

ORDINANCE #65852
Board Bill No. 420
Floor Substitute

AN ORDINANCE RECOMMENDED BY THE BOARD OF ESTIMATE AND APPORTIONMENT OF THE CITY OF ST. LOUIS AND APPROVING AND AUTHORIZING THE CITY TO EXECUTE A DEVELOPMENT AGREEMENT WITH DRURY DEVELOPMENT CORPORATION; AUTHORIZING AND APPROVING THE CREATION OF A TRANSPORTATION DEVELOPMENT DISTRICT TO FINANCE AND LEASE A PORTION OF THE PROJECT TO BE UNDERTAKEN BY DRURY DEVELOPMENT CORPORATION; AUTHORIZING AND APPROVING THE FORM OF AN ACCESS AND PARKING AGREEMENT BETWEEN THE CITY AND SUCH TRANSPORTATION DEVELOPMENT DISTRICT AND THE TAKING OF FURTHER ACTIONS WITH RESPECT THERETO; AUTHORIZING THE TAKING OF OTHER ACTIONS, APPROVAL AND EXECUTION OF OTHER DOCUMENTS NECESSARY OR DESIRABLE TO CARRY OUT AND COMPLY WITH THE INTENT HEREOF; 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, pursuant to the Land Clearance for Redevelopment Authority Law, Sections 99.300 to 99.660 of the Revised Statutes of Missouri, as amended (the "Act"), the City's Board of Aldermen, by Ordinance No. 64794 dated December 7, 1999 (the "Approving Ordinance"), approved a Blighting Study and Redevelopment Plan dated July 27, 1999 (the "Plan"), for the 408 Olive Street & 400 Washington Avenue Area (the "Area"), which Area is more fully described in the Plan; and

WHEREAS, the Land Clearance for Redevelopment Authority of the City of St. Louis, a public body corporate and politic established pursuant to the Act (the "LCRA"), duly advertised for redevelopment proposals for the Area; and

WHEREAS, Drury Development Corporation (the "Developer") caused Merchant's Laclede Redevelopment Corporation (the "Redeveloper") to submit a proposal dated October 15, 2002 (the "Proposal") for the rehabilitation of the building located within the Area at 408 Olive Street (the "Hotel Property") as an approximately 206-room Hilton Hotel with ground floor retail and 10th floor meeting rooms and ballrooms (the "Hotel Project"); and

WHEREAS, on October 22, 2002, by Resolution No. 02-LCRA-7256, the LCRA designated and selected the Redeveloper as redeveloper of the Hotel Property and authorized the execution of a Redevelopment Agreement therewith; and

WHEREAS, the Redeveloper's ability to undertake the Hotel Project is contingent upon the ability of the Developer and the City to provide financing for a parking facility adequate to support the Hotel Project; and

WHEREAS, the Developer proposes to design, develop and construct an approximately 415-car parking structure and right-of-way improvements at a cost of approximately \$6,350,000 (the "Garage Project") on a leased site at the northwest corner of Fourth and Olive Streets, which Garage Project will be financed in part by a transportation development district (the "District") to be created by the Developer pursuant to the Missouri Transportation Development District Act, Sections 238.200 to 238.275 of the Revised Statutes of Missouri, as amended (the "TDD Act"), and in part by payments made by the City to the District pursuant to an Access and Parking Agreement related to a portion of the Garage Project (the "Access and Parking Agreement"); and

WHEREAS, it is necessary and advisable and in the best interests of the City and the health, safety, morals and welfare of its residents and in accord with the public purposes specified in the Act and the Plan for the City to enter into a Development Agreement (the "Development Agreement") with the Developer with respect to the construction and financing of the Garage Project and, upon creation of the District, to enter into the Access and Parking Agreement with the District to provide for public parking within a portion of the Garage Project.

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

Section 1. The Board of Aldermen hereby ratifies and confirms its adoption of the Plan. The Board of Aldermen further finds and determines that it is necessary and desirable to enter into the Development Agreement with the Developer in order to implement the Garage Project and to enable the Redeveloper to carry out its proposal for development of the Hotel Project.

Section 2. The Board of Aldermen hereby approves, and the Mayor and Comptroller are hereby authorized and directed to execute, on behalf of the City, the Development Agreement between the City and the Developer, and the City Register is hereby authorized and directed to attest to the Development Agreement and to affix the seal of the City thereto. The Development Agreement shall be in substantially the form attached hereto as **Exhibit A**, with such changes therein as shall be approved by the officers of the City executing the same and as may be consistent with the intent of this Ordinance and necessary, desirable, convenient or proper in order to carry out the matters herein authorized.

Section 3. The Board of Aldermen hereby approves, and the Mayor and Comptroller are hereby authorized and directed to execute, on behalf of the City, the Access and Parking Agreement between the City and the District once the District has been

created, and the City Register is hereby authorized and directed to attest to the Access and Parking Agreement and to affix the seal of the City thereto. The Access and Parking Agreement shall be in substantially the form set forth as Exhibit E to the Development Agreement attached hereto as **Exhibit A**, with such changes therein as shall be approved by the officers of the City executing the same and as may be consistent with the intent of this Ordinance and necessary, desirable, convenient or proper in order to carry out the matters herein authorized.

Section 4. The Mayor and Comptroller or their designated representatives are hereby authorized and directed to take any and all actions to execute and deliver for and on behalf of the City any and all additional certificates, documents, agreements or other instruments as may be necessary, desirable, convenient or proper in order to carry out the matters herein authorized. The Mayor and Comptroller or their designated representatives are hereby further authorized and directed to make any changes to the documents and instruments approved and authorized by this Ordinance as may be consistent with the intent of this Ordinance and necessary, desirable, convenient or proper in order to carry out the matters herein authorized.

Section 5. 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.

Clerk, Board of Aldermen

President, Board of Aldermen

Approved: _____ Date: _____

Mayor

Truly Engrossed and Enrolled

EXHIBIT A

Form of Development Agreement (Attached hereto.)

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this "*Agreement*"), is made and entered into as of the ____ day of _____, 2003, by and between the **CITY OF ST. LOUIS, MISSOURI**, (the "*City*"), a city and political subdivision duly organized and existing under its charter and the Constitution and laws of the State of Missouri, and **DRURY DEVELOPMENT CORPORATION**, (the "*Company*"), a corporation duly organized and existing under the laws of the State of Missouri.

WHEREAS, the Company desires to design, develop and construct a 206-room Hilton Hotel (the "*Hotel Project*"), by rehabilitating the site of the existing Merchant's Laclede Building at the southwest corner of Fourth and Olive Streets in the City, which site is legally described in **Exhibit A**, attached hereto and incorporated herein by reference (the "*Hotel Property*"); and

WHEREAS, the Company's tentative decision to undertake the Hotel Project is contingent upon the ability of the Company and the City to provide financing for a parking facility adequate to support the Hotel Project; and

WHEREAS, the Company proposes to design, develop and construct an approximately 415-car parking structure and right-of-way improvements at a cost of approximately \$6,350,000 (the "*Garage Project*") at the northwest corner of Fourth and Olive Streets on a leased site legally described in **Exhibit B**, attached hereto and incorporated herein by reference (the "*Garage Property*"), which Garage Project will be financed in part by a transportation development district to be created by the Company pursuant to the Missouri Transportation Development District Act, Sections 238.200 to 238.275 of the Revised Statutes of Missouri, as amended (the "*TDD Act*"), and in part by payments to be made by the City to the District pursuant to an Access and Parking Agreement related to a portion of the Garage Project (the "*Access and Parking Agreement*"); and

WHEREAS, the City and the Company desire to formalize and memorialize the City's commitment to the Company with respect to the creation of the District and the execution of the Access and Parking Agreement to facilitate the Hotel Project and the Garage Project.

NOW, THEREFORE, in consideration of the above premises and the mutual obligations of the parties hereto, each party hereby agrees as follows:

ARTICLE I CONSTRUCTION OF THE HOTEL PROJECT AND THE GARAGE PROJECT

Section 1.1 Company to Construct the Project. The Company agrees to advance all costs as necessary to acquire the Hotel Property and Garage Property (collectively, the "*Property*") and to design, develop and construct the Hotel Project and Garage Project (collectively, the "*Project*"), all subject to the Company's right to abandon the Project and to terminate this Agreement as set forth in **Section 4.1** of this Agreement. As part of the Garage Project, the Developer shall make a good faith,

commercially reasonable efforts to develop, market and lease the street level of the Garage Project for occupancy by businesses that engage in sales at retail.

Section 1.2 Project and Construction Schedule. The Company shall commence or cause the commencement of construction of the Project within twelve (12) months of the date of this Agreement, which Project shall be constructed in a good and workmanlike manner in accordance with the terms of this Agreement and the Concept Site Plan set forth in **Exhibit C**, attached hereto and incorporated herein by reference. The Company shall complete or cause the completion of the Project not later than December 31, 2005, absent an event of force majeure as provided for in **Section 4.5** of this Agreement. In the event of any delay caused by an event of force majeure, the Company shall be granted additional time to complete the Project up to and including December 31, 2007.

Section 1.3 Design Plans. Prior to the commencement of construction of the Garage Project, the Company shall submit to the St. Louis Development Corporation (the "SLDC"), for its approval, site plans (including landscaping), floor plans, elevations and outline specifications of exterior materials to be used with respect to the Garage Project (the "Design Plans"). The Company shall construct the Garage Project in accordance with the Design Plans submitted to and approved by the SLDC. The Design Plans shall be deemed approved unless the SLDC shall, within thirty (30) days following submission of such Design Plans, notify the Company in writing of its rejection, stating in detail the reasons that any portion of such Design Plans are not in substantial conformity with the provisions of this Agreement (including without limitation the requirements of **Section 1.1** of this Agreement to provide for street level retail) and applicable state and local laws and regulations. With respect to such portion or portions, if any, of the Design Plans that are rejected by the SLDC, the Company shall submit revised portions of the Design Plans, which shall be deemed approved unless rejected in the same manner as the original submission.

Section 1.4 Construction Contracts. The Company may enter into or cause to be entered into one or more construction contracts to complete the Project. Prior to the commencement of construction of any portion of the Project, the Company shall obtain or shall require that any of its contractors obtain workers' compensation, comprehensive public liability and builder's risk insurance coverage in amounts customary in the industry for similar type project. The Company shall require that such insurance be maintained by any of its contractors for the duration of the construction of such portion of the Project. To the extent that laws pertaining to prevailing wage and hour apply to any portion of the Project, the City and the Company agree to cooperate to take all actions necessary to apply for the wage and hour determinations and otherwise comply with such laws.

Section 1.5 Governmental Approvals. The City agrees to employ reasonable and good faith efforts to cooperate with the Developer and to expeditiously process and timely consider and respond to any and all applications for any site plan approvals, plat approvals, zoning changes, conditional use permits, variances, building permits, or other governmental approvals required for implementation of the Project, all in accordance with the applicable City ordinances and the laws of the State of Missouri, and to take all further actions on governmental approvals to effectuate this Agreement.

Section 1.6 Construction Practices; Design Plan Changes. All construction practices and procedures with respect to the Project shall be in conformity with all applicable state and local laws, ordinances and regulations. During the progress of the Project, the Company may make such reasonable changes, including without limitation modification of the construction schedule, including dates of commencement and completion, modification of the areas in which the Project is to be performed, relocation, expansion or deletion of items, revisions to the areas and scope of Project, and any and all such other changes as site conditions or orderly development may dictate or as may be necessary or desirable, in the sole determination of the Company, to enhance the economic viability of the Project; provided that the Company shall comply with all laws, regulations and ordinances of the City and that the Company shall not make any material changes to the Design Plans without the advance written consent of the SLDC. For purposes of this Section, "material changes" shall mean any change that (A) reduces the number of parking spaces for the Garage Project by more than five percent (5%); or (B) is reasonably expected to increase the total cost of the Garage Project by more than ten percent (10%); or (C) eliminates the possibility of developing the street level of the Garage Project for occupancy by businesses that engage in sales at retail; or (D) is a substantial change to the aesthetic treatments of the Garage Project, as reasonably determined by the SLDC.

Section 1.7 Certificate of Substantial Completion. Promptly after substantial completion of either the Garage Project or the Hotel Project or both, the Company shall furnish to the City a Certificate of Substantial Completion. The City shall, within thirty (30) days following delivery of the Certificate of Substantial Completion, carry out such inspections as it deems necessary to verify to its reasonable satisfaction the accuracy of the certifications contained in the Certificate of Substantial Completion. The Certificate of Substantial Completion shall be deemed accepted by the City unless, within thirty (30) days following delivery of the Certificate of Substantial Completion, the City furnishes the Company with specific written objections to the status of the Project, describing such objections and the measures required to correct such objections in reasonable detail. Upon acceptance of the Certificate of Substantial Completion by the City or upon the lapse of thirty (30) days after delivery thereof to the City without any written objections thereto, the Company may record the Certificate of Substantial Completion with the City's Recorder of Deeds, and the same shall constitute evidence of the satisfaction of the Company's agreement and covenant to construct and complete the Garage Project or the Hotel Project or both. The Certificate of Substantial Completion shall be in substantially the form attached as Exhibit D, attached hereto and incorporated by referenced herein.

ARTICLE II TRANSPORTATION DEVELOPMENT DISTRICT

Section 2.1 Company Actions. The City acknowledges that the Company, at its sole cost and expense, intends to advance all costs necessary to acquire a long-term leasehold interest in the Garage Property and design, develop and construct the Garage Project, subject to the creation of a transportation development district (the "District") to (A) finance the Garage Project through the issuance of transportation development revenue notes and/or bonds (the "TDD Obligations") and, (B) except as otherwise provided in **Section 4.4** of this Agreement, hold the rights and benefits of ownership of the Garage Project. The current budget for the Garage Project (exclusive of the costs associated with formation and administration of the District and the costs of issuance of

the TDD Obligations) is set forth in **Exhibit I**, attached hereto and incorporated herein by reference and is subject to change in accordance with **Section 1.5** of this Agreement. In the event that the Company seeks to form the District pursuant to the TDD Act, the Company shall create and operate the District in accordance with the following:

- A. The District's boundaries shall include without limitation the Hotel Property and the Garage Property.
- B. The District shall be authorized to issue the TDD Obligations in a principal amount of not to exceed \$6,350,000 plus related costs of the District, including without limitation the costs associated with formation and administration of the District and the costs of issuance of the TDD Obligations and accrued interest thereon.
- C. Upon issuance of the TDD Obligations, the District shall acquire the Garage Project from the Company and enter into the Access and Parking Agreement with the City as provided for in **Section 2.3** of this Agreement.
- D. The District shall be authorized to impose a transportation development district sales tax (the "*TDD Sales Tax*") in an amount not to exceed one percent (1%) on taxable sales within the District pursuant to Section 238.235 of the TDD Act, the net proceeds of which TDD Sales Tax shall be applied to debt service on the TDD Obligations. The District shall also be authorized to impose parking fees (the "*TDD Parking Fees*") for use of the Garage Project in accordance with Section 238.237 of the TDD Act, the net proceeds of which TDD Parking Fees shall also be applied to debt service on the TDD Obligations. So long as the District is exempt from the payment of the City's license tax levied pursuant to Ordinance No. 48871, as amended by Ordinance No. 56778, or any successor thereto (currently five percent (5%) of gross receipts), the TDD Parking Fees shall not include any amount for such license tax.
- E. The District's board of directors shall consist of five members, three of whom shall be nominated by the Company, one of whom shall be nominated by the Mayor of the City and one of whom shall be nominated by the Comptroller of the City.
- F. The District shall maintain accurate records of revenues received, which records shall be open to inspection by the City at all reasonable times.
- G. The District shall maintain its existence until all TDD Obligations have been paid in full, at which time the District shall dissolve and the TDD Sales Tax and TDD Parking Fees shall no longer be levied unless a subsequent project has been authorized by the District and approved by the City in accordance with the TDD Act.

Section 2.2 City's Actions. The City acknowledges that, in the event that the Company seeks to create the District, the City will be the local transportation authority required to approve the Garage Project in accordance with the TDD Act. The City further acknowledges the general economic benefit created by the construction of the Hotel Project and the Garage Project and the overall value to the community created by the Project. To that end, the City shall cooperate with the Company and the District as follows:

- A. The City shall in good faith cooperate with the Company in all proceedings relating to the creation and certification of the District and shall not object to the Company's petition for the creation of the District.
- B. The City shall approve the Garage Project identified in the Concept Site Plan as a "*project*" within the meaning of the TDD Act.
- C. The City may, through the Board of Estimate and Apportionment, appoint one non-voting advisor to the District's board of directors having the authority and rights set forth in Section 238.220.4 of the TDD Act.
- D. The City acknowledges and agrees that, upon the District's acquisition of the Garage Project from the Company, the District, as a separate political subdivision of the State of Missouri, shall be exempt from payment of the City's license tax levied pursuant to Ordinance No. 48871, as amended by Ordinance No. 56778, or any successor thereto (currently five percent (5%) of gross receipts).

Section 2.3 Access and Parking Agreement. The City and the Company acknowledge and agree that the City shall enter into the Access and Parking Agreement with the District, which Access and Parking Agreement shall constitute a mutually satisfactory agreement between the City and the District regarding development and future maintenance of the Garage Project in accordance with Section 238.222 of the TDD Act. The City and the Company further acknowledge and agree that the Access and Parking Agreement shall also constitute a contract pertaining to the transfer of ownership and control of the Garage Project from the District to the City in accordance with Section 238.275 of the TDD Act. The Access and Parking Agreement shall be in substantially the form of **Exhibit E**, attached hereto and incorporated herein by reference, and shall contain the following terms:

- A. The term of the Access and Parking Agreement shall expire at the end of the calendar month that includes the date that is the later of: (1) the satisfaction in full of all TDD Obligations; or (2) the end of the reasonably expected economic life of the Parking Garage, as determined by a qualified engineer or architect licensed in the State of Missouri.
- B. As long as any TDD Obligations are outstanding, the District may impose TDD Parking Fees on the Garage Project.
- C. As long as any TDD Obligations are outstanding, the District shall make a minimum of 200 parking spaces (as measured during normal business hours) available to the general public (the "*Public Portion of the Garage Project*") and may retain the remainder of the parking spaces within the Garage Project for the exclusive use of the Hotel Project (the "*Hotel Portion of the Garage Project*"). Upon satisfaction in full of all TDD Obligations, the entire Garage Project shall be made available

to the general public for the remainder of the term of the Access and Parking Agreement. The City acknowledges that it has agreed to enter into the Access and Parking Agreement for the overall benefit of the community and that the commitment to make available the Public Portion of the Garage Project does not constitute a specific economic benefit from the Company to the City.

D. On or before the last day of each month, the City shall make monthly access payments to the District in an amount equal to seventy five percent (75%) of the revenues reported as having been received during the immediately preceding month from the following sales taxes imposed by the City within the boundaries of the District: (1) the City's general municipal sales tax levied pursuant to Ordinance No. 62884, or any successor thereto (currently 0.375%), (2) the City's general municipal sales tax levied pursuant to Ordinance No. 55497, as amended by Ordinance Nos. 57179 and 57979, or any successor thereto (currently 1.000%), (3) the City's transportation sales tax levied pursuant to Ordinance No. 56553, or any successor thereto (currently 0.500%), and (4) the City's capital improvements sales tax levied pursuant to Ordinance No. 62285, or any successor thereto (currently 0.500%).

E. On or before the tenth (10th) day of each month, the District shall certify to the City the amount of the monthly access payment due on or before the last day of the month, which certification (the "*Certificate of Access Payment Due*") shall be calculated based upon the amount of taxable sales identified upon each TDD Sales Tax Return received by the District during the immediately preceding month. The District's Certificate of Access Payment Due shall be in substantially the form of **Exhibit F**, attached hereto and incorporated herein by reference.

F. The District shall apply all access payments received from the City to debt service on the TDD Obligations.

ARTICLE III TDD OBLIGATIONS

Section 3.1 Conditions Precedent to Issuance of TDD Obligations. No TDD Obligations shall be issued until such time as the City has received the following:

A. A Certificate of Substantial Completion for the Garage Project, which has been approved by the Company's architect or engineer for the Garage Project; and

B. A Certificate of Reimbursable Transportation Project Costs in substantially the form of **Exhibit G**, attached hereto and incorporated herein by reference, which has been approved by the Company's architect or engineer for the Garage Project and by the District.

Section 3.2 Issuance of TDD Obligations by the District. Upon satisfaction of the conditions set forth in **Section 3.1** of this Agreement, the Company shall cause the District to issue the TDD Obligations up to the maximum amount set forth in **Section 2.1(B)** of this Agreement. The TDD Obligations shall bear interest at a rate per annum not to exceed the 30-year treasury rate (as published in the *Wall Street Journal* on the date of issuance of the TDD Obligations) plus two and one-half percent (2½%), compounded monthly, provided that in no event shall the interest rate on the TDD Obligations exceed ten percent (10%) per annum. The TDD Obligations shall have a stated maturity of not longer than forty (40) years from the date of issuance; however, the parties acknowledge and agree that it is the intention of the Company to cause the District to issue TDD Obligations that have a stated maturity of thirty (30) years from the date of issuance.

Section 3.3 Use of District's Available Revenues for Redemption of TDD Obligations. The Company shall cause the District to deposit the net proceeds of the TDD Sales Tax, the net proceeds of the TDD Parking Fees and all revenues from the City's access payments under the Access and Parking Agreement (collectively, such monies on deposit in such segregated funds shall be referred to herein as "*Available Revenues*"), into separate segregated accounts. Subject to annual appropriation, Available Revenues shall be pledged to repayment of the TDD Obligations. The Company intends to apply the contributions of Available Revenues from the District as repayment of the TDD Obligations to reimburse the Company for its increases to permanent working capital through the Company's construction of the Garage Project. The District's obligations under this Section shall be the exclusive responsibility of the District payable solely out of District funds and property as provided in the TDD Act and shall not constitute a debt or liability or general obligation of the City, the Company, the State of Missouri or any agency or political subdivision thereof. The District shall not be obligated to pledge any funds other than those specifically pledged to repayment of the TDD Obligations as provided for in this Section.

Section 3.4 Covenant to Appropriate Available Revenues. Pursuant to the TDD Act, the Company shall cause the District to perform all functions incident to the administration, levy, collection, enforcement and operation of the TDD Sales Tax and TDD Parking Fees or to provide for the performance of such functions. Furthermore, the Company shall cause the officer of the District at any time charged with the responsibility of formulating budget proposals to include in the budget proposal submitted to the District for each fiscal year that the TDD Obligations are outstanding a request for an appropriation of Available Revenues for application to the payment of the TDD Obligations. Any funds appropriated as a result of such a request are pledged by the District to payment of the TDD Obligations. If, within thirty (30) days after the end of the District's fiscal year, the District's board of directors fails to adopt a budget, the District shall be deemed to have adopted a budget that provides for application of the Available Revenues collected in such fiscal year in accordance with the budget for the prior fiscal year.

Section 3.5 Cooperation in the Collection of TDD Sales Tax. The Company agrees to cooperate and take all reasonable actions necessary to cause the TDD Sales Tax to be paid by those retail businesses operating within the District that are subject to the TDD Sales Tax. The Developer (or its successor in interest as an owner of affected portions of the real property located within the District) shall require in any conveyance of property by deed, or in each tenant's lease or other agreement with the Developer pursuant to which a retailer occupies a portion of the real property located within the District, certain provisions regarding the reporting and payment of the TDD Sales Tax and their consent thereto. This requirement shall be a covenant running with the

land and shall be enforceable for such period as if such purchaser or other transferee or possessor thereof were originally a party to this Agreement.

Section 3.6 Repeal of TDD Sales Tax and TDD Parking Fees. As long as the TDD Obligations are outstanding, the Company shall not cause the District to repeal or reduce the TDD Sales Tax unless such repeal or reduction will not impair the District's ability to repay the TDD Obligations that are outstanding and unless there is also a pro-rata reduction of the City's monthly access payments provided for in the Access and Parking Agreement and **Section 2.3(D)** of this Agreement. Upon satisfaction in full of the TDD Obligations, the Company shall cause the District to immediately implement the procedures in the TDD Act for repeal of the TDD Sales Tax and the TDD Parking Fees and abolishment of the District; provided, however, such procedures shall not be implemented if the District, with the prior written consent of the City, has approved another project pursuant to the TDD Act. Upon repeal of the TDD Sales Tax and the TDD Parking Fees, (a) all or a portion of any Available Revenues on deposit in the segregated accounts attributable to the TDD Sales Tax and the TDD Parking Fees shall be applied to the final payment of the District's administrative costs, and, thereafter, any such Available Revenues shall be retained until such time as the District is abolished and the District's board of directors has provided for the transfer of any such Available Revenues in a manner permitted by the TDD Act. Upon satisfaction in full of the TDD Obligations, the City's obligation to make monthly access payments provided for in the Access and Parking Agreement and **Section 2.3(D)** of this Agreement shall also cease.

ARTICLE IV. GENERAL PROVISIONS

Section 4.1 Company's Right of Termination. At any time prior to the delivery of the Certificate of Substantial Completion, the Company may, by giving written notice to the City, abandon the Project and terminate this Agreement and the Company's obligations hereunder if the Company determines, in its sole discretion, that the Project is no longer economically feasible. Upon such termination, the City shall have no obligation to enter into the Access and Parking Agreement or to otherwise assist the Company in financing the Garage Project or to otherwise reimburse the Company for any amounts advanced under this Agreement or costs otherwise incurred or paid by Company.

Section 4.2 City's Right of Termination. The City may terminate this Agreement if the Company fails to submit its Certificate of Substantial Completion, acceptable to the City, in accordance with **Section 1.6** of this Agreement and the schedule set forth in **Section 1.2** of this Agreement. Upon termination of this Agreement for any reason, the City shall have no obligation to enter into the Access and Parking Agreement or to otherwise assist the Company in financing the Garage Project or to otherwise reimburse the Company for any amounts advanced under this Agreement or costs otherwise incurred or paid by Company.

Section 4.3 Successors and Assigns. This Agreement shall be binding on and shall inure to the benefit of the parties named herein and their respective heirs, administrators, executors, personal representatives, successors and assigns. Without limiting the generality of the foregoing, all or any part of the Property or any interest therein may be sold, transferred, encumbered, leased, or otherwise disposed of at any time, and the rights of the Company named herein or any successors in interest under this Agreement or any part hereof may be assigned at any time before, during or after substantial completion of the Project, whereupon the party disposing of its interest in the Property or assigning its interest under this Agreement shall be thereafter released from further obligation under this Agreement (although any such Property so disposed of or to which such interest pertains shall remain subject to the terms and conditions of this Agreement), provided that until substantial completion of the Project, the fee title to the Property or any leasehold interest in the Property greater than thirty (30) years shall not be sold, transferred or otherwise disposed of and the rights, duties and obligations of the Company under this Agreement shall not be assigned in whole or in part without the prior written approval of the City, which approval shall not be unreasonably withheld or delayed upon a reasonable demonstration by the Company of the proposed transferee's or assignee's experience and financial capability to undertake and complete such portions of the Project and perform the Company's obligations in accordance with this Agreement. Notwithstanding anything herein to the contrary, the City hereby approves, and no prior consent shall be required in connection with: (a) the right of the Company to encumber or collaterally assign its interest in the Property or any portion thereof to secure loans, advances or extensions of credit to finance or from time to time refinance all or any part of the costs of the Project, or the right of the holder of any such encumbrance or transferee of any such collateral assignment (or trustee or agent on its behalf) to transfer such interest by foreclosure or transfer in lieu of foreclosure under such encumbrance or collateral assignment; (b) the right of the Company to assign its rights, duties and obligations under this Agreement to any party related to the Company by one of the relationships described in **Section 267(b)** of the United States Internal Revenue Code of 1986, as amended; provided that in each such event (i) the Company named herein (DRURY DEVELOPMENT CORPORATION) shall remain liable hereunder for the substantial completion of the Project and shall be released from such liability hereunder only upon substantial completion of the Project and (ii) the Company provides to the City fifteen (15) days' advance written notice of the proposed assignment or transfer.

Section 4.4 Income Tax Considerations. The Company acknowledges that, for all purposes, the District shall hold all the rights and benefits of ownership of the Garage Project, except that for financial reporting and federal income tax purposes only, the Company shall retain the benefits of ownership. The Company also acknowledges that the contributions of Available Revenues from the District as repayment of the TDD Obligations are intended to benefit the community at large by encouraging visitors through the redevelopment of the Property. The contributions of Available Revenues shall be used by the Company as reimbursements for its additions to permanent working capital through its construction of the Garage Project.

Section 4.5 Remedies. Except as otherwise provided in this Agreement and subject to the Company's and the City's respective rights of termination, in the event of any default in or breach of any term or conditions of this Agreement by either party, or any successor, the defaulting or breaching party (or successor) shall, upon written notice from the other party specifying such default or breach, proceed immediately to cure or remedy such default or breach, and shall, in any event, within thirty (30) days after receipt of notice, cure or remedy such default or breach. In the event that the defaulting or breaching party (or successor) diligently and in good faith commences to cure or remedy such default or breach but is unable to cure or remedy such default or breach within thirty (30) days after receipt of notice, the defaulting or breaching party (or successor) shall, prior to the end of such thirty (30) days, provide notice to the other party that it has in good faith commenced to cure or remedy such default or breach, whereupon the

defaulting or breaching party (or successor) shall have an additional thirty (30) days to cure or remedy such default or breach. In case such cure or remedy is not taken or not diligently pursued, or the default or breach shall not be cured or remedied prior to the end of the additional thirty (30) day period, the aggrieved party may institute such proceedings as may be necessary or desirable in its opinion to cure and remedy such default or breach, including without limitation proceedings to compel specific performance by the defaulting or breaching party.

Section 4.6 Force Majeure. Neither the City nor the Company nor any successor in interest shall be considered in breach or default of their respective obligations under this Agreement, and times for performance of obligations hereunder shall be extended (but with respect to the times for performance set out in **Section 1.2** of this Agreement, only to the extent provided therein and established thereunder) in the event of any delay caused by force majeure, including without limitation damage or destruction by fire or casualty; strike; lockout; civil disorder; war; restrictive government regulations; lack of issuance of any permits and/or legal authorization by the governmental entity necessary for the Company to proceed with construction of the Project or any portion thereof; shortage or delay in shipment of material or fuel; acts of God; unusually adverse weather or wet soil conditions; or other like causes beyond the parties' reasonable control, including without limitation any litigation, court order or judgment resulting from any litigation affecting the validity of the District, the TDD Obligations, this Agreement or the Access and Parking Agreement; provided that such event of force majeure shall not be deemed to exist as to any matter initiated or sustained by the Company in bad faith, and further provided that the Company notifies the City in writing within thirty (30) days of the commencement of such claimed event of force majeure.

Section 4.7 Notices. Any notice, demand or other communication required by this Agreement to be given by either party hereto to the other shall be in writing and shall be sufficiently given or delivered if dispatched by certified United States first class mail, postage prepaid, or delivered personally,

In the case of the Company, to:

Drury Development Corporation
8315 Drury Industrial Parkway
St. Louis, Missouri 63114
Attention: Jacqueline Pollvogt

With a copy to:

Armstrong Teasdale LLP
One Metropolitan Square
Suite 2600
St. Louis, Missouri 63102
Attention: James E. Mello

In the case of the City, to:

City of St. Louis
City Hall
1200 Market Street
St. Louis, Missouri 63103
Attention: Mayor, Room 200
Attention: Comptroller, Room 212

With a copy to:

St. Louis Development Corporation
1015 Locust Street
Suite 1200
St. Louis, Missouri 63101
Attention: Executive Director

And

City Counselor
City of St. Louis
1200 Market Street, Room 314
St. Louis, Missouri 63103
Attention: Patricia A. Hageman

or to such other address(es) with respect to either party as that party may, from time to time, designate in writing and forward to the other as provided in this paragraph.

Section 4.8 Inspection. The City may conduct such periodic inspections of the Project as may be generally provided in the building code of the City. In addition, the Company shall allow other authorized representatives of the City reasonable access to the Property from time to time upon advance notice prior to the completion of the Project for inspection thereof. The Company shall not unreasonably deny the City and its officers, employees, agents and independent contractors the right to inspect, upon request, all architectural, engineering, demolition, construction and other contracts and documents pertaining to the construction of the Project as the City determines is reasonable and necessary to verify the Company's compliance with the Concept Site Plan, the Design Plans

and the terms of this Agreement.

Section 4.9 Choice of Law. This Agreement shall be taken and deemed to have been fully executed, made by the parties in, and governed by the laws of State of Missouri for all purposes and intents.

Section 4.10 Entire Agreement; Amendment. The parties agree that this Agreement constitutes the entire agreement between the parties and that no other agreements or representations other than those contained in this Agreement have been made by the parties. This Agreement shall be amended only in writing and effective when signed by the authorized agents of the parties.

Section 4.11 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall constitute one and the same instrument.

Section 4.12 Severability. In the event any term or provision of this Agreement is held to be unenforceable by a court of competent jurisdiction, the remainder shall continue in full force and effect, to the extent the remainder can be given effect without the invalid provision.

Section 4.13 Representatives Not Personally Liable. No elected or appointed official, agent, employee or representative of the City shall be personally liable to the Company in the event of any default or breach by any party under this Agreement, or for any amount which may become due to any party or on any obligations under the terms of this Agreement.

Section 4.14 Release and Indemnification. The indemnifications and covenants contained in this Section shall survive termination or expiration of this Agreement.

A. The Developer releases from and covenants and agrees that the City and its governing body members, officers, agents, attorneys, employees and independent contractors shall not be liable for, and agrees to indemnify and hold harmless the City, its governing body members, officers, agents, attorneys, employees and independent contractors against any and all claims, demands, liabilities and costs, including reasonable attorneys' fees, costs and expenses, arising from damage or injury, actual or claimed (excluding consequential and punitive damages), to persons or property occurring or allegedly occurring as a result of any negligent or malicious acts or omissions of the Company, its officers, agents, attorneys, employees and independent contractors, in connection with its or their activities conducted pursuant to this Agreement.

B. The City and its governing body members, officers, agents, attorneys, employees and independent contractors shall not be liable for any damage or injury to the persons or property of the Company or its officers, agents, employees, independent contractors or any other persons who may be about the Property or the Project except for matters arising out of the gross negligence or willful misconduct of the City and its governing body members, officers, agents, attorneys, employees and independent contractors.

C. All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any of its governing body members, officers, agents, attorneys, employees or independent contractors in their individual capacities.

D. The Developer releases from and covenants and agrees that the City, its governing body members, officers, agents, attorneys, employees and independent contractors shall not be liable for, and agrees to indemnify and hold the City, its governing body members, officers, agents, attorneys, employees and independent contractors, harmless from and against any and all third party suits, interest, claims and cost of reasonable attorneys fees incurred by any of them, resulting from, arising out of, or in any way connected with: (i) the enforcement of this Agreement, the validity of the TDD Obligations or the enforcement or validity of any other agreement or obligation made in connection therewith and their approvals (excluding opinions of the City's counsel whenever such claim is based on such party's own negligence); (ii) the negligence or willful misconduct of the Company or its officers, agents, employees or independent contractors in connection with the design, management, development, redevelopment and construction of the Project, or (iii) the compliance by the Company with all applicable state, federal and local environmental laws, regulations and ordinances as applicable to the Property, to the extent such condition existed prior to the acquisition thereof by the Company. The foregoing release and indemnification shall not apply in the case of such liability arising directly out of the negligence or malicious acts or omissions of the City or its governing body members, officers, agents, attorneys, employees and independent contractors in connection with its or their activities conducted pursuant to this Agreement or which arises out of matters undertaken by the City following termination of this Agreement as to the Project or any particular portion thereof.

Section 4.15 Survival. Notwithstanding the expiration or termination or breach of this Agreement by either party, the agreements contained in Sections 3.3, 3.4, 3.5, 3.6, 4.7, 4.9, 4.10, 4.11, 4.12, 4.13, 4.14, 4.15, 4.16, 4.17 and 4.18 and Article V of this Agreement shall, except as otherwise expressly set forth herein, survive such early expiration or early termination of this Agreement by either party.

Section 4.16 Maintenance of the Property. The Company shall remain in compliance with all provisions of the City's ordinances relating to maintenance and appearance of the Property during the construction of the Project or any portion thereof. Upon substantial completion of the Project and so long as any TDD Obligations are outstanding, the Company or its successor(s) in interest, as owner or owners of the affected portion(s) of the Property, shall, during the remainder of the term of this Agreement (but subject to any delay caused by an event of force majeure as provided in Section 4.5 of this Agreement), maintain or cause to be maintained the buildings and improvements located on the Property which it owns in a good state of repair and attractiveness and in conformity with applicable state and local laws, ordinances and regulations. If there are separately-owned or ground leased parcels of real estate on the Property during the term of this Agreement, each owner or lessee as a successor in interest to the Company shall maintain or cause to be maintained the buildings and improvements on its parcel in a good state of repair and attractiveness and in conformity with applicable state and local laws, ordinances and regulations, and shall maintain or cause to be maintained reasonable

casualty and liability insurance with respect to the same in accordance with Section 1.3 of this Agreement.

Section 4.17 Non-Discrimination. The Company agrees that, during the term of this Agreement and as an independent covenant running with the land, there shall be no discrimination upon the basis of race, creed, color, national origin, sex, age, marital status or physical handicap in the sale, lease, rental, occupancy or use of any of the facilities under its control within the Property or any portion thereof and said covenant may be enforced by the City or the United States of America or any of their respective agencies. The Company further agrees that a provision containing the covenants of this paragraph shall be included in all agreements pertaining to the lease or conveyance or transfer (by any means) of all or a portion of the Property and any of the facilities under its control within the Property. Except as provided in this Section, the Company shall have no obligation to enforce the covenants made by any transferee or lessee, tenant, occupant or user of any of the facilities within the Property.

Section 4.18 Fair Employment. Without limiting any of the foregoing, the Company voluntarily agrees to observe the Equal Opportunity and Nondiscrimination Guidelines set forth as Exhibit H, attached hereto and incorporated herein by reference. By execution of this Agreement, the Company certifies and agrees that it is under no contractual or other disability that would materially impair its ability to observe the Guidelines set forth as Exhibit H, attached hereto and incorporated herein by reference.

ARTICLE V. REPRESENTATIONS OF THE PARTIES

Section 5.1 Representations of the City. The City hereby represents and warrants that the City has full constitutional and lawful right, power and authority, under current applicable law, to execute, deliver and perform the terms and obligations of this Agreement. All expenditures of City funds contemplated in this Agreement are hereby appropriated from currently available funds of the City. The City expressly acknowledges that this Agreement is not conditioned on (A) receipt of any federal or State grant or loan or (B) an appropriation not within the current City's fiscal year. Accordingly, this Agreement constitutes the legal, valid and binding obligation of the City, enforceable in accordance with its terms.

Section 5.2 Representations of the Company. The Company hereby represents and warrants that the Company has full corporate power to execute and perform the terms and obligations of this Agreement, and all of the foregoing has been duly and validly authorized by all necessary corporate proceedings, as evidenced by a certified copy of a good standing certificate and resolution of Company authorizing the purchase of the Property. This Agreement constitutes the legal, valid and binding obligations of the Company, enforceable in accordance with its terms.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the City and the Company have caused this Agreement to be executed in their respective names and the City has caused its seal to be affixed thereto, and attested as to the date first above written.

“CITY”:

CITY OF ST. LOUIS, MISSOURI

By: _____ Mayor

By: _____ Comptroller

(SEAL)

Attest:

City Register

Approved as to Form:

City Counselor

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

On this _____ day of _____, 2003, before me appeared Francis G. Slay, to me personally known, who, being by me duly sworn, did say that he is the Mayor of the CITY OF ST. LOUIS, MISSOURI, a political subdivision of the State of Missouri, and that the seal affixed to the foregoing instrument is the seal of said City, and said instrument was signed and sealed in behalf of said City by authority of its Board of Aldermen, and said individual acknowledged said instrument to be the free act and deed of said City.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

Notary Public

(SEAL)

My Commission Expires:

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

On this _____ day of _____, 2003, before me appeared Darlene Green, to me personally known, who, being by me duly sworn, did say that she is the Comptroller of the CITY OF ST. LOUIS, MISSOURI, a political subdivision of the State of Missouri, and that the seal affixed to the foregoing instrument is the seal of said City, and said instrument was signed and sealed in behalf of said City by authority of its Board of Aldermen, and said individual acknowledged said instrument to be the free act and deed of said City.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

Notary Public

(SEAL)

My Commission Expires:

“COMPANY”:

DRURY DEVELOPMENT CORPORATION

By: _____
Name: _____
Title: _____

STATE OF _____)
) SS
COUNTY OF _____)

On this _____ day of _____, 2003, before me appeared _____, to me personally known, who, being by me duly sworn, did say that he is the _____ of DRURY DEVELOPMENT CORPORATION, a Missouri corporation, and that he is authorized to sign the instrument on behalf of said company, and acknowledged to me that he executed the within instrument as said company's free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

Notary Public

(SEAL)

My Commission Expires:

EXHIBIT A

Legal Description of Hotel Property

A tract of land being part of City Block 100 of the City of St. Louis, Missouri, and being more particularly described as follows: Beginning at a found “+” in concrete marking the intersection of the Southerly right-of-way line of Olive Street, 60 feet wide, and the Westerly right-of-way line of 4th Street, 85 feet wide; thence South 17 degrees 00 minutes 00 seconds West along said Westerly right-of-way line of 4th Street, 116.09 feet to the Southeasterly corner of a tract of land conveyed to W.K. Woods Stationary Company as recorded in Book 433 Page 508 of the St. Louis City Recorder of Deeds; thence North 72 Degrees 56 minutes 43 seconds West along the Northerly line of said Stationary tract, 127.52 feet to the Westerly line of a 15 foot alley; thence North 17 degrees 00 minutes 00 seconds East along said Westerly line, 116.23 feet to said Southerly right-of-way line of Olive Street; thence South 72 degrees 52 minutes 58 seconds East 127.52 feet to the point of beginning.

EXHIBIT B

Legal Description of Garage Property

PARCEL 1: A Lot of ground in Block Ninety-Nine (99) of the City of St. Louis, fronting fifty-seven (57) feet one (1) inch, more or less, on the West line of Fourth Street by a depth Westwardly of one hundred twenty-two (122) feet six and three-eighths (6-3/8) inches, more or less, to an alley twelve (12) feet wide, more or less, conditionally dedicated by instruments recorded in Book 782 Page 13 and in Book 771 Page 378. Bounded South by Olive Street and North by property now or formerly of Robert MCK Jones, et al., Trustees.

PARCEL 2: A Lot in Block 99 of the City of St. Louis, fronting 57 feet, more or less, on the West line of Fourth Street, by a depth Westwardly of 120 feet, more or less, to an alley; bounded on the South by a line 57 feet 1 inch North of the North line of Olive Street, and on the North by property conveyed to Daniel Catlin by Wm. Lucas, et al., by Deed recorded in Book 959 Page 245.

EXHIBIT C

Concept Site Plan
(Attached hereto.)

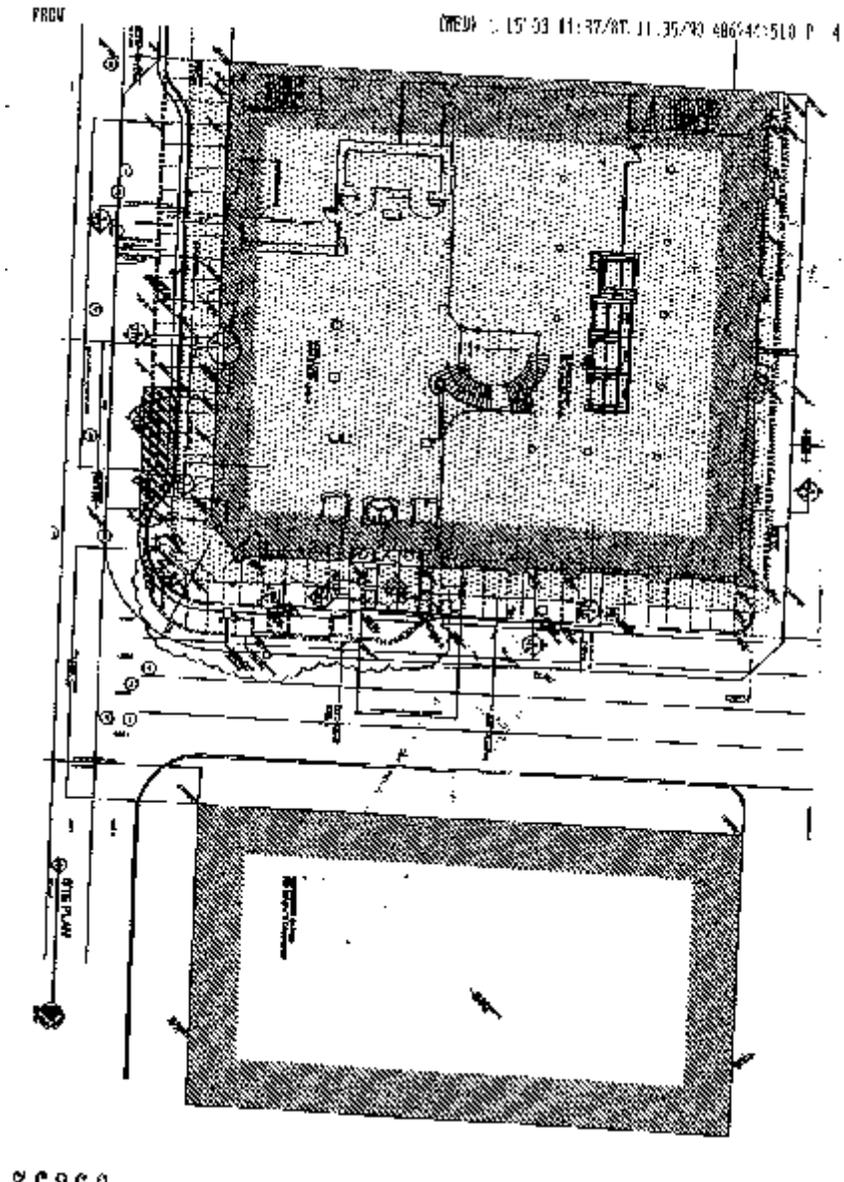


EXHIBIT D

Form of Certificate of Substantial Completion

The undersigned, Drury Development Corporation, a Missouri corporation (the "Company"), pursuant to that certain Development Agreement dated as of _____, 2003, by and between the City of St. Louis, Missouri (the "City"), and the Company, as may be amended (the "Agreement"), hereby certifies to the City as follows:

1. As of _____, 20__, the construction and implementation of the [Garage] [Hotel] Project (as defined in the Agreement) has been substantially completed in accordance with the Agreement.
2. Construction and implementation of the [Garage] [Hotel] Project has been performed in a workmanlike manner and in accordance with the Concept Site Plan and the construction plans developed pursuant to Section 1.5 of the Agreement.
3. This Certificate of Substantial Completion is being submitted by the Company to the City to evidence the Company's satisfaction of all obligations and covenants with respect to the [Garage] [Hotel] Project.
4. The City's approval of this Certificate of Substantial Completion shall evidence the satisfaction of the Company's agreements and covenants to perform the [Garage] [Hotel] Project.

Terms not otherwise defined herein shall have the meaning ascribed to such terms in the Agreement.

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand this _____ day of _____, 20__.

**DRURY DEVELOPMENT CORPORATION,
a Missouri corporation**

By: _____
Name: _____
Title: _____

PROJECT ENGINEER/ARCHITECT

By _____
Name: _____
Title: _____

ACCEPTED:

ST. LOUIS DEVELOPMENT CORPORATION

By: _____
Name: _____
Title: _____

CITY OF ST. LOUIS, MISSOURI

By: _____
Name: _____
Title: _____

EXHIBIT E

Form of Access and Parking Agreement
(Attached hereto.)

ACCESS AND PARKING AGREEMENT

THIS ACCESS AND PARKING AGREEMENT (this "Agreement") is made and entered into as of the ____ day of _____, 2003, by and between the _____ **TRANSPORTATION DEVELOPMENT DISTRICT**, a political subdivision duly organized and existing under the laws of the State of Missouri (the "District"), and the **CITY OF ST. LOUIS, MISSOURI**, a city and political subdivision duly organized and existing under its charter and the Constitution and laws of the State of Missouri (the "City").

Recitals:

1. The District has acquired from Drury Development Corporation, a Missouri corporation, a leasehold interest in certain real estate described on **Exhibit A**, attached hereto and incorporated herein by reference, upon which real estate Drury Development Corporation will design, develop and construct a Parking Garage (as defined in **Section 1** of this Agreement).
2. Upon completion of construction of the Parking Garage, the District intends to issue the Bonds (as defined in **Section 1** of this Agreement) in a principal amount sufficient to finance the Parking Garage and related costs of the District, including

without limitation the costs of issuance of the Bonds and accrued interest thereon. The contribution by the District towards the construction of the Parking Garage is intended to reimburse Drury Development Corporation for the construction of the Parking Garage.

3. Preliminary conceptual drawings of the Parking Garage are set forth on **Exhibit C**, attached hereto and incorporated herein by reference.

4. The City and the District desire to enter into this Agreement in order to acknowledge the general economic benefit and value to the community created by the construction of the Hotel Project and the Garage Project and to provide for public access to a certain portion of the parking spaces within the Parking Garage on the terms set forth herein. The City acknowledges that it is entering into this Agreement for the overall benefit of the community and that the commitment to make parking spaces available to the public does not constitute a specific economic benefit to the City or the District.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, receipt and sufficiency of which are acknowledged, the District and the City hereby agree as follows:

Section 1. Definitions. In addition to the capitalized terms defined elsewhere in this Agreement and in the Recitals, the following capitalized terms used in this Agreement shall have the meanings ascribed to them in this Section.

Access Payment. The amount payable by the City under **Section 4.1** of this Agreement.

Agreement. This Parking Garage Agreement made and entered into as of the ____ day of _____, 2003, by and between the District and the City.

Anniversary Date. The date that commences each one-year period after the Effective Date during the Term hereof.

Bonds. The transportation development revenue notes and/or bonds issued by the District pursuant to the Bond Financing.

Bond Financing. The issuance of Bonds by the District to finance the construction of the Parking Garage.

Bond Repayment Period. The period commencing upon the Effective Date and ending not more than forty (40) years thereafter.

Bond Trustee. The trustee for the Bonds designated pursuant to the Bond Financing.

Certificate of Access Payment Due. The District's certification to the City as to the amount of the Access Payment due on or before the last day of each month, as provided for in **Section 4.1** of this Agreement, which certification shall be in substantially the form of **Exhibit D**, attached hereto and incorporated herein by reference.

City. The City of St. Louis, Missouri, a city and political subdivision duly organized and existing under its charter and the Constitution and laws of the State of Missouri.

Cleaning & Maintenance Obligations. Janitorial and cleaning services (including, without limitation, sweeping, trash can upkeep, trash removal, and cleaning of elevator, stairs and sidewalks), replacement of light bulbs, snow removal, landscaping, maintenance of exit and emergency lights, periodic re-painting (including, without limitation, re-striping, curb re-painting and re-painting of signs), repair and replacement of access control systems and equipment, and, unless specifically included as a Maintenance & Repair Obligation hereunder, any other repair or replacement with a reasonably expected useful life of no more than two (2) years.

Company. Drury Development Corporation, a Missouri corporation, or its permitted successors and assigns.

Design Plans. The Design Plans approved in accordance with the Development Agreement.

Development Agreement. The Development Agreement dated _____, 2003, between the Company and the City.

District. The _____ Transportation Development District, a political subdivision duly organized and existing under the laws of the State of Missouri.

District's Notice. The written notice provided by the District to the City of an upcoming Notice Deadline, which written notice must be provided no more than one hundred eighty (180) days nor less than ninety (90) days prior to the Notice Deadline.

Effective Date. The first date on which all of the conditions set forth in **Sections 2.1 and 2.2** of this Agreement shall have been satisfied or waived hereunder.

Environmental Laws. Any federal, state or local law, statute, regulation, rule or ordinance or amendments thereto, and all applicable judicial, administrative or regulatory decrees, judgments or orders relating to the protection of human health or the environment, including, without limitation, The Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601 et seq. ("CERCLA"), as amended, the Resource, Conservation and Recovery Act, as amended, 42 U.S.C. 6901 et seq. ("RCRA"), the Toxic Substances Control Act, 15 U.S.C. Sections 2601-2671, the Clean Air Act, 42 U.S.C. Sections 7401 et seq., and the Federal Water Pollution Control Act, 33 U.S.C. Sections 1251 to 1387, as the foregoing may be amended from time to time.

Event of Non-Appropriation. Any of the events described in **Section 14.1** of this Agreement.

Force Majeure. Delays as a result of acts of God, war, civil disturbance, governmental action (including the revocation or refusal to grant licenses or permits, where such revocation or refusal is not due to the fault of the party whose performance is to be excused for reasons of Force Majeure), strikes, lockouts, boycotts, embargoes, fire, casualty or any other causes beyond the reasonable control of either party.

Garage Construction Contract. The construction contract to be entered into between Company and the construction contractor selected by Company, as contemplated by the Development Agreement.

Garage Contractor. The construction contractor named in the Garage Construction Contract.

Garage Property. The leased property legally described in **Exhibit A**, attached hereto and incorporated herein by reference.

Governmental Approvals. Any and all governmental licenses, permits, consents or other approvals necessary or desirable for the design, construction, development, improvement, financing, operation or maintenance of the Parking Garage.

Ground Lease. The Ground Lease between the District and the Company pertaining to the Garage Property.

Hotel Parking Spaces. The portion of the Parking Spaces within the Parking Garage retained by the District for the exclusive use of the Hotel Project, as required by the Ground Lease.

Hotel Project. An approximately 206-room Hilton Hotel to be designed, developed and constructed by the Company in accordance with the Development Agreement.

Hotel Property. The property legally described in **Exhibit B**, attached hereto and incorporated herein, upon which the Company will design, develop and construct the Hotel Project.

Legal Requirements. Any federal, state, or local law, code, rule, ordinance, regulation, or order of any governmental authority or agency having jurisdiction over the business or operation of the Parking Garage, including, without limitation, the following: (i) any buildings, zoning, or use laws, ordinances, regulations, or orders; and (ii) Environmental Laws.

Maintenance & Repair Obligations. Routine maintenance and repairs to elevator, stairs and sidewalks, initial striping and painting of curbs and signs immediately following the construction of the Parking Garage, sealants, penetrating sealer, drainage maintenance, power washing, maintenance, repairs and replacements to all building systems other than access control systems (including, without limitation, electrical, HVAC, elevator, and piping), maintaining property insurance for the Parking Garage in accordance with Section 8 hereof, structural repairs or improvements, de-lamination of the concrete decks, repair or replacement of structural beams, failure of façade systems, and, unless specifically included as a Cleaning & Maintenance Obligation hereunder, any other repairs or improvements with a reasonably expected life of more than two (2) years.

Parking Garage. A parking facility, located on the Garage Property, consisting of approximately 415 automobile parking spaces, which parking facility is described by those certain preliminary conceptual drawings set forth as **Exhibit C**, attached hereto and incorporated herein by reference, and the Design Plans approved in accordance with the Development Agreement.

Parking Spaces. All automobile parking spaces located within the Parking Garage, consisting of the Hotel Parking Spaces and the Public Parking Spaces.

Property. The Garage Property and the Hotel Property, all of which is located within the boundaries of the _____ Transportation Development District.

Public Parking Spaces. The portion of the Parking Spaces within the Parking Garage available to the general public, as provided for by this Agreement, which portion shall be a minimum of 200 of the Parking Spaces as measured during normal business hours.

Qualified Engineer. A person or firm who is a qualified expert in the field of structural engineering and experienced with other first-class facilities within the St. Louis metropolitan area.

Reasonably Expected Economic Life. A period of time expressed in years beginning on the Effective Date of the Agreement and ending on the anniversary of the Effective Date next succeeding the date that the Parking Garage is reasonably expected to no longer have any economic value, as certified by a Qualified Engineer selected by the District. Prior to the Bond Financing, such Qualified Engineer shall determine the Reasonably Expected Economic Life and shall provide written notification thereof to both parties hereto.

Taxes. All ad valorem taxes and other governmental assessments and charges, general and special, ordinary and extraordinary, of any kind whatsoever (including those levied or assessed by either party hereto), attributable or allocable to the Parking Garage.

TDD Act. The Missouri Transportation Development District Act, Sections 238.200 to 238.275 of the Revised Statutes of Missouri, as amended.

TDD Sales Tax. The transportation development district sales tax to be imposed by the District pursuant to Section

238.235 of the TDD Act.

Term. The period commencing on the Effective Date and, unless otherwise terminated hereunder prior thereto, continuing until the end of the calendar month that includes that date that is the later of: (i) the end of the Reasonably Expected Economic Life; or (ii) the end of the Bond Repayment Period.

Section 2. Access to Parking Garage.

2.1 The District's obligations under this Agreement are contingent upon and shall become effective only upon the satisfaction or waiver of all of the following conditions (including the material satisfaction of all required time limitations):

- a. The Company and the District mutually agree upon terms of and execute a ground lease with respect to the Garage Property within twelve (12) months following the date of execution of the Development Agreement;
- b. The Company and Garage Contractor mutually agree upon terms of and execute the Garage Construction Contract within twelve (12) months following the date of execution of the Development Agreement;
- c. The Company and the District obtain all Governmental Approvals related to design, development, construction and financing of the Parking Garage;
- d. The District determines, in its sole discretion, that the design, development, construction financing and operation of the Parking Garage (including any and all costs of environmental remediation and utilities relocation) are economically feasible and provides the City with written notice thereof prior to the Bond Financing; and
- e. The Bond Financing.

Notwithstanding anything to the contrary herein, the time limitations required by the foregoing conditions shall be subject to Force Majeure, and the District may waive any one or more of the foregoing conditions by providing written notice thereof to the City. Upon the satisfaction or waiver of all of the foregoing conditions, the District shall promptly provide written notice thereof to the City.

2.2 The City's obligations under this Agreement are contingent upon and shall become effective only upon the satisfaction or waiver of all of the following conditions (including the material satisfaction of all required time limitations):

- a. The Company and the District mutually agree upon terms of and execute a ground lease with respect to the Garage Property within twelve (12) months following the execution of the Development Agreement; and
- b. The Garage Contractor completes the construction of the Parking Garage and reasonable certification of such completion is delivered to the City on or before December 31, 2005, absent an event of Force Majeure or, in the event of a delay caused by an event of Force Majeure, on or before December 31, 2007, all as provided for in the Development Agreement.

Notwithstanding anything to the contrary herein, the time limitations required by the foregoing conditions shall be subject to Force Majeure, and the City may waive any one or more of the foregoing conditions by providing written notice thereof to the District. Upon the satisfaction or waiver of all of the foregoing conditions, the City shall promptly provide written notice thereof to the District.

2.3 Commencing on the Effective Date, the District hereby grants, conveys and sets over to the City, for the use and benefit of the public, a non-exclusive easement for parking over and upon the Public Parking Spaces within the Parking Garage upon the terms and conditions hereinafter set forth. Not later than thirty (30) days prior to each Anniversary Date, the District shall notify the City in writing of the number of Public Parking Spaces within the Parking Garage for the upcoming one-year period, which number shall not be less than 200 as measured during normal business hours. At the end of the Bond Repayment Period, all Parking Spaces shall be deemed Public Parking Spaces for the remaining Term of the Agreement.

2.4 The District shall retain all operational control of the Parking Garage and shall have the continuing right to operate the Parking Garage, including the right to establish the parking fees to be charged therein in accordance with the TDD Act. The District shall make the Public Parking Spaces available to the City for use by the general public. At the end of the Bond Repayment Period, the District shall make the Hotel Parking Spaces available to the City upon the same terms and conditions as the District makes the Public Parking Spaces available to the City for use by the general public. The District shall, and shall cause its agents and contractors to, comply with all Legal Requirements in connection with its operation of the Parking Garage, including without limitation complying with all sales tax and other reporting obligations required pursuant to the Development Agreement or any applicable federal, state or local laws.

2.5 The District shall, and shall cause its agents and contractors to, comply with all Legal Requirements in connection with the design, development, construction, maintenance and improvement of the Parking Garage.

Section 3. Easements Appurtenant. All easements granted hereunder shall be appurtenant to the property benefited by such easement and shall constitute a covenant running with the land.

Section 4. Access Payments.

4.1 Within thirty (30) days following the Effective Date, and, thereafter, on or before the last day of each month during the Bond Repayment Period, the City shall, subject to annual appropriation, make Access Payments to the District in an

amount equal to seventy five percent (75%) of the revenues reported as having been received during the immediately preceding month from the following sales taxes imposed by the City within the Property: (1) the general municipal sales tax levied pursuant to Ordinance No. 62884, or any successor thereto (currently 0.375%), (2) the general municipal sales tax levied pursuant to Ordinance No. 55497, as amended by Ordinance Nos. 57179 and 57979, or any successor thereto (currently 1.000%), (3) the transportation sales tax levied pursuant to Ordinance No. 56553, or any successor thereto (currently 0.500%), and (4) the capital improvements sales tax levied pursuant to Ordinance No. 62285, or any successor thereto (currently 0.500%).

On or before the tenth (10th) day of each month, the District shall provide the City the Certificate of Access Payment Due, which shall be calculated based upon the amount of taxable sales identified upon each TDD Sales Tax Return received by the District during the immediately preceding month. The District's Certificate of Access Payment Due shall be in substantially the form of **Exhibit D**, attached hereto and incorporated herein by reference.

In the event that the District reduces the TDD Sales Tax is reduced below the rate of one percent (1%), the City's Access Payments shall be reduced on a pro-rata basis. For example, if the TDD Sales Tax is reduced to one half percent (½%), the City's Access Payments shall be in an amount equal to thirty seven and one half percent (37½%) of the revenues identified in this Section.

4.2 Each Access Payment shall be due on or before the last day of the calendar month during which the City receives a Certificate of Access Payment Due; provided, however, that, if the District fails to provide such Certificate of Access Payment Due on or before the tenth (10th) day of a particular month, the due date for such Access Payment shall be extended by the number of days late that such Certificate of Access Payment Due was submitted.

4.3 In the event that, at any time during the Term hereof, the City is unable to use any of the Public Parking Spaces as a result of the acts or omissions of the District or Company or their respective employees, agents or contractors or as a result of fire, flood or other casualty, the parties agree that there will be a pro rata reduction of Access Payments during the applicable period of such lost use based on the number of Public Parking Spaces that cannot be used.

Section 5. Parking Garage Operation and Maintenance.

5.1 Except as otherwise provided herein, during the Term hereof, the District shall perform, or cause to be performed, all obligations connected with or arising out of owning, occupying, managing or using the Parking Garage or any part thereof, including without limitation the payment of all expenses required for the operation of the Parking Garage, Taxes and assessments, if any, or payments in lieu thereof, utility charges and expenses, and the like, all as and when the same shall become due and payable.

5.2 During the Term hereof, the District shall be solely responsible for and bear, pay and discharge, before the delinquency thereof, all Taxes and assessments, general and special, if any, which may be lawfully taxed, charged, levied, assessed or imposed upon or against or be payable for or in respect of the Parking Garage, including any taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and further including all water and sewer charges, assessments and other general governmental charges and impositions whatsoever, foreseen or unforeseen, which if not paid when due would impair the interest of the City or encumber the Parking Garage or the Garage Property. The sole exception shall be that, for the federal income tax and financial reporting purposes, the Company shall retain the economic benefits of ownership.

5.3 The District shall perform all Cleaning & Maintenance Obligations for the Parking Garage in accordance with the same standards used for other first-class parking garages in the St. Louis metropolitan area. The District shall perform all Maintenance & Repair Obligations in accordance with the same standards used for other first-class parking garages in the St. Louis metropolitan area.

Section 6. Assignment. The District shall not assign its interest in this Agreement without the prior written consent of the City; provided, however, this Agreement may be assigned by the District to the Bond Trustee without the necessity of obtaining the City's consent. The City shall not assign its interest in this Agreement without the prior written consent of the District and the Bond Trustee.

Section 7. Dispute Resolution Process.

7.1 The District and the City agree that, in the event of a disagreement concerning the matters described herein, they shall negotiate, in good faith, in an attempt to resolve such disagreement for a period of at least sixty (60) days following receipt of notice from either party setting forth the specifics of the disagreement and the relief requested.

7.2 Should the District and the City be unable to resolve such disagreement through good faith negotiation, the District and the City agree to attempt in good faith to resolve such disagreement through mediation administered by an organization offering commercial mediation services. Unless otherwise agreed all mediation proceedings shall be conducted in the City of St. Louis, Missouri.

7.3 The District and the City may seek an adjudication of the controversy by the Circuit Court of the City of St. Louis, Missouri, and the prevailing party therein shall be entitled to recover all costs and expenses, including reasonable legal fees and expenses associated therewith.

Section 8. District Requirements. The District acknowledges that, pursuant to the Development Agreement and such other agreements as may be entered into between the District and the Company, the District shall require that any and all funds received by the Company from the District or through other means as repayment of the Bonds in relation to the Parking Garage and the Hotel Project (as defined in the Development Agreement) are intended to benefit the community at large by encouraging visitors through the redevelopment of the Property. Such funds shall be used by the Company as reimbursement for its additions to

permanent working capital through the construction of the Parking Garage.

Section 9. Insurance. At all times during the construction of the Parking Garage and any improvements thereto, the District shall maintain or shall cause the Company to maintain, with insurance companies of recognized responsibility, a minimum of the following: (a) property insurance written on a builder's risk "all-risk" or equivalent policy form in the amount of the replacement cost of the Parking Garage; (b) general liability insurance against claims for bodily injury, death, or property damage occurring on, in, or about the Garage Property and automobile liability insurance on vehicles operated in conjunction with the Parking Garage, with a combined single limit for each occurrence of not less than \$1,000,000.00; (c) garage keeper's comprehensive and collision insurance against liability for damage to automobiles of others in the care, custody, or control of the District or the operator of the Parking Garage, with limits as customarily carried by operators of such facilities in the St. Louis metropolitan area; and (d) worker's compensation and employer's liability insurance as may be required under applicable law covering any employees retained in connection with the operation of the Parking Garage. At all times during the Bond Repayment Period, the District shall maintain or shall cause the Company to maintain, with insurance companies of recognized responsibility, a minimum of the following: (i) property insurance in the amount of the greater of the full insurable value of the Parking Garage or the outstanding principal amount of the Bonds; and (ii) general liability insurance against claims for bodily injury, death, or property damage occurring on, in, or about the Garage Property.

Section 10. Casualty; Condemnation.

10.1 If, during the Term, the Parking Garage is damaged by fire, flood or other casualty and the cost to repair and/or replace such damage does not exceed \$100,000, the District shall, with all reasonable diligence, repair and/or replace the damaged portion of the Parking Garage to the same condition as existed previously. In the event that the cost to repair and/or replace such damaged portion of the Parking Garage exceeds \$100,000, the District may, in its reasonable discretion, determine whether it is practical to make such repairs and/or replacements. To the extent that such repairs and/or replacements are determined by the District to be impractical, Access Payments hereunder shall abate for the remainder of the Term in a reasonable and just proportion to the untenability of the Parking Garage. To the extent available, proceeds from the insurance described in **Section 9** of this Agreement shall be applied to the repairs and/or replacements made by the District hereunder.

10.2 Notwithstanding any provision of **Section 10.1** of this Agreement to the contrary, if, during the Bond Repayment Period, the Parking Garage is damaged or destroyed, in whole or in part, by fire or other casualty, to such extent that a claim for loss (including any deductible amount pertaining thereto) resulting from such damage, destruction or taking is greater than \$100,000, the District shall promptly notify the City and the Bond Trustee in writing as to the nature and extent of such damage or loss and whether it is practicable and desirable to rebuild, repair, restore or replace such damage or loss.

The District shall proceed promptly with and complete with reasonable dispatch such rebuilding, repairing, restoring or replacing of the Garage Property damaged or destroyed so as to place the Parking Garage in substantially the same condition as existed prior to the event causing such damage or destruction, with such changes, alterations and modifications as will not impair the utility of the Parking Garage. The District will cause the proceeds of any insurance claim, title insurance or other award from a challenge or threat of legal or equitable action related to the title or use of the Parking Garage to be applied as provided in this Section. If such proceeds received with respect to any such damage or loss to the Parking Garage exceed \$100,000, such proceeds shall be paid to the Bond Trustee and shall be deposited into an insurance fund to be established with and held by the Bond Trustee and shall be used and applied for the purpose of paying the cost of such rebuilding, repairing, restoring or replacing such damage or loss. The Bond Trustee shall be authorized to disburse money from the insurance fund as so directed by the District upon receipt of a requisition certificate or certificates therefor signed by the District. If such proceeds are not sufficient to pay in full the costs of such replacement, repair, rebuilding or restoration, the District shall nonetheless complete the work thereof and shall pay the portion of the costs thereof in excess of the amount of such proceeds.

If the District determines that the repair, restoration, modification or improvement of the Parking Garage is not economically feasible or in the best interests of the District but the proceeds are sufficient to fully defease the Bonds, then, in lieu of making such repair, restoration, modification or improvement, the District shall promptly pay to the Bond Trustee the amount of proceeds sufficient to fully defease the Bonds.

Section 11. Remedies. All rights and remedies of the District herein enumerated shall be cumulative, and none shall exclude any other right or remedy allowed by law. In addition to the other remedies provided in this Agreement, the District shall be entitled to the restraint by injunction of the violation or attempted violation of any of the covenants, agreements or conditions of this Agreement, and the District shall be entitled to recover all direct damages arising out of or caused by the City's violation of any of the covenants, agreements or conditions of this Agreement.

If the City defaults in making any of the Access Payments or in paying any other amount due hereunder and such default continues for ten (10) days after the City receives written notice thereof from the District, or if the City defaults in the prompt and full performance of any other provision of this Agreement, and if such other default continues for thirty (30) days after the City receives written notice thereof from the District; provided, however, that if such failure cannot be cured within such thirty (30) day period, then such period shall be reasonably extended to permit such cure so long as the City commences such cure immediately following such notice and continues to use its best efforts to complete such cure to completion within a reasonable period, or if the interest of the City be levied upon under execution or be attached by process of law and such levy or attachment is not removed or bonded over within sixty (60) days after such levy or attachment (it being agreed that the City shall not be entitled to the benefit of such period if such levy or attachment could in the District's reasonable judgment place the Parking Garage at risk), then, and in any such event, the District may, at its election, either terminate this Agreement and the City's right of access to the Parking Garage. Nothing herein shall relieve the City of any obligation, including the obligation to make Access Payments or to pay any other amount due hereunder. Notwithstanding anything to the contrary herein, for purposes of this Agreement, an Event of Non-Appropriation (as defined in **Section 14.1** of this Agreement) shall not constitute a default in the payment of any amount due hereunder.

If the District elects to terminate this Agreement pursuant to this Section, the District shall forthwith upon such termination be entitled to recover an amount equal to the damages sustained by the District as a result of the City's default hereunder.

Section 12. Indemnification and Release. To the extent permitted by law, the District agrees to indemnify, defend, and hold the City, its employees, agents, and independent contractors and consultants harmless from and against any and all suits, claims, costs of defense, damages, injuries, liabilities, and costs and/or expenses, including court costs and reasonable attorneys' fees and expenses, resulting from, arising out of, or in any way connected with: (i) the development and construction of the Parking Garage, including liability under any Environmental Laws; and (ii) the negligence or willful misconduct of the District or the Company or their respective employees, agents or independent contractors in connection with the management, development, and construction of the Parking Garage. To the extent permitted by law, the City agrees to indemnify, defend, and hold the District its employees, agents, and independent contractors harmless from and against any and all suits, claims, damages, injuries, liabilities, and costs and/or expenses, including court costs and reasonable attorneys' fees and expenses, resulting from, arising out of, or in any way connected with the negligence or willful misconduct of the City, its employees, agents, and independent contractors and consultants, or arising from a default by the City of its obligations hereunder. The indemnifications set forth in this Section shall survive termination or expiration of this Agreement.

Section 13. Consents and Cooperation.

13.1 Wherever in this Agreement the consent or approval of the District or the City is required, such consent or approval shall not be unreasonably withheld, delayed or conditioned, shall be in writing and shall be executed by a duly authorized officer or agent of the party granting such consent or approval. Further, the District and the City agree to take such reasonable actions as may be necessary both to carry out the terms, provisions and intent of this Agreement, and to aid and assist each other in carrying out such terms, provisions and intent.

13.2 The City shall cooperate with the District and the Company in all aspects of the predevelopment, design, construction, improvement, financing, operation and maintenance of the Parking Garage, including without limitation, the following: (a) allowing the Company and Garage Contractor to use, at no fee or other charge, such areas of Olive and Fourth Streets in St. Louis, Missouri, as reasonably necessary for staging construction of the Parking Garage, provided, however, that through-traffic shall be maintained on Olive and Fourth Streets at all times; (b) acknowledging the District's exemption from payment of the City license tax levied pursuant to Ordinance No. 48871, as amended by Ordinance No. 56778, or any successor thereto (currently five percent (5%) of gross receipts); (c) expediting the performance of any and all inspections and the processing and approval of any and all permits, licenses and other entitlements and authorizations, including, without limitation, any and all Governmental Approvals; (d) expediting the review, processing and approval of any and all plans, drawings and other documents and materials; and (e) using its best efforts to assist in facilitating the Bond Financing, including, without limitation, cooperating with the agents, representatives and attorneys of the District and Company in connection therewith and entering into an agreement to provide continuing disclosure of information in compliance with all applicable Federal rules and regulations related to the Bond Financing.

Section 14. Non-Appropriation

14.1 In the event that the City through the Board of Aldermen shall not appropriate, specifically with respect to this Agreement, on or before the end of each fiscal year that this Agreement is in effect, moneys sufficient to pay all Access Payments reasonably estimated to become due for the next one-year period following an Anniversary Date, an Event of Non-Appropriation shall be deemed to have occurred. In the event that during the Term, any Access Payment shall become due which was not included in the City's current budget, or which exceeds the amounts which were included therefor in the City's current budget, then, in the event that moneys are not specifically appropriated to pay such Access Payment within sixty (60) days subsequent to the date upon which such Access Payment is due, an Event of Non-Appropriation shall be deemed to have occurred.

14.2 Notwithstanding **Section 14.1** of this Agreement, an Event of Non-Appropriation shall not be deemed to have occurred hereunder if, in each consecutive month subsequent to that in which an event described in **Section 14.1** of this Agreement occurs, Access Payments are timely paid hereunder for the remainder of the Term.

14.3 If an Event of Non-Appropriation occurs, the City shall not be obligated to make the Access Payments or any other payments provided for herein; provided, however, that the City shall continue to be liable for Access Payments allocable to any period during which the City shall continue to have a right of access to the Garage Property.

14.4 The City covenants and warrants that the officer or official of the City at any time charged with the responsibility of formulating budget proposals is hereby directed to include in the budget proposal submitted to the Board of Aldermen of the City of St. Louis, for each fiscal year that this Agreement is in effect, a request for an appropriation of Access Payments and all other amounts due hereunder for such fiscal year. Any funds appropriated as the result of such a request shall be transferred by the City to the District at the times and in the manner provided in **Sections 4.1 and 4.2** of this Agreement.

Section 15. Miscellaneous.

15.1 Representations and Warranties of the District. The District hereby represents and warrants to the City that: (i) the District is authorized to enter into and perform this Agreement and each agreement to be executed and performed by the District, pursuant to this Agreement; (ii) this Agreement was duly authorized by the governing body of the District; and (iii) this Agreement is binding upon, and enforceable against the District, in accordance with its terms.

15.2 Representations and Warranties of the City. The City hereby represents and warrants to the District that: (i) the City is authorized to enter into and perform this Agreement and each agreement to be executed and performed by the City pursuant to this Agreement; (ii) this Agreement was duly authorized by the governing body of the City; and (iii) this Agreement is binding upon, and enforceable against the City, in accordance with its terms.

15.3 Warranty; Right to Make Agreement. The District and the City each warrant to the other with respect to itself that neither the execution of this Agreement nor the finalization of the transactions contemplated hereby shall: (i) violate any provision of law or judgment, writ, injunction, order or decree of any court or governmental authority having jurisdiction over it; (ii) result in or constitute a breach or default under any indenture, contract, other commitment or restriction to which it is a party or by which it is bound; or (iii) require any consent, vote or approval which has not been taken, or at the time of the transaction involved shall not have been given or taken.

15.4 Relationship. Neither this Agreement nor any agreements, instruments, documents, or transactions contemplated hereby shall in any respect be interpreted, deemed or construed as making either party hereto a partner, joint venturer with, or agent of the other party. The District and the City agree that neither party will make any contrary assertion, claim or counterclaim in any action, suit, arbitration or other legal proceedings involving the District and the City.

15.5 Applicable Law. This Agreement shall be taken and deemed to have been fully executed, made by the parties in, and governed by, the laws of the State of Missouri.

15.6 Entire Agreement; Amendment. This Agreement constitutes the entire agreement between the District and the City with respect to the matters herein and no other agreements or representations other than those contained in this Agreement have been made by the parties. It supercedes all prior written or oral understandings with respect thereto. This Agreement shall be amended only in writing and effective when signed by the authorized agents of the District and the City and, if Bonds are issued and outstanding, approved by the Bond Trustee.

15.7 Counterparts. This Agreement is executed in multiple counterparts, each of which shall constitute one and the same instrument.

15.8 Severability. In the event any term or provision of this Agreement is held to be unenforceable by a court of competent jurisdiction, the remainder shall continue in full force and effect to the extent the remainder can be given effect without the invalid provision, unless the unenforceable or invalid term or provision is such that a court reasonably would find that the parties, or either of them, would not have entered this Agreement without such term or provision, or would not have intended the remainder of this Agreement to be enforced without such term or provision.

15.9 Notices. Any notice, demand, or other communication required by this Agreement to be given by either party hereto to the other shall be in writing and shall be sufficiently given or delivered if dispatched by certified mail, postage prepaid, or delivered personally as follows:

In the case of the District:

Transportation
Development District
c/o Drury Development Corporation
8315 Drury Industrial Parkway
St. Louis, Missouri 63114
Attention: Chairman

With a copy to:

Armstrong Teasdale LLP
One Metropolitan Square
Suite 2600
St. Louis, Missouri 63102
Attention: James E. Mello

In the case of the City, to:

City of St. Louis
City Hall
1200 Market Street
St. Louis, Missouri 63103
Attention: Mayor, Room 200
Attention: Comptroller, Room 212

With a copy to:

St. Louis Development Corporation
1015 Locust Street
Suite 1200
St. Louis, Missouri 63101
Attention: Executive Director

And

City Counselor
City of St. Louis

1200 Market Street, Room
St. Louis, Missouri 63103
Attention: Patricia A. Hageman

or to such other address with respect to either party as that party may, from time to time, designate in writing and forward to the other as provided in this Section.

15.10 Waiver. The failure of either party to insist upon a strict performance of any of the terms or provisions of this Agreement, or to exercise any option, right or remedy contained in this Agreement, shall not be construed as a waiver or as a relinquishment for the future of such term, provision, option, right or remedy, but the same shall continue and remain in full force and effect. No waiver by either party of any term or provision hereof shall be deemed to have been made unless expressed in writing and signed by such party.

IN WITNESS WHEREOF, the parties have caused this Access and Parking Agreement to be executed as of the date first written above.

**TRANSPORTATION
DEVELOPMENT DISTRICT**

By: _____
Name: _____
Title: _____

ATTEST:

Seal

By: _____
Name: _____
Title: _____

CITY OF ST. LOUIS, MISSOURI

By: Mayor _____

By: Comptroller _____

Attest:

Register

Approved as to form:

City Counselor

**EXHIBIT A TO ACCESS AND PARKING AGREEMENT
Legal Description of Garage Property**

(See Exhibit B to Development Agreement.)
Description of Garage Property on file in the Register's Office.

**EXHIBIT B TO ACCESS AND PARKING AGREEMENT
LEGAL DESCRIPTION OF HOTEL PROPERTY**

(See Exhibit A to Development Agreement.)
Description of Hotel Property on file in the Register's Office.

**EXHIBIT C TO ACCESS AND PARKING AGREEMENT
PRELIMINARY CONCEPTUAL DRAWINGS OF PARKING GARAGE**

(See Exhibit C to Development Agreement.)
Preliminary Conceptual Drawings of Parking Garage on file in the Register's Office.

**EXHIBIT D TO ACCESS AND PARKING AGREEMENT
CERTIFICATE OF ACCESS PAYMENT DUE**

(See Exhibit F to Development Agreement.)
Certificate of Access Payment Due on file in the Register's Office.

EXHIBIT F

Form of Certificate of Access Payment Due

I, the undersigned, being the [Treasurer] [Executive Director] of the _____ Transportation Development District, a Missouri political subdivision (the "District"), created in accordance with the Missouri Transportation Development District Act, Sections 238.200 to 238.275 of the Revised Statutes of Missouri, as amended (the "TDD Act"), hereby certifies to the City of St. Louis, Missouri (the "City"), as follows:

1. During the month ended _____, 20____, the District received _____ TDD Sales Tax Returns that identified a total of _____ in taxable sales occurring within the District.

2. Based upon such taxable sales as were reported during the immediately preceding month, the amount of tax generated from the City's general municipal sales tax levied pursuant to Ordinance No. 62884, or any successor thereto (currently 0.375%), the City's general municipal sales tax levied pursuant to Ordinance No. 55497, as amended by Ordinance Nos. 57179 and 57979, or any successor thereto (currently 1.000%), the City's transportation sales tax levied pursuant to Ordinance No. 56553, or any successor thereto (currently 0.500%), and the City's capital improvements sales tax levied pursuant to Ordinance No. 62285, or any successor thereto (currently 0.500%), was _____

3. After applying a timely payment discount of two percent (2%), the amount of tax due to the City during the immediately preceding month was _____.

4. Pursuant to the Access and Parking Agreement dated _____, 2003, between the City and the District, the City has agreed to make monthly access payments to the District in an amount equal to seventy five percent (75%) of the revenues reported as having been paid during the immediately preceding month from those City sales taxes identified in Paragraph 2 above.

5. Based upon the amount of tax due to the City during the immediately preceding month, as identified in Paragraph 3 above, the amount of the City's access payment due for this month is _____, which access payment is due on or before the last day of the month.

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand this _____ day of _____, 20____.

TRANSPORTATION DEVELOPMENT DISTRICT

By: _____
Name: _____
Title: _____

EXHIBIT G

Form of Certificate of Reimbursable Transportation Project Costs

To: City of St. Louis, Missouri
City Hall
1200 Market Street
St. Louis, Missouri 63103
Attention: Mayor
Attention: Comptroller
St. Louis Development Corporation
1015 Locust Street
Suite 1200
St. Louis, Missouri 63101
Attention: Executive Director

Re: Development Agreement between the City of St. Louis, Missouri (the "City"), and Drury Development Corporation (the "Company"), dated as of _____, 2003, as may be amended (the "Agreement")

Terms not otherwise defined herein shall have the meaning ascribed to such terms in the Agreement. In connection with said Agreement, the undersigned hereby states and certifies that:

1. Each item listed on Schedule 1 hereto is a Reimbursable Transportation Project Cost and was incurred in connection with the construction and implementation of the Garage Project.

2. These Reimbursable Transportation Project Costs have been incurred by the Company and are payable or reimbursable by the District as provided for in the Agreement.

3. Each item listed on Schedule 1 has not previously been paid or reimbursed by the District and no part thereof has been included in any other certificate previously filed with the District.

4. There has not been filed with or served upon the Company or the District any notice of any lien, right of lien or attachment upon or claim affecting the right of any person, firm or corporation to receive payment of the amounts stated in this request, except to the extent any such lien is being contested in good faith.

5. All necessary permits and approvals required for the portion of the Garage Project for which this certificate relates have been issued and are in full force and effect.

6. All work for which payment or reimbursement is requested has been performed in a good and workmanlike manner and in accordance with the Agreement.

Dated this _____ day of _____, 20____.

**DRURY DEVELOPMENT CORPORATION,
a Missouri corporation**

By: _____
Name: _____
Title: _____

PROJECT ENGINEER/ARCHITECT

By: _____
Name: _____
Title: _____

APPROVED FOR PAYMENT THIS ____ DAY OF _____, 20 ____ :

TRANSPORTATION DEVELOPMENT DISTRICT

By: _____
Name: _____
Title: _____

EXHIBIT H

Equal Opportunity and Nondiscrimination Guidelines

In any contract in connection with the Project related to any of the Property, the Company (which term shall include the Company, any transferees, lessees, designees, successors and assigns thereof, including without limitation any entity related to the Company by one of the relationships described in Section 267(b) of the United States Internal Revenue Code of 1986, as amended), its contractors and subcontractors shall comply with all federal, state and local laws, ordinances or regulations governing equal opportunity and nondiscrimination (the "Laws"). Moreover, the Company shall contractually require its contractors and subcontractors to comply with the Laws.

The Company and its contractors or subcontractors shall not contract with any party known to have been found in violation of the Laws.

The Company agrees for itself and its contractors and subcontractors that there shall be covenants to ensure that there shall be no discrimination on the part of the Company or its contractors and subcontractors upon the basis of race, color, creed, national origin, sex, marital status, age, sexual orientation or physical handicap in the sale, lease, rental, use or occupancy of any of the Property or any improvements constructed or to be constructed on the Property or any part thereof. Such covenants shall run with the land and shall be enforceable by the City and the United States of America, as their interest may appear in the Project.

The Company shall observe Executive Order #28 dated July 24, 1997, and any successor Executive Order thereto, relating to minority and women-owned business participation in City contracts.

The parties agree that the provisions of City Ordinance #60275, codified at Chapter 3.90 of the Revised Ordinances of the City of St. Louis, Missouri (the "First Source Jobs Policy"), does not specifically apply to the Company as a potential recipient of City funds pursuant to the Parking Garage Ground Lease. Nonetheless, the Company voluntarily agrees to make good faith efforts to observe the provisions of the First Source Jobs Policy related to the negotiation of an employment agreement with the St. Louis Agency on Training and Employment.

EXHIBIT I

Budget for Garage Project

**Merchant's Laclede Parking Garage
Projected Development Cost
Proposed 415-Space Parking Garage**

DEVELOPMENT COSTS

Lease Cost During Construction	\$ 135,000
Site Preparation	\$ 80,000
Legal & Miscellaneous	\$ 20,000
Acquisition & Site Costs	\$ 235,000

Parking Construction	spaces	415	
	Cost/Space	\$ 12,500	
Parking Construction			\$ 5,187,500
Project Management		\$ 350,000	
Survey, Soils, Title & Testing		\$ 50,000	
Legal Fees		\$ 50,000	
Interest Carry		\$ 75,000	
Right-of-Way Improvements-Olive & 4th St.		\$ 400,000	
Soft Project Costs			\$ 925,000
Total Project Cost			\$ 6,347,500

Approved: February 25, 2003

**ORDINANCE #65853
Board Bill No. 424**

An ordinance recommended by the Board of Public Service to vacate public surface rights for vehicle, equestrian and pedestrian travel on 1) Bancroft Ave. (including the portion formerly known as Melbourne Ave.) From the City Limit line eastwardly to River Des Peres and 2) Sutherland Ave. from the City Limit line eastwardly to River Des Peres in the City of St. Louis, Missouri, as hereinafter described, in accordance with Charter authority, and in conformity with Section 14 of Article XXI of the Charter and imposing certain conditions on such vacation.

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

SECTION ONE: The public surface rights of vehicle, equestrian and pedestrian travel, between the rights-of-way of:

A tract of land being part of Bancroft Avenue, 30 feet wide, (formerly Melbourne) in Section 34, Township 45 North, Range 6 East of the Fifth Principal Meridian, of the City of St. Louis, Missouri; said being more particularly described as follows:

Beginning at the intersection of the center line of Old River Des Peres with the northern line of Block 21 in Shrewsbury Park 4th Subdivision as recorded in Plat Book 13 page 118 of the City of St. Louis, Missouri Records; thence north 82 degrees 43 minutes 41 seconds west, along said northern line, a distance of 367.72 feet to a point on the western City Limits of St. Louis, Missouri; thence north 19 degrees 40 minutes 07 seconds west, along said western City Limits, a distance of 29.91 feet, to City Stone No. 59; thence north 17 degrees 25 minutes 10 seconds east, along said City Limits, a distance of 3.39 feet to a point, on the northern line of said Bancroft Avenue; thence south 82 degrees 43 minutes 41 seconds east, along said northern line, a distance of 346.48 feet to a point, on the said center line; thence south 41 degrees 27 minutes 53 seconds east, along said center line a distance of 45.49 feet to the point of beginning.

A tract of land being part of Bancroft Avenue, 30 feet wide, (formerly Melbourne) in Section 34, Township 45 North, Range 6 East of the Fifth Principal Meridian, of the City of St. Louis, Missouri; said being more particularly described as follows:

Beginning at the intersection of the center line of Old River Des Peres with the northern line of said Bancroft Avenue; thence south 82 degrees 43 minutes 41 seconds east, along said northern line, a distance of 160.82 feet to a point, on the western line of New River Des Peres; thence south 16 degrees 23 minutes 14 seconds east, along said western line of New River Des Peres, a distance of 32.75 feet to a point; thence south 82 degrees 43 minutes 41 seconds west a distance of 145.89 feet to a point, on the said centerline of Old River Des Peres; thence north 35 degrees 50 minutes 14 seconds west, along said centerline of Old River Des Peres, a distance of 41.09 feet to the point of beginning.

A tract of land being part of Sutherland Avenue, 50 feet wide, located between the western line of New River Des Peres and the western line of the City of St. Louis, Missouri limits, in Section 34, Township 45 North, Range 6 East of the Fifth Principal Meridian, of the City of St. Louis, Missouri; said being more particularly described as follows:

Beginning at the City of St. Louis, Missouri Stone No. 59, being on the said western City Limits of St. Louis Missouri; thence south 19 degrees 40 minutes 07 seconds east, along said western City Limits, a distance of 357.44 feet to an iron pipe, on the northern line of said Sutherland Avenue, said point also being the point of beginning of the tract of land herein described; thence south 82 degrees 43 minutes 54 seconds east, along said northern line a distance of 461.21 feet, to an iron pipe marking a point of curvature on the said western line of New River Des Peres, as established by City of St. Louis, Missouri Ordinance No. 32986; thence 55.82 feet along a non-tangent curve to the left, having a radius of 2,974.92 feet, a central angle of 01 degrees 04 minutes 31 seconds and a chord bearing of south 19 degrees

08 minutes 07 seconds east, to an iron pipe.

are, upon the conditions hereinafter set out, vacated.

SECTION TWO: Bi-State Development Agency will consolidate land for Metrolink Expansion.

SECTION THREE: All rights of the public in the land bearing rights-of-way traversed by the foregoing conditionally vacated streets, are reserved to the City of St. Louis for the public including present and future uses of utilities, governmental service entities and franchise holders, except such rights as are specifically abandoned or released herein.

SECTION FOUR: The owners of the land may, at their election and expense remove the surface pavement of said so vacated streets provided however, all utilities within the rights-of-way shall not be disturbed or impaired and such work shall be accomplished upon proper City permits.

SECTION FIVE: The City, utilities, governmental service entities and franchise holders shall have the right and access to go upon the land and occupation hereof within the rights-of-way for purposes associated with the maintenance, construction or planning of existing or future facilities, being careful not to disrupt or disturb the owners interests more than is reasonably required.

SECTION SIX: The owners shall not place any improvement upon, over or in the land traversed by the rights-of-way without a lawful permit from the City and written consent of the utilities, governmental service entities and franchise holders, present or future; and such consent together with the terms and conditions thereof shall be filed in writing with the Board of Public Service and approved by such Board prior to the undertaking of any such construction concerning the rights-of-way.

SECTION SEVEN: The owners may secure the removal of all or any part of the facilities of a utility, governmental service entity or franchise holder by agreement in writing with such utilities, governmental entity or franchise holder, filed with the Board of Public Service prior to the undertaking of such removal.

SECTION EIGHT: In the event that granite curbing or cobblestones are removed within the vacated area, the Department of Streets of the City of St. Louis must be notified and it in turn will remove said curbing or cobblestones at the current removal price.

SECTION NINE: This ordinance shall be ineffective unless within sixty (60) days after its approval, or such longer time as is fixed by the Board of Public Service not to exceed one hundred twenty (120) days from approval or override, the owners of the land subservient to the rights-of-way concerned shall deposit a sum with the Comptroller of the City of St. Louis for the use and benefit of the City Water Division estimated by said Division to be sufficient to cover the full expense of removal and relocation of Water facilities, if any; further, such owner or owners shall within said time deposit an additional sum of money with the Comptroller of the City of St. Louis for the use and benefit of the City Traffic and Transportation Division estimated by said Division to be sufficient to cover the full expense of removal of all lighting facilities, if any; upon such deposit being made to the benefit of the Water Division and the Traffic and Transportation Division, they shall proceed as is reasonably expedient to accomplish all work required and all useful access and occupation shall be accorded, further, such owner or owners shall within said time, deposit an additional sum with the Comptroller of the City of St. Louis estimated by the said Board as sufficient to defray the expenses required for the adjustment of the City's streets including curbs, sidewalks, driveways, roadway drainage connections and inlets, grading, paving sidewalks and roadways and road signage; provided further that said owners shall, under direction of the Director of Streets of the City of St. Louis, accomplish the aforesaid adjustments, at their own expense, but in the event said owners fail to accomplish such within allowable time, according to the direction of the Director, the Director shall cause the same to be performed and upon his certification of expenses, the Comptroller shall appropriate said deposit, or so much thereof as required to defray such expenses to the City or others; no claims or demands whatever arising out of such vacation or adjustment shall be made or prosecuted by owners, their heirs, successors or assigns; and the Comptroller after determining the total cost of the foregoing to the City shall return any unexpended part of said deposits to the owner or owners.

SECTION TEN: An affidavit stating that all of the conditions of this ordinance have been/will be fulfilled and/or complied with must be submitted to the Board of Public Service for acceptance 365 days (1 year) from the date of the signing and approval of this ordinance. If this affidavit is not submitted within the prescribed time the ordinance will be null and void.

Approved: February 25, 2003

**ORDINANCE #65854
Board Bill No. 425**

AN ORDINANCE DESIGNATING A PORTION OF THE CITY OF ST. LOUIS, MISSOURI, AS A REDEVELOPMENT AREA KNOWN AS THE GRACE LOFTS REDEVELOPMENT AREA PURSUANT TO THE REAL PROPERTY TAX INCREMENT REDEVELOPMENT ACT; APPROVING A REDEVELOPMENT PLAN AND A REDEVELOPMENT PROJECT WITH RESPECT THERETO; ADOPTING TAX INCREMENT FINANCING WITHIN THE REDEVELOPMENT AREA; MAKING FINDINGS WITH RESPECT THERETO; ESTABLISHING THE GRACE LOFTS 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) (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 McGowan Brothers Development Corporation, LLC prepared a plan for redevelopment titled "Grace Lofts TIF Redevelopment Plan" dated November 22, 2002 (the "Redevelopment Plan"), for an area which is comprised of the building located at 1320 – 24 Washington Avenue in downtown St. Louis (historically known as the Lesan-Gould Building), which building is listed on the National Register of Historic Places (the "Redevelopment Area"), which Redevelopment Area is more fully described in the Redevelopment Plan, attached hereto and marked as Exhibit A; and

WHEREAS, the Redevelopment Plan proposes to redevelop the Redevelopment Area by rehabilitating and renovating the existing structure into retail and other commercial space on the first and second floors, and residential loft space on the third through eighth floors, and underground parking (the "Redevelopment Project," or "TIF Project" as further set forth in the Redevelopment Plan); and

WHEREAS, on January 8, 2003, after all proper notice was given, the TIF Commission held a public hearing in conformance with the TIF Act and received comments from all interested persons and taxing districts relative to the Redevelopment Area, the Redevelopment Plan, and the Redevelopment Project; and

WHEREAS, on January 8, 2003, the TIF Commission found that completion of the Redevelopment Project would provide a substantial and significant public benefit through the creation of new jobs, the elimination of blight, the strengthening of the employment and economic base of the City, increased property and tax revenues, stabilization of the Redevelopment Area, and facilitation of economic stability for the City as a whole, and further found that without the assistance of tax increment financing in accordance with the TIF Act, the Redevelopment Project was not feasible and would not otherwise be completed; and

WHEREAS, on January 8, 2003, the TIF Commission voted to recommend that the Board of Aldermen adopt the Redevelopment Plan, and the Redevelopment Project, and designate the Redevelopment Area as a "redevelopment area" within the meaning of the TIF Act; and

WHEREAS, the Lesan-Gould Building is of historical significance to the City, and to downtown St. Louis in particular; 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 City, by Ordinance No. 62395, has previously determined that (i) by reason of predominance of defective or inadequate street layout, insanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, there exist conditions within the Redevelopment Area which endanger life or property by fire or other causes and constitute an economic or social liability or a menace to the public health, safety, morals or welfare in the present condition and use of the Redevelopment Area, and (ii) such conditions are beyond remedy and control solely by regulatory process in the exercise of the police power and cannot be dealt with effectively by ordinary private enterprise; and

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

WHEREAS, the Redevelopment Area qualifies for the use of tax increment financing to alleviate the conditions that qualify it as a "blighted area" as provided in the TIF Act and as set forth herein; and

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

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

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

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

A. The Redevelopment Area on the whole is a "blighted area", as defined in Section 99.805(1) 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 included in the Redevelopment Plan and is incorporated herein as if fully set forth herein, which cost-benefit analysis shows the impact on the economy if the 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 financial feasible without the assistance of tax increment financing and would not otherwise be completed.

G. The Redevelopment Plan does not include the initial development or redevelopment of any gambling establishment as that term is defined in Section 99.805(6) of the TIF Act.

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

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

SECTION FOUR. The Redevelopment Plan as reviewed and recommended by the TIF Commission on January 8, 2003, including amendments thereto, if any, and the Redevelopment Project described in the Redevelopment Plan are hereby adopted and approved. A copy of the Redevelopment Plan is attached hereto as Exhibit A and incorporated herein by reference.

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

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

B. Payments in lieu of taxes attributable to the increase in the current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in the area selected for the Redevelopment Project and any applicable penalty and interest over and above the initial equalized assessed value of each such unit of property in the area selected for the Redevelopment Project shall be allocated to and, when collected, shall be paid to the City Treasurer, who shall deposit such payment in lieu of taxes into a special fund called the "Grace Lofts 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 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), or taxes levied for the purpose of public transportation pursuant to Section 94.660 of the Revised Statutes of Missouri (2000), 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 Grace Lofts Special Allocation Fund.

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

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

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

SECTION ELEVEN. The Mayor and the Comptroller or their designated representatives are hereby further authorized and directed to make any changes to the documents and instruments approved and authorized by this Ordinance as may be consistent with the intent of this Ordinance and necessary, desirable, convenient or proper in order to carry out the matters herein authorized.

SECTION TWELVE. 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.

EXHIBIT A

**GRACE LOFTS
TIF REDEVELOPMENT PLAN**

TABLE OF CONTENTS

- I. INTRODUCTION
- II. OVERVIEW OF TAX INCREMENT FINANCING (“TIF”)
- III. FINDING THAT THE REDEVELOPMENT AREA IS A BLIGHTED AREA
- IV. REDEVELOPMENT PLAN INCLUDING NECESSARY FINDINGS
 - 1. Legal Description and Map of the Redevelopment Area
 - 2. Redevelopment Plan Objectives
 - 3. Redevelopment Project
 - 4. General Land Uses To Apply
 - 5. Redevelopment Schedule and Estimated Dates of Completion
 - 6. Most Recent Equalized Assessed Valued of Parcels Within Redevelopment area
 - 7. Estimated Equalized Assessed Value After Redevelopment
 - 8. Acquisition
 - 9. Blighted Area
 - 10. Conforms With The Comprehensive Plan Of The City
 - 11. Plan For Relocation Assistance
 - 12. Cost Benefit Analysis
 - 13. Does Not Include Gambling Establishment
 - 14. Reports to DED
- V. FINANCING PLAN
 - 1. Eligible Redevelopment Project Costs
 - 2. Anticipated Source of Funds To Pay Redevelopment Project Costs
 - 3. TIF Note Funding
 - 4. Evidence Of Commitment To Finance Project Costs

APPENDICES

- 1. Legal Description and Map of Redevelopment Area
- 2. Estimated Redevelopment Project costs and Anticipated Sources of Funds
- 3. Redevelopment Program Schedule

4. Equalized Assessed Value
5. Projected TIF Revenues and Cost Benefit Analysis
6. Developer Affidavit
7. Evidence of Commitment to Finance Project Costs

Grace Lofts TIF Redevelopment Plan
November 22, 2002

I. INTRODUCTION

The following is a plan prepared by the City of St. Louis ("City") in conjunction with McGowan Brothers Development Corporation, LLC a Missouri limited liability company (the "Developer") for redevelopment of the Lesan-Gould Building, which building is listed on the National Register of Historic Places and located at 1320-24 Washington Avenue in St. Louis, Missouri (the "Redevelopment Area" or "Area"). A legal description and map of the Redevelopment Area is contained herein as **Appendix 1**.

The Lesan-Gould Building is a 95-year-old, eight-story, 60,000-square-foot reinforced concrete frame factory and commercial building. The Redevelopment Area qualifies as a blighted area under Missouri's Real Property Tax Increment Allocation Redevelopment Act (Revised Statutes of Missouri § 99.800 et. seq.) (the "TIF Act").

This Redevelopment Plan proposes to completely redevelop the Area by rehabilitating and renovating the Lesan-Gould Building into retail and other commercial space on the first through second floors, and residential luxury loft apartments on the third through eighth floors (the "Redevelopment Project," or "TIF Project"). The TIF Project will include rehabilitation of 40,500 square feet into approximately 24 residential loft apartments. It is anticipated that the Redevelopment Project will serve as an incentive for residential growth in the Area, and will help serve as a catalyst not only for additional residential development in downtown St. Louis, but for private investment, retail growth, and expansion of small businesses in the downtown area.

This Redevelopment Plan proposes that the City initially authorize and issue a Tax Increment Financing Note ("TIF Note") in an amount equal to One Million Eight Hundred Thousand Dollars and no/100 (\$1,800,000) plus issuance costs to fund a portion of the Project Costs. Upon receipt by the City of a written request by Developer and evidence that the Developer has met certain criteria as agreed upon by the City and Developer in a Redevelopment Agreement, the City, or one of its agencies, shall immediately proceed to issue tax increment financing bonds ("TIF Bonds") to repay the TIF Note. The TIF Bonds issued shall be reimbursed solely from the revenue stream of PILOTS and EATS generated by the Project over a twenty-three year period. Fifty percent of Economic Activity Taxes, as defined in the TIF Act, generated within the designated Redevelopment Area will be allocated to retire the TIF Note and/or TIF Bonds. Payments in lieu of real estate taxes within the Redevelopment Area ("PILOTS") will also be allocated to retire the TIF Note and/or TIF Bonds.

Other financing aspects of the Redevelopment Project are discussed in more detail in Section V.

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

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

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

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

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

The TIF Act requires that, prior to establishing a redevelopment area or approving or amending TIF redevelopment plans and projects, a municipality must create a TIF Commission. A TIF Commission is comprised of six individuals appointed by the

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

III. FINDING THAT REDEVELOPMENT AREA IS A BLIGHTED AREA

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

An area which, by reason of the predominance of defective or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use.

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

i. Unsanitary or Unsafe Conditions. The Redevelopment Area is characterized by a lack of utilities, sanitary facilities and other mechanical components according to contemporary development and code standards for commercial uses. A large portion of the Area has remained vacant for approximately ten (10) years. Problems include lack of mechanical ventilation for interior rooms, lack of adequate bathroom facilities, lack of secure, safe windows and window frames, lack of fire escape routes and exit stairwells, inadequate provision for the storage and removal of garbage, and inadequate access for the disabled.

ii. 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 panels, 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 Redevelopment Area suffers from deterioration of secondary building components and lack of maintenance of primary building components. These deficiencies cannot be corrected through normal maintenance but require either replacement, renovation or rebuilding. The Area suffers from deferred maintenance of windows, doors, exterior walls and related decorative facade material, stairwells, roof areas, fascias, storage areas, and mechanical systems.

iii. Obsolescence. Obsolescence of the Redevelopment Area is apparent. In general, obsolescence is either functional or economic. Functional obsolescence relates to the physical utility of a structure, while economic obsolescence relates to a building's ability to compete in the market place.

The original design, location, height, space arrangement and construction of the Redevelopment Area were intended for the specific purpose of the Lesan-Gould publishing business. As evidenced by the long-term excessive vacancy of the Area, this particular use of the structure is no longer marketable in the downtown area. As such, the Area is functionally obsolete.

Economic obsolescence is generally a result of adverse conditions which cause some degree of market rejection and, hence, depreciation in market values. Typically, buildings classified as dilapidated and buildings which contain vacant space are characterized by problem conditions which may not be economically curable, resulting in net rental losses and/or depreciation in market value.

Obsolescence in buildings, because of physical characteristics or economic conditions limiting their long-term sound use or reuse, is typically difficult and expensive to correct. The resulting deferred maintenance, deterioration and vacancies often have an adverse effect on nearby and surrounding development and detract from the physical, functional and economic vitality of the area.

The Redevelopment Area is characterized by conditions which indicate that the structure is incapable of efficient or economic use as evidenced by: (i) inefficient or inflexible configuration of the structure, including insufficient width, size, irregular shape, spacing of bearing walls, supporting columns and beams, and single purpose design; (ii) inadequate heating, electrical, plumbing and ventilation systems; (iii) inadequate access for contemporary systems of delivery and service; (iv) inadequate capabilities for modern telecommunications and work space; (v) inadequate loading and parking facilities; and (vi) non-conformance to fire, building, and safety codes. Such characteristics make it practically impossible for a landlord from charging and collecting adequate rental to provide for necessary repairs and maintenance to allow the Area to compete in the marketplace.

- iv. Excessive Vacancies. Excessive vacancies as a blighting factor refers to the presence of buildings or sites which are unoccupied or not fully utilized and which present adverse influence on the surrounding area because of the frequency or duration of vacancies. Given that most of the Area has remained vacant for approximately the past ten (10) years, this excessive vacancy has had an adverse effect on the future occupancy or utilization of the Area, as well as surrounding properties.
- v. Endangerment by Fire or Other Causes. Endangerment by fire or other causes is typically due to the presence of structures below minimum code standards. Such code standards include building, housing, property maintenance, fire or other governmental codes applicable to the property. The principal purpose of such codes is to require buildings to be constructed and maintained so that they will have the capability to support the type of occupancy, and necessary fire and similar hazard protection, or to establish the minimum standards essential for safe and sanitary habitation.

The Lesan-Gould Building was originally constructed in 1907. Due to the deterioration of site improvements and excessive vacancy of the Redevelopment Area, the Area suffers from endangerment by fire or other causes. Indeed, the Area lacks contemporary fire safety, sanitation, and other safety and security measures. The lack of maintenance and unsafe conditions evident in the Redevelopment Area is a hazard to both real property and personal safety.
- vi. Economic and Social Liability. The Area in its current condition is a liability to the general welfare and economic independence of the City. The appearance and state of the Redevelopment Area erodes, if not completely discourages, new investment and development. The age, condition and design of the Redevelopment Area prevents a landlord from demanding rent levels necessary to make improvements competitive with newer buildings, and thus further aggravates and continues the lack of maintenance, redevelopment and incentive for investment in the Area.
- vii. Menace to the Public Health, Safety, Morals or Welfare. The Redevelopment Area exhibits many factors which constitute a menace to the public health, safety, morals, or welfare in its present condition and use. The deteriorating, unsanitary, and unsafe site conditions as illustrated above represent a menace to the public health and safety; the economic liability of the deteriorated, vacant, or obsolete structures discussed above represents a menace to the public welfare.

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

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

- a. Exterior survey of the condition and use of buildings within the Redevelopment Area;
- b. Environmental Site Assessment Study of environmental conditions covering streets, alleys, sidewalks, curbs, parking facilities, landscaping, and general property maintenance;
- c. Analysis of existing uses and their relationships;
- d. Analysis of building and street design and layout; and
- e. Review of previously approved blighting studies.

IV. REDEVELOPMENT PLAN INCLUDING NECESSARY FINDINGS

1. Description of the Redevelopment Area

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

2. Redevelopment Plan Objectives

The City of St. Louis has established the following objectives for the Grace Lofts 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 improving the infrastructure, curing blighting conditions, and encouraging other public improvements necessary for insuring the Area’s stability and existing and future redevelopment consistent with this Redevelopment Plan;
- Increase the residential population in downtown St. Louis;

- Increase the level and perception of safety and revitalization in the area which will in turn encourage an influx of new businesses and residents to the City;
- To upgrade and refurbish utilities, and other infrastructure facilities serving the Redevelopment Area;
- To enhance the tax base by inducing development of the Redevelopment Area to its highest and best use, benefit taxing districts and encourage private investment in surrounding areas;
- To promote the health, safety, order, convenience, prosperity and the general welfare, as well as efficiency and economy in the process of development;
- Increase property values of the Area;
- To provide development/business opportunities in the Redevelopment Area and surrounding areas;
- To stimulate construction and permanent employment opportunities and increased demand for services for the Area; and
- To serve as a catalyst for new residential development in the City.

3. Redevelopment Project

Specifically, the above objectives will be satisfied by implementing each of the following, which together comprise the Redevelopment Project:

- Commercial Use Rehabilitation and renovation of the first and second floors of the Area into commercial office and retail space.
- Residential Use Rehabilitation and renovation of approximately 40,500 square feet of the Area into residential loft apartments.

The Redevelopment Project is generalized to leave room for design creativity and accommodations as needed, and so that the Developer can respond to prospective tenant's needs as completion of the Redevelopment Project progresses. Redevelopment of an area of this type must take into consideration the unique needs of a mix of a commercial and residential tenants with specific space needs and requirements including the provision of adequate parking and access for the disabled.

It is expected that the Redevelopment Project will in turn encourage and foster continued private as well as public investment in the surrounding areas. In addition, the safety of the area will improve due to the increase in activity and investment in the Area. The total estimated Redevelopment Project Costs for the Redevelopment Project are \$9,800,000 as set forth in greater detail in **Appendix 2**.

4. General Land Uses to Apply

The proposed land uses are part commercial and part residential. The Redevelopment Area is currently zoned "I" Area Commercial District. Permitted uses in the "I" District are: residential uses; various retail uses; general and professional offices; hotels and motels; package liquor stores; wholesale business; restaurants; and parking lots. In the "I" Central Business District, multiple-family residential apartment and condominiums are permitted uses. Therefore, re-zoning of the Area is not required for implementation of this Redevelopment Plan.

5. Redevelopment Schedule and Estimated Dates of Completion

It is estimated that implementation of this Redevelopment Plan will be completed within approximately one (1) year from the date of execution of a redevelopment agreement for completion of the Redevelopment 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. Included herein as **Appendix 3** is the anticipated Redevelopment Program Schedule for the Redevelopment Project.

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

A list of the current (2001) 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. The total assessed value of taxable property in the Redevelopment Area subject to PILOTs is currently \$144,200.

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 is approximately \$2,056,265, as set forth in greater detail in **Appendix 5**.

8. Acquisition

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

9. Blighted Area

As previously described in greater detail in Section III, the Redevelopment Area as a whole is a blighted area, and has not been subject to growth and development through investment by private enterprise and will not reasonably be expected to be developed without the adoption of tax increment financing. The Developer has executed an affidavit attesting to the existence of these conditions which is included herein as **Appendix 6**.

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

10. Conforms with the Comprehensive Plan of the City

The proposed land uses, zoning, and proposed redevelopment plans are appropriate and consistent with local objectives as defined by the General Plan of the City of St. Louis which includes the "Comprehensive City Plan" (1947), the "St. Louis Development Program" (1973), and the "Economic Development Strategy" (1978).

11. Plan for Relocation Assistance

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

12. Cost Benefit Analysis

A cost benefit analysis showing a net benefit to each taxing district impacted by this Redevelopment Plan and the TIF Redevelopment Projects is attached hereto as **Appendix 5**.

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. EATS also exist which are not applied to the TIF Projects as provided in the TIF Act. For example, the MetroLink portion of the local sales tax, the State Blind Pension levy and the Commercial Surcharge are all excluded from the TIF

13. Does Not Include Gambling Establishment

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

14. Reports to DED

As required by the Statute, the City shall report to the Department of Economic Development by the last day of February each year, the name, phone number, and primary line of business of any business which locates within the Redevelopment Area.

V. FINANCING PLAN

1. Eligible Redevelopment Project Costs

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

The estimated Redevelopment Project Costs to be incurred in connection with the TIF Project is approximately \$9,793,045 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, which, in accordance with the TIF Act, may include but are not limited to:

- Cost of studies, surveys, plans and specifications;
- Professional service costs including, but not limited to, architectural, engineering, legal marketing, financial, planning or special services;
- Property assembly costs including, but not limited to, acquisition of land and other property real or personal or rights, or interests therein;
- Costs of rehabilitation, reconstruction, or repair or remodeling of existing buildings and fixtures;

- Costs of construction of public works or improvements;
- Financing costs including, but not limited to, all necessary and incidental expenses related to the issuance of obligations, and which may include the payment of interest on any obligations issued under the provisions of this Redevelopment Plan accruing during the estimated period of construction of any redevelopment Project for which such obligations are issued and for not more than eighteen months thereafter, and including reasonable reserves related thereto; and
- All or a portion of a taxing district's capital costs resulting from the Redevelopment Project necessarily incurred or to be incurred in furtherance of the objectives of the Redevelopment Plan and Project, to the extent the City, by written agreement, accepts and approves such costs.

The costs as shown on **Appendix 2** represent the total approximate cost 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 estimated based on the knowledge of the project at this time and that the actual redevelopment cost items for implementing the Redevelopment Plan and the Redevelopment Project may vary from these estimates.

It is not the intent of **Appendix 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 Funds to Pay Redevelopment Project Costs

As set forth in **Appendix 2**, there are five principal sources of funds that are anticipated to be used to pay the costs of implementation of the Redevelopment Plan and the Redevelopment Project previously described. These sources are:

- Federal Historic Tax Credits;
- State Historic Tax Credits;
- Private Financing;
- Owner Equity;
- Funds available through the issuance of TIF notes, bonds, loans, certificates or other certificates of indebtedness (herein collectively referred to herein as "TIF Note or other financial obligations").

3. TIF Note Funding

It is anticipated that the City will initially issue TIF Notes in one or more series (which may include notes, temporary notes or other financial obligations) in an amount equal to \$1,800,000 plus issuance costs at an interest rate of 7.5 percent (7.5%), with a term of retirement for all such issues of not more than 23 years. The TIF Notes or other financial obligations will be issued only to finance the Redevelopment Plan and 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.

Upon receipt by the City of a written request by Developer and evidence that the Developer has met certain criteria as agreed upon by the City and Developer, the City, or one of its agencies, shall immediately proceed to issue tax increment financing bonds ("TIF Bonds") to repay the TIF Note. The TIF Bonds issued shall be reimbursed solely from the revenue stream of PILOTS and EATS generated by the Project over a twenty-three (23) year period. Fifty percent (50%) of Economic Activity Taxes, as defined in the TIF Act, generated within the designated Redevelopment Area will be allocated to retire the TIF Note. Payments in lieu of real estate taxes within the Redevelopment Area ("PILOTS") will also be allocated to retire the TIF Note.

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

The City's Special Allocation Fund will contain at least two accounts:

1. The "PILOTS Account" which will contain all payments in lieu of taxes derived from all taxable, lots, blocks, tracts, and parcels of real property (or any interest therein) within the Redevelopment Area as such property is described in **Appendix 1** to the Redevelopment Plan; and
2. The "Economic Activity Taxes ("EATS") Account" which 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 as such property is described in **Appendix 1** to the Redevelopment Plan, excluding licenses, fees or special assessments, and excluding personal property taxes and payments to the PILOTS Account.

Funds on deposit in the PILOTS Account will be pledged to the payment of the Redevelopment Project Costs. Funds on deposit in the EATS Account will be subject to annual appropriation by the City for 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, from funds derived from other taxes deposited into the Special Allocation Fund.

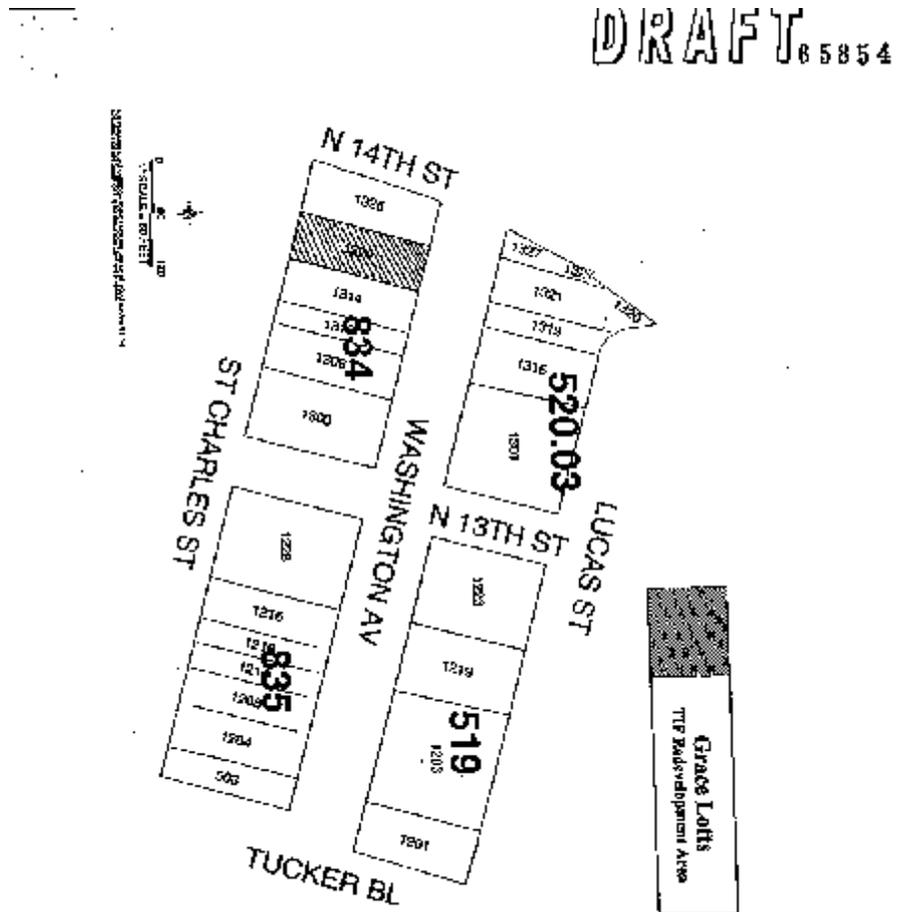
4. Evidence of Commitment to Finance Project Costs

Appendix 7 contains a preliminary commitment letter provided by U.S. Bank, which bank has made a preliminary review of the development proposal and has expressed an interest to finance the Project Costs associated with the Project.

APPENDIX 1

**GRACE LOFTS TIF REDEVELOPMENT PLAN
LEGAL DESCRIPTION OF REDEVELOPMENT AREA**

A LOT IN BLOCK 834 OF THE CITY OF ST. LOUIS, FRONTING 50 FEET ON THE SOUTH LINE OF WASHINGTON AVENUE, BY A DEPTH SOUTHWARDLY, BETWEEN PARALLEL LINES OF 150 FEET, MORE OR LESS, TO THE NORTH LINE OF ST. CHARLES STREET, DESCRIBED AS FOLLOWS: BEGINNING AT A POINT IN THE SOUTH LINE OF WASHINGTON AVENUE DISTANT 80 FEET EAST OF THE EAST LINE OF 14TH STREET AND EXTENDING SOUTH AND PARALLEL WITH THE EAST LINE OF 14TH STREET 150 FEET, MORE OR LESS, TO A POINT IN THE NORTH LINE OF ST. CHARLES STREET, THENCE EAST ALONG SAID NORTH LINE 50 FEET; THENCE NORTH 150 FEET, MORE OR LESS, TO THE SOUTH LINE OF WASHINGTON AVENUE; THENCE WEST ALONG SAID SOUTH LINE 50 FEET TO THE BEGINNING.



APPENDIX 2

GRACE LOFTS TIF REDEVELOPMENT PLAN

ESTIMATED REDEVELOPMENT PROJECT COSTS
AND ANTICIPATED SOURCES OF FUNDS

GRACE LOFT TIF REDEVELOPMENT PLAN

ESTIMATED REDEVELOPMENT PROJECT COSTS
AND ANTICIPATED SOURCES OF FUNDS

<u>Uses</u>			
Acquisitions			\$768,000
Hard Cost		\$5,751,205	
Options		Replaces \$2,605,4	
	13500 Sq. Ft. @ \$207/sq.	Tenant Finish \$270,000	
Construction Reserve 10%		\$5,740,256	
Model Unit		<u>\$3,000,000</u>	\$6,614,285
<u>Soft Costs:</u>			
	Architects & Engineering	\$130,000	
	Appliances	\$55,200	
	Window Blinds	\$10,000	
	Loan Fee	\$81,560	
	Disbursing	\$11,000	
	Bank Inspector	\$25,000	
	Environmental	\$10,000	
	Appraisal	\$5,000	
	Accounting	\$20,000	
	Signage	\$10,000	
	Legal	\$60,000	
	Dev Fee	\$1,297,000	
	Insurance	\$50,000	
	Taxes	\$16,000	
	Interest	\$300,000	
	Operating Reserve	\$100,000	
	Project Contingency	\$200,000	
	Marketing	\$20,000	
	Title & Rec	<u>\$10,000</u>	
			<u>\$2,710,760</u>
		Total Project Costs	<u><u>\$9,325,045</u></u>
<u>Sources</u>			
Construction Loan		\$4,052,960	
Tax credits		\$3,135,028	
Equity		\$805,057	
TIF financing		<u>\$1,800,000</u>	
		Total Sources	<u><u>\$9,793,045</u></u>

APPENDIX 4

GRACE LOFTS TIF REDEVELOPMENT PLAN
EQUALIZED ASSESSED VALUE BY PARCEL

<u>Address</u>	<u>Assessed Value</u>	<u>Owner</u>
1320-24 Washington Avenue	\$144,200	McGowan Brothers Development Corporation, LLC

APPENDIX 5

GRACE LOFTS TIF REDEVELOPMENT PLAN
PROJECTED TIF REVENUES AND COST BENEFIT ANALYSIS is on file in the Register Office.

APPENDIX 6

GRACE LOFTS TIF REDEVELOPMENT PLAN
DEVELOPER AFFIDAVIT

PAGE 6/1

STATE OF MISSOURI)
)
CITY OF ST. LOUIS)

AFFIDAVIT

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

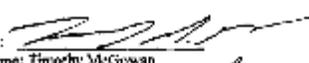
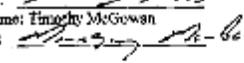
The undersigned swears, affirms, and certifies the following to be true in induce the approval of Tax Increment Financing for the area of the Grace Lofts TIF Redevelopment Area, St. Louis, Missouri.

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

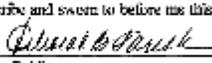
2. I am familiar with the property described in the Grace Lofts Tax Increment Financing ("TIF") Redevelopment Plan, prepared by the City of St. Louis and Developer, and dated November 22, 2002 (the "Redevelopment Plan"). In my opinion, based on the analysis of matters set forth in the Redevelopment Plan, the Redevelopment Area, on the whole, qualifies as a "blighted area" as defined in Section 99.805 of the Missouri Revised Statutes, has not been subject to growth and development through investment by private enterprise without public assistance, and would not reasonably be anticipated to be developed without the adoption of tax increment financing.

And Further Affiant Sayeth Not.

McGowan Brothers Development
Corporation, LLC

By: 
Name: Timothy McGowan
Its: 

Subscribed and sworn to before me this 22nd day of November, 2002.


Notary Public

My Commission Expires: 11-05-2005

THE McGOWAN BROTHERS
Notary Public - Notary Seal
STATE OF MISSOURI
St. Louis County
My Commission Expires: Nov. 5, 2005

C:\PROGRA~1\MSOFFICE\OFFICE115\AFIDAVIT.DOC

APPENDIX 7

GRACE LOFTS TIF REDEVELOPMENT PLAN
EVIDENCE OF COMMITMENT TO FINANCE PROJECT COSTS is on file in the Register's Office.

Approved: February 25, 2003

ORDINANCE #65855
Board Bill No. 426

AN ORDINANCE AFFIRMING ADOPTION OF A REDEVELOPMENT PLAN, REDEVELOPMENT AREA, REDEVELOPMENT PROJECT; AUTHORIZING THE EXECUTION OF A REDEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY AND MCGOWAN BROTHERS DEVELOPMENT CORPORATION, LLC; PRESCRIBING THE FORM AND DETAILS OF SAID AGREEMENT; MAKING CERTAIN FINDINGS WITH RESPECT THERETO; AUTHORIZING OTHER RELATED ACTIONS IN CONNECTION WITH THE REDEVELOPMENT OF CERTAIN PROPERTY WITHIN THE REDEVELOPMENT AREA; 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, on January 8, 2003, after all proper notice was given, the TIF Commission held a public hearing in conformance with the TIF Act, and received comments from all interested persons and taxing districts affected by the Redevelopment Plan and the redevelopment project described therein; and

WHEREAS, pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 through 99.865 of the Revised Statutes of Missouri (2000) (the "Act" or "TIF Act"), and after due consideration of the TIF Commission's recommendations, the Board of Aldermen of the City of St. Louis, Missouri adopted Ordinance No. _____ [Board Bill No. 425] on _____, 2003, which Ordinance (i) adopted and approved a redevelopment plan entitled the Grace Lofts TIF Redevelopment Plan pursuant to the TIF Act (the "Redevelopment Plan"), (ii) designated the Grace Lofts TIF Redevelopment Area (as described in the Redevelopment Plan) as a "redevelopment area" as that term is defined in the TIF Act (the "Redevelopment Area"), (iii) adopted and approved the Redevelopment Project described in the Redevelopment Plan, (iv) adopted tax increment allocation financing within the Redevelopment Area, (v) established the City of St. Louis, Missouri "Grace Lofts Special Allocation Fund," and (vi) made certain findings with respect thereto, all as set forth in such Ordinance and in accordance with the requirements of the Act; and

WHEREAS, the Redevelopment Plan proposes to redevelop the Redevelopment Area by rehabilitating and renovating the existing structure into retail and other commercial space on the first and second floors, and residential loft space on the third through eighth floors, with underground parking (the "Redevelopment Project," or "TIF Project" as further set forth in the Redevelopment Plan); and

WHEREAS, the building located at 1320 – 24 Washington Avenue in downtown St. Louis (historically known as the Lesan-Gould Building) is of historical significance to the City, and to downtown St. Louis in particular; and

WHEREAS, pursuant to Ordinance No. _____ [Board Bill No. 425], the Board of Aldermen has determined that completion of the Redevelopment Project is of economic significance to the City, will serve to benefit the general welfare, qualifies for the use of tax increment allocation financing to alleviate the conditions that qualify it as a "redevelopment area" as provided in the TIF Act, and further, that redevelopment of the Redevelopment Area in accordance with the Redevelopment Plan is not financially feasible without the adoption of tax increment allocation financing and would not otherwise be completed; 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 City, by Ordinance No. 62395 has previously determined that (i) by reason of predominance of defective or inadequate street layout, insanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, there exist conditions within the Redevelopment Area which endanger life or property by fire or other causes and constitute an economic or social liability or a menace to the public health, safety, morals or welfare in the present condition and use of the Redevelopment Area, and (ii) such conditions are beyond remedy and control solely by regulatory process in the exercise of the police power and cannot be dealt with effectively by ordinary private enterprise; and

WHEREAS, the Redevelopment Area qualifies for the use of tax increment allocation 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 enter into the Redevelopment Agreement with McGowan Brothers Development Corporation, LLC as "Developer" in order that Developer may complete the Redevelopment Project which will 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, and in particular, downtown St. Louis, encouragement of a sense of community identity, safety and civic pride, preservation and restoration of properties of historical and architectural value and significance, elimination of physical and environmental blight, and the elimination of impediments to land disposition and development in the City of St. Louis.

WHEREAS, pursuant to the provisions of the TIF Act, the City is authorized to enter into a redevelopment agreement with McGowan Brothers Development Corporation, LLC as "Developer" setting forth the respective rights and obligations of the City and Developer with regard to the redevelopment of the Redevelopment Area (the "Redevelopment Agreement"); and

WHEREAS, the Board of Aldermen hereby determines that the terms of the Redevelopment Agreement attached as Exhibit A hereto (the "Redevelopment Agreement") are acceptable and that the execution, delivery and performance by the City and the Developer of their respective obligations under the Redevelopment Agreement are in the best interests of the City and the health, safety, morals and welfare of its residents, and in accord with the public purposes specified in the TIF Act and the Redevelopment Plan.

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

Section One. The Board of Aldermen hereby adopts the foregoing recitals as findings.

Section Two. The Board of Aldermen hereby ratifies and confirms its approval of the Redevelopment Plan, Redevelopment Area, and Redevelopment Project. The Board of Aldermen further finds and determines that it is necessary and desirable to enter into the Redevelopment Agreement with the Developer in order to implement the Redevelopment Project and to enable the Developer to carry out its proposal for development of the Redevelopment Project.

Section Three. The Board of Aldermen finds and determines that the assistance of tax increment financing is necessary and desirable in order to implement the Redevelopment Project and to enable McGowan Brothers Development Corporation, LLC as "Developer" to carry out its proposal for development of the Redevelopment Project.

Section Four. The Board of Aldermen hereby approves, and the Mayor and Comptroller of the City are hereby authorized and directed to execute, on behalf of the City, the Redevelopment Agreement between the City and the Developer, and the City Register is hereby authorized and directed to attest to the Redevelopment Agreement and to affix the seal of the City thereto. The Redevelopment Agreement shall be in substantially the form attached hereto as Exhibit A, with such changes therein as shall be approved by the officers of the city executing the same and as may be consistent with the intent of this Ordinance and necessary, desirable, convenient or proper in order to carry out the matters herein authorized.

Section Five. The Mayor and Comptroller of the City or their designated representatives are hereby authorized and directed to take any and all actions to execute and deliver for and on behalf of the City any and all additional certificates, documents, agreements or other instruments as may be necessary, desirable, convenient or proper in order to carry out the matters herein authorized.

Section Six. The Mayor and the Comptroller or their designated representatives are hereby further authorized and directed to make any changes to the documents and instruments approved and authorized by this Ordinance as may be consistent with the intent of this Ordinance and necessary, desirable, convenient or proper in order to carry out the matters herein authorized.

Section Seven. 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.

EXHIBIT A

Redevelopment Agreement Between the City of St. Louis and McGowan Brothers Development Corporation, LLC (Attached hereto.)

REDEVELOPMENT AGREEMENT

Between the

CITY OF ST. LOUIS, MISSOURI

And

MCGOWAN BROTHERS DEVELOPMENT CORPORATION, LLC

Dated as of

_____, 2003

GRACE LOFTS REDEVELOPMENT PROJECT

ARTICLE I. DEFINITIONS

1.1 Definitions 2

ARTICLE II. ACCEPTANCE OF PROPOSAL

2.1	Developer Designation	6
2.2	Developer to Advance Costs	6

ARTICLE III. CONSTRUCTION OF REDEVELOPMENT PROJECT

3.1	Acquisition of Property	7
3.2	Condemnation	7
3.3	Relocation	7
3.4	Developer to Construct the Work	7
3.5	Governmental Approvals	8
3.6	Construction Plans; Changes	8
3.7	Certificate of Substantial Completion	8

ARTICLE IV. REIMBURSEMENT OF DEVELOPER COSTS

4.1	City's Obligation to Reimburse Developer	9
4.2	Reimbursements Limited to Reimbursable Redevelopment Project Costs; Developer's Right to Substitute	9
4.3	City's Obligations Limited to Special Allocation Fund and Bond Proceeds	10

ARTICLE V. TIF OBLIGATIONS

5.1	Conditions Precedent to the Issuance of TIF Notes	10
5.2	Issuance of TIF Notes	10
5.3	Optional Issuance of TIF Bonds	11
5.4	Mandatory Issuance of TIF Bonds	11
5.5	Cooperation in the Issuance of TIF Obligations	13
5.6	City to Select Underwriter and Financial Advisor; Term and Interest Rate	13

ARTICLE VI. SPECIAL ALLOCATION FUND; COLLECTION AND USE OF TIF REVENUES

6.1	Creation of Special Allocation Fund	13
6.2	Certification of Base for PILOTS and EATS	13
6.3	Application of Available Revenues	14
6.4	Cooperation in Determining TIF Revenues	15
6.5	Obligation to Report TIF Revenues	16
6.6	Notice to City of Transfer	16

ARTICLE VII. GENERAL PROVISIONS

7.1	Developer's Right of Termination	17
7.2	City's Right of Termination	17
7.3	Successors and Assigns	17
7.4	Remedies	18
7.5	Force Majeure	18
7.6	Notices	19
7.7	Conflict of Interest	20
7.8	Damage or Destruction of Redevelopment Project	20
7.9	Inspection	21
7.10	Choice of Law	21
7.11	Entire Agreement; Amendment	21
7.12	Counterparts	21
7.13	Severability	21
7.14	Representatives Not Personally Liable	21
7.15	Actions Contesting the Validity and Enforceability of the Redevelopment Plan	21
7.16	Release and Indemnification	22
7.17	Survival	23
7.18	Maintenance of the Property	23
7.19	Non-Discrimination	24
7.20	Fair Employment	24

ARTICLE VIII. REPRESENTATIONS OF THE PARTIES

8.1	Representations of the City	24
8.2	Representations of the Developer	24

EXHIBITS

- EXHIBIT A Legal Description of the Redevelopment Area
- EXHIBIT B Reimbursable Redevelopment Project Costs
- EXHIBIT C Form of Certificate of Commencement of Construction
- EXHIBIT D Form of Certificate of Reimbursable Redevelopment Project Costs
- EXHIBIT E Form of Certificate of Substantial Completion
- EXHIBIT F Form of TIF Notes
- EXHIBIT G Equal Opportunity and Nondiscrimination Guidelines

REDEVELOPMENT AGREEMENT

THIS REDEVELOPMENT AGREEMENT (this "Agreement") is made and entered into as of this _____ day of _____, 2003, by and between the **CITY OF ST. LOUIS, MISSOURI** (the "City"), a city and political subdivision duly organized and existing under its charter and the Constitution and laws of the State of Missouri, and **MCGOWAN BROTHERS DEVELOPMENT CORPORATION, LLC**, (the "Developer"), a limited liability company duly organized and existing under the laws of the State of Missouri. (All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in **Article I** of this Agreement.)

RECITALS

A. Pursuant to Ordinance No. 62477, adopted and approved on December 20, 1991, the Board of Aldermen duly formed the Tax Increment Financing Commission of the City of St. Louis, Missouri (the "*TIF Commission*"), in accordance with the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 through 99.865 of the Revised Statutes of Missouri, (2000) (the "*TIF Act*"), and empowered the TIF Commission to transact business and exercise its powers as authorized by the TIF Act.

B. The City published a notice on December 7, 2002 and December 14, 2002, in the *St. Louis Post-Dispatch*, a newspaper of general circulation within the City, soliciting proposals for the redevelopment of the Redevelopment Area, and made such requests for proposals available at for potential developers of the Redevelopment Area.

C. On November 5, 2002 Developer submitted its development proposal dated November 5, 2002, (the "Redevelopment Proposal"), for redevelopment of the Redevelopment Area.

D. On January 8, 2003, following a public hearing held on January 8, 2003, in accordance with the TIF Act, the TIF Commission adopted a resolution approving the Redevelopment Plan titled "Grace Lofts TIF Redevelopment Plan," dated November 22, 2002 and the Redevelopment Project described in the Redevelopment Plan recommending that the Board of Aldermen: (1) adopt tax increment financing with respect to the Redevelopment Area by passage of an ordinance complying with the terms of Section 99.845 of the Act; and (2) adopt an ordinance in the form required by the Act (i) approving the Redevelopment Plan, (ii) approving and designating the Redevelopment Area as a "redevelopment area" as provided in the Act, and (iii) approving the Redevelopment Project.

E. On February 7, 2003, after due consideration of the TIF Commission's recommendations, the Board of Aldermen adopted: (1) Ordinance No. _____ designating the Redevelopment Area as a "redevelopment area" as provided in the TIF Act, approving the Redevelopment Plan, approving the Redevelopment Project described in the Redevelopment Plan, adopting tax increment allocation financing within the Redevelopment Area and establishing the Special Allocation Fund; (2) Ordinance No. _____ designating the Developer as developer of the Redevelopment Area and authorizing the City to enter into this Agreement with Developer; and (3) Ordinance No. _____ authorizing the issuance of TIF Notes as evidence of the City's obligation to pay certain Redevelopment Project Costs incurred in furtherance of the Redevelopment Plan and the Redevelopment Project and pledging TIF Revenues to the payment of the TIF Notes.

F. The Board of Aldermen hereby determines that the acceptance of the Redevelopment Proposal and the fulfillment generally of this Agreement are in the best interests of the City, and the health, safety and welfare of its residents, and in accord with the public purposes specified in the Redevelopment Plan.

G. Pursuant to provisions of the TIF Act and Ordinance Nos. _____, _____ and _____, the City is authorized to enter into this Agreement, to issue TIF Notes as evidence of the City's obligation to pay certain Redevelopment Project Costs incurred in furtherance of the Redevelopment Plan and any such Redevelopment Project, and to pledge TIF Revenues to the payment of the TIF Notes.

AGREEMENT

Now, therefore, in consideration of the premises and promises contained herein and other good and valuable consideration, the adequacy and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I
DEFINITIONS**

1.1 Definitions. As used in this Agreement, the following words and terms shall have the following meanings:

"*Acquisition Costs*" means all costs of acquiring a fee simple interest in the Property, including, but not limited to, the cost of land and improvements; brokerage commissions; costs of title commitments, reports or policies; surveys; engineering fees,

environmental remediation, soil, hazardous waste and other site and property-related reports and expenses; appraisals; professional fees of any kind or nature, including, but not limited to, attorneys' fees, filing fees, recording fees, experts' fees; and all litigation costs, including, but not limited to, commissioners' awards, judgments, payments in settlement of litigation, and all associated court costs, fees and expenses.

"Act" or "TIF Act" means the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 through 99.865 of the Revised Statutes of Missouri (2000).

"Agreement" means this Redevelopment Agreement, as the same may be from time to time modified, amended or supplemented in writing by the parties hereto.

"Approving Ordinance" means Ordinance No. _____ designating the Redevelopment Area, approving the Redevelopment Plan, approving the Redevelopment Project, adopting tax increment allocation financing within the Redevelopment Area and establishing the Special Allocation Fund.

"Authorizing Ordinance" means Ordinance No. _____ authorizing the City to enter into a Redevelopment Agreement with Developer.

"Available Revenues" means all TIF Revenues on deposit from time to time in the Special Allocation Fund excluding: (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer, or (ii) any sum received by the City which is the subject of a suit or other claim communicated to the City which suit or claim challenges the collection of such sum.

"Board of Aldermen" means the Board of Aldermen of the City.

"Bond Counsel" means Armstrong Teasdale LLP, St. Louis, Missouri, or an attorney at law or a firm of attorneys acceptable to the City of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on obligations issued by states and their political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

"Bond Proceeds" means the gross cash proceeds from the sale of TIF Bonds before payment of Issuance Costs, together with any interest earned thereon.

"Certificate of Commencement of Construction" means a document substantially in the form of **Exhibit C**, attached hereto and incorporated by reference herein, delivered by Developer to the City in accordance with this Agreement and evidencing commencement of construction of the Redevelopment Project.

"Certificate of Reimbursable Redevelopment Project Costs" means a document substantially in the form of **Exhibit D**, attached hereto and incorporated herein by reference, provided by the Developer to the City in accordance with this Agreement and evidencing Reimbursable Redevelopment Project Costs incurred by the Developer.

"Certificate of Substantial Completion" means a document substantially in the form of **Exhibit E**, attached hereto and incorporated herein by reference, issued by the Developer to the City in accordance with this Agreement and evidencing the Developer's satisfaction of all obligations and covenants to construct the Redevelopment Project in accordance with the Redevelopment Plan and this Agreement.

"City" means the City of St. Louis, Missouri, a city and political subdivision duly organized and existing under its charter and the Constitution and laws of the State of Missouri.

"Construction Plans" means plans, drawings, specifications and related documents, and construction schedules for the construction of the Work, together with all supplements, amendments or corrections, submitted by the Developer and approved by the City in accordance with applicable law.

"Developer" means McGowan Brothers Development Corporation, LLC, a limited liability company duly organized and existing under the laws of the State of Missouri, or its permitted successors or assigns in interest.

"Economic Activity Taxes" or "EATs" shall have the meaning ascribed to such term in Section 99.805(4) of the TIF Act.

"Governmental Approvals" means all plat approvals, re-zoning or other zoning changes, site plan approvals, conditional use permits, variances, building permits, or other subdivision, zoning, or similar approvals required for the implementation of the Redevelopment Project related to the Redevelopment Area and consistent with the Redevelopment Plan and this Agreement.

"Issuance Costs" means all costs reasonably incurred by the City in furtherance of the issuance of TIF Obligations, including without limitation the fees and expenses of financial advisors and consultants, the City's attorneys (including issuer's counsel and Bond Counsel), the City's administrative fees and expenses (including fees and costs of planning consultants), underwriters' discounts and fees, the costs of printing any TIF Obligations and any official statements relating thereto, the costs of credit enhancement, if any, capitalized interest, debt service reserves and the fees of any rating agency rating any TIF Obligations.

"Maturity Date" means the date that is twenty three (23) years after the date of adoption of the Approving Ordinance.

"Note Ordinance" means Ordinance No. _____ adopted by the Board of Aldermen authorizing the TIF Note and TIF Obligations, any trust indenture relating thereto, and all related ordinances, resolutions and proceedings.

“*Payments in Lieu of Taxes*” or “*PILOTs*” shall have the meaning ascribed to such term in Section 99.805(10) of the TIF Act.

“*Project Fund*” means the Project Fund created in the Note Ordinance.

“*Property*” means the real property (including without limitation all options held by third parties, fee interests, leasehold interests, tenant-in-common interests and such other like or similar interests) and existing improvements in the Redevelopment Area necessary for the implementation of the Redevelopment Project.

“*Redevelopment Area*” means the real property described in **Exhibit A**, attached hereto and incorporated herein by reference, comprising approximately one parcel of real property.

“*Redevelopment Plan*” means the plan titled “Grace Lofts TIF Redevelopment Plan,” as approved by the City on February 7, 2003, pursuant to the Approving Ordinance, as such plan may from time to time be amended in accordance with the TIF Act.

“*Redevelopment Project*” means the redevelopment project described in the Redevelopment Plan as approved by Ordinance No. _____ on _____, 2003, consisting of the rehabilitation and renovation of the building located at 1320-24 Washington Avenue (historically known as the Lesan-Gould building) into two floors of retail and office space and approximately 40,500 square feet of residential space, along with underground parking.

“*Redevelopment Project Costs*” shall have the meaning ascribed to such term in Section 99.805(14) of the TIF Act.

“*Redevelopment Proposal*” means the document on file with the City and incorporated herein by reference, titled “Grace Lofts TIF Application,” submitted by the Developer to the City on November 5, 2002, subject to the provisions of the Redevelopment Plan and this Agreement.

“*Reimbursable Redevelopment Project Costs*” means those Redevelopment Project Costs as described in **Exhibit B**, attached hereto and incorporated herein by reference, for which the Developer is eligible for reimbursement in accordance with this Agreement.

“*Relocation Plan*” means the relocation plan of the City for the Redevelopment Area as contained in the Redevelopment Plan, which relocation plan was adopted on December 20, 1991, pursuant to Ordinance No. 62481.

“*Special Allocation Fund*” means the Grace Lofts Special Allocation Fund, created by Ordinance No. _____ in accordance with the TIF Act, and including the accounts and sub-accounts for the Redevelopment Project into which TIF Revenues are from time to time deposited in accordance with the TIF Act and this Agreement.

“*TIF Act*” means the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 through 99.865 of the Revised Statutes of Missouri (2000).

“*TIF Bonds*” means tax increment revenue bonds, if any, authorized and issued by the City in accordance with the TIF Act and this Agreement.

“*TIF Commission*” means the Tax Increment Financing Commission of the City of St. Louis, Missouri.

“*TIF Notes*” means tax increment revenue notes issued by the City pursuant to and subject to this Agreement and the Note Ordinance in substantially the form set forth in **Exhibit F**, to evidence the City’s limited obligation to repay Reimbursable Redevelopment Project Costs incurred by the Developer on behalf of the City in accordance with the TIF Act and this Agreement.

“*TIF Obligations*” means TIF Bonds, TIF Notes or other obligations, singly or in series, issued by the City pursuant to the TIF Act and in accordance with this Agreement.

“*TIF Revenues*” means: (1) payments in lieu of taxes (as that term is defined in Section 99.805(10) of the TIF Act) attributable to the increase in the current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property located within the Redevelopment Area over and above the initial equalized assessed value (as that term is used and described in Sections 99.845.1 and 99.855.1 of the TIF Act) of each such unit of property, as paid to the City Treasurer by the City Collector of Revenue during the term of the Redevelopment Plan and the Redevelopment Project, and (2) fifty percent (50%) of the total additional revenues from taxes which are imposed by the City or other taxing districts (as that term is defined in Section 99.805(16) of the TIF Act) and which are generated by economic activities within the Redevelopment Area over the amount of such taxes generated by economic activities within the Redevelopment Area in the calendar year ending December 31, 2002 (subject to annual appropriation by the City as provided in the TIF Act), as defined and described in Sections 99.805(4) and 99.845 of the TIF Act, but excluding therefrom personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, taxes levied pursuant to Section 70.500 of the Revised Statutes of Missouri, as amended, taxes levied for the purpose of public transportation pursuant to Section 94.660 of the Revised Statutes of Missouri, as amended, and licenses, fees or special assessments other than payments in lieu of taxes and penalties and interest thereon, all as provided in Section 99.845 of the TIF Act.

“*Trustee*” means the trustee or fiscal agent for any issue of TIF Obligations.

“*Work*” means all work necessary to prepare the Redevelopment Area and to construct or cause the construction of the Redevelopment Project as specifically described in the Redevelopment Plan and this Agreement, including, but not limited to: (1) property acquisition; (2) professional services, including, but not limited to, architecture, engineering, surveying, financing, legal and planning and consulting; (3) demolition, site preparation and improvements; (4) construction, reconstruction, or rehabilitation

of the building interior, the shell, façade and the structural elements of the building; (5) construction, reconstruction or rehabilitation of related infrastructure and improvements, including without limitation, surrounding roads, sidewalks, lighting, landscaping and parking facilities; and (6) all other work described in the Redevelopment Plan and this Agreement, or reasonably necessary to effectuate the intent of this Agreement.

ARTICLE II ACCEPTANCE OF PROPOSAL

2.1 Developer Designation The City hereby selects the Developer to acquire the Property and to perform or cause the performance of the Work in accordance with the Redevelopment Plan and this Agreement and all Governmental Approvals. To the extent of any inconsistency among the foregoing, the parties agree that the Redevelopment Plan shall govern.

2.2 Developer to Advance Costs The Developer agrees to advance all Redevelopment Project Costs as necessary to acquire the Property and to complete the Work, all subject to the Developer's right to abandon the Redevelopment Project and to terminate this Agreement as set forth in Section 7.1 of this Agreement. Additionally, and not by way of limitation:

- (i) the City acknowledges payment by the Developer of a Five Thousand Dollar (\$5,000.00) TIF Application Fee;
- (ii) the City acknowledges that, prior to the execution of this Agreement, the Developer paid the sum of Four Thousand Seven Hundred and Ten Dollars (\$4,710.00), which monies have been paid one half to the Comptroller of the City and one half to the St. Louis Development Corporation to reimburse the City's Comptroller and the St. Louis Development Corporation for their administrative costs in reviewing the Redevelopment Plan and the Redevelopment Proposal;
- (iii) the Developer shall, within ten (10) days after the date of execution of this Agreement, pay the sum of Four Thousand Seven Hundred and Ten Dollars (\$4,710.00), which monies shall be paid one half to the Comptroller of the City and one half to the St. Louis Development Corporation to reimburse the City's Comptroller and the St. Louis Development Corporation for their administrative costs in reviewing the Redevelopment Plan and the Redevelopment Proposal;
- (iv) the Developer shall pay to the Comptroller of the City an additional amount not to exceed Ten Thousand Dollars (\$10,000.00), which amount shall be paid upon execution of the Redevelopment Agreement to reimburse the Comptroller for its actual legal expenses incurred in connection with the adoption of the Approving Ordinance and Authorizing Ordinance and the negotiation of the Redevelopment Agreement;
- (v) the Developer shall, concurrently with the initial issuance of the TIF Notes, pay to the City a flat fee of Twenty Thousand Dollars (\$20,000.00) for the City's Issuance Costs of such TIF Notes; and
- (vii) any amounts advanced to the City shall represent Reimbursable Redevelopment Project Costs to be reimbursed exclusively from the proceeds of TIF Obligations as provided in and subject to Articles IV and V of this Agreement.

ARTICLE III CONSTRUCTION OF REDEVELOPMENT PROJECT

3.1 Acquisition of Property. Developer represents that, as of the date of this Agreement, Developer is the fee owner of the Property. Any additional properties acquired by the Developer for completion of the Work shall be held in the name of the Developer and shall be subject to the terms, conditions and covenants contained herein and in the Redevelopment Plan immediately upon acquisition.

3.2 Condemnation. As of the date of this Agreement, it is not anticipated that the power of eminent domain will be necessary to acquire any portion of the Property in the Redevelopment Area.

3.3 Relocation. The Developer shall identify any Displaced Person (as defined in Ordinance No. 62481 of the City) that is entitled to relocation payments or relocation assistance under the Relocation Plan. The City shall, at the Developer's sole cost and expense, subject to reimbursement as a Reimbursable Redevelopment Project Cost in accordance with **Article IV** of this Agreement, coordinate such relocation payments and relocation assistance in accordance with the Relocation Plan.

3.4 Developer to Construct the Work. The Developer shall commence or cause the commencement of the construction of the Work within one hundred twenty (120) days of the date of this Agreement, which Work shall be constructed in a good and workmanlike manner in accordance with the terms of this Agreement and the Redevelopment Plan. The Developer shall complete or cause the completion of all of the Work not later than May 31, 2004 absent an event of Force Majeure. In the event of any delay caused by an event of Force Majeure as defined in Section 7.5 of this Agreement, Developer shall be granted additional time to complete the Work up to and including May 31, 2005.

The Developer may enter into or cause to be entered into one or more construction contracts to complete the Work. Prior to the commencement of construction of any portion of the Work, the Developer shall obtain or shall require that any of its contractors obtain workers' compensation, comprehensive public liability and builder's risk insurance coverage in amounts customary in the industry for similar type projects. The Developer shall require that such insurance be maintained by any of its contractors for the duration of the construction of such portion of the Work. To the extent that laws pertaining to prevailing wage and hour apply to any portion of the Work, the City and the Developer agree to cooperate and take all actions necessary to apply for the wage and

hour determinations and otherwise comply with such laws.

3.5 Governmental Approvals. The City and the St. Louis Development Corporation agree to employ reasonable and good faith efforts to cooperate with the Developer and to process and timely consider and respond to all applications for the Governmental Approvals as received, all in accordance with the applicable City ordinances and laws of the State of Missouri.

3.6 Construction Plans; Changes. The Construction Plans shall be prepared by a professional engineer or architect licensed to practice in the State of Missouri and the Construction Plans and all construction practices and procedures with respect to the Work shall be in conformity with all applicable state and local laws, ordinances and regulations. During the progress of the Work, the Developer may make such reasonable changes, including without limitation modification of the construction schedule, including but not limited to, dates of commencement and completion, modification of the areas in which the Work is to be performed, relocation, expansion or deletion of items, revisions to the areas and scope of Work, and any and all such other changes as site conditions or orderly development may dictate or as may be necessary or desirable, in the sole determination of the Developer, to enhance the economic viability of the Redevelopment Project and as may be in furtherance of the general objectives of the Redevelopment Plan; provided that (a) the Developer shall comply with all laws, regulations and ordinances of the City and (b) prior to any material changes, the Developer shall obtain the advance written consent of the St. Louis Development Corporation, which consent shall not be unreasonably withheld or delayed. For purposes of this Section, "material changes" shall mean any change that could reasonably be expected to result in a decrease in the aggregate amount of TIF Revenues generated within the Redevelopment Area to an amount less than 90% of the aggregate amount of TIF Revenues as projected in the Redevelopment Plan.

3.7 Certificate of Substantial Completion. Promptly after substantial completion of the Work, the Developer shall furnish to the City and the St. Louis Development Corporation a Certificate of Substantial Completion. The Mayor or his designee and the St. Louis Development Corporation shall, within thirty (30) days following delivery of the Certificate of Substantial Completion, carry out such inspections as it deems necessary to verify to its reasonable satisfaction the accuracy of the certifications contained in the Certificate of Substantial Completion. The Certificate of Substantial Completion shall be deemed accepted by the City and the St. Louis Development Corporation unless, within thirty (30) days following delivery of the Certificate of Substantial Completion, the Mayor or his designee or the St. Louis Development Corporation furnishes the Developer with specific written objections to the status of the Work, describing such objections and the measures required to correct such objections in reasonable detail. Upon acceptance of the Certificate of Substantial Completion by the Mayor or his designee and the St. Louis Development Corporation or upon the lapse of thirty (30) days after delivery thereof to the St. Louis Development Corporation without any written objections thereto, the Developer may record the Certificate of Substantial Completion with the City's Recorder of Deeds, and the same shall constitute evidence of the satisfaction of the Developer's agreements and covenants to perform all Work. The Certificate of Substantial Completion shall be in substantially the form attached as **Exhibit E**, attached hereto and incorporated by referenced herein.

ARTICLE IV. REIMBURSEMENT OF DEVELOPER COSTS

4.1 City's Obligation to Reimburse Developer. The City agrees to reimburse Developer for the verified Reimbursable Redevelopment Project Costs in an amount not to exceed One Million Five Hundred Fifty Thousand Dollars (\$1,550,000) plus Issuance Costs. Subject to the terms of the Note Ordinance and this Agreement, the City agrees to issue TIF Obligations to evidence the City's obligation to reimburse Developer for verified Reimbursable Redevelopment Project Costs in an amount not to exceed One Million Five Hundred Fifty Thousand Dollars (\$1,550,000), plus Issuance Costs and interest as provided in **Section 5.2** of this Agreement, subject to the limitations of **Article IV** of this Agreement.

4.2 Reimbursements Limited to Reimbursable Redevelopment Project Costs; Developer's Right to Substitute. Nothing in this Agreement shall obligate the City to issue TIF Obligations to reimburse the Developer for any cost that is not incurred pursuant to Section 99.820.1 of the TIF Act or that does not qualify as a "redevelopment project cost" under Section 99.805(14) of the TIF Act. The Developer shall provide to the City (a) itemized invoices, receipts or other information evidencing such costs; and (b) a Certificate of Reimbursable Redevelopment Project Costs constituting certification by the Developer that such cost is eligible for reimbursement under the TIF Act. Within thirty (30) days of the City's receipt from the Developer of a Certificate of Reimbursable Redevelopment Project Costs, the City shall review and act upon such Certificate of Reimbursable Redevelopment Project Costs. The parties agree that each of the categories of costs set forth in **Exhibit B**, attached hereto and incorporated herein by reference, shall constitute Reimbursable Redevelopment Project Costs which are eligible for reimbursement in accordance with the TIF Act and this Agreement. The Developer shall be entitled to reimbursement for Redevelopment Project Costs from any of the categories set forth in **Exhibit B** up to the maximum aggregate amount established in **Section 4.1** of this Agreement; provided that the Developer shall be obligated to advance to the City the full amounts identified in **Section 2.2, clauses (i)-(v)**, of this Agreement. If the City determines that any cost identified as a Reimbursable Redevelopment Project Cost is not a "redevelopment project cost" under Section 99.805(14) of the TIF Act, the City shall so notify the Developer in writing within the 30-day period referenced in this **Section 4.2**, identifying the ineligible cost and the basis for determining the cost to be ineligible, whereupon the Developer shall have the right to identify and substitute other Redevelopment Project Costs as Reimbursable Redevelopment Project Costs with a supplemental application for payment. If the City fails to approve or disapprove any Certificate within thirty (30) days after receipt thereof, the Certificate of Reimbursable Redevelopment Project Costs shall be deemed approved.

4.3 City's Obligations Limited to Special Allocation Fund and Bond Proceeds. Notwithstanding any other term or provision of this Agreement, TIF Notes issued by the City to the Developer for Reimbursable Redevelopment Project Costs are payable only from the Special Allocation Fund and from Bond Proceeds, if any, and from no other source.

ARTICLE V. TIF OBLIGATIONS

5.1 Conditions Precedent to the Issuance of TIF Notes. No TIF Notes shall be issued until such time as the City has received (i) a Certificate of Commencement of Construction, evidencing that the Developer has incurred at least \$300,000 of

Reimbursable Redevelopment Project Costs, of which at least \$200,000 shall be hard costs related to categories B through D on **Exhibit B**; (ii) a Certificate of Reimbursable Redevelopment Project Costs in substantially the form of **Exhibit D**, attached hereto and incorporated herein by reference; (iii) payment of the City's Issuance Costs in connection with the TIF Notes pursuant to **Section 2.2, clause (v)**; (iv) an opinion of Bond Counsel regarding the taxable nature of the TIF Notes; and (v) such other documentation as the City shall reasonably require of Developer in order for the City to obtain an opinion of Bond Counsel as required by this **Section 5.1**.

5.2 Issuance of TIF Notes. Upon satisfaction of the conditions of **Section 2.2, clause (v), and Section 5.1** of this Agreement, the City agrees to issue one or more TIF Notes as provided in the Note Ordinance to reimburse the Developer for Reimbursable Redevelopment Project Costs up to the maximum amount established in **Section 4.1** of this Agreement, subject to the limitations of Article IV of this Agreement. The TIF Notes shall be in a form substantially similar to **Exhibit F**, attached hereto and incorporated herein by reference.

5.2.1 Terms. Each TIF Note shall bear simple interest at a fixed rate per annum equal to (i) seven and one-half percent (7.5%) if the interest on such TIF Note, in the opinion of Bond Counsel, is not exempt from Federal income taxation; or (ii) six percent (6%) if the interest on such TIF Note, in the opinion of Bond Counsel, is exempt from Federal income taxation. All TIF Notes shall have a stated maturity of the Maturity Date

5.2.2 Procedures for Issuance of TIF Notes. Except as otherwise provided in this Agreement, the City shall, within ten (10) days after acceptance by the City of the Certificate of Reimbursable Redevelopment Project Costs, issue an endorsement to the TIF Note evidencing an advance for the reimbursement of Reimbursable Redevelopment Project Costs ("**Construction Advance**"). In lieu of an endorsement to the TIF Note, the City shall, upon written request by the Developer, issue additional TIF Notes in denominations of One Hundred Thousand Dollars (\$100,000) and in increments of One Thousand Dollars (\$1,000) in excess thereof, to evidence the City's obligation to pay such advances of Redevelopment Project Reimbursement Costs ("**Additional Notes**").

If the City accepts the Certificate of Reimbursable Redevelopment Project Costs within thirty (30) days after submission by the Developer, the resulting Construction Advance or Additional Notes shall be deemed to have been issued on the date that the City accepts the Certificate of Reimbursable Redevelopment Project Costs. If the City accepts the Certificate of Reimbursable Redevelopment Project Costs more than thirty (30) days after submission by Developer (or rejects it more than thirty (30) days after submission by Developer and provides the Developer the right to identify and substitute eligible Reimbursable Redevelopment Project Costs in accordance with **Section 4.2** of this Agreement), the resulting Construction Advance or Additional Notes shall be deemed to have been issued on the thirty-first (31st) day after submission of the Certificate of Reimbursable Redevelopment Project Costs by the Developer.

Notwithstanding anything contained in this Agreement to the contrary, the City shall be entitled to withhold from each endorsement of the principal amount of the TIF Notes an amount equal to ten percent (10%) of the maximum principal amount of each TIF Note allowable under this Agreement until such time as the Certificate of Substantial Completion has been accepted by the City and SLDC in the manner provided in this Agreement.

Notwithstanding anything contained in this Agreement to the contrary, upon the acceptance by the City of a Certificate of Reimbursable Redevelopment Project Costs and the issuance by the City of a Construction Advance or Additional Notes as provided in **Section 5.2.2** of this Agreement, the Developer shall be deemed to have advanced funds necessary to purchase such TIF Notes and the City shall be deemed to have deposited such funds in the Project Fund and shall be deemed to have reimbursed the Developer in full for such costs from the amounts deemed to be on deposit in the Project Fund from time to time.

5.2.3 Special Mandatory Redemption of TIF Notes. All TIF Notes are subject to special mandatory redemption by the City, in whole at any time or in part on each March 1 and September 1 occurring after the acceptance by the City of the Certificate of Substantial Completion at a redemption price equal to 100% of the principal amount being redeemed, together with the accrued interest thereon to the date fixed for redemption.

5.3 Optional Issuance of TIF Bonds. The City may, in its sole and absolute discretion, issue, or cause to be issued, TIF Bonds at any time in an amount sufficient to refund all or a portion of the outstanding TIF Notes.

5.4 Mandatory Issuance of TIF Bonds. Upon receipt of a written request by Developer and upon the City's underwriter's recommendation in favor of issuing TIF Bonds and recommendation of the principal amount thereof based on the criteria set forth below, the City shall immediately proceed to issue, or cause to be issued, TIF Bonds as described in this Section. The aggregate gross cash proceeds from the sale of the TIF Bonds before payment of Issuance Costs, together with any interest accrued thereon ("**Bond Proceeds**") of such TIF Bonds will be finally determined by the City after receiving the underwriter's recommendation based on the criteria set forth below. The City shall not be obligated to issue or cause to be issued such TIF Bonds unless the underwriter determines that all of the following criteria are satisfied as of the date of issuance of such bonds, unless such criteria are waived by the City's underwriter. Developer shall not have any liability for any costs associated with the issuance of TIF Bonds but shall bear its own costs and expenses, including any attorneys' fees and expenses, that Developer may incur in complying with this Section.

5.4.1 Criteria for Issuance. The underwriter's recommendation for issuance of TIF Bonds and the principal amount thereof shall be based on the following criteria:

- (i) Confirmation that there are sufficient executed leases and/or satisfactory lease commitments in place to generate revenues sufficient to pay debt service on the TIF Bonds, based on the average rent and/or sales for such tenants or owners;

- (ii) Acceptance by the City of the Certificate of Substantial Completion;
- (iii) Review of projections of TIF Revenues available for debt service as proposed by an independent qualified consultant. Such projections must show that (A) if all available TIF Revenues were to be applied to the immediate repayment of the TIF Bonds, the TIF Bonds would reasonably be anticipated to be retired within twenty-three years from the date of adoption of the Approving Ordinance, and (B) based on a maturity date twenty-three years from the date of adoption of the Approving Ordinance, the TIF Bonds are reasonably likely to achieve debt service coverage ratio reasonably acceptable to the City's underwriter;
- (iv) Developer must have obtained a Certificate of Occupancy for the residential portion (approximately 40,500 square feet) of the Redevelopment Project; and
- (v) Developer's documentation of the Redevelopment Project stabilization for a minimum period of two years as evidenced in a report to the City prepared by a qualified independent consultant to be paid for by the City, which report also sets forth TIF revenue projections for the Redevelopment Project in connection with the issuance of the TIF Bonds; and
- (vi) The net average annual debt service on the TIF Bonds (taking into account the principal portion of the TIF Bonds that are issued to establish a reserve fund and to pay Issuance Costs, and including any reserve fund earnings) will be lower than the average annual debt service on the outstanding TIF Notes, unless the Developer voluntarily elects to defer or forgive principal of and/or interest on the TIF Notes in an amount necessary to make the net average annual debt service on the TIF Bonds lower than the net average annual debt service on the outstanding TIF Notes.

5.4.2 Application of TIF Bond Proceeds. Proceeds of any TIF Bonds shall be applied:

- (i) To the payment of costs relating to the issuance of the TIF Bonds;
- (ii) To the payment of outstanding principal of and interest on the TIF Notes to be refunded;
- (iii) To the payment of capitalized interest on the TIF Bonds; and
- (iv) To the establishment of a debt service reserve fund for the TIF Bonds in a reasonable amount of the principal amount of TIF Bonds to be issued, as to be determined by the City's underwriter.

5.5 Cooperation in the Issuance of TIF Obligations. Developer covenants to cooperate and take all reasonable actions necessary to assist the City and its Bond Counsel, underwriters and financial advisors in the preparation of offering statements, private placement memorandum or other disclosure documents and all other documents necessary to market and sell the TIF Obligations, including disclosure of tenants of the Redevelopment Area and the non-financial terms of the leases between Developer and such tenants. Developer will not be required to disclose to the general public or any investor any proprietary or confidential information, including financial information, pertaining to Developer, but upon the execution of a confidentiality agreement acceptable to Developer, Developer will provide such information to the City's financial advisors, underwriters and their counsel to enable such parties to satisfy their due diligence obligations. Developer shall make such compliance obligation a covenant running with the land, enforceable as if any subsequent transferee thereof were originally a party to and bound by this Agreement.

5.6 City to Select Underwriter and Financial Advisor; Term and Interest Rate. The City shall have the right to select the designated underwriter (and such financial advisors and consultants as the underwriter and the City deem necessary for the issuance of the TIF Bonds) and underwriter's counsel. The final maturity of the TIF Bonds shall not exceed the maximum term permissible under the TIF Act. The TIF Bonds shall bear interest at such rates, shall be subject to redemption and shall have such terms as the City shall determine in its sole discretion.

**ARTICLE VI
SPECIAL ALLOCATION FUND;
COLLECTION AND USE OF TIF REVENUES**

6.1 Creation of Special Allocation Fund. The City agrees to cause its Comptroller or other financial officer to maintain the Special Allocation Fund, including a "PILOTS Account" and an "EATs Account," and such further accounts or sub-accounts as are required by this Agreement or as the Comptroller of the City may deem appropriate in connection with the administration of the Special Allocation Fund pursuant to this Agreement. Subject to the requirements of the TIF Act and, with respect to Economic Activity Taxes, subject to annual appropriation by the Board of Aldermen, the City will promptly upon receipt thereof deposit all Payments in Lieu of Taxes into the PILOTS Account and all Economic Activity Taxes into the EATs Account.

6.2 Certification of Base for PILOTS and EATS.

6.2.1 Upon the reasonable written request of the City, Developers shall use its best efforts to provide or cause to be provided to the Comptroller of the City or its authorized representative any documents necessary for the City to calculate the base for PILOTS and EATs including, but not limited to: (i) the address and locator number of all parcels of real property located within the Redevelopment Area; and (ii) the federal and state tax identification numbers of each "seller" (as that term is defined in Section 144.010(11) of the Missouri Revised Statutes, as amended) located in the

Redevelopment Area in the calendar year ending December 31, 2002.

6.2.2 Within ninety (90) days after adoption of the Approving Ordinance by the Board of Aldermen, the City shall provide to the Developer: (i) a true, correct and complete copy of the City Assessor's calculation of the total initial equalized assessed valuation of the taxable real property within the Redevelopment Area based upon the most recently ascertained equalized assessed value of each taxable lot, block, tract, or parcel of real property within the Redevelopment Area; and (ii) a certification of the amount of revenue from taxes, penalties and interest which are imposed by the City and other taxing districts and which are generated by economic activities within the Redevelopment Area for the calendar year ending December 31, 2002, but excluding those taxes, licenses, fees or special assessments identified in Section 99.845.3 of the TIF Act.

6.3 Application of Available Revenues. The City hereby agrees for the term of this Agreement to apply the Available Revenues and any taxes, fees or assessments subsequently enacted and imposed in substitution therefor and allocable to the Special Allocation Fund under the TIF Act or this Agreement to the repayment of TIF Obligations issued under **Article V** of this Agreement as provided in the Note Ordinance and this Agreement. As long as any TIF Notes are outstanding, Available Revenues shall be applied to such payment each March 1 and September 1 (each, a "Payment Date") occurring after acceptance by the City of the Certificate of Substantial Completion (either by the City Comptroller or other financial officer or, at the option of the City, by the Trustee on behalf of the City), first from the EATS Account and then from the PILOTS Account as follows:

- (i) to the Comptroller of the City and the St. Louis Development Corporation, an amount sufficient to pay all or any portion of the fees and expenses incurred by the Comptroller of the City and the St. Louis Development Corporation but not to exceed the lesser of Six Thousand Two Hundred and Eighty Dollars (\$6,280.00) or 0.4% of the Notes outstanding on January 1 of each calendar year, plus any accumulated deficiency from previous years, unless the City has incurred costs pursuant to **Section 7.15** of this Agreement that have not otherwise been reimbursed to the City through the issuance of TIF Notes purchased by the Developer;
- (ii) an amount sufficient to pay all or any portion of the past due interest owing as a result of prior deficiencies of moneys to pay interest due on any TIF Notes on each Payment Date;
- (iii) an amount sufficient to pay all or any portion of the accrued interest becoming due and payable on any TIF Notes on each Payment Date;
- (iv) an amount sufficient to pay the principal of any TIF Notes that are subject to redemption pursuant to the Note Ordinance on each Payment Date;
- (v) all other remaining money in the Special Allocation Fund shall annually be declared as surplus and distributed in the manner provided in the TIF Act.

Upon the payment in full of the principal of and interest on all TIF Notes (or provision has been made for the payment thereof as specified in the Note Ordinance), payment in full of the fees and expenses of the Comptroller and the St. Louis Development Corporation, and payment in full of any other amounts required to be paid under the TIF Note Ordinance, all amounts remaining on deposit in the Revenue Fund shall be declared as surplus and distributed in the manner provided in the Act.

If monies available in Special Allocation Fund are insufficient to reimburse the City or the Developer as provided above on any Payment Date, then the unpaid portion shall be carried forward to the next Payment Date, with interest thereon.

The City agrees that the officer of the City at any time charged with the responsibility of formulating budget proposals will be directed to include in the budget proposal submitted to the Board of Aldermen, for each fiscal year that TIF Obligations are outstanding, a request for an appropriation of all Available Revenues on deposit in the Special Allocation Fund for application to the payment of the principal of (including, but not limited to, payment of a premium, if any) and interest on the TIF Obligations.

6.4 Cooperation in Determining TIF Revenues. The City and the Developer agree to cooperate and take all reasonable actions necessary to cause the TIF Revenues to be paid into the Special Allocation Fund, including, but not limited to, the City's enforcement and collection of all such payments through all reasonable and ordinary legal means of enforcement. The Developer (or its successor(s) in interest as an owner or owner(s) of the affected portion(s) of the Property) shall require each "seller" (as that term is defined in Section 144.010(11) of the Missouri Revised Statutes, as amended) located on the Property to provide to the Comptroller of the City the following information:

- (i) Each "seller's" federal and state tax identification numbers.
- (ii) Within thirty (30) days of the end of each calendar quarter, copies of a completed Tax Increment Financing District Quarterly Information Form for each "seller's" business located within the Redevelopment Area along with:
 - (a) copies of all sales tax returns filed with the Missouri Department of Revenue (on Form 53-S.F. Missouri Department of Revenue or such successor form) with respect to the sales taxes originating from businesses located within the Redevelopment Area for such quarter. In the event that a "seller" has multiple business operations within the City, such "seller" shall file separate sales tax returns for the sales taxes originating from the business located within the Redevelopment Area.
 - (b) copies of all earnings tax returns filed with the City (on Business Return Form 234 or such successor form) with respect to earnings taxes originating from the business located within the Redevelopment Area.

Area for such quarter. In the event that a business has multiple operations within the City, such business shall file separate earnings tax returns for the earnings taxes originating from the business located within the Redevelopment Area.

(c) copies of all earnings tax withholding reports filed with the City (on Form W-10 or such successor form) with respect to earnings tax withholdings originating from the business located within the Redevelopment Area for such quarter. In the event that a business has multiple operations within the City, such business shall file separate earnings tax withholding reports for the earnings tax withholdings originating from the business located within the Redevelopment Area.

(d) Within thirty (30) days of receipt, copies of monthly invoices received for utility services provided to the property on which the business within Redevelopment Area is located, including without limitation electric, water, natural gas, and telephone services, for such quarter.

The Developer (or its successor(s) in interest as an owner or owner(s) of any portion(s) of the Property) shall also request any purchaser or transferee of real property and any lessee or other user of real property located within the Redevelopment Area to designate sales subject to sales taxes pursuant to Chapter 144 of the Revised Statutes of Missouri, as amended, to be reported as originating from the Redevelopment Area to the fullest extent permitted by law (including reasonable efforts to negotiate for the inclusion of a clause so providing in the leases of the Property). The Developer shall satisfy this requirement by including the obligations set forth in this Section within any deed conveying a portion of the property to or any lease entered into with any "seller."

6.5 Obligation to Report TIF Revenues. The Developer shall cause any purchaser or transferee of real property located within the Property, and any lessee or other user of real property located within the Property required to pay TIF Revenues, shall use all reasonable efforts to timely fulfill such obligations as are required by **Section 6.4** of this Agreement. So long as any of the TIF Obligations are outstanding, the Developer shall cause such obligations to be covenants running with the land, which covenants shall be enforceable as if such purchaser, transferee, lessee or other user of such real property were originally a party to and bound by this Agreement.

6.6 Notice to City of Transfer. The Developer agrees to notify the City in writing of any sale, transfer or other disposition of the Property or any interest therein as permitted by **Section 7.3.2** of this Agreement within ninety (90) days after the date of said sale, transfer or other disposition. Said notice shall specify the name and address of the person so acquiring any or all of the Property or any interest therein and shall identify the Property to be sold, transferred or otherwise disposed, whether by voluntary transfer or otherwise.

ARTICLE VII GENERAL PROVISIONS

7.1 Developer's Right of Termination. At any time prior to the delivery of the Certificate of Substantial Completion, the Developer may, by giving written notice to the City, abandon the Redevelopment Project and terminate this Agreement and the Developer's obligations hereunder if the Developer determines, in its sole discretion, that the Redevelopment Project is no longer economically feasible. Upon such termination, the City shall have no obligation to reimburse the Developer for any amounts advanced under this Agreement or costs otherwise incurred or paid by Developer and any TIF Note issued in connection with the Redevelopment Project pursuant to this Agreement shall be deemed null, void and canceled.

7.2 City's Right of Termination. The City may terminate this Agreement if the Developer fails to submit its Certificate of Substantial Completion, acceptable to the City, in accordance with **Section 3.9** of this Agreement and the schedule set forth in **Section 3.4** of this Agreement. Upon termination of this Agreement for any reason, the City shall have no further obligation to reimburse the Developer for any amounts advanced under this Agreement or costs otherwise incurred or paid by Developer and any TIF Note issued in connection with the Redevelopment Project pursuant to this Agreement shall be deemed null, void and canceled.

7.3 Successors and Assigns.

7.3.1 Binding Affect. This Agreement shall be binding on and shall inure to the benefit of the parties named herein and their respective heirs, administrators, executors, personal representatives, successors and assigns.

7.3.2 Assignment or Sale. Without limiting the generality of the foregoing, all or any part of the Property or any interest therein may be sold, transferred, encumbered, leased, or otherwise disposed of at any time, and the rights of the Developer named herein or any successors in interest under this Agreement or any part hereof may be assigned at any time before, during or after redevelopment of the Redevelopment Project, whereupon the party disposing of its interest in the Property or assigning its interest under this Agreement shall be thereafter released from further obligation under this Agreement (although any such Property so disposed of or to which such interest pertains shall remain subject to the terms and conditions of this Agreement), provided, however, that until substantial completion of the Redevelopment Project, the fee title to the Property shall not be sold, transferred or otherwise disposed of and the rights, duties and obligations of the Developer under this Agreement shall not be assigned in whole or in part without the prior written approval of the City, which approval shall not be unreasonably withheld or delayed upon a reasonable demonstration by the Developer of the proposed transferee's or assignee's experience and financial capability to undertake and complete such portions of the Work and perform the Developer's obligations under this Agreement, all in accordance with this Agreement. Notwithstanding anything herein to the contrary, the City hereby approves, and no prior consent shall be required in connection with: (a) the right of the Developer to encumber or collaterally assign its interest in the Property or any portion thereof or its rights, duties and obligations under this Agreement to secure loans, advances or extensions of credit to finance or from time to time refinance all or any part of the Redevelopment Project Costs, or the right of the holder of any such

encumbrance or transferee of any such collateral assignment (or trustee or agent on its behalf) to transfer such interest by foreclosure or transfer in lieu of foreclosure under such encumbrance or collateral assignment; (b) the right of Developer to assign the Developer's rights, duties and obligations under this Agreement to any party related to the Developer by one of the relationships described in Section 267(b) of the United States Internal Revenue Code of 1986, as amended; provided that in each such event (i) the Developer named herein (McGowan Brothers Development Corporation, LLC) shall remain liable hereunder for the substantial completion of the Redevelopment Project and shall be released from such liability hereunder only upon substantial completion of the Redevelopment Project and (ii) the Developer provides to the City fifteen (15) days' advance written notice of the proposed assignment or transfer.

7.3.3 Assignment or Sale to Exempt Organization. Prior to any sale, transfer or other disposition of all or any portion of the Property or any interest therein to an organization exempt from payment of ad valorem property taxes, such organization shall be required to agree not to apply for an exemption from payment of such property taxes for a period ending on the earlier of the date that all TIF Obligations are paid in full or twenty-three (23) years from the date that the Approving Ordinance was adopted by the City. The Developer shall make this requirement a covenant running with the land, enforceable for such period as if such purchaser or other transferee or possessor thereof were originally a party to and bound by this Agreement.

7.4 Remedies. Except as otherwise provided in this Agreement and subject to the Developer's and the City's respective rights of termination, in the event of any default in or breach of any term or conditions of this Agreement by either party, or any successor, the defaulting or breaching party (or successor) shall, upon written notice from the other party specifying such default or breach, proceed immediately to cure or remedy such default or breach, and shall, in any event, within thirty (30) days after receipt of notice, cure or remedy such default or breach. In the event that the defaulting or breaching party (or successor) diligently and in good faith commences to cure or remedy such default or breach but is unable to cure or remedy such default or breach within thirty (30) days after receipt of notice, the defaulting or breaching party (or successor) shall, prior to the end of such thirty (30) days, provide notice to the other party that it has in good faith commenced to cure or remedy such default or breach, whereupon the defaulting or breaching party (or successor) shall have an additional thirty (30) days to cure or remedy such default or breach. In case such cure or remedy is not taken or not diligently pursued, or the default or breach shall not be cured or remedied prior to the end of the additional thirty (30) day period, the aggrieved party may institute such proceedings as may be necessary or desirable in its opinion to cure and remedy such default or breach, including without limitation proceedings to compel specific performance by the defaulting or breaching party.

7.5 Force Majeure. Neither the City nor the Developer nor any successor in interest shall be considered in breach or default of their respective obligations under this Agreement, and times for performance of obligations hereunder shall be extended (but with respect to the times for performance set out in **Section 3.4** of this Agreement, only to the extent provided therein and established thereunder) in the event of any delay caused by force majeure, including without limitation damage or destruction by fire or casualty; strike; lockout; civil disorder; war; restrictive government regulations; lack of issuance of any permits and/or legal authorization by the governmental entity necessary for the Developer to proceed with construction of the Work or any portion thereof; shortage or delay in shipment of material or fuel; acts of God; unusually adverse weather or wet soil conditions; or other like causes beyond the parties' reasonable control, including without limitation any litigation, court order or judgment resulting from any litigation affecting the validity of the Redevelopment Plan, the Redevelopment Project or the TIF Obligations or this Agreement; provided that such event of force majeure shall not be deemed to exist as to any matter initiated or sustained by the Developer in bad faith, and further provided that the Developer notifies the City in writing within thirty (30) days of the commencement of such claimed event of force majeure.

7.6 Notices. All notices, demands, consents, approvals and other communications required by this Agreement to be given by either party hereunder shall be in writing and shall be hand delivered or sent by United States first class mail, postage prepaid, addressed to the appropriate party at its address set forth below, or at such other address as such party shall have last designated by notice to the other. Notices, demands, consents, approvals, and other communications shall be deemed given when delivered or three days after mailing; provided, however, that if any such notice or other communication shall also be sent by telecopy or fax machine, such notice shall be deemed given at the time and on the date of machine transmittal if the sending party receives a written send verification on its machines and forwards a copy thereof with its mailed or courier delivered notice or communication.

(i) In the case of the Developer, to:

McGowan Brothers Development Corporation, LLC
1222 Lucas Avenue
St. Louis, Missouri 63103
Attention: Timothy McGowan
Facsimile: 314-621-8440

With a copy to:

Husch & Eppenberger, LLC
190 Carondelet Plaza, Suite 600
St. Louis, Missouri 63105
Attention: David Richardson
Facsimile: 314-480-1505

(ii) In the case of the City, to:

City of St. Louis
Office of the Mayor

City Hall
 1200 Market Street, Room 200
 St. Louis, Missouri 63103
 Attention: Barbara Geisman, Executive Director for Development
 Facsimile: 314-622-3440

And

City of St. Louis
 Office of the Comptroller
 City Hall
 1200 Market Street, Room 212
 St. Louis, Missouri 63103
 Attention: Ivy Neyland-Pinkston, Deputy Comptroller
 Facsimile: 314-588-0550

With a copy to:

St. Louis Development Corporation
 1015 Locust Street
 Suite 1200
 St. Louis, Missouri 63101
 Attention: Dale Ruthsatz
 Facsimile: 314-231-2341

And

Armstrong Teasdale LLP
 One Metropolitan Square, Suite 2600
 St. Louis, Missouri 63102
 Attention: James E. Mello
 Facsimile: 314-621-5065

7.7 Conflict of Interest. No member of the Board of Aldermen, the TIF Commission, or any branch of the City's government who has any power of review or approval of any of the Developer's undertakings, or of the City's contracting for goods or services for the Redevelopment Area, shall participate in any decisions relating thereto which affect that member's personal interests or the interests of any corporation or partnership in which that member is directly or indirectly interested. Any person having such interest shall immediately, upon knowledge of such possible conflict, disclose, in writing, to the Board of Aldermen the nature of such interest and seek a determination by the Board of Aldermen with respect to such interest and, in the meantime, shall not participate in any actions or discussions relating to the activities herein proscribed.

7.8 Damage or Destruction of Redevelopment Project. In the event of total destruction or damage to the Redevelopment Project by fire or other casualty, during construction or thereafter during the term of this Agreement so long as any TIF Notes are outstanding, the Developer shall determine and advise the City in writing within one year of such destruction or damage whether to restore, reconstruct and repair any such destruction or damage so that the Redevelopment Project will be completed or rebuilt in accordance with the Redevelopment Plan and this Agreement. Should the Developer determine not to restore, reconstruct and repair, all unaccrued liability of the City for any payments of principal or interest on the TIF Notes shall immediately terminate and the Developer shall promptly surrender the TIF Notes to the City for cancellation. In the event of such total destruction or damage during the term of this Agreement and after any TIF Bonds are issued, the Developer shall, at the City's option after consultation with the Developer, tender to the City that portion of the insurance proceeds from any fire or casualty insurance policy in an amount equal to the outstanding principal amount of the TIF Bonds, plus accrued interest thereon.

7.9 Inspection. The City may conduct such periodic inspections of the Work as may be generally provided in the building code of the City. In addition, the Developer shall allow other authorized representatives of the City reasonable access to the Work site from time to time upon advance notice prior to the completion of the Work for inspection thereof. The Developer shall not unreasonably deny the City and its officers, employees, agents and independent contractors the right to inspect, upon request, all architectural, engineering, demolition, construction and other contracts and documents pertaining to the construction of the Work as the City determines is reasonable and necessary to verify the Developer's compliance with the terms of this Agreement.

7.10 Choice of Law. This Agreement shall be taken and deemed to have been fully executed, made by the parties in, and governed by the laws of State of Missouri for all purposes and intents.

7.11 Entire Agreement; Amendment. The parties agree that this Agreement constitutes the entire agreement between the parties and that no other agreements or representations other than those contained in this Agreement have been made by the parties. This Agreement shall be amended only in writing and effective when signed by the authorized agents of the parties.

7.12 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall constitute one and the same instrument.

7.13 Severability. In the event any term or provision of this Agreement is held to be unenforceable by a court of competent jurisdiction, the remainder shall continue in full force and effect, to the extent the remainder can be given effect without the invalid provision.

7.14 Representatives Not Personally Liable. No elected or appointed official, agent, employee or representative of the City shall be personally liable to the Developer in the event of any default or breach by any party under this Agreement, or for any amount which may become due to any party or on any obligations under the terms of this Agreement.

7.15 Actions Contesting the Validity and Enforceability of the Redevelopment Plan. During such time as the Developer is the owner of the TIF Notes, in the event a third party brings an action against the City or the City's officials, agents, attorneys, employees or representatives contesting the validity or legality of the Redevelopment Area, the Redevelopment Plan, the TIF Obligations, or the ordinance approving this Agreement, the Developer may, at its option, join the City in defense of such claim or action. The parties expressly agree that, so long as no conflicts of interest exist between them with regard to the handling of such litigation, the same attorney or attorneys may simultaneously represent the City and the Developer in any such proceeding. The Developer shall be responsible for all reasonable and necessary costs and expenses incurred by the City and by the Developer in connection with the defense of such claim or action, provided that if the City does not approve a settlement or compromise which the Developer would agree to, the Developer shall not be responsible for any costs or expenses incurred thereafter in the defense of such claim or action. All cost of any such defense, whether incurred by the City or the Developer, shall be deemed to be Reimbursable Redevelopment Project Costs and reimbursable from any amounts in the Special Allocation Fund, subject to **Article IV** of this Agreement.

7.16 Release and Indemnification. The indemnifications and covenants contained in this Section shall survive termination or expiration of this Agreement.

7.16.1 The City and its governing body members, officers, agents, attorneys, employees and independent contractors shall not be liable to the Developer for damages or otherwise in the event that all or any part of the TIF Act, or any ordinance adopted in connection with either the TIF Act, this Agreement or the Redevelopment Plan, is declared invalid or unconstitutional in whole or in part by the final (as to which all rights of appeal have expired or have been exhausted) judgment of any court of competent jurisdiction, and by reason thereof either the City is prevented from performing any of the covenants and agreements herein or the Developer is prevented from enjoying the rights and privileges hereof.

7.16.2 The Developer releases from and covenants and agrees that the City and its governing body members, officers, agents, attorneys, employees and independent contractors shall not be liable for, and agrees to indemnify and hold harmless the City, its governing body members, officers, agents, attorneys, employees and independent contractors against any and all claims, demands, liabilities and costs, including reasonable attorneys' fees, costs and expenses, arising from damage or injury, actual or claimed (excluding consequential and punitive damages), to persons or property occurring or allegedly occurring as a result of any negligent or malicious acts or omissions of the Developer, its governing body members, officers, agents, attorneys, employees and independent contractors, in connection with its or their activities conducted pursuant to this Agreement.

7.16.3 The City and its governing body members, officers, agents, attorneys, employees and independent contractors shall not be liable for any damage or injury to the persons or property of the Developer or its officers, agents, employees, independent contractors or any other persons who may be about the Property or the Work except for matters arising out of the gross negligence or willful misconduct of the City and its governing body members, officers, agents, attorneys, employees and independent contractors.

7.16.4 All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any of its governing body members, officers, agents, attorneys, employees or independent contractors in their individual capacities.

7.16.5 No governing body members, officers, agents, attorneys, employees or independent contractors of the City shall be personally liable to the Developer (i) in the event of a default or breach by any party under this Agreement or (ii) for any amount or any TIF Obligations which may become due to any party under the terms of this Agreement.

7.16.6 The Developer releases from and covenants and agrees that the City, its governing body members, officers, agents, attorneys, employees and independent contractors shall not be liable for, and agrees to indemnify and hold the City, its governing body members, officers, agents, attorneys, employees and independent contractors, harmless from and against any and all third party suits, interest, claims and cost of reasonable attorneys fees incurred by any of them, resulting from, arising out of, or in any way connected with: (i) the enforcement of this Agreement, the validity of the TIF Obligations or the enforcement or validity of any other agreement or obligation made in connection therewith and their approvals (excluding opinions of counsel and of the City's financial advisors whenever such claim is based on such party's own negligence); (ii) the negligence or willful misconduct of the Developer or its officers, agents, employees or independent contractors in connection with the design, management, development, redevelopment and construction of the Work, or (iii) the compliance by the Developer with all applicable state, federal and local environmental laws, regulations and ordinances as applicable to the Property, to the extent such condition existed prior to the acquisition thereof by the Developer. The foregoing release and indemnification shall not apply in the case of such liability arising directly out of the negligence or malicious acts or omissions of the City or its governing body members, officers, agents, attorneys, employees and independent contractors in connection with its or their activities conducted pursuant to this Agreement or which arises out of matters undertaken by the City following termination of this Agreement as to the Redevelopment Project or any particular portion thereof.

7.17 Survival. Notwithstanding the expiration or termination or breach of this Agreement by either party, the agreements contained in **Section 2.2, clauses (iv)-(v), Article VI, Sections 7.10, 7.11, 7.12, 7.13, 7.14, 7.15, 7.16, 7.17 and Article VIII** of this Agreement shall, except as otherwise expressly set forth herein, survive such early expiration or early termination of this Agreement by either party.

7.18 Maintenance of the Property. The Developer shall remain in compliance with all provisions of the City’s ordinances relating to maintenance and appearance of the Property during the construction of the Redevelopment Project or any portion thereof. Upon substantial completion of the Redevelopment Project and so long as any TIF Obligations are outstanding, the Developer or its successor(s) in interest, as owner or owners of the affected portion(s) of the Property, shall, during the remainder of the term of this Agreement (but subject to any delay caused by an event of force majeure as provided in **Section 7.5** of this Agreement), maintain or cause to be maintained the buildings and improvements within the Redevelopment Area which it owns in a good state of repair and attractiveness and in conformity with applicable state and local laws, ordinances and regulations. If there are separately-owned or ground leased parcels of real estate on the Property during the term of this Agreement, each owner or lessee as a successor in interest to the Developer shall maintain or cause to be maintained the buildings and improvements on its parcel in a good state of repair and attractiveness and in conformity with applicable state and local laws, ordinances and regulations, and shall maintain or cause to be maintained reasonable casualty and liability insurance with respect to the same in accordance with **Section 7.8** of this Agreement.

7.19 Non-Discrimination. The Developer agrees that, during the term of this Agreement and as an independent covenant running with the land, there shall be no discrimination upon the basis of race, creed, color, national origin, sex, age, marital status or physical handicap in the sale, lease, rental, occupancy or use of any of the facilities under its control within the Redevelopment Area or any portion thereof and said covenant may be enforced by the City or the United States of America or any of their respective agencies. The Developer further agrees that a provision containing the covenants of this paragraph shall be included in all agreements pertaining to the lease or conveyance or transfer (by any means) of all or a portion of the Redevelopment Project and any of the facilities under its control in the Redevelopment Area. Except as provided in this Section, the Developer shall have no obligation to enforce the covenants made by any transferee or lessee, tenant, occupant or user of any of the facilities within the Redevelopment Area.

7.20 Fair Employment. Without limiting any of the foregoing, the Developer voluntarily agrees to observe the Equal Opportunity and Nondiscrimination Guidelines set forth as **Exhibit G**, attached hereto and incorporated herein by reference. By execution of this Agreement, the Developer certifies and agrees that it is under no contractual or other disability that would materially impair its ability to observe the Guidelines set forth as **Exhibit G**, attached hereto and incorporated herein by reference.

**ARTICLE VIII
REPRESENTATIONS OF THE PARTIES**

8.1 Representations of the City. The City hereby represents and warrants that it has full constitutional and lawful right, power and authority, under current applicable law, to execute and deliver and perform the terms and obligations of this Agreement, including without limitation the right, power and authority to issue and sell the TIF Obligations, and all of the foregoing have been or will be, upon adoption of ordinances authorizing the issuance of the TIF Obligations, duly and validly authorized and approved by all necessary City proceedings, findings and actions. Accordingly, this Agreement constitutes the legal, valid and binding obligation of the City, enforceable in accordance with its terms.

8.2 Representations of the Developer. The Developer hereby represents and warrants it has full power to execute and deliver and perform the terms and obligations of this Agreement and all of the foregoing has been duly and validly authorized by all necessary corporate proceedings. This Agreement constitutes the legal, valid and binding obligation of the Developer, enforceable in accordance with its terms.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the City and the Developer have caused this Agreement to be executed in their respective names and the City has caused its seal to be affixed thereto, and attested as to the date first above written.

“CITY”:

CITY OF ST. LOUIS, MISSOURI

By: _____
Francis G. Slay, Mayor

By: _____
Darlene Green, Comptroller

(SEAL)

Attest:

Parrie May, City Register

Approved as to Form:

Patricia Hageman, City Counselor

“DEVELOPER”:

MCGOWAN BROTHERS DEVELOPMENT CORPORATION, LLC

By: _____
Name: Timothy McGowan

Title: Managing Member

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

On this ___ day of ___, 2003, before me appeared Francis G. Slay, to me personally known, who, being by me duly sworn, did say that he is the Mayor of the CITY OF ST. LOUIS, MISSOURI, a political subdivision of the State of Missouri, and that the seal affixed to the foregoing instrument is the seal of said City, and said instrument was signed and sealed in behalf of said City by authority of its Board of Aldermen, and said individual acknowledged said instrument to be the free act and deed of said City.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

Notary Public

(SEAL)

My Commission Expires: _____

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

On this ___ day of ___, 2003, before me appeared Darlene Green, to me personally known, who, being by me duly sworn, did say that she is the Comptroller of the CITY OF ST. LOUIS, MISSOURI, a political subdivision of the State of Missouri, and that the seal affixed to the foregoing instrument is the seal of said City, and said instrument was signed and sealed in behalf of said City by authority of its Board of Aldermen, and said individual acknowledged said instrument to be the free act and deed of said City.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

Notary Public

(SEAL)

My Commission Expires: _____

STATE OF MISSOURI)
) SS
_____ OF _____)

On this ___ day of ___, 2003, before me appeared Timothy McGowan, to me personally known, who, being by me duly sworn, did say that he is the _____ of MCGOWAN BROTHERS DEVELOPMENT CORPORATION, LLC, a Missouri limited liability corporation, and that he is authorized to sign the instrument on behalf of said limited liability corporation, and acknowledged to me that he executed the within instrument as said limited liability corporation's free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

Notary Public

(SEAL)

My Commission Expires: _____

**EXHIBIT A
Legal Description of the Redevelopment Area**

A LOT IN BLOCK 834 OF THE CITY OF ST. LOUIS, FRONTING 50 FEET ON THE SOUTH LINE OF WASHINGTON AVENUE, BY A DEPTH SOUTHWARDLY, BETWEEN PARALLEL LINES OF 150 FEET, MORE OR LESS, TO THE NORTH LINE OF ST. CHARLES STREET, DESCRIBED AS FOLLOWS: BEGINNING AT A POINT IN THE SOUTH LINE OF

WASHINGTON AVENUE DISTANT 80 FEET EAST OF THE EAST LINE OF 14TH STREET AND EXTENDING SOUTH AND PARALLEL WITH THE EAST LINE OF 14TH STREET 150 FEET, MORE OR LESS, TO A POINT IN THE NORTH LINE OF ST. CHARLES STREET, THENCE EAST ALONG SAID NORTH LINE 50 FEET; THENCE NORTH 150 FEET, MORE OR LESS, TO THE SOUTH LINE OF WASHINGTON AVENUE; THENCE WEST ALONG SAID SOUTH LINE 50 FEET TO THE BEGINNING.

**EXHIBIT B
Reimbursable Redevelopment Project Costs**

The Redevelopment Project Costs falling within the categories outlined below constitute Reimbursable Redevelopment Project Costs under this Agreement, provided that such costs shall not exceed the aggregate amount of \$1,550,000 plus Issuance Costs as provided in this Agreement and provided further, that notwithstanding anything contained in this Agreement to the contrary, no cost under category A below shall constitute a Reimbursable Redevelopment Project Cost unless and until such time as an equal amount of hard costs related to categories B through D have been incurred by the Developer.

CATEGORY	
A.	Acquisition Costs (as defined in Section 1.1 of this Agreement).
B.	Demolition Costs (includes, but is not limited to, demolition of existing buildings and structures or parts thereof).
C.	Site Preparation and Improvements Costs (includes, but is not limited to, landscaping, street and sidewalk improvements, utility work, resetting of curbs, etc.).
D.	Building Construction, Rehabilitation or Reconstruction Costs (includes, but is not limited to, all construction costs associated with the Redevelopment Project excluding any commercial tenant finish costs).
E.	Financing Costs (includes, but is not limited to, loan fees, disbursing fees, construction monitoring and inspection fees, tax credit investor fees, lender's legal fees, loan appraisals, flood certificates, 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).
F.	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).
G.	Professional Service Costs (includes, but is not limited to, architectural, engineering, legal, marketing, financial, planning, or special services).
H.	TIF Costs & Issuance Costs incurred by the Developer pursuant to Section 2.2(i) – 2.2.(v) of this Agreement.

**EXHIBIT C
Form of Certificate of Commencement of Construction**

The undersigned, McGowan Brothers Development Corporation, LLC (the "Developer"), pursuant to that certain Redevelopment Agreement dated as of _____, 2003, between the City of St. Louis, Missouri (the "City") and Developer (the "Agreement") hereby certifies to the City as follows:

1. All property within the Redevelopment Project Area necessary for the Redevelopment Project (as legally described on Appendix A attached hereto and by this reference incorporated herein and made a part hereof), has been acquired by Developer in accordance with the Agreement.
2. Developer has entered into an agreement with a contractor or contractors to construct the Redevelopment Project.
3. Developer has paid or incurred Reimbursable Redevelopment Project Costs of at least Three Hundred Thousand Dollars (\$300,000), of which at least Two Hundred Thousand Dollars (\$200,000) consist of hard costs related to categories A through C of Exhibit B to the Agreement.
4. Developer has obtained all necessary financing to complete the Redevelopment Project.
5. This Certificate of Commencement of Construction is being issued by Developer to the City in accordance with the Agreement to evidence Developer's satisfaction of all obligations and covenants with respect to commencement of construction of the Redevelopment Project.

Terms not otherwise defined herein shall have the meaning ascribed to such terms in the Agreement.

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand this day of _____, 20__.

**MCGOWAN BROTHERS DEVELOPMENT
CORPORATION, LLC**

By: _____
Name: _____
Title: _____

EXHIBIT D
Form of Certificate of
Reimbursable Redevelopment Project Costs

Certificate of Reimbursable Redevelopment Project Costs

TO:
City of St. Louis
Office of Comptroller
1200 Market Street, Room 212
St. Louis, Missouri 63103
Attention: Ivy Neyland-Pinkston, Deputy Comptroller

Re: City of St. Louis, Missouri, Grace Lofts Redevelopment Project Area

Terms not otherwise defined herein shall have the meaning ascribed to such terms in the Redevelopment Agreement dated as of _____, 2003 (the "Agreement"), between the City and McGowan Brothers Development Corporation, LLC, a Missouri limited liability company (the "Developer"). In connection with said Agreement, the undersigned hereby states and certifies that:

1. Each item listed on **Schedule 1** hereto is a Reimbursable Redevelopment Project Cost and was incurred in connection with the construction of the Redevelopment Project.

2. These Reimbursable Redevelopment Project Costs have been have been paid by the Developer and are reimbursable under the Note Ordinance and the Agreement.

3. Each item listed on **Schedule 1** has not previously been paid or reimbursed from money derived from the Special Allocation Fund or any money derived from any project fund established pursuant to the Note Ordinance, and no part thereof has been included in any other certificate previously filed with the City.

4. There has not been filed with or served upon the Developer any notice of any lien, right of lien or attachment upon or claim affecting the right of any person, firm or corporation to receive payment of the amounts stated in this request, except to the extent any such lien is being contested in good faith.

5. All necessary permits and approvals required for the portion of the Work for which this certificate relates have been issued and are in full force and effect.

6. All Work for which payment or reimbursement is requested has been performed in a good and workmanlike manner and in accordance with the Redevelopment Plan and the Agreement.

7. If any cost item to be reimbursed under this Certificate is deemed not to constitute a "redevelopment project cost" within the meaning of the TIF Act and the Agreement, the Developer shall have the right to substitute other eligible Reimbursable Redevelopment Project Costs for payment hereunder.

8. The costs to be reimbursed under this Certificate constitute advances qualified for Tax-Exempt TIF Notes:

Yes: _____ No: X _____

9. The Developer is not in default or breach of any material term or condition of the Agreement beyond the applicable cure period, if any.

Dated this _____ day of _____, _____.

MCGOWAN BROTHERS DEVELOPMENT CORPORATION, LLC

By: _____
Name: _____
Title: _____

Approved for Payment this _____ day of _____, 20__.

ST. LOUIS DEVELOPMENT CORPORATION

By: _____
Name: _____
Title: _____

Approved for Payment this ____ day of _____, 20__.

CITY OF ST. LOUIS, MISSOURI

By: _____
Name: _____
Title: _____

**EXHIBIT E
Form of Certificate of Substantial Completion**

CERTIFICATE OF SUBSTANTIAL COMPLETION

The undersigned, MCGOWAN BROTHERS DEVELOPMENT CORPORATION, LLC, a Missouri limited liability corporation (the "Developer"), pursuant to that certain Redevelopment Agreement dated as of _____, 2003, between the City of St. Louis, Missouri (the "City"), and the Developer (the "Agreement"), hereby certifies to the City as follows:

1. That as of _____, _____, the construction of the Redevelopment Project (as that term is defined in the Agreement) has been substantially completed in accordance with the Agreement.
2. That the Work has been substantially completed or funded pursuant to Exhibit B to the Agreement.
3. The Work has been performed in a workmanlike manner and substantially in accordance with the Construction Plans (as those terms are defined in the Agreement).
4. This Certificate of Substantial Completion is accompanied by the project architect's or owner representative's certificate of substantial completion on AIA Form G-704 (or the substantial equivalent thereof), a copy of which is attached hereto as Appendix A and incorporated herein by reference, certifying that the Redevelopment Project has been substantially completed in accordance with the Agreement.
5. Lien waivers for applicable portions of the Work in excess of Five Thousand Dollars (\$5,000) have been obtained.
6. This Certificate of Substantial Completion is being issued by the Developer to the St. Louis Development Corporation and the City in accordance with the Agreement to evidence the Developer's satisfaction of all material obligations and covenants with respect to the Redevelopment Project.
7. The acceptance (below) or the failure of the St. Louis Development Corporation and the Mayor or his designee to object in writing to this Certificate within thirty (30) days of the date of delivery of this Certificate to the St. Louis Development Corporation and the City (which written objection, if any, must be delivered to the Developer prior to the end of such thirty (30) days) shall evidence the satisfaction of the Developer's agreements and covenants to perform the Work.

Upon such acceptance by the St. Louis Development Corporation and the Mayor or his designee, the Developer may record this Certificate in the office of the City's Recorder of Deeds. This Certificate is given without prejudice to any rights against third parties which exist as of the date hereof or which may subsequently come into being. Terms not otherwise defined herein shall have the meaning ascribed to such terms in the Agreement.

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand this ____ day of _____, 20__.

MCGOWAN BROTHERS DEVELOPMENT CORPORATION, LLC

By: _____
Name: _____
Title: _____

ACCEPTED:

ST. LOUIS DEVELOPMENT CORPORATION

By: _____
Name: _____
Title: _____

CITY OF ST. LOUIS, MISSOURI

By: _____
Name: _____
Title: _____

(Insert Notary Form(s) and Legal Description)

**EXHIBIT F
Form of Note**

**THIS TIF NOTE OR ANY PORTION HEREOF MAY BE TRANSFERRED, ASSIGNED OR
NEGOTIATED ONLY TO "APPROVED INVESTORS," AS DEFINED HEREIN, AND IN
ACCORDANCE WITH THE PROVISIONS HEREOF.**

**UNITED STATES OF AMERICA
STATE OF MISSOURI**

Registered
No. R-__

Registered
Not to Exceed \$1,550,000
plus Issuance Costs
(See Schedule A attached)

CITY OF ST. LOUIS, MISSOURI

**[TAXABLE][TAX-EXEMPT] TAX INCREMENT REVENUE NOTE
(Grace Lofts TIF Redevelopment Project)
SERIES 2003**

Rate of Interest:	Maturity Date:	Dated Date:	CUSIP Number:
[7 1/2%][6%]	_____, 2026	_____	None

REGISTERED OWNER:
PRINCIPAL AMOUNT: See **SCHEDULE A** attached hereto.

The CITY OF ST. LOUIS, MISSOURI, a body corporate and a political subdivision duly organized and validly existing under its charter and the Constitution and laws of the State of Missouri (the "City"), for value received, hereby promises to pay to the Registered Owner shown above, or registered assigns, the Principal Amount shown from time to time on Schedule A attached hereto on the Maturity Date shown above unless called for redemption prior to the Maturity Date, and to pay interest thereon from the effective date of registration shown from time to time on Schedule A attached hereto or from the most recent Payment Date to which interest has been paid or duly provided for, at the Rate of Interest shown above computed on the basis of a 360-day year of twelve 30-day months. Interest and principal shall be payable each March 1 and September 1 (each, a "Payment Date"), commencing on the first March 1 or September 1 following the acceptance of the Certificate of Substantial Completion in accordance with the Redevelopment Agreement between the City and McGowan Brothers Development Corporation, LLC (the "Developer"), dated as of _____, 2003 (the "Redevelopment Agreement"), until the TIF Notes are paid in full. The TIF Notes shall bear interest from their registration date or from the most recent Payment Date to which interest has been paid or duly provided for. Interest that accrues but remains unpaid on any Payment Date shall be compounded semi-annually.

Except as otherwise provided herein, the capitalized terms herein shall have the meanings as provided in Ordinance No. _____ [Board Bill ____] adopted by the Board of Aldermen on _____, 2003 (the "Note Ordinance") or the Redevelopment Agreement.

THE OBLIGATIONS OF THE CITY WITH RESPECT TO THIS TIF NOTE TERMINATE TWENTY-THREE YEARS FROM THE DATE OF APPROVAL BY THE MAYOR OF THE APPROVING ORDINANCE APPROVING THE REDEVELOPMENT PROJECT, WHETHER OR NOT THE PRINCIPAL AMOUNT OR INTEREST HEREON HAS BEEN PAID IN FULL. REFERENCE IS MADE TO THE NOTE ORDINANCE FOR A COMPLETE DESCRIPTION OF THE CITY'S OBLIGATIONS HEREUNDER.

Subject to the preceding paragraph, the principal of and interest on this TIF Note shall be paid at maturity or upon earlier redemption as provided in Article III of the Note Ordinance to the person in whose name this TIF Note is registered at the maturity or redemption date hereof, upon presentation and surrender of this TIF Note at the payment office of the Finance Officer of the City or her authorized agent (the "Finance Officer"). The principal of and interest on the TIF Notes shall be payable in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of debts due the United States of America. The principal of or interest on this TIF Note shall be payable by check or draft at the office of the Finance Officer to the person in whose name this TIF Note is registered on the Register on each Payment Date. Except as otherwise provided in Section 208 of the Note Ordinance with respect to mutilated, destroyed, lost or stolen TIF Notes, no principal on the TIF Notes is payable unless the Owner thereof has surrendered such TIF Notes at the office of the Finance Officer.

This TIF Note is one of an authorized series of fully registered Notes of the City designated "City of St. Louis, Missouri, [Taxable][Tax-Exempt] Tax Increment Revenue Notes (Grace Lofts TIF Redevelopment Project), Series 2003," issued in an aggregate principal amount of not to exceed \$1,550,000 plus Issuance Costs (the "Notes"). The TIF Notes are being issued for the purpose of paying a portion of the Redevelopment Project Costs in connection with the Redevelopment Plan, under the authority of and in full compliance with the Constitution and laws of the State of Missouri, including particularly the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, of the Revised Statutes of Missouri (2000) (the "Act"), and pursuant to the Note Ordinance.

The TIF Notes and the interest thereon shall be special, limited obligations of the City payable solely from and secured as to the payment of principal and interest, by the Available Revenues and other moneys pledged thereto and held by the Finance Officer as provided herein. "Available Revenues" means all TIF Revenues on deposit from time to time in the Special Allocation

Fund, excluding (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer or (ii) any sum received by the City which is the subject of a suit or other claim communicated to the City which suit or claim challenges the collection of such sum.

The monies on deposit in the PILOTs Account of the Revenue Fund of the Special Allocation Fund are those payments in lieu of taxes (as defined in Sections 99.805(10) and 99.845 of the Act) attributable to the increase in the current equalized assessed valuation of each taxable lot, block, tract or parcel of real property in the Redevelopment Area (as described in Exhibit A to the Note Ordinance) and any applicable penalty and interest over and above the initial equalized assessed value (as provided for by Section 99.855 of the Act) of such unit of property in the Redevelopment Area, as allocated and paid to the City's Treasurer by the City's Collector of Revenue who shall deposit such PILOTs into the Special Allocation Fund while tax increment financing remains in effect.

The monies on deposit in the EATs Account of the Revenue Fund of the Special Allocation Fund are those amounts equal to fifty percent (50%) of the total additional revenues from taxes, penalties and interest which are imposed by the City or other taxing district (as that term is defined in Section 99.805(16) of the Act) and which are generated by economic activities within the Redevelopment Area over the amount of such taxes generated by economic activities within the Redevelopment Area in the calendar year ending December 31, 2002 (subject to annual appropriation by the City as provided in the Act), 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, licenses, fees or special assessments other than payments in lieu of taxes and penalties and interest thereon, taxes levied pursuant to Section 70.500 of the Revised Statutes of Missouri (2000), and taxes levied for the purpose of public transportation pursuant to Section 94.660 of the Revised Statutes of Missouri (2000) all in accordance with Section 99.845.3 of the Act, as may be amended from time to time.

All TIF Notes shall be equally and ratably secured by Available Revenues. The TIF Notes shall be special, limited obligations of the City payable solely from and secured as to the payment of principal and interest by a pledge of the Available Revenues. The taxing power of the City is not pledged to the payment of the TIF Notes either as to principal or interest. The TIF Notes shall not be or constitute a general obligation of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction. **THE OBLIGATIONS OF THE CITY WITH RESPECT TO THE TIF NOTES SHALL TERMINATE ON THE FIRST TO OCCUR OF THE FULL PAYMENT AND DISCHARGE OF THE TIF NOTES OR THE MATURITY DATE (WHETHER OR NOT THE PRINCIPAL AMOUNT OR INTEREST HAS BEEN PAID IN FULL).**

Available Revenues shall be applied, first from the EATs Account and then from the PILOTs Account, to payments on this TIF Note as follows:

First, to the Finance Officer of the City and the St. Louis Development Corporation, an amount sufficient to pay the fees and expenses incurred by the Finance Officer of the City and the St. Louis Development Corporation as provided for in the Redevelopment Agreement but not to exceed, in the aggregate, the lesser of Six Thousand Two Hundred and Eighty Dollars (\$6,280.00) or 0.4% of the Notes outstanding on January 1 of each calendar year, plus any accumulated deficiency from previous years, unless the City has incurred costs pursuant to Section 7.15 of the Redevelopment Agreement that have not otherwise been reimbursed to the City through the issuance of TIF Notes purchased by the Developer;

Second, to the Debt Service Fund, an amount sufficient to pay all or any portion of past due interest owing as a result of prior deficiencies of moneys to pay interest due any TIF Notes on each Payment Date;

Third, to the Debt Service Fund, an amount sufficient to pay all or any portion of the accrued interest becoming due and payable on any TIF Notes on such Payment Date;

Fourth, to the Debt Service Fund, an amount sufficient to pay the principal of any TIF Notes that are subject to redemption pursuant to Section 302 of the Note Ordinance;

Fifth, to the City all other remaining money to be declared as surplus and distributed in the manner provided in the Act, subject to Section 403(c) of the Note Ordinance.

Upon the payment in full of the principal of and interest on the TIF Notes (or provision has been made for the payment thereof as specified in the Note Ordinance), payment in full of the fees and expenses of the Finance Officer and the St. Louis Development Corporation, and payment in full of any other amounts required to be paid under the Note Ordinance, all amounts remaining on deposit in the Revenue Fund and the Debt Service Fund shall be declared as surplus and distributed in the manner provided in the Act.

The City covenants that the officer of the City at any time charged with the responsibility of formulating budget proposals will be directed to include in the budget proposal submitted to the Board of Aldermen of the City for each fiscal year that the TIF Notes are outstanding a request for an appropriation of all moneys on deposit in the Special Allocation Fund for transfer to the Finance Officer for deposit at the times and in the manner provided in Section 403 of the Note Ordinance.

NOTWITHSTANDING ANY PROVISION HEREIN OR IN THE NOTE ORDINANCE TO THE CONTRARY, THE TIF NOTES ARE SUBJECT TO CANCELLATION AND DISCHARGE BY THE CITY IN WHOLE OR IN PART WITHOUT PENALTY UNDER THE CONDITIONS SET FORTH IN SECTIONS 7.1 AND 7.2 OF THE REDEVELOPMENT AGREEMENT.

The TIF Notes are subject to optional redemption by the City in whole at any time or in part on any Payment Date at a redemption price of 100% of the principal amount of the TIF Note to be redeemed, plus accrued interest thereon to the date fixed

for redemption.

The TIF Notes are subject to special mandatory redemption by the City on each Payment Date, at a redemption price equal to 100% of the principal amount being redeemed, together with accrued interest thereon to the date fixed for redemption, in an amount equal to Available Revenues on deposit in the applicable accounts of the Special Allocation Fund and which are not required for the payment of accrued interest on such Payment Date.

The TIF Notes or portions of Notes to be redeemed shall become due and payable on the redemption date, at the redemption price therein specified, and from and after the redemption date (unless the City defaults in the payment of the redemption price) such TIF Notes or portion of TIF Notes shall cease to bear interest. Upon surrender of such TIF Notes for redemption in accordance with such notice, the redemption price of such TIF Notes shall be paid by the Finance Officer. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any TIF Note, there shall be prepared for the Registered Owner a new TIF Note or Notes of the same maturity in the amount of the unpaid principal as provided herein. All TIF Notes that have been redeemed shall be cancelled and destroyed by the Finance Officer as provided herein and shall not be reissued.

TIF Notes shall be redeemed only in the principal amount of One Thousand Dollars (\$1,000) or any integral multiple thereof. When less than all of the outstanding TIF Notes are to be redeemed and paid prior to maturity, such TIF Notes shall be selected by the Finance Officer in One Thousand Dollar (\$1,000) units of face value in such equitable manner as the Finance Officer may determine.

The TIF Notes are issuable in the form of fully registered Notes without coupons in minimum denominations of One Hundred Thousand Dollars (\$100,000) or any integral multiple \$1,000 in excess thereof, except with respect to the Notes issued upon acceptance by the City of the final Certificate of Reimbursable Redevelopment Project Costs, which Notes may be issued in any denomination, subject to the limitation on the aggregate Principal Amount.

This TIF Note may be transferred or exchanged as provided in the Note Ordinance only upon the Register, upon surrender of this TIF Note together with a written instrument of transfer satisfactory to the Finance Officer duly executed by the Registered Owner or the Registered Owner's duly authorized agent.

THE OWNER HEREOF EXPRESSLY AGREES, BY SUCH OWNER'S ACCEPTANCE HEREOF, THAT THE RIGHT TO PURCHASE, TRANSFER, ASSIGN OR NEGOTIATE THIS TIF NOTE SHALL BE LIMITED TO PURCHASE, TRANSFER, ASSIGNMENT OR NEGOTIATION TO APPROVED INVESTORS AND UPON THE EXECUTION BY THE PROPOSED PURCHASER OR TRANSFEREE OF AN INVESTMENT LETTER IN SUBSTANTIALLY THE FORM OF EXHIBIT C TO THE NOTE ORDINANCE, SIGNED BY THE PROPOSED PURCHASER OR TRANSFEREE, SHOWING THAT THE PROPOSED PURCHASER OR TRANSFEREE IS AN APPROVED INVESTOR. "Approved Investor" means (a) the Developer or any party or entity related to the Developer by one of the relationships described in Section 267(b) of the Internal Revenue Code of 1986, as amended, (b) an "accredited investor" under Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, (c) a "qualified institutional buyer" under Rule 144A promulgated under the Securities Act of 1933 or (d) any general business corporation or enterprise with total assets in excess of \$50,000,000.

Subject to the limitations of the preceding paragraph, upon surrender thereof at the office of the Finance Officer, the Finance Officer shall transfer or exchange any TIF Note for a new TIF Note of the same maturity and in the same principal amount as the Outstanding principal amount of the TIF Note that was presented for transfer or exchange. Any TIF Note presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Finance Officer, duly executed by the Registered Owner thereof or by the Registered Owner's duly authorized agent.

This TIF Note shall not be valid or binding on the City or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon has been executed by the Finance Officer.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the TIF Notes have existed, happened and been performed in due time, form and manner as required by law.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the CITY OF ST. LOUIS, MISSOURI has executed this TIF Note by causing it to be signed by the manual or facsimile signature of its Mayor, Finance Officer and Treasurer and attested by the manual or facsimile signature of its City Register, and its official seal to be affixed or imprinted hereon, and this TIF Note to be dated as of the effective date of registration as shown on Schedule A attached hereto.

CITY OF ST. LOUIS, MISSOURI

By: _____
Mayor

By: _____
Finance Officer

By: _____

Treasurer

Attest:

(Seal)

City Register

Approved as to Form:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Print or Type Name, Address and Social Security Number or other Taxpayer Identification Number of Transferee)

the within TIF Note and all rights thereunder, and hereby irrevocably constitutes and appoints _____ agent to transfer the within Note on the books kept by the Finance Officer for the registration thereof, with full power of substitution in the premises.

Dated: _____.

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears on the face of the within Note in every particular.

Signature Guaranteed By:

(Name of Eligible Guarantor Institution)

By: _____
Title: _____

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution as defined by SEC Rule 17Ad-15 (17 CFR 240.17Ad-15).

SCHEDULE A

CERTIFICATE OF AUTHENTICATION

This TIF Note is one of the Series 2003 TIF Notes described in the within-mentioned Note Ordinance.

<u>Date</u> ⁽¹⁾	<u>Additions to Principal Amount</u> ⁽²⁾	<u>Principal Amount Paid</u>	<u>Outstanding Principal Amount</u>	<u>Authorized Signatory of Finance Officer</u>
_____ , _____	\$ _____	\$ _____	\$ _____	
_____ , _____				
_____ , _____				
_____ , _____				
_____ , _____				
_____ , _____				
_____ , _____				
_____ , _____				
_____ , _____				
_____ , _____				
_____ , _____				
_____ , _____				
_____ , _____				
_____ , _____				
_____ , _____				
_____ , _____				
_____ , _____				
_____ , _____				
_____ , _____				

(1) Date of approval of each Certificate of Reimbursable Redevelopment Project Costs, as provided in Section 5.2 of the Redevelopment Agreement (which constitutes Date of Authentication with respect to such portion of the Note) or Payment Date.

(2) Limited to denominations of \$100,000 or any \$1,000 increment in excess thereof, except with respect to an advance pursuant to the final Certificate of Reimbursable Redevelopment Project Costs, which may be in any denomination, subject to the limitation on the aggregate principal amount provided for in the Note Ordinance.

EXHIBIT G
Equal Opportunity and Nondiscrimination Guidelines

In any contract for Work in connection with the Redevelopment Project related to any of the Property in the Redevelopment Area, the Developer (which term shall include the Developer, any transferees, lessees, designees, successors and assigns thereof, including without limitation any entity related to the Developer by one of the relationships described in Section 267(b) of the United States Internal Revenue Code of 1986, as amended), its contractors and subcontractors shall comply with all federal, state and local laws, ordinances or regulations governing equal opportunity and nondiscrimination (the "Laws"). Moreover, the Developer shall contractually require its contractors and subcontractors to comply with the Laws. The Developer and its contractors or subcontractors shall not contract with any party known to have been found in violation of the Laws.

The Developer agrees for itself and its contractors and subcontractors that there shall be covenants to ensure that there shall be no discrimination on the part of the Developer or its contractors and subcontractors upon the basis of race, color, creed, national origin, sex, marital status, age, sexual orientation or physical handicap in the sale, lease, rental, use or occupancy of any of the Property or any improvements constructed or to be constructed on the Property or any part thereof. Such covenants shall run with the land and shall be enforceable by the St. Louis Development Corporation, the City and the United States of America, as their interest may appear in the Redevelopment Project.

The Developer shall make good faith efforts to observe Executive Order #28 dated July 24, 1997, relating to minority and women-owned business participation in City contracts.

The parties agree that the provisions of City Ordinance #60275, codified at Chapter 3.90 of the Revised Ordinances of the City of St. Louis, Missouri (the "First Source Jobs Policy"), do not specifically apply to the Developer as a potential recipient of TIF Notes, TIF Bonds and/or TIF Revenues. Nonetheless, the Developer voluntarily agrees to make good faith efforts to observe the provisions of the First Source Jobs Policy related to the negotiation of an employment agreement with the St. Louis Agency on Training and Employment.

Approved: February 25, 2003