

**ORDINANCE #66221**  
**Board Bill No. 402**

**AN ORDINANCE DESIGNATING A PORTION OF THE CITY OF ST. LOUIS, MISSOURI, AS A REDEVELOPMENT AREA KNOWN AS THE HAMPTON INN AND SUITES AT THE HIGHLANDS AT FOREST PARK REDEVELOPMENT AREA PURSUANT TO THE REAL PROPERTY TAX INCREMENT REDEVELOPMENT ACT; APPROVING A REDEVELOPMENT PLAN AND A REDEVELOPMENT PROJECT WITH RESPECT THERETO; ADOPTING TAX INCREMENT FINANCING WITHIN THE REDEVELOPMENT AREA; MAKING FINDINGS WITH RESPECT THERETO; ESTABLISHING THE HIGHLANDS AT FOREST PARK SPECIAL ALLOCATION FUND; AUTHORIZING CERTAIN ACTIONS BY CITY OFFICIALS; AND CONTAINING A SEVERABILITY CLAUSE.**

**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 (2000), 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**, staff and consultants of the City and Highlands Hotel, LLC, a Missouri limited liability company (the “Developer”), prepared a plan for redevelopment titled “Hampton Inn and Suites @ the Highlands @ Forest Park TIF Redevelopment Plan” dated October 24, 2003 (the “Redevelopment Plan”), for an area which is comprised of the improvements located at 5700 Oakland Avenue (the “Redevelopment Area” or “Area”), which Redevelopment Area is more fully described in the Redevelopment Plan, attached hereto and incorporated herein as Exhibit A; and

**WHEREAS**, the Redevelopment Plan proposes to redevelop the Redevelopment Area by rehabilitating and renovating the Area into a hotel and restaurant with a surface parking lot, as set forth in the Redevelopment Plan (the “Redevelopment Project,” or “TIF Project”); and

**WHEREAS**, on December 10, 2003, 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, and the Redevelopment Project; and

**WHEREAS**, on December 10, 2003, the TIF Commission found that completion of the Redevelopment Project would provide a substantial and significant public benefit through the creation of new jobs, the strengthening of the employment and economic base of the City, increased property and tax revenues, stabilization of the Redevelopment Area, and facilitation of economic stability for the City as a whole, and further found that without the assistance of tax increment financing in accordance with the TIF Act, the Redevelopment Project is not financially feasible and would not otherwise be completed; and

**WHEREAS**, on December 10, 2003, the TIF Commission voted to recommend that the Board of Aldermen adopt an ordinance in the form required by the Act (i) approving the Redevelopment Plan, (ii) approving and designating the Redevelopment Area as a “redevelopment area” as provided in the Act, (iii) approving the Redevelopment Project as described within the Redevelopment Plan, and (iv) approving the issuance of a tax increment financing revenue note in the amount as specified in the Redevelopment Plan; and

**WHEREAS**, the Developer has demonstrated that the Redevelopment Project would not reasonably be anticipated to be developed without the adoption of tax increment financing and, therefore, redevelopment of the Redevelopment Area in accordance with the Redevelopment Plan is not feasible and would not otherwise be completed; 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 Redevelopment Area qualifies for the use of tax increment financing to alleviate the conditions that qualify it as a “blighted area” as provided in the TIF Act and as set forth herein; and

**WHEREAS**, it is necessary and desirable and in the best interest of the City to adopt tax increment allocation financing within the Redevelopment Area and to establish a special allocation fund for the Redevelopment Area in order to provide for the promotion of the general welfare through redevelopment of the Redevelopment Area in accordance with the Redevelopment Plan which redevelopment includes, but is not limited to, assistance in the physical, economic, and social development of the City of St. Louis, providing for a stabilized population and plan for the optimal growth of the City of St. Louis, encouragement of a sense of community identity, safety and civic pride, prevention of physical and environmental blighting factors, and the elimination of impediments to land disposition and development in the City of St. Louis.

**BE IT ORDAINED BY THE CITY OF ST. LOUIS AS FOLLOWS:**

**SECTION ONE.** The Board of Aldermen hereby adopts the foregoing recitals as findings.

**SECTION TWO.** The Board of Aldermen hereby makes the following findings:

A. The Redevelopment Area on the whole is a “blighted area”, as defined in Section 99.805(3) of the TIF Act, 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. This finding includes, the Redevelopment Plan sets forth, and the Board of Aldermen hereby finds and adopts by reference: (i) a detailed description of the factors that qualify the Redevelopment Area as a “blighted area” and (ii) 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 herein.

B. The Redevelopment Plan conforms to the comprehensive plan for the development of the City as a whole, and to the City’s plan for redevelopment of the Highlands @ Forest Park.

C. 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.

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

E. 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 is on file with the St. Louis Development Corporation, which cost-benefit analysis shows the impact on the economy if the Redevelopment Project is not built and is built pursuant to the Redevelopment Plan.

F. Redevelopment of the Redevelopment Area in accordance with the Redevelopment Plan is not financially feasible without the assistance of tax increment financing and would not otherwise be completed.

G. The Redevelopment 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 TIF Act.

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

**SECTION THREE.** 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 FOUR.** The Redevelopment Plan as reviewed and recommended by the TIF Commission on December 10,

2003, including amendments thereto, if any, and the Redevelopment Project described in the Redevelopment Plan are hereby adopted and approved. A copy of the Redevelopment Plan is attached hereto as **Exhibit A** and incorporated herein by reference.

**SECTION FIVE.** There is hereby created and ordered to be established within the treasury of the City a separate fund to be known as the "Highlands at Forest Park Special Allocation Fund." To the extent permitted by law, the City hereby pledges funds in the Highlands at Forest Park Special Allocation Fund for the payment of redevelopment project costs and obligations incurred in the payment thereof.

**SECTION SIX.** Tax increment allocation financing is hereby adopted within the Redevelopment Area. 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:

A. That portion of taxes, penalties and interest 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;

B. 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 and any applicable penalty and interest 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 "Highlands at Forest Park 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 and shall be collected in the same manner as the real property tax, including the assessment of penalties and interest where applicable.

**SECTION SEVEN.** In addition to the payments in lieu of taxes described in Section Six of this Ordinance, 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 of the Revised Statutes of Missouri (2000) as amended, or taxes levied for the purpose of public transportation pursuant to Section 94.660 of the Revised Statutes of Missouri (2000) as amended, licenses, fees or special assessments other than payments in lieu of taxes and penalties and interest thereon, 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 Highlands at Forest Park Special Allocation Fund.

**SECTION EIGHT.** In addition to the taxes and payments in lieu of taxes described in Sections Six and Seven of this Ordinance, one hundred percent (100%) of the total revenues of the Highlands Transportation Development District (the "District") to be created in accordance with the Transportation Development District Act that are appropriated by the District to the City for the payment of transportation project related redevelopment project costs while the District remains in effect, 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 with the Highlands at Forest Park Special Allocation Fund.

**SECTION NINE.** The Mayor and the Comptroller of the City is hereby authorized to enter into agreements or contracts with other taxing districts including, but not limited to, the District, as is necessary to ensure the allocation and collection of the taxes and payments in lieu of taxes described in Sections Six, Seven and Eight of this Ordinance and the deposit of the said taxes or payments in lieu of taxes into the Highlands at Forest Park 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 TEN.** 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 ELEVEN.** 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 TWELVE.** The Mayor and the Comptroller or their designated representatives are hereby further authorized and directed to make any changes to the documents and instruments approved and authorized by this Ordinance as may be consistent with the intent of this Ordinance and necessary, desirable, convenient or proper in order to carry out the matters herein authorized.

**SECTION THIRTEEN.** 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 FOURTEEN.** After adoption of this Ordinance by the Board of Aldermen, this Ordinance shall become effective on the 30th day after its approval by the Mayor or adoption over his veto; provided that, if the Developer has not executed a redevelopment agreement pertaining to the Redevelopment Project within ninety (90) days after the effective date of this Ordinance, the provisions of this Ordinance shall be deemed null and void and of no effect and all rights conferred by this Ordinance on Highlands Hotel, LLC shall terminate, provided further, however, that prior to any such termination the Developer may seek an extension of time in which to execute the Redevelopment Agreement, which extension may be granted in the sole discretion of the Board of Estimate and Apportionment of the City of St. Louis.

**EXHIBIT A**

**HAMPTON INN AND SUITES @ THE HIGHLANDS @ FOREST PARK  
TIF REDEVELOPMENT PLAN**

**HAMPTON INN AND SUITES AT  
THE HIGHLANDS @ FOREST PARK**

**TIF REDEVELOPMENT PLAN**

**Submitted to  
The City of St. Louis  
Tax Increment Financing Commission  
October 24, 2003**

**HAMPTON INN AND SUITES AT THE HIGHLANDS @ FOREST PARK**

**TIF REDEVELOPMENT PLAN**

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#### TIF REDEVELOPMENT PLAN

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#### I. INTRODUCTION

The following is a plan prepared by the City of St. Louis (the “City”) in conjunction with Highlands Hotel, LLC, a Missouri limited liability company (the “Developer”), for development of an approximately 2.9 acre portion of the property commonly known and numbered as 5700 Oakland Avenue, St. Louis, Missouri (the “Redevelopment Area” or “Area”) into an approximately one hundred twenty-one (121) room hotel and adjacent restaurant (the “Redevelopment Project”) with financial assistance pursuant to the Missouri Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800-99.865 Mo. Rev. Stat. (2000) (the “TIF Act”). A legal description and map of the Redevelopment Area is included herein as **Appendix 1**.

The Redevelopment Area is part of the 5700 Oakland Avenue Redevelopment Area, which area was designated as a blighted area as defined in Section 99.320 Mo. Rev. Stat. pursuant to City Ordinance No. 60033 (reaffirmed pursuant to Ordinance No. 64509). More specifically, the Redevelopment Area is at the southwest corner of Oakland Avenue and Highlander and is part of what is now known as the Highlands @ Forest Park, a planned 26-acre mixed-use development upon which the St. Louis Arena (also known as the “Checkerdome”) was formerly located. The Redevelopment Area, together with the remaining portions of the Highlands @ Forest Park were purchased by the Land Clearance for Redevelopment Authority of the City of St. Louis (“LCRA”) in 1986, and except for the developments discussed below, have remained largely vacant and unimproved since the arena closed in 1994.

The LCRA selected Balke Brown Associates, member of the Developer, as developer of the Highlands @ Forest Park, and Balke Brown Associates is responsible for the overall redevelopment for said area. The first phase of the overall redevelopment of

the Highlands @ Forest Park included Highlands Plaza I, a 150,000-square-foot Class A office building, costing approximately \$22 million, which fronts Interstate 40 and features dramatic, curved rooflines and impressive glass bays. Highlands Plaza I is the focal point entry into the Highlands @ Forest Park. This first phase also included the installation of streets and landscaping. Other current plans for further development of the Highlands @ Forest Park include development of a \$35 million 200-unit luxury loft apartment complex under construction and scheduled to be complete in 2005. Later phases will include additional office and residential buildings. Completion of the Redevelopment Project will advance the goals and objectives of the Blighting Plan and Study as reaffirmed by Ordinance No. 64509, and will result in increased real estate, payroll and earning, utility, restaurant gross receipt, sales, and other local tax revenues.

The City has requested redevelopment of the Redevelopment Area in order to improve the physical condition of the Area, to increase area employment and to provide for commercial/retail opportunities within this highly visible portion of the City. In its current condition, the Area poses a detriment to the City and the surrounding community due to its excessive lack of development. These negative conditions also impact the economic base of the City. The lack of commercial tax revenue from the site coupled with the LCRA's ownership and carrying of the site has diminished the City's revenues. In addition, the prominent location of the Area on the south side of Highway 40 makes its problems very visible, and the lack of investment in this project or development opportunity creates an unnecessarily negative image of the community.

This Redevelopment Plan anticipates that in addition to Tax Increment Financing in accordance with the TIF Act, the City will support the creation of a Transportation Development District pursuant to Section 238.200 et. al. Mo. Rev. Stat. ("TDD") in order to assist in the financing of certain transportation-related improvements. The TDD will levy an additional sales tax not in excess of one cent within the Redevelopment Area. The TDD sales tax will create a separate revenue source for funding the transportation-related expenses of parking, curb cuts and sidewalks.

Further, this Redevelopment Plan anticipates that despite the fact that economic activity taxes (or EATs, as defined in the TIF Act), may be available to provide funding for the Redevelopment Project pursuant to the TIF Act, the City will allocate only payments in lieu of taxes, or PILOTs (as defined in the TIF Act) to the Special Allocation Fund in order to pay off the TIF Note(s) or other TIF Obligations issued by the City to fund the costs of the Redevelopment Project.

## **II. OVERVIEW OF TAX INCREMENT FINANCING ("TIF")**

In order to promote the redevelopment of a declining area, or to induce new activity in an area that has been lacking in growth and development, the State of Missouri has provided statutory tools to counties and municipalities to assist private, and initiate public, investment. One such tool is the TIF Act.

The TIF Act allows cities and counties to (1) identify and designate redevelopment areas that qualify as Blighted Areas, Conservation Areas, or Economic Development Areas as each are defined in the TIF Act; (2) adopt a redevelopment plan that designates the redevelopment area and states the objectives to be attained and the program to be undertaken; (3) approve a redevelopment project(s) for implementation of the redevelopment plan; and (4) utilize the tools set forth in the TIF Act to assist in reducing or eliminating those conditions that cause the area to qualify as a redevelopment area. Generally, the TIF Act allows municipalities to foster economic and physical improvements in a redevelopment or project area and to enhance the tax base of all taxing districts that levy taxes in such area. Within redevelopment areas, municipalities may use the power of eminent domain to provide necessary property acquisition for the implementation of a redevelopment plan and redevelopment project.

The concept of tax increment financing is outlined as follows: implementation of a redevelopment project within the redevelopment area will produce increased real estate assessments attributable to the redevelopment within the area. The project then makes PILOTs on the increased assessed value of the improved property. The project also generates new EATS resulting from operations within the redevelopment or project area. The TIF Act authorizes the capture of certain PILOTs and EATS in the redevelopment or project area over and above such levels within that area in the year prior to the approval of the redevelopment project. New development is made possible within the redevelopment area through the municipality's use of incremental revenues to finance certain costs of developing or redeveloping the area.

The municipality segregates these incremental revenues into a special account, the "special allocation fund," during the period of time in which the incremental revenues are dedicated to the purposes identified in the redevelopment plan. The municipality is further authorized to pledge additional net new revenues from the project to the purposes identified in the redevelopment plan. All taxing districts that levy taxes on property within the redevelopment or project area continue to receive tax revenues based upon property values which existed prior to the adoption of ordinances establishing the redevelopment or project area. Taxing districts also benefit from the increase in certain other taxes resulting from the increased economic activity in the

redevelopment or project area. These taxes resulting from development of the redevelopment project are not deposited in the special allocation fund pursuant to the provisions of the TIF Act.

The TIF Act requires that, prior to establishing a redevelopment area or approving or amending TIF redevelopment plans and projects, a municipality must create a TIF Commission. A TIF Commission is comprised of six individuals appointed by the chief elected official of the municipality, with the consent of its governing body, and three individuals who are appointed by the other taxing districts within the proposed redevelopment area. Two of these three members are to represent the school district(s) that tax property within the proposed redevelopment area; the other member is appointed by all the remaining taxing districts. The TIF Commission's role is to review, consider, and make recommendations to the municipality's governing body concerning the adoption of redevelopment plans and redevelopment projects and the designation of redevelopment areas; and to exercise such other powers as are available to it under the TIF Act.

### III. FINDING THAT REDEVELOPMENT AREA IS A BLIGHTED AREA

Pursuant to a blighting study and plan for the "5700 Oakland Avenue Area," adopted by the City by Ordinance No. 60033, and reaffirmed by Ordinance No. 64509, the City designated the Area as a blighted area and approved a redevelopment plan for the 5700 Oakland Avenue Area pursuant to §§ 99.300-99.715 Mo. Rev. Stat. Specifically, Ordinance No. 64509 reaffirmed a finding of blight for the Redevelopment and states, in relevant part:

#### A.6. FINDING OF BLIGHT

The property within the [5700 Oakland Avenue] Area is unoccupied and in poor condition [as defined below]. The existence of deteriorated property constitutes both an economic liability to the City of St. Louis and presents a hazard to the health and well-being of its citizens. These conditions, therefore, qualify the Area as blighted within the meaning of Section 99.300 et seq. of the Revised Statutes of Missouri (the Land Clearance for Redevelopment Authority Law).

City Ordinance No. 64509 § A.6.

Pursuant to Ordinance No. 64509, "poor condition" is defined as:

"Poor Condition" means (1) buildings that are structurally unsound and/or substantially deteriorated, requiring major improvements such as new roofs, windows, systems, etc., in order to be used productively, or (2) property without buildings which is poorly maintained, has crumbling pavement, and/or is used for open storage.

There are currently approximately no jobs within the Area.

City Ordinance No. 64509 § A.2.

Despite the incentives available through the above-referenced plan, the Redevelopment Area remains blighted and undeveloped.

As defined in the TIF Act, a "blighted area" is:

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 Redevelopment Area is a blighted area as defined above based upon the City's findings and the fact that it exhibits the factors set forth above, which are further discussed as follows:

- i. Unsanitary or Unsafe Conditions. The Redevelopment Area is characterized by a lack of development. Since the demolition of the St. Louis Arena (formerly known as the "Checkerdome") and purchase of the Redevelopment Area by the LCRA in 1986, the Area has remained undeveloped and vacant. Such excessive vacancy poses a substantial risk of unsafe and/or unsanitary conditions in that without proper supervision,

maintenance, trash removal, and upkeep, the Area may be viewed or used as a site for dumping refuse or unauthorized recreation. The Area is not guarded by fencing or security and therefore is open and available to trespassers.

Further evidence of unsanitary or unsafe conditions within the Area as a whole is cited in Ordinance No. 64509.

- ii. Economic and Social Liability. In its current condition the Redevelopment Area is a liability to the general welfare and economic independence of the City. The appearance and state of the Redevelopment Area erodes, if not completely discourages, new investment and development. The overall size, excessive vacancy, lack of utilities, parking, and other improvements prevents an investor or developer from constructing a building or use which would produce income and/or demand high enough rent levels necessary to compete with other developments in the greater St. Louis Metropolitan Area, and thus further aggravates and continues the lack of incentive for investment in the Area.
- iii. Menace to the Public Health, Safety, Morals or Welfare. As discussed above, and as set forth in Ordinance No. 64509, the Redevelopment Area exhibits many factors which constitute a menace to the public health, safety, morals, or welfare in its present condition and lack of use. The unsanitary, and unsafe site conditions as illustrated above represent a menace to the public health and safety; the economic liability posed to the City through continued ownership by the LCRA of an undeveloped site of such size and location is a strain on the economy of the City and represents a menace to the public welfare.

The above factors, whether considered alone or as combined, constitute an economic and social liability, and constitute a menace to the public health, safety, and welfare. As long as such conditions are present in the Redevelopment Area, there will be little incentive for private investment and development to benefit the Area. Such non-use of property as is evidenced by the current condition of the Area retards redevelopment, lowers the morale of citizens, encourages abuse and social harm, and furthers the social stigma which currently plagues that and other areas of the City of St. Louis.

In determining if the proposed Redevelopment Area meets the eligibility requirements for TIF per the TIF Act, a number of sources of information were utilized. These include, but are not limited to, the following:

- a. Survey of the condition and use of the Redevelopment Area and development within the 5700 Oakland Avenue Redevelopment Area; and
- b. Review of previously approved blighting studies.

#### **IV. REDEVELOPMENT PLAN INCLUDING NECESSARY FINDINGS**

##### **1. Description of the Redevelopment Area**

A legal description and map of the Redevelopment Area is included herein as **Appendix 1**.

##### **2. Redevelopment Plan Objectives**

The City of St. Louis has established the following objectives for the Hampton Inn & Suites at the Highlands @ Forest Park TIF Redevelopment Plan. These objectives are consistent with those purposes outlined in the TIF Act:

- To reduce or eliminate the conditions that cause the Redevelopment Area to be a “blighted area” as defined by Section 99.805(1) of the TIF Act and as described in Section III of this Redevelopment Plan;
- To enhance the public health, safety, and welfare of the community by improving the infrastructure, curing blighting conditions, and encouraging other public improvements necessary for insuring the Area’s stability and existing and future redevelopment consistent with this Redevelopment Plan;
- Increase the level and perception of revitalization and development in the Area which will in turn encourage an influx of new businesses and residents to the City;
- To construct necessary utilities, parking, and other infrastructure facilities serving the Redevelopment Area;

- To enhance the tax base by inducing development of the Redevelopment Area to its highest and best use, benefit taxing districts and encourage private investment in surrounding areas;
- Increase property values of the Area;
- To provide development/business opportunities in the Redevelopment Area and surrounding areas;
- To stimulate construction and permanent employment and training opportunities, and an increased demand for services for the Area; and
- To serve as a catalyst for new residential development in the City.

### 3. Redevelopment Project

The Redevelopment Project incorporates and will satisfy the goals, objectives, and other criteria as set forth in this Redevelopment Plan.

- Commercial Use                      Construction of an approximately 121 room hotel and adjacent restaurant.
- Public Improvements              Installation of necessary utilities, landscaping, surface parking, and other public improvements to serve the Redevelopment Area.

The Redevelopment Project is generalized as necessary to leave room for design creativity and market demands as needed, and so that the Developer can respond to changing market trends and conditions as completion of the Redevelopment Project progresses.

Completion of such a crucial component of the overall development of the Highlands @ Forest Park requires an understanding of and ability to accommodate the unique needs and demands of the hotel and restaurant marketing, development, design, structure and space needs.

It is expected that completion of the Redevelopment Project in accordance with this Redevelopment Plan will encourage and foster continued private as well as public investment in the 5700 Oakland Redevelopment Area and surrounding areas. The total estimated Redevelopment Project Costs for the Redevelopment Project equal approximately \$14 million, as set forth in greater detail in **Appendix 3**. It should be noted that the costs set forth in **Appendix 3** are estimated based on the knowledge of the Redevelopment Project at this time and that the actual redevelopment cost items for implementing the Redevelopment Project may vary depending on market conditions and other factors.

### 4. General Land Uses to Apply

The proposed land use is commercial/retail use, which is consistent with the current zoning and prior use of the Area. Re-zoning of the Area is not anticipated to be required for implementation of this Redevelopment Plan and/or completion of the Redevelopment Project, however, Developer may request a variance or special use permit from the City of St. Louis.

### 5. Redevelopment Schedule and Estimated Dates of Completion

It is estimated that implementation of the Redevelopment Project will be completed within fifteen (15) months from the date of execution of a redevelopment agreement for completion of such project as contemplated by this Redevelopment Plan. The estimated date for retirement of obligations incurred to finance the Redevelopment Project shall not be more than twenty-three (23) years from approval of the Redevelopment Project. The anticipated Redevelopment Program Schedule for completion of the Redevelopment Project is included herein as **Appendix 4**.

### 6. Most Recent Equalized Assessed Value of Parcels within the Redevelopment Area

The current (2003) equalized assessed value of all taxable property in the Redevelopment Area is attached as **Appendix 5**. This value is established and will be confirmed by the Assessor of the City of St. Louis.

7. Estimated Equalized Assessed Value after Redevelopment

The total estimated equalized assessed value of all taxable property subject to PILOTs in the Redevelopment Area after redevelopment and completion of the Redevelopment Project Area (2006) is approximately \$2,740,000. See **Appendix 8**. This estimates assessed valuation will be confirmed by the City Assessor in the first reassessment year following completion of the Redevelopment Project.

8. Acquisition

The Developer is currently the owner of record of the Area. This Redevelopment Plan does not anticipate a need to acquire additional property for completion of the Redevelopment Project.

9. Blighted Area

As previously described in greater detail in Section III, the Redevelopment Area as a whole is a blighted area, and has not been subject to growth and development through investment by private enterprise and will not reasonably be expected to be developed without the adoption of tax increment financing. This finding of blight is further evidenced by the blighting study and redevelopment plan reaffirmed and approved by the City for the 5700 Oakland Redevelopment Area by Ordinance No. 64509, of which the Redevelopment Area is a part. The Developer has executed an affidavit attesting to the existence of these conditions which is included herein as **Appendix 6**.

The costs of demolition, environmental remediation, site preparation, construction and rehabilitation preclude private enterprise from developing the Area to its highest and best use without public assistance. The cost of curing the existing conditions of blight and construction of improvements as contemplated in this Redevelopment Plan is not economically viable if fully borne by the Developer.

10. Conforms with the Comprehensive Plan of the City

The proposed land uses, zoning, and proposed redevelopment plans are appropriate and consistent with local objectives as defined by the Blighting Study and Plan for the 5700 Oaklnad Avenue Redevelopment Area.

11. Plan for Relocation Assistance

Relocation of residents or businesses is not necessary within the Redevelopment Area with respect to the Redevelopment Project. To the extent relocation is necessary this Redevelopment Plan adopts the City of St. Louis Relocation Policy (Ordinance No. 62481) as the relocation policy for this Redevelopment Plan.

12. Cost Benefit Analysis

A cost benefit analysis showing a net benefit to each taxing district impacted by this Redevelopment Plan is on file with the St. Louis Development Corporation, 1015 Locust Street, Suite 1200, St. Louis, MO 63101.

In its current condition and use, the Redevelopment Area is not producing any tax revenues. The Area is currently undeveloped and owned by the LCRA and therefore is not taxable property. If the Redevelopment Project is completed, however, the Area will become fully taxable and in addition, will generate substantial payroll and earnings, restaurant gross receipts, sales, utility, commercial surcharge, and other local tax revenues. Such revenues will be a completely new source of revenue to the City and local taxing districts. Although the TIF Act allows for the collection of fifty percent (50%) of such economic activity taxes to be captured and allocated to the Special Allocation Fund for payment of eligible redevelopment project costs, the City and other local taxing district will benefit from receiving the other fifty percent (50%) of such new revenues.

13. Does Not Include Gambling Establishment

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

14. Reports to DED

As required by the Statute, the City shall report to the Department of Economic Development by the last day of February

each year, the name, phone number, and primary line of business of any business which locates within the Redevelopment Area.

## V. FINANCING PLAN

### 1. Eligible Redevelopment Project Costs

The TIF Act provides for the use of tax increment revenues generated by a designated redevelopment area to pay all reasonable or necessary costs incurred, estimated to be incurred, or incidental to a redevelopment plan or redevelopment project within a TIF redevelopment area ("Redevelopment Project Costs"). A municipality may pledge all or any part of the funds in and to be deposited in the special allocation fund established for a redevelopment project area to the payment of redevelopment project costs and obligations within the redevelopment area, including the retention of funds for the payment of future redevelopment project costs.

The estimated Redevelopment Project Costs to be incurred in connection with the Redevelopment Project are approximately \$14 million and are set forth in **Appendix 3**. More specifically, the TIF Act allows the City and/or its designated developer(s) to incur redevelopment costs associated with implementation of an approved Redevelopment Plan and approved Redevelopment Project. These costs include all reasonable or necessary costs incurred, and any costs incidental to a Redevelopment Project. Thus, this Redevelopment Plan anticipates that a portion of the sources of funds used to pay the Redevelopment Project Costs will come from the TIF revenues, which, in accordance with the TIF Act, may include but are not limited to:

- Cost of studies, surveys, plans and specifications;
- Professional service costs including, but not limited to, architectural, engineering, legal marketing, financial, planning or special services;
- Property assembly costs including, but not limited to, acquisition of land and other property real or personal or rights, or interests therein;
- Costs of rehabilitation, reconstruction, or repair or remodeling of existing buildings and/or new fixtures;
- Costs of construction of public works or improvements;
- Financing costs including, but not limited to, all necessary and incidental expenses related to the issuance of obligations, and which may include the payment of interest on any obligations issued under the provisions of this Redevelopment Plan 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; and
- All or a portion of a taxing district's capital costs resulting from the Redevelopment Project necessarily incurred or to be incurred in furtherance of the objectives of the Redevelopment Plan and Project, to the extent the City, by written agreement, accepts and approves such costs.

The costs as shown on **Appendix 3** represent the total approximate cost of the project regardless of the source of funding. Typical plan implementation and financing costs are based on the experience of the Developer. It should be noted that these costs are estimated based on the knowledge of the project at this time and that the actual redevelopment cost items for implementing the Redevelopment Plan and the Redevelopment Project may vary from these estimates.

It is not the intent of **Appendix 3** or this Redevelopment Plan to restrict the City or the Developer to the cost amounts or cost items as outlined. During the life of the Redevelopment Area, Plan and Project, other costs may be incurred or adjustments may be made within and among the line items specified in **Appendix 3**, if necessary and reasonable to accomplish the program objectives of the Redevelopment Plan.

### 2. Anticipated Sources of Funds to Pay Redevelopment Project Costs

As set forth in Appendix 3, there are four principal sources of funds that are anticipated to be used to pay the costs of implementation of the Redevelopment Plan and the Redevelopment Project previously described. These sources are:

- Equity/private financing
- Construction Loan
- TDD
- \$2.4 million available through the issuance of TIF notes, bonds, loans, certificates or other certificates of indebtedness (herein collectively referred to herein as “TIF Note or other financial obligations”).

3. TIF Note Funding

This Redevelopment Plan proposes that the City initially authorize and issue a Tax Increment Financing Note (“TIF Note”) in an amount equal to Two Million Four Hundred Thousand Dollars (\$2,400,000) plus issuance costs to fund a portion of the Redevelopment Project Costs associated with completion of the Redevelopment Project, with a term of retirement for all such issues of not more than 23 years. The TIF Notes or other financial obligations will be issued only to finance the Redevelopment Project and Redevelopment Project Costs as outlined in **Appendix 3** which are eligible costs as specified in Section 99.805(11) of the TIF Act, including any costs of issuing the TIF Notes or other financial obligations.

The Notes may be issued in one or more series and may include notes, temporary notes or other financial obligations to be redeemed by TIF Notes upon completion of the Redevelopment Project. In addition, these Notes or other financial obligations may be privately placed. It is the City’s intent to pay for the principal and interest on these Notes or other financial obligations, in any year, solely with money legally available for such purpose within the City’s Special Allocation Fund.

The City’s Special Allocation Fund will contain at least one account:

1. The “PILOTS Account” which will contain all payments in lieu of taxes derived from all taxable, lots, blocks, tracts, and parcels of real property (or any interest therein) within the Redevelopment Area as contemplated by this Redevelopment Plan and in accordance with the TIF Act.

Funds on deposit in the PILOTS Account will be pledged to the payment of the Redevelopment Project Costs.

Such payment obligations shall not constitute debts or liabilities of the City, the State of Missouri, or any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction and neither the City nor the State of Missouri shall be liable thereon except from the PILOTS Account on deposit in the Special Allocation Fund.

4. Evidence of Commitment to Finance Redevelopment Project Costs

**Appendix 7** contains a preliminary commitment letters provided by Missouri State Bank and U.S. Bank, which banks have made a preliminary review of the development proposal and have expressed an interest to finance the Redevelopment Project Costs associated with the Redevelopment Project.

**APPENDIX 1**

**HAMPTON INN AND SUITES AT THE HIGHLANDS @ FOREST PARK  
TIF REDEVELOPMENT PLAN**

**LEGAL DESCRIPTION AND MAP OF THE REDEVELOPMENT AREA**

The Redevelopment Area is a 2.5 acre parcel of the area commonly known as 5700 Oakland Avenue (legal descriptions govern).

A tract of land being part of Lot 5 of the Highlands at Forest Park, a subdivision according to the plat thereof recorded in Plat Book 74, Page 15 of the Recorder of Deeds Office in the City of St. Louis, Missouri, and being located in part of Block 4002 of the City of St. Louis, and being more particularly described as follows:

Beginning at the northeast corner of said Lot 5, said point being located on the south line of Oakland Avenue, 50 feet wide being

also on the west line of Highlander Drive, 50 feet wide; thence along the east line of Lot 5 and along the west line of said Highlander Drive South 06 degrees 57 minutes 25 seconds west 606.00 feet; thence leaving said east line of Lot 5 north 83 degrees 00 minutes 15 seconds west 214.77 feet; thence north 06 degrees 59 minutes 44 seconds East 72.40 feet; thence North 83 degrees 22 minutes 02 seconds east 7.52 feet; thence north 06 degrees 37 minutes 58 seconds west 31.00 feet; thence north 06 degrees 59 minutes 45 seconds east 501.70 feet to the said south line of Oakland Avenue; thence along said south line south 83 degrees 00 minutes 15 seconds east 214.36 feet to the point of beginning and containing 2.98 acres.

**APPENDIX 2**

**HAMPTON INN AND SUITES AT THE HIGHLANDS @ FOREST PARK  
TIF REDEVELOPMENT PLAN**

**CITY OF ST. LOUIS ORDINANCE NUMBER 64509**

**(ON FILE WITH THE CITY AND ST. LOUIS DEVELOPMENT CORPORATION)**

**APPENDIX 3**

**HAMPTON INN AND SUITES AT THE HIGHLANDS @ FOREST PARK  
TIF REDEVELOPMENT PLAN**

**ESTIMATED REDEVELOPMENT PROJECT COSTS**

**USES**

<b>DESCRIPTION</b>	
Land	\$1,815,000
Subdivision Assessment	\$129,000
Hotel Construction	\$7,260,000
Restaurant Construction	\$1,000,000
Landscape & Irrigation	\$35,000
Exterior pool/patio allow	\$100,000
A & E Fees/Plans	\$201,000
Civil Engineer/Survey	\$25,000
Soils/Environmental	\$8,000
Builders Risk Insurance	\$25,000
FF&E	\$968,000
Phone/Computer/Cable Systems	\$90,000
Pre-Opening Expenses	\$75,000
Loan Fees	\$168,000
Title & Disbursement	\$25,000
Franchise Fee (Hotel)	\$45,000
Appraisal/Market Study	\$12,000
Legal Fees	\$100,000
TIF Fees (to City)	\$46,000
Development/CM Fee	\$776,000
Construction Interest	\$207,000
Operating Reserve	\$100,000
Contingency (Hard Costs)	\$826,000
<b>Total Uses</b>	<b>\$14,036,000</b>

**APPENDIX 4**

**HAMPTON INN AND SUITES AT THE HIGHLANDS @ FOREST PARK  
TIF REDEVELOPMENT PLAN**

**TIF REDEVELOPMENT PROGRAM SCHEDULE**

- 10-2-03 City TIF Review Committee Meets – Sets TIF Commission Agenda
- 10-10-03 30 Day Notice to taxing district to appoint a member
- 10-25 to 11-1-03 Advertise twice for developers and receipt of proposals
- 10-15-03 Tax Increment Financing Commission (TIFC) met, reviewed proposal(s) and approved Resolution 00-TIFC-XX, which set time and place for Public Hearing
- 10-26-03 Draft of Redevelopment Plan due at SLDC
- 10-26-03 At least 45 days prior to hearing – notified taxing districts and the State Department of Economic Development of the public hearing and invited comment
- 11-10-03 Not more than 30 days prior to hearing – published first notice of hearing in newspaper
- 11-30-03 At least 10 days prior to hearing, notified by certified mail all property owners in Redevelopment Project Area
- 11-30-03 At least 10 days prior to hearing, developer fee due (50% x 0.3% x proposed TIF notes) each to SLDC and City Comptroller
- 12-1-03 Not more than 10 days prior to hearing - published second notice of hearing in newspaper
- 12-3-03 At least 7 days prior to hearing, notified taxing districts of any modifications to the Redevelopment Plan
- 12-10-03 Public hearing and approval of Resolution 02-TIFC-XX recommendation to the Board of Aldermen
- 1-9-04 Introduction of Board Bill(s) at Board of Aldermen (at least 14 days after public hearing)
- 1-21-03 Board of Estimate & Apportionment approval
- 1-14-03 HUDZ Committee Public Hearing
- 1-16-04 Second reading of Board Bill(s)
- 1-23-04 Perfection of Board Bill(s)
- 1-30-04 Third and Final Reading of Board Bill(s)
- 2-1-04 Construction Commences
- 2-11-04 Mayor Signs Bill(s)
- 6-1-05 Construction Complete

**APPENDIX 5**

**HAMPTON INN AND SUITES AT THE HIGHLANDS @ FOREST PARK  
TIF REDEVELOPMENT PLAN**

**EQUALIZED ASSESSED VALUE OF PARCELS  
WITHIN THE REDEVELOPMENT AREA**

Value: \$0.00



APPENDIX 7

HAMPTON INN AND SUITES AT THE HIGHLANDS @ FOREST PARK  
TIF REDEVELOPMENT PLAN

EVIDENCE OF COMMITMENT TO FINANCE PROJECT COSTS



1232 Washington, Suite 200  
St. Louis, MO 63103  
314 418-0899 fax

July 17, 2003

Hampton Hotel, LLC  
c/o Mr. Don Land, Senior V.P.  
Balke Brown Associates  
800 St. Louis Union Station  
St. Louis, MO 63103

Re: Proposed TIF Project "Hampton Inn and Suites at the Highlands at Forest Park"

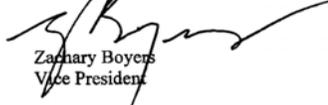
Dear Mr. Land:

The purpose of this letter is to inform you that, based on the preliminary information which you have provided to us regarding your proposed project to construct the Hampton Inn and Suites at the Highlands at Forest Park (the "Project"), and assuming the City of St. Louis approves tax increment financing for the Project, US Bank is interested in pursuing the opportunity to purchase the TIF Notes(s) issued by the City for the Project.

Alternatively, US Bank is open to discussing the potential for lending against the TIF Note(s) should that option prove to be financially feasible.

I look forward to further discussing with you our involvement in providing financing for the Project.

Sincerely,



Zachary Boyers  
Vice President

Proposed TIF Project “Hampton Inn and Suites at the Highland at Forest Park” Letter from Missouri Bank is on file in the Register’s Office

APPENDIX 8

HAMPTON INN AND SUITES AT THE HIGHLANDS @ FOREST PARK  
TIF REDEVELOPMENT PLAN  
PROJECTED TIF REVENUES

Hampton Inn and Suites @ the Highlands  
Projected TIF Revenues

Year	Taxable Assessed Value	TIF Real Estate Taxes (7.2317%)	PILOT	Total TIF Revenues
Base	\$0	\$0		
2004	\$493,680	\$35,701	\$35,701	\$35,701
2005	\$2,740,400	\$198,178	\$198,178	\$198,178
2006	\$2,740,400	\$198,178	\$198,178	\$198,178
2007	\$2,904,824	\$210,068	\$210,068	\$210,068
2008	\$2,904,824	\$210,068	\$210,068	\$210,068
2009	\$2,922,226	\$211,327	\$211,327	\$211,327
2010	\$2,922,226	\$211,327	\$211,327	\$211,327
2011	\$3,097,560	\$224,006	\$224,006	\$224,006
2012	\$3,097,560	\$224,006	\$224,006	\$224,006
2013	\$3,283,413	\$237,447	\$237,447	\$237,447
2014	\$3,283,413	\$237,447	\$237,447	\$237,447
2015	\$3,480,418	\$251,693	\$251,693	\$251,693
2016	\$3,480,418	\$251,693	\$251,693	\$251,693
2017	\$3,689,243	\$266,795	\$266,795	\$266,795
2018	\$3,689,243	\$266,795	\$266,795	\$266,795
2019	\$3,910,598	\$282,803	\$282,803	\$282,803
2020	\$3,910,598	\$282,803	\$282,803	\$282,803
2021	\$4,145,233	\$299,771	\$299,771	\$299,771
2022	\$4,145,233	\$299,771	\$299,771	\$299,771
2023	\$4,393,947	\$317,757	\$317,757	\$317,757
2024	\$4,393,947	\$317,757	\$317,757	\$317,757
2025	\$4,657,584	\$336,823	\$336,823	\$336,823
2026	\$4,657,584	\$336,823	\$336,823	\$336,823
	\$78,944,573	\$5,709,035	\$5,709,035	\$5,709,035

Approved: March 21, 2004