ORDINANCE #99675
Board Bill No. 307

AN ORDINANCE DESIGNATING A PORTION OF THE CITY OF ST. LOUIS, MISSOURI, AS A REDEVELOPMENT AREA KNOWN AS THE SYNDICATE TRUST BUILDING REDEVELOPMENT AREA PURSUANT TO THE REAL PROPERTY TAX INCREMENT ALLOCATION 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 SYNDICATE TRUST BUILDING 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 Syndicate Partners, LLC, a Missouri limited liability company (the "Developer") prepared a plan for redevelopment titled "Syndicate Trust Building TIF Redevelopment Plan" dated June 25, 2005, as amended on July 28, 2005 and as further amended on October 25, 2005 (the "Redevelopment Plan"), for an area located at the corner of 10th and Olive Streets known as 915-923 Olive Street in downtown St. Louis (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 the existing building into a mix of uses including, but not limited to, residential units, commercial space, and parking, as set forth in the Redevelopment Plan (the "Redevelopment Project," or "TIF Project"); and

WHEREAS, on August 10, 2005 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 August 10, 2005, 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 elimination of blight, the strengthening of the employment and economic base of the City, increased property values 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 August 10, 2005, the TIF Commission voted to recommend that the Board of Aldermen adopt an ordinance in the form required by the Act (i) adopting tax increment financing within the Redevelopment Area, (ii) approving the Redevelopment Plan, (iii) approving and designating the Redevelopment Area as a "redevelopment area" as provided in the Act, (iv) approving the Redevelopment Project as described within the Redevelopment Plan, and (v) approving the issuance of tax increment financing revenue notes 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, 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, preservation and restoration of property of historical and architectural value and significance 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 makes the following findings:

A. The Redevelopment Area on the whole is a "blighted area", as defined in Section 99.805 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.

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

SECTION THREE. The Redevelopment Plan as reviewed and recommended by the TIF Commission on August 10, 2005, including the amendments made thereto, dated July 28, 2005 and October 25, 2005, 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 FOUR. There is hereby created and ordered to be established within the treasury of the City a separate fund to be known as the "Syndicate Trust Building Special Allocation Fund." To the extent permitted by law and except as otherwise

provided in the Redevelopment Plan, the City hereby pledges funds in the Syndicate Trust Building Special Allocation Fund for the payment of redevelopment project costs and obligations incurred in the payment thereof.

SECTION FIVE. 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 the Syndicate Trust Building 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 SIX. In addition to the payments in lieu of taxes described in Section Five of this Ordinance, fifty percent (50%) 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 Syndicate Trust Building Special Allocation Fund.

SECTION SEVEN. The Comptroller of the City is hereby authorized to enter into agreements or contracts with other taxing districts as is necessary to ensure the allocation and collection of the taxes and payments in lieu of taxes described in Sections Five and Six of this Ordinance and the deposit of the said taxes or payments in lieu of taxes into the Syndicate Trust Building 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 EIGHT. 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 NINE. The Mayor and Comptroller of the City or their designated representatives are hereby authorized and directed to take any and all actions as may be necessary and appropriate in order to carry out the matters herein authorized, with no such further action of the Board of Aldermen necessary to authorize such action by the Mayor and the Comptroller or their designated representatives.

SECTION TEN. The Mayor and the Comptroller or their designated representatives, with the advice and concurrence of the City Counselor and after approval by the Board of Estimate and Apportionment, are hereby further authorized and directed to make any changes to the documents, agreements and instruments approved and authorized by this Ordinance as may be consistent with the intent of this Ordinance and necessary and appropriate in order to carry out the matters herein authorized, with no such

further action of the Board of Aldermen necessary to authorize such changes by the Mayor and the Comptroller or their designated representatives.

SECTION ELEVEN. 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 TWELVE. 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, within ninety (90) days after the effective date of an ordinance authorizing the City to enter into a redevelopment agreement with Developer, the Developer has not (i) executed a redevelopment agreement pertaining to the Redevelopment Project and (ii) paid all fees due to the City in accordance with the terms of the redevelopment agreement, the provisions of this Ordinance shall be deemed null and void and of no effect and all rights conferred by this Ordinance on Developer, 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

SYNDICATE TRUST BUILDING TIF REDEVELOPMENT PLAN

SYNDICATE TRUST BUILDING

TIF REDEVELOPMENT PLAN

Submitted to
the City of St. Louis
Tax Increment Financing Commission

June 25, 2005

REVISED
July 28, 2005

REVISED
October 25, 2005

SYNDICATE TRUST BUILDING

TIF Redevelopment Plan
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SYNDICATE TRUST BUILDING TIF REDEVELOPMENT PLAN

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I. INTRODUCTION

The following is a plan prepared for redevelopment of the property commonly known as 915-923 Olive Street, located at 10th and Olive Streets (the "Redevelopment Area") in the City of St. Louis (the "City"). A legal description and map of the Redevelopment Area are attached hereto as **Appendix 1** and incorporated herein by this reference.

The Redevelopment Area qualifies as a blighted area under Missouri's Real Property Tax Increment Allocation Redevelopment Act, Section 99.800-99.865 of the Revised Statutes of Missouri (2000) (the "TIF Act). This Redevelopment Plan proposes to completely redevelop the Area into a mixed-use facility consisting of residential units, commercial space, parking and related amenities (the "Redevelopment Project" or "Project").

This Redevelopment Plan proposes that the City initially authorize and issue one or more Tax Increment Financing Notes or other obligations (collectively, the "Note" or "TIF Note") in an amount up to Eight Million Two Hundred Thousand and No/100 Dollars ($8,200,000.00) plus issuance costs to fund a portion of the costs of the Redevelopment Project. The TIF Note issued shall be reimbursed solely from the revenue stream of Payments In Lieu of real estate Taxes ("PILOTS") and Economic Activity Taxes ("EATS") generated by the Project over a twenty-three year period. Up to one hundred percent of PILOTS within the Redevelopment Area and up to fifty percent of EATS will be allocated to retire the TIF Note. After completion of the Redevelopment Project, the City may issue TIF Note(s) or other TIF obligations to the developer of the Project ("Developer") or a third party to evidence the City's obligation to reimburse the Developer for a portion of the costs of the Redevelopment Project. Such TIF Note(s) will be paid solely from revenues on deposit in the Syndicate Trust Building Special Allocation Fund, in accordance with and pursuant to the TIF Act. Upon receipt by the City of a written request by Developer and evidence that the Developer has met certain criteria agreed upon by the City and Developer in a Redevelopment Agreement, the City shall cause one of its agencies to immediately proceed to issue tax increment financing bonds ("TIF Bonds") to repay the TIF Note.

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.

II. OVERVIEW OF TAX INCREMENT FINANCING

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 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

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.

Section 99.805(1). Mo. Rev. Stat.

The Redevelopment Area is contained within the "Syndicate Trust Building Area", which was designated and declared as blighted by Ordinance No. 63073 of the City of St. Louis. Ordinance No. 65445 affirmed the finding of blight for the "Syndicate/Century Area." In both of these ordinances, the Board of Aldermen found that 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."

The Redevelopment Area is a blighted area based upon the fact that it exhibits the factors set forth above, which are further discussed as follows:

i. Deterioration of Site Improvements. In general, deterioration refers to any physical deficiencies or disrepair in buildings or site improvements requiring treatment or repair. Deterioration may be evident in basically sound buildings containing minor defects, such as a lack of painting, loose or missing roof tiles, floor or ceiling panes, or holes and cracks over limited areas. Deterioration which is not easily curable, however, and which cannot be accomplished in the course of normal maintenance, includes buildings with defects in the primary and secondary building components. Primary building components include the foundation, exterior walls, floors, roofs, wiring, plumbing, etc. Secondary building components include the doors, windows, frames, fire escapes, gutters, downspouts, fascia materials, etc. Deterioration of streets and alleys includes evidence of pot holes, cracks, depressions, overgrowth, and poor drainage. Deterioration of sidewalks is evidenced by settled areas, cracks, gravel sections, overgrowth, or depressed curb areas.

The Area suffers from deterioration of both primary and secondary building components. The roof is leaking and is in need of complete replacement. Much of the exterior façade of the building will need repair. The exterior marble has crumbled in places. The brick is cracked and crumbling and in need of tuckpointing. The window frames are bent, rusted, or loose in some areas and will need to be replaced. Many of the window panes are cracked or missing completely. The sidewalks in the Area are cracked and suffer from overgrowth and will be replaced.

The interior of the building also suffers from deterioration of site improvements. As the building has been vacant for many years, the lack of maintenance is evident throughout the building. The building in its current state is merely a "brick shell" and is completely uninhabitable. Throughout its vacancy, the building has been stripped of many materials, which has also caused much damage to the interior components. The walls are cracked throughout the building and contain cracked and peeling lead paint. Ceilings in the Area are severely damaged and deteriorated throughout the building. The floors in the building contain numerous holes and cracks, and some floors are entirely destroyed.

Additionally, the mechanical systems are outdated and unusable. There is no plumbing system to provide adequate water service throughout the building. The current systems are inoperable and incapable of being reused. Additionally, the building lacks any electrical power. The elevators have been unused for numerous years and suffer from rust. The escalator has also been "ripped apart" over the years and is also unusable. Both the elevator and the escalator may contain hazardous materials. Numerous railings are missing from the stairways throughout the building. The interior of the building also suffers from water damage due to the leaking and missing window frames and damaged roof. Additionally, there is standing water in the basement due to leaks.

iii. Existence of Conditions which Endanger Lives or Property by Fire and Other Causes. Environmental assessments of the Area have identified conditions that potentially endanger lives or property or otherwise constitute significant environmental liabilities. Numerous hazardous materials have been identified in the building. Asbestos-containing materials and lead based paint are present in the Area. Portions of the Area indicate the likely prior release of polycholorinated biphenyls (PCBs). Additionally, numerous drums and containers located in the basement and on several upper floors of the building store potential hazardous materials. Moreover, evidence of storage tanks was found in the Area. Solid waste, including containers and piles of building remodeling debris, is strewn on many floors of the building. The drains or sumps in the basement are stained. Moreover, the building suffers from oil stains and pools of liquid as well as standing water in the basement.

In addition to hazardous materials, the lack of working mechanical systems endanger lives. The unusable utilities

and mechanical systems as well as the lack of a fire prevention system endanger lives and property by fire. The outdated elevator and escalator components also present a hazard due to the lack of accessibility throughout the building as well as the risk of the use of the elevator itself. The missing railings on stairways present the risk of injury to occupants. Because the stairways and the elevators are both in need of repair and replacement, the building lacks sufficient means of ingress and egress throughout the building, which presents a hazard to anyone trying to exit the building. The lack of a modern HVAC system renders the Area uninhabitable and would endanger the lives of any occupants of the building. The crumbling exterior components also present a risk of harm to occupants and other people walking in or around the Area, as well as a risk of harm to nearby vehicles. Moreover, the cracked and broken windows and other deteriorated site improvements, discussed above, create security issues for occupants of the building. Additionally, the poor condition of the floors and ceilings present the potential for injury to anyone accessing the building from falling interior components or falling over the debris. The presence of unknown materials in barrels throughout the building also would provide further to any fire that may be started.

iv. Economic and Social Liability. The Area in its current condition is a significant liability to the social welfare and economy of the City. The Area is located within the Old Post Office District, an area of the City targeted for redevelopment pursuant to the Downtown Development Action Plan for the City.

As stated in the Downtown Development Action Plan, the building is one of the vacant buildings that contains "construction barricades surrounding them, impeding traffic movements within the core of Downtown and creating an unstable, uninviting, and unacceptable eyesore." The building in its current condition is completely uninhabitable. The economic and social liability of vacant buildings in the Old Post Office District is demonstrated by the recent demolition of the adjacent Century Building. The Century Building, which exhibited many of the same blighted conditions as the building in the Area, was unable to attract any development and was demolished and replaced with a parking garage. In its current state, the building in the Area suffers from similar conditions of blight as those experienced by the Century Building and creates both an economic and social liability to the City. As demonstrated by the demolition of the neighboring Century Building, the existence of buildings that suffer from serious conditions of blight imposes a substantial economic burden on the City, in the form of lost potential tax revenues, a diminished housing supply, and the necessity of City oversight of the property, among other factors.

The Area in its current condition hampers the economic vitality and independence of the City by failing to generate tax revenue and discouraging reinvestment in or maintenance of this property. As stated above, the Area lacks any economic activity. Its vacancy results in the failure to generate property tax revenue and economic activity taxes. Without the comprehensive redevelopment of the Area, its physical condition will continue to deteriorate and its economic efficiency will continue to decrease.

v. Unsanitary or Unsafe Conditions. As noted above, the potential presence of PCBs, asbestos and lead paint have all been identified within the Redevelopment Area. The existence of hazardous environmental substances such as these certainly poses an unsanitary and unsafe condition. Additionally, the standing water and oil stains are unsanitary and create health risks. Furthermore, as noted above, the broken windows, cracked sidewalks, and crumbling exterior present potential harm to occupants and other people walking in or around the Area. The missing railings and unworkable elevators present unsafe conditions due to a lack of accessibility of the building and exits. Also, as stated above, the poor condition of the floors and ceilings creates the potential for injury to anyone accessing the building from falling interior components or falling over the debris. The barrels and containers with possible hazardous materials also are unsanitary and unsafe. Moreover, as stated above, due to the numerous years of vacancy, many people have entered the building trying to salvage some of the materials. Such activities have caused more damage to the building components, which heightens the potential for injury.

vi. Retards the Provision of Housing Accommodations. The current condition of the Area retards the provision of housing in the City of St. Louis. As discussed in the Downtown Development Action Plan, residential uses are encouraged in the Old Post Office District in order to provide nighttime and weekend activity. The building's proximity to the Old Post Office as well as its size and historic features would likely attract new residents to the City. However, in its current state, the building is uninhabitable for any use, especially as a residence. As such, the Area fails to provide housing accommodations, and, without redevelopment, the Area will continue to have a negative effect on the residential population of the City of St. Louis.

vii. Menace to the Public Health, Safety, Morals or Welfare. As discussed above, the Redevelopment Area exhibits many factors which constitute a menace to the public health, safety, morals, or welfare in its present condition and use. Specifically, the deteriorated site conditions and vacancy of the Area diminish the public morale and welfare with respect to the perception of the Old Post Office District, which is a vital part to the development of downtown as a whole. Furthermore, the presence of hazardous conditions poses a serious menace to public health and safety.

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. Interior and exterior survey of the condition and use of the Redevelopment Area;

b. Public documents relating to the history and/or condition of the Area;

c. Professional environmental assessments of the condition of the Area;

d. Analysis of existing uses and their relationships.

IV. Redevelopment Plan INCLUDING NECESSARY FINDINGS

1. Description of the Redevelopment Area

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

2. Redevelopment Plan Objectives

The City of St. Louis has established the following objectives for the Syndicate Trust Building TIF Redevelopment Plan. These objectives are consistent with those purposes outlined in the TIF Act, as amended:

- 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 curing blighting conditions and encouraging other improvements necessary for insuring the Area's stability and existing and future redevelopment consistent with this Redevelopment Plan;

- To enhance the tax base by inducing development of the Redevelopment Area to its highest and best use, benefiting taxing districts and encouraging private investment in surrounding areas;

- To provide comfortable and convenient living in a prominent location in downtown St. Louis, and in so doing to encourage further development in the Old Post Office District;

- To promote the health, safety, order, convenience, prosperity and the general welfare, as well as efficiency and economy in the process of development;

- To further objectives outlined in the Downtown Development Action Plan, including increased residential units within the Old Post Office District;

- To increase property values of the Area;

- To perform important environmental remediation and demolition within the Area;

- To provide development opportunities in the Redevelopment Area and surrounding areas; and

- To stimulate construction and permanent employment opportunities and increased demand for services for the Area.

3. Redevelopment Project

To satisfy the above objectives, the Redevelopment Project consists of:

• Residential and Commercial Use	Redevelopment of the existing building located at 915-923 Olive Street into residential units, commercial space, parking, and other related amenities.

The Redevelopment Project is generalized to leave room for design creativity and owner specifications as needed, so that the Developer can respond to prospective owners' and tenants' needs as well as market conditions as construction of the Redevelopment Project progresses.

The Redevelopment Project will include important environmental remediation and demolition within the Redevelopment Area in order to facilitate the ultimate use of the Redevelopment Area for the mix of uses identified herein.

It is expected that the Redevelopment Project will capitalize on existing successful development efforts in other portions of downtown St. Louis and will enhance the perception of St. Louis as a safe, affordable and exciting place to live. In addition, it is expected that the Project will encourage an increase in residential and commercial development in the vicinity of the Redevelopment Area.

The total estimated Redevelopment Project Costs for the Redevelopment Project at this time equal approximately $81.7 million, as set forth in greater detail in **Appendix 2**. It should be noted that the costs set forth in **Appendix 2** 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 general land uses proposed for the Area are residential and commercial; to the extent necessary to effectuate the purposes of this Plan, variances or rezoning shall be sought.

5. Redevelopment Schedule and Estimated Dates of Completion

It is estimated that implementation of the Redevelopment Project will be completed within thirty-six (36) months from the date of full 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 the TIF Project is included herein as **Appendix 3**.

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

The current Equalized Assessed Values of all taxable property in the Redevelopment Area is attached as **Appendix 4**. These values are 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 is approximately $ 8,047,617 (2008).

8. Acquisition

The anticipated Developer or a related entity is currently under contract to purchase all parcels within the Area necessary for the Redevelopment Project other than currently public rights-of-way. Therefore, the exercise of eminent domain is not contemplated by this Plan.

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. The Developer has executed an affidavit attesting to the existence of these conditions which is included herein as **Appendix 6**.

The costs of construction and site 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 constructing 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 Redevelopment Plan conforms to the comprehensive plan for the development of the City as set forth in the "Downtown Development Action Plan" (2002) and the Strategic Land Use Plan (2005).

11. Plan for Relocation Assistance

To the extent relocation becomes necessary this Redevelopment Plan adopts the City 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.

If the TIF Redevelopment Project is completed, then each of the taxing districts will continue to receive all of the tax revenues currently received from the Redevelopment Area. Additionally, they will benefit from the additional property taxes and economic activity taxes which will be paid and not contributed to the TIF. The TIF Act allows for the collection of only 50% of the EATS for payment of project costs. The other 50% are distributed to the appropriate taxing authorities.

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 TIF Act, 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 designated TIF redevelopment area. 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 costs.

The estimated Redevelopment Project Costs to be incurred in connection with the TIF Project are approximately $81.7 million, including any developer fees, and are set forth in **Appendix 2**. 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 Project Costs will come from the TIF revenues, and, in accordance with the TIF Act, such Project Costs may include but are not limited to:

- Costs 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 real or personal property rights, or interests therein;

- Costs of rehabilitation, reconstruction, or repair or remodeling of existing buildings and 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 obligation issued under the provisions of this Redevelopment Plan accruing during the estimated period of construction of any Redevelopment Projet 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 shown on **Appendix 2** represent the total approximate costs of the Project regardless of the source of funding. This table does not include all custom finishes over and above Developer-supplied finishes, which are unknown at this time. Typical plan implementation and financing costs are based on the experience of the Developer. It should be noted that these costs are 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 2** 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 2**, if necessary and reasonable to accomplish the program objectives of the Redevelopment Plan.

2. Anticipated Sources of Funding to Pay Redevelopment Project Costs

There are seven (7) principal sources of potential 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:

- Private financing and owner equity;

- Brownfield Remediation and Demolition Tax Credit Proceeds / Equity;

- State Historic Tax Credit Proceeds / Equity;

- Federal Historic Tax Credit Proceeds / Equity;

- State Low Income Tax Credit Proceeds / Equity;

- Federal Low Income Housing Tax Credits / Equity; and

- Funds available through the issuance of TIF notes, bonds, loans, certificates or other certificates of indebtedness.

The anticipated type and term of the sources of funds are set forth in **Appendix 2**. It is not the intent of **Appendix 2** or this Redevelopment Plan to restrict the City or the Developer to the sources or source amounts as outlined. During the life of the Redevelopment Agreement, Plan, and Project, sources may not be utilized, other sources may be found or adjustments may be made within or in addition to the sources specified in **Appendix 2**.

3. TIF Note Funding

This Redevelopment Plan proposes that the City initially authorize the issuance of one or more TIF Notes in a total amount up to Eight Million Two Hundred Thousand and No/100 Dollars ($8,200,000.00) 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 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 2** 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 Syndicate Trust Building Special Allocation Fund.

The Syndicate Trust Building Special Allocation Fund will contain at least two accounts as provided for and in accordance with the TIF Act:

1. The "PILOTS Account" 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; and

2. The "Economic Activity Taxes ("EATS") Account" will contain fifty percent (50%) of the total funds from taxes imposed by the City which are generated by the operations and activities within the Redevelopment Area, excluding licenses, fees or special assessments, and excluding personal property taxes and payments to the PILOTS Account, in accordance with the TIF Act.

Funds on deposit in the PILOTS Account and EATS 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, and, to the extent appropriated by the City on an annual basis, the EATS Account, from funds derived from other taxes deposited into the Special Allocation Fund.

4. Evidence of Commitment to Finance Redevelopment Project Costs

Appendix 6 contains a preliminary commitment letter provided by U.S. Bank, which has made a preliminary review of the development proposal and has expressed a commitment to provide financing of Redevelopment Project Costs associated with the Redevelopment Project.

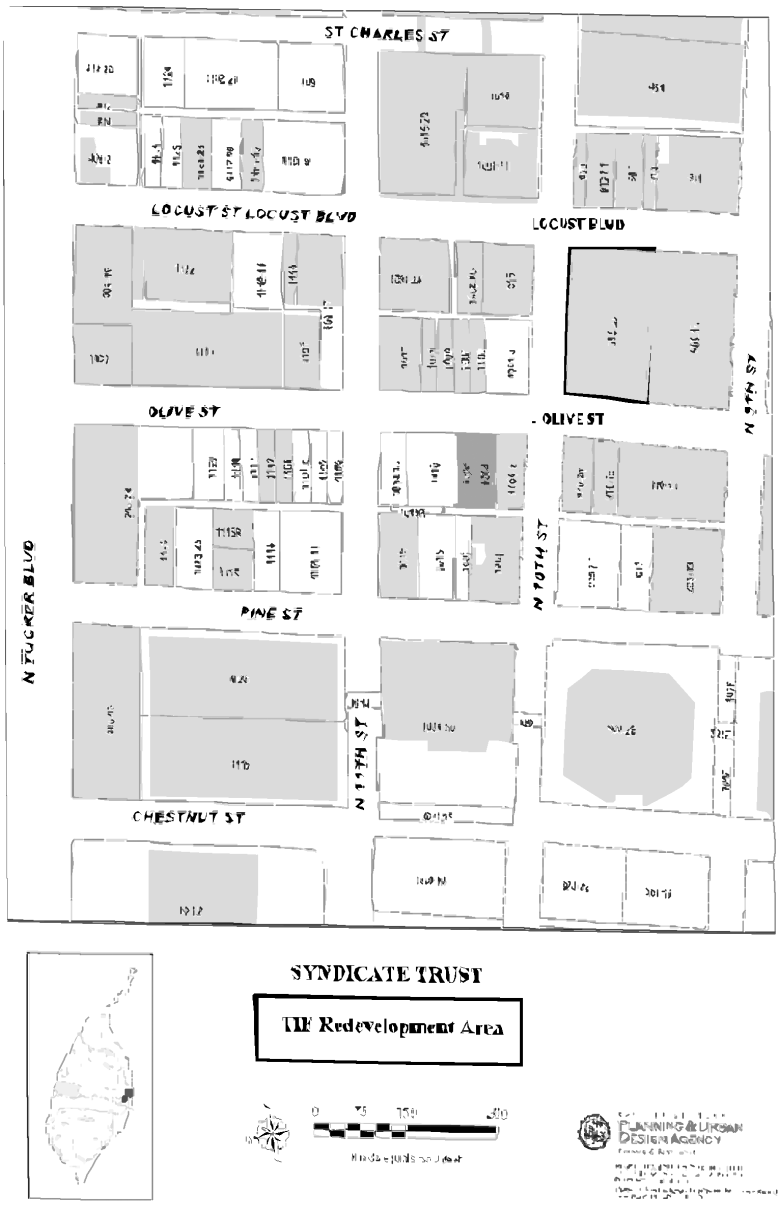
Appendix 1
Syndicate Trust Building TIF Redevelopment Plan
Legal Description and Map of Redevelopment Area

Legal Description

Lot 2 of the Resubdivision of City Block 273 according to the plat thereof, recorded in Plat Book 82 page 28 of the City of St. Louis Records and being described as follows:

A tract of land being part of Block 273 of the City of St. Louis, Missouri more particularly described as follows: Beginning at a point on the Southern line of Locust Street, 60 feet wide, at its intersection with the Eastern line of Tenth Street, 60 feet wide, said point being the Northwest corner of Block 273; thence South 72 degrees 34 minutes 43 seconds East, 127.78 feet along said Southern line of Locust to its intersection with the Western line of a 15-foot wide North-South alley vacated by Ordinance 26392; thence South 17 degrees 28 minutes 39 seconds West, 228.44 feet along the Western line of said vacated alley to the Northern line of Olive Street, 60 feet wide; thence North 72 degrees 35 minutes 47 seconds West, 127.78 feet along the Northern line of said Olive Street to its intersection with the Eastern line of Tenth Street, said point of intersection being the southwest corner of City Block 273; thence North 17 degrees 28 minutes 40 seconds East, 228.48 feet along the Eastern line of Tenth Street to the said point of beginning.

Map of the Redevelopment Area



SYNDICATE TRUST BUILDING

TIF Redevelopment Area

Appendix 2
Syndicate Trust Building TIF Redevelopment Plan
Anticipated Sources and Uses of Funds

Sources Of Funds		
Construction Loan	$	40,686,530.00
Brownfield Tax Credit Equity/Proceeds	$	3,567,000.00
Tax Increment Financing	$	8,200,000.00
Developer Equity	$	975,846.00
Other Tax Credit Equity/Proceeds	$	28,345,653.00
TOTAL FINANCING	**$**	**81,775,029.00**
USES of FUNDS		
Acquisition		
Building	$	5,000,000.00
Earnest/Option Payment	$	250,000.00
Construction Costs		
Site Improvements	$	300,000.00
Furnishing & Equipment	$	100,000.00
Low Voltage	$	100,000.00
Construction Costs	$	49,484,529.00
Environmental Remediation	$	2,000,000.00
Demolition	$	2,100,000.00
Contingency	$	3,000,000.00
Professional Fees (Construction-Related)		
Architect: Design	$	1,100,000.00
Architect: Supervision	$	40,000.00
Architect: Reimbursement	$	50,000.00
Construction Manager	$	175,000.00
Engineer/Survey	$	220,000.00
Finance - Construction		
Property Taxes	$	40,000.00
Payment/Performance Bond	$	120,000.00
Construction Loan Origination	$	290,000.00
Construction Period Interest	$	2,840,000.00
Bridge Loan Interest	$	750,000.00
Inspection Fee - Lender	$	15,000.00
Other	$	12,000.00
Finance - Permanent		
Financing Fees	$	120,000.00
Application Fee	$	125,000.00
Origination Fee	$	55,000.00
Exam Fee	$	150,000.00
Cost of Issuance	$	40,000.00

Title and Recording	$	80,000.00
Soft Costs		
Soft Cost Contingency	$	250,000.00
Builders Risk Insurance	$	180,000.00
Market Study	$	8,500.00
Environmental Study	$	20,000.00
Compliance Fees	$	10,000.00
Appraisal	$	40,000.00
Cost Certificate	$	25,000.00
Security	$	50,000.00
Bond Cost		
Bond Application Fee	$	50,000.00
Trustee Fee	$	30,000.00
Issuer Fee	$	125,000.00
Underwriter's Discount/Expense	$	100,000.00
Printing	$	25,000.00
Bond Counsel - Legal	$	75,000.00
Deposit to Bond Fund	$	300,000.00
Developer Fees		
Project Management/Overhead	$	1,800,000.00
Fee	$	6,800,000.00
Fee - Building	$	210,000.00
Legal		
Organization Legal	$	50,000.00
Permanent Finance Legal	$	100,000.00
Construction Legal	$	50,000.00
Real Estate Legal	$	125,000.00
Syndication Legal	$	125,000.00
Reserves		
Lease Up Reserves	$	375,000.00
Operating Reserves	$	375,000.00
Sales & Marketing		
Advertising	$	400,000.00
Sales Office	$	75,000.00
Model Unit	$	35,000.00
Signage	$	10,000.00
Website	$	7,500.00
Marketing Material	$	50,000.00
Commissions	$	1,000,000.00
Events	$	5,000.00
Leasing Fee	$	75,000.00
Other Oversight	$	262,500.00
TOTAL DEVELOPMENT COSTS	**$**	**81,775,029.00**

Appendix 3
Syndicate Trust Building TIF Redevelopment Plan
Anticipated Redevelopment Project Schedule

Proposed Redevelopment Schedule

First TIF Commission Meeting **6/15/05**

Mailing of Notice of TIF Commission Public Hearing to Taxing Districts
(not less than 45 days prior to hearing) (RSMo. §99.830.3)

Submit Redevelopment Plan to TIF Commission
(at least 45 days prior to public hearing)

First Publication of Notice of TIF Commission Public Hearing
(not more than 30 days prior to hearing) (RSMo. §99.830.1)

Written Notice to Property Owners
(not less than 10 days prior to public hearing) (RSMo. §99.830.3)

Second Publication of Notice of TIF Commission Public Hearing
(not more than 10 days prior to public hearing) (RSMo. §99.830.1)

Public Hearing by TIF Commission / Recommendation to Board of Aldermen **8/10/05**
(RSMO. §99.825)

TIF Ordinances Introduced adopting plan, approving project, establishing district, establishing special allocation fund, approving redevelopment agreement and authorizing issuance of TIF Notes
(no sooner than 14 and not more than 90 days after hearing) (RSMo. §99.820.1[1])

HUDZ Committee Hearing on TIF Ordinances

Second Reading of TIF Ordinances

Perfection of Board Bill(s)

Third Reading and Final Passage of TIF Ordinances

Mayor Signs Bills
(at least 10 days after third reading and final passage of TIF Ordinances)

TIF Ordinances Become Effective Commencement of Construction
(30 days following signature of TIF Ordinances by the Mayor)

Commencement of Construction **1/15/06**

Completion of Construction **12/1/08**

Appendix 4
Syndicate Trust Building TIF Redevelopment Plan
Equalized Assessed Value of Redevelopment Area

Street Address	Tax ID	Equalized Assessed Value
915-23 Olive	02730000200	$0.00 (tax-exempt)

Appendix 5
Syndicate Trust Building TIF Redevelopment Plan
Developer's Affidavit

STATE OF MISSOURI)
)
CITY OF ST. LOUIS)

AFFIDAVIT

I, the undersigned, am over the age of 18 years and have personal knowledge of matters stated herein.

The undersigned swears, affirms and certifies the following to be true to induce the approval of Tax Increment Financing for the Redevelopment Area described in the Syndicate Trust Building Tax Increment Financing Redevelopment Plan, initially dated June 25, 2005 (the "Redevelopment Plan").

1. I am a duly authorized representative of Syndicate Partners, LLC (the "Developer") and am authorized by the Developer to attest to the matters set forth herein.

2. I am familiar with the Redevelopment Area described in the Redevelopment Plan. In my opinion, based on the factors set forth in the Redevelopment Plan, the Redevelopment Area, on the whole, qualifies as a "blighted area" as defined in Section 99.805(3) of the Missouri Revised Statutes (2000), 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.

And Further Affiant Sayeth Not.

Syndicate Partners, LLC

By: _____
Craig Heller, a Member

Subscribe and sworn to before me this 22 day of June, 2005.

Sheila A Lloyd
Notary Public

My Commission Expires: Dec 22-2007

SHEILA A. LLOYD
Notary Public — Notary Seal
STATE OF MISSOURI
St. Louis County
My Commission Expires: Dec. 22, 2007

Appendix 6
Syndicate Trust Building TIF Redevelopment Plan
Evidence of Commitment to Finance Project Costs

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

January 12, 2005

Mr. George Sherman
Sherman Associates, Inc.
233 Park Avenue South
Suite 201
Minnesota, MN 55415

Mr. Craig Heller
Loftworks, LLC
1006 Olive Street
St. Louis, MO 63101

Re: Commitment Letter
Syndicate Trust Building – Construction & State Tax Credit Financing

Dear Messrs. Sherman and Heller,

We at USBancorp Community Development Corporation ("USBCDC") are very pleased to offer a commitment to facilitate the redevelopment of the Syndicate Trust Building in St. Louis, Missouri into a mixed-use residential and commercial project to continue the revitalization efforts in the City's downtown. A letter outlining our proposed role as tax credit equity investor is being sent under separate cover. The terms of this commitment are based on the information you provided and remain subject to final Bank committee approval.

This letter describes the following roles in this effort:

1. Construction Lender
2. Tax Increment Finance ("TIF") Note Lender
3. State Historic and Brownfield Tax Credit Bridge Lender
4. State Historic and Brownfield Tax Credit Purchaser

PROJECT DESCRIPTION:

- The historic Syndicate Trust building will be redeveloped in a joint venture by Sherman Associates & Loftworks into a mixed-use project consisting of 50 market rate apartments, 34 income restricted apartments, 91 for-sale condominiums, associated parking and approximately 21,000 square feet of commercial space on the building's first floor.

- A minimum174 parking spaces will be located within the building or in a satisfactory alternative, with additional parking identified and available for commercial space users and customers.
- The building will be renovated in accordance with the standards set by the Secretary of the Interior in order to qualify eligible expenditures for Federal and State rehabilitation tax credits. All approvals in this regard have been or will be received prior to closing.
- The development costs of the overall project, including all fees, acquisition costs and development fees are expected to be approximately $68,825,200.

Construction Loan

Borrower:	Syndicate Trust Owner, LP, or entity to be named (controlled by George Sherman and Craig Heller related entities)
Amount:	$36,800,000
Term:	Up to 36 months from closing
Rate:	At Borrower's option: a) Prime floating or b) 30-day LIBOR plus 200 basis points
Amortization:	None. Interest only, monthly.
Repayment Source:	By the time of Loan maturity, debt is expected to be paid off by the following two sources: (a) Condominium sales (including upgrades) of $28,100,000 (b) Permanent Debt of $8,700,000
Collateral:	First Deed of Trust on property and improvements Assignment of rents and leases
Guarantees:	Joint and several unlimited guarantees from George Sherman, Sherman Associates, Inc., Craig Heller and Loftworks, LLC

TIF Loan:

Borrower:	Syndicate Trust Owner, LP, or entity to be named (controlled by George Sherman and Craig Heller related entities)
Amount:	$9,000,000
Term:	7 years

Interest Rate:	a) Construction Period (first 24 months): Prime or 30-day LIBOR plus 200 basis points, floating b) Mini-Perm Period (remaining 60 months): US Bank Cost of Funds plus 175 basis points
Amortization:	a) Construction Period (first 24 months): Interest only, monthly. b) Mini-Perm Period (remaining 60 months): Monthly principal and interest payments based on the interest rate noted above and an amortization schedule matching the remaining term on the TIF Note. Note: in the event that more tax increments are generated by the subject development, it is expected that 100% of excess funds after scheduled debt service will either accelerate the repayment of principal under this note or be escrowed in a reserve account dedicated to such repayment.
Repayment:	This portion of the debt is anticipated to be serviced by TIF revenue due the developers by the City, based on the incremental tax revenue the subject project generates.
Collateral:	The subject Redevelopment Agreement & the Special Allocation Fund associated with it.
Guarantees:	Joint and several unlimited guarantees from George Sherman, Sherman Associates, Inc., Craig Heller and Loftworks, LLC

State Historic Tax Credit ("SHTC") Purchase:

Projected Eligible Basis:	$59,155,200
Projected Price per Credit Dollar:	$.85 per $1.00 of tax credit
Projected SHTC Proceeds:	$12,570,480

Funding of USBCDC's state tax credit purchase is expected to take place simultaneously with delivery to USBCDC of said state tax credit certificates.

Note: In the event that more or fewer credits are awarded, then the Purchase Proceeds would be adjusted based on the price per credit as detailed above.

State Brownfield Tax Credit ("BTC") Purchase:

Projected Eligible Basis:	$882,000
Projected Price per Credit Dollar:	$.85 per $1.00 of tax credit
Projected BTC Proceeds:	$750,000

Funding of USBCDC's state Brownfield tax credit purchase is expected to take place simultaneously with delivery to USBCDC of said state tax credit certificates.

Note: In the event that more or fewer credits are awarded, then the Purchase Proceeds would be adjusted based on the price per credit as detailed above.

State Tax Credit (Historic & Brownfield) Bridge Loan:

Borrower:	Syndicate Trust Owner, LP, or entity to be named (controlled by George Sherman and Craig Heller related entities)
Amount:	$13,320,480 (comprised of $12,570,480 SHTC value & $750,000 BTC value)
Term:	36 months from closing
Interest Rate:	At Borrower's option: a) Prime floating or b) 30-day LIBOR plus 200 basis points
Amortization:	Interest only, monthly
Repayment Source:	The source of repayment is the proceeds from the sale of the related state credits at completion. The proceeds from the sale to USBCDC will be used to repay 100% of the subject debt.
Guarantees:	Guarantees: Joint and several unlimited guarantees from George Sherman, Sherman Associates, Inc., Craig Heller and Loftworks, LLC

NEW MARKETS TAX CREDITS:

USB Community Development Entity ("USBCDE") commits up to $10,000,000 in New Markets Tax Credit ("NMTC") allocation for the benefit of this project and its efforts to attract high quality operators to the subject first floor *should USBCDE receive its own allocation for its NMTC Round 3 application.* This additional benefit of approximately $3,000,000 (over $140 per square foot of commercial space) is intended to help attract a

tenant/tenants that will positively impact this project and the community around it by creating job and providing needed services and amenities.

Should USBCDE not receive an allocation in Round 3 (announcement is expected in Spring 2005), USBCDC will make every good faith effort to locate and invest in a different Community Development Entity's NMTC allocation. Over the past twelve months, USBCDC has made Qualified Equity Investments in New Markets Tax Credit projects totaling over $300,00,000, with an additional $150,000,000 in pipeline closings within the next 90 days. All of these investments were made with other entities' NMTC allocations.

DEVELOPER FEE:
It is anticipated that the project will generate a Developer Fee. The scheduled funding of Developer Fee will be based on final project sources and uses as approved by USBCDC.

GENERAL CONTRACTOR:
General Contractor to be approved by USBCDC. It is required that GC shall provide a Guaranteed Maximum Price contract, subject to review and approval by USBCDC and an approved third party Inspecting Architect.

DISBURSING:
Funds shall be disbursed by a Bank-acceptable disbursing entity with the provision that, at the project's expense, a disbursement advisor be retained to monitor the process. In addition, the Bank will require title coverage for survey, mechanic liens, pending disbursement and future advance endorsements.

OPERATIONS & CONSTRUCTION BUDGET ADJUSTMENTS:
Final Budget (sources and uses) and Proforma operating numbers subject to Bank's review and approval.

FUNDING SOURCES:
This offer to lend funds is subject to the commitment and availability of the funding sources necessary to account for all costs associated with the completion of the Subject Project (including costs of the subject loan(s)). Any conditions limiting the availability of funds or the amount of funds to complete the project will require further approval of Bank before Bank dollars are advanced.

OPERATING ACCOUNTS/RESERVES:
All operating, security and reserve accounts for this project will be maintained at US Bank.

APPRAISAL & ENVIRONMENTAL REPORT:

Syndicate Trust
August 23, 2004

Bank review and approval of a satisfactory Project appraisal and environmental report will be required prior to closing.

CLOSING CONDITIONS:

U.S. Bancorp's due diligence and legal review of the transaction in its entirety, including but not limited to the following:

(a) All real estate documentation (plans, specs, contracts, title, etc.)
(b) All organizational documents for all entities involved in this transaction
(c) Financial Statements on all entities involved in this transaction
(d) Final Financial projections, Source and Use statements, etc. from a Bank approved Accounting firm.
(e) All terms and conditions of all agreements affecting the financing of the Subject Real Estate
(f) All matters deemed necessary by the Investor and/or the Lender as applicable

Again, we are grateful for the opportunity to be involved in this critical development project and believe your team represents an ideal combination to achieve success. This commitment is subject to any additional requirements that may be considered necessary by the Bank, final Bank committee approval and the approval of all documents by Bank's attorney.

Sincerely,

Kathryn S. Bader
Chairman
US Bancorp Community Development Corporation

Zachary Boyers
Senior Vice President
US Bancorp Community Development Corporation

Approved: January 18, 2006