

ORDINANCE #66929
Board Bill No. 281

AN ORDINANCE APPROVING THE DEVELOPMENT PLAN SUBMITTED FOR THE REDEVELOPMENT OF THAT CERTAIN TRACT OF LAND IN THE KINGSDELL REDEVELOPMENT AREA, WHICH AREA HAS BEEN FOUND TO BE BLIGHTED BY THE CITY OF ST. LOUIS, WHICH AREA SHOULD BE REDEVELOPED AS NECESSARY AND IN THE PUBLIC INTEREST, SAID TRACT BEING DESCRIBED IN EXHIBIT A; AUTHORIZING THE MAYOR AND COMPTROLLER TO ENTER INTO AN AGREEMENT ON BEHALF OF THE CITY OF ST. LOUIS WITH THE DEVELOPER; SETTING FORTH THE TERMS AND CONDITIONS OF SAID AGREEMENT, INCLUDING PROVISION FOR PILOT PAYMENTS; INCORPORATING BY REFERENCE CHAPTER 353, REVISED STATUTES OF MISSOURI 2000, AND ORDINANCE NO. 64516, AND CONTAINING A SEVERABILITY CLAUSE.

WHEREAS, the Board of Aldermen of the City of St. Louis has found and designated the Redevelopment Area to be a blighted area within the meaning of and as defined in the Urban Redevelopment Corporation Law, Section 353.020, RSMo. 2000, and Chapter 11.06 of the Revised Code of Ordinances of the City of St. Louis, pursuant to Ordinance No. ____ [Board Bill # ____]; and

WHEREAS, the Board of Aldermen of the City of St. Louis has previously found and designated the Redevelopment Area to be a blighted area pursuant to Ordinance No. 64516 pursuant to Chapter 99, RSMo., and pursuant to Ordinance No. 56791 pursuant to Chapter 353, RSMo.; and

WHEREAS, the Kingsdell Redevelopment Corporation did submit a Development Plan (the "Plan") for the redevelopment of the Kingsdell Redevelopment Area, such redevelopment area being described within **Exhibit A** hereto, and referred to in hereinafter as "Redevelopment Area"; and

WHEREAS, the Kingsdell Redevelopment Corporation (hereinafter "Developer") is an urban redevelopment corporation formed and existing under Chapter 353, RSMo. 2000, having been incorporated on August 3, 2005; and

WHEREAS, the Planning Commission of the City of St. Louis did conduct an open meeting on October 5, 2005, for the purpose of reviewing and evaluating the Development Plan so submitted and did duly transmit its recommendation to the Mayor, the Board of Alderman and the HUDZ committee of the Board of Alderman; and

WHEREAS, the Plan has been presented to and recommended by the Planning Commission of the City of St. Louis to this Board for review and approval; and

WHEREAS, a general plan has been prepared and is recognized and used as a guide for the general development of the City and the Planning Commission has advised this Board that the Plan conforms to said general plan; and

WHEREAS, the Board of Alderman has duly considered the recommendation of the Planning Commission and finds that the redevelopment of the Redevelopment Area by Developer in accordance with its Development Plan (hereinafter "Development Plan") is necessary, in the public interest, and serves a public purpose; and

WHEREAS, the Board of Alderman finds that the Development Plan complies with all requirements of Chapter 11.06 of the Revised Code of the City of St. Louis, and the Developer has complied with all the requirements imposed upon it by Chapter 353, RSMo. 2000; and

WHEREAS, the blighted character of the Redevelopment Area is shown by the study entitled "Data and Analysis on Conditions of Blight for Kingsdell Redevelopment Area" submitted by Developer to the City Planning Commission on August 3, 2005;

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

Section One. The foregoing recitals are hereby incorporated herein by reference as findings of the Board of Aldermen.

Section Two. The Redevelopment Area is that certain tract of land being described within **Exhibit A** attached hereto and incorporated herein by reference.

Section Three. It is hereby determined, found and declared that the Development Plan, attached hereto as **Exhibit A** and incorporated herein by reference, submitted by Kingsdell Redevelopment Corporation for the redevelopment of the Redevelopment Area is necessary and in the public interest to remediate the blight determined, found and declared by Ordinance No. ____ [Board Bill#____] and as such is approved in accordance with provisions of this ordinance.

Section Four. The Board of Alderman has reviewed the previous designation of the Redevelopment Area as blighted area and hereby reaffirms the finding and declaration of blight pursuant to Ordinance No. 64516.

Section Five. The Mayor and Comptroller of the City of St. Louis are hereby authorized and directed to enter into and deliver on behalf of the City, an agreement by and between said City and the Developer, its successors and assigns, in substantially the same form as set forth in **Exhibit B**, attached hereto and incorporated herein by reference. In the event of any conflicts or differences between the provisions of the Development Plan and the Development Agreement hereinafter recited, the Development Agreement shall govern and said Development Plan shall be deemed to be amended.

Section Six. The sections of this ordinance shall be severable. In the event any section of this ordinance is found by a court of competent jurisdiction to be invalid, the remaining sections of this ordinance are valid, unless the court finds the valid Sections of this ordinance are so essentially and inseparably connected with, and so dependent upon, the void sections, that it cannot be presumed that the Board of Alderman would have enacted the valid sections without the void ones; or unless the court finds that the valid sections, standing alone, are incomplete and are incapable of being executed in accordance with the legislative intent. If any part of this ordinance regarding the rights of Developer are found invalid or unconstitutional, Developer shall thereafter at its election have the right to be released from the Development Agreement herein contained.

Section Seven. The provisions of Chapter 353, RSMo. 2000, are incorporated herein by reference.

Section Eight. If the Redevelopment Area is not acquired within the period provided for in the Development Agreement or as extended under the provisions of Section 6 and 7 of the Development Agreement, the redevelopment rights shall automatically expire.

Section Nine. Eminent domain is not authorized to be utilized by City or any developer within the Redevelopment Area at any time during the term of the Development Plan and the Development Agreement.

Section Ten. The Developer shall make a PILOT payment to City each tax year (real property) in the amount of \$533,783.00, which amount shall be increased annually by adding 1.5% (cumulatively) thereto.

Section Eleven. The Developer has acknowledged the City’s fair employment practices provisions of Ordinances No. 47957, and has agreed to be bound by the terms and spirit of said Ordinance, and, further, will make all facilities in the Redevelopment Area available without regard to race, religion, color or national origin.

Section Twelve. Notwithstanding Section 11.06.230.D, the use of the area included within the Development Plan shall be limited to the uses described in the Development Plan for a period of not less than ten (10) years from the effective date of this Ordinance.

PASSED this ____ day of _____, 2005.

MAYOR
Date of Approval: _____

ATTEST:

CITY CLERK

EXHIBIT A

KINGSDELL REDEVELOPMENT PLAN

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1. DESCRIPTION OF THE PROJECT

Overview of Redevelopment Area

The Kingsdell Redevelopment Area (the "Redevelopment Area") is located on the northeast corner of the intersection of Kingshighway Boulevard and Lindell Boulevard across from Forest Park (See Location of Redevelopment Area map). The Redevelopment Area, which is generally bounded by Lindell Boulevard on the south, Kingshighway Boulevard on the west, Maryland Plaza on the north. And the eastern property line of the Chase Park Plaza complex, contains approximately 4.3 acres (See – Aerial Photograph of Redevelopment Area).

History of the Redevelopment of the Chase Park Plaza

In early 1995, a group consisting of Kingsland Development Company (Bill Stallings), IFC, Inc. (James Smith), Farragut Investments (Patrick Corsiglia) and Dana Commercial Credit undertook an effort to revitalize a St. Louis landmark, the Chase Park Plaza. On October 31, 1997, after 3 years of due diligence investigations, Kingsdell L.P. closed on the acquisition of the property and began what would become a \$100 Million historic renovation of the property. Initially, the project was financed with a \$43 Million HUD loan coupled with approximately \$10 Million in owner equity. The original development model called for a total apartment concept. The Park Plaza would retain its character as a 270-unit apartment tower, while the Chase building, which was completely vacant and unoccupied since 1988, would be converted into 202 apartment dwellings.

Stringent HUD lending guidelines requiring significant pre-leasing of the more than 150,000 square feet of commercial space within the project was a major reason it took 3 years to bring this transaction to the closing table. These areas included what today are the Starlight Roof, the five-screen movie theater, the Khorassan Ballroom, the Marquee Café and the Tenderloin Room. Original plans specified certain areas for future development, including the area where the Eau Bistro and Café Eau are currently located, as well as the improvements made to the lower level of the Chase building and parts of the lobby. Originally, the lobby planned as a part of the original apartment-based project was to be a dramatically scaled back version from what exists today.

Exhibit 1 – Location of Redevelopment Area map

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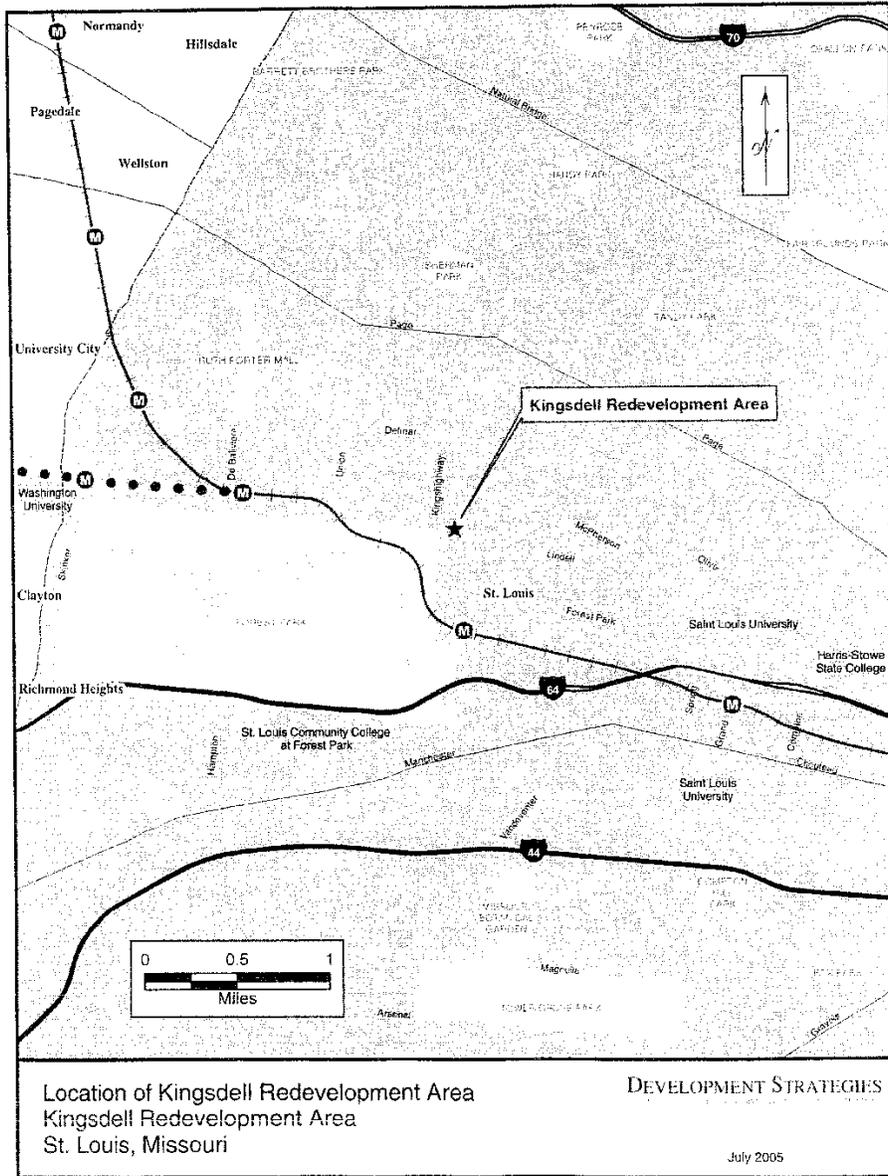
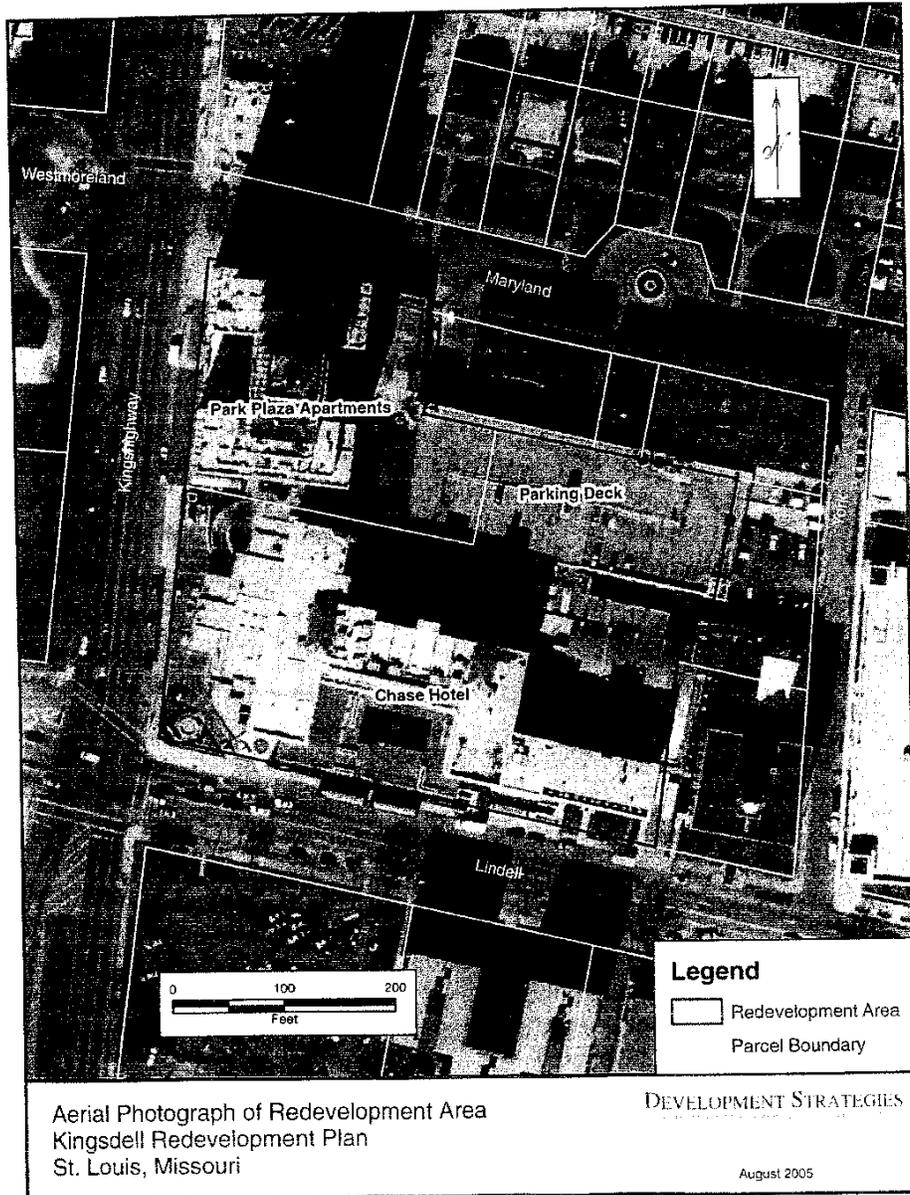


Exhibit 2 – Aerial Photograph of Redevelopment Area

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Almost immediately upon commencement of construction, the original scope of work was expanded. Lobbies were expanded from small entrances to include areas not originally slated for development and finishes were upgraded; for example, the original plans to carpet the lobbies were abandoned in favor of a decision to incorporate Italian marble. The tenth floor of the Chase building had historically been used as a mechanical floor and the original construction plans left it that way. As the renovation project proceeded, ownership made the decision to clear all of the old mechanical units from the tenth floor and convert it into office space. Today, the development contains approximately 30,000 square feet of office space.

It took over 3 years to complete the initial build-out of the project. The Chase building was completely rehabbed. Some significant historic portions of the building were restored to their original splendor, such as the ornate ceilings in the upper lobby discovered after the demolition began. The overall project development costs reached approximately \$125 Million, of which only \$25 Million was disbursed to cover acquisition costs and fees, with the remaining \$100 Million devoted exclusively to construction. Of the entire construction amount, approximately \$85 Million was spent on the renovation of the Chase, which comprises just over 500,000 square feet, and \$15 Million was spent on the restoration of the Park Plaza.

While the renovation of the Chase can be characterized as a gut rehab, the \$15 million invested in the Park Plaza included cleaning and tuck-pointing the entire 27-story building, installing all new windows, selective electrical and mechanical upgrades, and the build-out of an upscale conference center and back-of-house function areas in the lower level to support the operations of the Chase Hotel. In addition, all of the existing meeting rooms, as well as the locally renowned Tenderloin Room restaurant, were refurbished.

In early 2001, the Partnership was restructured, which resulted in the buyout of Kingsland Development Company and Farragut Investments, leaving IFC, Inc. and Dana Commercial Credit as partners in Kingsdell. This ownership restructuring coincided with a restructuring of the use of the project. As mentioned, original development plans called for the use of the Chase as an apartment project, which is how the property was renovated and opened. Although the apartment project was a success, the expansive Khorassan Ballroom and Starlight Roof attracted an extensive number of social functions, which lead to the need for overnight guestrooms. To properly attract certain clientele to these venues, and to realize the significant food and beverage revenue associated with such business, forty of the existing 202 apartments were leased to a separate operating company, which furnished and utilized the apartments as a hotel facility under the name The Inn at the Chase Park Plaza. When HUD became aware of the use of this space, they informed the partnership that applicable HUD loan requirements prohibited the use of apartment units except on a longer-term lease basis. At that time, in early 2001, the partnership made the decision to pay off the \$43 million HUD loan, using additional partnership equity, and as a result the property was debt-free.

Free from the constraints of the HUD loan requirements, the partnership determined that the Chase building was best suited for use as a hotel. Although the 202 newly renovated units had been designed as apartments, the partnership decided to use those units for the operation of an all-suites hotel. The apartment leases were terminated as they rolled over, and during 2001 the Chase portion of the project became a full-fledged hotel. During this time period, in mid-2002, the partnership negotiated a \$35 million loan with Massachusetts Mutual Life Insurance Company, which is still in existence today.

About the time of the financing transaction with Mass Mutual, the partnership determined that the property needed additional hotel units. Several of the existing hotel suites had been two-bedroom, two-bath apartments. Kingsdell decided to capitalize on the size of these suites by segregating one of the original two-bedrooms in the suite and creating a new entry door off of the main corridor servicing that particular room. This added 49 keys to the property.

In 2003, CWE Hospitality sought to have the property designated as a four-diamond hotel by AAA. The Chase Park Plaza was able to temporarily overcome some of the hurdles presented by the fact that the hotel rooms had been designed for apartment use, and the property was awarded the four diamond rating by AAA. The property also became affiliated with the Preferred Hotels & Resorts Worldwide, a global brand of independently owned luxury hotels and resorts. However, in order to maintain these ratings and affiliations, significant changes and improvements need to be made to the hotel floors housing the guest rooms. Loss of such ratings and affiliations will result in a significant impact on the ability to keep the Chase Park Plaza operating.

Overview of Redevelopment Proposal

Today, the Chase Park Plaza complex requires an investment of an additional \$18,250,000 to \$21,000,000.00 to finish the

renovation project begun in 1997. The list of needed capital expenditures includes expanded and newly appointed bathrooms in all guest rooms to meet required standards, removal of the inappropriate kitchens and reallocation of the space to improve the function and character of all guest rooms; enhancements to the corridors on the guest floors to meet required standards; renovation of the deteriorating porte cochere entry to the Chase hotel; and the upgrade and modernization of the bathrooms, kitchens, finishes, mechanical and electrical of the apartment units of the Park Plaza. Without these improvements the Chase and the Park Plaza will begin to slide backward and with such a slide threaten the current revitalization efforts of the Maryland Plaza area and the Central West End. However, current economic returns from the project coupled with the threat of an almost doubling of taxes in 2007 do not justify this expenditure.

Over the years, the fortunes of the Central West End have tracked the fortunes of the Chase Park Plaza. In the 1980's and 1990's, as the Chase declined and eventually closed - so did surrounding properties struggle, decline, and many closed. For years the vacant hulk of the Chase was a drag on development in the Central West End.

The successful re-opening of the Chase Park Plaza Complex in the late 1990's as a luxury hotel, apartment complex, and entertainment and dining venue has sparked an immense amount of development in the City of St. Louis's Central West End. Among the projects following in the Chase's footsteps have been:

- The Argyle Garage and Library
- Metro Lofts
- Park Side Hotel
- Maryland Plaza South Redevelopment
- Maryland Plaza North Redevelopment
- 4545 Lindell
- Park East Tower
- Renovation of the Forest Park Hotel

The initial renovation of the Chase complex cost almost \$100 million. The initial renovation was undertaken without any new incentive assistance from the City of St. Louis. The only incentive the project has received were a few years of remaining 50% tax abatement. As a result of the ending of this abatement, taxes will increase an estimated \$461,053 annually, from the current \$533,783 to an estimated \$994,836.

The Kingsdell Redevelopment Corporation (the "Developer"), an urban redevelopment corporation (see **Appendix III**), is asking for an incentive package to accompany this new capital investment. The key piece of the incentive package would be 100% tax abatement for 10 years during which Kingsdell Redevelopment Corporation would enter into a PILOT payment agreement to make property tax payments equal to that made in 2004 of (\$533,783.00), plus a 1.5% increase in such PILOT payment every year beginning in 2007. To this end, Developer submits with this Redevelopment Plan, and incorporates herein by this reference, the **Data and Analysis on Conditions of Blight for the Kingsdell Property Study Area**, dated August 3, 2005, prepared by Developer's consultant, Development Strategies, Inc.

This submission fully complies with the requirement of the Missouri Urban Redevelopment Corporations Law, Chapter 353, RSMo. 2000, as amended, and the Redevelopment Procedures for Blighted Areas in Sections 11.06.010 to 11.06.370 of the Revised Code of the City of St. Louis. The Kingsdell Redevelopment Corporation is a limited dividend redevelopment corporation as prescribed by Chapter 353 RSMo. 2000, as amended.

2. LEGAL DESCRIPTION

A tract of land located in the City of St. Louis, Missouri, being all or a portion of City Block 3882, identified by City of St. Louis Assessor Office Parcel Identification Numbers 38220002061, 38820002071, 38820003061, 38820003071; and commonly known as 212 and 230-2 North Kingshighway Boulevard, St. Louis, Missouri, as more particularly described upon **Appendix I** attached hereto.

3. REDEVELOPMENT STAGING

It is anticipated that the proposed improvements to the Chase Park Plaza will begin in January of 2006 and be completed in 14 to 18 months.

4. BUILDINGS AND IMPROVEMENTS TO BE DEMOLISHED

No buildings or improvements are proposed to be demolished in the Redevelopment Area. See **Appendix II**.

5. BUILDINGS NOT TO BE DEMOLISHED

All existing buildings have been designated for conservation and/or rehabilitation. The buildings to be retained include the Park Plaza Apartments and the Chase Hotel. All such buildings shall be rehabilitated to the extent deemed necessary or appropriate by the Developer provided, however, that if the Developer determines that rehabilitation of any such building is not economically feasible, the Developer may seek to obtain appropriate demolition permits and cause the building to be demolished. See **Appendix II**.

6. STRUCTURES DESIGNATED FOR REHABILITATION

As part of this Redevelopment Plan both the Chase Hotel and the Park Plaza apartment building will be rehabilitated. Improvements to the Chase Hotel will largely focus on required modifications to the guest rooms on floors three through nine. These improvements are needed rectify some of the problems created by converting the Chase from an apartment building to a hotel and the associated requirements to maintain the hotel's four-diamond rating. Modifications to guest rooms and floors that are required are the expansion and upgrading of finishes for the smaller apartment bathrooms, the removal of the inappropriate apartment kitchens and the reallocation of this space to enhance the character and functioning of the guest rooms, provision and upgrade of Internet service to the guestrooms, and the raising of corridor heights on guest floors. In addition, improvements are to be made to the deteriorating Kingshighway hotel entry, and needed carpet replacement and finish upgrade to public spaces. See **Appendix II**.

The apartments of the Park Plaza are to receive new kitchens and bathrooms, finish upgrades, and improvements to old electrical and mechanical systems.

In looking at the Chase and the Park Plaza, it is important to recognize how interrelated these two facilities are and how important the continued viability of the two facilities are to each other. The Park Plaza contains conference space and meeting rooms, as well as kitchens and back-of-the-house functions that are essential to the success of the Chase. In addition, vacant apartments in the Park Plaza are used at times of maximum demand for guest accommodations. The Chase contains dining and commercial services that are essential to attracting and maintaining tenants.

7. NEW DEVELOPMENT

No new development is proposed as part of this Redevelopment Plan.

8. LANDSCAPING AND COMMUNITY FACILITY IMPROVEMENTS

No new landscaping or community improvements are proposed as part of this Redevelopment Plan.

9. DEDICATIONS OF PROPERTY FOR PUBLIC PURPOSES

No property in the Redevelopment Area is proposed to be sold, donated, exchanged, or leased to the City, the St. Louis Board of Education, the Public Library Board, or any other public body.

10. DESCRIPTION OF PROPOSED ZONING CHANGES

The entire Redevelopment Area is currently zoned "H" Area Commercial District. No changes to the zoning are proposed as part of this Redevelopment Plan. See **Appendix II**.

11. STREET AND CIRCULATION CHANGES

No street or circulation changes are proposed as part of this Redevelopment Plan.

17. PROPERTY OWNED, OPTIONED, OR TO BE ACQUIRED BY THE DEVELOPER

The Developer currently owns all the property in the Redevelopment Area.

18. PROPOSED CITY ACTIONS AND PROPERTY TO BE ACQUIRED BY THE CITY

The Redevelopment Plan does not require the City of St. Louis to acquire any property to implement the Plan

19. CITY-OWNED PROPERTY

There is no City-owned property in the Redevelopment Area.

20. EMPLOYMENT PRACTICES

The Developer, for itself, its successors, and assigns, admits the language, intent, and purpose regarding fair employment practices contained in Ordinance 51512 of the City of St. Louis and admits and agrees that said language, intent, and purpose apply to the Redevelopment Plan and that the Developer will be bound thereby, and Developer agrees that it will comply with the overall terms and spirit of said Ordinance.

21. NON-DISCRIMINATION

The Developer, for itself, its successors, and assigns, will at all times make all facilities in the Redevelopment Area available to the general public without regard to race, marital status, color, age, religion, sexual orientation, familial status, disability, national origin or ancestry. This section shall not be construed as depriving the Developer or any owner of the customary rights incident to ownership, including the rights of management and the rights to establish rules and regulations for the use of the property or charges or rents therefore, but the Developer or owner shall not discriminate in the exercise of such rights on the basis of race, color, disability, religion, sex, marital status, or national origin.

22. TAXES

Real property acquired by the Developer within the Redevelopment Area may be taxed in the manner provided in Section 353.110, RSMo. 2000, as amended, if acquired by a redevelopment corporation.

i. NECESSITY FOR TAX ABATEMENT

Tax abatement is deemed an essential tool to be used to help make otherwise financially infeasible Projects feasible, and to induce the Developer and others to invest in the Redevelopment Area in consideration of the high costs associated with the redevelopment, including site assembly, environmental mitigation and clean-up, site improvements, and security, and the high economic risks resulting from a lack of demonstrated and effective market demand for the types and scale of development anticipated by the Plan.

ii. TAX ABATEMENT

Subject to the provisions of this subsection V.ii., pursuant to Section 353.110.2, RSMo. 2000, as amended, and upon compliance with the terms and conditions of Section 11.06.300 and Section 11.06.310 of the Revised Code of the City of St. Louis, all real property within the Redevelopment Area acquired by the Developer or conveyed to its successors and assigns and used in accordance with the Redevelopment Plan would be granted for a period of ten (10) tax years to full abatement of the assessment and payment of general ad valorem property taxes imposed by the City or State or any political subdivision thereof in the manner provided by Section 353.110.1, RSMo. 2000, as amended, and said Section is incorporated herein by reference. Such tax abatement shall commence upon the transfer of title of such real property to the Developer. During said 10 tax year period, Kingsdell Redevelopment Corporation would enter into a PILOT payment agreement to make property tax payments equal to that made in 2004 of (\$533,783.00), plus a 1.5% increase in such PILOT payment every year beginning in 2007. After said 10 tax year period of full abatement, such real property shall be subject to assessment and payment of all ad valorem taxes, based on the full true value of the real property at that time; provided, that, after the completion of the redevelopment Project, as authorized by law or ordinance, whenever

any urban redevelopment corporation shall elect to pay full taxes, or at the expiration of the period, such real property shall be owned and operated free from any of the conditions, restrictions or provisions of this chapter, and of any ordinance, rule or regulation adopted pursuant hereto, any other law limiting the right of domestic and foreign insurance companies to own and operate real estate to the contrary notwithstanding.

iii. FORMERLY TAX EXEMPT PROPERTIES

In the event that any such real property in the Redevelopment Area is tax exempt immediately prior to its acquisition by the Developer, the Assessor of the City of St. Louis ("City Assessor") shall promptly assess such land, exclusive of improvements, at such valuation as shall conform to, but not exceed, the assessed valuation made during the preceding calendar year of other land, exclusive of improvements, adjacent thereto. The amount of such assessed valuation so fixed by the City Assessor shall not be increased by the City Assessor during the ten (10) year period next following the date upon which the Developer acquired such property so long as such real property is used in accordance with the Redevelopment Plan.

The Developer may sell or otherwise dispose of any or all of the real property, whether by foreclosure of any mortgage or other lien, through bankruptcy proceedings, by order of any court of competent jurisdiction, by voluntary transfer or otherwise, and so long as the purchaser of such real property shall continue to use, operate and maintain such real property in accordance with the Redevelopment Plan and the Parcel Development Agreement, and such real property shall continue to be entitled to tax abatement as described in Subsection V.ii. hereof; and this shall continue following any subsequent sales or other dispositions of such property by the Developer's successors and assigns until expiration of the ten (10) year period set forth in Subsection V.ii. hereof.

iv. BREACH OR WITHDRAWAL

If any portion of the real property within the Redevelopment Area is not used, operated, and maintained in accordance with the Redevelopment Plan and any amendments thereto, or in the event that a transferee does not desire the property to continue under the Redevelopment Plan and any amendments thereto, the Developer may, due to such a breach or the owner's desire for withdrawal, request that portion of the real property within the Redevelopment Area be declared not eligible for the benefits under Chapter 353, RSMo. 2000, as amended, Section 11.06 of the Revised Code of the City of St. Louis or the ordinances approving the Redevelopment Plan and the Redevelopment Agreement. If the Developer and the City's Board of Aldermen agree in writing to such a request for an amendment from the Developer or the owner of such property to withdraw the property from the benefits of the aforementioned incentive programs, such portion of the real property shall be assessed for ad valorem taxes upon the full true value of the real property and may be owned and operated free from any of the conditions, restrictions, or provisions of Chapter 353, RSMo. 2000, as amended, Section 11.06 of the Revised Code of the City of St. Louis, and the ordinance approving the Redevelopment Plan, but will not constitute a withdrawal of other parcels of property from the benefits of Chapter 353, RSMo. 2000, as amended, Section 11.06 of the Revised Code of the City of St. Louis, or the ordinance approving the Redevelopment Plan and Redevelopment Agreement. A breach of any covenant or obligation imposed by Chapter 353, RSMo.2000, as amended, Section 11.06 of the Revised Code of the City of St. Louis, the Redevelopment Plan and the Redevelopment Agreement by any owner will not constitute a breach by any other owner in the Redevelopment Area, and each parcel of property will be treated separately for this purpose.

vi. PAYMENTS IN LIEU OF TAXES

Notwithstanding the tax abatement provisions of Section 353.110, RSMo. 2000, as amended, the Developer agrees for itself and on behalf of any other redevelopment corporation or owner taxed pursuant to the provisions of paragraphs ii, iii, and iv hereof, that it or any such other redevelopment corporation or any such other owner will pay the City with respect to property which it owns in the Redevelopment Area which receives the benefits of Section 353.110, RSMo. 2000, as amended, Payments In Lieu Of Taxes equal to that made in 2004 of (\$533,783.00), plus a 1.5% increase in such PILOT payment every year beginning in 2007. The obligation to make the foregoing payments shall constitute a lien against each such parcel as to which such obligation applies, enforceable by the City in the same manner as general real estate taxes, but neither the Developer, nor any of such urban redevelopment corporations nor any of such successors or assigns, nor any individual persons associated with the Developer, shall have any personal liability with respect thereto.

23. ANALYSIS OF ECONOMIC BENEFITS

To avoid downgrading as a hotel, and accompanying loss of room rates and bookings, and deterioration of rental property, significant capital investment must occur. To avoid the decline of the Chase Park Plaza complex, the Developer has proposed a capital renovation budget of at least \$18,250,000 with work to begin in 2006.

In exchange for the ten year tax abatement, the Developer would agree to an annual PILOT payment equal to the tax payment made in 2004 (\$533,783) plus 1.5% increase every year beginning in 2007. In ten years when the abatement is complete it is estimated that the Developer will pay real estate taxes of \$1,153,288, assuming an increase in assessed value of 3% every odd year.

In addition, the Chase Park Plaza paid over \$2,116,000 in 2004 in other taxes and fees to the City of St. Louis, including \$594,000 in sales taxes, \$310,000 in convention and tourism tax, \$289,000 in hotel/motel tax, \$87,000 in personal property tax, \$85,000 in restaurant gross receipts tax, \$83,000 employee local income tax, and \$83,000 in utility taxes.

It is also important to note that in 2004 the Chase Park Plaza paid over \$5 million to vendors located in the City of St. Louis.

Finally, it is estimated that the proposed development will create approximately 145 one-year full time construction jobs distributed over the years of active development, at an estimated average annual salary of \$50,000.

24. TERM OF PLAN

This Redevelopment Plan shall remain in full force and effect and shall be binding on the Developer and all landowners in the Redevelopment Area from the effective date of the ordinance approving this Redevelopment Plan and execution by the City of a Redevelopment Agreement to a date ten (10) years from the date the subject property, or any portion thereof, legally described upon **Appendix I** is acquired by Kingsdell Redevelopment Corporation and said property having received ten (10) tax years of abatement. Tax abatement granted in accordance with this Redevelopment Plan that extends beyond such Redevelopment Plan's termination will survive such plan's termination.

25. CONFORMANCE OF PRIOR PROJECT APPROVALS

The Developer proposes that the City of St. Louis shall, in the ordinances approving the Redevelopment Agreement by and between the City and the Developer for this Redevelopment Area, agree that it shall take any and all steps necessary to require that any Project previously approved by the City for any parcel within the Redevelopment Area under Chapters 99.300-99.660, 100.300-100.620 or 353.010-353.190 RSMo. 2000, as amended, including, but not limited to: the Argyle Redevelopment Area, and any other previously approved redevelopment areas under Chapters 99, 100, or 353 located in whole or in part within the Kingsdell Redevelopment Area or employing the incentives available under these Chapters, which has not secured a building permit from the City to proceed with construction as of the date of the ordinance approving the Redevelopment Plan and the Redevelopment Agreement, shall conform to the terms and conditions of the Redevelopment Plan as of the date of the approval of this Redevelopment Plan.

26. SEVERABILITY

If any provision of this Redevelopment Plan is for any reason found to be unenforceable or inapplicable, the other provisions hereof will remain in full force and effect and in the same manner as if such unenforceable or inapplicable provision had never been contained in the Redevelopment Plan.

**APPENDIX A
Legal Description**

LEGAL DESCRIPTION

PARCEL 1:

A tract of land in Block 3882 of the City of St. Louis, Missouri, beginning at the intersection of the Eastern line of Kingshighway Boulevard, 100 feet wide, with the Southern line of Maryland Plaza, 80 feet wide; thence along the Southern line of Maryland Plaza, South 88 degrees 57 minutes 40 seconds East, 200.00 feet to a point, said point being the Northeast corner of property conveyed to

Singleton by deed recorded in Book 4189 page 404 of the St. Louis City records; thence leaving said street line and running along a line parallel with the Eastern line of Kingshighway Boulevard and being the Eastern line of said Singleton property, South 6 degrees 21 minutes 40 seconds East, 196.62 feet to a point; thence leaving said point and running the following: North 89 degrees 33 minutes 08 seconds West, 61.67 feet; North 4 degrees 42 minutes 25 seconds West, 8.16 feet and South 85 degrees 17 minutes 58 seconds West, 137.39 feet to a point on the Eastern line of Kingshighway Boulevard, as aforementioned, said point being distant, North 6 degrees 21 minutes 40 seconds West, 247.83 feet from the Northern line of Lindell Boulevard, 100 feet wide, as measured along the Eastern line of Kingshighway Boulevard; thence along said Eastern street line, North 6 degrees 21 minutes 40 seconds West, 202.93 feet to the point of beginning.

PARCEL 2:

Sub-surface easement more particularly described as follows: A portion of the public street rights-of-way known as Kingshighway Boulevard, 100 feet wide, and Maryland Plaza, 80 feet wide, adjacent to Block 3882 of the City of St. Louis, Missouri, lying between horizontal planes at elevation 72.35 and 82.20 above 0.00 on the St. Louis City Datum and bounded by vertical planes described as follows: Commencing at the intersection of the Northern line of Lindell Boulevard, 100 feet wide, with the Eastern line of Kingshighway Boulevard, 100 feet wide; thence along said Eastern line of Kingshighway Boulevard, 100 feet wide; thence along said Eastern line of Kingshighway Boulevard, North 6 degrees 21 minutes 40 seconds West, 233.89 feet to the point of beginning of the herein described tract of land; thence leaving said Eastern street line, and running South 85 degrees 17 minutes 58 seconds west, 17.01 feet to a point; thence along a line parallel with the Eastern line of Kingshighway Boulevard, North 6 degrees 21 minutes 40 seconds West, 202.48 feet to a point; thence North 36 degrees 10 minutes 13 seconds East, 34.20 feet to a point; thence along a line parallel with the Southern line of Maryland Plaza, South 88 degrees 57 minutes 40 seconds East, 107.00 feet to a point; thence North 86 degrees 28 minutes 40 seconds East, 25.15 feet to a point; thence along a line parallel with the Southern line of Maryland Plaza, South 88 degrees 57 minutes 40 seconds East, 61.50 feet to a point; thence South 6 degrees 21 minutes 40 seconds East, 14.12 feet to a point on the Southern line of Maryland Plaza at the Northeast corner of property conveyed to Singleton by Deed recorded in Book 4189 page 404 of the St. Louis City records; thence along the Southern line of Maryland Plaza, North 88 degrees 57 minutes 40 seconds West, 200.00 feet to its intersection with the Eastern line of Kingshighway Boulevard, as aforementioned; thence along said Eastern street line, South 6 degrees 21 minutes 40 seconds East, 216.87 feet to the point of beginning.

PARCEL 3:

A tract of land in Block 3882 of the City of St. Louis, Missouri, beginning at the intersection of the Northern line of Lindell Boulevard, 100 feet wide, with the Eastern line of Kingshighway, 100 feet wide; thence along said Eastern line of Kingshighway Boulevard, North 6 degrees 21 minutes 40 seconds West, 247.83 feet to a point; thence leaving said street line and running the following; North 85 degrees 17 minutes 58 seconds East, 137.39 feet; South 4 degrees 42 minutes 25 seconds East, 8.16 feet and South 89 degrees 33 minutes 08 seconds East, 61.67 feet to a point; thence North 6 degrees 21 minutes 40 seconds West 1.98 feet to a point; thence South 89 degrees 00 minutes 00 seconds East 46.97 feet to a point; thence North 1 degree 02 minutes 20 seconds East 98.99 feet to a point; thence leaving said point and running along a line parallel with and 94.00 feet perpendicular distant South of the Southern line of Maryland Plaza, South 88 degrees 57 minutes 40 seconds East 252.68 feet to a point, said point being distant North 88 degrees 57 minutes 40 seconds West, 68.24 feet from the Western line of York Avenue, as measured along the last mentioned line and located on the direct Northward prolongation of the Eastern wall of a concrete parking garage; thence leaving said point and running along said prolongation, along the Eastern wall of said parking garage and along its direct Southward prolongation South 1 degree 06 minutes 00 seconds West, 139.23 feet to a point on the Northern line of property conveyed to "220 Television, Inc.", by deed recorded in Book 154M page 1091 of the City of St. Louis records, said point being distant North 88 degrees 57 minutes 40 seconds West, 88.41 feet from the West line of York Avenue, as measured along said Northern line; thence leaving the aforementioned point and running along the Northern line of "220 Television Inc.", North 88 degrees 57 minutes 40 seconds West, 18.06 feet to the Northwest corner thereof; thence along the Western line of said property, South 1 degree 02 minutes 20 seconds West, 25.63 feet to a point on the Northern wall of a one story, brick and concrete building; thence leaving said Western property line and running along said Northern wall line South 88 degrees 52 minutes 34 seconds East, 6.97 feet to the Northeast corner of said one story building and located on the Western wall of a two story brick and concrete block building; thence along the wall line of said one story building and said two story building, South 1 degree 06 minutes 59 seconds West, 24.32 feet to a point; thence leaving the Eastern wall of said one story building and running along the wall of said two story building the following: South 88 degrees 53 minutes 01 seconds East, 9.04 feet; South 0 degrees 55 minutes 46 seconds West, 50.77 feet; North 88 degrees 53 minutes 07 seconds West, 1.20 feet; South 0 degrees 55 minutes 46 seconds West, 1.36 feet and South 88 degrees 53 minutes 07 seconds East, 1.20 feet to a point; thence leaving said wall line and running South 1 degree 02 minutes 17 seconds West, 111.36 feet to a point on the Northern line of Lindell Boulevard, as aforementioned, said point being distant South 89 degrees 00 minutes 00 seconds East, 5.92 feet from the Southwest corner of property conveyed to "220 Television Inc.", as measured along the Northern line of Lindell Boulevard; thence leaving said point and running along the Northern line of said Lindell Boulevard North 89 degrees 00 minutes 00 seconds West, 464.53 feet to the point of beginning.

PARCEL 4:

A tract of land being part of Block 3882 of the City of St. Louis, Missouri, and described as follows: Commencing at the intersection of the Eastern line of Kingshighway Boulevard, 100 feet wide, with the Southern line of Maryland Plaza, 80 feet wide; thence along said Southern line of Maryland Plaza, South 88 degrees 57 minutes 40 seconds East, 200.00 feet to a point, said point being the Northeast corner of property conveyed to Singleton by deed recorded in Book 4189 page 404 of the St. Louis City records; thence leaving said street line and running along a line parallel with the Eastern line of Kingshighway Boulevard and being the Eastern line of said Singleton property South 6 degrees 21 minutes 40 seconds East, 94.79 feet to a point of beginning of the herein described tract of land; thence leaving said point and running along a line parallel with and 94.00 feet perpendicular distance South of the Southern line of Maryland Plaza, South 88 degrees 57 minutes 40 seconds East, 59.83 feet to a point; thence leaving said point and running South 1 degrees 02 minutes 20 seconds West, 98.99 feet to a point; thence leaving said point and running along a line parallel with the Northern line of Lindell Boulevard, 100 feet wide, North 89 degrees 00 minutes 00 seconds West, 46.97 feet to a point on the Eastern line of Singleton as aforementioned; thence along said Eastern line North 6 degrees 21 minutes 40 seconds West, 99.85 feet to the point of beginning.

PARCEL 5:

Easement for the benefit of Parcels 1, 3 and 4 herein described for the purpose of vehicular and pedestrian access, ingress and egress, according to Easement Agreement and Parking Space Lease dated July 31, 1998, by and between W.S. Stallings Corporation, and Kingsdell L.P., recorded October 22, 1998 in Book 1444M page 1253, over the area described therein, as follows:

A tract of land in Block 3882 of the City of St. Louis, Missouri, and described as follows: Beginning at a point in the South line of Maryland Avenue distant 200 feet 0 inches East of the intersection of said South line with the East line of Kingshighway Boulevard; thence Southwardly parallel with Kingshighway Boulevard and along the East line of property conveyed to Marvin E. Singleton by deed recorded in Book 4189 page 404, 94 feet 9-1/2 inches to a point distant 94 feet 0 inches South of the South line of Maryland Avenue; thence Eastwardly parallel with Maryland Avenue and along the North line of property conveyed to Harvey Imbolden by deed recorded in Book 6227 page 294, 62 feet 0-3/8 inches to a point; thence Northwardly perpendicular with Maryland Avenue, 39 feet 0 inches to a point; thence Westwardly parallel with Maryland Avenue, 25 feet 6 inches to a point; thence Northwardly perpendicular with Maryland Avenue, 55 feet 0 inches to a point in the South line of Maryland Avenue, 48 feet 9 inches to the point of beginning.

PARCEL 6:

Easements for the benefit of Parcels 1, 3 and 4 herein described, for the purposes of Construction, use, maintenance, repair and reconstruction of driveways and ingress and egress created by instrument designated "Driveway Easement Agreement", dated May 18, 1981 and recorded in Book 271M page 64 on May 21, 1981 over the following described property:

EASEMENT "A":

A tract of land being part of Block 3882 of the City of St. Louis, Missouri, and described as follows: Beginning at a point on the Western line of York Avenue, 40 feet wide, at the Northeast corner of property conveyed to "220 Television Inc.", by deed recorded in Book 154M page 1091 of the St. Louis City records, said point being distant North 7 degrees 08 minutes 40 seconds West, 215.57 feet from the Northern line of Lindell Boulevard, 100 feet wide, as measured along the Western line of York Avenue; thence leaving said Western street line and running along the Northern line of "220 Television Inc.", North 88 degrees 57 minutes 40 seconds West, 88.41 feet to a point, said point being on the direct Southward prolongation of the Eastern wall of a Concrete Parking Garage; thence leaving said point and running along said prolongation, North 1 degree 06 minutes 00 seconds East, 20.00 feet to a point; thence leaving said point and running South 88 degrees 57 minutes 40 seconds East, 85.51 feet to a point on the Western line of York Avenue, as aforementioned; thence along said Western street line South 7 degrees 08 minutes 40 seconds East, 20.21 feet to the point of beginning.

EASEMENT "B":

A tract of land being part of Block 3882 of the City of St. Louis, Missouri, and described as follows: Commencing at a point on the Western line of York Avenue, 40 feet wide, at the Southeast corner of property conveyed to H & M Koplak by deed recorded in Book 207M page 206 of the St. Louis City records, said point being distant South 7 degrees 08 minutes 40 seconds East, 94.97 feet from the Southern line of Maryland Plaza, 80 feet wide, as measured along the Western line of York Avenue; thence along said Western street line South 7 degrees 08 minutes 40 seconds East, 19.00 feet to the point of beginning of the herein described tract of land; thence continuing along said street line South 7 degrees 08 minutes 40 seconds East, 34.00 feet to a point; thence leaving said Western street line and running North 75 degrees 38 minutes 39 seconds West, 8.51 feet and North 84 degrees 43 minutes 40 seconds West 67.74 feet to a point on the Eastern wall of a concrete parking garage; thence along said Eastern wall North 1 degree 06 minutes 00 seconds East, 20.50 feet to a point; thence leaving said point and running North 89 degrees 06 minutes 58 seconds East, 59.61 feet and North 70 degrees 50 minutes 17 seconds East, 12.14 feet to the point of beginning.

PARCEL 7:

Easement for the benefit of Parcels No. 1, 3 and 4 herein described, for the purpose of construction use, storage, maintenance, demolition, repair and reconstruction of a basement, including access thereto, created by instrument designated "Basement Easement Agreement", dated May 18, 1981 and recorded in Book 271M page 84 on May 21, 1981 over the following described property; a tract of land being part of Block 3882 of the City of St. Louis, Missouri, and described as follows: Commencing at a point on the Northern line of Lindell Boulevard, 100 feet wide, at the Southwest corner of property conveyed to "220 Television Inc.", by deed recorded in Book 154M page 1091 of the St. Louis City records; thence along the Northern line of Lindell Boulevard South 89 degrees 00 minutes 00 seconds East, 5.92 feet to a point; thence leaving said street line and running North 1 degrees 02 minutes 17 seconds East, 24.71 feet to the point of beginning of the herein described tract of land; thence continuing along the last mentioned line, North 1 degrees 02 minutes 17 seconds East, 24.71 feet to the point of beginning of the herein described tract of land; thence continuing along the last mentioned line, North 1 degrees 02 minutes 17 seconds East, 86.65 feet to its intersection with the Southern wall of a two story brick and concrete block building; thence along the wall of said building the following bearing and distances: North 88 degrees 53 minutes 07 seconds West, 1.20 feet; North 0 degrees 55 minutes 46 seconds East, 1.36 feet; South 88 degrees 53 minutes 07 seconds East, 1.20 feet; North 0 degrees 55 minutes 46 seconds East, 50.77 feet and North 88 degrees 53 minutes 01 seconds West, 9.04 feet to its intersection with the Eastern wall of a one story brick and concrete block building; thence along the wall line of said one story and said two story buildings North 1 degree 06 minutes 59 seconds West, 24.32 feet to the Northwest corner of said one story building; thence leaving said point and running the following bearings and distances; South 88 degrees 52 minutes 34 seconds East, 8.51 feet; South 1 degree 06 minutes 59 seconds West, 12.67 feet; South 88 degrees 53 minutes 01 second East, 8.93 feet and South 1 degree 12 minutes 50 seconds West, 57.77 feet to the Northwest corner of an eight story brick building; thence along the Western wall of said building and the following bearings and distances: South 1 degree 23 minutes 44 seconds East, 78.19 feet; South 88 degrees 36 minutes 16 seconds West, 0.27 feet and South 1 degree 23 minutes 44 seconds East, 14.46 feet to the Southwest corner thereof; thence leaving said point and running North 89 degrees 17 minutes 57 seconds west, 11.81 feet to the point of beginning.

**APPENDIX B
Individual Property Inventory and Proposed Action**

**APPENDIX B
Individual Property Inventory and Proposed Action
Kingsdell Redevelopment Area**

Block & Parcel	3882 00 02061 & 3882 00 02071	3882 00 03061 & 3882 00 03071
Address	212 N. Kingshighway Blvd.	230 N. Kingshighway Blvd.
Owner	Kingsdell L.P.	Kingsdell L.P.
Owners Address	212 N. Kingshighway Blvd.	212 N. Kingshighway Blvd.
Existing Land Use	Hotel & Parking Garage	Apartments & Parking Garage
Proposed Land Use	Hotel & Parking Garage	Apartments & Parking Garage
Existing Zoning	"I" Area Commercial District	"H" Area Commercial District
Proposed Zoning	"H" Area Commercial District	"H" Area Commercial District
Parcel Sq. Ft.	143,362 Sq. Ft.	44,431 Sq. Ft.
Date Built	1920's 454-58/1991	1928
Building Sq. Ft.	450,000 +	440,000 +
Assessed Value	\$1,923,470	\$3,867,180
Proposed Action	Rehabilitation	Rehabilitation

APPENDIX C
Certificate of Incorporation
Kingsdell Redevelopment Corporation

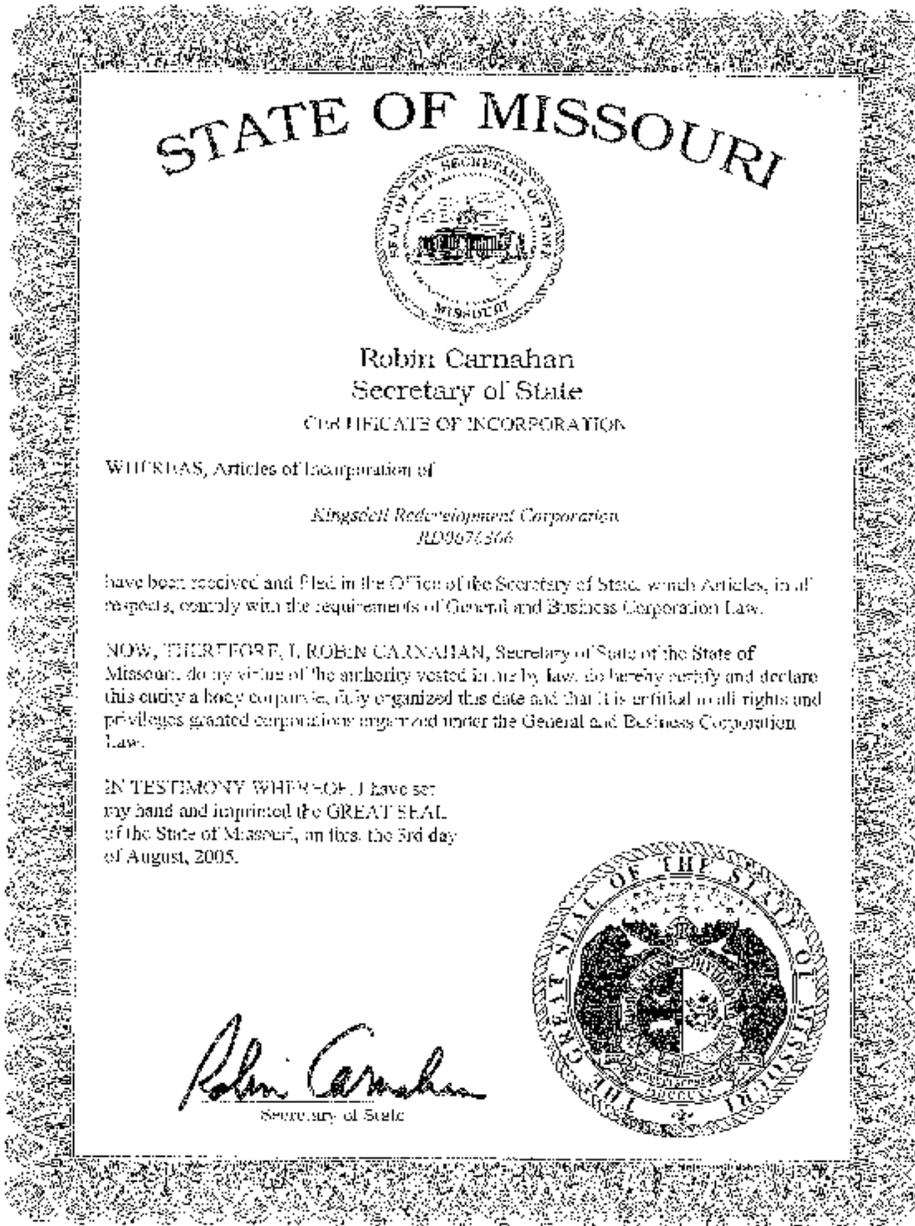


EXHIBIT B**DEVELOPMENT AGREEMENT**

AN AGREEMENT, entered into this ____ day of _____, 2005 (hereinafter referred to as "Agreement"), between the CITY OF ST. LOUIS, MISSOURI, (hereinafter referred to as "City") and KINGSDELL REDEVELOPMENT CORPORATION, and its successors and assigns (hereinafter referred to as "Developer"), for the execution of the Development Plan submitted by Developer for the area set forth in **Exhibit A**, attached hereto and incorporated hereby by reference.

WHEREAS, the Board of Aldermen of the City of St. Louis has enacted into law Ordinance No. _____ of which this Agreement is a part, approving the Development Plan submitted by Developer, attached hereto as **Exhibit B** (hereinafter referred to as the "Development Plan"), and the activities related thereto, as necessary for the preservation of the public peace, health, safety, morals and welfare; and has found and declared pursuant to Ordinance No. _____ that the Redevelopment Area is blighted pursuant to Chapter 353, RSMo., and determined that the clearance, redevelopment, replanning, rehabilitation and reconstruction provided for herein are necessary and of public purpose;

WHEREAS, the ordinance of which this Agreement is a part requires the undertaking and performance upon the part of Developer and of the City of various obligations;

WHEREAS, said ordinance directs the Mayor of the City to enter into an Agreement with Developer providing for the execution of said Development Plan; and

WHEREAS, Kingsdell Redevelopment Corporation, the Developer, is a corporation formed under Chapter 353 of the Revised Statutes of Missouri, 2000, as amended, and is now in good standing in the State of Missouri.

NOW, THEREFORE, the City and Developer, for the consideration and mutual covenants hereinafter contained and described under the conditions hereinafter set forth, do hereby agree as follows:

1. **Items Incorporated into this Agreement.** The provisions of Chapter 353 of the Revised Statutes of Missouri, 2000, as amended (the "Urban Redevelopment Corporations Law"), up to and including the date of the passage and approval of the ordinance of which this Agreement is a part, the provisions of St. Louis Ordinance No. ____ [Board Bill # ____] declaring the Redevelopment Area blighted, and Ordinance No. ____ [Board Bill # ____] and the Development Plan are hereby incorporated by reference and made in whole a part of this Agreement.

2. **Legal Description.** The development area (hereinafter referred to as the "Redevelopment Area") is as set forth in **Exhibit A** attached hereto and incorporated herein by reference.

3. **Developer Control.** Developer shall have complete and exclusive control over the construction of the Development and the management and operation of the Development.

4. **Eminent Domain.** City hereby agrees to not authorize the use of eminent domain within the Redevelopment Area during the term of this Agreement and the Development Plan.

5. **Development Timing.** The Development shall be initiated no later than March, 2007, after the execution of the Agreement by the City and will be completed within approximately two (2) years after initiation or earlier if permitted by market conditions.

6. **Delays/Extensions.** Notwithstanding anything to the contrary contained herein, in the Development Plan or in the ordinance approving the Development Plan and of which this Agreement is a part, the times within which development activities are to commence or be completed will automatically be extended appropriately as a result of occurrences, events, actions or inactions not within the reasonable control of Developer, including without limitation construction delays, delays caused by competent legal authority, strikes, lock-outs, labor disputes, riots, fire, or other casualties, tornadoes, acts of God, acts of public enemy, accidents, governmental restrictions, unanticipated or unusual site conditions, priority regarding acquisition of or use of materials, litigation challenging the rights of Developer and/or the City, or other litigation involving Redevelopment Area, delays caused by the City, State or Federal governments or any failure to obtain requisite permits and/or approvals of City Boards, departments and commissions within the projected time frame.

7. Notice of Delay. Developer shall provide written notice to the City of such delay prior to the end of the period, or extension thereof, in which such action was to have been taken or completed. Said notice shall explain in detail the reason for such delay and the estimated date by which such action will be performed or commenced.

8. Extensions. In addition to any extension pursuant to Section 6 of this Agreement, and upon written request, from Developer, the City may grant extensions to time periods in which certain performances are to be undertaken by Developer.

9. Performance for Benefit of City. In the event Developer shall fail to meet any time limits, as extended, for commencement or completion of any activity, or performance of other obligations, the City, and only the City, may take the actions set forth in Section 10 and Section 19 of this Agreement, and no third parties shall have any rights or claims with respect to such failure.

10. Breach and Compliance. In the event of substantial noncompliance with this Agreement or the Development Plan, written notice of same may be delivered to Developer by the Mayor, and if Developer, after receipt of such notice, shall not have corrected such substantial noncompliance within forty-five (45) days after receipt of said notice, (unless the time for such correction is further extended by the Board of Public Service upon written petition of Developer), or, in the case of alleged substantial noncompliance which cannot reasonably be corrected within forty-five (45) days, if Developer after receipt of such notice shall have not commenced and continued to diligently pursue the correction of such noncompliance then the Mayor may, in his discretion, petition the Board of Public Service to cancel, void and terminate this Agreement and all rights of the Developer hereunder in whole or in part.

If the Mayor does so petition the Board of Public Service, notice of said petition shall be given to Developer by the City. No sooner than fifteen (15) days after notice of said petition is given to the Developer, the Board of Public Service shall hold a hearing on the petition, following which it may, at its option, but only if it finds that there was such substantial noncompliance and failure to timely cure same, or to timely commence and diligently pursue a cure of same, as the case may be, by Developer within the period provided above, cancel, void, and terminate this Agreement and all rights of Developer hereunder in whole or in part.

11. Building Maintenance. After complete acquisition of the Redevelopment Area, Developer shall maintain the building and public areas in the Redevelopment Area in a good state of repair commensurate with the building code and Ordinances of the City. After complete acquisition of the Redevelopment Area, Developer shall be obligated to secure the building until commencement of rehabilitation or reconstruction.

12. Developer's Compliance with City Procedures. Developer shall obtain all necessary permits and approvals as prescribed by law and be subject to all lawful inspections and perform such necessary acts as are required under the ordinances of the City, including the ordinance of which this Agreement is a part. Approval of necessary permits by the City shall not be unreasonably withheld.

13. City Access to Development Project. Following acquisition of the Redevelopment Area, Developer shall cooperate with and permit access to the Redevelopment Area and the Development for the agents, representatives, or other officials of the City during business hours and upon reasonable notice.

14. City Actions. The City agrees to cooperate with Developer in carrying out the Development Plan and this Agreement and with due diligence will perform each and every act required of it under the Development Plan and this Agreement.

15. Tax Abatement. (a) Pursuant to Section 353.110.2, RSMo. 2000 and upon compliance with the terms and conditions of Section 11.06.300 and Section 11.06.310 of the Revised Code of the City of St. Louis, 1994, all real property within the Development Area, acquired by the Developer or conveyed to its successors and assigns as set forth in Subsection 15(c) hereof and used in accordance with the Development Plan, shall not be subject for a period of ten (10) tax years to assessment or payment of general ad valorem property taxes imposed by the City or State or any political subdivision thereof in the manner provided by Section 353.110.1, RSMo. 2000, and said Section is incorporated herein by reference. Such tax abatement shall commence upon the transfer of title of such real property to the Developer. After a period totaling ten (10) tax years, such real property shall be subject to assessment and payment of all ad valorem taxes, based on the full true value of the real property; provided, that after the completion of the redevelopment project, as authorized by law or whenever any urban redevelopment corporation shall elect to pay full taxes, or at the expiration of the period, such real property shall be owned and operated free from any of the conditions, restrictions or provisions of this chapter, and of any ordinance, rule or regulation adopted pursuant thereto, any other law limiting the right of domestic and foreign insurance companies to own and operate real estate to the contrary notwithstanding.

(b) Formerly Tax Exempt Properties. In the event that any such real property is tax exempt immediately prior to its acquisition by the Developer, the Assessor of the City of St. Louis shall promptly assess such land, exclusive of improvements, at such valuation as shall conform, to but not exceed, the assessed valuation made during the preceding calendar year of other land, exclusive of improvements, adjacent thereto. The amount of such assessed valuation so fixed by the City Assessor shall not be increased by the City Assessor during the ten (10) tax year period next following the date upon which the Developer acquired such property so long as such real property is used in accordance with the Development Plan.

(c) Conveyance Of Tax Abatement. The Developer may sell or otherwise dispose of any or all of the real property acquired by it for the purposes of this project. In the event of the sale or other disposition of such property, whether by foreclosure of any mortgage or other lien, through bankruptcy proceedings, by order of any court of competent jurisdiction, by voluntary transfer or otherwise, and the purchaser of such real property shall continue to use, operate and maintain such real property in accordance with the Development Plan, such real property shall continue to be entitled to tax abatement as described in Subsection 15(a) hereof; and this shall continue following any subsequent sales or other dispositions of such property by the Developer's successors and assigns until expiration of the ten (10) tax year period set forth in Subsection 15(a) hereof.

(d) Breach Or Withdrawal. If any portion of the real property receiving tax abatement is not used, operated, and maintained in accordance with the Development Plan and any amendments thereto, or in the event that the transferee does not desire the property to continue under the Development Plan and any amendments thereto, such portion of the real property shall be assessed for ad valorem taxes upon the full true value of the real property and may be owned and operated free from any of the conditions, restrictions, or provisions of Chapter 353 of the Revised Statutes of Missouri, 1978, Section 11.06 of the Revised Code of the City of St. Louis, 1980, and the ordinance approving the Development Plan, but will not constitute a withdrawal of other parcels of property from the benefits of Chapter 353 of the Revised Statutes of Missouri, 1978, Section 11.06 of the Revised Code of the City of St. Louis, 1980, or said ordinance. A breach of any covenant or obligation imposed by Chapter 353 of the Revised Statutes of Missouri, 1978, as amended, or Section 11.06 of the Revised Code of the City of St. Louis, 1980, by any owner will not constitute a breach by any other owner in the Development Area, and each parcel of property will be treated separately for this purpose.

(e) Currently Exempt Property. Any real property within the Development Area which is otherwise exempt from property taxes pursuant to Section 137.100(5), RSMo. 2000, shall not be affected by Section 15 hereof.

(f) Tax-Exempt Status – Determination. The Comptroller shall cooperate in good faith with Developer and, pursuant to Section 11.06.310 of the City of St. Louis Revised Code of Ordinances 1994, based upon the financial statements submitted by Developer, certify to the Assessor the Developer's eligibility to tax exemption pursuant to Chapter 11.06 of the said Revised Code, on or before April 1st of each year such statement is required.

16. Earnings Limitation on Development. The net earnings of Developer from the Development shall be limited as provided in Section 353.030 of the Revised Statutes of Missouri, 2000, as amended, and Developer shall comply in all respects with the provisions of Section 353.030 of the Revised Statutes of Missouri, 2000, as amended. In addition to all other applicable laws, no dividend shall be distributed to the shareholders of the Developer unless and until a Certificate of Completion has been issued by the City.

17. Developer's Right to Transfer Property. Developer reserves the right to sell, assign, transfer, lease, mortgage and convey any property or any part thereof or interest therein which it may acquire within the Redevelopment Area, to any person, corporation, partnership, public authority, joint venture or other entity, including, without limitation, any affiliate of Developer, either before or after completion of the development activities as herein provided. In the event of the conveyance, by sale or otherwise, of all or a part of the Redevelopment Area, or the Development thereon, within five (5) years of the effective date of the Ordinance approving the Development Plan and of which this Agreement is a part, Developer, its successors and assigns, covenants that it shall notify the City at least fifteen (15) days in advance of the closing of such sale or conveyance. All such transfers prior to completion of the acquisition, construction and completion of improvements to the Redevelopment Area, however, shall be subject to the requirements of the Development Plan, Ordinance No. _____, this Agreement and the ordinance of which this Agreement is a part, to complete the development activities called for in the Development Plan with respect to such property. All such transfers, before or after completion of the development activities, shall be subject to the covenants set forth in Section 23 of this Agreement.

18. Performance Bonding. Developer has demonstrated its financial capability to undertake and complete the acquisition of the Redevelopment Area. The covenants of Developer contained herein are therefore deemed sufficient to assure acquisition of

the Redevelopment Area and there shall be no requirement for performance bond or other surety respecting acquisition of the Redevelopment Area or performances required by this Agreement.

19. Liquidated Damages. Notwithstanding the City's right to terminate for substantial non-compliance consistent with Paragraph 10 hereof, liquidated damages in the amount of Five Hundred Dollars (\$500.00) for each month of delay may be assessed in favor of the City upon failure of Developer to complete the Development within the time agreed after acquisition of the Redevelopment Area, except as said time may be extended automatically hereunder or by the Board of Aldermen for good cause and except as provided for in Section 6 and Section 25 of this Agreement, or upon failure of Developer to comply with the other requirements, covenants and conditions herein. Periods of less than one (1) month shall be assessed upon a basis proportionate to the number of days in the period. The City shall be entitled to enforce the terms of this provision by civil action.

20. Certificate of Completion. Developer shall request, in writing, after completion of the redevelopment, or any phase or any part thereof, in accordance with the approved Development Plan, that the City issue a Certificate of Completion on any part of the Development. Upon receipt of such request by the City, and after the President of the Board of Public Service conducts his investigations and makes his recommendations, the Board of Aldermen shall consider the matter then before it and if Developer has substantially completed the Development in accordance with the Development Plan, shall grant the issuance of a Certificate of Completion. However, in the event the Board of Aldermen determines that any part of the Development has not been substantially completed in accordance with the approved Development Plan, the Mayor shall forthwith transmit notice by certified or registered mail, return receipt requested, to Developer, stating the reasons for the finding that there has not been substantial compliance with the approved Development Plan. Failure to so notify Developer within thirty (30) days after receipt of said written request shall be deemed a Certificate of Completion. Developer shall have one hundred and eighty (180) days after the transmission of such notice by the Mayor within which to correct any such failure to substantially complete the Development in accordance with the Development Plan.

21. Relocation Benefits. Developer shall provide the relocation benefits in accordance with 523.206, R.S.Mo. 2000, to any person in the Redevelopment Area who is or shall be an eligible displaced person within the meaning of § 523.205, R.S.Mo, 2000, as it may be amended from time to time, in accordance with the Development Plan and in accordance with the requirements of § 523.205, R.S.Mo. 2000.

22. Modifications. The terms, conditions and provisions of this Agreement of the Development Plan can be neither substantially modified nor eliminated except by mutual agreement in writing between the City and Developer; provided, however, that this Agreement shall not be construed as an enlargement of the authority conferred upon the City by Chapter 353 of the Revised Statutes of Missouri, 2000, as amended.

23. Term of Use Limitation. Developer, for and on behalf of itself and its successors and assigns, covenants that the uses in the Redevelopment Area shall be limited to the uses described in the Development Plan for a period of ten (10) years from the effective date of the ordinance approving the Development Plan and of which this Agreement is a part.

24. Term of Agreement. This agreement shall remain in full force and effect for ten (10) tax years after Developer's acquisition of the property with the Redevelopment Area, whereupon this Agreement shall terminate and become null and void, provided that all development as herein described has been completed and so certified by the Board of Aldermen. The right and privileges given to Developer by this Agreement and the duties and obligations imposed on Developer shall apply only to the development project described in the Development Plan. Notwithstanding anything herein to the contrary, any liability of either party hereto to the other accruing prior to the termination of this Agreement and remaining unsatisfied at the time of such termination, shall continue and remain actionable beyond such date of termination subject to applicable statutes of limitations.

25. Invalidation or Cancellation of Agreement by Developer. In the event that Developer shall be prohibited from performing the covenants and agreements herein contained, or contained in the Development Plan by the order of any governmental agency or other authority of competent jurisdiction, or Court, or in the event that Chapter 353 of the Revised Statutes of Missouri, 2000, or the ordinance of which this Agreement is a part, shall be declared invalid in whole or in part, or shall be amended in whole or in part, and Developer determines, in its sole discretion, that the acquisition or redevelopment costs of the Redevelopment Area will render the Redevelopment Plan economically infeasible, then and in any such event, Developer may cancel or terminate this Agreement by giving written notice of its intention to do so to the City within the sixty (60) day period after the event giving rise to such right.

26. Hold Harmless. Developer hereby agrees that, anything to the contrary herein notwithstanding, it will hold harmless and defend the City against any and all claims, loss, damage, injury and liability however caused, resulting from, arising out of or

in any way connected with the matters set forth in the Development Plan, this Agreement, or the ordinance of which this Agreement is a part, other than claims, loss, damage, injury and liability caused by or contributed to, or resulting from any intentional acts or alleged intentional sets or negligence or alleged negligence on the part of any officer, employee or agent of the City.

27. Notice. Whenever notice or other communication is called for herein to be given or is otherwise given pursuant hereto, it shall be in writing and shall be personally delivered or sent by registered or certified mail, return receipt requested, addressed as follows:
if to the City:

Mayor, City of St. Louis
City Hall, Room 200
1200 Market St.
St. Louis, MO 63103

with a copy to:

City Counselor
City Hall, room 314
1200 Market St.
St. Louis, MO 63103

if to Developer:

Kingsdell Redevelopment Corporation
212 N. Kingshighway Blvd, Suite 1023
St. Louis, MO 63108
Attn: James L. Smith

with a copy to:

Polsinelli Shalton Welte Suelthaus PC
100 S. Fourth Street, Suite 1100
St. Louis, MO 63102
Attn: William J. Kuehling

All said notices by mail shall be deemed given upon receipt. A change or addition of designated officers or addresses may be effected by providing written notice of such change or addition to the other party.

28. Severability. The provisions of this Agreement shall be deemed severable. In the event that any provision of this Agreement is found by a court of competent jurisdiction to be invalid, the remaining provisions of this Agreement shall remain valid unless the court finds that the valid provisions are so essentially and inseparably connected with and so dependent upon the invalid provision that it cannot be presumed. that the parties hereto would have agreed to the valid provisions of this Agreement; or unless the Court finds the valid provisions, standing alone, are incomplete and incapable of being executed in accordance with the contracting parties' intent. If any part of this Agreement regarding the rights or duties hereunder of Developer are found invalid, Developer shall thereafter at its election have the right to be released from this Agreement.

29. Headings. The headings and captions of this Agreement are for convenience and reference only, and in no way define, limit, or describe the scope or intent of the Agreement of any provision hereof.

30. PILOT Payments. Developer hereby agrees to make a PILOT payment to the City in the amount of \$533,783.00 per year as and for a Payment In Lieu of Taxes (real property), increasing same by adding 1.5% (cumulative) thereon every tax-year after the date of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have set their hands and seals as of the day and year first above written.

APPROVED AS TO FORM

CITY OF ST. LOUIS

CITY COUNSELOR

MAYOR

ATTEST:

COMPTROLLER

CITY CLERK

KINGSDELL REDEVELOPMENT CORPORATION

By: _____
Title: _____

ATTEST:

By: _____
Title: _____

STATE OF MISSOURI)
) SS.
CITY OF ST. LOUIS)

_____, of lawful age, and after first being duly sworn upon his oath, states that he is the Mayor of the City of St. Louis and that he executed the foregoing Development Agreement on behalf of the City of St. Louis.

Subscribed and sworn to before me this ____ day of _____, 2005.

NOTARY PUBLIC

My Commission Expires:

STATE OF MISSOURI)
) SS.
CITY OF ST. LOUIS)

_____, of lawful age, and after first being duly sworn upon her oath, states that she is the Comptroller of the City of St. Louis and that he executed the foregoing Development Agreement on behalf of the City of St. Louis.

Subscribed and sworn to before me this ____ day of _____, 2005.

NOTARY PUBLIC

My Commission Expires:

STATE OF MISSOURI)
) SS.
CITY OF ST. LOUIS)

_____, of lawful age, and after first being duly sworn upon his oath, states that he is the _____ of Kingsdell Redevelopment Corporation and that he executed the foregoing Development Agreement on behalf of Kingsdell Redevelopment Corporation.

Subscribed and sworn to before me this ____ day of _____, 2005.

NOTARY PUBLIC

My Commission Expires:

Approved: December 15, 2005