
| Public Costs & Incentives: | $41,051,665 | $6,404,326 | $380,570 | $304,712 | $106,048 | $1,457,429 | $563,702 | $18,820,530 | $1,440,396 | $39,125,152 |
| **Net Benefits (Costs):** | $48,219,426 | $10,220,947 | $40,991 | $1,060,784 | $(683,933) | $6,956 | $55,254,438 |

| Present Value of Public Benefits: | $66,478,366 | $12,418,890 | $313,304 | $259,505 | $120,880 | $1,298,688 | $1,213,960 | $13,482,866 | $1,072,091 | $70,681,371 |
| Present Value of Incentives: | $11,789,482 | $2,894,055 | $242,694 | $149,422 | $59,523 | $992,236 | $293,805 | $9,823,220 | $470,116 | $1,250,089 |
Cost-Benefit Analysis

Cost-Benefit Summary - 10-year analysis

Per-capita impacts calculated at 50% of total average revenues and costs.

<table>
<thead>
<tr>
<th>Benefits</th>
<th>City of Kansas City</th>
<th>Jackson County</th>
<th>Mental Health Fund</th>
<th>EITAS</th>
<th>Blind Pension Fund</th>
<th>Kansas City Public Library</th>
<th>Kansas City Zoological District</th>
<th>Kansas City Public Schools</th>
<th>Metro Community Colleges</th>
<th>State of Missouri</th>
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<td>$ --</td>
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<td>$ --</td>
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<td>$ --</td>
<td>$ 20,596,253</td>
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<td>$ 41,188</td>
<td>$ 681,394</td>
<td>$ --</td>
<td>$ 6,538,837</td>
<td>$ 322,845</td>
<td>$ --</td>
</tr>
<tr>
<td>Income Taxes:</td>
<td>$ 2,484,501</td>
<td>$ --</td>
<td>$ --</td>
<td>$ --</td>
<td>$ --</td>
<td>$ --</td>
<td>$ --</td>
<td>$ --</td>
<td>$ --</td>
<td>$ 8,257,042</td>
</tr>
<tr>
<td>Other Revenues:</td>
<td>$ 1,809,449</td>
<td>$ 321,495</td>
<td>$ --</td>
<td>$ 17,531</td>
<td>$ 11,263</td>
<td>$ 6,261</td>
<td>$ 33,142</td>
<td>$ 338,597</td>
<td>$ 120,513</td>
<td>$ 4,879,564</td>
</tr>
<tr>
<td><strong>Total Revenues:</strong></td>
<td>$ 34,195,425</td>
<td>$ 6,504,541</td>
<td>$ 166,908</td>
<td>$ 119,906</td>
<td>$ 52,452</td>
<td>$ 687,656</td>
<td>$ 639,735</td>
<td>$ 6,877,434</td>
<td>$ 443,358</td>
<td>$ 33,732,859</td>
</tr>
</tbody>
</table>

| Costs                                 |                     |                |                   |       |                    |                             |                              |                     |                     |                     |
| Costs for Services:                   | $ 7,486,847         | $ 505,720      | $ 12,888          | $ 21,296 | $ 5,571            | $ 34,003                    | $ 33,773                     | $ 1,170,241         | $ 158,437           | $ 7,188,801        |
| Incentives                            | $ 6,823,426         | $ 1,758,374    | $ 152,377         | $ 93,819 | $ 37,378           | $ 622,965                   | $ 167,814                    | $ 6,167,358         | $ 295,161           | $ 1,250,089        |
| **Total Costs:**                      | $ 14,310,273        | $ 2,264,094    | $ 165,265         | $ 115,115 | $ 42,949           | $ 656,968                   | $ 201,587                    | $ 7,337,599         | $ 453,599           | $ 8,438,889        |

| Net Cost/Benefit                      |                     |                |                   |       |                    |                             |                              |                     |                     |                     |
| Public Benefits:                      | $ 34,195,425        | $ 6,504,541    | $ 166,908         | $ 119,906 | $ 52,452           | $ 687,656                   | $ 639,735                     | $ 6,877,434         | $ 443,358           | $ 33,732,859       |
| Public Costs & Incentives:            | $ 14,310,273        | $ 2,264,094    | $ 165,265         | $ 115,115 | $ 42,949           | $ 656,968                   | $ 201,587                    | $ 7,337,599         | $ 453,599           | $ 8,438,889        |
| **Net Benefits (Costs):**             | $ 19,885,153        | $ 4,240,448    | $ 1,643           | $ 4,791  | $ 9,503            | $ 30,687                    | $ 438,148                    | $ (460,165)         | $ (10,241)          | $ 25,293,970       |

| Present Value of Public Benefits:     | $ 29,934,438        | $ 5,711,692    | $ 145,706         | $ 104,651 | $ 45,764           | $ 600,291                   | $ 561,994                    | $ 6,007,410         | $ 386,877           | $ 29,804,564       |
| Present Value of Incentives:          | $ 6,048,765         | $ 1,574,205    | $ 133,334         | $ 82,091  | $ 32,702           | $ 545,123                   | $ 150,455                    | $ 5,396,780         | $ 258,278           | $ 1,250,089        |
### Cost-Benefit Analysis

**Cost-Benefit Summary - 23-year analysis**

Per-capita impacts calculated at 50% of total average revenues and costs.

<table>
<thead>
<tr>
<th>Benefits</th>
<th>City of Kansas City</th>
<th>Jackson County</th>
<th>Mental Health Fund</th>
<th>EITAS</th>
<th>Blind Pension Fund</th>
<th>Kansas City Public Library</th>
<th>Kansas City Zoological District</th>
<th>Kansas City Public Schools</th>
<th>Metro Community Colleges</th>
<th>State of Missouri</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Taxes:</td>
<td>$ 69,806,277</td>
<td>$ 13,348,128</td>
<td>$ --</td>
<td>$ --</td>
<td>$ --</td>
<td>$ 1,483,125</td>
<td>$ --</td>
<td>$ --</td>
<td>$ 50,223,026</td>
<td></td>
</tr>
<tr>
<td>Property Taxes:</td>
<td>$ 5,300,195</td>
<td>$ 1,782,808</td>
<td>$ 418,227</td>
<td>$ 257,502</td>
<td>$ 103,798</td>
<td>$ 1,714,680</td>
<td>$ --</td>
<td>$ 16,352,655</td>
<td>$ 812,416</td>
<td>$ --</td>
</tr>
<tr>
<td>Income Taxes:</td>
<td>$ 5,396,066</td>
<td>$ --</td>
<td>$ --</td>
<td>$ --</td>
<td>$ --</td>
<td>$ --</td>
<td>$ --</td>
<td>$ --</td>
<td>$ 18,447,992</td>
<td>$ --</td>
</tr>
<tr>
<td>Other Revenues:</td>
<td>$ 4,718,681</td>
<td>$ 834,405</td>
<td>$ 1,667</td>
<td>$ 46,181</td>
<td>$ 29,671</td>
<td>$ 16,495</td>
<td>$ 85,220</td>
<td>$ 891,970</td>
<td>$ 317,468</td>
<td>$ 12,854,286</td>
</tr>
<tr>
<td><strong>Total Revenues:</strong></td>
<td><strong>$ 85,221,219</strong></td>
<td><strong>$ 15,965,340</strong></td>
<td><strong>$ 419,894</strong></td>
<td><strong>$ 303,683</strong></td>
<td><strong>$ 133,469</strong></td>
<td><strong>$ 1,731,175</strong></td>
<td><strong>$ 1,568,345</strong></td>
<td><strong>$ 17,244,626</strong></td>
<td><strong>$ 1,129,884</strong></td>
<td><strong>$ 81,525,304</strong></td>
</tr>
</tbody>
</table>

| Costs | Costs for Services: | $ 18,692,264 | $ 1,332,224 | $ 33,951 | $ 56,101 | $ 14,676 | $ 89,574 | $ 88,968 | $ 3,082,777 | $ 417,373 | $ 18,937,532 |
| Incentives: | $ 15,473,125 | $ 3,739,879 | $ 312,667 | $ 192,509 | $ 76,697 | $ 1,728,280 | $ 385,766 | $ 12,654,975 | $ 605,649 | $ 1,250,089 |
| **Total Costs:** | **$ 34,165,389** | **$ 5,072,103** | **$ 346,619** | **$ 248,610** | **$ 91,373** | **$ 1,367,855** | **$ 474,734** | **$ 15,737,752** | **$ 1,023,023** | **$ 20,187,620** |

| Net Cost/Benefit | Public Benefits: | $ 85,221,219 | $ 15,965,340 | $ 419,894 | $ 303,683 | $ 133,469 | $ 1,731,175 | $ 1,568,345 | $ 17,244,626 | $ 1,129,884 | $ 81,525,304 |
| Public Costs & Incentives: | $ 34,165,389 | $ 5,072,103 | $ 346,619 | $ 248,610 | $ 91,373 | $ 1,367,855 | $ 474,734 | $ 15,737,752 | $ 1,023,023 | $ 20,187,620 |
| **Net Benefits (Costs):** | **$ 51,055,830** | **$ 10,893,238** | **$ 73,275** | **$ 55,073** | **$ 42,096** | **$ 363,320** | **$ 1,093,611** | **$ 1,506,873** | **$ 106,861** | **$ 61,337,684** |

| Present Value of Public Benefits: | $ 63,491,313 | $ 11,932,143 | $ 312,071 | $ 225,444 | $ 98,997 | $ 1,286,520 | $ 1,172,552 | $ 12,824,977 | $ 837,936 | $ 61,200,468 |
| Present Value of Incentives: | $ 11,789,482 | $ 2,894,055 | $ 46,181 | $ 29,671 | $ 16,495 | $ 85,220 | $ 891,970 | $ 317,468 | $ 12,854,286 | $ 1,250,089 |
Exhibit 9

Evidence of “But For”
But-For Determination Report

Economic Development Corporation

Kansas City, Missouri

Grand Reserve Phase I & II Projects

February 24, 2016
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5. **ASSISTANCE REQUEST** ................................................................................... 10
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**Mission Statement**

Springsted provides high quality, independent financial and management advisory services to public and non-profit organizations, and works with them in the long-term process of building their communities on a fiscally sound and well-managed basis.
1. Purpose

The report that follows is pursuant to Missouri Statutes 99.800 et seq. relative to a determination that the proposed Project within the proposed TIF Redevelopment Plan would not reasonably be anticipated to be developed without adoption of the Plan.

We have approached this determination based on the proposed Projects’ plans regarding redevelopment costs, outcomes, financing sources, and timing, to develop a measure of the Developer’s expected return when compared to the amount of risk. If a project is owned and operated as an investment, a measure of return is calculated considering the time value of money, and involves an assumed sale of the property at a price appropriate in the marketplace. The final determination is based on whether or not a potential return is reasonable without the requested subsidy, within the current marketplace and at the present time.

The Developer has requested assistance from the following sources:

- Tax Increment Financing (“TIF”);
- A Community Improvement District (“CID”) will be created that will impose a one percent (1%) sales tax on all taxable retail sales within the redevelopment project area;
- Sales Tax Redirection Agreement with the City; and
- Chapter 100 personal and real property tax abatement, and sales tax exemption.

The Developer is requesting TIF assistance, which anticipates the following revenues will be captured and re-directed to pay for certain eligible reimbursable redevelopment project costs associated with the project: 50% of growth in EATS (individual & corporate earnings tax, sales tax, use tax, transient food and beverage tax, and utility tax). Additionally, 50% of the CID sales tax revenues will be captured and re-directed under TIF to also pay for certain eligible reimbursable redevelopment project costs. The other 50% of the CID sales tax revenues will be utilized to pay for eligible project related costs.

The Developer is requesting assistance from the City in the form of a Sales Tax Redirection Agreement based on the following redirections:

- Half of the City’s uncaptured portion of the uncaptured general sales tax attributable to the 1.0% city general sales tax on all taxable sales
- -70% of the City’s uncaptured portion of F&B sales taxes, up to a maximum of $60,000 annually
- 70% of the Convention and Tourism tax on hotel room sales, up to a maximum of $400,000 annually.

The Developer will also request Chapter 100 assistance, which will include sales tax exemption on construction materials, along with exemptions on personal and real property. The requested Phase I Chapter 100 assistance is for
a 100% real property tax abatement for a 20-year period, and a 100% personal property tax abatement for a 10-year period, in addition to the sales tax exemption. The requested Phase II Chapter 100 assistance is for a 100% real property tax abatement for a 20-year period, and a 100% personal property tax abatement for a 5-year period.
2. Executive Summary

The calculated internal rates of return with and without the subsidy request, based on the project costs and operating revenues of the proposed project are shown in the tables below. Determining if a project would occur without subsidy requires the testing of various assumptions which have a material effect on the calculated unleveraged internal rate of return. We have tested the sensitivity of the return without assistance by varying the cost and the revenue assumptions, each independently and then collectively. The reason for testing sensitivity is to illustrate the magnitude with which project assumptions would have to change in order for the project to be considered feasible without assistance. Table A below, details the significant findings of the sensitivity analysis:

Table A

<table>
<thead>
<tr>
<th>Phase I &amp; II Without Assistance Sensitivity Analysis</th>
<th>Change Necessary to be Feasible</th>
<th>Unleveraged Rate of Return without assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decreased Costs</td>
<td>22% Decrease</td>
<td>10.51%</td>
</tr>
<tr>
<td>Increased Revenue</td>
<td>28% Increase</td>
<td>10.50%</td>
</tr>
<tr>
<td>Combined Cost and Revenue Changes</td>
<td>13% Decreased Costs</td>
<td>10.71%</td>
</tr>
<tr>
<td></td>
<td>13% Increase Rev</td>
<td></td>
</tr>
</tbody>
</table>

The table above indicates the magnitude at which project assumptions would have to change for the project to have a feasible unleveraged rate of return without assistance. Based on the Korpacz/Price Waterhouse Cooper Real Estate Investor Survey the current range of unleveraged market returns for a hotel project of this nature is 8.5% to 13.0%, with an average of 10.48% which we used as our feasibility benchmark. Absent the changes outlined above, the project would not attract a market return sufficient enough to warrant investment and would not likely be completed through private enterprise alone.

Table B, below, illustrates the Developer’s rates of return with and without assistance:

Table B

<table>
<thead>
<tr>
<th>Base Developer Pro Forma</th>
<th>With Full Assistance</th>
<th>Without Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unleveraged</td>
<td>10.14%</td>
<td>7.05%</td>
</tr>
</tbody>
</table>
3. The Project

The Developer is proposing a two phase project that will provide for the following: Phase I an adaptive reuse of the approximately 301,533 square foot, 21-story historic Federal Reserve Bank of Kansas City Building into a 301-room, all-suite hotel which will include a conference center, ballrooms, meeting rooms, a restaurant & bar located in the lobby, and a rooftop lounge along with rehabilitating the existing 150-stall parking garage adjacent to the hotel property. Phase II will include the redevelopment of the four-story Annex Building into a 24-room boutique hotel and coffee house along with an approximately 86,443 square foot data center. The redevelopment area is approximately 1.9 acres and is generally located along Grand Boulevard between 10th and 9th Streets. The Developer of the project is Delta Quad Holdings.

The Developer anticipates completing the building redevelopment and operation of both phases beginning in 2018, following a two year build-out period.
4. Redevelopment Costs

The total cost of the Phase I and II Projects are detailed in Table C below.

**Table C**

**Phase I Total Project Costs**

<table>
<thead>
<tr>
<th>Total Project Costs</th>
<th>Total Costs</th>
<th>% of Total</th>
<th>Developer</th>
<th>Statutory TIF</th>
<th>City Sales Tax Dedication Agreement</th>
<th>CID</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and Building Acquisition Costs</td>
<td>$10,856,932</td>
<td>11%</td>
<td>$10,383,510</td>
<td>$0</td>
<td>$0</td>
<td>$473,422</td>
</tr>
<tr>
<td>Hard Costs</td>
<td>64,631,193</td>
<td>66%</td>
<td>52,535,771</td>
<td>5,373,173</td>
<td>5,630,249</td>
<td>1,092,000</td>
</tr>
<tr>
<td>Development Soft Costs</td>
<td>3,949,935</td>
<td>4%</td>
<td>3,949,935</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hotel Soft Costs</td>
<td>6,445,000</td>
<td>7%</td>
<td>6,445,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Historic Tax Credit &amp; TIF Soft Costs</td>
<td>590,877</td>
<td>1%</td>
<td>590,877</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Legal and Loan Fees</td>
<td>8,277,500</td>
<td>8%</td>
<td>8,277,500</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Development Fee</td>
<td>3,685,086</td>
<td>4%</td>
<td>3,685,086</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Development Costs</td>
<td>$98,436,523</td>
<td>100%</td>
<td>$85,867,679</td>
<td>$5,373,173</td>
<td>$5,630,249</td>
<td>$1,565,422</td>
</tr>
<tr>
<td>Percentage</td>
<td>100%</td>
<td></td>
<td>87.23%</td>
<td>5.46%</td>
<td>5.72%</td>
<td>1.59%</td>
</tr>
<tr>
<td>Permanent Interest Cost</td>
<td>$65,125,697</td>
<td>66%</td>
<td>$51,385,617</td>
<td>$6,022,753</td>
<td>$6,175,740</td>
<td>$1,541,587</td>
</tr>
<tr>
<td>Grand Total</td>
<td>$163,562,220</td>
<td>100%</td>
<td>$137,253,296</td>
<td>$11,395,926</td>
<td>$11,805,989</td>
<td>$3,107,009</td>
</tr>
<tr>
<td>Percentage</td>
<td>100%</td>
<td></td>
<td>83.92%</td>
<td>6.97%</td>
<td>7.22%</td>
<td>1.90%</td>
</tr>
</tbody>
</table>

**Phase II Total Project Costs**

<table>
<thead>
<tr>
<th>Total Project Costs</th>
<th>Total Costs</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and Building Acquisition Costs</td>
<td>$4,250,000</td>
<td>9%</td>
</tr>
<tr>
<td>Hard Costs</td>
<td>37,065,385</td>
<td>77%</td>
</tr>
<tr>
<td>Development Soft Costs</td>
<td>650,567</td>
<td>1%</td>
</tr>
<tr>
<td>Hotel and Data Center Costs</td>
<td>777,500</td>
<td>2%</td>
</tr>
<tr>
<td>Historic Tax Credit &amp; TIF Soft Costs</td>
<td>274,946</td>
<td>1%</td>
</tr>
<tr>
<td>Legal and Loan Fees</td>
<td>2,817,500</td>
<td>6%</td>
</tr>
<tr>
<td>Development Fee</td>
<td>2,350,000</td>
<td>5%</td>
</tr>
<tr>
<td>Total Development Costs</td>
<td>$48,185,898</td>
<td>100%</td>
</tr>
<tr>
<td>Permanent Interest Cost</td>
<td>$23,194,498</td>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td>$71,380,396</td>
<td></td>
</tr>
</tbody>
</table>

**Acquisition**

The Phase I site acquisition costs, which include the land and the building, are $10,856,932. The Developer acquired the property in May 2014. They have...
identified the cost for acquisition of the land portion at $1,085,693, and $9,771,239 for the building portion, with the cost assumptions based on their acquisition price. The acquisition cost equates to $34.70 per building square foot, or approximately $34,762 per new hotel room created, and accounts for 11.03% of the total project cost. The Developer will be requesting $393,414 in reimbursable costs through the CID to pay for Phase I land and acquisition costs.

The Phase II site acquisition costs, which include the land and the building, are $15,106,932. They have identified the cost for acquisition of the land portion at $1,510,693, and $13,596,239 for the building portion, with the cost assumptions based on their acquisition price.

### Hard Costs

A variety of redevelopment costs are grouped under the Hard Costs category for Phase I including costs associated with the build-out of the hotel rooms, parking garage, contingency, and signage along with furniture and fixture purchases. The Developer is seeking reimbursement for a total of $11,003,422 ($5,373,173 in TIF and $5,630,249 under a sales tax agreement with the City) for costs associated with the construction and rehab of the Phase I building. Additionally, the Developer is seeking $1,092,000 in reimbursement for the rehabilitation of the 150-stall parking garage with CID funds.

Table D below outlines the individual line-items and their cost per gross square foot, cost per unit, and percentage of total project costs for Phase I and II.

### Table D

#### Phase I Hard Costs

<table>
<thead>
<tr>
<th>Hard Costs</th>
<th>Total Cost</th>
<th>Cost Per SF</th>
<th>Cost Per Hotel Room</th>
<th>% of Total Project Cost</th>
<th>TIF Reimbursable</th>
<th>City Sales Tax Dedication Agreement</th>
<th>CID Reimbursable</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Conditions</td>
<td>$3,278,550</td>
<td>$10.87</td>
<td>$10,892</td>
<td>3%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction &amp; Rehab</td>
<td>44,557,172</td>
<td>$147.77</td>
<td>$148,030</td>
<td>45%</td>
<td>$5,123,173</td>
<td>$5,630,249</td>
<td></td>
</tr>
<tr>
<td>Parking Garage</td>
<td>1,092,000</td>
<td>$3.62</td>
<td>$3,628</td>
<td>1%</td>
<td></td>
<td>$1,092,000</td>
<td></td>
</tr>
<tr>
<td>Contractor Profits</td>
<td>2,921,554</td>
<td>$9.69</td>
<td>$9,706</td>
<td>3%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contingency</td>
<td>5,311,917</td>
<td>$17.62</td>
<td>$17,648</td>
<td>5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exterior Signage</td>
<td>250,000</td>
<td>$0.83</td>
<td>$831</td>
<td>0.25%</td>
<td></td>
<td>250,000</td>
<td></td>
</tr>
<tr>
<td>FF&amp;E</td>
<td>7,220,000</td>
<td>$23.94</td>
<td>$23,978</td>
<td>7%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Hard Costs</strong></td>
<td><strong>$64,631,193</strong></td>
<td><strong>$214.34</strong></td>
<td><strong>$214,722</strong></td>
<td><strong>66%</strong></td>
<td><strong>$5,373,173</strong></td>
<td><strong>$5,630,249</strong></td>
<td><strong>$1,092,000</strong></td>
</tr>
</tbody>
</table>
Phase II Hard Costs

<table>
<thead>
<tr>
<th>Hard Costs</th>
<th>Total Cost</th>
<th>Cost Per SF</th>
<th>% of Total Project Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Conditions</td>
<td>$1,090,158</td>
<td>$9.47</td>
<td>2%</td>
</tr>
<tr>
<td>Data Construction &amp; Rehab</td>
<td>13,444,679</td>
<td>155.53</td>
<td>28%</td>
</tr>
<tr>
<td>HVAC Direct Purchase Equipment</td>
<td>4,063,989</td>
<td>47.01</td>
<td>8%</td>
</tr>
<tr>
<td>Electrical Direct Purchase</td>
<td>10,493,372</td>
<td>121.39</td>
<td>22%</td>
</tr>
<tr>
<td>Contractor Profit</td>
<td>1,625,983</td>
<td>14.12</td>
<td>3%</td>
</tr>
<tr>
<td>Exterior Signage</td>
<td>5,000</td>
<td>0.17</td>
<td>0%</td>
</tr>
<tr>
<td>Hotel Construction/Rehab</td>
<td>2,700,000</td>
<td>94.09</td>
<td>6%</td>
</tr>
<tr>
<td>Hotel FF&amp;E</td>
<td>572,000</td>
<td>19.93</td>
<td>1%</td>
</tr>
<tr>
<td>Construction Contingency</td>
<td>3,070,204</td>
<td>26.67</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Total Hard Costs</strong></td>
<td><strong>$37,065,385</strong></td>
<td><strong>$295.26</strong></td>
<td><strong>77%</strong></td>
</tr>
</tbody>
</table>

The Developer is proposing the redevelopment of an existing historical building, which will require substantial hard-cost investment. Additionally, in order for the Developer to receive historic tax credits, the redevelopment project will be required to adhere to historical rehabilitation standards. Given this redevelopment project will include a historical rehabilitation along with the adaptive reuse of the existing building to a hotel, the unique nature of this project makes it difficult to utilize third-party cost estimates to provide as a comparison. The source of the hard cost assumptions is the result of construction bid information provided by the Developer’s contractor.

To provide a comparison, albeit imperfect, we compared the cost estimates to the *RSMeans Quickcost cost estimator* for estimated construction costs for a new hotel in the Kansas City metropolitan area. The *RSMeans* data provides a range of cost estimates from low, to medium, to high for the construction of vertical building improvements. The total cost per square foot for the redevelopment of the Phase 1 building into a 301-room hotel, including the restaurant and conference portions, but net of the parking ramp and FF&E, equates to $187 per square foot.

The *RSMeans* estimate for a hotel construction costs for a building of 301,533 sf, equates to $160.82 for the low estimate, $178.69 for the medium estimate, and $223.36 for the high estimate. The Developer’s assumption of $187 per square foot for building construction appears to fall within the range of new construction costs. Additionally, the Developer assumed a cost of rehabilitating the structured parking equivalent to $7,280 per parking stall.
The total costs per square foot for the boutique hotel portion of Phase II is approximately $137.79 per square foot and the total costs per square foot for the data center is approximately $347.53 per square foot. The Developer provided a letter from their consulting engineer describing the basis for the Phase II data center cost assumptions.

The construction cost category is the largest segment of the development costs, accounting for 66% of the total project costs for Phase I and 77% Phase II. Consequently, this is a segment where project costs savings could have a positive effect on the rate of return realized by the Developer, while higher than estimated costs would have the converse effect. In the return analysis section of the report, we discuss the sensitivity of the rate of return to changes in the project costs, such as, the effect on the return without assistance if there were a decrease in project costs.

**Soft Costs**

For purposes of this review, we have grouped individual line-items under the following soft cost categories in Table E below for Phase I and Phase II.

**Table E**

*Phase I Soft Costs*

<table>
<thead>
<tr>
<th>Soft Costs</th>
<th>Total Cost</th>
<th>Cost Per Gross Square Foot</th>
<th>Cost Per Hotel Room</th>
<th>% of Total Project Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Soft Costs</td>
<td>$3,949,935</td>
<td>$13.10</td>
<td>$13,123</td>
<td>4%</td>
</tr>
<tr>
<td>Hotel</td>
<td>6,445,000</td>
<td>21.37</td>
<td>21,412</td>
<td>7%</td>
</tr>
<tr>
<td>Historic Tax Credit &amp; TIF</td>
<td>590,877</td>
<td>1.96</td>
<td>1,963</td>
<td>1%</td>
</tr>
<tr>
<td>Legal and Loan Fees</td>
<td>8,277,500</td>
<td>27.45</td>
<td>27,500</td>
<td>8%</td>
</tr>
<tr>
<td>Developer Fee</td>
<td>3,685,086</td>
<td>12.22</td>
<td>12,243</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Total Soft Costs</strong></td>
<td><strong>$22,948,398</strong></td>
<td><strong>$76.11</strong></td>
<td><strong>$76,241</strong></td>
<td><strong>23%</strong></td>
</tr>
</tbody>
</table>

*Phase II Soft Costs*

<table>
<thead>
<tr>
<th>Soft Costs</th>
<th>Total Cost</th>
<th>Cost Per Gross Square Foot</th>
<th>% of Total Project Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Soft Costs</td>
<td>$650,567</td>
<td>$5.65</td>
<td>1%</td>
</tr>
<tr>
<td>Hotel and Data Center</td>
<td>777,500</td>
<td>6.75</td>
<td>2%</td>
</tr>
<tr>
<td>Historic Tax Credit &amp; TIF</td>
<td>274,946</td>
<td>2.39</td>
<td>1%</td>
</tr>
<tr>
<td>Legal and Loan Fees</td>
<td>2,817,500</td>
<td>24.47</td>
<td>6%</td>
</tr>
<tr>
<td>Developer Fee</td>
<td>2,350,000</td>
<td>20.41</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Total Soft Costs</strong></td>
<td><strong>$6,870,513</strong></td>
<td><strong>$59.67</strong></td>
<td><strong>15%</strong></td>
</tr>
</tbody>
</table>
The total amount of the Phase I costs categories grouped under the soft cost heading equates to approximately 23% of the total Phase I development costs. While, the total amount of Phase II costs categories equates to approximately 15% of the total Phase II development costs.

The largest of the Phase I soft cost categories is the legal and loan fees line-item of $8,277,500, which is 8% of the soft costs. The largest line-item under this category is interest on the construction loan with a cost of $4,050,000, which equates to 4.11% of total project costs.

The Phase I developer fee and hotel soft costs are the next largest percentage of the soft costs budget. The Developer fee is $3,685,086, which equates to 4%. The developer fee is used for the purpose of determining the total amount of historic tax credits available. The Developer is not proposing the deferral of the fee. The hotel soft costs are $6,445,000 with the largest line-item under this category being the operating reserves amount of $6,000,000. This amount is equivalent to approximately 9 months of operating expenses, and is being required by the prospective lender and third-party tax credit investor. This amount will be used to offset operating deficits prior to project stabilization.

The Phase I development soft cost category totals $3,949,935 and includes costs associated with the development of the property, including architecture, engineering, insurance, and real estate taxes. The total development cost category is equivalent to approximately 4% of total project cost. The final soft cost category is for line-items associated with securing the Historical Tax Credits and TIF assistance. Costs included in this category include, consultant costs, issuance fees, legal fees, and National Park Service fees. Costs included in this category are approximately 1% of total project costs or $590,877.

The Phase II soft cost line items are approximately 15% of the total project budget. The largest soft cost line item category for Phase II is the legal and loan fees category, which are $2,817,500 or 6% of the total project costs for Phase II. The Phase II developer fee of $2,350,000 equates to 6% of the total project costs. The hotel and data center soft costs are estimated to be 2% of the overall budget and the historic tax credit and TIF line items are 2%.

In the “Return Analysis” section of the report we discuss the sensitivity of the rate of return to changes in the project costs, and the effect on the return if there is a decrease in the project costs.
5. Assistance Request

The preliminary financing plan for the development scenario, which this review is based on, is shown in Table F below:

Table F

<table>
<thead>
<tr>
<th>Project Financing Phase I &amp; II</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reimbursed by TIF</td>
<td>$5,373,173</td>
</tr>
<tr>
<td>Reimbursed by City Sales Tax Dedication Agreement</td>
<td>5,630,249</td>
</tr>
<tr>
<td>Federal Historic Tax Credits</td>
<td>18,363,647</td>
</tr>
<tr>
<td>State Historic Tax Credits</td>
<td>22,956,855</td>
</tr>
<tr>
<td>CID Sales Tax</td>
<td>1,565,422</td>
</tr>
<tr>
<td>Private Debt and Equity (Net of Assistance Amounts)</td>
<td>92,733,075</td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td><strong>$146,622,421</strong></td>
</tr>
<tr>
<td><strong>Total TIF/CSTD/CID Sources</strong></td>
<td><strong>$12,568,844</strong></td>
</tr>
</tbody>
</table>

*The anticipated value of the Chapter 100 benefits is not included in the project financing listed in the table above.*

For Phase I, the Developer has requested assistance from statutory TIF, a one percent (1%) CID sales tax, Sales Tax Dedication Agreement with the City, and Chapter 100.

The Developer is requesting TIF assistance, which anticipates the following revenues will be captured and re-directed to pay for certain eligible reimbursable redevelopment project costs associated with the project: 50% of growth in EATS (individual & corporate earnings tax, sales tax, use tax, transient food and beverage tax, and utility tax). Additionally, 50% of the CID sales tax revenues will be captured and re-directed under TIF to also pay for certain eligible reimbursable redevelopment project costs.

It should be noted that the Convention and Visitor Association hotel room sales tax generated by the project is not proposed to be captured as TIF revenue.

The Developer has estimated the TIF revenue sources will generate approximately $11,395,925 in gross revenues over the lifetime of the Redevelopment Project Area to pay for up-front project costs plus interest on a pay-as-you-go basis. The NPV of the TIF revenue stream at an interest rate of 7% is approximately $5,373,173.

The Developer has projected the other 50% of the CID sales tax, attributable to Phase 1 will generate approximately $2,795,240 in gross revenues over 20 years which equates a NPV of approximately $1,407,412 at a 7% interest rate. The Developer has also projected that the CID sales tax, attributable to Phase 2 will generate approximately $311,768 in gross revenues over 20 years, which
equates to a NPV of approximately $158,010. The total amount of CID revenues generated by both phases is $3,107,008, which has a NPV of $1,565,422 and provides the basis for the total CID reimbursable budget shown above.

The Developer is requesting assistance from the City in the form of a Sales Tax Redirection Agreement based on the following redirections:

- Half of the City’s uncaptured portion of the uncaptured general sales tax attributable to the 1.0% city general sales tax on all taxable sales
- 70% of the City’s uncaptured portion of F&B sales taxes, up to a maximum of $60,000 annually
- 70% of the Convention and Tourism tax on hotel room sales, up to a maximum of $400,000 annually.

It is anticipated this will generate gross revenues of approximately $11,805,988, which with a 7% interest rate totals a NPV of $5,630,249 in redirected city sales tax revenue.

For Phase I, the Developer also anticipates seeking Chapter 100 assistance which will include sales tax exemption on construction materials, along with personal and real property. The sales tax exemption on the construction materials is estimated to be $1,619,011. Over the 10-year time period, the personal property exemption is estimated to be valued at approximately $1,138,577. The real property exemption is projected to be a savings of approximately $14,685,116, which is the total over a 20-year period. The total of all the Phase I Chapter 100 exemption benefits are estimated to be $17,442,709, which has a NPV of $10,018,475 based on a 7% interest rate.

For Phase II, the Developer anticipates requesting assistance in the form of a one percent (1%) CID sales tax and Chapter 100. The Phase II Chapter 100 benefits will be in the form of sales tax exemption on construction materials along with personal and real property tax exemptions. The sales tax exemption on the construction material is approximately $851,579, which would occur in the first year of construction. The personal property tax exemption will occur in the years 1-5 of the project and have an estimated tax exemption value of $369,519. The real estate exemption will occur for 20-years and is approximately $5,368,211. The total value of all Chapter 100 benefits for Phase II is estimated to be $6,589,384, which has a NPV of $3,894,474 based on a 7% interest rate.

The Developer is projecting additional equity of $41,302,502 will be utilized by the project through the issuance of both Federal and State Historic Tax Credits. The Developer is anticipating the value of the Federal Historic Tax Credits based on receiving an equity contribution based on 93% of the total available tax credits. Additionally, the Federal Historic Tax Credit equity investor will require a 3% priority return on revenue generated from the operation of the
development. The projected requirements of the tax credit equity investor are reasonable.

The Developer has indicated the private development costs remaining after the use of the Historic Tax Credits will be funded through a mix of private debt and equity. Additionally, since the Developer will be receiving the requested assistance on a pay-as-you-go basis, they will be required to fund project costs upfront in an amount of $105,301,919. The Developer provided financing assumptions for the combined phases of the project in the amount of $84,000,000. This equates to an equity requirement of $21,301,919 which funds the total private upfront project cost of $105,301,919 for both phases of the project. The private debt is preliminarily anticipated to be financed at an interest rate of 7% over a 20-year term.

In the return analysis section we will illustrate the impact on the projected rate of return with and without various levels of public assistance.
6. Return Analysis

Utilizing the operating pro forma prepared by the Developer we evaluated the need for assistance for the proposed development by comparing the potential return with and without assistance. The Developer provided a 10-year operating pro forma for the development, which included the build-out, and operating revenue and expense assumptions. The Developer demonstrated the potential return through an unleveraged internal rate of return (IRR) calculation, to illustrate the potential return with and without assistance. The return realized by the Developer is a result of the assumptions used in the creation of the operating pro forma; therefore, a number of steps must be performed to analyze the reasonableness of the assumptions used.

The first step in analyzing the return to the Developer is to determine if the costs presented are reasonable. We have discussed a portion of the costs above and have commented on the mechanics whereby cost savings on the private side could occur. If cost savings for the Developer’s share occur absent any other changes, the Developer would realize a greater return than projected. In the sensitivity analysis below we examine the impact of cost savings on the projected rate of return without assistance.

The second step in calculating the return to the Developer is to determine if the operating revenues and expenses of the proposed hotel operation are reasonable.

- The Developer has projected as initial annual daily rates:
  - Phase I hotel suites of $165.00 in year 1, with stabilized annual increases of 3% starting in year 2.
  - Phase II boutique hotel of $125.00 in year 1, with annual increases of $5 annually (approximately 3-4%) for the remaining years.
- The occupancy assumption for both phases start at 62% in year 1, with a ramp up to a stabilized occupancy of 67% in year 4 for Phase I, and a stabilized occupancy of 68% in year 5 for Phase II.
- The estimated total first year food and beverage sales:
  - The estimated Phase I total first year food and beverage sales are estimated at $6,521,000 for the hotel, restaurant and lounge. Hotel food and beverage sales are estimated to increase corresponding to occupancy over the first 5-years before stabilizing at a rate of 3% starting in year 6. The restaurant and lounges are anticipated to inflate at a rate of 5% annually starting in year 2.
  - Phase II sales are estimated at $358,000 for the hotel and coffee shop, and are projected to increase at a rate of 2% annually.
- The Phase II data center assumes $150.00 per square foot in rent.
- The gross operating income ratio for all the hotels are:
  - Phase I is stabilized at 58% in year 1
Phase II is stabilized at 36% in year 1

- The Phase I net operating income ratio (before debt-service, depreciation, and TIF reimbursement) is 20% in Year 1 and stabilized at approximately 22% in year 4.
- The Phase II hotel net operating income ratio (before debt-service, depreciation, and TIF reimbursement) is 33% in Year 1 and stabilized at approximately 46% in year 6.

We examined hotel daily rates and occupancy statistics in the Kansas City area market, and the Developer’s assumptions appear reasonable. The Developer indicated the assumptions for the operation of the facility are derived from information provided by their anticipated flag partner, who based their assumptions on their operations nationwide and based on specific history within the market. In the sensitivity analysis we examine the impact of increased daily hotel rates on the projected rate of return without assistance.

The third step in analyzing the return to the Developer is to determine if the assumptions for a sale of the asset are reasonable. The return analysis to the Developer should factor in a hypothetical sale of the asset at the end of ten years of operations. A critical assumption when valuing the asset at the time of the hypothetical sale is the capitalization rate. The available net operating income divided by the capitalization rate results in the assumed fair market value of the asset. The Developer has used a capitalization rate of 9.0% for the project to calculate the hypothetical sale value. In reviewing historical cap rate trends for hotel developments, we feel 9.0% is a reasonable assumption.

For purposes of our but-for determination we focus on an unleveraged IRR calculation in order to compare the potential return to the Developer based on the Price Waterhouse Cooper (PWC)/Korpacz Real Estate Investor Survey, Third Quarter 2015 which provides a market comparison on which project feasibility can be judged. An unleveraged rate of return analysis is calculated as if the project were funded with all cash, while the leveraged analysis incorporates the specific financing terms of the proposed development. Since projects can have varying financing structures, industry benchmarks such as the PWC/Korpacz Survey employ unleveraged returns so all projects can be compared to industry benchmarks evenly. For the purpose of making our but-for finding and completing the sensitivity analysis we focus on the Developer’s unleveraged rate of return to be consistent with our industry benchmark.

The Developer’s pro forma provided both unleveraged and leveraged IRR calculations. Table G below, shows the Developer’s base pro forma rate of return without assistance and with varying levels of assistance on an unleveraged and leveraged basis; for both Phases I & II.
Table G

<table>
<thead>
<tr>
<th>Base Developer Pro Forma</th>
<th>Unleveraged IRR</th>
<th>Leveraged IRR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without Assistance</td>
<td>7.05%</td>
<td>6.96%</td>
</tr>
<tr>
<td>With Chapter 100 and CID Sales Tax</td>
<td>8.91%</td>
<td>12.36%</td>
</tr>
<tr>
<td>With Chapter 100, CID Sales Tax, and Statutory TIF</td>
<td>9.52%</td>
<td>13.94%</td>
</tr>
<tr>
<td>With Chapter 100, CID Sale Tax, Statutory TIF, and City Sales Tax Dedication Agreement</td>
<td>10.14%</td>
<td>15.52%</td>
</tr>
</tbody>
</table>

To evaluate the rate of return a project of this nature would require to be considered “feasible” we consulted the Korpacz/Price Waterhouse Cooper Real Estate Investor Survey prepared for the third quarter of 2015. This survey provides a resource for comparing the Developer’s rate of return to a market benchmark to help determine feasibility. According to the developers surveyed, the typical unleveraged market return necessary for them to pursue a project of this nature falls in a range from 8.50% to 13.00%; with an average return of 10.48%.

In order to answer the question “is the development likely to occur without public assistance” we analyzed the without incentive scenarios, using the base developer pro forma without assistance as the basis of the assumption. We performed a sensitivity analysis in order to understand the magnitude at which project costs would have to decrease, or conversely project revenues would have to increase, for the project to be considered feasible. For this sensitivity analysis we are using the average market unleveraged return from the Korpacz Survey of 10.48% as our target for a “feasible” project.

To understand the impact of the project cost assumptions, we have performed a cost sensitivity analysis to determine the rate at which costs would have to be reduced for the project to be feasible without assistance. Table H illustrates the development would need to realize a 22% reduction in project costs in order to be feasible without assistance. Given a 22% reduction in costs the project would have an unleveraged rate of return of 10.51% which falls into the reasonable range. Based on the nature of historic rehabilitation, there is potential for actual project costs to be different than currently estimated.

Table H

<table>
<thead>
<tr>
<th>Project Costs Sensitivity</th>
<th>Reduction in Project Costs</th>
<th>Rate of Return without assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>22%</td>
<td>10.51%</td>
</tr>
</tbody>
</table>

To understand the impact of increased operating income, we have performed a sensitivity analysis to determine the rate at which operating income would have
to be increased for the project to be feasible without assistance. Table I illustrates the development would need to realize a 28% increase in operating income in order for the project to be feasible without assistance. Given a 28% increase in operating income, the project would have an unleveraged rate of return of 10.71% which falls into the reasonable range. Based on our review of the operating assumptions, it appears an increase of this significance is unlikely to occur.

Table I

<table>
<thead>
<tr>
<th>Revenue Sensitivity</th>
<th>Increase in Operating Income</th>
<th>Rate of Return without assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>28%</td>
<td>10.71%</td>
</tr>
</tbody>
</table>

As a final step in the sensitivity analysis, and to understand the impact of a combined change in project costs and operating income, we have performed a sensitivity analysis to determine the rate at which these areas would have to change for the project to be feasible without assistance. Table J illustrates the development would need to realize both a 13% decrease in project costs and a 13% increase in rental rates for the project to be feasible without assistance. Given these changes in assumptions the project would have an unleveraged rate of return of 10.71%.

Table J

<table>
<thead>
<tr>
<th>Project Cost &amp; Revenue Sensitivity</th>
<th>Reduction in Project Costs</th>
<th>Increase in Revenues</th>
<th>Rate of Return without assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>13%</td>
<td>13%</td>
<td>10.71%</td>
</tr>
</tbody>
</table>

The three tables above (Tables H, I and J) indicate the magnitude at which project assumptions would have to change for the project to have a feasible rate of return, which we believe lies at approximately 10.48% unleveraged for the proposed project. Absent changes of the magnitude outlined above, the project would not have a sufficient enough return to draw market investment. Only by assuming either a significant increase in project revenues, or decrease in project costs, or a combined change of the two does the return increase to a feasible level without public assistance. Our review of the Development’s operating revenue indicates the project is unlikely to realize the level of change necessary for the project to proceed without assistance based on a change in income levels only. However, in the cost sensitivity analysis it is acknowledged there is a potential for project costs to be different than projected due to the unknown nature of historic rehabilitation projects. If significant project cost savings were to be realized the project may be feasible without assistance, conversely if actual project costs are in line with the current estimates the project would not proceed but for the requested financial assistance.
7. “But For” Conclusion

The Developer is proposing a two phase project that will provide for the following: Phase I an adaptive reuse of the approximately 301,533 square foot, 21-story historic Federal Reserve Bank of Kansas City Building into a 301-room, all-suite hotel which will include a conference center, ballrooms, meeting rooms, a restaurant & bar located in the lobby, and a rooftop lounge along with rehabilitating the existing 150-stall parking garage adjacent to the hotel property. Phase II will include the redevelopment of the four-story Annex Building into a 24-room boutique hotel and coffee house along with an approximately 86,443 square foot data center.

The Developer will bear all the risk until project completion and permanent financing is in place, and continued operating risk thereafter. This level of risk demands a positive return with a range between 8.50% and 13.00% based on the Korpacz Survey, with an average return of 10.48%, on an unleveraged basis. The Developer’s unleveraged return without assistance of 7.05% falls significantly outside of this range, while the unleveraged return with the full assistance request is 10.14%.

A Conservation Study prepared by Belke Appraisal and Consulting Services Inc. dated November 24, 2014 and an affidavit signed by the Developer state that the redevelopment area is a conservation area and has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of tax increment financing. Based upon the Conservation Study, Developer affidavit, and upon our analysis, we conclude that the proposed project would not occur on this site at this time without a public subsidy.
Exhibit 10

Existing Conditions Study
(Conservation Study)
CONSERVATION AREA ANALYSIS
FOR THE PROPOSED
GRAND RESERVE TAX INCREMENT FINANCING PLAN
915, 919, 925 GRAND BOULEVARD & 916, 920 McGee STREET
KANSAS CITY, MISSOURI

PREPARED FOR:
ECONOMIC DEVELOPMENT CORPORATION OF KANSAS CITY, MISSOURI

EFFECTIVE DATE:
NOVEMBER 24, 2014
RECORD NO. 1560

BELKE APPRAISAL & CONSULTING SERVICES, INC.
November 26, 2014

Economic Development Corporation of KCMO
Ms. Heather Brown
TIF Commission Executive Director
1100 Walnut, Suite 1700
Kansas City, Missouri  64106

RE:  Blight Analysis
    Proposed Grand Reserve TIF Plan
    915, 919, 925 Grand Boulevard & 916, 920 McGee Street
    Kansas City, Missouri  64106

Dear Heather,

Per our agreement dated November 7, 2014, I am pleased to herewith submit my conservation area analysis for the proposed Grand Reserve Tax Increment Financing Plan located at 915, 919, 925 Grand Boulevard and 916, 920 McGee Street in downtown Kansas City, Missouri and designated by the following two Jackson County tax parcels and addresses:

<table>
<thead>
<tr>
<th>Tax Parcel Number</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>29-220-34-10-00-0-00-000</td>
<td>916, 920 McGee Street</td>
</tr>
<tr>
<td>29-220-34-11-00-00-000</td>
<td>915 919, 925 Grand Boulevard</td>
</tr>
</tbody>
</table>

The proposed redevelopment area encompasses 1.92 acres and is improved with four structures containing 563,443 gross square feet above grade and 52,859 gross square feet below grade. A careful inspection of the proposed redevelopment area and surrounding area was made on several occasions during November 2014. The effective date of this study is November 24, 2014.

The Missouri Revised Statutes provides the statutory definition for a “conservation area” (Section 99.805(3)) utilized in my analysis:

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

The proposed redevelopment area contains 1.92 acres or 83,534 square feet of land improved with the former Federal Reserve Bank of Kansas City tower (21 stories built in 1921), the Security/Screening building (1 story built in 2002), the Annex building (4 stories built in 1910), a parking garage (6 levels, 12 decks, 450 spaces, built in 1965), and two surface parking lots (68 total spaces). The office structures encompass 349,277 gross square feet above grade. The parking garage encompasses another 214,166 square feet above grade. The Grand Boulevard parcel and the parking garage were nominated to the National Register of Historic Places on February 7, 2007 (excludes the surface parking lot at the southwest corner of E 9th Street and McGee Street.

The Federal Reserve Bank of Kansas City departed the building on May 31, 2008 moving to their new campus at Main and 29th Street. In the intervening 6½ years the office buildings have been 100% vacant and minimally maintained. The parking garage and surface parking lots have continued to operate but with minimal maintenance. The improvements now suffer varied and extensive dilapidation, deterioration, obsolescence, and depreciation of maintenance. The excessive vacancy and the inevitable lack of supervision and policing has led to issues of trespassing, vagrancy, loitering, and break ins. The extended vacancy has also drained vibrancy from the downtown, as well as, potential real estate, personal property, utility, convention and tourist, earnings, and arena taxes and other foregone economic impact due to lack of use of this prominent and historic property.

The numerous negative factors briefly mentioned above and fully described and analyzed in the attached report are judged to be detrimental to the public health, safety, morals, or welfare thereby qualifying the area as a conservation area per R.S.Mo Chapter 99.

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

Sincerely,
BELKE APPRAISAL & CONSULTING SERVICES, INC.

Scott J. Belke, MAI
President
Missouri State Certified General Real Estate Appraiser (Certificate No. RA 001868)
Kansas Certified General Real Property Appraiser (Certificate No. G-1214)
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PROPOSED REDEVELOPMENT AREA
The following photographs illustrate the conditions existing within the proposed Grand Reserve TIF Plan redevelopment area during inspections in November 2014.
**PHOTOGRAPH NO. 1:**
29-220-34-11-00-0-00-000
The west elevation of the former (now vacant) Federal Reserve Bank tower.

**PHOTOGRAPH NO. 2:**
29-220-34-10-00-0-00-000
The south and east elevations of the easterly adjoining parking garage.

**PHOTOGRAPH NO. 3:**
The north elevation of the vacant office tower and the easterly adjoining parking garage.
PHOTOGRAPH NO. 4:

29-220-34-11-00-0-00-000

The Vacant 1-Story Security/Screening Structure Located North Of The Vacant Office Tower

PHOTOGRAPH NO. 5:

29-220-34-11-00-0-00-000

The Vacant 4-Story Annex (Office) Building North Of The Vacant 1-Story Security / Screening Building

PHOTOGRAPH NO. 6:

29-220-34-11-00-0-00-000

Surface Parking Lot North Of The Vacant Four-Story Annex (Office) Building
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PHOTOGRAPH NO. 8:
The Alleyway Between the Office Tower and the Parking Garage (Looking South)

PHOTOGRAPH NO. 9:
The Alleyway Between the Surface Parking Lot & Grand Avenue Temple
INTRODUCTION

Purpose
The purpose of this analysis is to determine if the two Jackson County, Missouri tax parcels encompassed within the proposed redevelopment area designated as the Grand Reserve Tax Increment Financing (TIF) plan evidences findings of conservation area as defined in the Missouri Revised Statutes (Section 99.805(3)). The consultant visited the proposed redevelopment area and the adjoining neighborhood on several occasions in November 2014. The effective date of this study is November 24, 2014. The proposed redevelopment area encompasses 1.92 acres currently improved with 563,443 square feet (above grade) contained in three office structures and a parking garage. Two surface parking lots add 68 surface parking spaces. The buildings were built in 1910 (4-story office “Annex”), 1921 (21-story former Federal Reserve Bank “tower”), 1965 (12-level parking garage with 450 spaces), and 2002 (1-story “security/screening”). The weight-average age of the improvements is 76 years. The very dense land-to-building ratio (LBR) is 0.15 : 1 while the floor-area ratio (FAR) is 6.75 : 1. The three office buildings and the surface parking lot located along Grand Boulevard together with the easterly adjacent parking garage were nominated to the National Register of Historic Places on February 7, 2007. The three office structures have been vacant for 6½ years since the Federal Reserve Bank (FRB) of Kansas City departed the property. These three office buildings plus a small surface parking lot comprise the westerly tax parcel fronting to Grand Boulevard while the parking garage and northerly adjacent surface parking lot front to McGee Street.

Legal Descriptions
The following provides the legal description of each of the two tax parcels within the proposed redevelopment area per the last deed (Document No. 2014E0039769, dated May 19, 2014). The first tax parcel is the parking parcel (McGee Street) and the second tax parcel is the office structure parcel (Grand Boulevard):

29-220-34-10-00-0-00-000:
Lots 111, 112, 113, 114, 115, 116, 117 and 118, SWOPE’S ADDITION TO THE CITY OF KANSAS, NOW KANSAS CITY, a subdivision in Kansas City, Jackson County, Missouri; together with the East ½ of the vacated North-South alley lying West of and adjacent to Lots 111 through 118, inclusive.

29-220-34-11-00-0-00-000:
Lots 103, 104, 105, 106, 107 and 108, SWOPE’S ADDITION TO THE CITY OF KANSAS, NOW KANSAS CITY, a subdivision in Kansas City, Jackson County, Missouri; together with the West ½ of the vacated North-South alley lying East of and adjacent to Lots 103 through 108, inclusive.

Statutory Definition
The Missouri Revised Statutes provide the statutory definition of blight, urban renewal projects, insanitary area, undeveloped industrial area, and conservation area utilized by various local redevelopment authorities operating under the umbrella of the Economic Development
Corporation of Kansas City, Missouri including the Tax Increment Financing Commission of Kansas City, Missouri (Section 99.805), the Land Clearance Redevelopment Authority of Kansas City, Missouri (Section 99.320), and the Planned Industrial Expansion Authority of Kansas City, Missouri (Section 100.310). The prescribed statutory definition of a “conservation area” for the Tax Increment Financing Commission entities is as follows:

“Conservation area”, any improved area within the boundaries of a redevelopment area located within the territorial limits of a municipality in which fifty percent or more of the structures in the area have an age of thirty-five years or more. Such an area is not yet a blighted area but is detrimental to the public health, safety, morals, or welfare and may become a blighted area because of any one or more of the following factors: dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; abandonment; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance; and lack of community planning. A conservation area shall meet at least three of the factors provided in this subdivision for projects approved on or after December 23, 1997; (R.S.Mo 99.805(3))

**Previous Blight/Conservation Area Findings**

**CBD Urban Renewal Area**
On November 25, 1968 the city council approved creation of the Central Business District Urban Renewal Area (CBDURA). The CBDURA was included with fifteen other Kansas City, Missouri Urban Renewal Areas. The city council determined it was “desirable and in the public interest that the Land Clearance for Redevelopment Authority of Kansas City, Missouri undertake and carry out the Neighborhood Development Program for the City of Kansas City, Missouri”. On January 17, 1969 in Ordinance No. 36287 the city council declared the following:

That it is hereby found and determined that the Urban Renewal Areas comprising the Program are blighted and insanitary areas and qualify as eligible areas under the Missouri Land Clearance for Redevelopment Authority Law.

The proposed redevelopment area lies within the CBDURA.

**Enterprise Zone**
The downtown loop lies within the Northland Enhanced Enterprise Zone (EEZ). EEZ incentives are designed to encourage job creation and investment by providing tax credits and local property tax abatement to new or expanding businesses located in an Enhanced Enterprise Zone (EEZ). Creation of an EEZ requires a determination of blight, pervasive poverty, unemployment and general distress. The EEZ statutory definition of blight (R.S. Mo. 135.950 (2)) is as follows:

“Blighted area”, an area which, by reason of the predominance of defective or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use;
The definition is identical to Section 99.805(1) R.S. Mo. (Real Property Tax Increment Allocation Redevelopment Act – utilized by the Tax Increment Financing Commission of Kansas City, Missouri) and Section 100.310 (2) R.S. Mo. (Industrial Development – utilized by the Planned Industrial Expansion Authority of Kansas City, Missouri).

**Plan Area Identification**

The proposed redevelopment area is highlighted on the Kansas City, Missouri GIS Aerial Map shown below:
Ownership

According to tax records at the Jackson County Courthouse, the proposed redevelopment area is held in a single ownership as outlined in the table below:

<table>
<thead>
<tr>
<th>Tax Parcel Number</th>
<th>Ownership</th>
<th>Date Acquired (Document)</th>
</tr>
</thead>
<tbody>
<tr>
<td>29-220-34-10-00-00-000 Delta Quad Holdings, LLC</td>
<td>June 13, 2014 (2014E0048545)</td>
<td></td>
</tr>
<tr>
<td>29-220-34-11-00-00-000 Delta Quad Holdings, LLC</td>
<td>June 13, 2014 (2014E0048545)</td>
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The grantor in the deed shown above (Wintergreen Real Estate Holdings, LLC) had purchased the property on February 11, 2013 from the foreclosed lender (Great Western Bank).

Consultant’s Experience

The consultant has considerable experience preparing blight analyses and conservation analyses on properties located within a number of local municipalities and utilizing various Missouri State Statutes (R.S. Mo. Chapters 99, 100, and 353) and Kansas State Statutes (K.S.A. Chapter 12). A full listing of redevelopment projects for which consulting services have been provided is included with the consultant’s qualifications at the end of the report.
THE CBD NEIGHBORHOOD

Location

The Central Business District (CBD) of Kansas City, Missouri is defined by “the loop” formed by Interstates 29, 35, and 70. The loop is rather tight being just over one mile wide (east/west) and just less than one mile deep (north/south). Freeways radiate out from all four corners of the loop to provide convenient access to the suburbs. Kansas City International Airport is about 15 miles northwest of the CBD via Interstate 29. The CBD is near the south bank of the Missouri River. The center of population for urban Kansas City is perhaps five or six miles south.

Access

Federal highways 29, 35 and 70 provide convenient access which is supplemented by US Highways 71 and 169. Interstates 29, 35, and 70 radiate out from the Downtown loop, providing quick access to all but the southeast quadrant of the metropolitan area. Access to the southeast portion of the metro area improved in 2001 with the completion of the Bruce R. Watkins Memorial Drive. The new highway (a.k.a. U.S. 71) connects the southeast corner of the CBD with Interstate 435 and the Bannister Mall neighborhood in the southeast portion of the city. From Bannister Road south US 71 Highway is now designated as Interstate 49.
Access within the greater downtown area will be improved with the construction of the starter route of the Downtown Streetcar. The initial two-mile line will run largely in Main Street from the River Market (north) to Union Station (south). The streetcar will run in existing street lanes, similar to other vehicles. The streetcar route will include 18 stops, spaced roughly two blocks apart. Construction of the line and stops will be completed two to three blocks at a time, and opening day is expected in mid-2015. A map of the streetcar route is included on the following page. Note that stops are presently planned where 8th and 10th Streets intersect with Main Street.

**NEIGHBORHOOD LINKAGE**

The $100-million starter line is being partially financed by the Downtown Streetcar District which is an approved Transportation Development District (TDD) allowing for assessment of property owners to fund the development of streetcars within the district. However, voters recently rejected an extension of the starter line and TDD.

**Area Development**

In the past 10 years, it is estimated over $6 billion has been invested in the downtown of Kansas City, Missouri. In November 2011, Forbes Magazine selected Kansas City as having the 7th best downtown in America. A recent article by the KC Star indicates 70 projects totaling $1.7 billion in investment in development announced, in progress, or recently completed.
DOWNTOWN STREETCAR ROUTE MAP
100% Corner
The 100% corner is 12th and Main Street. City Center Square (800,000 Sq.Ft.; 1979), Town Pavilion (1,200,000 Sq.Ft.; 1987) and One Petticoat Lane (147,500 Sq.Ft.; 1989) are all near the 100% corner.

Downtown Districts
The downtown loop is divided into 5 districts which are identified by signage. The map below shows the district delineation within the downtown loop which are described thereafter.

Financial
The financial district is on the north side of the CBD along 9th and 10th Streets from Grand Avenue to Baltimore Avenue. Newer development in the financial district includes the Commerce Bank Building at 1000 Walnut Street (eighteen stories, 378,000 Sq.Ft.; $45 million) and the UMB Bank Building at 1009 Walnut Street (six stories, 255,000 Sq.Ft.; $28 million). UMB Bank has perhaps extended the financial district to the east with the construction of its data center at 11th & McGee Street (two stories, 200,000 Sq.Ft.; $32 million).

Government
The east side of the CBD is most notably occupied by government offices including City Hall, the Jackson County Courthouse, the Missouri State Office Building, the Federal Building, a U.S. Courthouse, and the Federal Aviation Administration. The latter two structures opened in the late 1990s. A landscaped park area (The Civic Mall) covering two city blocks lies between the U.S. Courthouse and City Hall. The main branch of the public library had been in this sector but moved to 10th and Baltimore in 2004. A public parking garage (9 stories, 1,395 spaces) was constructed west of City Hall in 2000. A local law firm purchased a seven-story office building
south of the county courthouse in 2001 for renovation and intended to occupy half of the structure. The government sector received a set-back when the Federal Reserve Bank of Kansas City announced their intentions to leave the CBD for a new campus to be constructed on the Trinity Lutheran Hospital site roundly 1.7 miles south of the downtown loop. The building was sold in 2005 and the buyer wanted to develop condos and then a hotel but the lender foreclosed on the property and then sold it in February 2013. Still, the Federal Reserve is in close proximity to the downtown, as is, the new Internal Revenue Service Center completed in 2006 on West Pershing Road near Union Station just south of the downtown loop. The $370-million IRS project was developed by DST Realty with J.E. Dunn Construction as the contractor. The service center employs up to 5,000 IRS employees during tax season. The massive project, which covers 27.5 acres, includes the renovation of the historic Main Post Office (moved to Union Station). The new campus consolidated seven IRS locations in the Kansas City area into a facility containing 1.14 million square feet supported by two parking garages providing a combined 1,900 spaces.

**NEIGHBORHOOD MAP**

**Hotel/Convention**
The hotel and convention area sits in the southwest quadrant of the CBD. In early 1990, taxpayers voted a hotel/motel tax increase to double the size of H. Roe Bartle Hall. The expanded Bartle Hall opened in 1994, covers 1,170,000 square feet, and spans the south leg of the loop freeway.
During 1997, 810 newly renovated/constructed hotel rooms located within a block of Bartle Hall came on the market. The smaller of the two projects was a Doubletree Hotel at the intersection of 13th and Wyandotte. It was the result of a $17-million renovation of the former 492-room Americana Hotel. The Doubletree, which first opened as an Omni in early 1997, has 280 rooms and 100 suites. The Port Authority financed $15 million of the project’s cost through a TIF bond issue. In 2005, the property was re-flagged with the Radisson franchise and subsequently changed to Crowne Plaza.

The second hotel project completed construction in 1998. It too involved renovation of an existing hotel structure but also included some new construction. The Marriott Muehlebach Tower containing 430 rooms is now connected by a skywalk to the Marriott Hotel on the northwest corner of 12th and Wyandotte making the combined offering over 800 rooms. The project cost an estimated $77.4 million with Kansas City paying roughly half the cost through tax increment financing.

The historic Phillips Hotel at 12th and Main underwent a $20-million renovation in 2001. The Phillips is a European-inspired luxury boutique hotel. In August 2002, the city granted $14.5 million in tax increment revenue bonds to assist the redevelopment of the 15-story President Hotel. The structure was built in 1926 and is listed on the National Register of Historic Places, but the building had been closed since 1980. Because the redevelopers original financing package fell through the $45-million project stalled. The redeveloper had until August 31, 2003 to line up new financing and move ahead or risk losing the tax incentives. After lining up new financing, the conversion to a 213-room Hilton facility (Hilton Hotel President) proceeded and the property is now operating quite successfully.

The city desires to see a new convention hotel with at least 1,000 rooms built within the loop but financing the project has not yet proven feasible.

**Entertainment**

In 1996, Centertainment, Inc., a subsidiary of AMC Entertainment, Inc., began efforts to create a multifaceted entertainment development on 22 acres extending from 13th Street to Truman Road and from Grand Boulevard to Wyandotte in the downtown of Kansas City, Missouri. The Kansas City TIF Commission endorsed the $400 million project with $185 million in public financing. Named the Power & Light District, the project was to have as its centerpiece a new 30-screen AMC movie theater.

Unfortunately, the project never materialized and the proposed area continued to suffer until the city revived the project by appointing Baltimore-based The Cordish Company as new developers. The Kansas City Power & Light Entertainment District is now envisioned as an $850-million entertainment district encompassing nine square blocks of restaurants, clubs, retail, and office space. The first phase of the district was completed in early 2008 and totals approximately 500,000 square feet. The second phase will contain 1,000 residential units and approximately 1 million square feet of office space. The Power & Light District features innovative architecture, open storefronts, broad brick paved sidewalks, extensive landscaping, fountains and parks. The district also features outdoor seating for the restaurants and a permanent performance stage providing live entertainment. The entertainment district reportedly generated an estimated 10.0 million patrons in 2012 but the city will likely pay $14.3 million this year from its general fund to cover shortfalls in originally projected tax revenues.
In July 2005, AMC Entertainment re-entered the downtown revitalization picture by announcing plans for renovation of the Empire and Midland Theatres. The project was a $60-million joint venture with The Cordish Company. AMC renovated the historic Empire Theatre into a six-screen movie theater using state-of-the-art digital technology (which they subsequently sold to Alamo Drafthouse Cinema). The historic Midland Theatre, renovated at a cost of $28 million into The Midland by AMC, has reopened with 1,300 to 3,000 seats for concerts, shows, and corporate or private events.

In August 2004, Kansas City area residents voted to revitalize the urban core and strengthen the Power & Light District by approving an amendment for a new downtown arena to cost $250 million. The state-of-the-art, 20,000-seat arena serves as an anchor to the Power & Light district. Overland Park, Kansas-based Sprint Corporation committed $2.5 million per year for 25 years for naming rights of the arena (Sprint Center). The City of Kansas City and AEG (one of the world’s leading sports and entertainment presenters) partnered in the development, operation and management of the new arena. A professional basketball of hockey franchise was originally envisioned for the arena but has not come to fruition. However, from its opening in late 2007, Sprint Center has become the 6th busiest arena in the nation and 22nd amongst worldwide venues (Pollstar Magazine). The Sprint Center opened with a concert by Elton John that was followed by a string of nine sold-out concerts by Garth Brooks.

In addition, part of the Sprint Arena features the National Collegiate Basketball Hall of Fame, sponsored by the Kansas City-based National Association of Basketball Coaches. The $20-million Hall of Fame, developed by New York-based Edwin Schlossberg Inc., includes memorabilia, exhibits and induction ceremonies of legendary college basketball players and coaches. In November 2006, the NABC inducted the 2006 Founding Class of the Hall of Honor, including Oscar Robertson, Bill Russell, Dean Smith, John Wooden and the family of Dr. James Naismith. The Hall of Fame was projected to draw at least 150,000 visitors annually.

Jackson County has one riverboat gaming facility, Isle of Capri, which opened in June 2000 (as a Hilton casino). The gaming facility houses 45,300 square feet of gaming space, 1,051 electronic gaming devices, 19 table games, and a parking garage. In FY 2014, the facility generated 2,677,599 admissions and adjusted gross revenues of $75,575,158 ($28.22 win per admission). Unfortunately, the Isle of Capri is consistently the poorest performing of the four gaming facilities in the Kansas City metropolitan area and Hollywood Casino opened in February 2012 at the Kansas Speedway in Kansas City, Kansas. The casino would like to add a hotel at some point in the future.
POWER & LIGHT DISTRICT

RESTAURANTS & BARS
1. Bos Chophouse
2. Balsano’s Gelato Café
3. Bar Louie
4. BRGR Kitchen + Bar
5. Bristol Seafood Grill
6. The Chesterfield
7. Chipotle
8. Drunken Fish Sushi Restaurant & Lounge
9. The Dubliner
10. Flying Saucer Draught Emporium
11. Gordon Biersch Brewery Restaurant
12. Johnny’s Tavern
13. The Kill Devil Club
14. Kobe Japanese Steak & Seafood
15. Latteland Espresso & Tea
16. Maker’s Mark Bourbon House & Lounge
17. McFadden’s Sports Saloon
18. MeMa’s Bakery
19. The Mix
20. Pizza Bar
21. Tengo Sed Cantina
22. Whopper Bar
23. Z-Strike Bowling

NIGHTLIFE & ENTERTAINMENT
24. Alamo Drafthouse Mainstreet Cinema
25. Angels Rock Bar
26. Elements (Seasonal: Open in Summer)
27. Fuego
28. The Gallery Event Space
29. Hotel Nightclub
30. Howl at the Moon
31. Indy Bar
32. The Jones Pool (Seasonal: Open in Summer)
33. Kansas City Livell Block
34. Living Room/KC Beer Garden
35. Midland Theatre
36. Mosaic Lounge
37. PBR Big Sky
38. Shark Bar

SHOPPING & SERVICES
39. Cosentino’s Market Downtown
40. Envolve Boutique
41. The Garment District Boutique
42. GNC
43. Jos A Banks
44. The Polished Edge Fine Jewelry
45. Polished Nail Salon
46. Sprint Studio
47. T-Mobile
48. Zafar Salon, Spa & Boutique
49. Rooftop Park (Open Memorial Day - Labor Day)
50. Public Safety Office & Restrooms

BLUE indicates Upper Level

PARKING GARAGES: Park for FREE during lunch! KC Livell and Main Street Garages have FREE 3-hour parking with validation from any District merchant between 6 am – 4 pm (Monday – Friday). All Power & Light District garages have $2 parking after 5 pm Monday – Friday, all day Saturday and Sunday.

PARKING LOTS: Rates may vary depending on time and location. See attendant or pay-station at time of parking for details.

PowerAndLightDistrict.com
Kansas City residents enjoy a wide variety of cultural amenities. The arts are adequately supported and of considerable prestige. Particularly well respected is the Nelson-Atkins Museum of Art that houses one of the world’s finest Oriental collections. The Nelson completed a major renovation and expansion in 2007 financed by a capital campaign that generated $200 million for construction and endowments. In 2007, TIME Magazine ranked the museum's new Bloch Building, #1 on the “The 10 Best (New and Upcoming) Architectural Marvels” list. The Metropolitan Kansas City Performing Arts Center recently opened on 17.6 acres in the south end of the downtown loop. World-renowned architect Moshe Safdie designed the $326-million arts project. The design includes a 1,800-seat proscenium theater, a 1,600-seat concert hall, and 600 underground parking spaces. The city added a 1,000-space parking structure to the east of the center. A second phase would add a 500-seat multipurpose theater. Groundbreaking for the center occurred on October 6, 2006 with opening in September 2011. In the first 12 months of operations the center welcomed 448,000 guests. A structure near Union Station has been renovated at a cost of $31 million to become the new home of the Kansas City Ballet.

The former First National Bank building located at the northeast corner of 10th Street and Baltimore Avenue was converted into a state-of-the-art library facility. The $50-million project encompasses 190,000 square feet and houses a coffee shop, art displays, meeting rooms, a community auditorium, technology training center and research archive. The project also includes a 500-space parking facility west across Baltimore Avenue with an exterior resembling stacked books on a shelf.

Citizens voted against building a new baseball stadium downtown in favor of refurbishing the Truman Sports Complex in eastern Kansas City at a cost of $850 million.

Sea Life Aquarium and LEGOLAND Discovery Center opened in Crown Center in 2012. Crown Center is located just south of the downtown loop. The two entertainment features cost roundly $15 million a piece and took just over a year to generate 1,000,000 visitors. Sea Life Aquarium contains over 260,000 gallons of water within a 28,000-square-foot area supporting over 5,000 sea creatures. LEGOLAND Discovery Center is a $15 million, 30,000-square-foot multifaceted attraction.

**Retail**

When The Jones Store departed its CBD location in January 1998 and the building was demolished, it essentially marked the end of retailing as a measurable sector within the downtown loop. With the dawning of the Power & Light District, Sprint Center, and increasing downtown residency, retailing has made a small return. Presently, the Power & Light District lists 13 retailers, 23 restaurants and bars, and 15 nightlife and entertainment uses. However, the Crown Center, River Market, Crossroads, Southwest Boulevard, and The Country Club Plaza provide stiff competition to downtown retailers and restaurants. One large hurdle was overcome in 2009 when Cosentino’s Food Stores opened a gourmet grocery near 13th and Main. The 30,000-square-foot grocery store has an upscale adult swimming venue on the roof.

**Office**

CB Richard Ellis in their MarketView 3Q/2014 indicates the downtown office market contains approximately 14.91 million square feet of office space with 22.4% of the space now vacant. The vacancy rate downtown is considerably higher than the metropolitan average of 15.6%. The average rent for the downtown submarket of $16.71 per square foot is slightly lower than the
metropolitan average of $16.94 per square foot. Recent CBD office developments include the new headquarters building of Kansas City Southern (2002; 128,000 Sq.Ft.) located at 11th and Washington. DST Realty owns the structure that sits atop an 875-space, four-level parking garage built with $15.3 million in tax increment financing. The total project cost was reportedly $42.9 million. H&R Block Inc. opened its new corporate headquarters building containing 525,000 square feet in a 17-story elliptical glass structure at the southeast corner of Main Street and 13th Street in 2007. The new headquarters joins the Sprint Center as the centerpieces of the Power & Light entertainment district. Block’s new headquarters includes an underground, seven-level garage with 1,250 parking spaces and the building’s first floor features a variety of restaurants and retail stores. The $140-million investment brought more than 1,200 employees to the district and helped generate taxes that can be diverted to support construction of additional parking garages and public amenities. A future expansion of between 250,000 and 350,000 square feet was planned to the west and tentatively scheduled for 2013. However, the project has not materialized. JE Dunn Construction Company completed its new headquarters at 9th & Holmes adjoining the Ilus W. Davis Park in 2009 at a cost of roundly $50 million (financed in part by $12.7 million in new markets tax credit-enhanced debt). The design of the 5-story, 204,000-square-foot headquarters building complements the existing architecture of City Hall, the Federal Courthouse, the Department of Transportation, and will anchor the new East Village development. The project also includes a 780-space parking structure that will be utilized by JE Dunn Construction and the public. The headquarters building is designed for LEED Gold certification (the first corporate headquarters in Kansas City, Missouri to earn the certification). In 2013, the GSA announced a lease for 140,000 square feet of office space in the Two Pershing Square office building (near Union Station) for 20 years at an average rent of $14.75 per square foot. GSA expects to house roundly 800 workers in the building by 2015. The GSA had previously expressed a desire to build a downtown headquarters building.

Residential
Beginning in the mid-1980s, numerous loft warehouses in the Historic Garment District in the northwest quadrant of Downtown Kansas City underwent renovation for use as either apartments or offices. In keeping with the real estate market at the time, most of the renovations were tax motivated and subsequently failed. Quality Hill, one of the successful projects, contains 466 units consisting of condominiums, market-rate apartments, and affordable housing in renovated and new building.

Perhaps the most significant development in the CBD in recent years is a new wave of residential loft renovations and new construction occurring in the northwest portion of the CBD (and River Market) and moving south. As the “back-to-the-city” movement gains momentum numerous vacant office structures are being redeveloped as residential buildings. The Downtown Council of Kansas City now estimates that approximately 5,000 residents have moved to Kansas City’s urban core in recent years (increasing residential population to over 18,000 residents) and that well over $500 million has been contributed toward residential development downtown since 2000. Initial offerings were focused on “for sale” condominiums but with the recent recession and housing market demise apartment use is now the preferred conversion.

Most of these units are conversion units involving the reuse of blighted structures or poorly occupied office structures. The loft conversions include both small buildings of 4 to 50 units and larger structures such as the 31-story Fidelity National Bank & Trust Building which is now officially the tallest apartment building (909 Walnut) in the state of Missouri. 909 Walnut is a
$64-million project that created condos, apartments, and office suites. The property includes $600,000 and $1,200,000 penthouses. The Commerce Tower office building located at 911 Main Street has been purchased and is being converted at a cost of $71 million into 265 residential uses and 160,000 square feet of refurbished office space. The historic Power & Light Building sold to NorthPoint Development who is converting the 30-story building (285,000 Sq.Ft.) into 216 luxury apartments while adding a northerly adjacent structure that will contain 52 new apartment units, 6,700 square feet of new retail, and 475 structured parking spaces. Total development costs are estimated at $63 million. Other announced residential conversions include the historic Folgers building (217,160 Sq.Ft.) and the Argyle Building (126 market-rate apartment units and 8,700 square feet of commercial space).

Cordish Co. released plans in August 2013 for a new 25-story, 311-unit apartment tower to be developed at 13th and Walnut. The $79.2-million One Light apartment tower was approved for 25-year, 100% property tax abatement by the Planned Industrial Expansion Authority of Kansas City, Missouri (valued at $2.87 million) and $7.5 million in direct cash assistance from the city. Units will average 850 square feet in size and project amenities (28,000 Sq.Ft.) will include rooftop pool, fitness center, display kitchen, library, theater room, and fourth-level social space. Parking will be in an adjoining garage. Cordish recently announced that demand will increase the number of penthouse units from 10 to 14. Cordish Co. also hopes to renovate the historic Midland office building at 13th Street and Baltimore Avenue into 68 apartment units.

The Downtown Council has released their downtown Kansas City Housing Report which indicates a downtown core population of 9,549 residents with a median household income of
$61,491. A breakdown by property type within the greater Downtown neighborhood is included in the table below.

### DOWNTOWN HOUSING INVENTORY

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Units</th>
<th>Occupancy</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market-Rate Apartments</td>
<td>2,545</td>
<td>97%</td>
<td>3,702</td>
</tr>
<tr>
<td>Market-Rate Condos</td>
<td>3,002</td>
<td>89%</td>
<td>4,542</td>
</tr>
<tr>
<td>Income-Restricted Apartments</td>
<td>2,770</td>
<td>98%</td>
<td>4,072</td>
</tr>
<tr>
<td>Income-Restricted Condos</td>
<td>84</td>
<td>89%</td>
<td>127</td>
</tr>
<tr>
<td>Single-Family Homes</td>
<td>3,389</td>
<td>88%</td>
<td>7,456</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,790</strong></td>
<td><strong>93%</strong></td>
<td><strong>19,899</strong></td>
</tr>
</tbody>
</table>

The Downtown Council also reports that 13 residential projects housing 1,668 units at an estimated cost of $314.9 million are presently in the development pipeline for the greater downtown neighborhood. This table is also included on the next page.

### POTENTIAL DOWNTOWN RESIDENTIAL DEVELOPMENT

<table>
<thead>
<tr>
<th>Project</th>
<th>District</th>
<th>Developer</th>
<th>Status</th>
<th>Units</th>
<th>Cost ($M)</th>
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<tbody>
<tr>
<td>Lucas Place Lofts</td>
<td>CBD</td>
<td>LandWhite Development</td>
<td>Open</td>
<td>130</td>
<td>$25.90</td>
</tr>
<tr>
<td>1515 Walnut</td>
<td>Crossroads</td>
<td>Jay Tomlinson</td>
<td>UC</td>
<td>7</td>
<td>$2.00</td>
</tr>
<tr>
<td>Commerce Tower</td>
<td>CBD</td>
<td>Knight/Berkebile</td>
<td>UC</td>
<td>265</td>
<td>$71.00</td>
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<tr>
<td>Power &amp; Light Building</td>
<td>CBD</td>
<td>NorthPoint Development</td>
<td>UC</td>
<td>268</td>
<td>$63.00</td>
</tr>
<tr>
<td>One Light</td>
<td>CBD</td>
<td>Cordish Company</td>
<td>UC</td>
<td>318</td>
<td>$79.00</td>
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<tr>
<td>Midland Office Tower Apts.</td>
<td>CBD</td>
<td>Cordish Company</td>
<td>Planned</td>
<td>68</td>
<td>$12.50</td>
</tr>
<tr>
<td>River Market West Lofts</td>
<td>CBD</td>
<td>Cordish Company</td>
<td>Planned</td>
<td>23</td>
<td>$16.00</td>
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<tr>
<td>Pickwick Building</td>
<td>CBD</td>
<td>Gold Crown Properties</td>
<td>Planned</td>
<td>220</td>
<td>$35.00</td>
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<tr>
<td>Folgers Lofts</td>
<td>CBD</td>
<td>Alexander Company</td>
<td>Planned</td>
<td>167</td>
<td>$30.00</td>
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<td>Argyle Bldg Lofts</td>
<td>CBD</td>
<td>Hunt Argyle</td>
<td>Planned</td>
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<td>$19.50</td>
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<td>Meriden Creamery Bldg.</td>
<td>Crossroads</td>
<td>Gary Hassenflu</td>
<td>Planned</td>
<td>14</td>
<td>$4.00</td>
</tr>
<tr>
<td>Bemis Bag Building</td>
<td>West Bottoms</td>
<td>Gary Hassenflu</td>
<td>Planned</td>
<td>100</td>
<td>$20.00</td>
</tr>
<tr>
<td>Weld Wheel Building</td>
<td>West Bottoms</td>
<td>Wayne Reeder</td>
<td>Planned</td>
<td>200</td>
<td>$30.00</td>
</tr>
<tr>
<td>Bemis Bag Building</td>
<td>West Bottoms</td>
<td>Gary Hassenflu</td>
<td>Planned</td>
<td>100</td>
<td>$20.00</td>
</tr>
<tr>
<td>Centropolis on Grand</td>
<td>River Market</td>
<td>KC Commercial Realty</td>
<td>Planned</td>
<td>56</td>
<td>$8.00</td>
</tr>
<tr>
<td>Corrigan Building</td>
<td>Crossroads</td>
<td>Vincent Bryant</td>
<td>Conceptual</td>
<td>unknown</td>
<td>Unknown</td>
</tr>
<tr>
<td>2nd &amp; Delaware Lofts</td>
<td>River Market</td>
<td>Arnold Development</td>
<td>Conceptual</td>
<td>225</td>
<td>$50.00</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td>2,377</td>
<td>$485.90</td>
</tr>
</tbody>
</table>
Central Business District Trends

Businesses
Compared to before World War II, Downtown is no longer the center of business activity in the metropolitan area. However, the area extending from The River Market to Crown Center, which includes Downtown, remains home to an estimated 2,500 businesses. Moreover, the CBD continues to be the center of financial, legal, and government affairs in the metropolitan area.

Employment
According to the Downtown Council, employment in the “heart” of the metropolitan area currently stands at roundly 100,000, up over 25,000 from a decade ago.

New Construction
On the following page is a summary of significant new construction completed in the CBD since 1990. The last speculative office project to measure over 500,000 square feet is 1201 Walnut. Nevertheless, the CBD is recently experienced a building boom. Much of the new construction activity was supported by tax increment financing. Unitog (75,000 Sq.Ft.) opened in 1997, IFTC (125,000 Sq.Ft.) opened in 1998 and immediately followed up with a second similar building. New headquarters have been built for Kansas City Southern (2002), H&R Block (2007), and J.E Dunn Construction Company (2009). The following summarizes the approved TIF plans within the downtown loop which constitute over $4.7 billion in proposed investments. The expenditures to date are well over $1 billion.

**APPROVED CENTRAL BUSINESS DISTRICT TIF PLANS**

<table>
<thead>
<tr>
<th>Plan Name</th>
<th>Date Plan</th>
<th>Approved Plan Budget</th>
<th>Expenditures To Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Approved</td>
<td>Public</td>
<td>Private</td>
</tr>
<tr>
<td>11th Street Corridor</td>
<td>12/10/1992</td>
<td>$77,060,303</td>
<td>$146,180,950</td>
</tr>
<tr>
<td>12th &amp; Wyandotte</td>
<td>12/10/1992</td>
<td>17,071,000</td>
<td>17,939,000</td>
</tr>
<tr>
<td>13th &amp; Washington</td>
<td>9/19/1996</td>
<td>4,099,250</td>
<td>8,415,875</td>
</tr>
<tr>
<td>811 Main</td>
<td>1/5/2006</td>
<td>6,588,150</td>
<td>18,391,900</td>
</tr>
<tr>
<td>Americana</td>
<td>1/28/1993</td>
<td>9,021,950</td>
<td>56,585,000</td>
</tr>
<tr>
<td>Baltimore Place</td>
<td>2/2/2006</td>
<td>9,122,789</td>
<td>20,777,491</td>
</tr>
<tr>
<td>Civic Mall Illus Davis Park/FAA</td>
<td>12/8/1994</td>
<td>15,100,000</td>
<td>73,589,000</td>
</tr>
<tr>
<td>Civic Mall/J.E. Dunn</td>
<td>12/8/1994</td>
<td>83,207,000</td>
<td>221,914,500</td>
</tr>
<tr>
<td>Civic Mall /Vista Del Rio</td>
<td>12/8/1994</td>
<td>9,847,500</td>
<td>17,014,500</td>
</tr>
<tr>
<td>Downtown Library/Project 1 &amp; 2</td>
<td>11/26/2002</td>
<td>13,542,786</td>
<td>10,425,000</td>
</tr>
<tr>
<td>Gailoyd (Power &amp; Light Building)</td>
<td>3/27/2002</td>
<td>11,826,000</td>
<td>16,046,458</td>
</tr>
<tr>
<td>Hotel Phillips</td>
<td>4/6/2000</td>
<td>7,290,000</td>
<td>16,210,000</td>
</tr>
<tr>
<td>Hotel President</td>
<td>8/15/2002</td>
<td>16,500,000</td>
<td>0</td>
</tr>
<tr>
<td>Judicial Square</td>
<td>5/22/2003</td>
<td>687,498</td>
<td>3,709,237</td>
</tr>
<tr>
<td>New York Life</td>
<td>12/21/1994</td>
<td>16,516,500</td>
<td>15,007,620</td>
</tr>
<tr>
<td>Power &amp; Light District</td>
<td>2/3/1998</td>
<td>175,689,997</td>
<td>452,572,010</td>
</tr>
<tr>
<td>Savoy Hotel</td>
<td>3/18/1999</td>
<td>6,270,574</td>
<td>9,219,105</td>
</tr>
<tr>
<td>Tower Properties</td>
<td>11/27/1995</td>
<td>40,103,878</td>
<td>204,918,011</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$1,037,643,459</td>
<td>$1,765,538,959</td>
</tr>
</tbody>
</table>
## Major New Construction Projects Within The CBD

<table>
<thead>
<tr>
<th>New Construction Project</th>
<th>Property Type</th>
<th>Size</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1201 Walnut SEC 12th &amp; Walnut</td>
<td>Office</td>
<td>530,000 SF</td>
<td>1991</td>
</tr>
<tr>
<td>Bank Street Garage 8th &amp; Bank</td>
<td>Parking</td>
<td>411 Spaces</td>
<td>1995</td>
</tr>
<tr>
<td>333 West 11th Street 11th &amp; Broadway</td>
<td>Office</td>
<td>100,000 SF</td>
<td>1996</td>
</tr>
<tr>
<td>TransAmerica Garage 10th-11th, Main-Baltimore</td>
<td>Parking</td>
<td>475 Spaces</td>
<td>1998</td>
</tr>
<tr>
<td>C.E. Whittaker Federal Courthouse 9th &amp; Oak</td>
<td>Courthouse</td>
<td>600,000 SF</td>
<td>1998</td>
</tr>
<tr>
<td>Unitog Office Building 14th &amp; Washington</td>
<td>Office/Parking</td>
<td>75,000 SF</td>
<td>1998</td>
</tr>
<tr>
<td>IFTC Center 9th &amp; Pennsylvania</td>
<td>Office/Parking</td>
<td>150,000 SF</td>
<td>1998</td>
</tr>
<tr>
<td>Muehlebach Hotel Twelfth &amp; Wyandotte</td>
<td>Hotel</td>
<td>450 Rooms</td>
<td>1998</td>
</tr>
<tr>
<td>Utilicorp Garage 8th &amp; Main</td>
<td>Parking</td>
<td>540 Spaces</td>
<td>1998</td>
</tr>
<tr>
<td>UMB Technology Center 1008 Oak Street</td>
<td>Office/Parking</td>
<td>200,000 SF</td>
<td>1999</td>
</tr>
<tr>
<td>Federal Aviation Administration Ninth &amp; Locust</td>
<td>Office/Parking</td>
<td>190,000 SF</td>
<td>1999</td>
</tr>
<tr>
<td>Federal Bureau of Investigation Mulkey Square</td>
<td>Office/Parking</td>
<td>80,000 SF</td>
<td>1999</td>
</tr>
<tr>
<td>Tower Properties Garage 9th &amp; Walnut</td>
<td>Parking</td>
<td>624 Spaces</td>
<td>1999</td>
</tr>
<tr>
<td>Poindexter Garage 9th &amp; May</td>
<td>Parking</td>
<td>1,000 Spaces</td>
<td>1999</td>
</tr>
<tr>
<td>Kansas City Southern Headquarters 11th &amp; Washington</td>
<td>Office/Parking</td>
<td>128,000 SF</td>
<td>2002</td>
</tr>
<tr>
<td>Tower Properties Garage 8th &amp; Walnut</td>
<td>Parking</td>
<td>324 Spaces</td>
<td>2004</td>
</tr>
<tr>
<td>City Hall Parking Garage 12th &amp; Oak</td>
<td>Parking</td>
<td>1,350 Spaces</td>
<td>2004</td>
</tr>
<tr>
<td>Sprint Center 11th &amp; Walnut</td>
<td>Entertainment</td>
<td>20,000 Seats</td>
<td>2007</td>
</tr>
<tr>
<td>H&amp;R Block Headquarters 13th &amp; Main</td>
<td>Office/Parking</td>
<td>525,000 SF</td>
<td>2007</td>
</tr>
<tr>
<td>JE Dunn Construction Company Hdqtrs. 9th &amp; Holmes</td>
<td>Office/Parking</td>
<td>204,000 SF</td>
<td>2009</td>
</tr>
<tr>
<td>Kauffman Center for the Performing Arts 16th &amp; Broadway</td>
<td>Entertainment/Arts</td>
<td>3,400 Seats</td>
<td>2011</td>
</tr>
<tr>
<td>One Light Residential Tower 13th &amp; Walnut</td>
<td>Residential Tower</td>
<td>318 Units</td>
<td>2015</td>
</tr>
</tbody>
</table>

### Parking
According to the Downtown Council, the downtown loop is served by 32 parking garages containing 20,384 spaces and 27 surface lots containing 3,107 spaces for a total of 23,491 spaces. Some debate exists whether the provision is adequate. The city believes the provision is adequate but would like to improve accessibility (the city expresses a desire to create five minute walking radii within each district in the loop) as much of the provision is located in the north or...
south portions of the loop. The monthly parking rates range from under $30 to $125. Most parking rates are less than $85 per month. Consequently, despite reportedly strong parking occupancy, the current rental rates cannot support new construction of garages without government assistance (e.g., tax increment financing).

Kansas City considered creating a Neighborhood Improvement District that would assess all Downtown buildings $0.05 per square foot per year and apply the proceeds to a parking authority. However, property owners with adequate parking were opposed to the idea. In 2004, the city constructed a 1,350-space garage just west of city hall and Tower Properties built a 324-space, six-level garage at the northwest corner of 9th and Walnut Streets. Tower Properties obtained $5.3 million in tax increment financing to assist development of the garage. The dated Italian Gardens restaurant at 1110 Baltimore Avenue was demolished to make room for a six-level, 240-space parking garage. The owners of City Center Square purchased the site and obtained $5.5 million from the TIF Commission to finance the $6-million structure. The parking garage provides much needed parking for the office tower. The city had previously acquired the old Jones Store site from the owners of City Center Square via eminent domain for the new H&R Block office building.

**Neighborhood Demographics**

The age and urban core location of the CBD give rise to a mixed set of demographics. The following tables provide population, households and income trends for the five census tracts (1970-2000) or three census tracts (2010) comprising the CBD (from US Census Bureau).

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>2,410</td>
<td>1,948</td>
<td>1,504</td>
<td>1,374</td>
<td>1,709</td>
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<td>12</td>
<td>651</td>
<td>590</td>
<td>673</td>
<td>601</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>1,442</td>
<td>1,619</td>
<td>1,013</td>
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<tr>
<td>14</td>
<td>753</td>
<td>816</td>
<td>853</td>
<td>828</td>
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<td>28.01</td>
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<td>157</td>
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<td></td>
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<td>1,886</td>
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<tr>
<td>159</td>
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<td></td>
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<tr>
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<td><strong>5,053</strong></td>
<td><strong>4,045</strong></td>
<td><strong>3,640</strong></td>
<td><strong>5,278</strong></td>
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<td>% chg.</td>
<td>-7.3%</td>
<td>-19.9%</td>
<td>-10.0%</td>
<td>+45.0%</td>
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<tr>
<td>chg. ’70 to ’10</td>
<td></td>
<td></td>
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<td></td>
<td>-3.2%</td>
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</table>

<table>
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</tr>
</thead>
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<td>1,442</td>
<td>1,263</td>
<td>1,173</td>
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<td>420</td>
<td>500</td>
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<td>159</td>
<td></td>
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<td>567</td>
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<td><strong>Total</strong></td>
<td><strong>3,289</strong></td>
<td><strong>3,210</strong></td>
<td><strong>2,481</strong></td>
<td><strong>2,188</strong></td>
<td><strong>3,072</strong></td>
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<tr>
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<td>-2.4%</td>
<td>-22.7%</td>
<td>-11.8%</td>
<td>+40.4%</td>
<td></td>
</tr>
<tr>
<td>chg. ’70 to ’10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-6.6%</td>
</tr>
</tbody>
</table>
The census figures indicate substantial population and household decline in the CBD during each of the four decades prior to 2010. The loss in population between 1970 and 2000 amounted to 38.6%, while households decreased 39.1% during the same period. Improvement occurred over the past decade (45.0% and 40.4%). Median household income increased 45% between 1990 and 2000 and a greater 78% between 2000 and 2010. The increase in median household income across the Kansas City metropolitan area was a slightly higher 49% ($31,246 to $46,696) in 2000 but was lower in 2010 (29% from $46,696 to $60,442). The median household income for the Kansas City metropolitan area in 2000 was 119% higher than in the CBD ($46,696 vs. $21,323) decreasing to 59% higher in 2010 ($60,442 to $37,969). A positive aspect of CBD population is that density is high. The income per area of land (e.g., acre, square mile, etc.) somewhat compensates for the low income per household. Still, some retailers have not been attracted by the buying power of the working population in the CBD.

**KCMO School District**

A major factor in the residential market is the difficult reputation of the Kansas City, Missouri Public Schools. The Kansas City, Missouri schools lost accreditation in 2011 but received provisional accreditation in August 2014. College entrance scores in the Kansas City, Missouri Public Schools lag those of suburban districts. In 2013-2014 the Kansas City, Missouri Public Schools had an average ACT score of 16.1, lowest of all metro districts and well below the statewide and national averages.

### Metro Area School District ACT Scores

<table>
<thead>
<tr>
<th>School District</th>
<th>Students</th>
<th>ACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue Valley (KS)</td>
<td>21,967</td>
<td>25.3</td>
</tr>
<tr>
<td>Park Hill (MO)</td>
<td>10,413</td>
<td>23.9</td>
</tr>
<tr>
<td>Shawnee Mission (KS)</td>
<td>27,444</td>
<td>23.9</td>
</tr>
<tr>
<td>Olathe (KS)</td>
<td>28,239</td>
<td>23.8</td>
</tr>
<tr>
<td>Lee's Summit (MO)</td>
<td>17,891</td>
<td>23.5</td>
</tr>
<tr>
<td>Blue Springs (MO)</td>
<td>14,133</td>
<td>22.6</td>
</tr>
<tr>
<td><strong>Kansas</strong></td>
<td><strong>480,149</strong></td>
<td><strong>22.0</strong></td>
</tr>
<tr>
<td><strong>Missouri</strong></td>
<td><strong>885,607</strong></td>
<td><strong>21.8</strong></td>
</tr>
<tr>
<td>Liberty (MO)</td>
<td>11,325</td>
<td>21.3</td>
</tr>
<tr>
<td>North Kansas City (MO)</td>
<td>19,132</td>
<td>21.1</td>
</tr>
<tr>
<td><strong>United States</strong></td>
<td><strong>50.1M</strong></td>
<td><strong>21.0</strong></td>
</tr>
<tr>
<td>Independence (MO)</td>
<td>14,757</td>
<td>20.9</td>
</tr>
<tr>
<td>Kansas City (KS)</td>
<td>20,837</td>
<td>16.6</td>
</tr>
<tr>
<td>Kansas City (MO)</td>
<td>16,609</td>
<td>16.1</td>
</tr>
</tbody>
</table>
School Districts located in Missouri-side suburbs or Johnson County, Kansas tend to score well above the state and national figures while urban school districts fall below state and national averages. Much of the residential population within the greater downtown area is comprised of young professionals or empty nesters.

**Adjoining Development**

To the north of E 9th Street, across from the subject surface parking lot, is the totally renovated old Federal Courthouse (811 Grand Boulevard), which is now the Courthouse Lofts. The building dates to 1939, nineteen years later than the subject former Federal Reserve Bank tower (1921), and was declared blighted in 2006 and renovated into 176 affordable apartment units with the assistance of the Planned Industrial Expansion Authority (PIEA).

The west side of Grand Boulevard is anchored by a complex of buildings owned by United Missouri Bank of Kansas City. The complex is anchored by a 16-story office building located at the northwest corner of E 10th Street and Grand Boulevard that was built in 1907 and renovated in 2004/2005. The UMB Partnership Place is at the southwest corner of E 9th Street and Grand Boulevard. UMB subsidizes leasing for art-related not-for-profit groups in the 13-story office building containing 111,000 square feet built in 1910.

One Thousand Six Grand, a 17-story office building constructed between 1908 and 1930 and renovated in 2009 by Sherman & Associates into 134 units (1BR and 2BR) of affordable loft apartment living is located at the southwest corner of E 10th Street and Grand Boulevard.

To the east of McGee Street (NEC with E 10th Street) is the vacant Pickwick Apartment building (10 stories) that was built in 1930. The east side of McGee actually encompasses the Pickwick, which was built as a hotel, a bus terminal, office building (6 stories), and parking garage. All of these structures were built in 1930 in the “streamline Gothic” design. Presently, the redeveloper is seeking assistance from Land Clearance Redevelopment Authority (LCRA) and historic tax credits. The $55 million redevelopment will result in 256 multifamily units, a parking garage, and a small amount of retail space encompassed within the overall 240,464 square feet.

The south side of E 10th Street is an entire block (10th to 11th and McGee to Grand) of surface parking.

**Conclusion**

The resurgence of the CBD began in the 1990s after decades of decline and has accelerated over the past 10 years. Construction of new Class A office and hotel space initially gave the revitalization a solid foothold. Moreover, rehabilitation projects in adjoining neighborhoods (Quality Hill, Garment District, River Market, Crossroads) added impetus to the resurgence. Exciting projects such as the Performing Arts Center ($326 million), a new downtown public library ($32 million), the H&R Block office building ($140 million), the Sprint Center ($250 million), and the Power & Light District ($850 million) have fueled the revival of the CBD. The Downtown Council would like to see downtown residential population increase from 20,000 to 35,000.
Recently approved TIF plans, including 100% tax abatement for a full 25 years, indicate that the city is committed to ensuring growth will continue within the downtown loop. Almost all new construction and redevelopment is occurring with government assistance. Recently, the Kansas City Council approved a community improvement district for Downtown that collects about $1.5 million a year from downtown property owners to finance public services such as security and street cleaning. The assessments were endorsed by a majority of affected property owners and will continue for six years. The services will add to but not replace those the city government already provides.
PHOTOGRAPH NO. 1:

ALL PICTURES REFLECT THE CONDITION OF THE NEIGHBORHOOD DURING THE INSPECTIONS DURING NOVEMBER 2014

LOOKING NORTH ON GRAND BOULEVARD FROM SOUTH OF E 10TH STREET

PHOTOGRAPH NO. 2:

A VIEW SOUTH ON GRAND BOULEVARD FROM E 9TH STREET

PHOTOGRAPH NO. 3:

LOOKING EAST ON E 9TH STREET FROM GRAND BOULEVARD
PHOTOGRAPH NO. 4:
A View West On E 10th Street From McGee Street

PHOTOGRAPH NO. 5:
Looking North On McGee Street From South Of E 10th Street

PHOTOGRAPH NO. 6:
A View South On McGee Street From E 9th Street
PHOTOGRAPH NO. 7:
LOOKING WEST ON E 9TH STREET FROM MC Gee STREET

PHOTOGRAPH NO. 8:
A VIEW NORTH FROM THE ROOF OF THE FORMER FEDERAL RESERVE TOWER

PHOTOGRAPH NO. 9:
LOOKING NORTHEAST FROM THE ROOF OF THE FEDERAL RESERVE TOWER
PHOTOGRAPH NO. 10:
A VIEW SOUTHEAST FROM
THE ROOF OF THE FORMER
FEDERAL RESERVE TOWER

PHOTOGRAPH NO. 11:
LOOKING SOUTHWEST
FROM THE ROOF OF
THE FORMER FEDERAL
RESERVE BANK TOWER

PHOTOGRAPH NO. 12:
A VIEW WEST FROM
THE ROOF OF THE
FORMER FEDERAL
RESERVE BANK TOWER
SITE & IMPROVEMENT DATA

Location

The proposed redevelopment area comprises most of the city block bounded by E 9th Street on the north, Grand Boulevard on the west, E 10th Street on the south, and McGee Street on the east. A vacant loft building and the Grand Avenue Temple at the southeast corner of E 9th Street and Grand Boulevard are not included in the proposed redevelopment area. A north-south alleyway bisects the city block into east and west halves.

LOCATION MAP

The addresses assigned by the city to the subject tax parcels are summarized in the table below:

<table>
<thead>
<tr>
<th>Tax Parcel Number</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>29-220-34-10-00-0</td>
<td>920 McGee Street</td>
</tr>
<tr>
<td>29-220-34-11-00-0</td>
<td>920, 925 Grand Blvd.</td>
</tr>
</tbody>
</table>

The proposed redevelopment area is located near the core of the downtown loop in Kansas City, Missouri. The downtown loop is located in the west-central portion of Kansas City, Missouri, the northwest portion of Jackson County, Missouri and the central portion of the overall Kansas City
metropolitan area. Kansas City International Airport is approximately 18 minutes northwest in Platte County, Missouri.

Access
The interior of the downtown loop is generally designed as an urban rectilinear road system. East-west roads are numbered while north-south roads are named. Grand Boulevard is 6-lanes carrying two-way traffic. McGee Street is 2-lanes carrying two-way traffic. E 9th Street is one way west carried in 3 lanes. E 10th Street is one way east carried in 3 lanes. For security reasons, no on-street parking is allowed fronting the Old Federal Reserve complex. Parking is allowed along the south side of E 9th Street after 6 pm. A north-south alleyway bisects the proposed redevelopment area into east and west halves. Metal grate fences prevent through access along the alleyway (which runs below the connector joining the parking garage (east) and the office tower (west)).

The three vacant office structures along the east side of Grand Boulevard are set to the street frontage. The surface parking lot (16 spaces) at the north end of the Grand Boulevard has one curbcut from the adjoining roadway and no access from the east due to elevation differentials. The subject parking garage has two curbcuts from E 10th Street and two curbcuts from McGee Street. The subject surface parking lot at the southwest corner of E 9th Street and McGee Street has two curbcuts from McGee Street.

Land Area
According to GIS Mapping (city) the west tax parcel (Grand) contains 36,173 square feet or 0.83 acres (43% of the redevelopment area). The west tax parcel (McGee) contains 48,229 square feet or 1.11 acres (57% of the redevelopment area). The combined parcels contain 84,402 square feet or 1.94 acres.

Configuration
Both the west tax parcel (Grand) and the east tax parcel (McGee) are configured as elongated (north-south) rectangles.

Frontage
According to GIS Mapping and recorded plats the west tax parcel (Grand) has 288.00 feet of frontage along the east side of Grand Boulevard and 115.50 feet along the north side of E 10th Street. (The west parcel also has 288.00 feet along the west side of the alleyway bisecting the proposed redevelopment area). The east tax parcel (McGee) has 383.50 feet of frontage along the west side of McGee Street, 115.50 feet on the north side of E 10th Street, and 115.5 feet on the south side of E 9th Street. (The east parcel also has 383.50 feet along the east side of the alleyway bisecting the proposed redevelopment area).
Topography

As the topographic map on the following page indicates the proposed redevelopment area slopes downward from east to west. The high elevation (926 feet) is at the northeast corner of the proposed redevelopment area at the southwest corner of E 9th Street and McGee Street. The low elevation (906 feet) is at the southwest corner of the proposed redevelopment area at the
northeast corner of E 10th Street and Grand Boulevard. Therefore, the elevation differential is approximately 20 feet. Although the map below shows a steady slope, in reality the west parcel is roundly 15 feet below the east parcel at the alleyway separation.

**TOPOGRAPHIC MAP**
FEMA

According to FIRM Community Panel 290173 0090B (dated August 5, 1986), the proposed redevelopment area lies outside the 100-year floodplain.
Zoning

The proposed redevelopment area is presently zoned DC-15, Downtown Core District by the City of Kansas City, Missouri. The DC-15 zoning extends in all four directions. Some areas zoned M1-5, Manufacturing 1 (Dash 5) and B4-5, Heavy Business/Commercial (Dash 5) are located to the northeast.
Utilities

All utilities are available to the proposed redevelopment area. The city of Kansas City, Missouri provides water and sewer services. Missouri Gas Energy (owned by Laclede Gas Company) provides natural gas. Electric service is from Kansas City Power & Light (KCP&L; private regulated utility owned by Great Plains Energy, Inc.). All utility lines in the vicinity of the proposed redevelopment area are placed underground.

Assessment & Taxation

Following is a reproduction of Jackson County Tax Map 29-220 showing the location of the two tax parcels comprising the proposed redevelopment area.

JACKSON COUNTY TAX MAP 29-220

The table on the following page provides a five-year history of the county appraised valuation for the two parcels comprising the proposed redevelopment area. All property is supposed to be reassessed in odd-numbered years, except that new construction (including remodeling) can be assessed in any year.
The appraised valuation of the tax parcels declined 3.2% in 2011 and has since been stagnant. The appraised value equates to $28.25 per square foot of land, $14.72 per square foot of office building (above grade), and $7.94 per square foot of parking garage.

The table below provides the resulting five-year history of the county assessed valuation for the two parcels comprising the proposed redevelopment area. Both parcels are identified as commercial properties and assessed at the 32% ratio.

The proposed redevelopment area lies within the Kansas City School District that has a 2014 levy of $6.4291 per $100 of assessed value; an additional $1.437 per $100 is levied as the replacement tax (commercial property only). The City of Kansas City, Missouri levies $2.3497 against land and $1.5997 for improvements. Also, those properties fronting the city’s boulevard system are taxed an additional $1.00 per front foot. The subject tax parcels are also responsible for two Community Improvement District (CID) charges (square footage and assessed valuation), as well as, the Transportation Development District (TDD) established for the Downtown Streetcar. The table below provides a seven-year history of the real estate taxes levied against the proposed redevelopment area:

Whereas the appraised value has declined 3.2% since 2010 the real estate taxes have increased 0.9%, indicating slight increases in the mill levy or new tax entities (CID, TDD). The bottom of the table indicates that real estate tax payments for both tax parcels were late for five years in a row between 2008 and 2012.

The 100% vacant and deteriorating office improvements, as well as, the aging parking improvements within the proposed redevelopment area do not reflect the highest and best use of
these parcels situated near the center of the downtown loop. It is reasonable to assume if the proposed redevelopment area were redeveloped to the highest and best use, significantly higher taxes (and economic impact) would be generated.

**Easements & Restrictions**

The subject plat was recorded in 1857 and no restrictions appear to have been recorded with the plat. The last deed recorded on the proposed redevelopment area (Document No. 2014E0039769) indicates party wall agreements, utility easements, vacated alley agreement and easements, and building or building overhang encroachments. These exceptions were also noted in a Title Report issued by First American Title Insurance Company on May 19, 2014 (Policy No. 5011429-0076432E). Party wall agreements and slight building encroachments are fairly common in the urban core.

**Overlay Districts**

**CBD Urban Renewal Area**

The proposed redevelopment area is located within the CBD Urban Renewal Area which was described earlier in the report and requires a designation of blight.

**Enterprise Zone**

The proposed redevelopment area is located within the Northland EEZ – Zone 1 which was described earlier in the report and requires a designation of blight. A map of the EEZ is included on the following page.

**Downtown CID**

The proposed redevelopment area lies within the Downtown Community Improvement District (DCID) initially established in 2002 for a five-year term through 2007. The District was renewed for an additional ten-year term commencing in 2008 and continuing through 2018. The Community Improvement Districts are financed through tax assessments on Downtown properties and covers a combined 200 square block area of Downtown and the River Market. Developed by downtown property owners, the Downtown Community Improvement District is structured to improve and convey special benefits to properties located within the boundaries of the CID. The Community Improvement District provides new and enhanced improvements and activities, including: maintenance, security, streetscape improvements, landscaping services, and special events above and beyond those currently provided by the City. The District may charge special assessments against property within the District up to $0.384908 per $100 of assessed valuation and $0.091334 per square foot of land.

**Downtown Streetcar TTD**

The proposed redevelopment area lies within the Downtown Streetcar TDD (Transportation Development District) overlay district which allows for assessment of property owners to fund the development of streetcars within the district.
Real Estate Improvements

The following discusses the real estate improvements present within the proposed redevelopment area based upon various sources.

Former Federal Reserve Building
The main feature of the proposed redevelopment area is the former Federal Reserve Bank of Kansas City office tower located at 925 Grand Boulevard (northeast corner of E 10th Street and Grand Boulevard) that was completed in 1921 (age=93 years). The vacant 21-story office building fronts to Grand Boulevard and has been surrounded by concrete planters that act as crash protection. A 1-story security/screening building was built directly north of the tower on a former surface parking lot soon after the catastrophic events of 9/11. All public access to the bank was funneled through the security/screening structure which was designed to be a “sacrificial” building in case of an explosion that would absorb the blast and collapse outwards (saving or diminishing damage to the tower). Also, the basement of the tower runs underneath the security/screening building, the four-story Annex building, and the parking garage.

History
Wikipedia provides the following information on the former Federal Reserve Bank building:

The old Federal Reserve Building was the former headquarters of the Federal Reserve Bank of Kansas City and was the oldest building in active use of any Federal Reserve Bank. It was added to the National Register of Historic Places in 2007.

In 1913 Kansas City and St. Louis had a fierce rivalry over which city was to get a headquarters, but in the end, both cities received one. (Missouri is the only state to have multiple headquarters). Among the reasons noted for the award was that former Kansas City mayor James A. Reed who was on the Senate Banking Committee, broke the deadlock to permit passage of the Federal Reserve Act.

The first bank building was in the R.A. Long Building at 928 Grand which opened on November 16, 1914 until a new $4.3 million building could be built across the street at 925 Grand which formally opened in November 1921 in Downtown Kansas City. Shortly after it was established the bank rented space to outside tenants.

The building, designed by Chicago Wrigley Building architect Graham, Anderson, Probst & White, was the tallest building in Missouri from 1921 to 1926 and the tallest building in Kansas City from 1921 to 1929.

President Harry S. Truman had his office in Room 1107 of the building from when he left the Presidency in 1953 until the Truman Library was completed in 1957.

In 2008, the Federal Reserve Bank of Kansas City moved to a new building near 29th and Main Street south of the Liberty Memorial designed by architect Henry N. Cobb. Jason Townsend (The Reserve, LLC) bought the building for $10.8 million in 2005 and the Federal Reserve Bank of Kansas City continued as a tenant (under a lease terminating May 31, 2008) until its new quarters were completed. The Reserve, LLC obtained a mortgage loan from LaSalle Bank N.A. in the amount of $14,959,875 on June 30, 2005 (Document No. 2005K0041252) that was due in full on June 29, 2008. On December 23, 2008 (Document No. 2009E0004951) The Reserve,
LLC and the Land Clearance Redevelopment Authority of Kansas City, Missouri entered into a Redevelopment Contract granting the redeveloper 10 years of real estate taxes abatement. The Redevelopment Contract indicates the property was declared “blighted and insanitary” based upon the conclusions of the Central Business District Urban Renewal Plan of 1969 (previously described in this report). The Redevelopment Contract stipulated commencement of construction on Project Improvements as of September 1, 2008 and completion by January 31, 2011. A new deed of trust was signed with Great Western Bank on February 20, 2009 (Document No. 2009E0016670) in the amount of $13,400,000 due on February 20, 2010. The Reserve, LLC subsequently obtained a loan in the amount of $750,000 from PCF Capital (Lone Tree, Colorado) and Mr. Baljit S. Nanda (Manager) on September 9, 2009. The LCRA of KCMO granted an Agreement to Extend Redevelopment Contract Deadline to The Reserve, LLC on April 14, 2011 (Document No. 2011E0038160) wherein the completion date was extended to January 31, 2014. A Second Amendment to Redevelopment Contract (Document No. 2011E0105008) was signed on October 26, 2011 to redefine the Redevelopment Plan to state:

Acquisition and conversion of the former Federal Reserve Bank of Kansas City located at the Property into 155 condominium units and approximately 25,000 square feet of commercial space or into a hotel with approximately 306 rooms.

The Reserve, LLC eventually defaulted on the loan to Great Western Bank who transferred the Deed of Trust (Assignment and Assumption of Right to Trustee’s Deed) to Wintergreen Real Estate Holding, LLC on February 11, 2013 (Document No. 2013E0016618). Wintergreen Real Estate Holdings, LLC transferred the property to Delta Quad Holdings, LLC by Special Warranty Deed (Document No. 2014E0039769) on May 14, 2014. MOLI Trust 1 (a Delaware statutory trust) issued a deed of trust to Delta Quad Holdings, LLC on May 19, 2014 (Document No. 2014E0039770) in the amount of $13,837,500.

The Reserve, LLC had hoped to convert the property to condominiums or to lodging. Significant demolition work was undertaken on the interior essentially stripping out anything of value left by the Federal Reserve Bank upon their departure. The building has remained vacant since the departure of the bank on May 31, 2008, a period of 78 months or 6½ years.

NRHP Designation
The tax parcels along Grand Boulevard (Lots 103-108) and the parking garage (Lots 114-118) were nominated to the National Register of Historic Places on February 7, 2007. The link for the nomination is shown below:

(https://www.dnr.mo.gov/shpo/nps-nr/07000327.pdf)

The following description of the property is taken from the nomination:

The twenty-one story [the 21st story is actually elevator equipment and storage] Federal Reserve Bank of Kansas City (FRBKC) is a Classical Revival bank and office building located at 925 Grand Boulevard in downtown Kansas City, Jackson County, Missouri. Construction of the U-shaped building was completed in 1921. The FRBKC has a steel structure clad with dressed Bedford limestone and a flat, tar and gravel roof. The main (west) façade facing Grand Avenue, is nine bays wide, and the secondary (south) façade, facing 10th Street, is seven bays wide. Designed by the Chicago architectural firm Graham
Anderson Probst and White, the building’s three-part form (base, shaft, and cap) illustrates the common approach to high-rise office building design during this era. Above the three-story base is a thirteen-story shaft. A tall, five-story cap crowns the building. The smooth, unadorned walls of the shaft contrast with the stylized treatment of the base and cap, which convey the building’s style. In 1965, the Kansas City architectural firm Kivett & Myers designed a four-story addition east of the original building at the northwest corner of 10th and McGee Streets. The blank-walled addition houses a parking garage as well as an expansion of the basement vault. Over time, much of the building’s interior finishes and configurations have been modified to address evolving needs for space, technological changes, and safety requirements, as well as to update the appearance of both public and private spaces. Although little fabric remains to document the historic appearance of the office floors, the main lobby, the mezzanine and the lower story elevator lobbies continue to convey the grandeur of the original interior design. During the 1970s, fixed single-light windows replaced the original multi-light double-hung windows. The most significant architectural elements of the FRBKC remain intact, including the formal three-part form and the Classical Revival detailing of the building’s exterior, the distribution of functions within the building, and the massive basement cash vault. These elements allow the building to clearly convey its historic function and significance as one of the nation’s twelve Federal Reserve district banks.

The building was built at a reported cost of $4 million and stands 305 feet in height. The 4,000-square-foot main vault is secured by a 50-ton vault door and concrete walls, floor and ceiling 6 1/2' thick with 9 miles of steel reinforcing.

**Layout**
The exterior design is a U-shaped tower rising above a four-story base. The lobby, which is four levels high, includes three partial mezzanine levels above the first floor. The first full office tower floor begins at 4 and runs through 20. The 21st story is actually elevator equipment and storage. The elevator bank is situated to the north wall. Stairwells are in the northwest and southeast corners of the tower. A twin building was actually planned to the north (and contemplated until just after the Oklahoma City bombing and 9/11) which would have shared the elevator banks in the existing tower.

**General Type**
Former office tower of 21-story design and Class A construction design with steel frame and limestone block cladding.

**Size**
The former Federal Reserve Bank of Kansas City tower contains approximately 324,812 gross square feet above grade and an additional 52,859 square feet in basement. A subbasement and small sub subbasement also exist.

**Exterior**
**Foundation:**
Poured concrete.
Walls:  
Dressed Bedford limestone blocks dominate the front façade (west elevation facing Grand Boulevard) and E 10th Street facade (south elevation). The north and south elevations appear to be heavily painted brick.

Roof:  
The roof consists of a Firestone single-ply rubber membrane covered by a cloth membrane and ballasted by concrete pavers.

Windows:  
Fixed thermopane glass in metal frame. Vertical window bands are on the west (7 bays), south (7 bays), and east elevations while the north elevation lack window provision being the elevator bank.

Doors:  
Due the construction as a Federal Reserve Bank only two pedestrian doors (with iron grate security gates) are located on the west (front) elevation. However, these entrances were closed when the security/screening building was erected.

Quality:  
Average to above average. Construction materials are generally of institutional quality, except the north elevation lacks appeal and window provision. The windows are roundly 20 years in age and do not reflect the original double-hung provision. The west (front) elevation has some architectural features at the base and crown while the south elevation has slightly less and the east and north elevations are very bland. The building lacks convenient pedestrian access points.

Age/Condition:  
Construction of the former Federal Reserve Building was completed in 1921 (93 years old). The Federal Bank of Kansas City vacated the building on May 31, 2008 and minimal maintenance has been performed in the intervening 6½ years. The exterior limestone appears to need cleaning and numerous areas of damage are evident from ground-level viewing. The east and north elevations appear to have been coated with numerous layers of paint but the brick is damaged (delaminating) in several areas. The metal ornamentation, which is rusting in many areas, needs to be cleaned, repaired, and polished. The windows are now ±20 years in age and will be replaced by the redeveloper. The redeveloper also intends to replace all roof coverings. Overall, the exterior of the structure is judged to be in fair condition.

The Jackson County Assessor identifies the improvements as being of “average” quality in “average” condition. Assessors tend to pay minimal attention to non-taxed government properties.

Interior  
Size:  
The owner’s architect indicates the tower contains 324,812 gross square feet above grade and 52,859 square feet below grade. The table on the following page contains a breakdown of the gross area of the tower by floor. A typical upper floor layout (4th to 20th floors) is included on the second page following.
**Old Federal Reserve Bank – Gross Building Area**

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<thead>
<tr>
<th>Area</th>
<th>GSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lobby</td>
<td>47,523</td>
</tr>
<tr>
<td>1st Floor Mezz.</td>
<td>16,449</td>
</tr>
<tr>
<td>2nd Floor Mezz.</td>
<td>3,798</td>
</tr>
<tr>
<td>3rd Floor Mezz.</td>
<td>3,511</td>
</tr>
<tr>
<td>4th Floor</td>
<td>14,322</td>
</tr>
<tr>
<td>5th Floor</td>
<td>14,322</td>
</tr>
<tr>
<td>6th Floor</td>
<td>14,322</td>
</tr>
<tr>
<td>7th Floor</td>
<td>14,322</td>
</tr>
<tr>
<td>8th Floor</td>
<td>14,322</td>
</tr>
<tr>
<td>9th Floor</td>
<td>14,322</td>
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<td>10th Floor</td>
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<td>12th Floor</td>
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<td>19th Floor</td>
<td>14,322</td>
</tr>
<tr>
<td>20th Floor</td>
<td>14,322</td>
</tr>
<tr>
<td>21st Floor</td>
<td>10,057</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>324,812</strong></td>
</tr>
</tbody>
</table>

The typical upper floor of the tower contains 14,322 gross square feet and 13,062 rentable square feet for a rentable efficiency of 91.2% in a U-shaped configuration.

**Basement:**
The building contains extensive bullet-proof glass and the vault area (with 3 vault doors ranging up to 50 tons in weight). The tower basement connects to the basement under security/screening, the Annex, and the parking garage. Although the basement runs beneath the security/screening and Annex building the only access is via the tower basement.

**Floors:**
The first floor lobby has an extensive provision of marble tiles (matching the columns and wainscot). Remaining areas in the building are a mixture of dated carpet, asphalt composition tile, bare concrete, and linoleum (gymnasium floor). Most of the carpet has been removed from the upper floors of the tower leaving the glued subfloor exposed. Computer rooms have obsolete 1' high raised floors.

**Walls:**
The original wall structure is plaster. Marble panels form a wainscot in the lobby. More recent updating includes gypboard partitions or glass walls. Some areas like the former executive floor (19th) have extensive wood paneling. Some areas have vinyl wall covering. The three-story columns adorning the ornate lobby finish are covered in marble.
Ceilings:
Varied provision including coffered ceiling and ornamental plaster cornice in the lobby and gypboard or suspended ceiling grid in most other areas. Much of the ceiling grid in the upper floors has been removed by the prior owner in an unsightly manner.

Lighting:
The lighting fixtures typically are recessed fluorescent or incandescent fixtures. Older fixtures may contain PCBs in ballasts (most likely removed in 1990s renovation). Many light fixtures have been removed by the former owner in an unsightly manner. Three ornate two-story hanging chandeliers illumine the lobby area.

Restrooms:
Each floor has restrooms. Most restrooms were updated over the years and lack historic features with asphalt composition tile or quarry tile flooring, painted gyp walls, and bland countertops. Fixtures include vacuum-flush stools and urinals in metal privacy panels. The majority of restrooms appear to be ADA compliant but a few are not.

Kitchen:
A full-service cafeteria was located on the 10th floor. However, the prior owner has removed all of the kitchen equipment (resulting in floor and wall damage) leaving only dated serving line improvements.

Elevators:
The tower has 10 passenger elevator shafts along the north elevation. Only 8 shafts have elevators. The elevators date to 1914 and operate on the relay system. The elevator shafts are not pressurized. Only one passenger elevator has been operated or maintained the past 6½ years. Elevators serve all upper floors except #1 which serves only the 1st to 7th floors. Only 2 elevators access the basement. Two freight elevators run between the basement and the first floor (dock).

HVAC:
The property is linked to the city steam loop. The steam heats water which is delivered to each floor (converted in tab units and transferred through air handlers). Warm air is released above the windows along the perimeter walls. Two boilers retained for back up purposes are in the basement but have not been operated for roundly 20 years. The building has three chillers (running on Freon 11) in the basement and three 500-ton Trane cooling towers on the roof. Some mezzanine areas have individual package units. Reportedly all asbestos has been removed from pipe wrapping.

Electricity:
The main electrical room contains two transformers (500 KVA). The main electrical service is 3,000 amps, 480V or 208/120V, 3 phase, 4 wire. The tower has 4 electrical rooms.

Fire Safety:
The building lacks comprehensive fire sprinklers. The connector between the garage and the tower base does have fire sprinklers. Standpipes with hoses are present on each floor. However, the system is not operational.
Quality:
The layout is dysfunctional by modern standards in terms of floorplate size, configuration, efficiency (extensive common and mechanical areas), and placement of internal structural members (on some lower floors). The property is only partially ADA compliant. The heat and cooling systems are advancing in age. The elevators shafts are not pressurized. Elevators date to 1914 and replacement parts must be fabricated. All of the interior finish including the executive floor (19th) is dated and obsolete. The sole exception would be the historic lobby. The restroom provision is generally adequate but of fair quality at best. All told, except for the lobby and executive floor, the interior quality varies from poor to fair.

Age/Condition:
The interior finish generally ranges from 20 years to 93 years in age. The vast majority of the office finish has reached the end of its useful life or has been damaged by a former owner’s demolition/stripping work. Due to the extended vacancy within the building ceiling covering has fallen, light fixtures have fallen, vinyl wallcovering has peeled off, window coverings are askew and dated, mold was observed (ceiling, walls, floors, vents). Overall, apart from the attractive finish in the lobby area, the interior is judged to be poor to fair condition.

Site Improvements
The office tower improvements essentially cover all of Lots 103, 104, and 105. Concrete planters surround the building at street level but were placed for crash prevention purposes rather than for landscaping purposes (which is added during clement weather months).

Functionality
As mentioned above the building systems (heating, cooling, electrical, plumbing, restrooms, elevators, fire safety) are dated and lack functionality for modern office use. The building is not ADA compliant. The building windows are ±20 years old. One of the functional issue in the demise of the building as a competitive contemporary office product is the small floorplates and the U-shaped configuration. The upper floors of the tower contain only 13,062 rentable square feet. Modern design standards would be 20,000 to 35,000 rentable square feet in the urban core and up to 50,000 to 100,000 square feet in the suburbs. Internal structural members (∩ beams) also inhibit the layout of 3 lower floors. The adjoining location of the parking garage and the U-shape of the tower causes the 2nd and 3rd floor mezzanine levels and Floors 4, 5, and 6 to be obscured by the west wall of the garage (prohibiting view and diminishing light penetration). The subject office buildings do have off-street parking available but at a somewhat low ratio of 1.5 spaces per 1,000 square feet (3.0/1,000 being the current standard).

Environmental Issues
The consultant was informed that the government had removed all asbestos-containing materials from the improvements. Light fixtures appear to be recent enough that PCBs would not exist in the ballasts. Due to the age of the building lead-based paint might still exist in some areas (though unlikely). Chemicals are being stored in several rooms designated by hazardous materials signs.

Conclusion
The subject office tower structure is now 93 years old. The interior has been remodeled on several occasions (last in 1990s). Most of the interior has been damaged and left in dilapidated or deteriorating condition due to the demolition/stripping plan of a former owner and 6½ years of
vacancy and minimal maintenance. The building is full of trash and abandoned FF&E. Due to the deteriorating/dilapidated condition and functional and external obsolescence the building is no longer feasible for office use. Older office buildings within the downtown loop similar to the subject are being converted to residential (apartments or condos) or lodging use. The building is historic and is listed on the National Register of Historic Places and redevelopment is desirable and beneficial to the vibrancy of the downtown.

**Security/Screening Building**
The 1-story “Security/Screening” building is located adjoining to the north elevation of the former Federal Reserve Bank tower. This structure actually provided street-level secured access to all entrants to the bank. The building connects to the northwest corner of the first floor lobby of the tower. The structure was built in 2002 (age=12 years) and contains 1,490 square feet above grade. The tower basement runs under this building (no access). The exterior of the structure includes stucco and metal frame fixed sash windows (tinted). The building has an entrance at the southwest corner and the northwest corner. The structure is only ±40’ deep and a landscaped courtyard is behind the building (obscured from view by the southerly adjoining tower, northerly adjoining Annex, and easterly adjoining alley/parking garage). (The courtyard is visible from the alleyway.) The courtyard color scheme was painted to match the walls of the southerly and northerly adjoining buildings. A canvas canopy covers the entrance to the courtyard. Concrete planters are used for landscaping. The roof of the structure is flat with tar and gravel covering.

The first floor interior of the building is mostly entrance finish with varied security features. Walls are painted gypboard, floors are carpeted, and the ceilings are suspended metal grid with recessed fluorescent fixtures.

Overall, the exterior is of average quality and condition while the interior is of fair to average quality and condition. The building has minimal use apart from the former security/screening for the bank (functional obsolescence). The structure was also designed to absorb a blast and will collapse outward. The structural improvements are essentially located on Lot 106 and no site improvements exist except for the previously mentioned concrete planters along Grand Boulevard that serve as crash protectors. The courtyard area is actually elevated concrete Ts supported by concrete beams located in the basement area (which creates the potential for water migration into the basement). This structure is likely to be replaced in the redevelopment of the subject complex.

**Annex (Four-Story) Office Building**
The four-story “Annex” office building is located adjoining to the north elevation of the security/screening building and south of the subject surface parking lot (16 spaces). This structure does not have interior access to the southerly adjoining subject structures. Exterior access is located at ground level in the southwest corner of the building (Grand Boulevard). The four-story office building was built in 1910 (age=104 years) and contains 22,975 square feet (5,744 Sq.Ft. per floor). The exterior of the structure appears to be mostly original with three window bays on the upper floors above a solid band of storefronts (metal frame) on the ground level. The exposed north and south elevations have a few smallish windows (double hung) on the upper floor. The rear elevation has three bays of fixed pane windows in metal panes. An exterior fire escape and stairs (metal) is along the rear elevation. The front (west) façade includes limestone blocks and cornice work. The remaining elevations are painted brick. The flat roof has
a ballasted hot tar covering. The rooftop is not visible from the adjoining alleyway. A cooling tower is atop the roof.

The interior of the building was used as office and workout (fitness) space. The office finished is generally dated or deteriorated. (Here again, the former owner has done demolition/stripping work.) Floors are typical dated carpet that remains or has been removed. Walls are painted gypboard and the ceilings are suspended metal grid with recessed fluorescent fixtures. Significant damage has resulted from ceiling leaks. The building is served by a stairwell and one passenger elevator (not operated in 6½ years). The building has water and electrical service but relies upon the tower for heating and cooling (although a cooling tower is located on the roof).

Overall, the exterior is of poor to average quality and condition while the interior is of poor to fair quality and condition. The roof is now 35 years old and has not been maintained resulting in interior damage. The HVAC connection to the tower would make division and sale of this property improbable. The improvements are essentially on Lot 107 and no site improvements exist except previously mentioned concrete planters along Grand that serve as crash protectors.

**Parking Garage**

In 1965 (age=49 years), a somewhat stark and imposing six-level addition containing 214,166 square feet was constructed to the east of the original building (with connection above the interdicting alleyway). Housing a parking garage (6-level split tier design with 12 decks including 10 decks within the structure and 2 open roof levels and a total of 450 spaces) and an expanded subterranean bank vault, the structure has a monolithic block that rests on top of stocky stoneclad posts. Metal grilles cover the spaces between the posts. Narrow, vertical slits divide the block into three bays on the north and south elevations and into seven bays on the east elevation. The slits and a fluted, flared base provide the only relief to the solid, dressed stone block. At the west end of the south elevation, the north end of the east elevation, and north end of the west elevation are vehicular entrances to the garage. The only additional ornament is two gold Federal Reserve Bank seals applied to the south and east walls above the vehicular entrances. The aforementioned garage openings are secured by pop up security blocks/tire slashers and roll up metal doors. Stairwells are heated, the garage has fire sprinklers (turned off), lighting is from ceiling attached exposed strip fluorescent fixtures, and the building has air vents on each floor for ventilation. Site improvements are limited to the previously mentioned concrete planters along E 10th Street and Grand Boulevard that serve as crash protectors.

Overall, the structure is of fair to average quality in poor to fair condition. The exterior has not been maintained for 6½ years resulting in extensive damage to the soffit and overhangs and the metal grilles. The decks and ceilings are damaged or deteriorating in many places (with rebar exposed). Lighting is adequate. Sprinkler heads in the garage or in the stairwells have frozen and burst in the recent past and have been turned off.

**Surface Parking Lots**

A surface parking lot is located at the north end of the Grand Boulevard tax parcel (Lot 108). The parking lot has one curbcut from Grand Boulevard, is below grade of the easterly adjoining alley, and is lined for 16 spaces. As the lot is somewhat narrow pull in parking is available along the north elevation of the Annex while a few spaces parallel the northerly adjoining loft building. The lot has deteriorated asphalt paving and striping, as well as, rusting entry equipment (moving
arm actuated by card reader). Lighting is provided by a strip of incandescent lamps attached to the north elevation of the adjoining Annex (four-story) office building.

A surface parking lot is located at the southwest corner of E 9th Street and McGee Street at the north end of the McGee Street tax parcel (Lots 111-113). The parking lot has two curbcuts from McGee Street and is enclosed by an iron grate security fence. (No access is provided from E 9th Street.) The lot is lined for 52 spaces. The lot has deteriorated asphalt paving and striping, as well as, rusting entry equipment (moving arm actuated by card reader) at each entrance. Lighting is provided by a metal post on concrete base located at the center of the lot with four incandescent lamps attached. A canvas canopy covers a concrete stairway that provides access to the southerly adjoining parking garage structure.

**Site Improvements**
The proposed redevelopment area essentially has no site improvements other than the previously mentioned concrete landscaping planters that are actually crash protectors for the structures.

**Environmental**
The consultant was provided with a Phase II Environmental Assessment dated May 9, 2005 prepared by FINEnvironmental, Inc. The Phase II assessment was undertaken due to the previous presence of a printing operation within a now demolished building on the subject surface parking lot along Grand Boulevard (Western Blueprint had operated at 909 Grand Boulevard from 1945 to 1976) and a parking garage (904-910) and gas station (912) along McGee Street that apparently each operated 2 gasoline tanks on the property. It is unclear whether the gasoline tanks were ever removed. Borings at all three sites indicated levels of Naphthalene, Toluene, Ethyl-Benzene, Xylenes, TPH, or lead. However, levels were below State of Missouri default target levels and no further investigation was warranted.

**Conclusion**
The proposed redevelopment area includes three office structures facing Grand Boulevard that are 14, 93, and 104 years in age. All three structures have been vacant for 6½ years and have received minimal if any maintenance during the extended vacancy. The Grand Boulevard parcel and the parking garage are listed on the National Register of Historic Places (Feb-2007). The structure has an institutional appearance and the exterior is in fair to average condition. Unfortunately, the interior is no longer functional for office use and exhibits significant damage, dilapidation, deterioration, and depreciation of maintenance (exacerbated by the demolition plan of the former owner which stripped the interior of all items of value). The exterior of the two smaller office structures to the north of the tower are in poor to average condition. Here again, the interior is tired, deteriorated, or damaged by water leaks or the former owner. The parking garage and surface parking lots provide valuable covered and uncovered parking (but all secured) for the office structures. The parking garage is of average quality in poor to fair condition. The surface parking lots are generally in poor condition.

Photographs on the following pages are from the interior inspection of the improvements. Additional photographs of negative factors influencing the proposed redevelopment area are included later in the report.
**Photograph No. 1:**
The Ornate Lobby Area in the Tower

**Photograph No. 2:**
Ornate Ceiling in the Lobby Area of Tower

**Photograph No. 3:**
Ornate Elevator Doors in the Lobby Area of the Tower
PHOTOGRAPH NO. 4:
19TH FLOOR
EXECUTIVE LEVEL

PHOTOGRAPH NO. 5:
20TH FLOOR GYMNASIUM

PHOTOGRAPH NO. 6:
10TH FLOOR CAFETERIA
PHOTOGRAPH NO. 7:
TYPICAL INTERIOR FINISH IN THE TOWER

PHOTOGRAPH NO. 8:
TYPICAL INTERIOR FINISH IN THE TOWER

PHOTOGRAPH NO. 9:
TYPICAL INTERIOR FINISH IN THE TOWER
PHOTOGRAPH NO. 10:
TYPICAL INTERIOR FINISH IN THE TOWER

PHOTOGRAPH NO. 11:
TYPICAL INTERIOR FINISH IN THE TOWER

PHOTOGRAPH NO. 12:
TYPICAL INTERIOR FINISH IN THE TOWER
PHOTOGRAPH NO. 13:
TYPICAL INTERIOR FINISH IN THE TOWER

PHOTOGRAPH NO. 14:
TYPICAL INTERIOR FINISH IN THE TOWER

PHOTOGRAPH NO. 15:
COMPUTER ROOM IN THE TOWER
PHOTOGRAPH NO. 16:
INTERIOR OF 4-STORY ANNEX OFFICE BUILDING

PHOTOGRAPH NO. 17:
INTERIOR OF 4-STORY ANNEX OFFICE BUILDING

PHOTOGRAPH NO. 18:
TYPICAL PARKING LEVEL IN THE PARKING GARAGE
CONSERVATION AREA ANALYSIS
CONSERVATION AREA ANALYSIS

Required Finding

Pursuant to Missouri Revised Statutes (Section 99.805(12)) a municipality may not adopt a redevelopment plan without a finding that the redevelopment area on the whole is classified as a blighted area, a conservation area, an economic development area, or an enterprise zone. It is important to note that the finding of blight is based on the area as a whole and not on a parcel by parcel basis, although each parcel must be analyzed individually for blight. The conservation area requires that 50% or more of the buildings within the proposed redevelopment area be 35 years in age or greater.

Conservation Area Defined

Section 99.805(3) of the Missouri Revised Statutes defines a “conservation area” as follows:

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

The various components of the definition serve as the basis for further discussion concerning whether the proposed redevelopment area qualifies as a conservation area.

CA Qualification: Improvement Age

The definition stipulates that the redevelopment area be improved (vacant land does not qualify). The subject is improved with four structures having ages as summarized in the table below:

<table>
<thead>
<tr>
<th>Structure</th>
<th>Built</th>
<th>Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Tower</td>
<td>1921</td>
<td>93</td>
</tr>
<tr>
<td>Security/Screening</td>
<td>2002</td>
<td>14</td>
</tr>
<tr>
<td>Four-Story Office</td>
<td>1910</td>
<td>104</td>
</tr>
<tr>
<td>Parking Garage</td>
<td>1965</td>
<td>49</td>
</tr>
<tr>
<td>Weight-Average</td>
<td>1938</td>
<td>76</td>
</tr>
</tbody>
</table>

The definition requires that 50% or more of the improvements within a redevelopment area have an age of 35 years or more. All improvements within the proposed redevelopment area except the security/screening building easily qualify under this criterion. The bulk of the improvements within the redevelopment area range in age from 49 to 104 years and easily fulfill the age requirement of the Conservation Area definition. The security/screening building (only 14 years)
contributes only 1,490 square feet of the overall 563,443 square feet. The average age of all improvements is 65 years and the weight-average age (based on square footage) is 76 years. Additionally, according to Marshal Valuation Service, published by Marshall & Swift, the life expectancy of an excellent quality government and office buildings is 60 years while parking garages have a lower figure of 45 years. Therefore, the subject improvements are beyond the end of their useful life (apart from significant renovations).

**CA Factor #1: Dilapidation**

Dilapidation and deterioration are somewhat similar terms. Dilapidation reflects a building in bad condition (decay or partial ruin) because of age or lack of care, whereas deterioration is the process of becoming progressively worse. In other words dilapidation occurs when deterioration runs its course.

Because of the advanced age of the bulk of the office improvements (93 to 104 years) within the proposed redevelopment area dilapidation is evident. The dilapidation applies more to the interior of the buildings than the exteriors which exhibit deterioration (as discussed later). Other than the lobby and 19th and 20th floors of the office tower, which are dated or deteriorating, the remaining floors exhibit extreme levels of dilapidation. A mixture of issues contribute to the very bad condition including partially completed demolition/stripping efforts by a former owner, the extended vacancy of the property (now 6½ years), water leaks, and minimal heating and cooling of the building. A total of 132 photographs included later in the report document the extensive and varied dilapidation of the interior of the tower and Annex. The dilapidation results from extensive damage to ceilings, lighting, walls, floors, restrooms, plumbing fixtures, electrical, freight elevators, computer room fixtures, and shattered glass sidelights. Due to the age and extensive damage (as well as functional obsolescence) almost no interior finish is salvageable.

**CA Factor #2: Obsolescence**

**Floorplate Issues**

Major issues resulting in significant functional obsolescence are the small floorplates and U-shaped configuration of the tower. (An important issue for the vacation by the Federal Reserve Bank was the lack of setback which did not meet post-9/11 security requirements requiring buildings to have a 100' buffer from the street.) The new Federal Reserve facility near 29th Street and Main includes 12 office floors above a 2-story base containing its operations facilities (operations center on first floor and a conference center, cafeteria, and training center on the second floor). The total area contained in the tower is approximately 620,000 square feet equating to 44,286 square feet per floor. This average figure is an exaggeration as the 2-story base is substantially larger than the office tower. Still, the office tower floorplates contain approximately 24,500 gross square feet and are nearly square in configuration. By comparison, the typical subject floorplates are a much smaller 14,322 gross square feet per floor in a dysfunctional U-shaped configuration. The adjoining parking garage also blocks the view of 5 lower floors of the office tower (2nd and 3rd floor mezzanines, 4th, 5th, and 6th floors). Additionally, the 7th through 9th floors (and perhaps higher) simply look out onto the parking garage roof. The table on the following page provides comparison of the average floorplate at the former FRB tower with 15 other more recent office properties in the CBD neighborhood:
<table>
<thead>
<tr>
<th>Building Name</th>
<th>Address</th>
<th>Built</th>
<th>Stories</th>
<th>Floorplate SF</th>
<th>Diff. to OFR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commerce Tower</td>
<td>911 Main</td>
<td>1965</td>
<td>30</td>
<td>14,800</td>
<td>3%</td>
</tr>
<tr>
<td>10 Main Center</td>
<td>920 Main</td>
<td>1968</td>
<td>20</td>
<td>13,853</td>
<td>-3%</td>
</tr>
<tr>
<td>2345 Grand</td>
<td>2345 Grand</td>
<td>1977</td>
<td>28</td>
<td>19,162</td>
<td>34%</td>
</tr>
<tr>
<td>City Center Square</td>
<td>1100 Main</td>
<td>1977</td>
<td>30</td>
<td>19,927</td>
<td>39%</td>
</tr>
<tr>
<td>Town Pavilion</td>
<td>1111 Main</td>
<td>1986</td>
<td>38</td>
<td>23,377</td>
<td>63%</td>
</tr>
<tr>
<td>2405 Grand</td>
<td>2405 Grand</td>
<td>1986</td>
<td>14</td>
<td>18,000</td>
<td>26%</td>
</tr>
<tr>
<td>Commerce Bank Building</td>
<td>1000 Walnut</td>
<td>1986</td>
<td>18</td>
<td>22,500</td>
<td>57%</td>
</tr>
<tr>
<td>Two Pershing Square</td>
<td>2300 Main</td>
<td>1987</td>
<td>11</td>
<td>48,902</td>
<td>241%</td>
</tr>
<tr>
<td>One KC Place</td>
<td>1200 Main</td>
<td>1988</td>
<td>42</td>
<td>20,000</td>
<td>40%</td>
</tr>
<tr>
<td>1201 Walnut</td>
<td>1201 Walnut</td>
<td>1991</td>
<td>30</td>
<td>20,000</td>
<td>40%</td>
</tr>
<tr>
<td>2600 Grand</td>
<td>2600 Grand</td>
<td>1991</td>
<td>14</td>
<td>23,000</td>
<td>61%</td>
</tr>
<tr>
<td>FAA</td>
<td>901 Locust</td>
<td>1999</td>
<td>6</td>
<td>34,101</td>
<td>138%</td>
</tr>
<tr>
<td>H&amp;R Block</td>
<td>1301 Main</td>
<td>2006</td>
<td>17</td>
<td>27,675</td>
<td>93%</td>
</tr>
<tr>
<td>New Federal Reserve</td>
<td>29th &amp; Main</td>
<td>2008</td>
<td>14</td>
<td>24,500</td>
<td>71%</td>
</tr>
<tr>
<td>JE Dunn</td>
<td>1001 Locust</td>
<td>2009</td>
<td>6</td>
<td>34,167</td>
<td>139%</td>
</tr>
<tr>
<td>Average</td>
<td>1988</td>
<td>21</td>
<td>24,264</td>
<td></td>
<td>69%</td>
</tr>
<tr>
<td>Former FRB Tower</td>
<td>925 Grand</td>
<td>1921</td>
<td>21</td>
<td>14,322</td>
<td></td>
</tr>
</tbody>
</table>

The floorplates at the comparable office array range from 13,853 to 48,902 square feet or from 469 square feet smaller (-3%) to 34,580 square feet larger (+241%) than at the subject office tower. The average floorplate at the 15 comparison properties is 24,264 square feet which is 9,942 square feet larger than at the subject. The average floorplate at the comparables is 69% larger than the subject average. The new Federal Reserve is 71% larger than the subject old Federal Reserve. It should also be noted that the GSA chose Two Pershing Square for their new area headquarters which has the largest floorplate in the array. The new IRS complex actually has the largest floorplates in the urban core.

Smaller floorplates in older buildings and changing office dynamics have led to the conversion of numerous older downtown mid-rise and high-rises office properties to residential use. Sixteen recent conversions of high-rise or skyscraper offices to residential use are outlined in the table below:

<table>
<thead>
<tr>
<th>Property Name</th>
<th>Built</th>
<th>Stories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dwight Building (Library Lofts)</td>
<td>1902</td>
<td>10</td>
</tr>
<tr>
<td>Lucas Place</td>
<td>1904</td>
<td>8</td>
</tr>
<tr>
<td>Argyle Building</td>
<td>1906</td>
<td>10</td>
</tr>
<tr>
<td>Burnap Building (Library Lofts)</td>
<td>1909</td>
<td>6</td>
</tr>
<tr>
<td>Dierks Building</td>
<td>1910</td>
<td>17</td>
</tr>
<tr>
<td>Western Auto</td>
<td>1914</td>
<td>12</td>
</tr>
<tr>
<td>Graphic Arts Building</td>
<td>1915</td>
<td>8</td>
</tr>
<tr>
<td>Pershing Building</td>
<td>1919</td>
<td>10</td>
</tr>
<tr>
<td>Professional Building</td>
<td>1923</td>
<td>16</td>
</tr>
<tr>
<td>Board of Trade</td>
<td>1924</td>
<td>14</td>
</tr>
<tr>
<td>Fidelity National</td>
<td>1930</td>
<td>32</td>
</tr>
<tr>
<td>KC Power &amp; Light</td>
<td>1931</td>
<td>36</td>
</tr>
<tr>
<td>Old Federal Courthouse</td>
<td>1932</td>
<td>10</td>
</tr>
<tr>
<td>Park Place</td>
<td>1963</td>
<td>19</td>
</tr>
<tr>
<td>Commerce Tower</td>
<td>1965</td>
<td>30</td>
</tr>
<tr>
<td>Mercantile (Wallstreet) Tower</td>
<td>1975</td>
<td>20</td>
</tr>
</tbody>
</table>
A number of these properties are older than the subject tower but most are not as tall. Due to the combination of the building height and the location adjoining a full square block of surface parking to the south, view amenity for future use exists.

Internal structural members (∩ columns resembling cruise line hallways) also inhibit the layout of 3 lower floors. The four-story lobby is functionally obsolete and difficult to heat and cool, maintain, and repair. The stairwell and many of the hallways in the four-story Annex office building are quite narrow.

**Low Parking Provision**

Parking is always at a premium in the downtown core. Most new office structures have been built with underground parking. The table below compares the subject parking provision with 18 other downtown mid- to high-rise structures.

<table>
<thead>
<tr>
<th>Property Name</th>
<th>Built</th>
<th>Spaces</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York Life Bldg.</td>
<td>1888</td>
<td>565</td>
<td>2.5</td>
</tr>
<tr>
<td>Mark Twain Tower</td>
<td>1915</td>
<td>225</td>
<td>1.2</td>
</tr>
<tr>
<td>Pershing Building</td>
<td>1919</td>
<td>320</td>
<td>2.8</td>
</tr>
<tr>
<td>Commerce Tower</td>
<td>1964</td>
<td>834</td>
<td>1.9</td>
</tr>
<tr>
<td>NationsBank</td>
<td>1968</td>
<td>755</td>
<td>2.2</td>
</tr>
<tr>
<td>Mercantile (Wallstreet) Tower</td>
<td>1975</td>
<td>600</td>
<td>2.6</td>
</tr>
<tr>
<td>2435 Grand</td>
<td>1977</td>
<td>799</td>
<td>1.4</td>
</tr>
<tr>
<td>City Centre Square</td>
<td>1978</td>
<td>320</td>
<td>2.2</td>
</tr>
<tr>
<td>One Pershing Square</td>
<td>1979</td>
<td>948</td>
<td>5.8</td>
</tr>
<tr>
<td>Commerce Bank Building</td>
<td>1986</td>
<td>600</td>
<td>3.0</td>
</tr>
<tr>
<td>Town Pavilion</td>
<td>1986</td>
<td>2,500</td>
<td>3.0</td>
</tr>
<tr>
<td>2405 Grand</td>
<td>1986</td>
<td>1,700</td>
<td>3.0</td>
</tr>
<tr>
<td>Two Pershing Square</td>
<td>1987</td>
<td>1,695</td>
<td>3.5</td>
</tr>
<tr>
<td>One KC Place</td>
<td>1988</td>
<td>1,200</td>
<td>1.5</td>
</tr>
<tr>
<td>1201 Walnut</td>
<td>1991</td>
<td>2,500</td>
<td>3.0</td>
</tr>
<tr>
<td>2600 Grand</td>
<td>1991</td>
<td>1,700</td>
<td>3.0</td>
</tr>
<tr>
<td>H&amp;R Block</td>
<td>2006</td>
<td>1,130</td>
<td>2.4</td>
</tr>
<tr>
<td>JE Dunn</td>
<td>2009</td>
<td>800</td>
<td>3.9</td>
</tr>
<tr>
<td><strong>AVERAGE</strong></td>
<td>1972</td>
<td>1,066</td>
<td>2.7</td>
</tr>
<tr>
<td><strong>Old Federal Reserve</strong></td>
<td>1938</td>
<td>518</td>
<td>1.5</td>
</tr>
</tbody>
</table>

The recent downtown parking standard is 3.0 spaces per 1,000 rentable square feet (twice the provision at the proposed redevelopment area) provided in underground parking, adjacent above ground structured parking, adjacent surface lots, or combination thereof. The average of these 18 downtown office properties is 2.7 spaces per 1,000 square feet which is 1.2 spaces per 1,000 square feet higher than for the proposed redevelopment area.

**Window Provision / Inefficiency**

The entire north face of the office tower is devoid of windows due to the placement of the elevator shafts along the elevation. Typically, elevators are placed within the center core of the building allowing for perimeter window space. The four-story Annex office building also lacks adequate window space on the south and north elevations (limited to a row of smallish windows on the 4th floor). The location of the parking garage immediately to the east of the office tower results in an enclosed area of 5 floors inhibiting view and light penetration to the tower.
The original double-hung windows were replaced in the 1970s with single pane fixed sash windows. Thermopane windows were added in the 1990s and are now ±20 years in age. The windows are now less efficient by modern standards and the metal frames are faded.

Due to the listing on the National Register of Historic Places replacing the subject windows will be very costly with reversion back to the historical double-hung design.

**Dated Interior Finish/Layout**
The interior office finish is quite dated now and modern finish would be of different materials. In particular, interior perimeter plaster walls make repairs of building systems hidden within or behind the wall difficult, disruptive, and expensive. Even the 19th floor, the former executive level for the Federal Reserve Bank of Kansas City, which is good quality finish, is very tired and dated. Office design, layout, and construction materials have changed fairly dramatically in recent years as outlined in the recent article entitled “Redrawing The Office” published in the April 25, 2014 issue of the Kansas City Business journal.

**Outdated Heating & Cooling**
Warm air in the tower is delivered to vents over the windows along the perimeter of the floor. The steam heat is connected to all of the structures inhibiting division and sale of individual structures. The three cooling towers on the roof of the tower are older while the smaller water towers on the Annex and security/screening buildings range from 9 to 14 years in age. The tower coolers have had minimal maintenance the past 6½ years while the smaller coolers on the smaller structures have had no maintenance. The tower has a mixture of pneumatic and digital controls. The former are working the latter are not. During the inspection certain “hot areas” were noted where window A/C units had been jerry rigged to provide cooling to hard to regulate areas.

**Elevators**
The subject has an adequate provision of elevators. However, the elevator design and equipment date to 1921. The elevators operate on relay logic. Shafts are not pressurized. Replacement parts have to be fabricated (greatly increasing maintenance costs). Only one passenger elevator has been operated and maintained the past 6½ years and all of the remaining elevators would have to inspected and maintained before use. One of the two freight elevator cabs has been heavily damaged by water.

**Electrical Systems**
Most electrical systems have been updated at some point. However, as pointed out during the inspection some code violations exist.

**Crash Guards**
Due to the lack of mandated street setback, the government placed excessive concrete crash guards designed like landscaping planters. The presence of these crash guards is no longer necessary and they disrupt pedestrian traffic which is desired in the urban core atmosphere.

**Mechanical Chase Entrance Doors**
The mechanical chase on some floors is accessed by very small doors which inhibit human movement but also make movement of replacement parts in and out difficult. Over the years many of these doors have been replaced by normal double doors.
Fire Systems
The tower does not have fire sprinklers, instead the tower has obsolete fire hoses and the water is currently turned off. The four-story Annex building has exterior fire stairs. Some sprinkler heads in the parking garage have frozen and burst on several occasions and the system is turned off.

Computer Room
The computer room is outdated, most specifically the raised flooring which is now too low by modern standards.

Security Features
Being a former Federal Reserve Bank the subject office tower had considerable security features that are no longer necessary (including bullet-proof glass, vaults and vault doors, guard stations, and cameras).

Obsolescence Conclusion
According to Marshall & Swift, the economic life of excellent quality government or office buildings is 60 years. The subject vacated Federal Reserve Bank building is now 93 years old. Unless extensive and costly rehabilitation is undertaken, the historic Kansas City structure is at the end of its economic life. Buildings of advanced age not only suffer from advancing physical deterioration but generally are also inhibited by advancing functional obsolescence (as is the case with the subject property). The advanced age and design of the redevelopment area improvements results in significant physical and functional deficiencies (obsolescence). Later in the report 24 photographs depicting the varied items of obsolescence at the proposed redevelopment area are included.

CA Factor #3: Deterioration

Building Exteriors
The limestone block on the office tower west and south elevation is now damaged in several places. The limestone blocks also need to be cleaned, most notably on the lower levels of the south elevation. The brick on the east and north elevations of the office tower and the south, east, and north elevations of the four-story Annex office building are damaged in several places. The woodwork and the ped doors on the front elevation of the four-story Annex office building need repair. Hundreds of pigeons congregate on the ledges of the lower floors and extensive excrement is damaging the masonry on the facades.

Building Interiors
Deterioration of the ceilings, walls, and flooring is evident in all three office building structures. The remaining cafeteria, library, gymnasium, and auditorium improvements (not demolished or stripped) are all deteriorating.

Parking Garage Exterior
The soffits, walls, and protective metal grating of the exterior of the parking garage exhibit damage (water, rust, collision).

Parking Garage Interior
The decks and ceilings of the parking garage interior are damaged in many areas (some revealing the underlying rebar).
Rusting Metal
The decorative and protective metal grid on the exterior lower level of the parking garage exhibits extensive rusting. Parking lot equipment is rusted. Protection posts and railings in the parking lots, stairwells, and surrounding the electrical equipment (transformers) evidences significant rusting. The HVAC equipment located outside is rusting. Ventilation grates are rusting. Interior plumbing and metal is also rusting in many areas. Two areas of water leakage or penetration were noted in the basement. The building utilizes sump pumps due to the reportedly high level of the water table in the area. Extensive amounts of black mold were present in some areas of the tower.

Sidewalks & Driveways
The sidewalks, driveways, and curbcuts surrounding the proposed redevelopment area exhibit deterioration (spalling, cracking, and disintegration) and were last replaced in 1985/1986.

Parking Lots
The paving within the two subject parking lots is in very poor to fair condition. A new layer of asphalt is needed and restriping. Weeds are growing in some portions of the parking lots. All of the parking equipment has not been maintained for many years and needs repair and painting. The iron grate fence with spear tips on the end served security purposes during the Federal Reserve Bank tenure in the building but is foreboding for the downtown environment (and no longer necessary). Trespassing is still possible through the lot entrances which are guarded by simple arms.

Deterioration Conclusion
Numerous issues of deterioration are present within the proposed redevelopment area and it is difficult to differentiate the extensive deterioration from dilapidation. Fifty-three photographs of deterioration within the proposed redevelopment area are included later in the report.

CA Factor #4: Illegal Use Of Individual Structures
Essentially, all of the structures within the proposed redevelopment area have been vacant for 6½ years and have not been in use. The owners have reportedly dealt with some issues of break ins, and vagrancy and loitering and trespassing is evident in the parking lots. (These issues will be addressed later in the analysis.) However, the subject structures have not generally been in illegal use.

CA Factor #5: Presence Of Structures Below Minimum Code Standards
Full determination of this factor is difficult without additional investigation. During the inspection several areas of electrical wiring were observed and commented on that were apparent code violations. Due to the advanced age of the subject improvements complete ADA compliance is lacking. Overall, code violations would be a minor consideration within the proposed redevelopment area.

CA Factor #6: Abandonment
The subject was sold from the Federal Reserve Bank of Kansas City in July 2005. The bank made an agreement to occupy the building as a tenant until the new Federal Reserve Bank complex was completed in 2008. At that time, the bank vacated the subject building and the
buyer began an attempt to redevelop the property as a condominium project. With the recession in 2009 those efforts failed and a subsequent attempt to create lodging use failed. The bank foreclosed on the owner and sold the property to an affiliate of the current owners. Although the subject office buildings have been vacant since 2008 they have not been abandoned. The owners have paid real estate taxes in the interim, although payments were late for at least 5 consecutive years in a row (by first post FRB ownership). The parking garage has continued to be used in the designed purpose operating under a management contract to a parking operator.

CA Factor #7: Excessive Vacancies

The subject office buildings have been completely vacant for the past 6½ years. None of the three office structures is close to being in occupiable condition. The total office building area of 349,277 square feet (above grade) adds significant vacancy and underutilization to the downtown market. The subject property also occupies a visible and central location and should be put to higher use.

The parking garage has continued to operate subject to a contract to a parking operator. The garage is reportedly 70% to 80% occupied.

CA Factor #8: Overcrowding Of Structures And Community Facilities

This factor does not appear to be an issue at the proposed redevelopment area.

CA Factor #9: Lack Of Ventilation, Light Or Sanitary Facilities

Ventilation and sanitary facilities does not appear to be an issue at the proposed redevelopment area. However, the U-shaped design of the office tower and the adjoining parking garage creates a well along the east elevation of the tower that block view and light penetration to a number of lower floors of the tower (2nd and 3rd mezzanine, Floors 4, 5, and 6). In a conversion, the east portion of these floors would need to be hallways or none public areas relying on the windows on the south and west elevations. This issue is compounded by the lack of windows on the north elevation of the tower. The four-story office building also lacks useful windows on the south and north elevations.

Lack of light penetration is considered a negative factor affecting the proposed redevelopment area.

CA Factor #10: Lack Of Utilities

The subject property is located within the downtown loop and all necessary utilities are available and convenient. Distribution of these utilities throughout the structures does not appear to be an issue either. The three office structures are linked for heating and cooling purposes which makes division and sale improbable.

CA Factor #11: Excessive Land Coverage

The proposed redevelopment area includes 21-story, 4-story, and 1-story office buildings, as well as, a 6-story (12-level) parking garage. These improvements are supported by two surface parking lots. Although the FAR within the proposed redevelopment area is fairly dense at 6.7 : 1, the proposed redevelopment area does not suffer from this density, which is common and desired in the urban core environment.
CA Factor #12: Deleterious Land Use Or Layout

The approved uses within the proposed redevelopment area included offices, structured parking, and surface parking. Generally, the layout is acceptable for the urban core with the improvements fronting the adjoining roadways and parking placed to the side (rather than in front as is typical in suburban areas).

CA Factor #13: Depreciation Of Physical Maintenance

Although the proposed redevelopment area was likely well maintained during the occupancy of the Federal Reserve Bank of Kansas City, maintenance has been of only caretaker quality in the interim. In fact, the previous owner undertook demolition/stripping of vast portions of the interiors of the office properties leaving a state of dilapidation. Last year the cooling towers overflowed over the weekend causing extensive damage in the stairwells and along the interior of the west elevation of the tower. Twelve pictures of depreciation are included later in the report.

The depreciation of physical maintenance at the proposed redevelopment area is evidenced by dilapidation, deterioration, obsolescence, trash, and vagrancy/loitering. Twelve photographs are

CA Factor #14: Lack Of Community Planning

The urban core is an appropriate environment for office, structured parking, and surface parking. Although surface parking should be limited in size and positioned away from the core. The urban core environment is also appropriate for high-rise construction. Alleyways are also common within the urban environment.

CA Factors Conclusion

The consultant’s conclusions from the discussion included above concerning conservation area qualifications and factors are summarized in the table below:

<table>
<thead>
<tr>
<th>Age Qualification</th>
<th>Grand Parcel</th>
<th>McGee Parcel</th>
<th>Overall Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor #1 - Dilapidation</td>
<td>Y</td>
<td>N</td>
<td>Y</td>
</tr>
<tr>
<td>Factor #2 - Obsolescence</td>
<td>Y</td>
<td>N</td>
<td>Y</td>
</tr>
<tr>
<td>Factor #3 - Deterioration</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Factor #4 - Illegal Use</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Factor #5 - Code Violations</td>
<td>?</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Factor #6 - Abandonment</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Factor #7 - Excessive Vacancy</td>
<td>Y</td>
<td>N</td>
<td>Y</td>
</tr>
<tr>
<td>Factor #8 - Overcrowding</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Factor #9 - Ventilation/Light/Sanitary</td>
<td>Y</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Factor #10 - Lack Of Utilities</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Factor #11 - Excessive Coverage</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Factor #12 - Deleterious Use/Layout</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
<tr>
<td>Factor #13 - Dep. Physical Maintenance</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Factor #14 - Community Planning</td>
<td>N</td>
<td>N</td>
<td>N</td>
</tr>
</tbody>
</table>
Per the definition included within the Missouri Revised Statutes (99.805(3)) at least 50% of the structures within the proposed redevelopment area must be at least 35 years in age. Only the smallish security/screening building does not meet this criterion. Additionally, the proposed redevelopment area must suffer from at least 3 of these negative factors to qualify as a conservation area. The Grand Boulevard tax parcel suffers from at least 7 factors and to an excessive amount (predominance). The McGee Street tax parcel suffers from only 2 with deterioration and depreciation of physical maintenance becoming quite obvious. The combined or overall property clearly suffers from 5 of these factors and to predominant levels.

Therefore, a predominance of negative factors exists within the proposed expansion area and examination follows as to whether these factors result in the conservation area conditions of being detrimental to the public health, safety, morals, and welfare.

**Detriment To The Public Health, Safety, Morals, And Welfare**

The advanced age (dilapidation and deterioration) and design (obsolescence) of the subject improvements creates detrimental issues but also results in extended vacancy which creates additional detrimental issues.

Deterioration, dilapidation, and depreciation of physical maintenance, which are varied and extensive at the proposed redevelopment area, result in health, safety, and welfare issues. The obsolescence creates health and safety issues but also public welfare issues caused by the resulting excessive and extended vacancy which results in under use, taxation, and economic impact. For instance, although the property is currently generating roundly $312,000 in real estate taxes, if renovated and redeveloped to the proposed lodging use significantly higher real estate taxes could be generated:

\[
301 \text{ prime lodging rooms} \times 275,000 \text{ per room} \times 32\% \div 100 \times \pm10 \approx 2,650,000
\]

Conversion of the proposed redevelopment area to a major full-service lodging use would also generate significant personal property taxes, convention and tourism taxes (lodging and restaurants), arena fees, utility taxes, and earnings taxes. The economic impact of a 301-room premium hotel with 2 restaurants and bars, ballroom, lounge, and meeting room space would be substantial. The conversion of the 4-story building to boutique lodging use and the addition of data center use in the basement would also fuel real estate, personal property, earning and utility taxes while generating substantial economic impact.

Empty and deteriorating buildings lacking supervision and policing detract from the vibrancy of downtown. Re-use of the significant and historic improvements at the proposed redevelopment area would revitalize the entire city block encompassed by Grand Boulevard (a prominent downtown roadway), McGee Street, and 9th and 10th Streets.

Excessive and extended vacancy also leads to vagrancy, trespassing, loitering, and break ins. The owners have had to tie down doors in the Annex building with ropes to discourage break ins. The inspection indicated trash, human defecation and urination, alcohol consumption, and “camping.” The lack of supervision inevitable with extended vacancy has also resulted in excessive pigeon droppings on building and sidewalks and the presence of multiple bird carcasses.
The varied and extensive dilapidation, depreciation, and depreciation of physical maintenance in the office building interiors include shattered glass (sidelights), mold, and electrical code violations. The improvements are also not ADA compliant and lack comprehensive fire safety. The interior is now filled with trash and abandoned FF&E. Due to the high water table the subbasement, elevator shafts, and stairwells have at times filled with water (during sump pump failure which has been caused by shifting). Due to lack of supervision the cooling towers on the tower roof overflowed (in 2013) and damaged the entire interior for 20 floors along the west elevation.

Fifty-three photographs depicting health, safety, morals, and welfare concerns are included later in the report.

**Conservation Area Conclusion**

All things considered, the proposed redevelopment area is judged to clearly be a detriment to the public health, safety, morals, and welfare due to varied and extensive:

- Aging and Advancing Age
- Dilapidation
- Obsolescence
- Deterioration
- Depreciation of Physical Maintenance
- Excessive Vacancies

As well as, minor code violations, lack of light penetration, trespassing, vagrancy, loitering, break ins, extensive trash and abandoned FF&E. All of which combines to create unrealized real estate taxes, personal property taxes, utility taxes, lodging/tourist taxes, earnings taxes, arena fees, economic impact, and vibrancy.

Therefore, the consultant has determined that the proposed Grand Reserve TIF Plan redevelopment area in Kansas City, Missouri, as of November 24, 2014, qualifies as a “conservation area” according to the definition provided in Missouri Revised Statutes Section 99.805(3).
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, unbiased professional analyses, opinions, and conclusions.

3) I have no present or prospective interest in the property that is the subject of this study, 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 study or to the parties involved with this assignment.

5) My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this study.

6) My analyses, opinions, and conclusions were developed, and this study 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, Scott J. Belke, MAI has completed the requirements of the continuing education program of The Appraisal Institute.

9) Scott J. Belke, MAI made several personal inspections of the proposed redevelopment area that is the subject of this report during November 2014. The effective date of this analysis is November 24, 2014.

10) No one provided significant professional assistance to the person signing this report.

11) I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Scott J. Belke, MAI
President
Missouri State Certified General Real Estate Appraiser (Certificate No. RA 001868)
Kansas Certified General Real Property Appraiser (Certificate No. G-1214)
GENERAL ASSUMPTIONS & LIMITING CONDITIONS

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

1) The information furnished by others is believed to be reliable; however, no warranty is given for its accuracy.

2) Possession of this study 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 consultant.

3) The consultant is not required to give testimony or attendance in court by reason of this study, unless prior agreements have been made in writing.

4) Neither all nor any part of the contents of this study, especially any conclusions as to blight, the identity of the consultant or the firm with which he is connected, or any reference to the 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.

Scott J. Belke, MAI
CONSERVATION AREA PHOTOGRAPHS
DILAPIDATION – TOWER INTERIOR

TYPICAL UPPER FLOOR DILAPIDATION

TYPICAL UPPER FLOOR DILAPIDATION

TYPICAL UPPER FLOOR DILAPIDATION

TYPICAL UPPER FLOOR DILAPIDATION

TYPICAL UPPER FLOOR DILAPIDATION

TYPICAL UPPER FLOOR DILAPIDATION
DILAPIDATION – TOWER INTERIOR

TYPICAL UPPER FLOOR DILAPIDATION

TYPICAL UPPER FLOOR DILAPIDATION

TYPICAL UPPER FLOOR DILAPIDATION

TYPICAL UPPER FLOOR DILAPIDATION
DILAPIDATION – TOWER INTERIOR

SHATTERED GLASS SIDELIGHT

SHATTERED GLASS SIDELIGHT

SHATTERED GLASS SIDELIGHTS

SHATTERED GLASS SIDELIGHT

SHATTERED GLASS SIDELIGHT

UPPER FLOOR DAMAGE
DILAPIDATION – TOWER INTERIOR

DILAPIDATED COMPUTER ROOM

TYPICAL UPPER FLOOR DILAPIDATION

TYPICAL UPPER FLOOR DILAPIDATION

TYPICAL UPPER FLOOR DILAPIDATION

TYPICAL UPPER FLOOR DILAPIDATION
DILAPIDATION – TOWER INTERIOR

UPPER FLOOR CEILING DILAPIDATION

UPPER FLOOR CEILING DILAPIDATION

UPPER FLOOR CEILING DILAPIDATION

UPPER FLOOR CEILING DILAPIDATION
DILAPIDATION – TOWER INTERIOR

LOBBY CEILING DILAPIDATION

UPPER FLOOR CEILING DILAPIDATION

UPPER FLOOR CEILING DILAPIDATION

UPPER FLOOR CEILING DILAPIDATION

UPPER FLOOR CEILING DILAPIDATION
DILAPIDATION – TOWER INTERIOR

UPPER FLOOR CEILING DILAPIDATION

UPPER FLOOR CEILING DILAPIDATION

UPPER FLOOR CEILING DILAPIDATION

BASEMENT CEILING DILAPIDATION

UPPER FLOOR CEILING DILAPIDATION

UPPER FLOOR CEILING DILAPIDATION
DILAPIDATION – TOWER INTERIOR

UPPER FLOOR CEILING DILAPIDATION

UPPER FLOOR CEILING DILAPIDATION

UPPER FLOOR CEILING DILAPIDATION

UPPER FLOOR CEILING DILAPIDATION

BASEMENT CEILING DILAPIDATION

MEZZANINE CEILING DAMAGE
DILAPIDATION – TOWER INTERIOR

GARAGE CEILING DAMAGE

GYMNASIUM CEILING DILAPIDATION

UPPER FLOOR CEILING DILAPIDATION

UPPER FLOOR CEILING DILAPIDATION

UPPER FLOOR CEILING DILAPIDATION

LOBBY CEILING DAMAGE
DILAPIDATION – TOWER INTERIOR

UPPER FLOOR WALL DILAPIDATION

BASEMENT WALL DILAPIDATION

UPPER FLOOR WALL DILAPIDATION

MEZZANINE WALL DILAPIDATION

UPPER FLOOR WALL DILAPIDATION

STAIRWELL WALL DILAPIDATION
DILAPIDATION – TOWER INTERIOR

Stairwell Dilapidation

Upper Level Wall Dilapidation

Upper Floor Dilapidation

Stairwell Dilapidation

Basement Wall Dilapidation
DILAPIDATION – TOWER INTERIOR

STAIRWELL WALL DILAPIDATION

BASEMENT WALL DILAPIDATION

BASEMENT WALL DILAPIDATION

STAIRWELL WALL DILAPIDATION

UPPER FLOOR WALL DILAPIDATION

BASEMENT WALL DILAPIDATION
DILAPIDATION – TOWER INTERIOR

RESTROOM FLOOR DAMAGE

FLOOR DILAPIDATION – UPPER FLOOR

RESTROOM FLOOR DAMAGE

FLOOR WATER DAMAGE

RESTROOM FLOOR DAMAGE

FLOOR DILAPIDATION – UPPER FLOOR
DILAPIDATION – TOWER INTERIOR

FLOOR DILAPIDATION – UPPER FLOOR

MEZZANINE FLOOR WATER DAMAGE

FLOOR DILAPIDATION – UPPER FLOOR

FLOOR DILAPIDATION – UPPER FLOOR

FLOOR DILAPIDATION – UPPER FLOOR

RESTROOM FLOOR DILAPIDATION
DILAPIDATION – TOWER INTERIOR

FLOOR DILAPIDATION – UPPER FLOOR

FLOOR DILAPIDATION – UPPER FLOOR

FLOOR DILAPIDATION – UPPER FLOOR

FLOOR DILAPIDATION – UPPER FLOOR

FLOOR DILAPIDATION – UPPER FLOOR

BASEMENT FLOOR DILAPIDATION
DILAPIDATION – TOWER INTERIOR

FLOOR DILAPIDATION – UPPER FLOOR

FLOOR DILAPIDATION – UPPER FLOOR

FLOOR DILAPIDATION – UPPER FLOOR

BASEMENT FLOOR DILAPIDATION

FLOOR DILAPIDATION – UPPER FLOOR

FLOOR DILAPIDATION – UPPER FLOOR
DILAPIDATION – TOWER INTERIOR

DATED/BLAND RESTROOM FIXTURES

CAFETERIA DILAPIDATION

CAFETERIA DILAPIDATION

CAFETERIA DILAPIDATION

CAFETERIA DILAPIDATION

CAFETERIA DILAPIDATION

WATER DAMAGED FLOOR OF FREIGHT ELEVATOR
DILAPIDATION – TOWER INTERIOR

LEAKING WATER

LEAKING WATER

LEAKING WATER

UPPER FLOOR STOOL

DAMAGED STOOL

RUSTED WATER PIPES
DILAPIDATION – ANNEX INTERIOR

CEILING WATER DAMAGE

CEILING AND FLOOR DAMAGE

CEILING DAMAGE

FLOOR DAMAGE

CEILING DAMAGE

FLOOR DAMAGE
DILAPIDATION – ANNEX INTERIOR

CEILING AND FLOOR DAMAGE

WATER DAMAGED CEILING

CEILING WATER DAMAGE

RUSTING A/C UNITS ON THE CONNECTOR BUILDING

DAMAGED CEILING IN THE CONNECTOR BUILDING

MOSS GROWING ON ROOF OF CONNECTOR BUILDING
OBsolescence

Functionally Obsolete U-Shaped Floorplate

Lack Of Window Space North Side Of Tower

Lack Of Window Space – North Side Of Annex

Lack Of Window Space – South Side Of Annex

Exterior Fire Stairs On Four-Story Building

Narrow Parking Lot
OBSOLESCENCE

AGING/OBsolete COOLING TOWER

AGING/OBsolete STANDPIPES IN TOWER

OBSOLETE REFRIGERANT

ENCLOSED AREA LACKING LIGHT AND VIEW CREATED BY THE U-SHAPED TOWER AND ADJOINING GARAGE

VIEW UP IN ENCLOSED AREA

WINDOWS ±20 YEARS OLD
OBsolescence

Narrow Hallways In Annex Building

Narrow Hallways In Tower

Narrow Restroom Layout

Building Systems Accessed By Small Doors

Narrow & Long Hallways In Annex Building

Four-Story Lobby In Tower Is Inefficient
OBsolescence

Extensive Concrete Crash Guards

Obsolete Security & Vault Improvements

Obsolete Computer Room Improvements

Elevator Equipment Requires Fabricated Parts

Jerry Mandered Cooling

Vault Door – Abandoned Security Equipment
DETERIORATION

LIMESTONE DAMAGE – TOWER WEST ELEVATION

LIMESTONE DAMAGE – TOWER WEST ELEVATION

LIMESTONE DAMAGE – TOWER SW ELEVATION

LIMESTONE DAMAGE – TOWER SOUTH ELEVATION

DISCOLORATION – TOWER SOUTH ELEVATION
**DETERIORATION**

- **Limestone Damage – Tower South Elevation**
- **Brick Damage – Tower North Elevation**
- **Brick Damage – Annex North Elevation**
- **Brick Damage – Annex East Elevation**
DETERIORATION

**Trim Damage – Annex North Elevation**

**Door Damage – Annex Entrance**

**Iron Rust & Damage – Garage Iron Grates**

**Iron Rust & Damage – Garage Iron Grates**

**Iron Rust & Damage – Garage Iron Grates**

**Iron Rust & Damage – Garage Iron Grates**
DETERIORATION

Curb Damage Along E 10th Street

Garage Entrance Damage Along E 10th Street

Soffit Damage – Garage South Elevation

Soffit Damage – Garage East Elevation
DETERIORATION

Soffit Damage – Garage East Elevation

Sidewalk Damage – Garage East Elevation

Sidewalk Damage Along McGee Street

Wall Damage – Garage East Elevation

Water Connection Deterioration – Garage

Soffit Damage – Garage East Elevation
DETERIORATION

WALL DAMAGE – GARAGE WEST ENTRANCE

DAMAGE AROUND CONNECTION OF GARAGE & ANNEX

CEILING DAMAGE – PARKING GARAGE

CEILING DAMAGE – PARKING GARAGE

DECK DAMAGE – PARKING GARAGE

DECK DETERIORATION – PARKING GARAGE
DETERIORATION

DECK DAMAGE – PARKING GARAGE

DECK DAMAGE – PARKING GARAGE

DECK DAMAGE – PARKING GARAGE

DECK DAMAGE – PARKING GARAGE

DECK DAMAGE – PARKING GARAGE

DECK DAMAGE – PARKING GARAGE
DETERIORATION

DECK DAMAGE – PARKING GARAGE

DECK DAMAGE – PARKING GARAGE

DETERIORATED / RUSTED HVAC EQUIPMENT

DETERIORATED / RUSTED HVAC EQUIPMENT

DETERIORATED / RUSTED HVAC EQUIPMENT
DETERIORATION

DETERIORATED PARKING EQUIPMENT GRAND LOT

DETERIORATION IN GRAND BLVD. PARKING LOT

DETERIORATION IN GRAND BLVD. PARKING LOT

DETERIORATION IN GRAND BLVD. PARKING LOT

DETERIORATED CURB CUT TO GRAND PARKING LOT

DETERIORATED EAST WALL – GRAND LOT
LACK OF LIGHT, VENTILATION, SANITARY FACILITIES

Lack of light and view in Lower Tower Area

Lack of light and view in Lower Tower Area

Lack of light and view in Lower Tower Area

Lack of light and view in Lower Tower Area

Lack of light and view in Lower Tower Area

Lack of light and view in Lower Tower Area
CODE VIOLATIONS

CODE VIOLATION – ELECTRICAL SYSTEM

CODE VIOLATION – ELECTRICAL SYSTEM

CODE VIOLATION – ELECTRICAL SYSTEM

CODE VIOLATION – ELECTRICAL SYSTEM
DEPRECIATION OF PHYSICAL MAINTENANCE

BUILDING EXTERIORS

PARKING GARAGE INTERIOR

PARKING GARAGE EXTERIOR

SUBJECT ALLEYWAY

SUBJECT ALLEYWAY

MCgee STREET PARKING IMPROVEMENTS
DEPRECIATION OF PHYSICAL MAINTENANCE

DEPRECIATION OF THE TRANSFORMER GUARDS

DATED CANVAS ENTRY AWNING

MCGEE STREET PARKING LOT

MCGEE STREET PARKING LOT

GRAND BOULEVARD PARKING LOT

GRAND BOULEVARD PARKING IMPROVEMENTS
PUBLIC HEALTH, SAFETY, MORALS, WELFARE

Doors secured with rope to prevent vagrancy

Mold

Hazardous Materials Concerns

Hazardous Materials Concerns

Hazardous Materials Concerns

Trash
PUBLIC HEALTH, SAFETY, MORALS, WELFARE

HUMAN URINE & FECES IN ENTRY VESTIBULE

LOITERING/TRESPASSING

LOITERING/TRESPASSING

LOITERING/TRESPASSING

LOITERING/TRESPASSING
PUBLIC HEALTH, SAFETY, MORALS, WELFARE

LOITERING/TRESPASSING

CAMPING

LOITERING/TRESPASSING

LOITERING/TRESPASSING

BIRD CARCASS

BIRD CARCASS
PUBLIC HEALTH, SAFETY, MORALS, WELFARE

BIRD CARCASS

BIRD CARCASS

TRASH IN TOWER

ABANDONED FF&E & TRASH (TOWER)

TRASH IN TOWER

ABANDONED FF&E & TRASH (TOWER)
PUBLIC HEALTH, SAFETY, MORALS, WELFARE

Trash in Tower

Trash in Dock Area

Paint & Chemicals

Trash in Dock Area

Abandoned FF&E & Trash (Tower)

Trash in Tower Basement
PUBLIC HEALTH, SAFETY, MORALS, WELFARE

TRASH & ABANDONED FF&E IN TOWER BASEMENT

ABANDONED SHELVING & BOOKS IN TOWER

TRASH IN TOWER

TRASH IN TOWER

TRASH IN TOWER

ABANDONED FF&E & TRASH (TOWER)
PUBLIC HEALTH, SAFETY, MORALS, WELFARE

ABANDONED FF&E & TRASH (TOWER)

TRASH IN THE BASEMENT

TRASH IN THE TOWER

ABANDONED FF&E & TRASH (TOWER)
PUBLIC HEALTH, SAFETY, MORALS, WELFARE

ABANDONED FF&E & TRASH (TOWER)

ABANDONED FF&E & TRASH (TOWER)

ABANDONED FF&E & TRASH (TOWER)

ABANDONED FF&E & TRASH (COMPUTER ROOM)

ABANDONED FF&E & TRASH (COMPUTER ROOM)

ABANDONED FF&E & TRASH (COMPUTER ROOM)
PUBLIC HEALTH, SAFETY, MORALS, WELFARE

Trash In The Tower Basement

Abandoned FF&E In The Tower

Trash In The Tower Basement

Trash At Closed Entry To Lobby

Trash / Abandoned FF&E In The Connector Bldg.
ADDENDA
Parcel ID: 29-220-34-11-00-0-00-000

Addresses on this Parcel:

There are 2 addresses on this parcel.
(Primary)
920 GRAND BLVD
KANSAS CITY, MO 64106

925 GRAND BLVD
KANSAS CITY, MO 64106

Owner Information:
DELTA QUAD HOLDINGS LLC
10459 PARK MEADOWS DR
LONE TREE, CO 80124

Mortgage Holder Information:
LERETA, LLC
2800 W HIGGINS RD
HOFFMAN ESTATES, IL 60195

Property Characteristics:
Year Built: NA
Living Area (Approx. sq. ft.): NA
Tax Neighborhood Code: 9944
Parcel Area (Approx.): 0.83 (acres), 36,075.82 (SqrFt)

Property Class (PCA Code): Commercial Improved

Land Use Type: Office Building > 15000 SF (code: 22-)

Tax Code Area:
Code: 1
City: Kansas City
Fire: NA
Library: Kansas City
School: Kansas City
Water: NA

Assessment Information:
Tax Year: 2014
Market Value: $6,300,000
Assessed Value: $2,016,000
Taxable Value: $2,016,000
Where are my tax dollars going?

Exemptions and Abatements Status (2013):
No exemption or abatement information available

Community Improvement District (CID):
Downtown Community Imp District
## Property Tax Account Summary

**General Information**
- **Property Description:** SWOPES ADD---LOTS 103-108 & W 1/2 VAC ALLEY LY E & ADJ
- **Property Category:** Land and Improvements
- **Status:** Active, Host Other Property, Locally Assessed
- **Tax Code Area:** 001

**Property Characteristics**
- **Property Class:**
- ** Parties:**
  - **Role:** Taxpayer, Owner, Mortgage Company
  - **Percent:** 100, 100, 100
  - **Name:** DELTA QUAD HOLDINGS LLC, DELTA QUAD HOLDINGS LLC, LERETA, LLC
  - **Address:** 10459 PARK MEADOWS DR, 10459 PARK MEADOWS DR, 2800 W HIGGINS RD, HOFF

**Property Values**
- **Value Type:**
- **Tax Year:** 2014, 2013, 2012
- **Market Value Total:** 6,300,000, 6,300,000, 6,300,000
- **Taxable Value Total:** 2,016,000, 2,016,000, 2,016,000
- **Assessed Value Total:** 2,016,000, 2,016,000, 2,016,000

---

**NOTICE:**
- No Charges are currently due.
- No Charge Amounts are currently due for this property. If you believe this is incorrect, please contact 3232.

---

**Receipts**

<table>
<thead>
<tr>
<th>Date</th>
<th>Receipt No.</th>
<th>Amount Applied</th>
<th>Amount Due</th>
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</thead>
<tbody>
<tr>
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<td>12/27/2012</td>
<td>7811726</td>
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<td>6295037</td>
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<td>02/27/2009</td>
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<td>01/29/2009</td>
<td>5713138</td>
<td>71,207.43</td>
<td>206,753.84</td>
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<td>01/29/2009</td>
<td>5713139</td>
<td>25,00</td>
<td>206,778.84</td>
</tr>
</tbody>
</table>

**REMINDER:**
Occasionally, the parcel number for a real estate parcel changes, due to a parcel segregation. In such a case, a search of the new parcel number may not reflect tax delinquency tax history concerning that parcel. You may wish to contact us to obtain that information.

**Disclaimer:** The information contained in this website is provided to the recipient pursuant to Section 610.01, RSA, Jackson County, Missouri.
**Detailed Statement**

If you wish to mail your taxes, please make checks payable to: "Jackson County Collector". Be sure to include the Parcel Account number(s) on your payment and send to: Jackson County Collector, 415 E. 12th Street, Suite 100, Kansas City, MO 64106.

<table>
<thead>
<tr>
<th>Parcel Number</th>
<th>Property Address</th>
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<tbody>
<tr>
<td>29-220-34-11-00-0-00-080</td>
<td>920 GRAND BLVD, KANSAS CITY, MO 64106</td>
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As Of Date: 11/26/2014

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<tr>
<th>Tax Year</th>
<th>Category</th>
<th>TCA/District</th>
<th>Charged</th>
<th>Minimum</th>
<th>Balance Due</th>
<th>Due Date</th>
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<tr>
<td>2014</td>
<td>AV Principal - Commercial</td>
<td>001</td>
<td>161,860.61</td>
<td>161,860.61</td>
<td>161,860.61</td>
<td>12/31/2014</td>
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<tr>
<td>2014</td>
<td>Replacement Tax</td>
<td>RCPL</td>
<td>29,969.92</td>
<td>29,969.92</td>
<td>29,969.92</td>
<td>12/31/2014</td>
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<tr>
<td>2014</td>
<td>CID-Downtown Loop Square footage</td>
<td>CIDLOOPSQ</td>
<td>3,294.95</td>
<td>3,294.95</td>
<td>3,294.95</td>
<td>12/31/2014</td>
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<tr>
<td>2014</td>
<td>CID-Downtown Loop Assessed Value</td>
<td>CIDLOOPAV</td>
<td>6,048.00</td>
<td>6,048.00</td>
<td>6,048.00</td>
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<td>TDD00G</td>
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<td>9,676.80</td>
<td>9,676.80</td>
<td>12/31/2014</td>
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<tr>
<td><strong>TOTAL Due as of 11/24/2014</strong></td>
<td></td>
<td></td>
<td>209,850.28</td>
<td>209,850.28</td>
<td>209,850.28</td>
<td></td>
</tr>
</tbody>
</table>

**REMINDER:** Occasionally, the parcel number for a real estate parcel changes, due to a parcel segregation or merge. In such a case, a search of the new parcel number may not reflect tax delinquency or a full tax history concerning that parcel. You may wish to contact us to obtain that information. Or, you may wish to search all relevant parcel numbers of parcels involved in such a segregation or merge. [Click here to begin a search on this website to see if a parcel was involved in a segregation or merge occurring within the past five years and to see a list of parent parcel(s) and child parcel(s) involved. NOTE: Information concerning a segregation or merge occurring more than five years prior to the search is not available on this website.]

**ATTENTION:** This website will close at 11:00 p.m. on December 31. Taxes paid online after the website reopens in the New Year will accrue interest, penalties and fees.
**General Information**

- **Parcel ID:** 29-220-34-10-00-00-000
- **Address on this Parcel:**
  920 MCGEE ST
  KANSAS CITY, MO 64106

**Owner Information:**
DELTA QUAD HOLDINGS LLC
10459 PARK MEADOWS DR
LONE TREE, CO 80124

**Mortgage Holder Information:**
LERETA, LLC
2800 W HIGGINS RD
HOFFMAN ESTATES, IL 60195

**Property Characteristics:**
- Year Built: NA
- Living Area (Approx. sq. ft.): NA
- Tax Neighborhood Code: 9944
- Parcel Area (Approx.): 1.09 (acres), 47,458.08 (SqFt)

**Property Class (PCA Code):** Commercial Improved (1)

**Land Use Type:** Parking Garage (code: 2246)

**Tax Code Area:**
- Code: 1
- City: Kansas City
- Fire: NA
- Library: Kansas City
- School: Kansas City
- Water: NA

**Assessment Information:**
- Tax Year: 2014
- Market Value: $2,900,000
- Assessed Value: $928,000
- Taxable Value: $928,000
- [Where are my tax dollars going?](#)

**Exemptions and Abatements Status (2013):**
- No exemption or abatement information available at

**Community Improvement District (CID):**
- Downtown Community Imp District

**TIF Information:**
- Property is not in a TIF.

Disclaimer: The information contained in this website is provided to the recipient pursuant to Section 610.011, RSMo. Jacks
Jackson County, Missouri GIS

Property Tax Account Summary

Content below developed by Manatron

Parcel Number: 29-220-34-10-00-0-00-000
Property Address: 920 McGee St., Kansas City, MO 64106

General Information
Property Description: SWOPES ADD—LOTS 111-118 & E 1/2 VAC ALLEY LY W & ADJ
Property Category: Land and Improvements
Status: Active, Locally Assessed
Tax Code Area: 001

Property Characteristics
Property Class:

Parties
Role | Percent | Name | Address
--- | --- | --- | ---
Taxpayer | 100 | Delta Quad Holdings LLC | 10459 Park Meadows Dr
Owner | 100 | Delta Quad Holdings LLC | 10459 Park Meadows Dr
Mortgage Company | 100 | Lereta, LLC | 2800 W Higgins Rd, Hoff

Property Values
Value Type | Tax Year | Tax Year | Tax Year
--- | --- | --- | ---
Market Value Total | 2,900,000 | 2,900,000 | 2,900,000
Taxable Value Total | 928,000 | 928,000 | 928,000
Assessed Value Total | 928,000 | 928,000 | 928,000

No Charges are currently due.
No Charge Amounts are currently due for this property. If you believe this is incorrect, please contact 3232.

NOTICE: Telephones are staffed during regular business hours (8am to 5pm, Monday through Friday).

Receipts

Date | Receipt No. | Amount Applied | Amount Due
--- | --- | --- | ---
01/14/2014 15:33 | 8468660 | 102,169.77 | 102,169.77
03/11/2013 11:16 | 7964363 | 110,423.51 | 110,423.51
12/27/2012 14:20 | 7811673 | 261,011.82 | 261,011.82
03/03/2010 14:55 | 6295041 | 116,517.66 | 116,517.66
02/27/2009 10:24 | 5737588 | 57,268.34 | 57,268.34
01/29/2009 12:53 | 5713134 | 51,731.89 | 51,731.89

REMEMBER: Occasionally, the parcel number for a real estate parcel changes, due to a parcel segregation. In such a case, a search of the new parcel number may not reflect tax delinquency tax history concerning that parcel. You may wish to contact us to obtain that information. You may wish to search all relevant parcel numbers of parcels involved in such a segregation (Click here to begin a search on this website to see if a parcel was involved in a segregation (merge) occurring within the past five years and to see a list of parent parcel(s) and child par...
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<th>Parcel Number</th>
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</thead>
<tbody>
<tr>
<td>29-220-34-10-00-00-000</td>
<td>920 MCGEE ST, KANSAS CITY, MO 64106</td>
</tr>
</tbody>
</table>

**As Of Date:**

11/24/2014

<table>
<thead>
<tr>
<th>Taxes</th>
<th>Category</th>
<th>TCA/District</th>
<th>Charged</th>
<th>Minimum</th>
<th>Balance Due</th>
<th>Due Date</th>
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</thead>
<tbody>
<tr>
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<td>REPL</td>
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<td>13,335.36</td>
<td>12/31/2014</td>
</tr>
<tr>
<td>2014</td>
<td>CID-Downtown Loop Square footage</td>
<td>CIDLOOPSQ</td>
<td>4,334.54</td>
<td>4,334.54</td>
<td>4,334.54</td>
<td>12/31/2014</td>
</tr>
<tr>
<td>2014</td>
<td>CID-Downtown Loop Assessed Value</td>
<td>CIDLOOPAV</td>
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<td>12/31/2014</td>
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<tr>
<td>2014</td>
<td>TDD-Downtown Streetcar CD</td>
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<td>4,454.40</td>
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<td>12/31/2014</td>
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<tr>
<td>2014</td>
<td>TDD-Downtown Streetcar Parking Assessment</td>
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<td>2,682.75</td>
<td>2,682.75</td>
<td>12/31/2014</td>
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</tbody>
</table>

**TOTAL Due as of 11/24/2014:**

<table>
<thead>
<tr>
<th>Charged</th>
<th>Minimum</th>
<th>Balance Due</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>102,098.31</td>
<td>102,098.31</td>
<td>102,098.31</td>
<td>102,098.31</td>
</tr>
</tbody>
</table>

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Version 1.6.5228.29119
Assured Quality Title Company
1001 Walnut, Kansas City, MO. (816)221-2880
Recording Cover Sheet

Title of Document: Special Warranty Deed

Date of Document: May 14, 2014

Grantor(s): Wintergreen Real Estate Holding, LLC, a Colorado limited liability company

Grantee(s): Delta Quad Holdings, LLC, a Missouri limited liability company

Mailing Address(s): 10459 Park Meadows, Suite 101, Lone Tree CO 80124.

Legal Description: Page 3

Reference Book and Page: N/A
SPECIAL WARRANTY DEED

THIS INDENTURE, entered into as of May 14, 2014, by and between WINTERGREEN REAL ESTATE HOLDING, LLC, a Colorado limited liability company ("Grantor"), and DELTA QUAD HOLDINGS LLC, a Missouri limited liability company ("Grantee"), with a mailing address of 10459 Park Meadows Drive, Suite 101, Lone Tree CO 80124.

WITNESSETH, THAT Grantor, in consideration of the sum of Ten and No/100 Dollars ($10.00) to it in hand paid by Grantee (the receipt of which is hereby acknowledged) does by these presents SELL AND CONVEY unto Grantee, and unto its successors and assigns, the following described lots, tracts or parcels of land, lying, being and situate in the County of Jackson and State of Missouri, to-wit:

See Exhibit A, attached hereto and incorporated herein (the "Property").

TO HAVE AND TO HOLD the Property aforesaid, with all and singular the rights, privileges, appurtenances and immunities thereto belonging or in anywise appertaining, unto Grantee and unto its successors and assigns forever, Grantor hereby covenanting that the Property is free and clear from any encumbrance done or suffered by Grantor, except as hereinafore stated, and that Grantor will warrant and defend the title to the Property unto Grantee and unto its successors and assigns forever, against the lawful claims and demands of all persons whomsoever lawfully claiming or to claim the same by, through or under Grantor, except as hereinafore stated.

IN WITNESS WHEREOF, the Grantor has executed this instrument on the day and year first above written.

GRANTOR:

WINTERGREEN REAL ESTATE HOLDING, LLC,
a Colorado limited liability company

By: Michael Gough, Manager
STATE OF SOUTH DAKOTA

COUNTY OF MINNEHAHA

On this 15th day of May, 2014, before me appeared Michael Gough, to me personally known, who, being by me duly sworn did say that he is the Manager of WINTERGREEN REAL ESTATE HOLDING, LLC, a Colorado limited liability company, and that said instrument was signed on behalf of said entity by proper authority, and said person acknowledged said instrument to be the free act and deed of said entity.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My Commission Expires:

[Signature]

Notary Public

[Seal]
Exhibit A
To
Special Warranty Deed

Legal Description(s) of Real Property

All of Lots 103, 104, 105, 106, 107, 108, 111, 112, 113, 114, 115, 116, 117 and 118, SWOPE’S ADDITION TO THE CITY OF KANSAS, NOW KANSAS CITY, a subdivision in Kansas City, Jackson County, Missouri; together with that part of the vacated North-South alley lying East and adjacent to Lots 103 through 108, inclusive, and West and adjacent to Lots 113 through 118, inclusive, and the East ½ of the vacated alley lying West and adjacent to Lots 111 and 112.
Exhibit B
To
Special Warranty Deed
Permitted Exceptions

[PERMITTED EXCEPTIONS TO BE ATTACHED]

1. All assessments and taxes for the year 2014 and all subsequent years.

2. Terms and provisions of the Party Wall Agreement filed as Document No. 431572 in Book B-840 at Page 538.

3. Terms and provisions of the Party Wall Contract filed as Document No. 45151 in Book B-844 at Page 615.

4. Easement granted by the instrument filed as Document No. B-522827 in Book B-5816 at Page 585, over a portion of the premises in question, as more fully described therein.

5. Easement granted to Kansas City Power and Light Company by the instrument filed February 15, 1989 as Document No. K-866859 in Book K-1889 at Page 1012, over a portion of the premises in question, as more fully described therein.

6. Terms and provisions of the Vacated Alley Agreement and Easement, filed as Document No. 02K-0001350.

7. Easement granted to Southwestern Bell Telephone Company by the instrument filed March 6, 2002 as Document No. 02K-0012612, over a portion of the premises in question, as more fully described therein.

8. Easements, if any, for public utilities installed and facilities, vacated by not extinguished, in any portion of the alley vacated by Ordinance No. 020653 recorded as Document No. 02K-0055416; together with the right of ingress and egress to repair, maintain, replace and remove the same.

9. Terms and provisions of the Central Business District, Urban Renewal District, notice of which is imparted by the tax rolls.

10. Terms and provisions of the Redevelopment Contract by and between Land Clearance for Redevelopment Authority of Kansas City, Missouri, and The Reserve, LLC, a Missouri limited liability company, filed January 20, 2009 as Document No. 2009E0004951.


11. Matters revealed by that certain Survey prepared by Schmitz, King & Associates, Inc., dated June 29, 2005 as Job No. 04060:
   a. Encroachment by the Brick Building located at the Southeast corner of 9th Street and Grand Ave., over a portion of the boundary of the premises to be insured, as shown.
   
   b. Encroachment(s) by the Building(s) located on the premises herein to be insured over portions of the Public Street Right of Way(s), as shown.
   
   c. Encroachment, if any, of the foundation or subsurface portion of the Brick Building located on the property adjoining on the Northwest, over the premises herein to be insured.
   
   d. Encroachment of the Building Overhang over a portion of 10th and McGee Streets, as shown.
QUALIFICATIONS OF SCOTT J. BELKE, MAI

Education
William Jewell College, Liberty, Missouri, Bachelor of Arts, Religion (1978–1979)

The Appraisal Institute
Designation
Scott completed all of his course work for the MAI designation between 1985 and 1990. He obtained the MAI designation in 1990.

Continuing Education
Analyzing Commercial Lease Clauses
Analyzing Operating Expenses
Appraisal Institute–Business Practices & Ethics
Appraisal Consulting
Appraising Distressed Real Estate
Appraising From Blueprints and Specifications
Appraising The Appraisal (Appraisal Review)
Case Studies in Commercial HBU
Comprehensive Examination Workshop
Cost Approach to Commercial Appraising
Effective Appraisal Writing
Eminent Domain & Condemnation Appraising
Evaluating Commercial Construction
Feasibility Analyst & Highest And Best Use
Gramm-Leach-Bliley Act
HP12C Financial Calculator
Income Property Demonstration Appraisal
Industrial Valuation
Internet Search Strategies

Litigation Valuation
Mark to Market Seminar
Market Analysis and the STDB
Mortgage Fraud Awareness
Rates, Ratios and Reasonableness
Retail Valuation
Scope of Work
Small Hotel/Motel Valuation
Standards of Professional Practice, Part A
Standards of Professional Practice, Part B
Standards of Professional Practice, Part C
Supporting Capitalization Rates
The High-Tech Appraisal Office
The Internet and Appraising
The Road Less Traveled: Special Purpose Properties
USPAP Update
Understanding and Using DCF Software
Understanding and Using Investor Surveys Effectively
Valuation of Detrimental Conditions in Real Estate

Employment
Belke Appraisal & Consulting Services, Inc., President (10/00 to present)
Rule & Company, Incorporated, Kansas City, Missouri, Principal (1/85 to 9/00)
United Parcel Service, Denver, CO, Driver (various periods from 1983–1985)

Affiliations
Certified General Real Estate Appraiser in Missouri (Certificate No. RA 001868)
Certified General Real Property Appraiser in Kansas (Certificate No. G-1214)

Professional
Scott has served the Kansas City Chapter of the Appraisal Institute in various capacities including Exam Proctor, Committee Chair Admissions-General, Director, Treasurer, Secretary, Vice President, and President (2007), Peer Review Committee (Grievance & Ethics).
REDEVELOPMENT CONSULTING PROJECTS

Scott J. Belke, MAI has provided consulting services on the following redevelopment projects:

**Kansas City, MO**

- Ward Parkway & Roanoke Conservation District (Ch. 99); Feb-96
- Traders On Grand Blight Study (Ch. 353); Jul-97
- 63rd & Troost TIF Blight Study (Ch. 99); Aug-97
- 2028 Baltimore Blight Study (Ch. 353); Mar-98
- Bannister & Holmes Mine Blight Study (Ch. 353); Sep-98
- Mark Twain Building Blight Study (Ch. 353); Feb-99
- Nettleton Home Blight Study (Ch. 353); Sep-99
- Commerce Trust Building Blight Study (Ch. 353); Sep-99
- Critical Link Blight Study (Ch. 353); Mar-00
- 18th & Vine Blight Study (Ch. 353); Apr-00
- Briarcliff West TIF North Expansion (Ch. 99); Aug-00
- 1528 Walnut Blight Study (Ch. 353); Jun-01
- Blue Ridge Mall Blight Study (Ch. 353); May-02
- Crossroads Blight Study/General Development Plan (PIEA, Ch. 100); Aug-02
- Ellison/Knickerbocker Blight Study/GDP (PIEA, Ch. 100); Feb-03
- Folger Coffee Blight Study/GDP (PIEA, Ch. 100); Jul-03
- Stuart Hall/HD Lee Blight Study (PIEA, Ch. 100); Nov-03
- Santa Fe TIF Expansion Area Blight Study (Ch. 99); Nov-03
- Briarcliff West TIF South Expansion (Ch. 99); Jan-04
- Manchester Business Center Blight Study/GDP (PIEA, Ch. 100); Mar-04
- Southwest Boulevard PIEA Blight Study/GDP (PIEA, Ch. 100); Mar-04
- Blue Ridge Mall TIF Expansion (Ch. 99); Jun-04
- 87th Street & Hillcrest Road TIF Plan (Ch. 99); Dec-04
- Stuart Hall/HD Lee Blight Study (PIEA, Ch. 100); Feb-05
- Armour/Gillham Blight Study/GDP (PIEA, Ch. 100); Apr-05
- Truman Road Business Park Blight Study/GDP (PIEA, Ch. 100); Jun-05
- 39th & Main Blight Study/GDP (PIEA, Ch. 100); Sep-05
- Guinotte PIEA Blight Study/GDP (PIEA, Ch. 100); Oct-05
- Downtown Loop PIEA Blight Study/GDP (PIEA, Ch. 100); Oct-05
- Northeast Bottoms PIEA Blight Study/GDP (PIEA, Ch. 100), Jun-06
- Rivergate Business Center But For/Economic Impact (Ch. 353), Jul-06
- Old Federal Courthouse PIEA Blight Study/GDP (PIEA, Ch. 100), Aug-06
- Promenande TIF Conservation Area Analysis (Ch. 353), Sep-06
- Rivergate Business Center (But For/Economic Impact); Oct-06
Trinity Hospital PIEA Blight Study/GDP (PIEA, Ch. 100); Kansas City, MO (Jul-07)
Hillside Materials TIF Blight Study (Ch. 353); Kansas City, MO (Sep-07)
PIEA Consultant on Economic Development & Incentive Policy, Economic Modeling, Cost
Benefit Analysis, and But For Analysis; Kansas City, MO (Nov-Dec 2007)
NNSA/Honeywell PIEA Blight Study/GDP (PIEA, Ch. 100), Tax Impact Analysis,
But For Analysis; Kansas City, MO (May-08)
Economic Development Incentive & Policy Workshops; Nov-08, Nov-09
1220 Washington Property Value Maximization Scenario Consultations; Apr-12
9th & Central TIF Blight Study (Ch. 99); Aug-13
Wornall-Bannister EDC Blight Study (Chs. 99, 100, and 353); Sep-13
Hillside Materials TIF Expansion (Ch. 353); Nov-13
Bannister & Wornall TIF Blight Study (Ch. 99); Mar-14
KC Power & Light TIF Blight Study (Chs. 99 and 100); Apr-14
14th & Baltimore PIEA Blight Study/GDP (Ch. 100); May-14
First Amendment Bannister & I-435 TIF Plan Blight Study (Ch. 99); Jul-14
20th & Main TIF Blight Study (Ch. 99); Aug-14

Independence, MO
Lee’s Summit Road/I-70 TIF Blight Study (Ch. 99); Feb-95

Blue Springs, MO
Blue Springs, Missouri Downtown Blight Study (Ch. 353); Nov-00

North Kansas City, MO
Harbor Town Blight Study (Ch. 353); Mar-95
Handy Stop Blight Study (Ch. 353), Aug-04
1815 Burlington Avenue (Ch. 353), Jun-06
E 26th Street Condemnation, (Jun-14)

Sugar Creek, MO
Carefree Mine TIF Blight Study (Ch. 99); May-01
Carefree Mine Expansion Blight Study (Ch. 353); Jan-03

Parkville, MO
Parkview Heights TIF Blight Study (Ch. 99); Oct-01

Westwood, KS
Woodside Village Conservation Area/Valuation (Ch. 12); Sep-11
COMPANY PROFILE

Over the past 29 years Scott J. Belke, MAI has valued or consulted on over 1,700 properties in the Kansas City metropolitan area and 14 surrounding states. The first 16 years of Scott’s valuation experience were at Rule & Company, Inc., where Scott became a principal. Belke Appraisal & Consulting Services, Inc. can provide you with a variety of commercial real estate analyses including market value and value in use determinations, blight analysis, general development plans, tax appeal, litigation support, market analysis, and highest and best use analysis. Scott’s broad-based background includes the following:

Traditional Uses:

Office, Industrial, Retail, Lodging, Multifamily, Residential Subdivisions, All Types Of Vacant Land

Special Uses:

Churches, College Campuses, LIH Apartments, Riverboat Gaming Facilities, Convenience Stores/Service Stations, Computer Centers, Medical Offices, Secondary Use of Limestone Caves, Mini Storage, Refrigerated/Freezer Storage, Parking Garages, Car/Truck Dealerships, Truck Stops, Restaurants, Bowling Alleys, Golf Courses/Mini Golf/Driving Ranges, Funeral Homes, Racquet Clubs, Nursing Homes, Skating Rinks, Truck Terminals, Indoor Soccer Facilities, Animal Research, Retirement Homes, Day-Care Centers, Fitness Centers

Consulting:


Though Scott’s experience is focused on the greater Kansas City metropolitan area, he has also appraised property in the following states:

Missouri  Kansas  Iowa  Texas
Nebraska  Arkansas  Oklahoma  Georgia
Virginia  Indiana  Illinois  Pennsylvania
Ohio  Florida  Wisconsin

Scott is a 29-year resident of the Northland and specializes in Platte and Clay Counties.
Scott completed all of his course work for the MAI designation between 1985 and 1990. He obtained the MAI designation in 1990. Scott strives to stay abreast of developments within the profession as indicated by the following continuing education:

*Analyzing Commercial Lease Clauses*
*Appraisal Consulting*
*Appraising Distressed Real Estate*
*Appraising From Blueprints and Specifications*
*Appraising The Appraisal (The Art of Appraisal Review)*
*Appraisal Institute – Business Practices & Ethics*
*Case Studies in Commercial Highest and Best Use*
*Comprehensive Examination Workshop*
*Cost Approach to Commercial Appraising*
*Effective Appraisal Writing*
*Eminent Domain & Condemnation Appraising*
*Evaluating Commercial Construction*
*Feasibility Analyst & Highest And Best Use*
*Forecasting Revenue*
*Gramm-Leach-Bliley Act*
*HP12C Financial Calculator*
*HVS – Hotel Appraisal Seminar*
*Income Property Demonstration Appraisal*
*Industrial Valuation*
*Internet Search Strategies*
*Litigation Valuation*
*Mark to Market Seminar*
*Market Analysis and the STDB*
*Mortgage Fraud Awareness*
*Rates, Ratios and Reasonableness*
*Retail Valuation*
*Scope of Work*
*Small Hotel/Motel Valuation*
*Standards of Professional Practice, Part A*
*Standards of Professional Practice, Part B*
*Standards of Professional Practice, Part C*
*Supporting Capitalization Rates*
*The High-Tech Appraisal Office*
*The Internet and Appraising*
*The Road Less Traveled: Special Purpose Properties*
*USPAP Update*
*Understanding and Using DCF Software*
*Understanding and Using Investor Surveys Effectively*
*Valuation of Detrimental Conditions in Real Estate*
The following summarizes Scott’s educational background:

- William Jewell College, Liberty, Missouri, Bachelor of Arts, (1978–1979)

Current certifications:

- Certified General Real Estate Appraiser in Missouri, (Certificate No. RA 001868)
- Certified General Real Property Appraiser in Kansas, (Certificate No. G-1214)

Professional service:

Scott has served the Kansas City Chapter of the Appraisal Institute in various capacities including:

- Exam Proctor
- Committee Chair Admissions-General
- Director
- Treasurer
- Secretary
- Vice President
- President (2007)
- Peer Review Committee (Grievance & Ethics)
April 6, 2015

Mr. Jeff Kirkendall  
Delta Quad Holdings  
10459 Park Meadows Drive  
Suite 100  
Littleton, CO 80108

RE: Permanent Financing

Mr. Kirkendall,

With regard to your request for us to project the permanent loan financing for the Kansas City Embassy Suites Hotel, we would recommend using the following assumptions. The

- Loan closing in 2018
- Loan amount equivalent to 60-65% LTV
- 10-year term
- 20 to 25-year amortization
- Interest rate of 9%-10%

As you may imagine, it is rather difficult to predict what capital markets conditions will be like this far in advance of 2018. That said, it would be best to be prepared for a significantly higher interest rate environment than currently exists with today’s historically low rates. We have projected what you might expect to exist consistent with a pre-recession stabilized market.

Should you have any questions, please don’t hesitate to contact me.

Sincerely,

Charles R. Babb Jr.
Senior Director

Metropolitan Capital Colorado, LLC  8490 East Crescent Parkway, Suite 380  Greenwood Village, CO 80111  303.647.1122  www.metcapital.com
Policy Name: Relocation Assistance Policy

Date Approved: May 26, 1988

Resolution Number: 88-09

Policy Statement: 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.

(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 an 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 (e)(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 13

Redevelopment Affidavit
AFFIDAVIT

STATE OF MISSOURI
COUNTY OF JACKSON

I, Jeffrey Kirkendall, Director of Development for Delta Quad Holdings, LLC, having been first duly sworn, state and depose upon oath as follows:

1. The information contained in the application filed by Delta Quad Holdings, LLC to the Tax Increment Financing Commission on November 20, 2014, and subsequent information furnished to the Commission is true, the financial information presented therein represents true and accurate assessments to the best of my knowledge, information and belief, and the assumptions therein stated are reasonable.

2. The Federal Reserve Bank Building, originally constructed in 1920 is on the National Registry of Historic Places. Despite being considered one of the most architecturally significant buildings in Kansas City, the building has remained vacant since 2007, when the Federal Reserve vacated the building.

3. The Redevelopment Area has not been subject to growth and development through investment by private enterprise and in my opinion redevelopment of the Federal Reserve Bank Building is not economically feasible and cannot be done without the adoption of tax increment financing and some form of supplemental tax increment financing.

4. Based on the above factors, it is my opinion that the Redevelopment Area properties qualify as a Conservation Area, have not been subject to growth and development through investment by private enterprise, and the cost of curing the existing conditions is not economically viable if fully borne by private developers and will not be reasonably anticipated to be developed without the adoption of tax increment financing.

5. Redeveloper will not proceed with the project without the assistance of tax increment financing.

FURTHER AFFIANT SAYETH NAUGHT.

DELTA QUAD HOLDINGS, LLC

By: ___________________________
Jeffrey Kirkendall
Director of Development
Subscribed and sworn to before me, a Notary Public, this 1st day of April, 2015.

Lutricia R. Doran
Notary Public

My Commission Expires:

8-7-2015

LUTRITIA R. DORAN
Commission #11721029
Notary Public - Notary Seal
STATE OF MISSOURI
Jackson County
My Commission Expires: August 7, 2015
Exhibit 14

Redeveloper’s Proposal

On file at EDC Offices, 1100 Walnut, Suite 1700, Kansas City, MO 64106