

ORDINANCE #67670
Board Bill No. 217

AN ORDINANCE DESIGNATING A PORTION OF THE CITY OF ST. LOUIS, MISSOURI, AS A REDEVELOPMENT AREA KNOWN AS THE LEATHER TRADES 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 LEATHER TRADES 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 LTL Building, LLC, a Missouri limited liability company (the "Developer"), prepared a plan for redevelopment titled "The Leather Trade Building TIF Redevelopment Plan" dated April 18, 2007, and revised May 23, 2007 (the "Redevelopment Plan"), for an area located at 1600 Locust 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 acquiring, renovating and rehabilitating the structure that currently exists in the Area into a mix of commercial and residential uses and other improvements, as set forth in the Redevelopment Plan (the "Redevelopment Project," or "TIF Project"); and

WHEREAS, on June 6, 2007 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 June 6, 2007, 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 preservation of historic structures, 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 June 6, 2007, 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 effective date of the ordinance approving 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 benefitted 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 June 6, 2007, including amendments thereto, if any, and the Redevelopment Project described in the Redevelopment Plan are hereby adopted and approved. A copy of the Redevelopment Plan is attached hereto as **Exhibit A** and incorporated herein by reference.

SECTION FOUR. There is hereby created and ordered to be established within the treasury of the City a separate fund to be known as the "Leather Trades 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 Leather Trades 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:

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;

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 payments in lieu of taxes into the Leather Trades 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 Leather Trades 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 Leather Trades 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 pertaining to the Redevelopment Project, the Developer has not (i) executed such redevelopment agreement 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

THE LEATHER TRADES BUILDING TIF REDEVELOPMENT PLAN

THE LEATHER TRADES BUILDING
TIF REDEVELOPMENT PLAN
Submitted to
The City of St. Louis
Tax Increment Financing Commission
April 18, 2007
Revised
May 23, 2007

LEATHER TRADES BUILDING
TIF REDEVELOPMENT PLAN

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I. INTRODUCTION

The following is a plan prepared for redevelopment of certain real property in the City of St. Louis (the "City") consisting of one parcel in City Block 511, which parcel is commonly known and numbered as 1600 Locust Street (the "Redevelopment Area" or "Area"). The Area currently contains one vacant commercial building commonly referred to as the Leather Trades Building (the "Building"). 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 contemplates the complete redevelopment of the Area and renovation and rehabilitation of the existing building into a mix of commercial space, residential units, and parking (the "Redevelopment Project" or "Project").

This Redevelopment Plan proposes that the City initially authorize and issue one or more Tax Increment Financing Notes ("TIF Notes") in an amount up to Two Million Eight-Hundred Fifty-Thousand and No/100 Dollars (\$2,850,000.00) plus issuance costs to fund a portion of the costs of the Redevelopment Project. The TIF Notes issued shall be reimbursed from the revenue stream of Payments In Lieu of Taxes ("PILOTS") and Economic Activity Taxes ("EATS") generated by the Project over a twenty-three year period. One hundred percent of PILOTS within the Redevelopment Area and fifty percent of EATS will be allocated to retire the TIF Notes. Upon certain terms and conditions contained in an agreement between the City and any developer of the Project ("Developer"), the City may issue TIF Note(s) or other TIF obligations to the 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 Leather Trades 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 proceed immediately to issue tax increment financing bonds ("TIF Bonds") to repay the TIF Note.

The TIF 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 TIF Notes or other financial obligations may be privately placed. It is the City's intent to pay for the principal and interest on these TIF Notes or other financial obligations, in any year, solely with money legally available or pledged for such purpose within the City's Special Allocation Fund.

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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 in the year prior to the approval of the redevelopment project. New development is made possible within the redevelopment area through the municipality's use of incremental revenues to finance certain costs of developing or redeveloping the area.

The municipality segregates these incremental revenues into a special account, the "special allocation fund," during the period of time in which the incremental revenues are dedicated to the purposes identified in the redevelopment plan. The municipality is further authorized to pledge additional net new revenues from the project to the purposes identified in the redevelopment plan. All taxing districts that levy taxes on property within the redevelopment or project area continue to receive tax revenues based upon property values which existed prior to the adoption of ordinances establishing the redevelopment or project area. Taxing districts also benefit from the increase in certain other taxes resulting from the increased economic activity in the redevelopment or project area. These taxes resulting from development of the redevelopment project are not deposited in the special allocation fund pursuant to the provisions of the TIF Act.

The TIF Act requires that, prior to establishing a redevelopment area or approving or amending TIF redevelopment plans and projects, a municipality must create a TIF Commission. A TIF Commission is comprised of six individuals appointed by the chief elected official of the municipality, with the consent of its governing body, and three individuals who are appointed by the other taxing districts within the proposed redevelopment area. Two of these three members

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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. REDEVELOPMENT PLAN INCLUDING NECESSARY FINDINGS

1. Legal Description of the Redevelopment Area

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

The Area consists of one property generally located at the southwest corner of the intersection of Locust Street and 16th Street.

2. Redevelopment Plan Objectives

The City of St. Louis has established the following objectives for the Leather Trades 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 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 a higher and better use, benefiting taxing districts and encouraging private investment in surrounding areas;
- 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 City of St. Louis Strategic Land Use Plan and the Downtown Development Action Plan;
- To increase property values of the Area; and
- To stimulate construction and permanent employment opportunities and increased demand for services in the surrounding area.

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 cost of redevelopment precludes private enterprise from developing the Redevelopment Area without public assistance. The cost of curing the existing conditions of blight and rehabilitation of improvements as contemplated in this Redevelopment Plan is not economically viable if fully borne by the Developer.

10. Conforms with the Comprehensive Plan of the City

The Redevelopment Plan conforms to the comprehensive plan for the development of the City as set forth in the "Downtown Development Action Plan" (1999) and the "Strategic Land Use Plan" (2005).

11. Plan for Relocation Assistance

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

12. Cost Benefit Analysis

A cost benefit analysis showing the fiscal impact of the Project on each taxing district impacted by this Redevelopment Plan and sufficient information to determine the financial feasibility of the Project 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.

15. Historical Land Use of Property Within the Redevelopment Area

According to Building Information from the City, the Building was built in 1912 and was used for light manufacturing and as a warehouse. In more recent years, artists used the building for studio space and living quarters. Currently, the Building is vacant.

IV. 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 \$23.1 million, excluding 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; such Project Costs, in accordance with the TIF Act, 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 or renovation of buildings or other structures;
- 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 Project for which such obligations are issued and for not more than eighteen months thereafter, and including reasonable reserves related thereto; and
- All or a portion of a taxing district's capital costs resulting from the Redevelopment Project necessarily incurred or to be incurred in furtherance of the objectives of the Redevelopment Plan and Project, to the extent the City, by written agreement, accepts and approves such costs.

The costs 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.

The following table illustrates the anticipated categories costs that will be funded in part by TIF, assuming the funding of up to \$2,850,000 in Redevelopment Project Costs.

CATEGORY	
	Acquisition Costs
	Demolition Costs (includes, but is not limited to, demolition of existing buildings and structures or parts thereof).
	Site Preparation and Improvements Costs (includes, but is not limited to, site work, street and sidewalk improvements, utility work, resetting of curbs, landscaping and lighting in the right of way).
	Financing Costs (includes, but is not limited to, loan fees, construction period interest, disbursing fees, construction monitoring and inspection fees, lender's legal fees, loan appraisals, flood certificates, title, recording, disbursing costs, tax credit investor fees and any and all other costs incurred by the Developer in connection with obtaining financing for and a tax credit investor in the Redevelopment Project).
	Environmental Testing, Remediation and/or Abatement Costs (includes, but is not limited to, the testing for and removal and disposal of toxic or hazardous substances or materials).
	Professional Service Costs (includes, but is not limited to, architectural, engineering, surveying, legal, marketing, advertising, financial, planning, or special services).
	TIF Costs & Issuance Costs incurred by the Developer.

	Costs of rehabilitation of buildings or other structures.
\$ 2,850,000	TOTAL

It is not the intent of **Appendix 2**, the table provided above, or this Redevelopment Plan to restrict the City or the Developer to the cost amounts, categories or allocations 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** and additional categories may be added to the extent allowed by the TIF Act, 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 four (4) 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:

- Owner equity;
- Private financing;
- State Historic Tax Credit proceeds;
- State Historic Tax Credits
- Funds available through the issuance of TIF notes, bonds, loans, or other certificates of indebtedness (herein collectively referred to as “TIF Note or other financial obligations”).

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, 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 and issue one or more Tax Increment Financing Notes (“TIF Note”) in an amount up to Two Million Eight-Hundred Fifty-Thousand and No/100 Dollars (\$2,850,000.00) 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 Leather Trades Building Special Allocation Fund.

The Leather Trades 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*

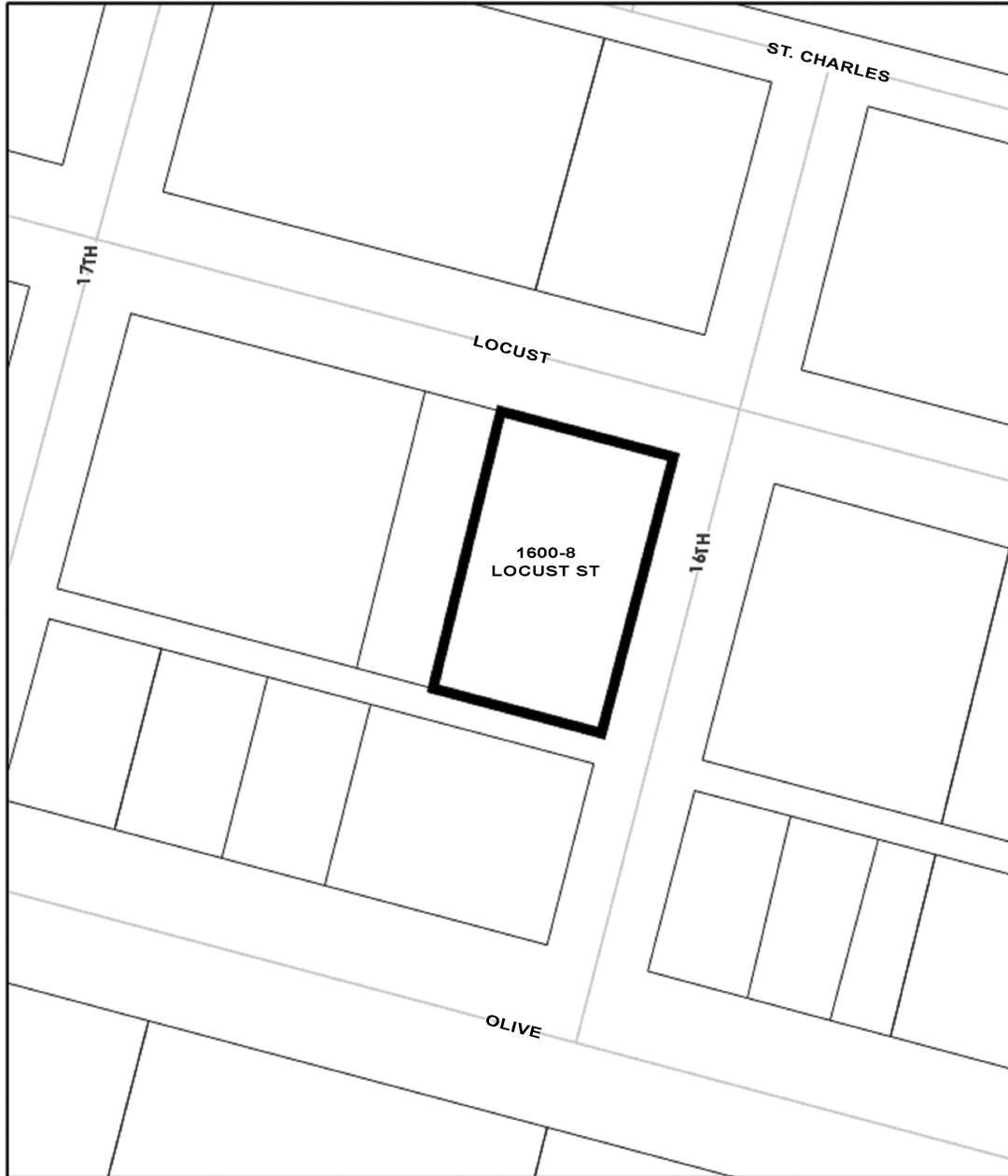
Appendix 7 contains a preliminary financing commitment letter with respect to financing of Redevelopment Project Costs associated with the Redevelopment Project.

**APPENDIX 1
LEATHER TRADES BUILDING TIF REDEVELOPMENT PLAN LEGAL DESCRIPTION AND MAP OF
REDEVELOPMENT AREA**

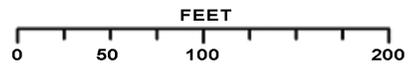
A tract of land commonly known and numbered as 1600 Locust Street in the City of St. Louis, Missouri, and identified by the City of St. Louis Assessor's Office as Parcel No. 05110000300, said tract being described in a Deed to LTL Building, LLC, as recorded in Book 11132006 Page 0125 of the City of St. Louis Recorder of Deeds Office, and being more particularly described as follows:

Beginning at the northeastern corner of City Block 511 of the City of St. Louis, said point being the southwestern corner of Locust (72' W) Street and 16th (60' W) Street; thence along the western right of way of said 16th Street south 34 degrees 32 minutes 33 seconds west, 155.00 feet to a point on the northern line of a 19 foot 10 inch wide alley; thence along the northern line of said alley, north 55 degrees 35 minutes 59 seconds west, 100.00 feet to the southeastern corner of a tract of land as described in a deed to Josef M & Donna M. Frisella as recorded in deed book M710, page 368 of the City of St. Louis records; thence departing the said alley along the eastern line of said Frisella tract, north 34 degrees 32 minutes 33 seconds east, 155.00 feet to a point on the southern right of way line of aforesaid Locust Street; thence along the southern right of way line south 55 degrees 35 minutes 59 seconds east, 100 feet to the point of beginning and containing 15,500 square feet or 0.356 acres more or less, according to a survey by EFK Moen, LLC dated October 19, 2006.

**APPENDIX 1
LEATHER TRADES BUILDING REDEVELOPMENT AREA
ST. LOUIS, MISSOURI**



 Redevelopment Area



Appendix 2
LEATHER TRADES BUILDING Anticipated Sources and Uses
(excluding developer fees)

USES

<u>CONSTRUCTION COSTS</u>	
CONDO CONSTRUCTION Cost	15,525,000
MEZZANINE CONSTRUCTION	<u>560,000</u>
	\$16,085,000
 <u>ACQUISITION COSTS</u>	
ACQUISITION	<u>3,375,000</u>
	\$3,375,000
 <u>ARCHITECTURAL, SOILS, SURVEY, ENGINEERING</u>	
ARCHITECTURAL DESIGN	350,000
CIVIL ENGINEERING	20,000
STRUCTURAL ENGINEERING	40,000
CONDO PLAT	12,000
MEP ENGINEERING	<u>4,000</u>
	\$426,000
 ENVIRONMENTAL REPORTS	 6,000
SURVEYS	<u>8,000</u>
	\$440,000
 <u>CONTINGENCY</u>	 1,125,950
 <u>LEGAL/ACCOUNTING/CONSULTING</u>	
<u>LEGAL (INCLUDING EXPENSES)</u>	
ORGANIZATIONAL	5,000
LEGAL	50,000
TIF FEES	<u>30,000</u>
	\$85,000
 ACCOUNTING	
COST CERTIFICATION	20,000
TWO YEARS TAX RETURNS	<u>6,000</u>
	\$26,000
 CONSULTING	 <u>15,000</u>
	\$126,000
 <u>OTHER COSTS</u>	
APPRAISAL AND MARKET STUDY	5,000
TITLE INSURANCE	8,000
RECORDING	2,000
DISBURSING	28,500
OWNER CONSTRUCTION ADMINISTRATION	30,000
CONSTRUCTION PERIOD INSURANCE	100,000
CONSTRUCTION PERIOD TAXES	<u>30,000</u>
	\$203,500
 <u>FINANCING COSTS</u>	
CONSTRUCTION LOAN FEE	<u>125,000</u>
	\$125,000

<u>MARKETING/SALES STARTUP COSTS</u>	
SALES OPERATING EXPENSES	30,000
DISPLAY FURNITURE & FURNISHINGS	<u>15,000</u>
	\$45,000
MARKETING, PER BUDGET	
ARTWORK/DESIGN	23,000
ADVERTISING	110,000
BROCHURES	20,000
SIGNS	<u>20,000</u>
	<u>\$173,000</u>
	\$218,000
<u>CONSTRUCTION PERIOD INTEREST</u>	
FIRST MORTGAGE INTEREST	741,600
MEZZANINE DEBT INTEREST	<u>615,000</u>
	\$1,356,600
TOTAL USES	23,055,050
<u>SOURCES</u>	
CONSTRUCTION LOAN / OWNER EQUITY	15,263,453
STATE HISTORIC TAX CREDIT PROCEEDS	4,941,597
TIF	<u>2,850,000</u>
TOTAL SOURCES	\$ 23,055,050

**APPENDIX 3
ANALYSIS OF CONDITIONS REPRESENTING A BLIGHTED AREA FOR THE
LEATHER TRADES BUILDING REDEVELOPMENT AREA**

ANALYSIS OF CONDITIONS
REPRESENTING A BLIGHTED AREA
for the
THE LEATHER TRADES BUILDING TIF REDEVELOPMENT AREA
THE LEATHER TRADES BUILDING
TIF REDEVELOPMENT PLAN
April 9, 2007

City of St. Louis, Missouri
Tax Increment Financing Commission

TIF ELIGIBILITY

The Leather Trades Building Redevelopment Area (the “Redevelopment Area” or “Area”) established in the Leather Trades Building Redevelopment Plan (the “TIF Redevelopment Plan”) is a blighted area based on the fact that it exhibits the factors set forth in Section 99.805(1) of the Revised Statutes of Missouri (the “TIF Act”).

As defined, 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.

Blighting factors and conditions present in the Redevelopment Area include:

- 1) Deterioration of Site Improvements:
 - a. Building exteriors and interiors;
 - b. Systems and components.
- 2) Unsanitary and unsafe conditions resulting from:
 - a. Inadequate utilities;
 - b. Trash and debris;
 - c. Exterior site conditions.
- 3) Existence of Conditions which Endanger Lives or Property by Fire or Other Causes:
 - a. Limited safety systems; and
 - b. Deteriorating physical structure.
- 4) Menace to the Public Health, Safety, Morals or Welfare
- 5) Economic and Social Liability:
 - a. Deferred maintenance and lack of investment;
 - b. Uncompetitive position.

The factors listed above will persist and continue to decline until the comprehensive redevelopment of the Area is undertaken.

A map illustrating the boundaries of the area is attached hereto as Exhibit 1, along with photographs of conditions in the Area attached hereto as Exhibit 2.

DATA COLLECTION METHODS

This study has been designed and conducted to comply with the specific requirements of Section 99.805 (1) RSMo. The study and the requisite field work were performed in April, 2007. Observations and conclusions are based upon on-site inspections of the Redevelopment Area and familiarity with the local market.

In determining whether the proposed Redevelopment Area meets the eligibility requirements for Tax-Increment Financing per the TIF Act, a number of sources of information were utilized; including, but not limited to, the following:

- A. Survey of the condition and use of the Redevelopment Area;
- B. Public documents and records relating to the history and/or condition of the Area; and
- C. Analysis of existing uses.

OVERVIEW OF THE REDEVELOPMENT AREA

The Redevelopment Area consists of one building (“Building”) on one parcel in City Block 511 as shown on Appendix 1 to the TIF Redevelopment Plan. The Building is vacant.

DISCUSSION OF BLIGHT IN THE REDEVELOPMENT AREA1) 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 plates, or holes and cracks over limited areas. Deterioration that is not easily curable, however, and that 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.

The Area suffers from deterioration of several exterior and interior building components. The exterior suffers from deteriorated window sills and masonry work that will require tuckpointing. Many of the windows in the Building are unsecure, broken, or missing. Window and door frames are rotted. The interior of the Building exhibits signs of neglect as trash and debris have collected throughout and are piled in haphazard, dangerous configurations. Floors and walls exhibit significant degradation with rot, holes, cracks, and discoloration. Portions of the ceilings on each floor of the Building suffer from cracks and chips, while paint has peeled or bubbled off. Dirt and dust has accumulated throughout the building due to a lack of regular maintenance.

Several important building components are outmoded and insufficient for their intended use, including heating, plumbing and electric systems. Wiring and plumbing fixtures are exposed in places, and, in some places, loose wires and broken pipes hang from the ceiling.

Also, the age of the building indicates that insulation and floor and ceiling components may possibly have been constructed with asbestos-containing materials. The Building comprising the Area suffers deteriorated conditions to both primary and secondary building components. These deficiencies cannot be corrected through normal maintenance but require either rehabilitation and renovation, or replacement.

2) Unsanitary or Unsafe Conditions:

In addition to the general physical deterioration stated above, the Area contains unsanitary or unsafe conditions.

The outdated mechanical and utilities infrastructure in the Area is unsafe, especially with respect to electrical and fire prevention systems. The existence of refuse and debris inside the Building is clearly detrimental, unsanitary, and unsafe. The accumulation of dirt and dust in the Building increases the risk of illness and creates an unsanitary environment for living or working. These unsanitary conditions pose a serious risk of illness or disease to any modern inhabitants, and contribute to the vacancy, underutilization, and blight of the Area.

3) Existence of Conditions which Endanger Lives or Property by Fire or Other Causes:

Endangerment by fire and other causes is typically due to the presence of structures below minimum fire code standards. Such code standards include building, property maintenance, fire environmental or other governmental codes applicable to a particular property. The principal purpose of such codes is to require buildings to be constructed and maintained so that they will have the capacity to support the type of occupancy, and necessary fire and similar hazard protection, or to establish the minimum standards essential for safe and sanitary use, occupation, and/or habitation.

The deteriorating condition of the Area has resulted in structural conditions that are unsafe and which present a danger to property and personal safety due to fire or other causes.

4) Menace to the Public Health, Safety, Morals, or Welfare:

As discussed above, the Redevelopment Area exhibits many factors that constitute a menace to the public health, safety, morals, or welfare in its present condition and use. The deteriorating, unsanitary, and unsafe building conditions described above represent a menace to the public health and safety; the economic liability of the deteriorated structure also represents a menace to the public welfare.

5) Economic or Social Liability

Due to the predominance of blighting factors discussed above, the Area in its current condition is a significant liability to the social welfare and economic independence of the City. As noted above, the Area suffers from obvious neglect and a lack of investment. These conditions have fostered a state of economic obsolescence as the property will soon become unmarketable because of its condition, and will further become an economic burden to the City. Deterioration and subsequent obsolescence of the Area has contributed to the lack of physical maintenance and vacancy.

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, the Building. The Area's physical condition, combined with the vacancy of the Building, diminishes its potential to generate property tax revenues for the City up to its full potential. Without the comprehensive redevelopment of the Area, its physical condition will continue to deteriorate and its economic efficiency will continue to decline.

The physical condition of and resulting lack of reinvestment in the Area have resulted in economic underutilization. The type of economic underutilization seen in the Redevelopment Area has been recognized as a blighting condition by the Missouri Supreme Court case Tierney v. Planned Industrial Expansion Authority of Kansas City, Missouri, 742 S.W. 2d 146, 151 (Mo. 1987).

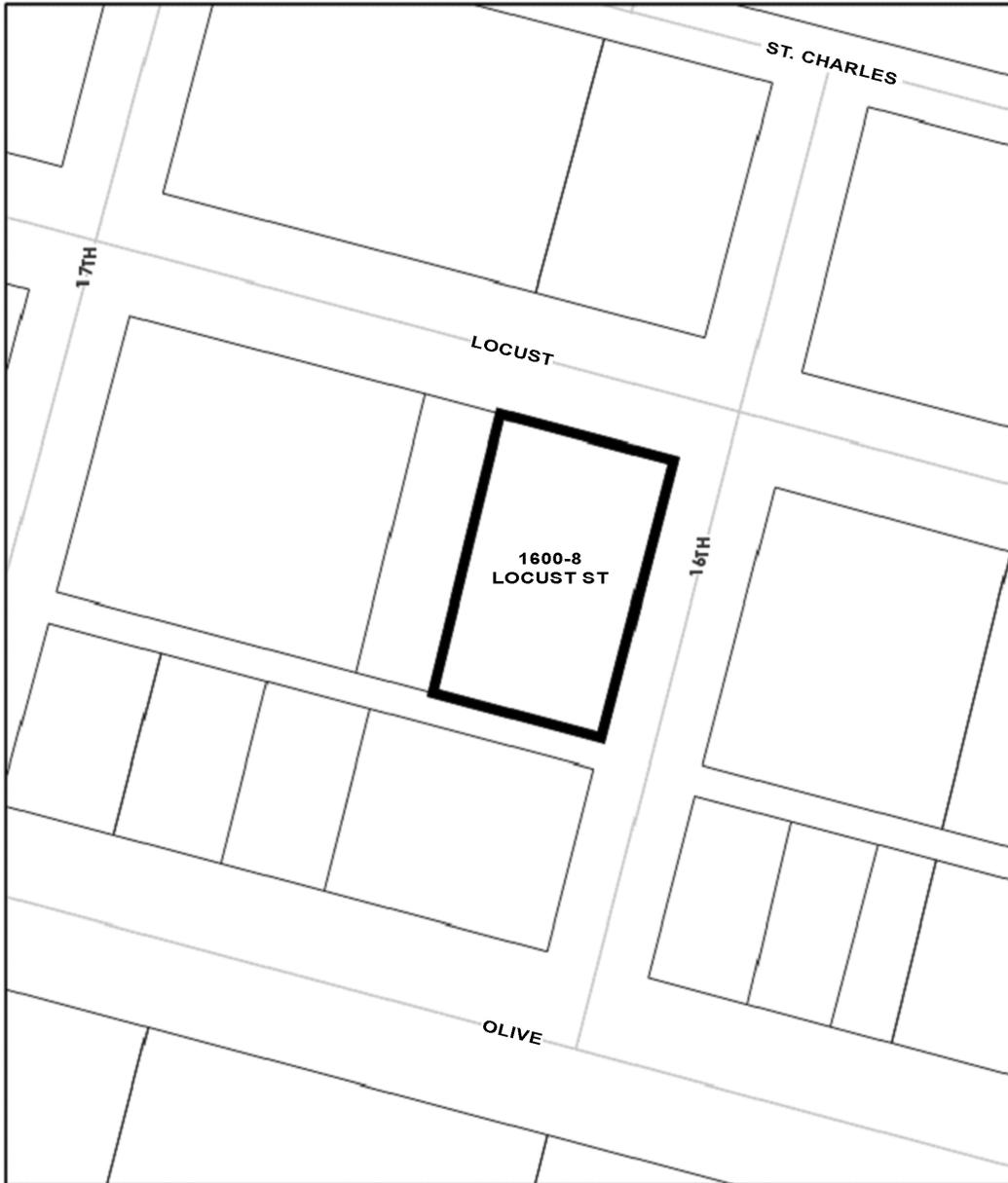
In Tierney at 151, the Court stated:

...(10) The owners, finally, attack the concept of "economic underutilization"... They suggest that almost all land could be put to a higher and better use, and argue that the concept of economic under-utilization is so broad...

We do not find the fault or the danger perceived. The concept of urban redevelopment has gone far beyond "slum clearance" and the concept of economic underutilization is a valid one. This is explicit in State ex rel. Atkinson v. Planned Industrial Expansion Authority of St. Louis, 517 S.W.2d 36 (Mo. Banc 1975), sustaining the statutes governing this case. Centrally located urban land is scarce. The problems of assembling tracts of sufficient size to attract developers, and of clearing uneconomic structures, are substantial and serious... We need not repeat all of the evidence which has before the city council tended to show that redevelopment of this area would promote a higher level of economic activity, increased employment, and greater services to the public...

The economic underutilization of the property contributes to the eligibility of the Redevelopment Area. The comprehensive redevelopment of the site will foster much needed economic activity and contribute to the growth of the City.

EXHIBIT 1
LEATHER TRADES BUILDING REDEVELOPMENT AREA
ST. LOUIS, MISSOURI



 Redevelopment Area

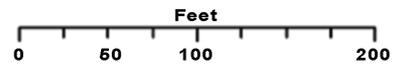


Exhibit 2
Photographs of Conditions in the Area















**APPENDIX 4
LEATHER TRADES BUILDING TIF REDEVELOPMENT PLAN
ANTICIPATED REDEVELOPMENT PROJECT SCHEDULE**

First TIF Commission Meeting ((\$5,000 Application fee due)	3/14/07
Submit Redevelopment Plan to TIF Commission (at least 45 days prior to public hearing)	4/13/07
Mailing of Notice of TIF Commission Public Hearing to Taxing Districts (not less than 45 days prior to hearing) (RSMo. 99.830.3)	4/16/07
First Publication of Notice of TIF Commission Public Hearing (not more than 30 days prior to hearing) (RSMo. 99.830.1)	5/07/07
Written Notice to Property Owners (not less than 10 days prior to public hearing) (RSMo. 99.830.3)	5/23/07
Second Publication of Notice of TIF Commission Public Hearing (not more than 10 days prior to public hearing) (RSMo. 99.830.1)	5/30/07
Public Hearing by TIF Commission (RSMO. '99.825)	6/06/07
TIF Commission Recommendation to Board of Aldermen (within 90 days of TIF Public Hearing) (RSMo. 99.820.3)	6/06/07
TIF Ordinances Introduced adopting plan, approving project, establishing district, establishing special allocation fund, approving redevelopment agreement and authorizing issuance of TIF Notes (between 14 and 90 days after hearing) (RSMo. 99.820.1[1])	6/26/07
HUDZ Committee Hearing on TIF Ordinances	7/10/07
Second Reading of TIF Ordinances	7/19/07
Perfection of Board Bill(s)	8/7/07
Board of Estimate & Apportionment	8/21/07
Third Reading and Final Passage of TIF Ordinances	8/28/07
Mayor Signs Bills	9/28/07
Full Construction Commences	9/29/07
Construction Complete	9/29/09

**APPENDIX 5
LEATHER TRADES BUILDING TIF REDEVELOPMENT PLAN
CURRENT AND HISTORICAL INFORMATION CONCERNING THE EQUALIZED ASSESSED
VALUE OF REDEVELOPMENT AREA AND ECONOMIC ACTIVITY TAXES
WITHIN THE REDEVELOPMENT AREA**

<u>Street Address</u>	<u>Tax ID</u>	<u>Equalized Assessed Value</u>
1600 Locust Street	05110000300	\$1,180,400

*Values acquired from the City of St. Louis Assessor's office for 2007.

HISTORY OF ASSESSED VALUE

<u>TERM</u>	<u>AV</u>	<u>% CHANGE</u>
2002	\$79,400	0.0%
2003	\$79,400	0.0%
2004	\$79,400	0.0%
2005	\$235,400	66.0%
2006	\$235,400	0.0%

Information concerning Economic Activity Taxes (EATs) is non-public and thus, not available at this time.

APPENDIX 6
LEATHER TRADES 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 Leather Trades Building Tax Increment Financing Redevelopment Plan, dated 10-27-2007 (the "Redevelopment Plan").

1. I am a duly authorized representative of LTL Building, L.L.C. (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(1) 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.

LTL BUILDING, L.L.C.

By: [Signature]
Name: John Steffen
Its: Managing Member

Subscribe and sworn to before me this 04th day of April, 2007.

Kathleen E. O'Brien
Notary Public

My Commission Expires: 3/28/10

7641294-01



APPENDIX 7
LEATHER TRADES BUILDING TIF REDEVELOPMENT PLAN EVIDENCE OF COMMITMENT TO FINANCE
PROJECT COSTS



Associated Bank

COMMERCIAL REAL ESTATE DIVISION

April 19, 2007

Pyramid Construction, Inc.
906 Olive Street Road, Suite 600
St. Louis, Missouri 63101
Attention: John Steffen

Re: LTL Building, LLC Commitment Letter dated December 15, 2006

Dear John:

Please be advised that Associated Bank has officially extended the closing date from January 31, 2007, as identified in the Commitment Letter dated December 15, 2006, to June 30, 2007.

Feel free to contact me should you have any questions.

Respectfully,

A handwritten signature in black ink, appearing to read "Charles A. Cafazza".

Charles A. Cafazza
Vice President and Market Manager



Associated Bank

COMMERCIAL REAL ESTATE DIVISION

December 15, 2006

Pyramid Construction, Inc.
906 Olive Street Road, Suite 600
St. Louis, Missouri 63101
Attention: John Steffen

Re: LTL Building, LLC

Dear John:

I am pleased to advise you that, in response to your request, Associated Bank ("Lender") has approved a loan (the "Loan") on the terms and conditions below.

I. Summary Description of Loan Terms

Borrower:	LTL Building, LLC, a Missouri limited liability company, whose sole asset shall be the subject property.
Purpose:	A) Construction loan to refinance the existing acquisition loan for the Leather Trades Building containing approximately 124,000 sq. ft. located at 1600-1608 Locust Street, City of St. Louis, Missouri 63103 (the " <u>Building</u> "), and provide construction financing to renovate and convert the building into a mixed-use condominium containing approximately 3,000 sq. ft. of retail space on the ground level and 59 residential loft units (the " <u>Project</u> ") and; B) Missouri tax credits/TIF bridge loan.
Loan Amount:	A) Construction loan: \$12,500,000.00 loan amount. B) Tax credit/TIF bridge loan: the lesser of \$6,750,000.00 or 95% of the estimated proceeds from the sale of Missouri tax credits and of TIF notes and/or TIF bonds generated by the Project.
Maturity:	A) 24 Months B) 24 Months
Interest Rate:	A) One Month LIBOR plus 3.00%, floating. B) One Month LIBOR plus 3.50%, floating.

The term "One Month LIBOR" shall be defined in the loan documents. Interest is computed on an actual day/360-day year basis.

1479814

231 S. Bemiston • Suite 1100 • St. Louis, MO 63105

10/24/07

Debt Service Payments:

- A) Interest is payable monthly.
- B) Interest is payable monthly.

During construction, interest on both Loans will be paid from an \$823,200 interest reserve included in the Project Budget (as defined below).

- A) Principal is due at maturity. The proceeds from the sales of condominium units will be applied to the outstanding principal balance of Loan A. Lender will release a unit upon Lender's receipt of the greater of (i) 100% of the net sale proceeds for such unit; or (ii) 93% of the minimum sale price for such unit as stated on a schedule of minimum condominium unit sale prices approved by Lender (the aggregate of all minimum condominium unit sale prices will not be less than Borrower's proforma base sale price for the Project). Any release of a unit will be subject to the further condition that the outstanding principal balance of the Loan A not exceed the lesser of (i) 75% of the as appraised value of the retail sale of the remaining condominium units, or (ii) 85% of the as appraised value of the bulk sale of all of the remaining condominium units. Upon repayment in full of Loan A, any excess unit sale proceeds received by Lender will be applied to the outstanding principal balance of Loan B.
- B) Principal is due at maturity. The proceeds from the sale of the Missouri tax credits and from the TIF notes and/or TIF bonds will be applied to the outstanding principal balance of Loan B. Upon repayment in full of Loan B, any excess sale proceeds received by Lender will be applied to the outstanding principal balance of Loan A.

Equity Requirement:

\$175,000 Equity contribution previously made by Borrower in connection with Lender's existing acquisition loan.

Mezzanine Financing:

\$2,500,000 Mezzanine loan from Workers Retail Trust, L.P. ("Mezzanine Lender") which will be subordinate to Lender's Loans. Proceeds of the mezzanine loan will be paid to the title insurance company selected by Borrower to be held in two (2) separate escrow accounts, both of which will be established at Lender: (i) \$500,000 of the mezzanine loan proceeds will be escrowed and disbursed to the Mezzanine Lender for regularly scheduled payments of accrued interest, and (ii) \$2,000,000 of the mezzanine loan proceeds will be escrowed and disbursed upon approval by Lender, Borrower and Mezzanine Lender of Lender-approved Project costs, including

without limitation, payment of a portion of the developer fee for the Project in an amount not to exceed \$403,824. Such portion of the developer fee will be paid as follows: (a) \$150,000 will be paid upon approval of the Part II historic tax credit application for the Project; (b) \$100,000 will be paid when 21 residential condominium units are "Pre-sold" (i.e. executed, non-assignable sale contracts with at least \$7,500 earnest money per unit, and no more than one unit per purchaser without the written consent of Lender unless contiguous units are sold to a single purchaser to be merged into a single unit in which event the earnest money requirement will be \$15,000); and (c) \$153,824 will be paid when the TIF for the Project is approved by the TIF commission. No principal payments will be paid to the Mezzanine Lender until the Loans are repaid in full.

Initial Advance:

No proceeds of Lender's Loans will be advanced until the mezzanine loan is fully funded and contributed to the Project.

Construction Holdback:

After the initial advance of loan proceeds to refinance the existing acquisition loan, no construction advances will be made until (i) the TIF and tax credit agreements are approved by all necessary governmental authorities, and (ii) 21 residential condominium units (i.e. 35% of the total units) are Pre-sold. An event of default will occur (i) if Lender makes construction advances for renovation of the building (excluding any advances for unit build-out costs) and Borrower has not maintained 21 Pre-sold residential condominium units; or (ii) construction of the Project is substantially completed and Borrower has not closed the sale of 49 Pre-sold residential condominium units for aggregate sale proceeds of at least \$13,400,000.

Developer Fee Holdback:

As stated above, a portion of the developer fee in the amount of \$403,824 will be paid from the proceeds of the mezzanine loan. The balance of the developer fee will be deferred until the following conditions are satisfied: (i) final completion of construction of the Project free and clear of all liens and claims has occurred; and (ii) repayment in full of Loan A and Loan B.

Security:

A) First priority Deed of Trust and Security Agreement covering the subject real estate and all assets of Borrower.

Assignment of all unit reservation agreements and sale contracts and reservation deposits.

Assignment of Leases and Rents covering all present and future leases affecting the subject real estate.
Assignment of the management agreement for the retail space, if any.
Environmental Indemnity Agreement.
UCC financing statements.

B) Pledge and Security Agreement regarding tax credits, together with executed blank transfer form for state historic tax credits

Both Loans will be cross-collateralized and cross-defaulted.

Guaranties:

Pyramid Construction, Inc. and John Steffen (and his Trust, if applicable) will provide unlimited guaranties of payment and of completion of construction of the Project and the payment of all costs thereof, free of liens and claims.

Fees:

- A) Non-refundable commitment fee of \$93,750 (0.75%).
- B) Non-refundable commitment fee of \$67,500 (1.00%).

Such fees shall be paid as provided herein, and shall be non-refundable regardless of whether the Loans close. The \$40,500 loan fee paid by Borrower for the existing acquisition loan will be credited to the fees for the Loans.

Closing Date:

Loan closing and first advance must occur on or before January 21, 2007.

Commitment Acceptance Date:

December 15, 2007.

II. Requirements for Loan Closing

- 2.1 The closing of the Loan is expressly conditioned upon Lender and Borrower entering into a Loan Agreement ("Loan Agreement") containing terms and conditions satisfactory to the Lender and Borrower. The Loan Agreement shall identify with more specificity those documents and agreements which further evidence, secure and guarantee repayment of the Loan (collectively, the "Loan Documents").
- 2.2 After the loan closing, construction will be financed solely by the mezzanine loan proceeds until satisfaction of the conditions to a construction advance under Loan A as set forth in the Loan Agreement.
- 2.3 Prior to the closing of the Loans, Lender must receive, in each case in form and substance satisfactory to Lender, all of those items set forth in Exhibit A attached to this commitment.

III. Additional Terms

- 3.1 Advances of proceeds of the Construction Loan shall be made no more frequently than once per month. Prior to the funding of each draw request (including the first and the last), Lender must receive and approve, and Borrower shall provide the following:
- (a) Lender's forms of Owner's Affidavit and Requisition of Funds, Contractor's Affidavit and Requisition of Funds, together with completed AIA forms G702 and G703 signed by the general contractor and architect.
 - (b) Copies of bills, contractor's trade breakdowns and other reasonably requested back-up data.
 - (c) Borrower's project Budget summary in form acceptable to Lender.
 - (d) Executed lien waivers for all prior draws.
 - (e) Title insurance endorsement updating title policy and mechanics' lien coverage without additional exceptions except for those permitted under the loan documents or otherwise consented to by Lender.
 - (f) Certifications by Borrower, the general contractor, the architect and Lender's construction consultant dated as of the end of each period covered by a draw request that (a) the most recent Lender-approved budgets (including the overall project Budget and the general contractor's detailed cost breakdown) accurately reflect the then-current projected cost of completing the subject project, and (b) all work in place as of the date of such certification is in compliance with the Lender-approved plans and specifications therefor.
- 3.2 Construction Loan proceeds will be disbursed as follows: (a) to the extent permissible under the Loan Documents, interest, fees and expense reimbursements due to the Lender will be advanced by Lender to itself directly out of the proceeds of the Loan, and (b) except as may be provided in the Loan Documents, all other proceeds of the Loan will be advanced to Borrower, the general contractor for the Project or pursuant to another construction disbursing procedure acceptable to Lender and Borrower. Unless otherwise approved by Lender, developer fees in excess of \$403,824 or other sums payable to Borrower or its affiliates (other than Lender-approved Project costs for the Project, such as architect and engineering fees and sales commissions) shall be withheld in Lender's discretion until substantial completion of the Project and payment of all significant costs thereof, and Loan A and Loan B have been repaid in full.
- 3.3 All advances of proceeds of the Construction Loan will be made in accordance with the Lender-approved budget (the "Budget"). Additional limitations on advances of proceeds of the Loan may be included within the Loan Documents with respect to items deemed appropriate by Lender upon review of the Loan Closing Requirements, including, without limitation, the following: off-site stored materials; tenant improvement costs and leasing commissions; developer overhead and fees; other sums payable to Borrower or its affiliates; and contingency.
- 3.4 Prior to final advance of proceeds of the Construction Loan, the Loan Documents will require certain items to be furnished as a condition to the Lender's obligation to make such advance, including, without limitation, the following:
- (a) Certificate of occupancy, as required.
 - (b) Final lien waivers from the general contractor and all subcontractors and suppliers.

- (c) Architect's certification that the Project has been substantially completed in accordance with the Lender-approved plans and specifications.
 - (d) Policies or certificates for (i) hazard insurance, written on an "all-risk" basis including earthquake coverage, with Lender named as loss payee and as mortgagee under standard mortgagee clause covering all improvements and personal property in amounts no less than the Loan Amount and sufficient to avoid co-insurance, and (ii) business interruption and loss of "rental value" insurance sufficient to cover 12 months gross income and naming Lender as mortgagee.
 - (e) Endorsement to the Lender's loan policy of title insurance adding an ALTA Form 3.1 zoning endorsement to said policy.
- 3.5 Borrower will be required to supply financial reports and other information regarding Borrower and all Guarantors, including annual audited financial statements and tax returns for all Guarantors, and annual financial statements and tax returns for Borrower, monthly sales and leasing (if any) activity reports for the Project; copies of all condominium unit reservation agreements and sale contracts and all leases (if any), and other Project activity reports as required by Lender.
- 3.6 Lender and its representatives shall have, at all normal business hours, access to, subject to the rights of the tenants (if any), and full rights to observe and examine the subject property, the Project and all related books and records.
- 3.7 Lender will retain an independent architect, engineer or other consultant (a "Construction Consultant") to inspect and review construction, plans, specifications, materials storage, permits, draw requests, back-up data and/or perform other duties as the Lender may require. Borrower shall reimburse the Lender for all fees and expenses of said Construction Consultant.
- 3.8 No material changes in the Lender-approved plans and specifications will be permitted without Lender's prior written consent in each instance except for minor changes described in the Loan Agreement or changes required by applicable governmental authorities.
- 3.9 No material amendments, change orders or change directives to the Lender-approved general contract will be permitted without Lender's consent.
- 3.10 Borrower will not enter into, or amend, modify or terminate any sale contract or lease (if any) without the prior written consent of the Lender.
- 3.11 Borrower shall reimburse the Lender for all of the Lender's expenses in connection with the closing, funding and administration of the Loan, including without limitation, (a) the fees and expenses of the Lender's appraiser, attorneys, disbursing agent, construction inspector and the title company, (b) recording charges, mortgage taxes, if any, and other taxes and governmental charges imposed in connection with the Loan, and (c) if not paid by Borrower, all fees and expenses of surveyors, environmental consultants and other third party consultants engaged in connection with the project, regardless of whether engaged by the Lender or by or for the benefit of Borrower. Such obligation on the part of Borrower shall survive any termination of the Lender's obligations under this loan commitment letter, notwithstanding anything to the contrary herein.
- 3.12 The Loan is non-assumable and junior financing or other liens not previously disclosed and approved by Lender are not permitted. Any change in management or controlling ownership of Borrower without Lender's consent will be an event of default. Notwithstanding the foregoing,

after Lender's review and approval of the Borrower's Operating Agreement, Lender may permit the entity members of Borrower to transfer ownership interests without Lender's prior written consent in accordance with the terms of the Operating Agreement. A permitted transfer shall in no way limit or release any Guarantor from liability pursuant to the terms and conditions of the Guaranty Agreements. The Operating Agreement of Borrower shall not be modified or amended without Lender's prior written consent, which consent shall not be unreasonably withheld. The Loan Documents will include a "due on sale" clause and a covenant against any liens or encumbrances other than those previously disclosed and approved by Lender or in favor of Lender.

- 3.13 Borrower shall cause insurance, taxes, charges and other expenses related to the subject property to be paid, and will provide Lender evidence of payment upon written request. Lender shall have the option to obtain insurance and make payments if Borrower fails to do so after notice and opportunity to cure. Insurance and condemnation proceeds may be applied to the Loan or to reconstruction, at Lender's option.
- 3.14 Borrower shall maintain the Project's operating accounts with Lender, including but not limited to, an escrow account(s) for reservation deposits under reservation agreements and earnest money deposits under sale contracts, will be maintained with Lender.

IV. Agreements Regarding This Commitment

- 4.1 This commitment is conditioned upon Borrower's acceptance hereof by signing and returning the same not later than the commitment acceptance date specified in Section I above. If not timely accepted, it shall automatically terminate on such date.
- 4.2 This commitment is for the benefit of Borrower only. It is not assignable and may not be relied upon by any third party.
- 4.3 Lender may terminate this commitment at any time if any one or more of the following occurs: (a) Borrower fails to pay when due any required commitment or other fee or any reimbursement; (b) any material requirement for the Loan closing has not been satisfied on or before the closing date specified in Section I above; (c) Borrower is in default in any of its obligations to Lender; (d) any information prepared by Borrower and or Guarantor and supplied to Lender by or on behalf of Borrower or Guarantor is inaccurate or misleading in any material respect; (e) any material adverse change shall occur in the financial condition or status of Borrower, Guarantor or any major tenant; or (f) Borrower, Guarantor, or the subject property shall be involved in any litigation or other proceeding which Lender determines, in its reasonable discretion, may materially adversely affect the Project (including without limitation, delay of completion), the Loan or Lender's security.

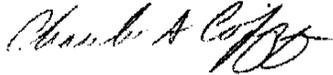
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ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT ARE NOT ENFORCEABLE, REGARDLESS OF THE LEGAL THEORY UPON WHICH IT IS BASED THAT IS IN ANY WAY RELATED TO THE CREDIT AGREEMENT. TO PROTECT BORROWER AND BANK FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS BORROWER AND BANK REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN BORROWER AND BANK, EXCEPT AS BORROWER AND BANK MAY LATER AGREE IN WRITING TO MODIFY IT.

We appreciate this business opportunity. If this commitment is satisfactory, please acknowledge your acceptance hereof by signing and returning one copy of this letter to my attention on or before the required date provided above.

Sincerely,

ASSOCIATED BANK



By: Charles A. Cafazza

ACCEPTED: 12/18, 2006

LTL BUILDING, LLC, a Missouri limited liability company

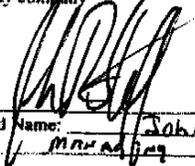

By: _____
Printed Name: John A. Stefan
Title: managing member

EXHIBIT A**Loan Closing Requirements**

To the extent required by Lender, each of the following shall be provided to Lender prior to any advances of proceeds of the Loan (or to the extent not available at such time, prior to the respective subsequent advance of loan proceeds), each of which must be in form and substance acceptable to Lender:

1. Duly executed original counterparts of all of the Loan Documents, including the loan agreement, promissory note, all security documents and guaranties, executed by all requisite parties including, without limitation, Borrower and Guarantor.
2. Opinion of Borrower's and Guarantors' counsel covering the authority of Borrower and all Guarantors, the validity and enforceability of Loan Documents, and such other matters as Lender or its counsel reasonably determines.
3. Certified copies of all organizational documents and authorizing resolutions of Borrower and entity Guarantors, together with good standing certificates issued by the appropriate secretary of state for each such entity.
4. Current financial statements of Borrower and Guarantors.
5. Detailed Budget of all project costs, including acquisition, development, construction and sale costs.
6. Detailed breakdown of all construction costs listing overhead and profit and general conditions as separate items.
7. A fully executed construction contract between Borrower and the general contractor (who shall be reasonably satisfactory to Lender) for the Project, providing for either a guaranteed maximum price or a stipulated sum, together with evidence of satisfactory general liability insurance coverage.
8. A fully executed contract between Borrower and the architect, the civil engineer and each other design professional under contract with Borrower or an affiliate of Borrower, providing services in connection with the Project, together with evidence of satisfactory errors and omissions, and general liability, insurance coverage.
9. Agreements from the general contractor and each design professional consenting to the assignment of their respective contracts to Lender and agreeing to continue and complete performance under their contracts without additional cost in the event of default or foreclosure.
10. A complete copy of all of the final plans and specifications for the subject project, as approved by Borrower, the architect, general contractor and the Construction Consultant.
11. Sworn statement of the general contractor listing all subcontractors and suppliers and the amounts of their subcontracts.
12. Copies of executed subcontracts and purchase orders confirming adequacy of cost breakdown for a minimum of 70% of contract price.

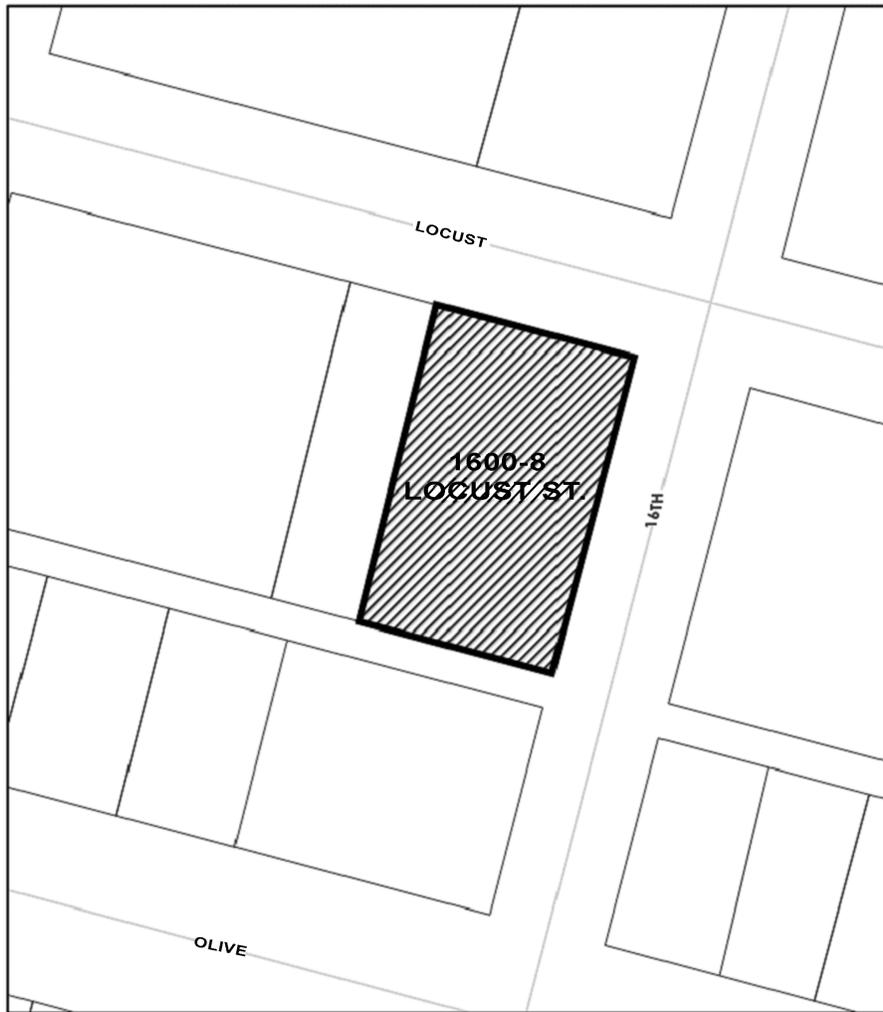
13. A fully executed Construction Escrow Disbursing Agreement, if required by Lender's disbursing agent, providing for the issuance of endorsements to Lender's loan policy of title insurance, advancing the effective date of the coverages provided by said policy to the last day of the period covered by each draw request, and such other matters as may be required by Lender.
14. Performance and Labor and Material Payment bonds (AIA Document A311, 1970 ed. forms) in the full amount of the construction contract naming Lender as dual obligee, as required by Lender.
15. Policies or evidence (on ACORD Form 27 or equivalent) that the following insurance coverage is in full force and effect: (i) Builder's completed value risk insurance, written on an "all-risk" basis, in non-reporting form with Lender named as loss payee and as mortgagee under standard mortgagee clause covering all work and materials (on and off-site), and (ii) comprehensive general liability insurance with limits satisfactory to Lender and naming Borrower as the insured and Lender as an additional insured.
16. ALTA Loan Policy of Title Insurance form-1992, with all standard exceptions deleted, no exceptions not approved by Lender, and with the following endorsements: zoning (ALTA Form 3.0); comprehensive (CLTA Form 100); future advances; survey; access; variable rate if applicable; and mechanic's lien coverage. A 3.1 zoning endorsement shall be required upon completion of construction.
17. Copies of all recorded plats and title exceptions.
18. Survey satisfying ALTA-ACSM minimum standard detail requirements, including all Table A requirements, and satisfying Missouri's minimum standards for outboundary land surveys.
19. Site plan including proposed location of improvements, parking areas, drives, utilities and easements on and off site (if any) in relation to all existing title exceptions and building set back requirements.
20. Flood plain certification by surveyor or engineer. If any portion of the subject property is in a flood plain, satisfactory flood insurance coverage naming Lender as mortgagee.
21. An appraisal of the subject property prepared by a qualified appraiser engaged by Lender indicating an as is and as-stabilized value acceptable to Lender.
22. Geotechnical report prepared by a qualified engineer satisfactory to Lender, together with architect's or structural engineer's certification that they have reviewed the report, that the design of the project and its foundations are suitable for the soil conditions, and that all of the report recommendations have been incorporated into the plans and specifications.
23. Environmental assessment reports regarding the Property were reviewed and approved by Lender in connection with the existing acquisition loan made by Lender.
24. Evidence that the Project has received all requisite approvals for the commencement and completion thereof in accordance with the Lender-approved plans and specifications, including without limitation, zoning approvals, variances, building permits, site plan approvals, curb cut approvals, storm water drainage approvals, and signage permits.

25. Letters from utility suppliers stating that adequate electric, gas, storm sewer, sanitary sewer and water facilities are available to Building F, and as required by Lender, the subject property in sufficient capacity for the subject project and that all required easements for off-site utility lines have been obtained.
26. Condominium declaration, and all amendments, if any.
27. Condominium plat.
28. Draft organizational documents for condominium association (articles of incorporation, certificate of incorporation, bylaws, appointment of initial directors, initial action of board of directors).
29. Form condominium original sale certificate.
30. Form condominium unit reservation agreement.
31. Form condominium sale agreement.
32. Standard form lease for retail space.
33. Proforma unit release price schedule.
34. Copies of all condominium unit reservation agreements and condominium sale contracts, including amendments.
35. Copies of all leases and all agreements with any tenant including amendments and side letters, and subordination and attornment agreements and tenant estoppel certificates as required by Lender.
36. Copy of management agreement, if any.
37. Copy of development agreement between Borrower and developer.
38. Completed application for state historic tax credits.
39. Missouri Department of Economic Development letter and Department of Natural Resources certification of preliminary approval of state historic tax credits.
40. Tax credit cost certifications.
41. Commitment to purchase state historic tax credits.
42. State historic tax credit purchase agreement.
43. Copy of the Redevelopment Agreement and any amendments required there under, copies of all related ordinances of the City of St. Louis and any other documents or agreements pertaining to the Redevelopment Area (as defined in the Redevelopment Agreement).

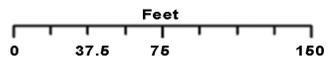
44. Opinion of Borrower's counsel covering enforceability of the Redevelopment Agreement, issuance of the TIF Notes, issuance of all tax credits (state, historic, etc.), and expected receipt of the same.
45. Copies of the mezzanine loan documents.
46. Copies of all draw requests/advances of mezzanine loan proceeds.
47. Such additional items as Lender or its counsel may reasonably require.

**APPENDIX 8
LEATHER TRADES BUILDING TIF REDEVELOPMENT PLAN
GENERAL LAND USES TO APPLY**

**APPENDIX 8
LEATHER TRADES BUILDING REDEVELOPMENT AREA
ST. LOUIS, MISSOURI
GENERAL LAND USES TO APPLY**



 Mixed-Use: Commerical and Residential



Approved: August 7, 2007