

ORDINANCE #65424
Board Bill No. 284

AN ORDINANCE DESIGNATING A PORTION OF THE CITY OF ST. LOUIS, MISSOURI, A REDEVELOPMENT AREA; ADOPTING A REDEVELOPMENT PLAN AND APPROVING A REDEVELOPMENT PROJECT THEREIN; ADOPTING TAX INCREMENT ALLOCATION FINANCING; AND ESTABLISHING A SPECIAL ALLOCATION FUND ALL PURSUANT TO THE REAL PROPERTY TAX INCREMENT ALLOCATION REDEVELOPMENT ACT; AND MAKING FINDINGS RELATED THERETO AND AUTHORIZING CERTAIN ACTIONS BY CITY OFFICIALS.

WHEREAS, the City of St. Louis, Missouri (the "City"), is a body corporate and a political subdivision of the State of Missouri, duly created, organized and existing under and by virtue of its charter, the Constitution and laws of the State of Missouri; and

WHEREAS, on December 20, 1991, pursuant to Ordinance No. 62477, the Board of Aldermen of the City created the Tax Increment Financing Commission of the City of St. Louis, Missouri (the "TIF Commission"); and

WHEREAS, the TIF Commission is duly constituted according to the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865 of the Revised Statutes of Missouri, as amended (the "TIF Act"), and is authorized to hold public hearings with respect to proposed redevelopment areas and redevelopment plans and to make recommendations thereon to the City; and

WHEREAS, at the direction of the Board of Aldermen, staff and consultants have prepared a plan for redevelopment titled "Amended Tech Electronics, Inc. Tax Increment Financing Redevelopment Plan" dated November 28, 2001 (the "Redevelopment Plan"), for an area located generally at the intersection of Manchester Road and Dale Avenue (the "Redevelopment Area"), which Redevelopment Area is more fully described in the Redevelopment Plan; and

WHEREAS, the Redevelopment Plan envisions the construction of a one story office building of approximately 7,000 square feet which will be capable of being built out to three stories (the entire proposal for redevelopment as described in the Redevelopment Plan being hereinafter referred to as the "Redevelopment Project"); and

WHEREAS, Tech Electronics, Inc. (the "Developer"), in response to the City's solicitation of proposals from developers, submitted its development proposal dated October 10, 2001, (the "Redevelopment Proposal"), for redevelopment of the Redevelopment Area; and

WHEREAS, on November 11, 2001, each of the affected taxing districts were provided written notice that certain amendments were being made to the Redevelopment Plan, which amendments did not enlarge the exterior boundaries of the Redevelopment Area and did not substantially affect the general land uses established in the Redevelopment Plan or substantially change the nature of the Redevelopment Project; and

WHEREAS, on November 28, 2001, after all proper notice was given, the TIF Commission held a public hearing in conformance with the TIF Act, and received comments from all interested persons and taxing districts relative to the Redevelopment Area, the Redevelopment Plan, the Redevelopment Project and the Redevelopment Proposal; and

WHEREAS, the Board of Aldermen has received the recommendations of the TIF Commission regarding the Redevelopment Area and the Redevelopment Plan and finds that it is desirable and in the best interests of the City to designate the Redevelopment Area as a "redevelopment area" as provided in the TIF Act and adopt the Redevelopment Plan and Redevelopment Project in order to encourage and facilitate the redevelopment of the Redevelopment Area; and

WHEREAS, the Board of Aldermen has determined that the Redevelopment Area qualifies for the use of tax increment allocation financing to alleviate the conditions that qualify it as a "redevelopment area" as provided in the TIF Act and that it is necessary and desirable and in the best interest of the City to adopt tax increment allocation financing within and to establish a special allocation fund for the Redevelopment Area.

NOW THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF ST. LOUIS, MISSOURI, AS FOLLOWS:

Section One. The Board of Aldermen hereby makes the following findings:

1. The Redevelopment Area on the whole is a “conservation area” as defined in Section 99.805(3) of the TIF Act, and has not been subjected to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of tax increment allocation financing and the Redevelopment Plan. This finding includes and the Redevelopment Plan sets forth and the Board of Aldermen hereby finds and adopts by reference: (a) a detailed description of the factors that qualify the Redevelopment Area as a “conservation area” and (b) an affidavit, signed by the Developer and submitted with the Redevelopment Plan attesting that the provisions of Section 99.810.1(1) of the TIF Act have been met, which description and affidavit are incorporated herein as if set forth here in full.

2. The Redevelopment Plan conforms to the City’s comprehensive plan for the development of the City as a whole.

3. In accordance with the TIF Act, the Redevelopment Plan states the estimated dates of completion of the Redevelopment Project and retirement of the financial obligations issued to pay for certain Redevelopment Project costs and these dates are twenty three (23) years or less from the date of approval of the Redevelopment Project.

4. A plan has been developed for relocation assistance for business and residences in Ordinance No. 62481 adopted December 20, 1991.

5. The Redevelopment Plan includes a cost-benefit analysis showing the economic impact of the Redevelopment Plan on each taxing district which is at least partially within the boundaries of the Redevelopment Area, which cost-benefit analysis shows the impact on the economy if the project is not built and is built pursuant to the Redevelopment Plan and is incorporated herein as if fully set forth here in full.

6. The Redevelopment Plan does not include the initial development of any gaming establishment.

7. The Redevelopment Area includes only those parcels of real property and improvements thereon substantially benefited by the proposed Redevelopment Project and improvements.

Section Two. The Redevelopment Area described in the Redevelopment Plan is hereby designated as a “redevelopment area” as defined in Section 99.805(11) of the TIF Act.

Section Three. The Redevelopment Plan, as reviewed and approved by the TIF Commission on November 28, 2001, including amendments thereto, and the Redevelopment Project described in the Redevelopment Plan are hereby approved and adopted. A copy of the Redevelopment Plan is set forth as **Exhibit A**, attached hereto and incorporated herein by reference.

Section Four. There is hereby created and ordered to be established within the treasury of the City a separate fund to be known as the “City of St. Louis, Missouri, Special Allocation Fund for the Tech Electronics Redevelopment Project” (the “Special Allocation Fund”) for the purpose of paying redevelopment project costs and obligations incurred in the payment thereof. All moneys deposited in the Special Allocation Fund shall be applied in such manner consistent with the Redevelopment Plan as determined by the Board of Aldermen.

Section Five. After the total equalized assessed valuation of the taxable real property in the Redevelopment Area exceeds the certified total initial equalized assessed valuation of the taxable real property in the Redevelopment Area, the ad valorem taxes, and payments in lieu of taxes, if any, arising from the levies upon taxable real property in the Redevelopment Area by taxing districts and tax rates determined in the manner provided in Section 99.855.2 of the TIF Act each year after the effective date of this Ordinance until redevelopment costs have been paid shall be divided as follows:

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

2. Payments in lieu of taxes attributable to the increase in the current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in the area selected for the redevelopment project over and above the initial equalized

assessed value of each such unit of property in the area selected for the redevelopment project shall be allocated to and, when collected, shall be paid to the City Treasurer, who shall deposit such payment in lieu of taxes into a special fund called the "City of St. Louis, Missouri, Special Allocation Fund for the Tech Electronics Redevelopment Project" (the "Special Allocation Fund") for the purpose of paying redevelopment costs and obligations incurred in the payment thereof. 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.

Section Six. In addition to the payments in lieu of taxes described in paragraph (2) of Section Four of this Ordinance, fifty percent of the total additional revenue from taxes which are imposed by the City or other taxing districts and which are generated by economic activities within the 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 of the Revised Statutes of Missouri, as amended, or taxes levied for the purpose of public transportation pursuant to Section 94.660 of the Revised Statutes of Missouri, as amended, licenses, fees or special assessments other than payments in lieu of taxes and penalties and interest thereon, in accordance with Section 99.845.3 of the TIF Act, as may be amended from time to time, shall be allocated to, and paid by the collecting officer to the City Treasurer or other designated financial officer of the City, who shall deposit such funds in a separate segregated account within the Special Allocation Fund.

Section Seven. The City Register is hereby directed to submit a certified copy of this Ordinance to the City Assessor, who is directed to determine the total equalized assessed value of all taxable real property within the Redevelopment Area as of the date of this Ordinance, by adding together the most recently ascertained equalized assessed value of each taxable lot, block, tract or parcel of real property within the Redevelopment Area and shall certify such amount as the total initial equalized assessed value of the taxable real property within the Redevelopment Area.

Section Eight. The Comptroller of the City is hereby authorized to enter into agreements or contracts with other taxing districts as is necessary to ensure the allocation and collection of the taxes and payments in lieu of taxes described in Sections Five and Six of this Ordinance and the deposit of the said taxes or payments in lieu of taxes into the Special Allocation Fund for the payment of redevelopment project costs and obligations incurred in the payment thereof, all in accordance with the TIF Act.

Section Nine. The Mayor and Comptroller of the City and all other officers, agents, representatives and employees of the City are hereby authorized to take any and all actions as may be deemed necessary, desirable, convenient or proper to carry out and comply with the intent of this Ordinance with regard to the implementation of the Redevelopment Plan and to execute and deliver for and on behalf of the City all certificates, instruments or other documents as may be necessary, desirable, convenient or proper to carry out the matters herein authorized.

Section Ten. It is hereby declared to be the intention of the Board of Aldermen that each and every part, section and subsection of this Ordinance shall be separate and severable from each and every other part, section and subsection hereof and that the Board of Aldermen intends to adopt each said part, section and subsection separately and independently of any other part, section and subsection. In the event that any part, section or subsection of this Ordinance shall be determined to be or to have been unlawful or unconstitutional, the remaining parts, sections and subsections shall be and remain in full force and effect, unless the court making such finding shall determine that the valid portions standing alone are incomplete and are incapable of being executed in accord with the legislative intent.

Section Eleven. This Ordinance shall become effective upon adoption by the Board of Aldermen and approval by the Mayor or failure of the Mayor to so approve or disapprove within twenty (20) days after its presentation to the Mayor.

Clerk, Board of Aldermen

President, Board of Aldermen

Approved: Date: _____

Mayor

Truly Engrossed and Enrolled

Chairman

**Amended
Tech Electronics, Inc.
Tax Increment Financing
Redevelopment Plan**

**City of St. Louis
Tax Increment Financing Commission
November 28, 2001**

TABLE OF CONTENTS

Tab No.

1	<u>Redevelopment Plan</u>
	I. Redevelopment Plan Summary
	II. Overview of Tax Increment Financing
	III. Redevelopment Plan
	IV. Financing Plan
	V. Necessary Findings
2	<u>Exhibit A</u> – Legal Description of Redevelopment Area
3	<u>Exhibit B</u> – Map of Area
4	<u>Exhibit C</u> – Design of the Proposed Redevelopment Project
5	<u>Exhibit D</u> – Redevelopment Schedule
6	<u>Exhibit E</u> – Equalized Assessed Land Values of Parcels within Redevelopment Area
7	<u>Exhibit F</u> – Estimated TIF Revenues
8	<u>Exhibit G</u> – Cost-Benefit Analysis
9	<u>Exhibit H</u> – Redevelopment Project Costs
10	<u>Exhibit I</u> – Bank Commitment Letter
11	<u>Exhibit J</u> – Developer’s Affidavit
12	<u>Exhibit K</u> – Financing Commitment
13	<u>Exhibit L</u> – Developer’s Profile

I. REDEVELOPMENT PLAN SUMMARY

The following is a Redevelopment Plan prepared by Tech Electronics, Inc. (the “Developer”) for redevelopment of Developer’s corporate campus located at the intersection of Manchester Road and Dale Avenue in the City of St. Louis “Dogtown” neighborhood (the “Redevelopment Area”). A legal description and map of the area are included herein as Exhibits A and B.

The proposed Redevelopment Area qualifies as a conservation area under Missouri’s Tax Increment Allocation Redevelopment Act, §§ 99.800-99.865 of the Revised Statutes of Missouri (“R.S.Mo.”), as amended (the “Act”).

Tech Electronics, Inc. was founded with three employees in an old corner store building located at the corner of Manchester and Dale Avenue. Since that time, Developer has continued to expand its operations, acquiring other old commercial and residential buildings in the area and converting them into offices. Developer now occupies all of the space within the Redevelopment Area, and cannot expand its operations any further because either the surrounding land is not fit for commercial improvements, or the area is otherwise landlocked with no further room for continued expansion. The Redevelopment Area consists of nine contiguous parcels of land improved with six buildings and two parking lots. The area is a mix of residential and commercial structures, over 50% of which are more than thirty-five years of age. As a result, the area lacks cohesiveness, and is inefficient for Developer’s expanding operations. As Developer continues its steady growth and upward mobility, it has already outgrown its current facilities with the area no longer capable of meeting its need for office space and other physical properties.

Because the Redevelopment Area is landlocked, Developer has only the option of building improvements upon existing land within the area. Faced with this dilemma, Developer, rather than relocating its operations, is proposing to improve the Redevelopment Area by constructing a new 7,000 square foot one-story office building capable of being built out to three stories which will allow Developer to meet its pressing need for additional office space and centralization of its sales force and technical

staff while at the same provide for continued growth of Developer's facilities and operations in the City of St. Louis (the "Redevelopment Project"). Thus, the Redevelopment Project will allow Developer to not only meet its immediate needs, but also its future business needs while keeping its operations in the City.

This Redevelopment Plan proposes that a Tax Increment Financing Note (the "TIF Note") in the amount of \$900,000 be authorized and issued by the City to fund the construction of such improvements. Fifty percent (50%) of Economic Activity Taxes as defined in the Act including sales taxes, utility taxes, and earning and payroll taxes ("EATS") within the Redevelopment Area will be allocated to retire the TIF Note and reimburse the Developer for redevelopment project costs incurred in connection with the Redevelopment Project. It is anticipated that the Desegregation Sales Tax will be excluded from allocation by legislative amendment, and therefore, the Desegregation Sales Tax has been excluded from the projected TIF Revenues set forth in Exhibit F. Moreover, the City General Fund Sales Tax of 1.375 has been excluded from the projected TIF Revenues set forth in Exhibit F as the Developer will be required to make an annual payment to the City equal to the amount of EATS attributed to the City General Fund Sales Tax for additional City services necessitated by the Redevelopment Project. Payments in lieu of real estate taxes ("PILOTS") paid within the Redevelopment Area will also be allocated for redevelopment project costs. Other financing aspects of the Redevelopment Project are discussed in more detail in Section IV.

Preliminary design plans for the Redevelopment Project are included as Exhibit C.

II. OVERVIEW OF TAX INCREMENT FINANCING

The Act enables cities to finance certain redevelopment costs with the revenue generated from: (1) payments in lieu of real estate taxes, as measured by the net increase in assessed valuation resulting from new development; and (2) a portion of the increase in other local tax revenue associated with new economic activity.

A. Theory of Tax Increment Financing

Tax increment financing (TIF), as authorized in the Act, is premised on the theory that by attracting new private development with needed public improvements, the assessed valuation in a redevelopment area should increase, thereby generating more than enough new tax revenue to retire obligations issued to finance the needed improvements. When a plan for a redevelopment project pursuant to the Act is adopted, real estate taxes in the redevelopment area are frozen at their present level. By applying the real estate tax rate of all taxing districts having taxing power within the redevelopment area to the increased assessed valuation resulting from redevelopment, a tax "increment" is produced. The real estate tax increments are referred to as payments in lieu of taxes ("PILOTS") and are deposited in a Special Allocation Fund.

In addition to PILOTS, fifty percent of certain local taxes generated by new economic activities in the redevelopment area, such as sales taxes, taxes on utility gross receipts (economic activity taxes, or "EATS"), and earnings tax are deposited in the Special Allocation Fund.

The revenue from PILOTS and EATS in the Special Allocation Fund is then used to directly pay for redevelopment project costs or to retire obligations issued to pay redevelopment project costs.

B. Eligible Project Costs

The Act provides for the use of tax increment financing to pay all reasonable or necessary costs incurred or incidental to a redevelopment project. Such costs include:

- Costs of studies, surveys and plans;
- Professional services' costs, such as financial advisory fees, legal fees and planning expenses;
- Land acquisition and demolition costs;
- The costs of rehabilitating and repairing existing buildings (except in economic development areas defined below);
- The costs of constructing public works or improvements, such as street lighting, street repairs or parking; and
- Financing costs, such as capitalized interest, underwriting expenses, and bond printing.

C. Criteria for Redevelopment Project Area

The Act provides for the use of tax increment financing to finance improvements in a blighted area, a conservation area,

or an economic development area. As defined by the Act, a "conservation area" is:

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.

The Redevelopment Area meets the above criteria for reasons set forth in Section V.

D. Procedure

Prior to adopting tax increment financing, the municipality must appoint a Tax Increment Financing Commission ("TIF Commission") to review a redevelopment plan (this document). The purpose of the plan is to set forth in detail the overall plan and scope of the redevelopment project, as well as to address certain issues regarding the structure and implementation of the redevelopment project with regard to the Act. The redevelopment plan must include:

- General description of the program to be undertaken;
- Estimated redevelopment project costs;
- The anticipated sources of funds to pay the costs;
- Evidence of commitments to finance the project costs;
- The anticipated type and term of the sources of funds to pay costs;
- The anticipated type and terms of the obligations to be issued;
- The most recent equalized assessed valuation of the property in the redevelopment area which is to be subjected to PILOTS and EATS;
- An estimate of the equalized assessed valuation after redevelopment; and
- The general land uses to apply in the redevelopment area.

After the redevelopment plan is prepared, the TIF Commission must hold a public hearing to hear comments on the redevelopment plan and redevelopment area, and make recommendations on the redevelopment plan to the municipality's governing body. Notice of public hearings must be given in a newspaper circulated within the taxing districts affected by the plan not more than 30 days prior to the hearing and again not more than 10 days prior to the hearing. In addition, notice must be given to all property owners within the redevelopment area by certified mail not less than 10 days prior to the public hearing.

Notice by certified mail must also be given to all taxing districts from which taxable property is included in the redevelopment area not less than 45 days prior to the date set for the public hearing. Before adopting a redevelopment plan, the governing body of the municipality must determine that:

- (1) the area in which the proposed redevelopment project is to be located is a blighted area, a conservation area, or an economic development area and has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of tax increment financing. Such a finding shall include, but not be limited to, a detailed description of subdivision and an affidavit, signed by the developer and submitted with the redevelopment plan, attesting that the provisions of this subdivision have been met;
- (2) the proposed redevelopment plan conforms to the comprehensive plan for the development of the municipality as a whole;
- (3) the dates for the completion of the redevelopment project and the retirement of the obligations have been determined;
- (4) a plan has been developed for relocation assistance for businesses and residences;
- (5) the redevelopment plan includes a cost-benefit analysis which shows the economic impact of the plan on each taxing district which is at least partially within the boundaries of the redevelopment area. The analysis must show the impact on the economy if the project is not built, and the impact on the economy if the project is built pursuant to the redevelopment plan under consideration. The cost-benefit analysis shall also include a fiscal impact study on every affected political

subdivision, and sufficient information from the developer for the TIF commission to evaluate whether the project as proposed is financially feasible; and

(6) the redevelopment plan includes a finding that the plan does not include the initial development or redevelopment of any gambling establishment.

III. REDEVELOPMENT PLAN

A. Description of Redevelopment Area

The Redevelopment Area consists of nine parcels of land improved with six buildings and two parking lots. The legal description of the Redevelopment Area is included herein as Exhibit A.

B. Redevelopment Plan Objectives

The following objectives are proposed for the Redevelopment Area. These objectives are consistent with those purposes outlined in the Act and the policies of the TIF Commission:

1. Eliminate the conditions and factors that qualify the Redevelopment Area as a "conservation area" under the terms of the Act;
2. Enhance the public health, safety, and welfare of the community by improving the infrastructure, mitigating blight conditions, and serving as a catalyst for other private and public improvements necessary for the surrounding area's stability and future growth;
3. Increase the tax base and resulting tax revenues for the City of St. Louis;
4. Enhance the tax base of other taxing districts whose jurisdictions encompass the Redevelopment Area;
5. Stimulate redevelopment of the Redevelopment Area and surrounding residential and commercial areas through private investment; and
6. Attract and retain growing companies in the City of St. Louis.

C. Redevelopment Project Activities

Specifically, the objectives as set forth in part III.B. above will be satisfied by the following:

1. Retention of an exceptional St. Louis Company

Founded in 1963 in the City of St. Louis, Developer is one of the largest communications-systems companies in the midwest. Developer is committed to the City of St. Louis and more particularly to the "Dogtown" community. Developer is a distributor, contractor and value-added reseller of equipment and communication systems such as security and fire alarm, sound, intercom, and various other types of telecommunications. Developer places a prominent role on service, and is devoted to ensuring that its end users have the added sense of security from knowing that Developer backs up its products with professional installation, maintenance, and thorough user training.

Despite the recent downturn in the technology market, Developer has, since 1963, continued to participate in and contribute to the forward movement in modern communications. Beginning with three staff persons, Developer has grown to a medium size corporation of 160 employees with staff positions ranging from technical, sales, administrative, client service, and clerical. Currently, Developer continues to generate revenue for the City of St. Louis with \$7 million in annual payroll and \$25 million in annual sales, \$4 million of which is taxable sales.

Developer intends to immediately occupy and use the newly constructed 7,000 square feet of office space as contemplated by the Redevelopment Project to provide office space for approximately 40 new sales and technician positions. This intent evidences Developer's commitment to solidify and maintain its corporate headquarters in the City of St. Louis. Without completion of the Redevelopment Project, Developer's current lack of adequate facilities will undoubtedly force it to relocate. Due to the great lack

of adequate facilities, and the prohibitive cost of developing such facilities due to the high devaluation of investments within the City of St. Louis, such relocation would unfortunately be to St. Louis County. Thus, to meet its pressing need to expand and improve its office space and its desire to maintain its hard-earned and unique business presence in the City of St. Louis, Developer is seeking the benefits of TIF.

2. Attraction of Young Professionals to the City

As a fast-paced technology company with a growing sales and technical force, a large percentage of Developer's employees are under 40 years of age. Many of these employees are attracted to the prospect of St. Louis' affordable housing and close proximity to work. In addition, the surrounding neighborhood offers a safe and cohesive community in which to live. Throughout its history, Developer has been active in the neighborhood, and has worked with residents to improve the area. Developer has also offered to initiate a program to encourage its staff to consider living in the City of St. Louis "Dogtown" area.

3. Incentive for Other Growing Firms

The success of this Redevelopment Project provides a great example of St. Louis creatively meeting the needs of technology and communications firms. Although TIF financing is common with multi-million dollar projects, it is rarely applied to small projects. If this funding is successful, it will provide a model that can be used to attract other growing employers to the City.

One of the impediments that firms cite when considering a move to St. Louis City is the high cost of services and the large amounts of "red tape" that they perceive to be associated with City Government. Even if this perception is not accurate, it provides a disincentive for firms considering relocating to the city. By assisting Developer in pursuing a successful application, the City of St. Louis will tangibly demonstrate its ability to help smaller businesses experience the benefits of the City.

4. Job Creation

In addition to the construction jobs (which are temporary positions), this project will create the following full-time jobs within three years of completion:

- 25 Sales Staff--\$65,000 year base salary
- 15 Technical Staff--\$55,000 year base salary

Thus, Developer anticipates that the Redevelopment Project will create at least \$2.7 million in new payroll, and \$2.8 million in new taxable sales (\$11 million in total new sales) within the first three years.

5. Improvement to Neighborhood

Although Developer has worked hard to restore and revitalize the buildings within the Redevelopment Area and has contributed great resources to improve its aesthetic value, the Redevelopment Area in its current state lacks cohesiveness and contains several unimproved lots. Located at the corner of Dale Avenue and Manchester Road, the Redevelopment Area is one of the cornerstones of the surrounding neighborhood. Thus, the Redevelopment Project will serve not only to provide greatly needed improvements, but will also strengthen the fabric and further increase the aesthetic value of its neighboring community. See drawings and proposed design plan, **Exhibit C**.

D. Redevelopment Schedule

The Redevelopment Schedule is included in this Redevelopment Plan as **Exhibit D**.

E. Land Acquisition and Relocation

A related entity of Developer is the current owner of all of the property required for the Redevelopment Plan and Redevelopment Project. Thus, no relocation or use of eminent domain is necessary.

F. Most Recent Equalized Assessed Value

A list of the current (2001) Equalized Assessed Values of all property in the Redevelopment Area is included herein as **Exhibit E**. These values are established by the Assessor of the City of St. Louis. The total assessed value of taxable property in the Redevelopment Area is currently \$170,510.

G. Estimated Equalized Assessed Value after Redevelopment

The total estimated equalized assessed value of all taxable property in the Redevelopment Area after redevelopment is \$526,920, as set forth in greater detail in Exhibits F and G.

H. General Land Uses to Apply

Currently, the Redevelopment Area consists of nine parcels of land improved with six buildings and two parking lots. The area is predominantly commercial with a small mix of residential buildings. The proposed land uses for the Redevelopment Area is all commercial.

IV. FINANCING PLAN

A. Estimated Redevelopment Costs and Anticipated Sources of Funding

The estimated Redevelopment Project Costs to be incurred are set forth in Exhibit H. Developer anticipates that the sources of funds to pay the costs of the Redevelopment Project will come from a \$900,000 TIF Note secured by the PILOTS and EATS collected, and \$400,000 in private funding from Cass Commercial Bank or another financial institution. Enclosed herein as Exhibit I is a commitment letter from Cass Commercial Bank evidencing its intent to provide such private financing. Developer will privately finance all of the costs for phase II and III.

Attached as Exhibit K is a Financing Certificate which affirms Developer's commitment to use all reasonable efforts to provide or obtain equity and financing for the development of the Redevelopment Project.

B. TIF Note Funding

The \$900,000 TIF Note will be issued as a 23-year Note at an interest rate that reasonably reflects the Developer's private financing of the Redevelopment Project.

The Note will be issued to finance a portion of the Redevelopment Project. However, it is intended that the Note will also facilitate Developer's future expansion of its headquarters within the Redevelopment Area including the construction of second and third stories to the Redevelopment Project ("Phases II and III"). As such, the Note will be amortized on a 20-year schedule and will be subject to cancellation in the event Developer relocates its headquarters or its facilities elsewhere in the St. Louis Metropolitan Area and does not complete Phases II and III within the Redevelopment Area.

As stated in the Introduction, PILOTS and EATS (excluding the Desegregation Sales Tax which it is anticipated will be excluded by legislative amendment) generated within the Redevelopment Area will provide incremental revenues to amortize the Note.

V. NECESSARY FINDINGS

1. The Redevelopment Area on the whole is a conservation area. The area has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of TIF financing. As stated in the Introduction and Section III.C., the existing structures and facilities within the area are obsolete, and fail to meet Developer's business and technical needs. According to the Assessor's Office, more than fifty percent (50%) of the structures within the area have an age of over thirty-five years. The numerous small residential lots within the area demonstrates the lack of community planning for commercial use of the area. In addition, the mix of commercial and residential parcels within the area also demonstrate that the layout of the area is deleterious to Developer's business needs and practices. Due to disinvestment and underutilization of the surrounding area for commercial or industrial use, the Redevelopment Area has suffered from a depreciation of physical maintenance. The Developer has executed an affidavit attesting to the existence of these conditions which is included herein as Exhibit J;
2. The Redevelopment Plan and Redevelopment Project conforms to the comprehensive plan for the development of the municipality as a whole;
3. The estimated date for completion of the Redevelopment Project and retirement of obligations incurred to finance the

Redevelopment Project costs will not more than 23 years, with actual completion of the Redevelopment Project projected to be approximately six months from the adoption of the ordinance approving the Redevelopment Project Area;

4. There is no need for a plan for relocation assistance for businesses and residences, because Developer owns all of the necessary land, and no residents will be displaced due to the Redevelopment Project;
5. A cost-benefit analysis showing the economic impact of the Redevelopment Plan for each taxing district affected is attached as **Exhibit G**; and
6. The plan does not include the initial development or redevelopment of any "gambling establishment" (as that term is defined in section 99.805(6) of the Act).

Additionally, the TIF Commission by the last day of February each year shall report to the State Director of Economic Development the name, address, phone number, and primary line of business of any business that relocates to the Redevelopment Area.

Exhibit A

Legal Description of Redevelopment Area

<u>Parcel ID #</u>	<u>Legal Description</u>
46110002500	C.B. Manchester, 193.95 ft / 203.21 ft, 220.17 ft / 157 ft 1 in, Block 2, Lot 1 & 2 & 3 & 4
46110000300	C. B. 4611 Dale, 35 ft. x 228 ft. 7 ½ in 206 ft 6 in, Kochs PRI to Glades Addition, Lot N-2 S-3.
46110000200	C. B. 4611 Dale, 40 ft. x 206 ft 6 inches / 179 ft 2 in, a Kochs private subdivision, Lot S-2
46110000100	C. B. 4611 Dale Ave., 50 ft x 179 ft 2 in / 153 ft 3/8 in, Kochs Addition, Lot 1
46120000900	C.B. 4612 Manchester, 64 ft x 141 ft, Brockshmitt addition, Lot PT 1 & 2, BND Dale Ave.
46120000800	C.B. 4612 Dale Ave, 0.416 ACS, Glades Addition, BLK 1 Lot N-1 N-2 NE-3 &, BLK 4 LOT 1
46120000700	C.B. 4612 Dale, 42 ft 6 in x 128 ft 11 in, Glades Addition, Lot C
46120000600	C.B. 4612 Dale Ave, 41 ft 1 ½ in x 128 ft 11 in, Glades Addition, Block 1 Lot D

Exhibit B

Map of the Area

Exhibit C

Design of the proposed Redevelopment Project

Exhibit D

Redevelopment Schedule

See attached Copy of Tech Electronic Manchester Avenue on file in the Register’s Office

Exhibit E

Equalized Assessed Land Values of parcels within Redevelopment Area

Parcel ID #	Address	Assessed Value 2001
46110000300	6433 Dale Avenue	7,680
46110000200	6429 Dale Avenue	7,300
46110000100	6425 Dale Avenue	4,330
46120000900	6435 Manchester Avenue	37,100
46120000800	6430 Dale Avenue	9,000
46120000700	6432 Dale Avenue	17,000
46120000600	6434 Dale Avenue	20,100
46110002500	6415 Manchester Ave.	57,400
46120001000	6445 Manchester Ave.	10,600
	Total	\$170,510

Exhibit F

Estimated TIF Revenues

See attached Copy of Tech Electronic Estimated TIF on file in the Register’s Office

Exhibit G

Cost-Benefit Analysis

See attached Copy of Cost Benefit Analysis for Taxing District on file in the Register’s Office

Exhibit H

Redevelopment Project Costs

See attached Estimated Redevelopment Cost on file in the Register’s Office

Exhibit I

Bank Commitment Letter

Exhibit J

Developer’s Affidavit

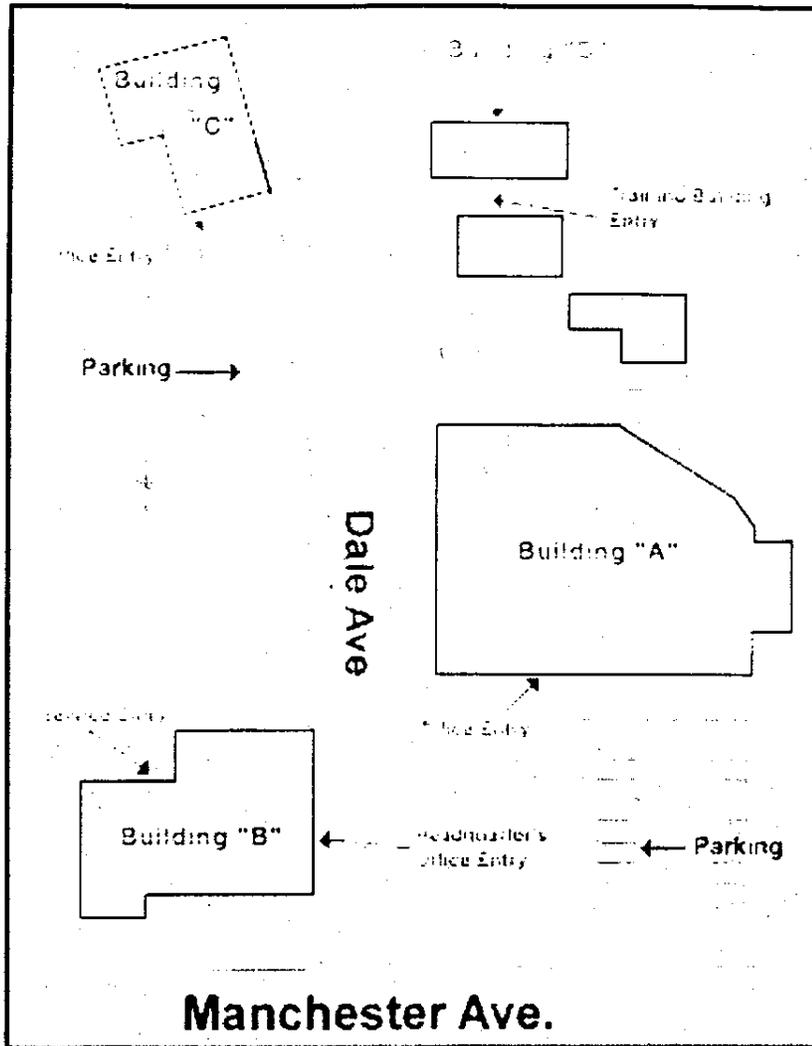
Exhibit K

Financing Commitment

Approved: February 21, 2002

ORDINANCE NO. 65424 - EXHIBITS - TECH ELECTRONICS CAMPUS

0065424



Tech Electronics Campus

