

JUDICIAL SQUARE
TAX INCREMENT FINANCING PLAN
KANSAS CITY, MISSOURI

CERTIFICATION:

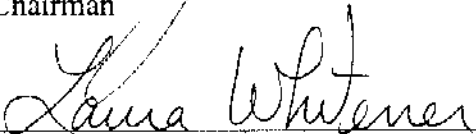
We hereby certify that this is a true and correct copy of the Plan approved by the Tax Increment Financing Commission of Kansas City, MO on 4-9-03 by Resolution No. 4-12-03.



Chairman

5/12/03

Date



Secretary

5/12/03

Date

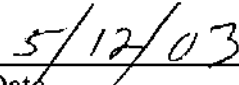
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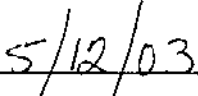
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Date



Secretary



Date

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I. DEFINITIONS

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

- A. "City," the City of Kansas City, Missouri.
- B. "Commission," the Tax Increment Financing Commission of Kansas City, Missouri.
- C. "'Blighted area," an area which, by reason of the predominance of defective or inadequate street layout, insanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use. As stated in R.S Mo 99.805 section 1 and 74.4 of the Kansas City Code of General Ordinances.
- D. "Economic Activity Taxes," the total additional revenue from taxes which are imposed by a municipality and other taxing districts, and which are generated by economic activities within a redevelopment area over the amount of such taxes generated by economic activities within such redevelopment area in the calendar year prior to the adoption of the ordinance designating such a redevelopment area, while tax increment financing remains in effect, but excluding personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or special assessments. For redevelopment projects or redevelopment plans approved after December 23, 1997, if a retail establishment relocates within one year from one facility to another facility within the same county and the governing body of the municipality finds that the relocation is a direct beneficiary of tax increment financing, then for purposes of this definition the economic activity taxes generated by the retail establishment shall equal the total additional revenues from economic activity taxes which are imposed by a municipality or other taxing district over the amount of economic activity taxes generated by the retail establishment in the calendar year prior to its relocation to the redevelopment area.
- E. "Gambling Establishment," an excursion gambling boat as defined in section 313.800, RSMo, and any related business facility including any real property improvements which are directly and solely related to such business facility, whose sole purpose is to provide goods or services to an excursion gambling boat and whose majority ownership interest is held by a person licensed to conduct gambling games on an excursion gambling boat or licensed to operate an excursion gambling boat as provided in sections 313.800 to 313.850, RSMo.
- F. "Obligations," bonds, loans, debentures, notes, special certificates, or other evidences of indebtedness issued by a municipality to carry out a redevelopment project or to fund outstanding obligations.

- G. "Ordinance," an ordinance enacted by the governing body of a city, town, or village or a county or an order of the governing body of a county whose governing body is not authorized to enact ordinances.
- H. "Payment in Lieu of Taxes," those estimated revenues from real property in the area selected for a redevelopment project, which revenues according to the redevelopment project or plan are to be used for a private use, which taxing districts would have received had a Municipality not adopted tax increment allocation financing, and which would result from levies made after the time of the adoption of tax increment allocation financing during the time the current equalized value of real property in the project area exceeds the total initial equalized value of real property in such area until the designation is terminated pursuant to subsection 2 of Section 99.850. Payments in lieu of taxes which are due and owing shall constitute a lien against the real estate of the Redevelopment Project from which they are derived, the lien of which may be foreclosed in the same manner as a special assessment lien as provided in Section 88.861 R.S.Mo.
- I. "Project Improvements," those development activities undertaken within the Redevelopment Area intended to accomplish the objectives of the Redevelopment Plan.
- J. "Redeveloper," the business organization or other entity selected by the Commission to implement the Redevelopment Plan.
- K. "Redevelopment Agreement," the agreement between the City of Kansas City, Missouri, the Tax Increment Financing Commission and Redeveloper for the implementation of the Redevelopment Plan.
- L. "Redevelopment Area," an area designated by a municipality, in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as a blighted area, a conservation area, an economic development area, or a combination thereof, and which includes only those parcels of real property directly and substantially benefited by the proposed Redevelopment Project.
- M. "Redevelopment Plan," the comprehensive program of a municipality for redevelopment intended by the payment of redevelopment costs to reduce or eliminate those conditions, the existence of which qualified the Redevelopment Project Area as a blighted area, conservation area, economic development area, or combination thereof, and to thereby enhance the tax bases of the taxing districts which extend into the Redevelopment Area.
- N. "Redevelopment Project," any development project within a Redevelopment Area in furtherance of the objectives of the Redevelopment Plan.
- O. "Redevelopment Project Area," the area selected for a specific redevelopment project.
- P. "Redevelopment Project Costs" include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, any such costs incidental to a

Redevelopment Plan and a Redevelopment Project. Such costs include, but are not limited to the following:

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

- S. "Taxing Districts," any political subdivision of Missouri having the power to levy taxes.

II. TAX INCREMENT FINANCING

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

III. GENERAL DESCRIPTION OF PLAN AND PROJECT.

- A. The Redevelopment Plan. The Judicial Square TIF Financing Redevelopment Plan (the "Redevelopment Plan") proposes to renovate the Griffith Building, originally called the Mutual Building, a seven story brick building located at the southeast corner of 13th and Oak Streets.
- B. Redevelopment Area. The Redevelopment Plan Area is generally located at the southwest corner of 13th Street and Oak (Griffith Building) in Kansas City, Jackson County, Missouri (the "City") as legally described in Exhibit 1 (the "Redevelopment Area").
- C. Project Improvements. The Project Improvements will consist of complete renovation of the building (64,889 square feet) and adjacent garage (160 spaces) into professional office space. The plan consists of completely redoing the heating and cooling systems, the electrical systems, and the fire alarm system. Once the mechanical improvements are complete, the interior will be gutted and renovated to professional office space with a restaurant and retail store located on the first floor. The exterior façade will also be updates and improved. Finally, the parking garage located to the south of the building will also be structurally repaired and rehabilitated.
- D. Redevelopment Projects. The Project Improvements and other redevelopment activities will be undertaken in a single redevelopment project (the "Redevelopment Project"), will be approved by ordinance in conformance with the Act. The Redevelopment Area is described in Exhibit 1. Construction and employment information for the Redevelopment Project is set forth in Exhibit 4.
- E. Estimated Date of Completion. It is anticipated that improvements included in Project will be completed by the third quarter of 2003. These improvements include the mechanical systems upgrade, parking garage renovations as well as interior and exterior full renovation. In no event shall any ordinance approving a Redevelopment Project be adopted later than ten (10) years from the adoption of the ordinance approving this Redevelopment Plan.
- F. Redevelopment Plan Objectives. The general objectives of the Redevelopment Plan are:

1. To renovate a historic building located within the government district of the downtown loop.
 2. To provide renovated office space for private companies to bring jobs into the downtown core.
 3. To eliminate adverse conditions which are detrimental to public health, safety, morals, or welfare in the Redevelopment Area and to eliminate and prevent the recurrence thereof for the betterment of the Redevelopment Area and the community at large;
 4. To enhance the tax base of the City and the other Taxing Districts, encourage private investment in the surrounding area, and increase employment opportunities in the Redevelopment Area;
 5. To increase employment opportunities in the City as a whole;
 6. To stimulate construction and development and generate tax revenues, which would not occur without Tax Increment Financing assistance;
- G. Gaming Status. The Redevelopment Plan does not include the initial development or redevelopment of any gambling establishment.

IV. FINANCING

- A. Estimated Redevelopment Project Costs. Redevelopment Project Costs are estimated to be approximately three million dollars (\$3,000,000). The Plan proposes that approximately \$687,498 in Redevelopment Project Costs be reimbursable from the Special Allocation Fund. The TIF revenues will be used to renovate the parking garage, exterior improvements and reimburse professional fees associated with this plan. The reimbursable Project Costs include those shown in Exhibit 5.

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

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

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

- C. Payments in Lieu of Taxes. Calculations of expected proceeds of Payments in Lieu of Taxes are based on current real property assessment formulas and current and anticipated property tax rates, both of which are subject to change due to many factors, including reassessment, the effects of real property classification for real property tax purposes, and the rollback in tax levies resulting from reassessment or classification. Furthermore, it is assumed that the assessed valuation of real property will increase at a rate of 2% every other year, with no levy increases. The estimated total Payments in Lieu of Taxes generated by The Judicial Square TIF Redevelopment Plan over the duration of the Plan is \$585,866 as shown in detail on Exhibit 6.

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

- D. Economic Activity Taxes. Over the life of the Plan, the total Economic Activity Tax revenues are estimated to be approximately \$2,245,100. Of the total additional revenue from taxes imposed by the municipality or other taxing districts and which are generated by economic activities within the Redevelopment Project Areas, as defined in Section 99.845.3, fifty percent (50%), or approximately \$1,172,330 over the life of the Plan, will be made available upon annual appropriation, to pay eligible Redevelopment Project Costs. Those Economic Activity Taxes available to pay project costs are shown in Exhibit 6.

Anticipated Economic Activity Taxes are based upon projected net earnings taxes paid by businesses and employees, as well as sales tax. It is assumed that net earnings and sales tax revenues will increase due to inflation at a rate of 3% a year in addition to the assumed increases due to job creation and business expansion. The estimated PILOTS and Economic Activity Tax revenues are set forth in Exhibit 6 attached hereto.

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

The Plan requires that all affected businesses and property owners be identified and that the Commission shall be provided with documentation regarding payment of Economic Activity Taxes by Redeveloper, its contractors, tenants and assigns. The Commission shall make available information to the City of Kansas

City regarding the identity and location of the affected businesses. It shall be the obligation and intent of the City of Kansas City to determine the Economic Activity Taxes and to appropriate such funds into the Special Allocation Fund, no less frequently than yearly and no more frequently than quarterly, in accordance with the Act.

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

V. MOST RECENT EQUALIZED ASSESSED VALUATION

The total initial equalized assessed valuation of the Redevelopment Area according to current records at the Jackson County Assessor's Office is approximately \$296,141 (land only assessed valuation is approximately \$138,202 and improvement assessed valuation is approximately \$157,939. The current combined ad valorem property tax levy is projected to be \$10.02 (including 1989 M & M replacement taxes) per \$100 assessed valuation on land and \$9.27 (including 1989 M & M replacement taxes) per \$100 assessed valuation on improvements. The annual ad valorem tax revenue from the Redevelopment Area was approximately \$30,337.15 in 2002.

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

VI. ESTIMATED EQUALIZED ASSESSED VALUATION AFTER REDEVELOPMENT

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

VII. GENERAL LAND USE

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

VIII. CONFORMANCE TO THE COMPREHENSIVE PLAN

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

This TIF Plan is also consistent with the Sasaki Plan. The government district as mentioned in the Sasaki plan does recommend further redevelopment of commercial space and retail to support the government employees and associated private businesses.

IX. EXISTING CONDITIONS IN THE REDEVELOPMENT AREA.

The Redevelopment Area qualifies as a Blighted Area in accordance with the section 99.805 Section 1 (3) R.S. Mo of Missouri's Tax Increment Financing Statue. The Blight Study attached as Exhibit L provides evidence of obsolete mechanical systems, obsolete plumbing and fire systems and parking garage in need of major repair and other potential blighting factors referenced in Section 99.805(3) RSMo and also in section 74.4 of Kansas City Code of General Ordinances..

X. "BUT FOR TIF"

The improvements proposed by this TIF Plan would not occur but for the use of TIF revenue. The TIF revenue will be applied to help offset the costs of garage structural renovation and extraordinary costs of renovating a historic building.

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 or 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. In today's market for office investments, *Korpacz Real Estate Investor Survey* indicates IRRs ("Internal Rates of Return")

range from 10.0% to 20.0% (National CBD Office and Land Development). The TIF Consultant believes after-debt IRR of 15% to 25% is appropriate for an investment of the nature of Judicial Square.

In the case of the Judicial Square TIF, the IRR must be judged in the context of the rent paid by the owner occupant. In this case a wide disparity exists between the rent required by the lender (about \$22.91 per square foot to support a loan of about \$4,050,000) and the market rent. The market rent for the owner's space is estimated to be about \$18.00 per square foot (\$315,000 annually). The IRR without TIF assuming the lender-driven rent is 16.8% while with TIF assistance the IRR rises to 35.7%. Based upon the market-rent scenarios, the IRR without TIF is 6.3% compared to 14.7% with TIF.

The returns with the lender-driven rent indicate that TIF assistance *is not* required. However, the returns with market-rents indicate that TIF assistance *is warranted*. This Plan assumes that the market-rent scenarios are most appropriate and that the TIF subsidy request of the developer is not excessive.

XI. COST-BENEFIT ANALYSIS

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

XII. ACQUISITION AND DISPOSITION

The applicant already owns the Property. No additional land or improvements are needed. In the event that it is necessary to acquire property to the achieve the redevelopment objectives, the Commission may acquire property by purchase, donation, lease or eminent domain in the manner provided for by corporations in Chapter 523, RSMo. The property acquired by the Commission may be cleared, and either (1) sold or leased for private redevelopment or (2) sold, leased, or dedicated for construction of public improvements or facilities. No property for a redevelopment project shall be acquired by eminent domain later than five (5) years from adoption of the ordinance approving the project.

XIII. RELOCATION ASSISTANCE PLAN

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

XIV. ENTERPRISE ZONE

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

XV. PROVISION OF PUBLIC FACILITIES

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

XVI. REDEVELOPMENT AGREEMENT

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

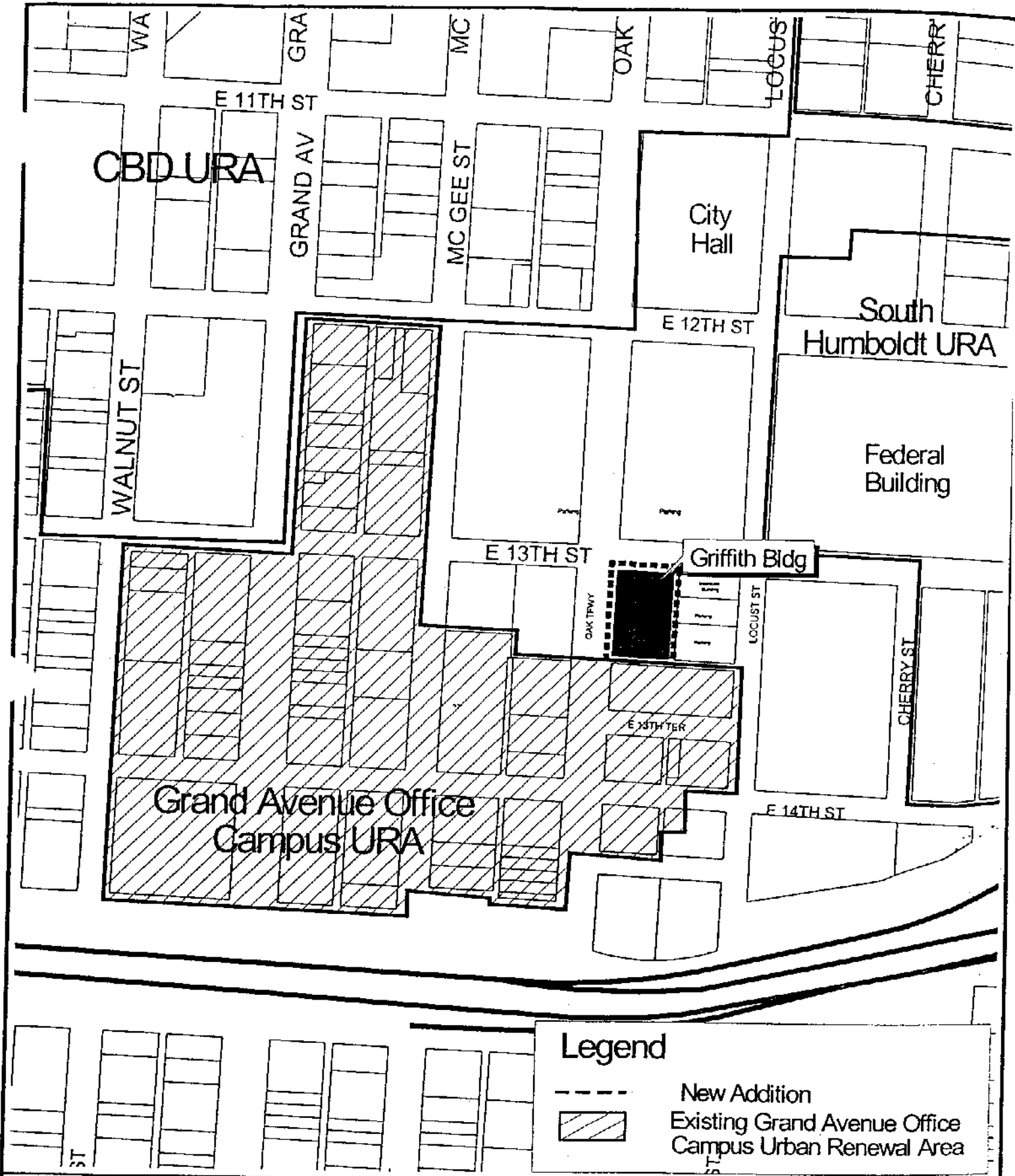
1. implementation of the Plan;
2. reporting of Economic Activity Taxes;
3. the Commission's Affirmative Action Policy;
4. a design guideline review and approval process;
5. the Commission's Relocation Plan, if any;
6. approval by Commission of the costs, design of the Project Improvements, Redevelopment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

Exhibit 1

LEGAL DESCRIPTION

All of the vacated alley lying East of and adjoining Lots 1012, 1013, 1014 and 1015, Block 72, MCGEE'S ADDITION, a subdivision in Kansas City, Jackson County, Missouri.

Exhibit 2



Legend

- New Addition
- ▨ Existing Grand Avenue Office Campus Urban Renewal Area



Project Location

Prepared by Economic Development Corporation of Kansas City, MO 11.28.01, MP

November 28, 2001



NOT TO SCALE

Exhibit 3

Redevelopment Plan Objectives. The general objectives of the Redevelopment Plan are:

1. To renovate a historic building located within the government district of the downtown loop.
2. To provide renovated office space for private companies to bring jobs into the downtown core.
3. To eliminate adverse conditions which are detrimental to public health, safety, morals, or welfare in the Redevelopment Area and to eliminate and prevent the recurrence thereof for the betterment of the Redevelopment Area and the community at large;
4. To enhance the tax base of the City and the other Taxing Districts, encourage private investment in the surrounding area, and increase employment opportunities in the Redevelopment Area;
5. To increase employment opportunities in the City as a whole;
6. To stimulate construction and development and generate tax revenues, which would not occur without Tax Increment Financing assistance;
7. To renovate commercial office space and repair a parking structure

Exhibit 4

6. CONSTRUCTION TOTALS BY PROJECT AREA * - PROJECT ONE

Please complete the following chart for each Project Area. Reproduce this chart for each Project Area.

	NEW CONSTRUCTION	Existing Structures to REMAIN AS IS	Existing Structures to be REHABILITATED	TOTAL	Existing Structures to be DEMOLISHED
Square feet of OFFICE space		15,810	32,385	48,195	
Square feet of RETAIL space			6,154	6,154	
Square feet of INSTITUTIONAL Space		5,270	5,270	10,540	
Square feet of INDUSTRIAL Space					
Total Square feet		21,080	43,809	64,889	

Number of DWELLING UNITS					
Number of HOTEL ROOMS					
Number of PARKING SPACES			160	160	

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

7. **Employment Information – PROJECT ONE**

Please provide employment information for each Project Area. Reproduce this chart for each Project Area.

Permanent jobs to be CREATED IN Kansas City	10
Permanent jobs to be RELOCATED TO Kansas City	0
Permanent jobs to be RETAINED IN Kansas City	35
TOTAL	45
Anticipated Annual Payroll	\$2,300,000.00
Estimated number of construction Workers to be hired during construction phase	30

Exhibit 5

DEVELOPMENT SCHEDULE

<u>Acquisition:</u>	April 2001
<u>Mechanical Systems:</u>	July 2001
<u>Parking Garage:</u>	January 2003 to March 2003 (begin end of the January)
<u>Interior Renovation:</u>	June 2003 to October 2003 (Floors, 5, 6, 7, 8 and Lobby)
<u>Exterior Renovation:</u>	August 2003 to October 2003

**JUDICIAL SQUARE TIF
SOURCES AND USES**

Sources

Acquisition of building loan	\$ 1,361,710
Mechanical system loan	366,465
Rehab loan and operations	1,421,481
Subtotal Debt	<u>\$ 3,149,656</u>
	loan to value 74.3%
Equity	1,050,000
Historic Rehab Credits	197,079
	<u>\$ 4,396,735</u>

**TIF
Eligible
Funds**

**Historic
Rehab
Eligible**

Changed to achieve
loan-to-value ratio
less than 75%

Uses

Parking garage	\$ 400,000	\$ 400,000	\$ -
Exterior repairs	200,000	200,000	200,000
Lobby	108,180		108,180
Tenant improvements	1,547,885		1,547,885
Mechanical system	366,465		
Acquisition of building	1,361,710		
Professional fees - 15% (Architect, electrical & structural engineers etc)	262,495	87,498	114,725
	<u>4,246,735</u>		
Additional monies needed to run building during 2003	<u>150,000</u>		
	<u>\$ 4,396,735</u>	<u>\$ 687,498</u>	<u>\$ 1,970,790</u>

Source: Rule & Company, Inc. (reconstructed)

Exhibit 6

ASSUMPTIONS
GROWTH RATES

BIANNUAL GROWTH RATE PILOTS: 1% every other year
 ANNUAL GROWTH RATE EATS: 3%

ESTIMATED SALES AND PAYROLL

TENANT	SQ. FT.	ANNUAL SALES PER S.F.	ANNUAL SALES TOTAL	Est. # of Employees	ANNUAL PAYROLL
RESTAURANT	2,200	200	440,000	3	\$18,000
RETAIL	2,000	200	400,000	3	\$18,000 average annual salary
RESIDENTIAL	0	0	0	0	\$18,000 average annual salary
OFFICE	31,500	0	0	0	0
TOTAL	35,700	400	840,000	86	\$50,000 average annual salary

BASE YEAR INFORMATION

RETAIL SALES	0
RESTAURANT SALES	0
EARNINGS	0
UTILITY TAXES	0

PROPERTY
 COMMERCIAL 32%
 RESIDENTIAL 19%
 HARD REDEVELOPMENT COSTS Residential \$0
 HARD REDEVELOPMENT COSTS Commercial \$1,550,000 Building and garage improvements

ASSESSED VALUES

IFMV LAND	341,581	IEAV LAND	109,206
EFMV LAND	341,581	EAV LAND	169,308
IFMV IMPROVEMENTS	583,859	IEAV IMPROVEMENTS	186,635
EFMV IMPROVEMENTS	930,000	EAV IMPROVEMENTS	496,000

note: Effective fair market value (EFMV) of improvements was calculated using 60% of hard redevelopment costs may differ from how County assesses the value increase.

TIE LEVY RATES

PROPERTY TAX MILLAGE	IMPROVEMENT	LAND
Jackson Co	0.0067	0.0067
KC School	0.0485	0.0485
Mental Health	0.00133	0.00133
Library	0.005	0.005
Jr College	0.0023	0.0023
Ind Wkshp	0.0008	0.0008
City	0.0132	0.0207
TOTAL	0.0783	0.0853

assume year 1 of Plan is 2002 thru Dec. 2017
 2018 and beyond

EATS INFORMATION

CITY SALES TAX	17.25%
COUNTY SALES TAX	4.825%
F&B SALES	0.150%
EARNINGS TAX	3.760%

Need to enter new data for project
 Need to review data to ensure all tax information and assumptions are correct

YEAR		INITIAL		INCREMENT	PILOT	PILOT
		EQUALIZED ASSESSED VALUE	EQUALIZED ASSESSED VALUE			
1	L	109,308	109,306	0	0	0
	I	186,835	186,835	0	0	
2	L	109,306	110,399	1,093	93	24,156
	I	186,835	496,000	309,165	24,062	
3	L	109,306	110,399	1,093	93	24,156
	I	186,835	496,000	309,185	24,062	
4	L	109,306	111,503	2,197	187	24,636
	I	186,835	500,960	314,125	24,448	
5	L	109,306	111,503	2,197	187	24,636
	I	186,835	500,960	314,125	24,448	
6	L	109,306	112,618	3,312	283	25,121
	I	186,835	505,970	319,135	24,838	
7	L	109,306	112,618	3,312	283	25,121
	I	186,835	505,970	319,135	24,838	
8	L	109,306	113,744	4,438	379	25,611
	I	186,835	511,029	324,194	25,232	
9	L	109,306	113,744	4,438	379	25,611
	I	186,835	511,029	324,194	25,232	
10	L	109,306	114,882	5,576	476	26,106
	I	186,835	516,140	329,305	25,630	
11	L	109,306	114,882	5,576	476	26,106
	I	186,835	516,140	329,305	25,630	
12	L	109,306	116,030	6,725	574	26,605
	I	186,835	521,301	334,466	26,031	
13	L	109,306	116,030	6,725	574	26,605
	I	186,835	521,301	334,466	26,031	
14	L	109,306	117,191	7,885	673	27,110
	I	186,835	526,514	339,679	26,437	
15	L	109,306	117,191	7,885	673	27,110
	I	186,835	526,514	339,679	26,437	
16	L	109,306	118,363	9,057	773	27,620
	I	186,835	531,779	344,944	26,847	
17	L	109,306	118,363	9,057	773	27,620
	I	186,835	531,779	344,944	26,847	
18	L	109,306	119,546	10,240	874	28,135
	I	186,835	537,097	350,262	27,261	
19	L	109,306	119,546	10,240	874	28,135
	I	186,835	537,097	350,262	27,261	
20	L	109,306	120,742	11,436	976	28,655
	I	186,835	542,468	355,633	27,679	
21	L	109,306	120,742	11,436	976	28,655
	I	186,835	542,468	355,633	27,679	
22	L	109,306	121,949	12,643	1,079	29,180
	I	186,835	547,893	361,058	28,101	
23	L	109,306	121,949	12,643	1,079	29,180
	I	186,835	547,893	361,058	28,101	
TOTAL						585,866

Present Value at 9% \$223,631.90

YEAR	ANNUAL SALES ¹	ANNUAL RESTAURANT SALES ²	TOTAL SALES TAX	CITY EARNINGS TAX ²	UTILITY TAX ²	TOTAL EATS	TOTAL PILOTS ³	TOTAL PILOTS & EATS	TIF Revenue available to developer ¹
1	200,000	220,000	14,193	20,510	3,481	19,092	0	19,092	18,137
2	400,000	440,000	28,385	41,020	6,962	38,183	24,156	62,339	59,222
3	412,000	453,200	29,237	42,251	7,170	39,329	24,156	63,484	60,310
4	424,360	466,796	30,114	43,518	7,385	40,509	24,636	65,144	61,887
5	437,091	480,800	31,017	44,824	7,607	41,724	24,636	66,360	63,042
6	450,204	495,224	31,948	46,168	7,835	42,976	25,121	68,096	64,692
7	463,710	510,081	32,906	47,553	8,070	44,265	25,121	69,386	65,916
8	477,621	525,383	33,893	48,980	8,312	45,593	25,611	71,204	67,643
9	491,950	541,145	34,910	50,449	8,562	46,961	25,611	72,571	68,943
10	506,708	557,379	35,957	51,963	8,819	48,369	26,106	74,475	70,751
11	521,909	574,100	37,036	53,522	9,083	49,820	26,106	75,926	72,130
12	537,567	591,323	38,147	55,127	9,356	51,315	26,605	77,920	74,024
13	553,694	609,063	39,291	56,781	9,636	52,855	26,605	79,460	75,487
14	570,304	627,335	40,470	58,485	9,925	54,440	27,110	81,550	77,473
15	587,413	646,155	41,684	60,239	10,223	56,073	27,110	83,183	79,024
16	605,036	665,539	42,935	62,046	10,530	57,756	27,620	85,375	81,107
17	623,187	685,506	44,218	63,908	10,846	59,588	27,620	87,204	83,337
18	641,883	706,071	45,541	65,825	11,171	61,461	28,135	89,596	85,035
19	661,139	727,253	46,904	67,800	11,506	63,376	28,135	91,872	87,278
20	680,973	749,071	48,316	69,834	11,851	65,327	28,655	93,768	89,080
21	701,402	771,543	49,777	71,929	12,207	67,334	29,180	96,247	91,434
22	722,444	794,689	51,288	74,087	12,573	69,361	29,180	98,259	93,346
23	744,118	818,530	52,849	76,309	12,950	71,409	29,180	98,259	93,346
TOTAL	12414712.12	13,656,183	855,909	1,273,129	216,063	1,172,550	585,866	1,758,417	1,670,496

Present Value at 9%

621,997

¹ Accounts for 5% TIF Commission administrative fee that is deducted before all TIF reimbursements
² First year revenues were divided in half to account for any lag in revenues during start-up period
³ If running projections for project in Jackson County, subtract an additional 1% from the PILOTS projections (Jackson County keeps a 1% collection fee--the other counties do not)

Exhibit 7

**JUDICIAL SQUARE TIF
SOURCES AND USES**

Sources

Acquisition of building loan	\$	1,361,710
Mechanical system loan		366,465
Rehab loan and operations		1,421,481
Subtotal Debt	\$	<u>3,149,656</u>
	loan to value	74.3%
Equity		1,050,000
Historic Rehab Credits		197,079
	\$	<u>4,396,735</u>

**TIF
Eligible
Funds** **Historic
Rehab
Eligible**

Changed to achieve
loan-to-value ratio
less than 75%



Uses

Parking garage	\$	400,000	\$	400,000	\$	-
Exterior repairs		200,000		200,000		200,000
Lobby		108,180				108,180
Tenant improvements		1,547,885				1,547,885
Mechanical system		366,465				
Acquisition of building		1,361,710				
Professional fees - 15% (Architect, electrical & structural engineers etc)		262,495		87,498		114,725
		<u>4,246,735</u>				
Additional monies needed to run building during 2003		<u>150,000</u>				
	\$	<u>4,396,735</u>	\$	<u>687,498</u>	\$	<u>1,970,790</u>

Source: Rule & Company, Inc. (reconstructed)

Exhibit 8

Exhibit 9

Exhibit 10

EXHIBIT L

BLIGHT STUDY

1.0 INTRODUCTION

According to section 99.805 Section 1 R.S.Mo of Missouri's Tax Increment Financing Statute "blighted area" and "insanitary area" are defined as follows:

"Blighted area," an area which, by reason of the predominance of defective or inadequate street layout, insanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use. As stated in R.S Mo 99.805 section 1 and 74.4 of the Kansas City Code of General Ordinances.

The various components of the definition serve as the basis for further discussion concerning whether Griffith Building is blighted.

2.0 INSANITARY CONDITIONS

2.1 Deterioration of site improvements

According to the site visit, a structural report¹ and a mechanical report² the following items were observed:

- Obsolete HVAC system (replaced)
- Obsolete plumbing system
- Obsolete fire system
- Parking garage is need of major repair
 - At the top level, the existing waterproofing membrane is worn and in some places there is exposed concrete.
 - At the middle level, the floor does not have a membrane. There is a large amount of spalling that indicates reinforcing bar corrosion in the tops of

¹ Walk Through Structural Observation by Structural Engineering Associates, Inc.

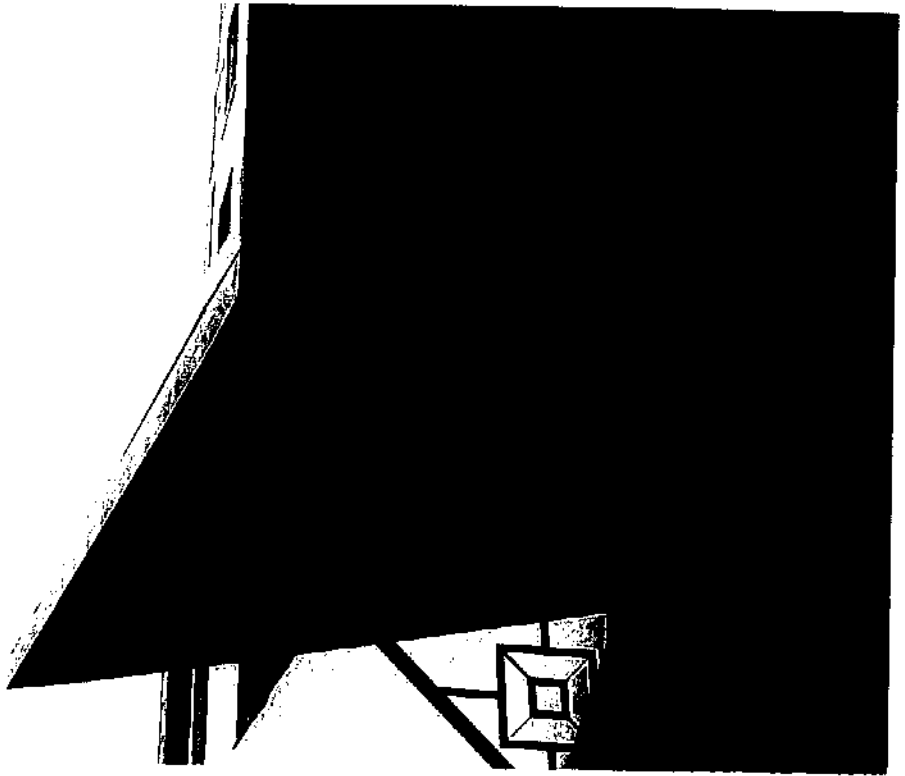
² Walk Through Mechanical Observation by RC Mechanical Inc.

concrete joists and beams. The concrete joists that support the floor have active corrosion and spalling on the bottom bars.

- o There were steel plates to cover failure in the slabs.
- Air handling unit of penthouse roof needs steel support frames and pipes cleaned and painted.
- Water damage on the windows, floors and walls.
- Metal windows need cleaning and painting
- Peeling interior paint

Conclusion

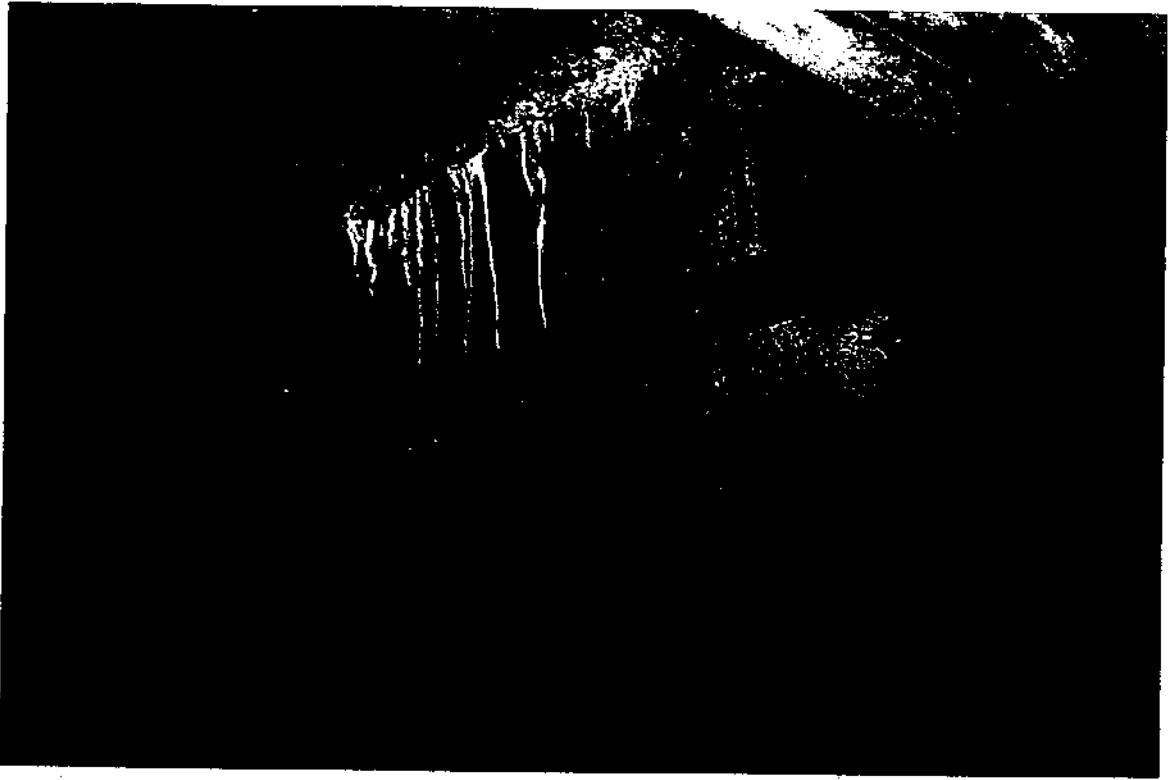
As a result of the above blighting conditions, the LCRA staff finds the property to be blighted, insanitary and in need of redevelopment in accordance with the section 99.320(3) R.S.Mo of Missouri's Land Clearance for Redevelopment Statute. The following pages include photographs of the project area as further evidence of the blighting condition.



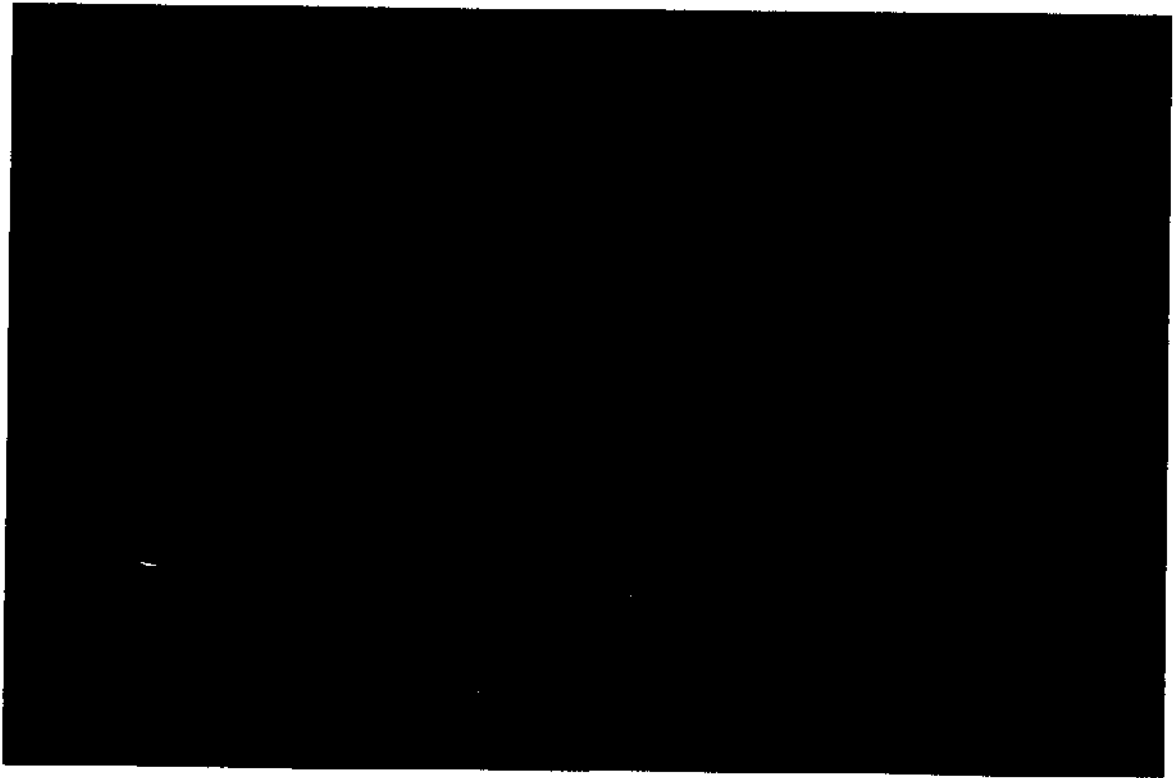
Notice the cracks and water leaks in the ceiling.



Reinforced bars exposed.



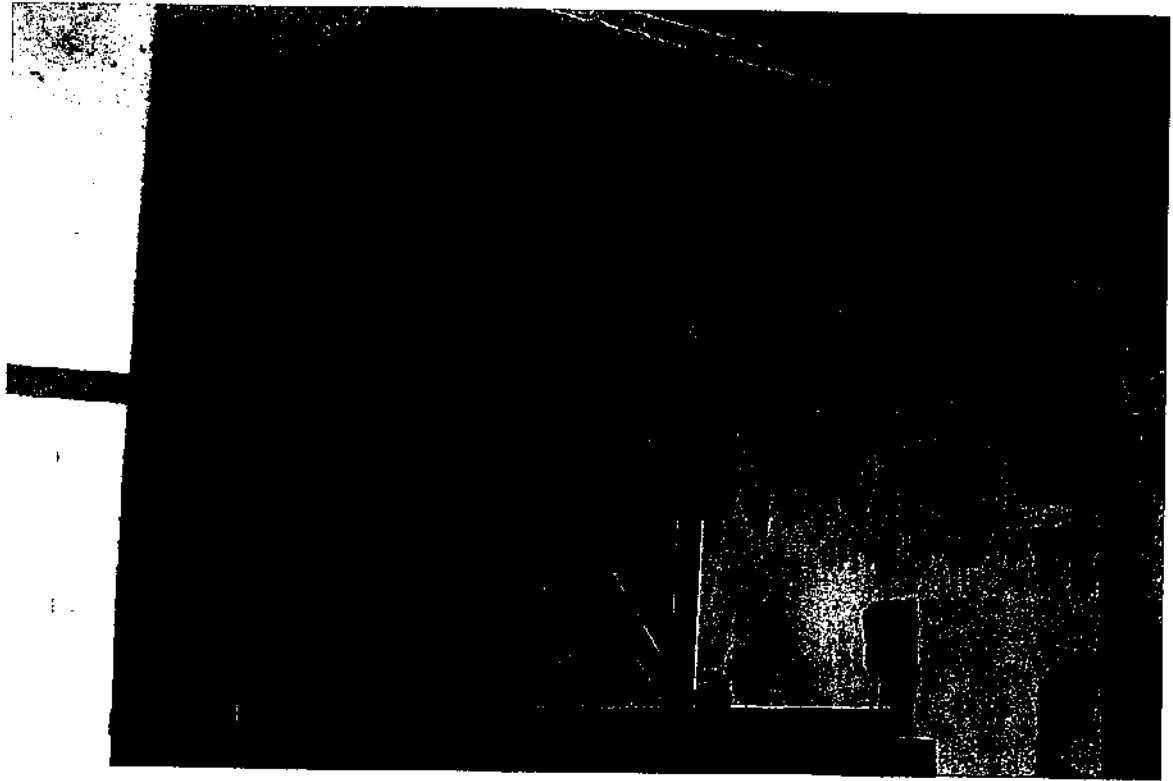
Reinforced bars exposed at another location.



Steel plates covering faults in slab.



Obsolete heating system



Storeroom wall and ceiling in need of major repair

EXHIBIT 11

EXHIBIT 12

LAND ACQUISITION

The property is already owned by Applicant. No additional land will be acquired.

EXHIBIT 13

RELOCATION ASSISTANCE PLAN

- (a) Definitions. The following terms, whenever used or referred to herein, shall have the following meanings:
- (i) Designated Occupants. "Designated Occupants" shall mean handicapped displaced occupants and those displaced occupants who are 65 years of age or older at the time of the notice to vacate or who have an income less than the average median income for the metropolitan area as certified annually by the Director of City Development based upon standards established by the Department of Housing and Community Development of Kansas City, Missouri.
 - (ii) Displaced Business. "Displaced Business" shall mean any business that moves from real property within the development area as a result of the acquisition of such property, or as a result of written notice to vacate such property, or in conjunction with the demolition, alteration or repair of said property, by the Tax Increment Financing Commission pursuant to RSMo. 99.800 et. seq., as amended.
 - (iii) Displaced Occupant. "Displaced Occupant" shall mean any occupant who moves from real property within the development area as a result of the acquisition of such property, or as a result of written notice to vacate such property, or in connection with the demolition, alteration or repair of said property, by the Tax Increment Financing Commission pursuant to RSMo. 99.800 et. seq., as amended.
 - (iv) Handicapped Occupant. "Handicapped Occupant" shall mean any occupant who is deaf, legally blind, or orthopedically disabled to the extent that acquisition of other residence presents a greater burden than other occupants would encounter or that modification to the residence would be necessary.
 - (v) Occupant. "Occupant" shall mean a residential occupant of a building having lawful possession thereof, and further shall include any person in lawful possession, whether related by blood or marriage to any other occupant.
 - (vi) Person. "Person" shall mean any individual, firm, partnership, joint venture, association, corporation and any life insurance company, organized under the laws of, or admitted to do business in the State of Missouri, undertaking a redevelopment project in a urban renewal area, whether organized for profit or not, estate, trust, business trust, receiver or trustee appointed by any state or federal court, syndicate, or any other group or combination acting as a unit, and shall include the male as well as the female gender and the plural as well as the singular number.
- (b) Plan Requirement. Every person approved by the Commission as a developer of property subject to be acquired by the Tax Increment Financing Commission in furtherance of a Tax Increment Financing plan shall submit to the Commission a relocation plan as part of the developer's redevelopment plan.
- (c) Contents of Plan. The relocation plan shall provide for the following:
- (i) Payments to all displaced occupants and displaced businesses in occupancy at least ninety (90) days prior to the date said displaced occupant or said displaced business is required to vacate the premises by the developer, its assigns or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EXHIBIT 14