

BILL NO. _____

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF KIRKSVILLE, MISSOURI, FINDING THAT A CERTAIN BLIGHTED AREA EXISTS IN THE CITY OF KIRKSVILLE AND THAT THE REDEVELOPMENT OF SUCH AREA IS NECESSARY AND IN THE PUBLIC INTEREST; ADOPTING A DEVELOPMENT PLAN FOR THE PROPERTY; APPROVING A DEVELOPMENT PROJECT AND A REDEVELOPMENT AGREEMENT; AND APPROVING A GRANT OF TAX ABATEMENT, ALL PURSUANT TO THE URBAN REDEVELOPMENT CORPORATIONS LAW.

WHEREAS, by reason of age, obsolescence, inadequate or outmoded design or physical deterioration, a certain area situated within the City of Kirksville, Missouri (the “City”), described and depicted in **Exhibit A**, attached to and incorporated by reference herein (the “Property”) has become an economic and social liability, and that such conditions are conducive to ill health, transmission of disease, crime or inability to pay reasonable taxes; and

WHEREAS, the clearance, replanning, rehabilitation or reconstruction of the Property, and the provision for such commercial or public structures and spaces as may be appropriate is necessary to and in the interest of the public health, safety, morals and general welfare of the people of the City; and

WHEREAS, the Franklin Street Redevelopment Corporation, an Urban Redevelopment Corporation, has submitted to the City Council for consideration a Development Plan for the Property, a copy of which is attached as **Exhibit B** and incorporated by reference herein (the “Development Plan”), prepared in accordance with the requirements of Chapter 353 of the Revised Statutes of Missouri, as amended, the Urban Redevelopment Corporations Law (“Chapter 353”), which includes a proposed grant of tax abatement as authorized in Chapter 353; and

WHEREAS, an Analysis for Designation of the Kirksville Hotel Redevelopment Area as a Blighted Area Under the Provisions of Chapter 353 was prepared by Development Dynamics, dated December 11, 2015 (the “Blight Analysis”), to assist the City Council in determining whether the Property covered by the Development Plan is blighted pursuant to the requirements of Chapter 353; and

WHEREAS, in accordance with the requirements of Chapter 353, each political subdivision whose boundaries for ad valorem taxation purposes include any portion of the Property was furnished with a written statement of the impact on ad valorem taxes such tax abatement or exemption will have on such political subdivisions and written notice of a public hearing scheduled at 6:00 PM on Monday, February 1, 2016, at the City Hall Council Chambers, 201 S. Franklin St., Kirksville, Missouri 63501 (the “Public Hearing”); and

WHEREAS, such written statement and notice required by Chapter 353 was furnished at least ten (10) days prior to the Public Hearing, which the City Council finds and determines to be reasonable notification to such political subdivisions in compliance with Chapter 353; and

WHEREAS, the Public Hearing was held and, following conclusion of the Public Hearing and upon due consideration of the testimony presented, and all other information available to the City

Council, the City Council has determined that it is necessary and in the interest of the public health, safety, morals and general welfare of the people of the City that the City Council take appropriate official action respecting the findings and determinations set forth in the Blight Analysis, the approval of the Development Plan and the implementation of the Development Project identified in the Development Plan, the approval of a Redevelopment Agreement between the City and the Kirksville Commercial Development, LLC, a Missouri limited liability company (“Developer”) providing, among other things, for payment by the Developer of annual payments in lieu of taxes (the “Redevelopment Agreement”), and the grant of the proposed tax abatement;

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KIRKSVILLE, MISSOURI AS FOLLOWS:

SECTION 1. Upon due consideration of the Blight Analysis and the testimony presented at the Public Hearing, it is hereby found, determined and declared that the Property is a “blighted area” and that portions of the Property covered by the Development Plan are “blighted” as those terms are used and defined in Chapter 353, and the findings of the Blight Analysis are hereby ratified, affirmed and adopted by the City Council

SECTION 2. It is hereby further found, determined and declared that the redevelopment of the Property as provided in the Development Plan and pursuant to Chapter 353 is necessary and in the interest of the public health, safety, morals and general welfare of the people of the City.

SECTION 3. The Development Plan, having been duly reviewed and considered, is hereby approved.

SECTION 4. That the form, terms, and provisions of the Redevelopment Agreement by and between the City and the Developer, attached hereto, marked as **Exhibit C**, and incorporated by reference herein, be and they hereby are approved and the City Manager is hereby authorized, empowered and directed to further negotiate, execute, acknowledge, deliver and administer on behalf of the City such Redevelopment Agreement in substantially the form attached hereto. The City Clerk is hereby authorized and directed to attest to the Redevelopment Agreement and other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of the Redevelopment Agreement and this Ordinance.

SECTION 5. Any urban redevelopment corporation (a “Redevelopment Corporation”) acquiring real property within the Property shall be entitled to abatement of ad valorem taxes on such real property in accordance with the following schedule:

- (i) On the first day of the calendar year following the fee title transfer of the Property, or any part thereof (except rights-of-way), to the Redevelopment Corporation, and continuing until December 31st of the tenth year thereafter, one hundred percent (100%) of all ad valorem real property taxes generated from the Property, or part thereof, shall be abated, except for the amount of taxes imposed upon the Property, or part thereof, during such period measured solely by the amount of the assessed valuation of the land, exclusive of improvements, as was determined by the County Assessor for taxes due and payable thereon during the calendar year preceding the year title to the Property, or any part thereof, was acquired by the Redevelopment Corporation.

- (ii) Beginning on the first day of the eleventh calendar year following commencement of the real property tax abatement described in (i) above, and continuing until December 31st of the twentieth (20th) year from the initial year of tax abatement for the Property, or part thereof, all ad valorem taxes for the Property shall be measured by 75% of the assessed valuation thereof, including any improvements thereon.
- (iii) Notwithstanding anything to the contrary contained herein, during the time period described in (i) above, if the amount of taxes imposed on the Property are less than \$10,000.00, the Developer shall pay an annual payment in lieu of tax equal to the difference between \$10,000.00 and the actual taxes due and paid for such year; provided, however, the annual payment in lieu of taxes (“PILOT Payments”) paid by the Developer during such time period shall not exceed \$10,000.00.
- (iv) Notwithstanding anything to the contrary contained herein, any portion of the Property, the fee title of which is transferred to the Redevelopment Corporation, after December 31, 2018, will be subject to abatement of general ad valorem real property taxes as follows:
 - (1) On the first day of the calendar year following the fee title transfer of the Property, or any part thereof (except rights-of-way), to the Redevelopment Corporation, and continuing until December 31st of the tenth year after fee title transfer of the Property, or part thereof, subject to the abatement of general ad valorem real property taxes set forth in paragraph (i) of this Section, one hundred percent (100%) of all ad valorem real property taxes generated from the Property, or part thereof, during such period measured solely by the amount of the assessed valuation of the land, exclusive of improvements, as was determined by the County Assessor for taxes due and payable thereon during the calendar year preceding the year title to the Property, or any part thereof, was acquired by the Redevelopment Corporation; provided, however, the Developer shall pay a pro rata share of PILOT Payments pursuant to paragraph (iii) of this Section
 - (2) Beginning on the first day of the eleventh calendar year following commencement of the real property tax abatement described in (i) above, and continuing until December 31st of the tenth (10th) year from the initial year of tax abatement for the Property, or part thereof, set forth in (iv)(1) above, all ad valorem taxes for the Property, or part thereof, shall be measured by 50% of the assessed valuation thereof, including any improvements thereon.
 - (3) Beginning on the first day of the eleventh calendar year following commencement of the real property tax abatement described in (iv)(1) above, and continuing until December 31st of the twentieth (20th) year from the initial year of tax abatement for the Property, or part thereof, all ad valorem taxes for the Property, or part thereof, shall be measured by 75% of the assessed valuation thereof, including any improvements thereon.

SECTION 6. The sections, paragraphs, phrases, clauses and words of this Ordinance shall be severable. In the event that any portion of this Ordinance is found by a court of competent jurisdiction to be invalid, the remaining portion of this Ordinance shall be valid unless the court finds the valid portions of this Ordinance are so essential and dependent upon the void portion that it cannot be presumed that the City Council would have enacted the valid portions without the invalid ones, or unless the court finds that the valid portions standing alone are incomplete and are incapable of being executed in accordance with the legislative intent.

SECTION 7. This Ordinance shall be in full force and take effect from and after its final passage and approval.

PASSED BY THE CITY COUNCIL AND SIGNED BY THE MAYOR ON THIS 1st DAY OF FEBRUARY, 2016.

Richard Detweiler, Mayor

ATTEST:

Vickie Brumbaugh, City Clerk

EXHIBIT A

[attach legal description]

EXHIBIT A

Beginning on the West right of way line of U.S. Highway 63, 70 feet West of the Northeast corner of the Northeast Quarter of the Southeast Quarter of Section 16, Township 62, Range 15, thence in a Southerly direction along said right of way line to the South line of said Northeast Quarter of Southeast Quarter, thence West 291 feet, thence North 1320 feet, thence East 330 feet to the point of beginning, EXCEPT the North Three acres thereof.

Also, beginning 400 feet West and 270 feet South of the Northeast corner of the Northeast Quarter of the Southeast Quarter of Section 16, Township 62, Range 15, thence West 756.25 feet, thence South 220 feet, thence West 120 feet, thence South 25 feet more or less to the Northeast right of way line of Missouri Urban Route 6, thence in a Southeasterly direction along said right of way line to the South line of said Northeast Quarter of Southeast Quarter, thence East 400 feet, thence North 1050 feet to the point of beginning, EXCEPT Beginning 30 feet East and 270 feet South of the Northwest corner of the Northeast Quarter of the Southeast Quarter of Section 16, Township 62, Range 15, said point of beginning being the Southwest corner of Lot 2 Shamrock Addition, thence East 573 feet along the south line of said Shamrock Addition, thence South 108 feet, thence South 16 degrees 30 minutes West 79.58 feet, thence South 71 degrees 45 minutes West 60.25 feet, thence North 34 degrees, 20 minutes West 54.67 feet, thence West 222.25 feet, thence South 108 feet, thence West 219.67 feet, thence North 35 degrees 01 minute West 35.42 feet, thence North 0 degree 03 minutes West 236.67 feet to the point of beginning (Being First Addition to Shamrock Addition).

ALSO EXCEPT a tract of land situated in the Northeast Quarter of the Southeast Quarter of Section 16, Township 62, Range 15, described as beginning at the Northeast corner of Lot 10 of the First Addition to Shamrock Addition to the City of Kirksville, thence along the South line of Erin Place the following courses and distances, North 00 degrees 00 minutes 00 seconds East a distance of 222.60 feet to the point of curvature of a non-tangent curve, concave to the North, having a radius of 52.12 feet, a central angle of 118 degrees 01 minutes 02 seconds and a chord of 89.35 feet bearing South 79 degrees 35 minutes 00 seconds East; thence East along said curve, a distance of 107.35 feet; thence South 00 degrees 06 minutes 33 seconds East a distance of 91.85 feet; thence South 89 degrees 58 minutes 54 seconds West, a distance of 310.73 feet to the Southeast corner of Lot 10 of the First Addition to Shamrock Addition, thence along the East line of said Lot 10, North 00 degrees 02 minutes 15 seconds East a distance of 108.10 feet to the point of beginning (Being Second Addition to Shamrock Addition).

ALSO EXCEPT a tract of land being part of the Northeast Quarter of the Southeast Quarter of Section 16, Township 62, Range 15 commencing at the Northeast corner of Lot 15, Shamrock Addition to Kirksville, Mo. thence East 61.25 feet, thence South 110 feet, thence West 61.25 feet, thence North 110 feet to the point of beginning.

ALSO EXCEPT a tract commencing at the Northeast corner of Lot 16, Shamrock Addition to Kirksville, Missouri, thence East 61.25 feet, thence South 110 feet, thence West 61.25 feet, thence North 110 feet to beginning.

ALSO EXCEPT beginning at a point 25 feet West of the Southeast corner of Lot 14, Shamrock Addition to Kirksville, MO. thence East 211.25 feet, thence South 40 feet, thence West 211.25 feet, thence North 40 feet to the place of beginning.

ALSO EXCEPT the land conveyed from the Grantor to Mira Patel in a Corporation Warranty Deed dated February 18, 2005, and recorded on February 24, 2005, in Book 848 at Pages 797-799 of the deed records of Adair County, Missouri, and being more particularly described as: A tract of land situated in the Southeast Quarter of Section 16, Township 62 North, Range 15 West, Adair County, Missouri and being more particularly described as follows: Commencing at the Southwest corner of Lot 8 of Shamrock First Addition; thence along the Northerly right of way line of Business Route 63, South 34 degrees 59 minutes 20 seconds East, a distance of 176.75 feet; thence South 34 degrees 52 minutes 00 seconds East, a distance of 258.42 feet to the POINT OF BEGINNING of the description herein; TOWIT: thence leaving said right of way line, North 55 degrees 08 minutes 00 seconds East, a distance of 74.22 feet; thence North 30 degrees 32 minutes 21 seconds West, a distance of 52.50 feet; thence North 57 degrees 09 minutes 55 seconds East, a distance of 16.70 feet; thence North 30 degrees 01 minute 25 seconds West, a distance of 87.70 feet; thence North 59 degrees 31 minutes 52 seconds East, a distance of 365.50 feet; thence North 31 degrees 12 minutes 28 seconds West, a distance of 12.30 feet; thence North 58 degrees 41 minutes 33 seconds East, a distance of 24.65 feet; thence South 28 degrees 51 minutes 34 seconds East, a distance of 12.70 feet; thence North 59 degrees 30 minutes 43 seconds East, a distance of 220.75 feet; thence South 30 degrees 20 minutes 00 seconds East, a distance of 225.00 feet; thence South 54 degrees 00 minutes 00 seconds West, a distance of 558.49 feet; thence South 30 degrees 45 minutes 41 seconds West, a distance of 81.05 feet to the point of a curve, having a radius of 131.53 feet; thence Southwest along said curve, a distance of 65.76 feet to a point on the aforementioned Northerly right of way line of Business Route 63; thence along said line, North 34 degrees 52 minutes 00 seconds West, a distance of 199.43 feet to the point of beginning. Subject to any and all easements of record.

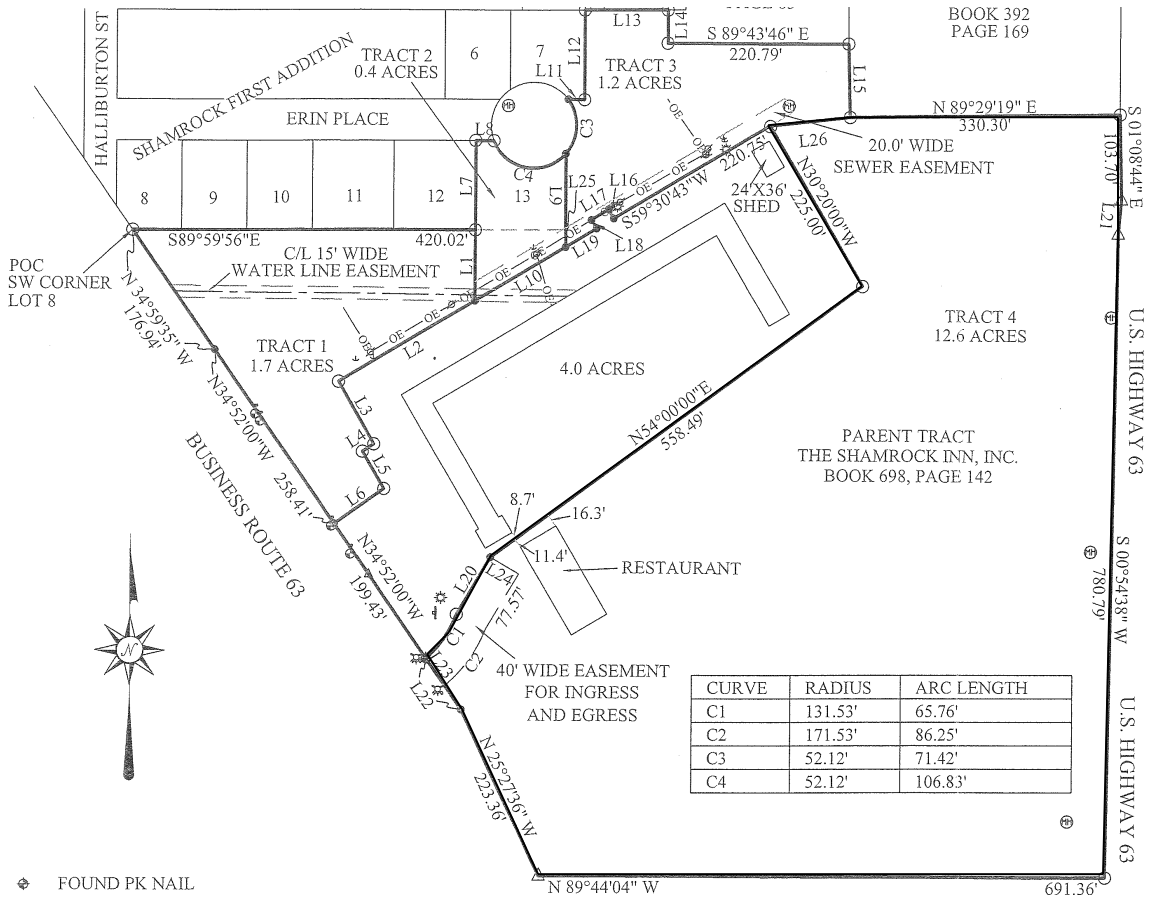


EXHIBIT B

[insert Development Plan]

FRANKLIN STREET REDEVELOPMENT CORPORATION

DEVELOPMENT PLAN

**SUBMITTED TO
CITY OF KIRKSVILLE, MISSOURI
KIRKSVILLE CITY COUNCIL
JANUARY __, 2016**

**FRANKLIN STREET REDEVELOPMENT CORPORATION
DEVELOPMENT PLAN**

- I. INTRODUCTION**
- II. OVERVIEW OF URBAN REDEVELOPMENT**
- III. FINDING THAT THE REDEVELOPMENT AREA IS BLIGHTED**
- IV. DEVELOPMENT PLAN OBJECTIVES**
- V. DEVELOPMENT PLAN**
 - 1. LEGAL DESCRIPTION**
 - 2. DESCRIPTION OF THE PROJECT**
 - 3. PROPERTY FOR PUBLIC AGENCIES**
 - 4. ZONING CHANGES**
 - 5. STREET CHANGES**
 - 6. DWELLING ACCOMMODATIONS**
 - 7. HOUSING AND BUSINESS RELOCATION**
 - 8. CHANGES OUTSIDE THE REDEVELOPMENT AREA**
 - 9. UTILITY CHANGES**
 - 10. FINANCING**
 - 11. MANAGEMENT**
 - 12. EMINENT DOMAIN**
 - 13. EMINENT DOMAIN BY THE CITY**
 - 14. ASSIGNMENT OF DEVELOPMENT PLAN**
 - 15. ECONOMIC IMPACT ON TAX BASE**
 - 16. RELOCATION PLAN**
 - 17. PROPOSED TIMING**
 - 18. COMPREHENSIVE LAND USE PLAN**

APPENDICES

- A. LEGAL DESCRIPTION OF THE REDEVELOPMENT AREA**
- B. REDEVELOPMENT AREA BLIGHT ANALYSIS**
- C. REDEVELOPMENT AREA TAX IMPACT STATEMENT**

I. INTRODUCTION

This Development Plan, submitted by Select Kirksville, LLC, a Missouri limited liability company (the “Developer”), relates to the proposed redevelopment of a parcel of land containing approximately 12.60 acres, located between U.S. Highway 63 and Business Route 63, with an address of 2523 S. Franklin St., Kirksville, Missouri 63501 (the “Kirksville Hotel Redevelopment Area” or “Redevelopment Area”).

A legal description of the Redevelopment Area is attached hereto as **Appendix A** and incorporated herein by reference. An aerial map of the Redevelopment Area is included in the Blight Analysis, attached hereto as **Appendix B** and incorporated herein by reference.

Under this Development Plan, the Developer will acquire all property within the Redevelopment Area, demolish the existing hotel structure, and construct a new hotel and related improvements (the “Development Project”). The area surrounding the Redevelopment Area offers opportunities for additional development, such as construction of a free-standing commercial strip, restaurant, and convenience store to compliment the hotel. Consequently, the Development Plan shall be implemented in two (2) phases:

Phase I. The first phase of the Development Plan shall include the demolition of the structure, remediation of blighted conditions on the Property, and other improvements on the Property and the construction of a new hotel on a portion of the Property.

Phase II. The second phase of the Development Plan shall include continued remediation of blighted conditions on the Property and future commercial development.

It is anticipated that the Development Project will serve as an incentive for growth along the south end of the U.S. Highway 63 corridor in the City of Kirksville, Missouri (the “City”).

II. OVERVIEW OF URBAN REDEVELOPMENT

In order to promote the new development or redevelopment in areas that lack economic growth and development, the State of Missouri provides statutory tools to cities to assist private, and initiate public, investment. One such tool is the Urban Redevelopment Corporations Law, Chapter 353 of the Revised Statutes of Missouri (“RSMo.”), as amended (“Chapter 353”).

Generally, Chapter 353 allows cities to foster economic development and physical improvements in a redevelopment area by:

- a) Identifying and designating redevelopment areas that qualify as “blighted areas” under Section 353.020(4), RSMo.;
- b) Adopting a development plan designating the redevelopment area, stating the redevelopment objectives, and providing a process for achieving the redevelopment objectives;
- c) Approving redevelopment project(s) to implement the development plan; and

- d) Utilizing the tools set forth under Chapter 353, including real property tax abatement, to reduce or eliminate blight in the redevelopment area.

III. FINDING THAT REDEVELOPMENT AREA IS A BLIGHTED AREA

A blighting study entitled “*Analysis for Designation of the Kirksville Hotel Redevelopment Area as a Blighted Area Under the Provisions of Chapter 353*” prepared by Development Dynamics, LLC (the “Blight Analysis”), is attached hereto as **Appendix B**.

IV. DEVELOPMENT PLAN OBJECTIVES

The objective of this Development Plan is to:

1. 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 Development Plan;
2. Increase the level and perception of safety and revitalization in the Redevelopment Area which, in turn, may encourage an influx of new business and residents to the City;
3. 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;
4. Promote the health, safety, order, convenience, prosperity and the general welfare, as well as efficiency and economy in the process of development;
5. Increase the property values of the Redevelopment Area and surrounding properties;
6. Provide development/business opportunities in the Redevelopment Area and surrounding areas;
7. Stimulate construction and permanent employment opportunities in the Redevelopment Area; and
8. Serve as a catalyst for redevelopment in the City.

V. DEVELOPMENT PLAN

The Developer proposes to acquire the property in the Redevelopment Area in preparation for construction of the Development Project. The Development Project incorporates and will satisfy the goals, objectives, and other criteria set forth in this Development Plan.

1. *Legal Description.* The legal description of the Redevelopment Area is attached hereto as **Appendix A**.
2. *Description of the Project.* Under the proposed Development Project, the first phase of the Development Plan shall include the demolition of the existing restaurant structure, remediation of blighted conditions on the Property, and other improvements on the Property and the construction of a new hotel on a portion of the Property. The second phase of the Development Plan shall include continued remediation of blighted conditions on the Property and future commercial development.

3. *Property for Public Agencies.* Property is not anticipated to be conveyed to a public agency.
4. *Zoning Changes.* Property within the Redevelopment Area is zoned commercial and will not require rezoning.
5. *Street Changes.* No anticipated street changes will be required.
6. *Dwelling accommodations.* The Redevelopment Area contains a single commercial building. There are no existing dwellings in the Redevelopment Area.
7. *Housing and Business Relocation.* The Redevelopment Area contains no residences or businesses that will be displaced or relocated as a result of this Development Plan
8. *Changes Outside the Redevelopment Area.* There are no changes anticipated outside Redevelopment Area.
9. *Utility Changes.* No new public utility lines are proposed for installation in the Redevelopment Area.
10. *Financing.* Financing for the project will be provided through private lending sources.
11. *Management.* The following persons shall be active in or associated with the management of the Development Project during the period of at least one year from the date of approval of the Development Plan:

Mr. Paul Williams
Select Kirksville, LLC
120 S. Interstate Drive
Sikeston, MO 63801
(573) 481-9500

12. *Eminent Domain.* The Developer is not requesting the power of eminent domain.
13. *Eminent Domain by the City.* The Developer is not requesting that the City condemn any property in the Redevelopment Area.
14. *Assignment of Development Plan.* The Developer reserves the right to assign its rights under the Development Plan to any third party; provided, however, that the Developer shall not assign its rights under the Development Plan to any third party prior to completion of the Development Project without the prior written consent of the City.
15. *Economic Impact on Tax Base.* A detailed tax impact statement is attached hereto as **Appendix C**, and incorporated herein by reference.
16. *Proposed Timing.* It is estimated that the Development Project will be completed within two (2) years from the date of execution of a redevelopment agreement.
17. *Comprehensive Plan.* The proposed land uses, zoning and proposed Development Plan are appropriate and consistent with local objectives identified by the 2014 Comprehensive Plan of the City of Kirksville, Missouri.

APPENDIX A

LEGAL DESCRIPTION OF THE REDEVELOPMENT AREA

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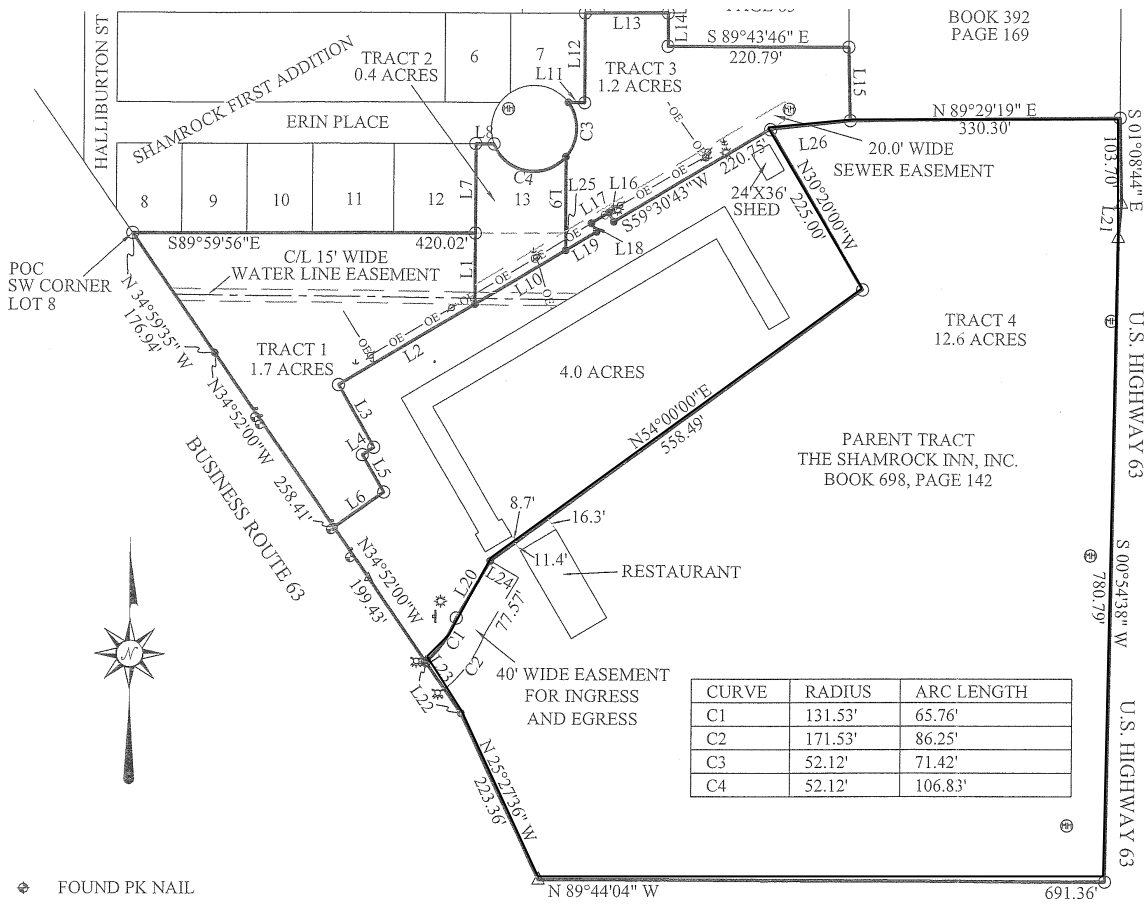
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APPENDIX B

REDEVELOPMENT AREA BLIGHT ANALYSIS

**ANALYSIS FOR DESIGNATION
OF THE
KIRKSVILLE HOTEL REDEVELOPMENT AREA
AS A BLIGHTED AREA UNDER THE PROVISIONS OF CHAPTER 353**

CITY OF KIRKSVILLE, MISSOURI

Prepared: December 11, 2015



1001 Boardwalk Springs Place, Suite #50 • O'Fallon, Missouri 63368 • (636) 561-8602

TABLE OF CONTENTS

I. INTRODUCTION	1
A. Purpose of Report.....	1
B. Provisions of Chapter 353.....	1
II. REDEVELOPMENT AREA	3
A. Description.....	3
B. Report Objectives.....	3
III. QUALIFICATION ANALYSIS	5
A. Age.....	5
B. Obsolescence.....	5
C. Inadequate Or Outmoded Design.....	6
D. Physical Deterioration.....	7
E. Economic Liability.....	7
F. Social Liability.....	7
G. Inability To Pay Reasonable Taxes.....	8
H. Conditions Conducive to Ill Health, Transmission of Disease, and Crime.....	8
IV. SUMMARY AND CONCLUSIONS	9
 EXHIBITS:	
1 – Aerial View of Redevelopment Area Boundary and General Location.....	4
 Appendix:	
A. Photographic Documentation	

I. INTRODUCTION

The Mayor and City Council of the City of Kirksville, Missouri (the “City”) are committed to the promotion and retention of high quality development in all parts of the City; and to on-going improvement in the quality of life for its citizens.

A development plan, submitted by Select Kirksville, LLC (the “Developer”), proposes to redevelop a parcel of land (2523 S. Franklin) located on the south side of City. The Kirksville Hotel Redevelopment Area (the “Redevelopment Area”) consists of approximately 12.6 acres of commercial property that currently contains a vacant restaurant structure, originally constructed in 1964.

To further redevelopment, the Developer proposes to undertake (a) the acquisition of certain real property, (b) the remediation of certain blighted conditions within the Redevelopment Area, and (c) the construction of a hotel. Each of these efforts is necessary to facilitate the clearance, replanning, rehabilitation, and reconstruction of property into a functional and productive state, and help improve the economic viability of the City.

A. PURPOSE OF REPORT

This report evaluates conditions affecting the Redevelopment Area, through on-site inspection, research of property files/public records, and other investigation to assist the City in determining if conditions in the Redevelopment Area satisfy the criteria of a “blighted area” as such term is defined in Section 353.020(2) of the Revised Statutes of Missouri, as amended.

The Developer is requesting the City find the Redevelopment Area blighted pursuant to Chapter 353 and grant real property tax abatement to assist in eliminating certain conditions that have resulted in property within the Redevelopment Area falling into disrepair. The Developer is also requesting the City consider the establishment of a community improvement district (the “CID”) over the Redevelopment Area. If approved, the CID will impose a sales tax of up to one percent (1%) on eligible purchases within the CID. If the Redevelopment Area is declared blighted, the CID revenues may then be used to finance the demolition and removal, renovation, reconstruction, or rehabilitation of privately-owned structures located within the CID/Redevelopment Area boundaries, as permitted by state law.

B. PROVISIONS OF CHAPTER 353

The Missouri General Assembly adopted Chapter 353 of the Revised Statutes of the State of Missouri (RSMo.), often referred to as “Chapter 353”.

Chapter 353 allows cities and counties to (1) identify and designate redevelopment areas that qualify as “Blighted Areas”, (2) adopt a development plan that designates an area in need of development and states the objectives to be attained and the redevelopment project to be undertaken, (3) approve a redevelopment project for implementation of such development plan and (4) utilize the tools set forth in Chapter 353 to assist in reducing or eliminating those factors and conditions that cause the area to qualify as a “Blighted Area” through the completion of a redevelopment project.

Chapter 353 defines “Area” as “...*that portion of the city which the legislative authority of such city has found or shall find to be blighted so that the clearance, replanning, rehabilitation, or reconstruction thereof is necessary to effectuate the purposes of this law. Any such area may include buildings or improvements not in themselves blighted, and any real property, whether improved or unimproved, the*

inclusion of which is deemed necessary for the effective clearance, replanning, reconstruction or rehabilitation of the area of which such buildings, improvements or real property for a part.”¹

Chapter 353 further defines a “Blighted Area” as “...that portion of the city within which the legislative authority of such city determines that by reason of age, obsolescence, inadequate or outmoded design or physical deterioration, have become economic and social liabilities, and that such conditions are conducive to ill health, transmission of disease, crime or inability to pay reasonable taxes.”²

The CID Act defines a “blighted area” as “an area which[,] by reason of the predominance of defective or inadequate street layout, insanitary 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” or “[h]as been declared blighted or found to be a blighted area pursuant to Missouri law including, but not limited to, chapter 353, RSMo., sections 99.800 to 99.865, RSMo., or sections 99.300 to 99.715, RSMo.”³

With the foregoing in mind, Development Dynamics, LLC (“D2”) performed an analysis of the Redevelopment Area’s eligibility factors through on-site inspection, research of documents such as aerial maps, property files, and public records and other investigation. The following sections of this report evaluate the conditions existent within the Redevelopment Area relative to the provisions of the definition of Blighted area under Chapter 353.

¹ Section 353.020(1) RSMo.

² Section 353.020(2) RSMo.

³ Section 67.1401 (3) a. b., RSMo.

II. REDEVELOPMENT AREA

A. DESCRIPTION

The Redevelopment Area consists of a single parcel of land located between U.S. Highway 63 and Business Route 63 (2523 South Franklin), approximately 12.06 acres in size. U.S. Highway 63 serves as the primary commercial corridor and major collector roadway for the City. Exhibit 1 is a boundary map and aerial map identifying the location of the Redevelopment Area. The Developer proposes the renovation, clearance, replanning, rehabilitation, and reconstruction of property to be operated as a hotel.

B. REPORT OBJECTIVES

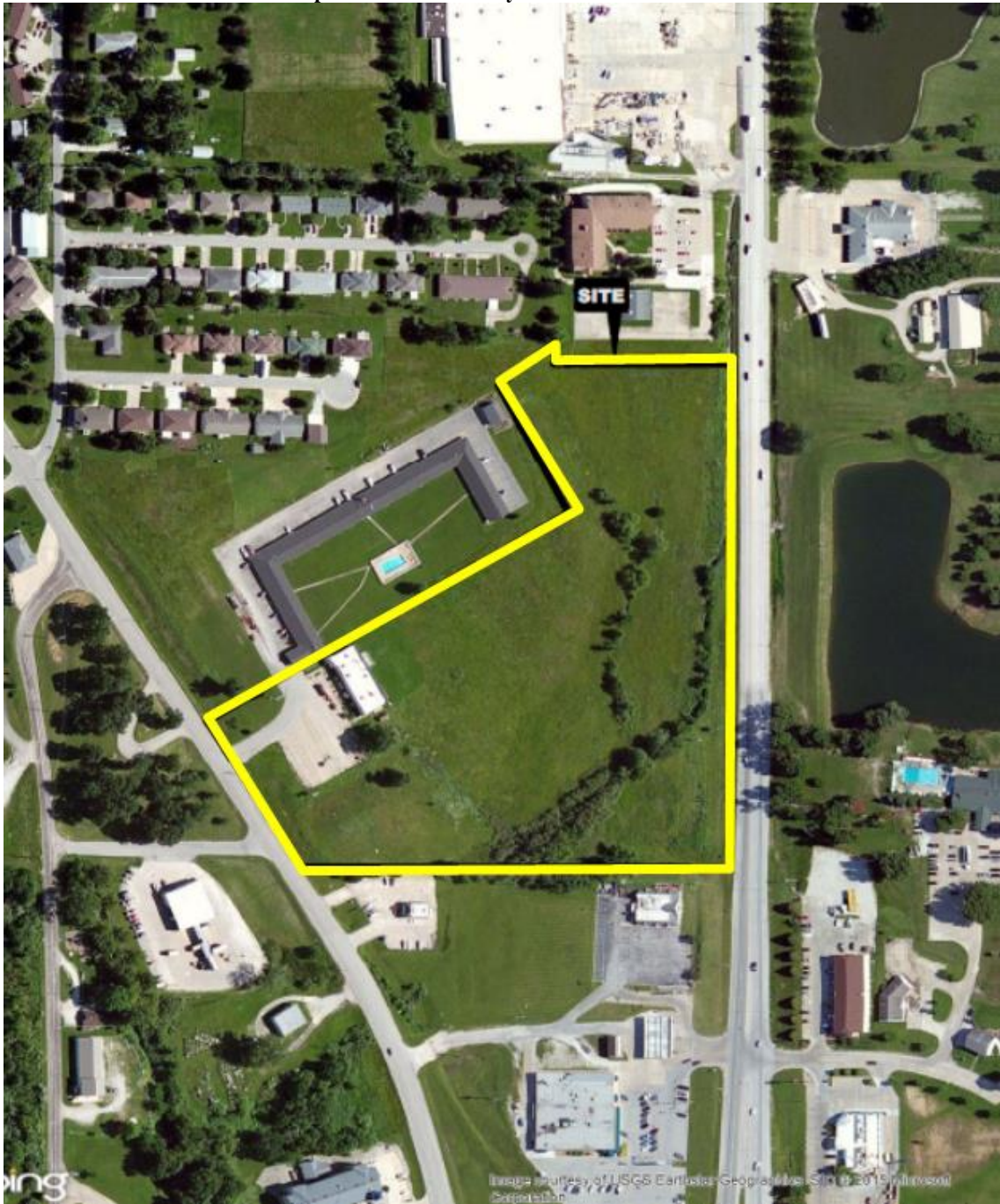
The purpose of this report is to supplement the Development Plan and evaluate the property as part of a determination as to whether the Redevelopment Area's existing conditions satisfy blighting criteria for designation under Chapter 353.

Pursuant to Chapter 353, the Development Plan outlines the process for developing all or a part of a blighted area, including, redeveloping underutilized commercial sites within a Redevelopment Area. The Development Plan further outlines objectives to facilitate the development of underutilized properties and encourage the highest and best use of property within a Redevelopment Area. Financial impediments and barriers to redevelopment must be overcome if clearing, replanning, rehabilitation, and reconstruction is to occur.

The Development Plan calls for partial demolition and the clearance, replanning, rehabilitation, and reconstruction of the existing structure within the Redevelopment Area. The work is expected to occur and be completed by the end of calendar year 2016.

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Exhibit 1: Aerial View of Redevelopment Area Boundary and General Area



III. QUALIFICATION ANALYSIS

This section analyzes the existing conditions within the Redevelopment Area as they relate to the definition of a blighted area under Chapter 353. D2 conducted an interior and exterior survey of the building's condition and property improvements on November 24, 2015. Documentation of the presence of conditions which demonstrate where minor or major repairs are required, and conditions beyond reasonable repair was prepared. This report does not reflect changes in conditions or events occurring after the site visit or publication of this report. Additionally, input from public meetings may result in revisions to this report, as a result of any public comments.

A. AGE

Age can provide indication of the existence of problems or limiting conditions resulting from normal and continuous use of structures and exposure to the elements over a period of many years. As a rule, older buildings typically exhibit more problems than buildings constructed in later years because of longer periods of active usage (wear and tear) and the impact of time, temperature, and moisture. Additionally, older buildings tend not to be ideally suited for meeting modern-day space and development standards. These typical and problematic conditions associated with "age", and "age" itself, qualify as a factor of blight.

Findings: The existing structure within the Redevelopment Area is vacant, was constructed in 1964 and is over 50 years old. As a result of age, lack of maintenance, and chronic vacancy the structure has fallen into disrepair. Physical deficiencies in the building and site improvements related to age which would require treatment include:

1. The building currently sits vacant and unusable due to damage of roofing, ceilings, wall coverings, and flooring resulting from leaking roof and voids in the building exterior that have allowed water to penetrate the structure. The deteriorated condition of the roof and walls have led to interior damage to the structure. Due to age and property conditions, it is unlikely the necessary repairs would be justifiable or feasible based upon current market conditions.
2. The structure displays evidence of damage to exterior finishes and are evidence by cracks and signs of damage requiring repair and replacement. Examples include cracks in exterior finishes, damaged air exchange units, damaged soffit and guttering systems which has led to water penetration and potential of significant structural damage.

B. OBSOLESCENCE

The viability and usefulness of a building, based on the manner in which it was built and/or placed on the land, is relevant in determining if it has longer-term value in the real estate marketplace. Obsolescence takes many forms, including: functional obsolescence, economic obsolescence, obsolete platting, and obsolete site improvements. Structures are typically built for specific uses or purposes and their design, location, height, and space arrangement. Buildings are obsolete when they contain characteristics or deficiencies that are out of date, worn out, or that limit their use and marketability. The characteristics may include loss in value to a property resulting from an inherent deficiency existing from poor layout or design. Obsolescence in such buildings is typically difficult and expensive to correct.

Findings: The structure is functionally and economically obsolete in its current condition and the property exhibits various levels of obsolescence in its facilities and infrastructure.

1. The Development Plan calls for the demolition of the current building structure. Several building components evidence significant functional obsolescence, including plumbing, HVAC, roofing system and wall covering. These components display leaks, are broken, and are inefficient due to age and disrepair.
2. Throughout the building structure, there are examples where water has penetrated the building envelope damaging the rooms, carpet, and wall coverings. Interior and exterior finishes are damaged, cracked, and show signs of wear that require replacement. Electrical fixtures hang loose from their mounts and will require replacement. Utility systems are dysfunctional, examples of which include: plumbing and electrical fixtures that are non-functional.
3. The existing building is obsolete as a result of its outdated design and its placement on the land. The restaurant's design reflects its 1960's construction and is unable to satisfy modern customer desires in the way of design, aesthetics, and technology. The proximity of the existing building to the neighboring motel calls for repositioning and negatively impacts any potential reuse as well.
4. The state of the existing building is in severe decline. Primary building components are deteriorating (interior and exterior walls, floors, wiring, plumbing, roofing, and soffits). Due to such conditions, the building has been rendered uninhabitable. Secondary building components (doors, windows, wall coverings, frames, etc.) display evidence of cracks, damage, warping, and lack of maintenance. Water penetration has damaged and stained numerous building elements to the point that substantial new investment is required. These deficiencies cannot be corrected through normal maintenance, and require replacement, renovation, or rebuilding.

C. INADEQUATE OR OUTMODED DESIGN

The ability of the Redevelopment Area to continue as a viable commercial location, based upon the time and manner in which the structure was built is relevant in determining if the use and design are current and adequate. This can be evidenced in structures which were initially adequate but have become outmoded as a result of changes in consumer trends, city codes and plans, current design standards, and restrictions of particular structures.

Findings: The existing building's age, placement on the land, and design are inadequate and outmoded.

1. The restaurant has been closed for at least five years and has lacked any significant change in at least ten years. Customer now seek modern, conceptually-based restaurants that add to the overall dining experience, increase local awareness, and have some food awareness. The restaurant layout and facilities are simply incapable of satisfying current customer demands without complete and total redevelopment or renovation.
2. The exterior of the building structure has windows, fascia materials, and roofing that are damaged and in need of repair, resurfacing, and/or replacement.
3. The exiting building structure is vacant. As a restaurant, the current building is inadequate, outdated, and lacking in any significant change over the past ten years.
4. The inadequate and outmoded placement of the existing building on the land and its design creates conditions which combine to influence the Redevelopment Area's inability to pay reasonable taxes. Furthermore, resolution of these conditions can only occur through substantial new investment and redevelopment.

D. PHYSICAL DETERIORATION

As identified throughout this report, the Redevelopment Area suffers from physical deterioration, an additional factor supporting the determination the Redevelopment Area as a “blighted area”. The facts showing physical deterioration are not repeated here but incorporated in this part.

E. ECONOMIC LIABILITY

The Redevelopment Area is along a prime corridor with highly visibility from Highway 63. Typically, such visible commercial property is vibrant and highly desirable. However, because of the aforementioned conditions, the Redevelopment Area has become an economic liability.

Findings:

1. The equalized assessed value (“EAV”) of the real property and improvements within the Redevelopment Area have remained static since 2012.⁴
2. Since the restaurant is closed and inoperable, the EAV of personal property within the Redevelopment Area is \$0 and sales tax revenue generated from the property is \$0.⁵
3. Taxing jurisdictions rely on abovementioned revenue streams to provide services, maintain equipment and facilities, and pay employees that serve the entire community.

F. SOCIAL LIABILITY

This factor relates to conditions within the Redevelopment Area that are a threat to the public health, safety, and welfare of the community. The above-stated blighting criteria have caused the Redevelopment Area to be a social liability.

Findings: The social liabilities associated with the Redevelopment Area and caused by the above-stated blighting factors are related to the presence of various hazardous conditions that threaten or endanger the health, safety and welfare of both City residents and patrons of the Area. Specific liabilities include:

1. Flat or declining equalized assessed valuation of property within the Redevelopment Area has resulted in limited tax revenue generation. A lack of adequate tax generation negatively impacts taxing districts and their ability to maintain existing service levels to the Redevelopment Area and the community as a whole. These conditions can be managed in the short-term by closely monitoring the replacement and purchase of equipment, personnel counts, and delaying or deferring capital improvement spending. Yet, implementing these fiscal restraints impacts the community as a whole by undermining longer-term efforts focused on community betterment and the attraction of new community investment.
2. The deterioration of building components (doors, windows, frames, gutters, downspouts, fascia materials, porticos, etc.) within the Redevelopment Area erodes and discourages private investment in the Redevelopment Area and retards economic growth in the surrounding area.

⁴ Real estate property records for 2011-15, Adair County Assessor’s property records.

⁵ Personal property records for 2011-15, Adair County Assessor’s property records.

3. Water and moisture infiltration due to water penetration has damaged ceilings, walls, and carpeting and is pervasive throughout much of the structure.

Each of these conditions are likely to worsen over time and help reinforce an understanding the Redevelopment Area is in a state decline through disinvestment and is a social liability. Left unchecked, these conditions could accelerate and, combined with other factors could lead to more widespread and intensive disinvestment.

G. INABILITY TO PAY REASONABLE TAXES

The Redevelopment Area's condition as an economic liability contributes to its inability to pay reasonable taxes for the affected taxing districts. Real estate property values within the Redevelopment Area have been static and essentially reflect only the value of the land. Personal property and sales tax revenue within the Redevelopment Area have been non-existent due to age and vacancy. The longer the Redevelopment Area continues in its current state, it is likely assessed values and, consequently, taxes collected will decrease. If steps are not taken to redevelop the property, it is reasonable to assume conditions will worsen and result continued dilapidation and impact the value of neighboring property.

H. CONDITIONS CONDUCIVE TO ILL HEALTH, TRANSMISSION OF DISEASE, AND CRIME

This factor relates to property conditions which would not meet the standards of property maintenance, zoning, building, fire, and other government codes. The Redevelopment Area's current condition is conducive to ill health, transmission of disease and crime.

Findings:

1. Animal, including vermin, have infiltrated the envelope of the building. Such access results in conditions conducive to ill health and the transmission of disease.
2. Building conditions, roof deterioration, and water penetration have negatively impacted any potential interest and usability of the existing structure.
3. The Redevelopment Area is located along a prime commercial corridor, yet the declining property conditions and lack of maintenance are conducive to ill health, transmission of disease, crime, and negatively affect the perception of development in the City.

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IV: SUMMARY AND CONCLUSIONS

Chapter 353 sets forth determinants which individually or in combination may provide the justification for a designation of blight. The actual determination of blight can only occur when these conditions are found to have become economic and social liabilities and such conditions are conducive to ill health, transmission of disease, crime or inability to pay reasonable taxes.

: Summary of Conditions Corresponding to Blight Factors

Blight Factors	Present	Constitutes an economic or social liability	Menace to the public health, safety, morals or welfare.
Age	YES	X	X
Obsolescence	YES	X	X
Inadequate or Outmoded Design	YES	X	X
Physical Deterioration	YES	X	X
Other conditions which endanger life or property by fire and other causes	YES	X	X

Property within the Redevelopment Area has been found to exhibit multiple factors or incidences and one or more deficiencies which can be cause for designation of the property as blighted, as outlined in Chapter 353, including:

- The existing structure within the Redevelopment Area was constructed in 1964. As a result of age and lack of maintenance, the building has fallen into disrepair. The resultant physical deficiencies in the building require treatments which are infeasible based upon current market conditions and would require substantial upgrades and/or replacement.
- The Redevelopment Area is economically and functionally obsolete in its current condition. In order to cure these deficiencies and to leverage the private mitigation of conditions described in this document, significant public and private costs must be incurred. The extraordinary costs associated with the issues previously noted makes revitalization of the Redevelopment Area economically unfeasible.
- The Redevelopment Area demonstrates economic liability through an inability to pay reasonable taxes to affected taxing districts as real, personal, and sales tax revenues decline. If steps are not taken to redevelop the property, it is reasonable to assume conditions will result in continuing underutilization of the property. Unless a program of redevelopment, like the one proposed is implemented to eliminate the blighting influences, further physical deterioration is likely and investment of the type the City envisions as appropriate and economically feasible will not occur.
- The Redevelopment Area is located along key commercial corridor, yet declining property conditions and lack of maintenance are conducive to ill health, transmission of disease, crime, and negatively affect the perception of development in the City.
- Property within the Redevelopment Area is a social liability and threat to the public health, safety, and welfare of the community because existing conditions: a) hamper the quality and provision of other public

services, b) erode and discourage private investment and development in the Redevelopment Area and retards economic growth in the surrounding area, and c) lack of fire safety and building code compliance threaten public safety and welfare.

Under current conditions, it is improbable the Redevelopment Area will experience growth and development solely through investment by private enterprise. Furthermore, it is unlikely redevelopment might occur, absent the benefit and resources provided by implementation of a Development Plan, or that limited efforts would yield the potential revenue that can be generated by a comprehensive, aggressive, and programmatic approach as proposed.

Thus, if taken as a whole, the Redevelopment Area represents a portion of the City that by reason of age, obsolescence, inadequate or outmoded design or physical deterioration, has become an economic and social liability, and that such conditions are conducive to ill health, transmission of disease, crime or inability to pay reasonable taxes.

Based upon the entirety of the information collected, reviewed, and analyzed in the course of preparation of this analysis results in a determination the proposed Redevelopment Area satisfies the requirements for designation of the property as a blighted area, as outlined in Chapter 353.

Appendix A

Photographic Documentation



Photo 1: Example of deteriorating pavement surface at ingress/egress point.



Photo 2: View of project area looking East.



Photo 3: Additional view of property ingress requiring improved access.



Photo 4: View of building entrance and west side.



Photo 5: Example of debris and exterior hole providing access point for animals or rodents.



Photo 6: Example of discarded trash.

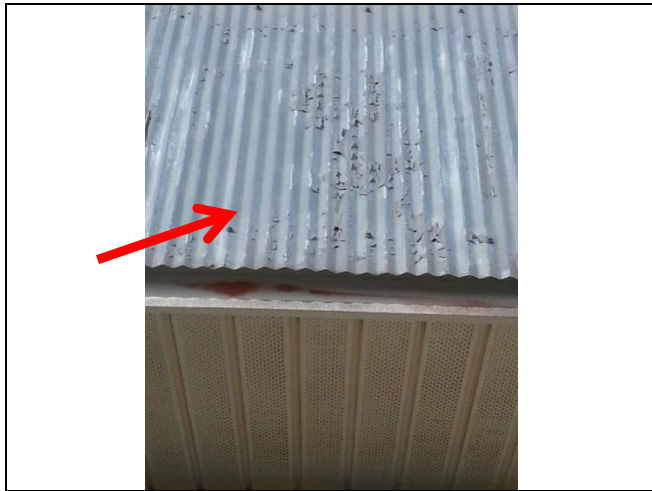


Photo 7: Example of cracked and peeling paint on exterior.

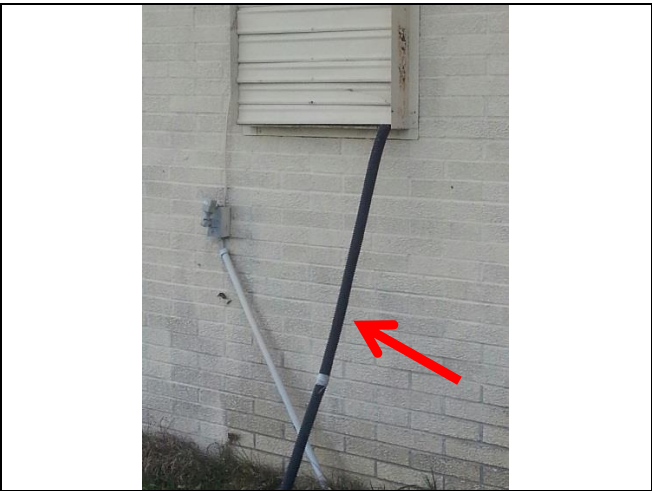


Photo 8: Example of water drainage measures.

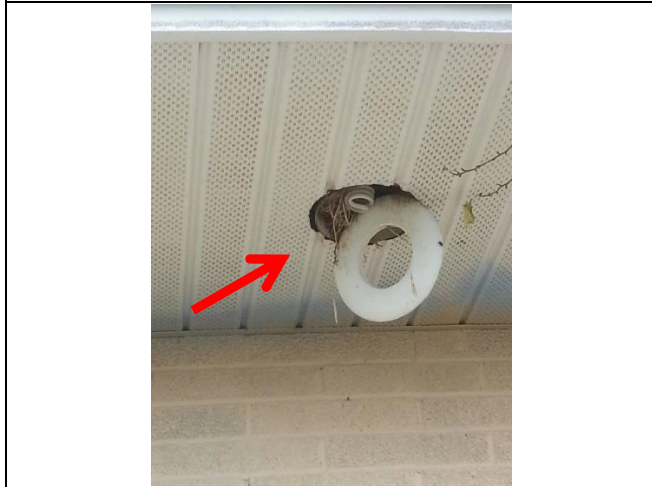


Photo 9: Example of electrical issues and where birds have access soffit.



Photo 10: Additional example of electrical issues and where birds have access soffit

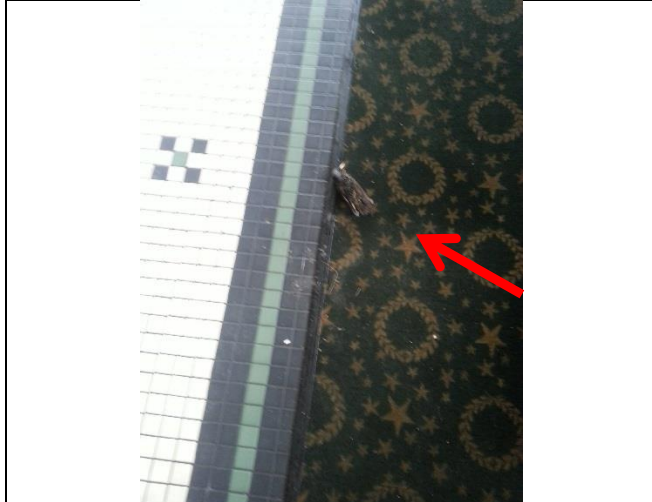


Photo 11: Dead bird on floor demonstrating access to building.



Photo 12: View of deteriorated and outdated interior conditions.

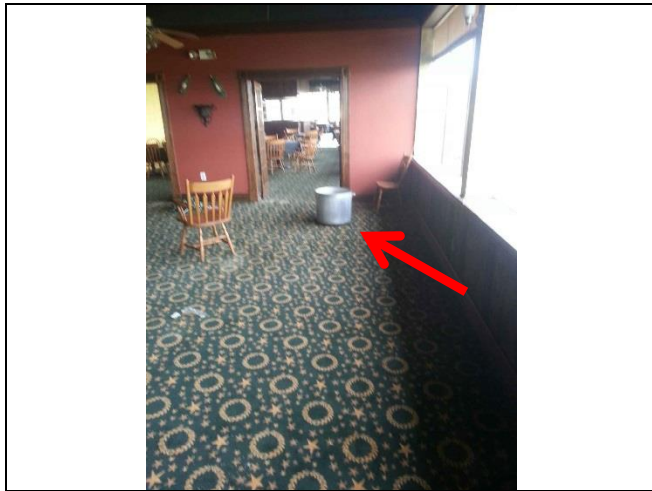


Photo 13: Example of pot catching water due to roof leak.

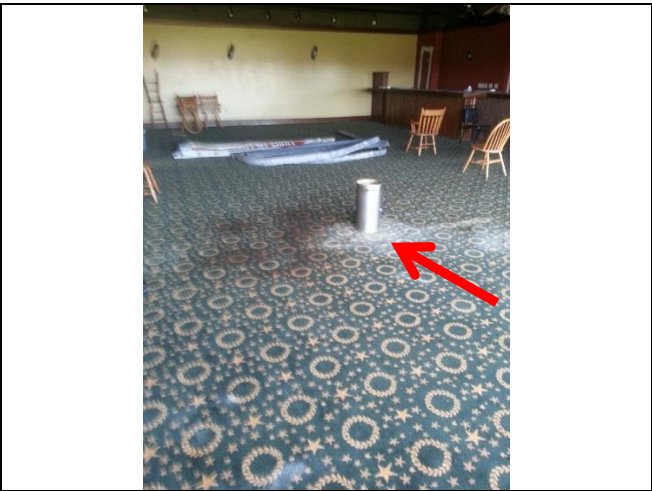


Photo 14: Additional location of roof leak with pot catching water and stained/damaged carpeting.



Photo 15: Parking field deterioration and cracking due to subsurface water penetration.



Photo 16: Example of window with broken seal.



Photo 17: Further example of declining exterior conditions.



Photo 18: Further example of parking field conditions requiring replacement.

APPENDIX C

REDEVELOPMENT AREA TAX IMPACT STATEMENT

CITY OF KIRKSVILLE, MISSOURI

TAX IMPACT ANALYSIS

FOR

KIRKSVILLE HOTEL REDEVELOPMENT AREA

FEBRUARY 20, 2016

Development Dynamics, LLC ("D2") prepared this tax impact analysis of the proposed project by Select Kirksville, LLC in the City of Kirksville, Adair County, Missouri. The analysis was performed in compliance with Section 353.110.3 of the Missouri Revised Statutes and evaluates the projected impact to affected tax jurisdictions as part of a Chapter 353 project.

1. PURPOSE OF THIS ANALYSIS

The purpose of this tax impact analysis is to provide timely and relevant information to the affected taxing districts to which this report is sent pursuant to Section 353.110.3 of the Revised Statutes of Missouri, as amended, which is cited as “The Urban Redevelopment Corporations Law” and often simply referred to as “Chapter 353”.

2. DESCRIPTION OF THE PROJECT

The proposed Kirksville Hotel Redevelopment Area (the “Redevelopment Area”) consists of a single parcel of land, 2523 South Franklin. In order to facilitate redevelopment, Select Kirksville, LLC (the “Developer”) plans to demolish the former restaurant and to replace it with a full-service 82-room Holiday Inn Express hotel with potential out parcels for additional future commercial development.

Pursuant to the provisions of Chapter 353 and City Council Policy #9, the City of Kirksville, Missouri (the “City”) is authorized and empowered to aid the redevelopment of underutilized property within a redevelopment area through adoption of a Development Plan and the grant of real property tax abatement.¹ In the case of this Redevelopment Area, the Development Plan provides for the remediation of blighting factors and the grant of up to 20 years of real property tax abatement to offset the extraordinary financial costs of remediating the blighted conditions present in the Redevelopment Area. Financial impediments and barriers to development of the Redevelopment Area must be overcome in order for the development and rehabilitation to occur.

Due to the extraordinary costs associated with the remediation of blight in the Redevelopment Area, public assistance is necessary to feasibly transform the Redevelopment Area from its current condition into one that enhances the community and provides long-term benefit to all taxing entities.

The City intends, subject to the approval of the City Council, to extend partial real property tax abatement, through the use of Chapter 353, to assist in the remediation of blight in the Redevelopment Area. Under Chapter 353, the City is allowed to grant 100% real property tax abatement on improvements and incremental increases in land value for 10 years and 50% real property tax abatement on improvements and incremental increases in land value for 15 years. The Developer has requested 20 years of real property tax abatement at reduced levels rather than the maximum amount for 25 years. During the abatement period, the Developer will make payments in lieu of taxes in such amounts as are necessary to ensure the taxing districts collectively receive at least as much real property tax revenue from the Redevelopment Area as they received in the 2015 tax year. The projected tax savings on the real property are proposed to be reinvested by the Developer in the Redevelopment Area, to cover eligible project costs incurred in the reduction and clearance of blighting factors present on the project site.

The Developer initially plans to invest approximately \$7,000,000 in the Redevelopment Area which includes the demolition of an existing building and the construction of a new hotel.

¹ Kirksville City Council Policy #9, Economic Development Policy, August 3, 2009.

Completion the hotel is expected on or before December 31, 2017.² Real property tax abatement is expected to begin in the year after construction is completed.

Future outparcel development is anticipated in 2019-2020. However, due to the speculative nature of the development, estimates were excluded from this analysis.

Project Component	(Sq. Ft.)	Est. Annual Taxable Sales	Est. New Jobs
Hotel	60,000	\$ 2,000,000	15 FT, 10 PT
Restaurant	5,000	1,250,000	6 FT, 20 PT
Commercial Strip	10,000	1,750,000	12 FT, 20 PT
Convenience Store	4,000	1,500,000	5 FT, 15 PT
TOTAL	79,000	\$ 6,275,000	

3. TAX INFORMATION

The Redevelopment Project will impact the governmental revenue figures through projected increases in real property tax. This tax impact analysis applies only to increased real property tax receipts. The real property tax revenue calculations are based upon improvements anticipated as part of the project.

A. PROPERTY DATA - Figure 1 identifies the address, property locator number, market valuation, and 2015 assessed valuation and 2015 real and personal property taxes for the Redevelopment Area. According to Adair County Assessor’s records, the Redevelopment Area is assessed as follows:

Figure 1: Redevelopment Area Assessed Value Data

Redevelopment Area Data		
Property ID #	13-05.0-16-004-01-28.000000	
Address	2523 South Franklin	
2015 Market Value	\$	235,940
2015 Assessed Valuation	\$	74,301
	Tax Rate	Tax Amount
State of Missouri	0.0300	\$ 22.29
Adair County Roads	0.2744	\$ 203.88
Adair Nursing Twin Pines	0.1496	\$ 111.15
Library	0.1493	\$ 110.93
Health	0.1991	\$ 147.93
SB 40	0.1493	\$ 110.93
City of Kirksville	0.6875	\$ 510.82
Kirksville School District	4.2246	\$ 3,138.92
Commercial Surcharge	0.4500	\$ 334.35
Total 2015 Real Estate Taxes	6.3138	\$ 4,691.22

² Planned initial investment amount includes soft costs, furniture, fixtures, equipment, and other costs that would not necessarily directly translate into real property assessed valuation.

B. REAL PROPERTY TAX REVENUE

The direct tax impact on the affected taxing jurisdictions was determined through the utilization of existing property record data and evaluation of tax-related calculations. Real property tax projections utilized preliminary investment estimates included in the Development Plan. Real property taxes were projected based on increased assessed valuation estimates on the real property multiplied by the Redevelopment Area's combined 2015 commercial tax rate of \$6.3138 per \$100 of assessed valuation (which includes the commercial surcharge tax).

Figure 2 represents the tax impact on real property tax revenue if the new investment occurred without abatement. **Figure 3** represents the tax impact on real property tax revenue with abatement on new real property investment. **Figure 4** represents a compilation of the previous figures with summary totals.

4. CONDITIONS

The conclusions and projections presented in this analysis are based upon project information provided by the Developer, published government tax tables, and other information sources considered to be reliable. There is an inherent assumption that information provided by these sources is correct, complete, and reliable. Limited steps were taken to verify the accuracy of the aforementioned assumptions; nevertheless, D2 believes they constitute a reasonable basis for the report's preparation. The tax impact projections represent prospective information and estimates regarding a project yet to be constructed. The projections are not provided as assurance that a certain levels will be achieved or that certain events will occur because actual results may vary from the calculations described herein. D2 assumes no risk for events or uncertainties that occur.

FIGURE 2: TAX IMPACT - NO ABATEMENT (REAL PROPERTY IMPROVEMENTS ONLY)

	Tax Rate	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
State of Missouri	0.0300	\$ 22	\$ 168	\$ 168	\$ 170	\$ 170	\$ 171	\$ 171	\$ 173	\$ 173	\$ 175	\$ 175
Adair County Roads	0.2744	204	1,537	1,537	1,552	1,552	1,568	1,568	1,583	1,583	1,599	1,599
Adair Nursing Twin Pines	0.1496	111	838	838	846	846	855	855	863	863	872	872
Library	0.1493	111	836	836	844	844	853	853	861	861	870	870
Health	0.1991	148	1,115	1,115	1,126	1,126	1,137	1,137	1,149	1,149	1,160	1,160
SB 40	0.1493	111	836	836	844	844	853	853	861	861	870	870
City of Kirksville	0.6875	511	3,850	3,850	3,889	3,889	3,927	3,927	3,967	3,967	4,006	4,006
Kirksville School District	4.2246	3,139	23,658	23,658	23,894	23,894	24,133	24,133	24,375	24,375	24,618	24,618
Commercial Surcharge	0.4500	334	2,520	2,520	2,545	2,545	2,571	2,571	2,596	2,596	2,622	2,622
Totals	6.3138	\$ 4,691	\$ 35,357	\$ 35,357	\$ 35,711	\$ 35,711	\$ 36,068	\$ 36,068	\$ 36,429	\$ 36,429	\$ 36,793	\$ 36,793
	Tax Rate	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
State of Missouri	0.0300	\$ 177	\$ 177	\$ 178	\$ 178	\$ 180	\$ 180	\$ 182	\$ 182	\$ 184	\$ 184	\$ 3,538
Adair County Roads	0.2744	1,615	1,615	1,631	1,631	1,647	1,647	1,664	1,664	1,681	1,681	\$ 32,357
Adair Nursing Twin Pines	0.1496	880	880	889	889	898	898	907	907	916	916	\$ 17,641
Library	0.1493	879	879	888	888	896	896	905	905	914	914	\$ 17,605
Health	0.1991	1,172	1,172	1,184	1,184	1,195	1,195	1,207	1,207	1,219	1,219	\$ 23,478
SB 40	0.1493	879	879	888	888	896	896	905	905	914	914	\$ 17,605
City of Kirksville	0.6875	4,046	4,046	4,087	4,087	4,128	4,128	4,169	4,169	4,211	4,211	\$ 81,070
Kirksville School District	4.2246	24,865	24,865	25,113	25,113	25,364	25,364	25,618	25,618	25,874	25,874	\$ 498,164
Commercial Surcharge	0.4500	2,649	2,649	2,675	2,675	2,702	2,702	2,729	2,729	2,756	2,756	\$ 53,064
Totals	6.3138	\$ 37,161	\$ 37,161	\$ 37,532	\$ 37,532	\$ 37,908	\$ 37,908	\$ 38,287	\$ 38,287	\$ 38,670	\$ 38,670	\$ 744,522

FIGURE 3: TAX IMPACT – WITH ABATEMENT REDEVELOPMENT AREA

	Tax Rate	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Estimated Assessed Valuation	\$	74,301	\$ 560,000	\$ 565,600	\$ 565,600	\$ 571,256	\$ 571,256	\$ 576,969	\$ 576,969	\$ 582,738	\$ 582,738	\$ 588,566
State of Missouri	0.0300	\$ 22	\$ 48	\$ 48	\$ 48	\$ 48	\$ 48	\$ 48	\$ 48	\$ 48	\$ 48	\$ 48
Adair County Roads	0.2744	204	435	435	435	435	435	435	435	435	435	435
Adair Nursing Twin Pines	0.1496	111	237	237	237	237	237	237	237	237	237	237
Library	0.1493	111	237	237	237	237	237	237	237	237	237	237
Health	0.1991	148	316	316	316	316	316	316	316	316	316	316
SB 40	0.1493	111	237	237	237	237	237	237	237	237	237	237
City of Kirksville	0.6875	511	1,090	1,090	1,090	1,090	1,090	1,090	1,090	1,090	1,090	1,090
Kirksville School District	4.2246	3,139	6,695	6,695	6,695	6,695	6,695	6,695	6,695	6,695	6,695	6,695
Commercial Surcharge	0.4500	334	713	713	713	713	713	713	713	713	713	713
Totals	6.3138	\$ 4,691	\$ 10,006	\$ 10,006	\$ 10,006	\$ 10,006	\$ 10,006	\$ 10,006	\$ 10,006	\$ 10,006	\$ 10,006	\$ 10,006
	Tax Rate	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Estimated Assessed Valuation	\$	588,566	\$ 594,451	\$ 594,451	\$ 600,396	\$ 600,396	\$ 606,400	\$ 606,400	\$ 612,464	\$ 612,464	\$ 618,588	
State of Missouri	0.0300	\$ 132	\$ 132	\$ 134	\$ 134	\$ 135	\$ 135	\$ 136	\$ 136	\$ 138	\$ 138	\$ 1,849
Adair County Roads	0.2744	1,211	1,211	1,223	1,223	1,236	1,236	1,248	1,248	1,260	1,260	\$ 16,910
Adair Nursing Twin Pines	0.1496	660	660	667	667	674	674	680	680	687	687	\$ 9,219
Library	0.1493	659	659	666	666	672	672	679	679	686	686	\$ 9,201
Health	0.1991	879	879	888	888	897	897	906	906	915	915	\$ 12,270
SB 40	0.1493	659	659	666	666	672	672	679	679	686	686	\$ 9,201
City of Kirksville	0.6875	3,035	3,035	3,065	3,065	3,096	3,096	3,127	3,127	3,158	3,158	\$ 42,367
Kirksville School District	4.2246	18,648	18,648	18,835	18,835	19,023	19,023	19,213	19,213	19,406	19,406	\$ 260,342
Commercial Surcharge	0.4500	1,986	1,986	2,006	2,006	2,026	2,026	2,047	2,047	2,067	2,067	\$ 27,731
Totals	6.3138	\$ 27,871	\$ 27,871	\$ 28,149	\$ 28,149	\$ 28,431	\$ 28,431	\$ 28,715	\$ 28,715	\$ 29,002	\$ 29,002	\$ 389,089

FIGURE 4: TAX IMPACT SUMMARY

Kirksville Redevelopment Area Tax Impact Analysis Summary 2016-2036				
	Real Property Taxes No Development (Base)	Est. Real Property Taxes After Development (No Abatement)	Payments in Lieu of Taxes (PILOT) (Base + Amount not Abated)	Abatement Value (Tax-Base-PILOT)
State of Missouri	\$ 468	\$ 3,538	\$ 1,849	\$ 1,689
Adair County Roads	4,282	32,357	16,910	15,447
Adair Nursing Twin Pines	2,334	17,641	9,219	8,422
Library	2,330	17,605	9,201	8,405
Health	3,107	23,478	12,270	11,208
SB 40	2,330	17,605	9,201	8,405
City of Kirksville	10,727	81,070	42,367	38,703
Kirksville School District	65,917	498,164	260,342	237,822
Commercial Surcharge	7,021	53,064	27,731	25,333
Total	\$ 98,516	\$ 744,522	\$ 389,089	\$ 355,433

*All numbers rounded to nearest dollar.

EXHIBIT C

[attach Redevelopment Agreement]

REDEVELOPMENT AGREEMENT

among the

CITY OF KIRKSVILLE, MISSOURI,

FRANKLIN STREET COMMUNITY IMPROVEMENT DISTRICT,

FRANKLIN STREET REDEVELOPMENT CORPORATION, and

KIRKSVILLE COMMERCIAL DEVELOPMENT, LLC

dated as of

_____, 2016

REDEVELOPMENT AGREEMENT

THIS REDEVELOPMENT AGREEMENT (this “**Agreement**”), entered into as of this ____ day of _____, 2016, by and among the **CITY OF KIRKSVILLE, MISSOURI**, a third-class city of the State of Missouri (the “**City**”), the **FRANKLIN STREET COMMUNITY IMPROVEMENT DISTRICT**, a Missouri community improvement district (the “**District**”), the **FRANKLIN STREET REDEVELOPMENT CORPORATION**, a Missouri urban redevelopment corporation (the “**Redevelopment Corporation**”), and **KIRKSVILLE COMMERCIAL DEVELOPMENT, LLC**, a Missouri limited liability company (the “**Developer**”) (the City, the District, the Redevelopment Corporation and the Developer being collectively referred to herein as “**Parties**,” and individually as “**Party**,” as the context so requires).

WITNESSETH:

WHEREAS, Chapter 353 of the Revised Statutes of Missouri (“**Chapter 353**”) authorizes the City to approve development plans that allow for the redevelopment of blighted areas within the City and grant real property tax abatement to encourage such redevelopment; and

WHEREAS, the Redevelopment Corporation has submitted a development plan to the City entitled the “Redevelopment Area Development Plan” (the “**Development Plan**”), a copy of which is attached hereto as Exhibit D; and

WHEREAS, the Development Plan provides for the redevelopment of an approximately 12.06-acre tract of land located on Franklin Street in the City of Kirksville, Missouri, and described more particularly on Exhibit C attached hereto (the “**Redevelopment Area**”) for use as a hotel and other retail development (as further described in the Development Plan, the “**Redevelopment Project**”); and

WHEREAS, the City has caused to be furnished each political subdivision whose boundaries for ad valorem taxation purposes include any portion of the real property to be affected by tax abatement requested in the Development Plan with a written statement of the impact on ad valorem taxes such tax abatement will have on such political subdivisions and written notice of the public hearing to be held by the City Council, all in accordance with Chapter 353; and

WHEREAS, on February 1, 2016, the City Council held a public hearing in accordance with Chapter 353 to consider the Development Plan; and

WHEREAS, pursuant to Ordinance No. _____, the City (1) declared the Redevelopment Area to be a “blighted area,” as defined in Chapter 353, (2) approved the Development Plan and (3) approved this Agreement relating to the implementation of the Development Plan; and

WHEREAS, pursuant to the Community Improvement District Act, Sections 67.1401 to 67.1571 of the Revised Statutes of Missouri, as amended (the “**CID Act**”), the governing body of the City is authorized to establish a community improvement district following receipt of a proper petition and holding of a public hearing pursuant to Section 67.1431 of the CID Act; and

WHEREAS, in accordance with the requirements of the CID Act, Floor Mart, Inc., as owner of all of the property within the Redevelopment Area, filed a Petition for the Creation of a Community Improvement District with the City (the “**Petition**”), to form a community improvement district known as the Franklin Street Community Improvement District (the “**District**”); and

WHEREAS, subject to and in accordance with the CID Act and the Petition, and upon the approval of the qualified voters in the District, the District intends to impose a sales and use tax on all retail sales made in the District at a rate not to exceed one percent (1.0%) (the “**District Sales Tax**”); and

WHEREAS, on February 1, 2016, the City Council held a public hearing concerning the creation of the District and adopted Ordinance No. ____ approving the Petition and creating the District, all in accordance with the CID Act; and

WHEREAS, the District is authorized under the CID Act to undertake the CID Project (as defined herein and described in the Petition and on Exhibit A, attached hereto and incorporated herein by reference), which includes certain improvements within the boundaries of the District, and to impose the District Sales Tax, which will be used to reimburse the Developer for Reimbursable Project Costs (as defined herein); and

WHEREAS, on _____, 2016, the Board of Directors of the District adopted (1) Resolution No. ____, imposing the District Sales Tax subject to approval by the qualified voters of the District, and (2) Resolution No. ____ approving this Agreement; and

WHEREAS, the City, the District, the Redevelopment Corporation and the Developer desire to enter into this Agreement to provide for the construction of the Redevelopment Project and the CID Project, the provision of public financing to assist with the construction of such projects, and the governance, operation and financing of the District; and

WHEREAS, the City Council of the City has determined that the action to be taken pursuant to this Agreement will serve a public purpose, and is authorized pursuant to Section 70.220 of the Revised Statutes of Missouri, as amended.

AGREEMENT

NOW, THEREFORE, for and in consideration of the premises, and the mutual covenants herein contained, the Parties agree as follows:

ARTICLE I. RECITALS, EXHIBITS AND DEFINITIONS

Section 1.1 Recitals and Exhibits. The representations, covenants and recitations set forth in the foregoing recitals and the exhibits attached to this Agreement are material to this Agreement and are hereby incorporated into and made a part of this Agreement as though they were fully set forth in this Section, and the appropriate exhibits are incorporated into each Section of this Agreement that makes reference to an exhibit.

Section 1.2 Definitions. Words and terms defined elsewhere in this Agreement shall have the meanings assigned therein. Whenever used in this Agreement, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

“**Agreement**” shall mean this Redevelopment Agreement, as amended from time to time in accordance with its terms.

“**Authorized City Representative**” means the City Manager or such other person or persons from time to time designated by the City Council as the person or persons authorized to act on behalf of the City under this Agreement.

“**City Council**” means the governing body of the City.

“**Board of Directors**” means the board of directors of the District, as appointed by the City in accordance with §67.1451.5. of the Revised Statutes of Missouri, as amended.

“**Certificate of Reimbursable Project Costs**” means a certificate identifying Reimbursable Project Costs in substantially the form of Exhibit B, attached hereto and incorporated herein by this reference.

“**Chapter 353**” means The Urban Redevelopment Corporations Law, Chapter 353 of the Revised Statutes of Missouri, as amended.

“**CID Act**” means the Missouri Community Improvement District Act, Sections 67.1401 through 67.1571, Revised Statutes of Missouri, as amended.

“**CID Project**” means the (a) construction of improvements within the boundaries of the District as permitted by the CID Act, including but not limited to: (i) lawns, trees and other landscaping; (ii) sidewalks, streets, traffic signs and signals, utilities, drainage, water, storm and sewer systems, and other site improvements; (iii) parking lots; and (iv) streetscape, lighting, benches or other seating furniture, trash receptacles, marquees, awnings, canopies, walls, and barriers; (b) to provide for professional fees, including without limitation legal and accounting, architectural and engineering, marketing and advertising, approvals, permits, inspections and other fees, (c) support of business activity and economic development in the District including, but not limited to, the promotion of business activity, development and retention, and the recruitment of developers and businesses; and (d) the carrying out of any other powers set forth in the CID Act.

“**City**” means the City of Kirksville, Missouri, a third-class city organized and existing under the laws of the State of Missouri.

“**City Manager**” means the City Manager of the City, as that term is understood in Sections 78.430 to 78.640, RSMo.

“**City Officials**” means the City Manager and the Finance Director, or such other employees or officers of the City as may be designated by the City.

“**Costs of Issuance**” means all costs reasonably incurred by the District in furtherance of the issuance of the District Notes, including but not limited to the fees and expenses of financial advisors and consultants, the District’s attorneys (including issuer’s administrative, legal fees and expenses), and the District’s administrative fees and expenses (including fees and costs of planning consultants and other advisors).

“**County Recorder**” means the Adair County Recorder of Deeds.

“**Developer**” means Kirksville Commercial Development, LLC, a Missouri limited liability company, and its successors and/or assigns, including, but not necessarily limited to Select Kirksville, LLC, a Missouri limited liability company.

“**Development Plan**” means the “Redevelopment Area Development Plan” dated as of _____, 201____, as approved by the City on February 1, 2016, pursuant to Ordinance No. _____, and as may be amended from time to time.

“**District**” means the Franklin Street Community Improvement District, a political subdivision of the State of Missouri.

“**District Notes**” means the revenue notes issued by the District under the Financing Documents and in accordance with this Agreement. The form of District Notes shall be attached to and incorporated as part of the Financing Documents.

“**District Sales Tax**” means the sales and use tax levied by the District on the receipts from the sale at retail of all eligible tangible personal property and taxable services at retail within its boundaries pursuant to the CID Act in the amount equal to one percent (1%). District Sales Tax shall not include (a) the amount retained by the Missouri Department of Revenue for the cost of collecting the District Sales Tax, (b) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer, and (c) any sum received by the District which is the subject of a suit or other claim communicated to the District which suit or claim challenges the collection of such sum.

“**Event of Default**” means any event specified in **Section 7.1** of this Agreement.

“**Excusable Delays**” means delays due to acts of terrorism, acts of war or civil insurrection, strikes, riots, floods, earthquakes, fires, tornadoes, casualties, acts of God, labor disputes, governmental delays, embargoes, national or regional material shortages, failure to obtain regulatory approval from any federal or State regulatory body, unforeseen site conditions, and material litigation by parties other than a Party and not caused by any Party’s failure to perform. In addition, in the discretion of the City Manager of the City, Excusable Delays shall also include delays necessitated by enhancements to the CID Project related to the hotel to be operated on the Property obtaining a franchise (becoming “flagged”), the parties hereto acknowledging that any such franchisor may require substantial additional or higher quality improvements, which may require more time than what is currently anticipated. Excusable Delays shall extend the time of performance as further provided in **Section 7.5** hereof.

“**Finance Director**” means the Finance Director for the City of Kirksville, Missouri.

“**Financing Documents**” means the necessary documents entered into by and among the District, such other entity issuing the District Notes on behalf of the District (if applicable), and the Trustee in connection with the issuance of the District Notes, in form and substance mutually acceptable to all Parties hereto.

“**Mayor**” means the Mayor of the City.

“**Operating Costs**” means expenses of the District for administration, supervision and inspection incurred in connection with the CID Project and paid from the Operating Fund, which expenses include without limitation the following: (a) reimbursement of the board of directors of the District for actual expenditures in the performance of duties on the behalf of the District pursuant to Section 67.1451 of the CID Act; (b) expenses incurred in the exercise of the contractual powers of the District pursuant to Section 67.1461 of the CID Act; (c) reimbursement of the petitioners for the costs of filing and defending the petition to establish the District and all publication and incidental costs related to compliance with the CID Act; (d) Costs of Issuance related to the District Notes; (e) the cost of insurance obtained by the District pursuant to Section 67.1461 of the CID Act; (f) expenses incurred by the District in the exercise of the powers granted under the CID Act; and (g) expenses incurred by the District in connection with abolishment of the District in accordance with Section 67.1481 of the CID Act.

“**Operating Fund**” means the fund established with the Trustee from which Operating Costs shall be paid. The Operating Fund shall be funded from the proceeds of the District Sales Tax on deposit in the Revenue Fund in an amount equal to the Annual Operating Fund Deposit.

“**Petition**” means the Petition for the Establishment of the Franklin Street Community Improvement District approved by the City on February 1, 2016, pursuant to Ordinance No. _____.

“**Property**” means all of the real property legally described on Exhibit C, attached hereto and incorporated herein by reference, which constitute the boundaries of the District.

“**Redevelopment Area**” means the real property legally described on Exhibit C, attached hereto and incorporated herein by reference, constituting the project area as further set forth in the Development Plan.

“**Redevelopment Corporation**” means the Franklin Street Redevelopment Corporation, a Missouri urban redevelopment corporation duly organized and existing under the provisions of Chapter 353.

“**Redevelopment Project**” means the redevelopment project described in the Development Plan, which includes the CID Project.

“**Reimbursable Project Costs**” means all actual and reasonable costs and expenses that are incurred by or at the direction of the Developer with respect to construction of the CID Project, including the actual and reasonable cost of labor and materials payable to contractors, builders, suppliers, vendors and materialmen in connection with the construction contracts awarded for the CID Project that is constructed or undertaken by the Developer, plus all actual and reasonable costs to plan, finance, develop, design and acquire the CID Project, including but not limited to the following:

- (a) all actual and reasonable costs of the CID Project;
- (b) all Costs of Issuance incurred in connection with the issuance of the District Notes;
- (c) all planning, legal, administrative and other costs of the Developer associated with the CID Project including, but not limited to, legal and administrative costs incurred or charged in connection with the creation of the District and the negotiation of this Agreement;
- (d) all Operating Costs of the District advanced by the Developer pursuant to the terms of this Agreement; and
- (e) all other items of expense not elsewhere specified in this definition which may be necessary or incidental to the review, approval, acquisition, construction, improvement and financing of the CID Project and which may lawfully be paid or incurred by the District under the CID Act.

“**State**” means the State of Missouri.

“**Trustee**” shall mean the trustee under the Financing Documents executed in connection with the issuance of the District Notes.

**ARTICLE II.
REPRESENTATIONS OF PARTIES**

Section 2.1 Representations by the District. As of the date that the Board of Directors authorizes the execution of this Agreement, the District represents that:

(a) The District is a community improvement district and political subdivision, duly organized and existing under the laws of the State, including particularly the CID Act.

(b) By proper action of its Board of Directors, the District has been duly authorized to execute and deliver this Agreement and to carry out its obligations hereunder, acting by and through its duly authorized officers.

(c) The execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement, and the performance of or compliance with the terms and conditions of this Agreement by the District will not conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any mortgage, deed of trust, lease or any other restriction or any agreement or instrument to which the District is a party or by which it or any of its property is bound, or any order, rule or regulation of any court or governmental body applicable to the District or any of its property, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District under the terms of any instrument or agreements to which the District is a party.

(d) There is no litigation or proceeding pending or, to the District's knowledge, threatened against the District affecting the right of the District to execute or deliver this Agreement or the ability of the District to comply with its obligations under this Agreement or which would materially adversely affect its financial condition.

(e) Construction of the CID Project is of significant value to the District, the property within the District and the general public. The CID Project will promote the economic welfare and the development of the City through: (i) the creation of temporary and permanent jobs; (ii) the stimulation of additional development within the District; and (iii) the increase in local and state tax revenues. Further, the District finds that the CID Project conforms to the purposes of the CID Act.

Section 2.2 Representations by the City. As of the effective date of this Agreement, the City represents that:

(a) The City is duly organized and existing under the Constitution and laws of the State as a third-class city.

(b) The City Manager has been duly authorized to execute and deliver this Agreement.

(c) To the City's knowledge, the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement, and the performance of or compliance with the terms and conditions of this Agreement by the City will not conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the City is a party.

(d) To the City's knowledge, there is no litigation or proceeding pending and served, or threatened against the City affecting the right of the City to execute or deliver this Agreement or the ability of the City to comply with its obligations under this Agreement.

Section 2.3 Representations by the Developer. As of the effective date of this Agreement, the Developer represents that:

(a) The Developer is a limited liability company duly organized and validly existing under the laws of the State.

(b) The Developer is the owner of record or the owner under contract of all of the Property necessary to complete the CID Project.

(c) The Developer has all necessary power and authority to execute, deliver and perform the terms and obligations of this Agreement and to execute and deliver the documents required of the Developer herein, and such execution and delivery has been duly and validly authorized and approved by all necessary proceedings. Accordingly, this Agreement constitutes the legal valid and binding obligation of the Developer, enforceable in accordance with its terms.

(d) The execution and delivery of this Agreement, the consummation of the transactions contemplated thereby, and the fulfillment of the terms and conditions hereof do not and will not conflict with or result in a breach of any of the terms or conditions of any organizational restriction or of any agreement or instrument to which it is now a party, and do not and will not constitute a default under any of the foregoing.

(e) No litigation, proceedings or investigations are pending or, to the knowledge of the Developer, threatened against the Developer or any member of the Developer relating to the CID Project. In addition, no litigation, proceedings or investigations are pending or, to the knowledge of the Developer, threatened against the Developer seeking to restrain, enjoin or in any way limit the approval or issuance and delivery of this Agreement or which would in any manner challenge or adversely affect the existence or powers of the Developer to enter into and carry out the transactions described in or contemplated by the execution, delivery, validity or performance by the Developer of the terms and provisions of this Agreement.

(f) The Developer is in material compliance with all laws, ordinances, orders, decrees, decisions, rules, regulations and requirements of every duly constituted governmental authority, commission and court applicable to any of its affairs, business, or operations as contemplated by this Agreement.

Section 2.4 Representations by the Redevelopment Corporation. As of the effective date of this Agreement, the Redevelopment Corporation represents that:

(a) The Redevelopment Corporation is an urban redevelopment corporation duly organized, validly existing and in good standing under the laws of the State.

(b) The Redevelopment Corporation is duly authorized to execute and deliver this Agreement.

(c) To the Redevelopment Corporation's knowledge, the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement, and the performance of or compliance with the terms and conditions of this Agreement by the Redevelopment

Corporation will not conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any mortgage, deed of trust, lease or any other restriction or any agreement or instrument to which the Redevelopment Corporation is a party or by which it or any of its property is bound.

(d) There is no litigation or proceeding pending or, to the Redevelopment Corporation's knowledge, threatened against the Redevelopment Corporation affecting the right of the Redevelopment Corporation to execute or deliver this Agreement or the ability of the Redevelopment Corporation to comply with its obligations under this Agreement.

ARTICLE III. DISTRICT SALES TAX AND ADMINISTRATION

Section 3.1 Imposition of the District Sales Tax. Prior to the issuance of District Notes, the District will approve resolutions that impose the District Sales Tax (subject to qualified voter approval). The District will use the proceeds of the District Sales Tax to pay the Operating Costs of the District and, through the issuance of District Notes, to reimburse the Developer for Reimbursable Project Costs. The District shall not reimburse the Developer for Reimbursable Project Costs unless and until the City and the District have approved a Certificate of Reimbursable Project Costs in accordance with **Section 4.2** of this Agreement.

Section 3.2 Administration of the District. The City agrees that it shall, through the use of City employees and officers, be responsible for the functions which are incidental to the day-to-day operation and proper functioning of the District. Such duties shall include, but are not necessarily limited to: 1) preparation of all meeting notices, agendas, minutes, and budgets for inclusion in each meeting packet for each member of the Board of Directors of the District, 2) preparation of the budget of the District for each year the District is in existence, 3) serving as custodian of records for the District pursuant to Chapter 610, RSMo., 4) preparing filings of the District with various state and federal offices and agencies as required by law, 5) obtaining necessary insurance for the District's directors, as directed by the Board of Directors, if applicable, 6) reviewing and reconciling the account statements monthly for funds and accounts of the District, 7) monitoring the collection of the District Sales Tax, and 8) arranging for the preparation of annual financial report or an audit of the District.

Section 3.3 Administration Fees. For services rendered pursuant to Section 3.2, the District shall, within fifteen days from the end of each calendar quarter, remit to the City an amount equal to the reasonable and actual cost to the City for such services rendered for the immediately preceding calendar quarter, but not to exceed one percent (1%) of the total amount of District Sales Tax actually collected by the District during the immediately preceding calendar quarter.

ARTICLE IV. CONSTRUCTION AND FINANCING OF CID PROJECT AND REDEVELOPMENT PROJECT

Section 4.1 Design and Construction of CID Project and the Redevelopment Project.

The Developer shall design and construct the Redevelopment Project in accordance with the plans approved by the City. The Developer shall design and construct the CID Project on behalf of the District as its agent. The Developer shall advance all costs and expenses necessary for completion of the Redevelopment Project.

Section 4.2 Reimbursements Limited to Reimbursable Project Costs; Developer's Right to Substitute Reimbursable Project. Costs incurred by the Developer in connection with the CID Project will be eligible for reimbursement upon submission by the Developer, approval by the City, and acceptance by the District, of a Certificate of Reimbursable Project Costs, as set forth below:

(a) The Developer may submit to the City and the District no more frequently than once per month, a Certificate of Reimbursable Project Costs in substantially the form attached as Exhibit B, attached hereto and incorporated herein by reference. Said certificate shall be accompanied by itemized invoices, receipts or other information that will demonstrate to the District's satisfaction that any cost has been incurred and qualifies for reimbursement pursuant to this Agreement.

(b) The City and the District shall notify the Developer in writing within thirty (30) days after each submission of its approval or disapproval of the costs identified in each Certificate of Reimbursable Project Costs. If the City or the District determines that any cost identified as a Reimbursable Project Cost is not a Reimbursable Project Cost under this Agreement or the CID Act, the City or the District shall so notify the Developer in writing within 30 days after the submission, identifying the ineligible cost and the basis for determining the cost to be ineligible. The Developer shall then have the right to identify and substitute other costs as Reimbursable Project Costs, which shall be included with a supplemental application for payment submitted within 30 days after the City and/or District's notification of any ineligible costs. The City and the District shall then review and notify the Developer in writing within thirty (30) days after submission of its approval or disapproval of the costs identified in the supplemental application for payment.

(c) The Developer shall provide such information as the City or the District may request, and shall make its books and records available to the City or the District in order to confirm that any cost qualifies under this Agreement and has been incurred and paid by the Developer.

ARTICLE V. DISTRICT NOTES

Section 5.1 Reimbursement of Costs; Issuance of District Notes. The District agrees to reimburse the Developer for Reimbursable Project Costs by the issuance of District Notes as provided herein.

Section 5.2 Cooperation in the Issuance of District Notes.

(a) The parties agree that they will cooperate in good faith in furtherance of the issuance of the District Notes.

(b) All funds advanced by the Developer for Costs of Issuance shall be considered Reimbursable Project Costs.

Section 5.3 District Notes.

Subject to the requirements of this Agreement, the District shall issue or cause to be issued the District Notes in the form and substance as dictated by the Financing Documents and the resolution approved by the Board of Directors approving the issuance of the District Notes.

Section 5.4 Pledge of District Sales Tax Revenues. Upon the issuance of District Notes, the District shall, subject to annual appropriation, pledge all District Sales Tax revenues on deposit

in the Trust Fund (less applicable portion of the Annual Operating Fund Deposit) to the payment of debt service on the District Notes in accordance with this Agreement, the Financing Documents and the resolution approved by the Board of Directors approving the issuance of the District Notes.

Section 5.5 Covenant to Request Annual Appropriation. The District covenants and agrees to 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 District Notes are outstanding, a request for an appropriation of District Sales Tax revenues for application to the payment of District Notes in accordance with this Agreement.

Section 5.6 Governance of the District.

(a) The District's Board of Directors shall consist of five (5) members to be appointed by the Mayor with the consent of the City Council pursuant to the CID Act, which shall include three members who are representatives of the Developer and two of whom shall be City Officials. For purposes of the CID Act, the Developer shall provide the City with legal authorization to represent it or some other business organization or entity operating within the boundaries of the CID for purposes of allowing the two City Officials to be appointed to the District's board of directors. Should the City determine that it no longer wishes to have City Officials on the District's Board of Directors, and provides the Developer written notice thereof, the two seats on the District's Board of Directors shall be filled by any such persons that qualify under the CID Act. The number of persons constituting the Board of Directors shall not be increased by the District without the consent of both the Developer and the City.

(b) The Developer shall submit to the Mayor persons for appointment to the Board of Directors pursuant to the CID Act. Such submission shall include persons eligible to be appointed to the Board of Directors under the Petition, the CID Act and all other applicable laws.

**ARTICLE VI.
THE DEVELOPMENT PLAN AND TAX ABATEMENT**

Section 6.1 The Development Plan. The Development Plan shall be implemented in two (2) phases:

(a) **Phase I.** The first phase of the Development Plan shall include the demolition of the structure, remediation of blighted conditions on the Property consistent with the Development Plan, and other improvements on the Property and the construction of a new hotel on a portion of the Property ("Redevelopment Phase I").

(b) **Phase II.** The second phase of the Development Plan shall include continued remediation of blighted conditions on the Property and future commercial development ("Redevelopment Phase II").

Section 6.2 Structure of Tax Abatement.

(a) The Developer shall make ad valorem real property tax payments on land and improvements owned within the Redevelopment Area until such time as the tax abatement for such land and improvements provided by this Section becomes effective.

(b) Abatement of general ad valorem real property taxes within the Redevelopment Area will be implemented in two (2) phases.

(c) Redevelopment Phase I Abatement. Subject to the provisions of this Agreement, that part of the Redevelopment Area that is part of Redevelopment Phase I will be subject to abatement of general ad valorem real property taxes, as follows:

- (i) On the first day of the calendar year following the fee title transfer of the Property, or any part thereof (except rights-of-way), to the Redevelopment Corporation, and continuing until December 31st of the tenth year thereafter, one hundred percent (100%) of all ad valorem real property taxes generated from the Property, or part thereof, shall be abated, except for the amount of taxes imposed upon the Property, or part thereof, during such period measured solely by the amount of the assessed valuation of the land, exclusive of improvements, as was determined by the County Assessor for taxes due and payable thereon during the calendar year preceding the year title to the Property, or any part thereof, was acquired by the Redevelopment Corporation.
- (ii) Beginning on the first day of the eleventh calendar year following commencement of the real property tax abatement described in (c)(i) above, and continuing until December 31st of the twentieth (20th) year from the initial year of tax abatement for the Property, or part thereof, all ad valorem taxes for the Property shall be measured by seventy-five percent (75%) of the assessed valuation thereof, including any improvements thereon.
- (iii) PILOT Payments.
 - (A) Notwithstanding anything to the contrary contained herein, during the first five (5) years of the abatement time period described in (c)(i) above, if the amount of taxes imposed on the Property are less than \$9,383.00, the Developer shall pay an annual payment in lieu of tax equal to the difference between \$9,383.00 and the actual taxes due and paid for such year; provided, however, the annual payment in lieu of taxes paid by the Developer during such time period shall not exceed \$9,383.00.
 - (B) Notwithstanding anything to the contrary contained herein, beginning on the first day of the sixth calendar year following commencement of the real property tax abatement described in (c)(i) above, and continuing until December 31st of the tenth (10th) year from the initial year of tax abatement for the Property, if the amount of taxes imposed on the Property are less than \$14,691.00, the Developer shall pay an annual payment in lieu of tax equal to the difference between \$14,691.00 and the actual taxes due and paid for such year; provided, however, the annual payment in lieu of taxes paid by the Developer during such time period shall not exceed \$14,691.00.
 - (C) The obligation to make the foregoing payments in lieu of taxes (the "PILOT Payments") shall constitute a lien against such Property. The PILOT Payments shall, at the direction of the City, be payable (i) to the City on behalf of the County Collector or (ii) directly to the County Collector by December 31 of each year and enforceable by the City in the same manner as general real estate taxes. Within thirty (30) days of

the execution hereof, the City shall furnish the County Collector and the County Assessor with a copy of this Agreement. The County Collector (or the City on behalf of the County Collector) shall allocate the revenues received from such payments in lieu of taxes (whether received under this Section or any other provision of this Agreement) among applicable taxing authorities in accordance with Section 353.110.4 of Chapter 353.

(d) Redevelopment Phase II Abatement. Subject to the provisions of this Agreement, that part of the Redevelopment Area that is part of Redevelopment Phase II, will be subject to abatement of general ad valorem real property taxes as follows:

- (i) On the first day of the calendar year following the fee title transfer of the Property, or any part thereof (except rights-of-way), to the Redevelopment Corporation, and continuing until December 31st of the tenth year after fee title transfer of the Property, or part thereof, subject to the abatement of general ad valorem real property taxes set forth in paragraph (c)(i) of this Section, one hundred percent (100%) of all ad valorem real property taxes generated from the Property, or part thereof, shall be abated, except for the amount of taxes imposed upon the Property, or part thereof, during such period measured solely by the amount of the assessed valuation of the land, exclusive of improvements, as was determined by the County Assessor for taxes due and payable thereon during the calendar year preceding the year title to the Property, or any part thereof, was acquired by the Redevelopment Corporation; provided, however, the Developer shall pay a pro rata share of PILOT Payments pursuant to paragraph (c)(iii) of this Section, the method of determining such pro rata share shall be determined by agreement between the owners of the Property and notice to the City, or, if no such notice is provide to the City, by acreage.
- (ii) Beginning on the first day of the eleventh calendar year following commencement of the real property tax abatement described in (b)(i) above, and continuing until December 31st of the tenth (10th) year from the initial year of tax abatement for the Property, or part thereof, set forth in (d)(i) above, all ad valorem taxes for the Property, or part thereof, shall be measured by 50% of the assessed valuation thereof, including any improvements thereon.
- (iii) Beginning on the first day of the eleventh calendar year following commencement of the real property tax abatement described in (d)(i) above, and continuing until December 31st of the twentieth (20th) year from the initial year of such tax abatement, all ad valorem taxes for the Property, or part thereof, shall be measured by 75% of the assessed valuation thereof, including any improvements thereon.

(e) Notwithstanding any other provision of this Agreement to the contrary, the abatement of the of general ad valorem real property taxes for that part of the Property subject to subsection (d) above, shall be conditioned upon the following:

- (i) Abatement of the general ad valorem real property taxes shall have commenced on or before December 31st of the tenth (10th) year from the

initial year of tax abatement for the Property pursuant to subsection (c), above; and

- (ii) The Property is being, or has been, developed for either 1) any use other than a restaurant; or 2) a restaurant in addition to any other use other than a restaurant.

ARTICLE VII. DEFAULTS AND REMEDIES

Section 7.1 Events of Default. If any Party fails in the performance of any covenant, agreement or obligation imposed or created by this Agreement other than the Rating Requirement, and such default continues for sixty (60) days after a non-defaulting Party has given written notice to the defaulting Party specifying such default and an opportunity to cure, such event shall constitute an Event of Default under this Agreement.

Section 7.2 Remedies on Default. If any Event of Default has occurred and is continuing, then any non-defaulting Party may, upon its election or at any time after its election while such Event of Default continues, by mandamus or other suit, action or proceedings at law or in equity, enforce its rights against the defaulting Party and its officers, agents and employees, and may require and compel duties and obligations required by the provisions of this Agreement.

Section 7.3 Rights and Remedies Cumulative. The rights and remedies reserved by the Parties under this Agreement and those provided by law shall be construed as cumulative and continuing rights. No one of them shall be exhausted by the exercise thereof on one or more occasions. The Parties shall be entitled to specific performance and injunctive or other equitable relief for any breach or threatened breach of any of the provisions of this Agreement, notwithstanding availability of an adequate remedy at law, and each Party hereby waives the right to raise such defense in any proceeding in equity.

Section 7.4 Waiver of Breach. No waiver of any breach of any covenant or agreement contained in this Agreement shall operate as a waiver of any subsequent breach of the same covenant or agreement or as a waiver of any breach of any other covenant or agreement, and in case of an Event of Default, a non-defaulting Party may nevertheless accept from the defaulting Party, any payment or payments without in any way waiving the non-defaulting Party's right to exercise any of its rights and remedies as provided herein with respect to any such default or defaults in existence at the time when such payment or payments were accepted by the non-defaulting Party.

Section 7.5 Excusable Delays. No Party shall be deemed to be in default of this Agreement because of Excusable Delays; provided, an Excusable Delay shall not be deemed to exist (a) as to a Rating Requirement Default, or any matter that could have been avoided by the exercise of due care, (b) as to any matter initiated or unreasonably sustained by the Party claiming the Excusable Delay, and (c) unless the Party claiming the Excusable Delay provides written notice to the other Parties within thirty (30) days after such Party has actual notice of the claimed event.

ARTICLE VIII. MISCELLANEOUS

Section 8.1 Effective Date. This Agreement shall become effective against the City and the Developer as of the date hereof following the passage of an ordinance by the City Council

approving the same, and shall become effective against the District on the date that the Board of Directors authorizes the execution of this Agreement.

Section 8.2 Binding Nature of Agreement. The parties hereto acknowledge and agree that, as of the effective date set forth in **Section 8.1** above, all of the terms of this Agreement, other than those with respect to the operation and governance of the District, are legal, binding and enforceable obligations of the City and the Developer as of such date. Further, upon the adoption of a resolution by the Board of Directors of the District authorizing the execution of this Agreement, all of the terms hereof related to the operation and governance of the District shall be legal, binding and enforceable obligations of the District as of such date.

Section 8.3 Covenant Regarding District and Agreements. The City covenants and agrees that (a) it will not challenge the formation of the District to the extent that it is formed in accordance with the terms of this Agreement, and (b) it will not challenge, or participate in any challenges to, the validity of this Agreement.

Section 8.4 Release and Indemnification. The indemnifications and covenants contained in this Section shall survive termination or expiration of this Agreement.

(a) Notwithstanding any other provision of this Agreement to the contrary, the City and its governing body members, officers, agents, servants, employees and independent contractors shall not be liable to the District, the Redevelopment Corporation, or the Developer for damages or otherwise if all or any part of the CID Act, Chapter 353 or any resolution or ordinance adopted in connection with the creation of the District, the imposition of the District Sales Tax, the CID Project, the Development Plan or this Agreement 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, or for the failure of the parties hereto to comply with the provisions of Section 107.170 of the Revised Statutes of Missouri, and by reason thereof either the City is prevented from performing any of the covenants and agreements herein or the District or the Developer are prevented from enjoying the rights and privileges hereof.

(b) The District, the Redevelopment Corporation, and the Developer release from and covenant and agree that the City, its governing body members, officers, employees, agents and independent contractors shall not be liable for, and agrees, to the extent permitted by law, to hold harmless and to jointly and severally indemnify the City, its governing body members, officers, employees, agents and independent contractors, from and against all suits, claims, costs of defense, damages, injuries, liabilities, costs and/or expenses, including court costs and attorney fees and expenses, resulting from, arising out of, or in any way connected with: (1) the creation of the District, (2) the imposition of the District Sales Tax, (3) the construction of the Redevelopment Project, (4) the approval of the Development Plan, (5) the negligence or willful misconduct of the District or the Developer, their respective employees, agents or independent contractors in connection with the design management, development, redevelopment and construction of the CID Project, (6) the District's or the Developer's failure to comply with any applicable state, federal or local laws, regulations and ordinances as applicable to the property within the boundaries of the District, and (7) the approval of this Agreement or the implementation or consummation of any activities contemplated therein.

(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, servants or employees in their individual capacities.

(d) No official, employee or representative of the City shall be personally liable to the District or the Developer (1) in an Event of a Default or breach by any Party under this Agreement or (2) for any amount or any District Notes which may become due to any Party under the terms of this Agreement.

(e) No recourse shall be had for any claim based upon any representation, obligation, covenant or agreement in this Agreement maintained against any past, present or future elected official, officer, member, employee, director or agent of the City or the District, or of any successor thereto, as such, either directly or through the City or the District, or any successor thereto, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such elected officials, officers, members, employees, directors or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Agreement. The District, as a separate political subdivision of the State, is responsible for compliance with all applicable State laws and agrees to hold harmless and the Developer, on behalf of the District, shall indemnify the City from and against all suits, claims, costs of defense, damages, injuries, liabilities, costs and/or expenses, including court costs and attorney fees and expenses, resulting from, arising out of, or in any way connected with the District's failure to comply with any applicable State law.

Section 8.5 Successors and Assigns.

(a) The Developer shall notify the District and the City in writing of any sale, lease, transfer or other disposition of any real property within the District that is owned by the Developer or a related entity, which notice shall be given within thirty (30) days prior to the date of said sale, lease, transfer or other disposition. Said notice shall specify the name and address of the person or entity that acquired any or all of the real property located within the District and shall identify the real property to be sold, leased, transferred or otherwise disposed, whether by voluntary transfer or otherwise.

(b) No assignment shall be effective unless the transferee executes and delivers to the City a transferee certificate in substantially similar form to Exhibit E attached hereto.

Section 8.6 Modification. The terms, conditions, and provisions of this Agreement can be neither modified nor eliminated except in writing and by mutual agreement among the Parties. Any modification to this Agreement as approved shall be attached hereto and incorporated herein by reference.

Section 8.7 Notices. Notices required by this Agreement shall be deemed given if deposited in the United States mail, first class, postage prepaid and addressed as hereinafter specified.

(a) In the case of the District to:

Franklin Street Community Improvement District

Attention: Chair

with a copy to:

John A. Young
200 N. Third Street
St. Charles, MO 63301

Attn: John A. Young

(b) In the case of the Developer to:

Kirksville Commercial Development, LLC
120 S. Interstate Drive
Sikeston, MO 63801

Attention: Paul Williams

with a copy to:

Hazelwood & Weber LLC
200 N. Third Street
St. Charles, Missouri 63301
Attention: John A. Young

(c) In the case of the City to:

City of Kirksville, Missouri
201 South Franklin Street
Kirksville, MO 63501
Attention: City Manager

with copies to:

or to such other address with respect to any Party as that Party may, from time to time, designate in writing and forward to the other.

Section 8.8 Applicable Law; Common Representation. This Agreement shall be governed by and construed in accordance with the laws of the State. The District and the Developer agree that the engagement of common special legal counsel among such Parties does not materially limit the representation of those Parties and will not adversely affect the relationship among such Parties. To the extent that such common legal representation presents a conflict of interest, the District and the Developer hereby consent to common representation.

Section 8.9 Validity and Severability. It is the intention of the Parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies of State, and that the unenforceability (or modification to conform with such laws or public policies) of any provision hereof shall not render unenforceable, or impair, the remainder of this Agreement. Accordingly, if any provision of this Agreement is deemed invalid or unenforceable in whole or in part, this Agreement shall be deemed amended to delete or modify, in whole or in part, if necessary, the invalid or unenforceable provision or provisions, or portions thereof, and to alter the balance of this Agreement in order to render the same valid and enforceable.

Section 8.10 Execution of Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

Section 8.11 Developer to Record. The Developer shall, at its expense, promptly record this Agreement in the records of the Adair County Recorder of Deeds.

Section 8.12 Attorney's Fees. In the event any party hereto brings an action or proceeding for any alleged breach or default, or for any other acts arising out of this Agreement, the prevailing party(s) to such action shall be entitled to an award of all of its (their) costs, including reasonable attorney's fees, and any court costs incurred in said action or proceeding in addition to other damages or relief awarded, regardless of whether or not final judgment is entered in such action or proceeding.

[The remainder of this page has intentionally been left blank; signature pages and exhibits follow.]

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

CITY OF KIRKSVILLE, MISSOURI

By: _____
City Manager

(SEAL)

ATTEST:

City Clerk

ACKNOWLEDGMENT

STATE OF MISSOURI)
) SS.
COUNTY OF ADAIR)

On this ____ day of _____, 2016, before me, the undersigned, a Notary Public in and for said State, personally appeared Mari Macomber, to me personally known, who, being by me duly sworn, did say that she is the City Manager of the CITY OF KIRKSVILLE, MISSOURI, a third-class city, and that said instrument was signed on behalf of said City by authority of its City Council, and said City Manager acknowledged said instrument to be the free act and deed of said City.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

Notary Public in and for said State

please affix seal firmly and clearly in this box

FRANKLIN STREET COMMUNITY IMPROVEMENT
DISTRICT

By: _____
Chair

(SEAL)

ATTEST:

Secretary

ACKNOWLEDGMENT

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

On this ____ day of _____, 2016, before me, the undersigned, a Notary Public in and for said State, personally appeared [Name], to me personally known, who, being by me duly sworn, did say that said individual is the Chair of the FRANKLIN STREET COMMUNITY IMPROVEMENT DISTRICT, a Missouri community development district, and that said instrument was signed in behalf of said district by authority of its Board of Directors, and said officer acknowledged said instrument to be the free act and deed of said district.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

Notary Public in and for said State

please affix seal firmly and clearly in this box

FRANKLIN STREET REDEVELOPMENT
CORPORATION

By: _____
Chair

(SEAL)

ATTEST:

Secretary

ACKNOWLEDGMENT

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

On this ____ day of _____, 2016, before me, the undersigned, a Notary Public in and for said State, personally appeared [Name], to me personally known, who, being by me duly sworn, did say that said individual is the Chair of the FRANKLIN STREET REDEVELOPMENT CORPORATION, a Missouri urban redevelopment corporation, and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and said officer acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

Notary Public in and for said State

please affix seal firmly and clearly in this box

KIRKSVILLE COMMERCIAL DEVELOPMENT, LLC

By: _____
Printed _____
Name: _____
Title: _____

ACKNOWLEDGMENT

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

On this ____ day of _____, 2016, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, to me personally known, who, being by me duly sworn, did say that s/he is the _____ of Kirksville Commercial Development, LLC, a Missouri limited liability company, and that the foregoing instrument was signed on behalf of said limited liability company by authority of its members, and said _____ acknowledged said instrument to be the free act and deed of said limited liability company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

Notary Public in and for said State

please affix seal firmly and clearly in this box

EXHIBIT A

[Attach Five Year Plan of the Proposed District]

FIVE YEAR PLAN

FRANKLIN STREET
COMMUNITY IMPROVEMENT DISTRICT

KIRKSVILLE, MISSOURI

From: The owners of record of more than fifty percent (50%) (a) by assessed value of all real property within the hereinafter described community improvement district, and (b) per capita of all owners of real property within the community improvement district (the "Petitioner")

Pursuant to Section 67.1421.2 of the Revised Statutes of Missouri, as amended, the following is a five-year plan for the proposed Franklin Street Community Improvement District (the "District"), Kirksville, Missouri which contains the following: (a) a description of the purposes of the proposed District; (b) a summary of the services it will provide; (c) a description of the improvements it will make and (d) an estimate of costs of the services and improvements to be incurred.

TABLE OF CONTENTS

Section I:	Introduction	1
Section II:	Purposes of the District	1
Section III:	Operations and Governance	3
Section IV:	Improvements	3
Section V:	District Timeline.....	4
Section VI:	District Budget.....	5

SECTION I: INTRODUCTION

In the formation of a community improvement district (the “CID” or “District”), the Developer desires to utilize financing tools at its disposal to assist in the redevelopment of a parcel of land located between U.S. Highway 63 and Business Route 63 near the southern entrance to the City of Kirksville, Missouri (the “City”), commonly known as 2523 Franklin Ave South with parcel number 13-05.0-16-004-01-28.000000 (the “Property”). The proposed CID improvements are intended to compliment the City’s economic development vision and concepts associated with the City’s 2014 Comprehensive Plan.

SECTION II: PURPOSES OF THE DISTRICT

The purpose of the District is to provide assistance to construct, reconstruct, install, repair, maintain, and equip certain public improvements within its boundaries, as authorized by Section 67.1461 of the Revised Statutes of Missouri, as amended (“RSMo.”), to support business activity and economic development in the District and to provide services and activities as allowed under Section 67.1461, RSMo. The District will impose a funding mechanism to finance and administer these improvements and services as provided under Sections 67.1401, RSMo., *et seq.* (the “CID Act”).

The Property consists of approximately 12.60 acres and is owned by Floor Mart Inc. (the “Property Owner”). Select Kirksville, LLC is under contract to purchase the Property. The Property was recently re-platted and may receive a newly assigned parcel number by the Adair County Assessor in the future. The Property Owner will act as the developer (the “Developer”).

In general, the District is being formed: (a) to construct improvements within the boundaries of the District as permitted by the CID Act, including but not limited to: (i) lawns, trees and other landscaping; (ii) sidewalks, streets, traffic signs and signals, utilities, drainage, water, storm and sewer systems, and other site improvements; (iii) parking lots; and (iv) streetscape, lighting, benches or other seating furniture, trash receptacles, marquees, awnings, canopies, walls, and barriers; (b) to provide for professional fees, including without limitation legal and accounting, architectural and engineering, marketing and advertising, approvals, permits, inspections and other fees, (c) to support business activity and economic development in the District including, but not limited to, the promotion of business activity, development and retention, and the recruitment of developers and businesses; and (d) to carry out any other powers set forth in the CID Act (the “CID Project”).

The Property Owner has developed this Five Year Plan for the implementing the CID Project. This Five Year Plan outlines the goals and objectives for the District, activities to achieve them, and is intended to be a working document that will be reviewed annually to maintain and fulfill the vision of the District.

The CID Project will be funded from revenues generated by the District’s retail sales and use tax in an amount not to exceed one percent (1%) (the “Sales Tax”) that is expected to be imposed in accordance with Section 67.1545, RSMo. It is anticipated that the CID Project construction will occur over a period of 18-24 months between 2016 and 2017.

The principal objective of the District is to provide a mechanism to help finance the CID Projects and assist in:

- (a) Elimination of blighting conditions within the District;
- (b) Finance the demolition and removal, renovation, reconstruction, or rehabilitation of improvements located within the District boundaries;
- (c) Resurface, repair, replace public parking facilities, and related improvements;
- (d) Form and govern the District in accordance with the CID Act;
- (e) Provide or cause to be provided, for the benefit of the District, certain improvements and services;
- (f) Obtain financing for the costs, expenditures, and undertakings of the District;
- (g) To levy and collect the funding mechanisms authorized by the CID Act and the Petition for the Establishment of the Franklin Street Community Improvement District (the “Petition”), as necessary, in order to provide a source of repayment for CID Obligations issued to finance the CID Project;
- (h) To complete the tasks stated in the Petition; and
- (i) Such other purposes as are authorized by the CID Act.

SECTION III: OPERATIONS AND GOVERNANCE

The operations and governance of the District shall include, but not be limited to, the following:

- (a) Adopting bylaws, passing resolutions, and otherwise governing the District in the manner required by the CID Act and the Revised Statutes of the State of Missouri;
- (b) Developing funding sources, including the imposition of the Sales Tax within the District in order to pay for the costs and expenses of the District;
- (c) Providing accountings, reports and communications required by the CID Act;
- (d) Employing or contracting for necessary agents, attorneys, engineers, appraisers, construction managers, environmental inspectors and experts of various types and descriptions in order to obtain competent plans and contracts for the construction of the CID Project as described in the Petition;
- (e) Demolition of existing improvements located within the District and arranging for the construction of the CID Project in accordance with approved plans for the same;
- (f) Exercising any authorized purpose of the District pursuant to and in accordance with the CID Act.

SECTION IV: IMPROVEMENTS

The improvements to be constructed and services to be provided by the District include, but are not limited to, construction, reconstruction, renovation, demolition, removal, and rehabilitation of existing improvements located within the District and/or the construction, reconstruction, renovation, demolition, removal, rehabilitation, and equipping and repair and maintenance of various new or additional improvements, including:

- (a) sidewalks, internal streets, internal traffic signs and signals, utilities, drainage, water, storm and sewer systems, and other site improvements; parking lots; and streetscape, lighting, benches or other seating furniture, trash receptacles, marquees, awnings, canopies, walls, and barriers;
- (b) other costs necessary or incidental to plan, acquire, finance, develop, design and construct the CID Project improvements including: (i) costs of all estimates, studies, surveys, plans, drawings, reports, tests, specifications and other preliminary investigations of architects, appraisers, surveyors and engineers; (ii) all professional service costs, including without limitation architectural, engineering, legal, financial, planning, design, development, project or construction management or special services incurred; (iii) costs of acquisition, settlement and transfer of rights-of-way, easements, leases and other interests in real property; (iv) costs of demolition of buildings and improvements; the

clearing, excavation, earthwork, backfill and grading of land; site preparation; utility relocation; erosion, drainage and storm water control; storm sewers; and waterproofing; (v) costs of financing, underwriters' fees and discounts, costs of printing any notes, bonds or other obligations and any official statements relating thereto, costs of credit enhancement, if any, interest, capitalized interest, debt service reserves, placement fees, costs of issuance; (vi) costs of insurance, performance bonds and guarantees; (vii) costs of pavement, curbs, striping, gutters, sidewalks, pavers, landscaping, planters, tree grates, irrigation and water features, bicycle racks, pedestrian benches, canopies, street lighting, retaining walls, shoring and piers, handrails, guardrails and other railing, including without limitation any architectural or decorative treatments related to such items; and (viii) costs of construction of any other public improvement described in Section 67.1461.1(16), RSMo.

SECTION V: DISTRICT TIMELINE

YEAR ONE (2016)

MISSION

The mission of the District is to rehabilitate and transform the Property into a vibrant commercial development; improve business development opportunities; and enhance property values through the implementation of coordinated improvements that will benefit the community, property owners, business owners, residents, and visitors to the District.

GOALS AND OBJECTIVES

In its first year (2016), the District will review CID Project improvements and reconstruction of the Property will begin. It is anticipated the improvements will be completed within an eighteen to twenty-four (18-24) month period after the date of adoption of an ordinance creating the District and implementation of the Sales Tax. Included in the CID Project improvements are enhancements to the access to the Property, removal of the existing structure, and replacement of the parking field, lighting and landscaping improvements. Marketing efforts will be focused on the attraction of additional development to the Property. There is potential to add up to 20,000 sq. ft. of new commercial development which may involve the addition of in-line space or separate out-lot development. The District will monitor implementation of the Sales Tax, CID Project improvements, and finalize organization of the District. The District will contract for duties related to District administration, ongoing oversight, and monitoring of activities.

Year Two (2017) – Rehabilitation work on CID Project improvements will be completed by the end of the second year. Property marketing efforts will continue to focus on tenant attraction of new retail and commercial businesses. The funding base for CID Project improvements will be secured and the District will begin to apply CID revenues to fund or otherwise reimburse costs incurred to complete the CID Project.

Year Three (2018) - The District will monitor progress of sustained marketing efforts to attract new retail and commercial businesses. Following completion of the CID Project, CID revenues

will be applied to fund or reimburse costs permitted under the CID Act. The District will examine the potential issuance of bonds or note obligations.

Year Four (2019) - The District will monitor progress of the District’s financial condition. The District will continue to remit any net proceeds from tax collections for the payment of CID obligations.

Year Five (2020) - The District will monitor progress on the continued marketing and development of the District. The District will remit any net proceeds from tax collections for payment of CID obligations. Once the District repays any outstanding obligations, it is anticipated that the Sales Tax will be eliminated.

SECTION VI: DISTRICT BUDGET

Revenues - It is anticipated the District will initially collect approximately \$17,750 in Sales Taxes in the early years with the objective of growing retail sales to help reimburse CID Project costs. As development occurs in the District, the Sales Tax revenues will cover a majority of CID Project costs over a 25-year time period.

CID Sales Tax Rate	1.0%							
	2018	2019	2020	2021	2022	2023	2024	2025
	Year	Year	Year	Year	Year	Year	Year	Year
	1	2	3	4	5	6	7	8
	17,750	17,928	18,107	18,288	18,471	18,655	18,842	19,030
Gross CID Sales Tax Revenue	17,750	17,928	18,107	18,288	18,471	18,655	18,842	19,030
2% Timely Pymt Discount	(355)	(359)	(362)	(366)	(369)	(373)	(377)	(381)
Net CID Sales Tax Revenue	\$ 17,395	\$ 17,569	\$ 17,745	\$ 17,922	\$ 18,101	\$ 18,282	\$ 18,465	\$ 18,650
	2028	2029	2030	2031	2032	2033	2034	2035
	Year	Year	Year	Year	Year	Year	Year	Year
	11	12	13	14	15	16	17	18
	20,391	21,003	21,633	22,282	22,951	23,639	24,348	25,079
Gross CID Sales Tax Revenue	20,391	21,003	21,633	22,282	22,951	23,639	24,348	25,079
2% Timely Pymt Discount	(408)	(420)	(433)	(446)	(459)	(473)	(487)	(502)
Net CID Sales Tax Revenue	\$ 19,983	\$ 20,583	\$ 21,200	\$ 21,836	\$ 22,492	\$ 23,166	\$ 23,861	\$ 24,577
	2038	2039	2040	2041	2042	Totals		
	Year	Year	Year	Year	Year			
	21	22	23	24	25			
	27,404	28,226	29,073	29,945	30,844	\$ 565,344		
Gross CID Sales Tax Revenue	27,404	28,226	29,073	29,945	30,844	\$ 565,344		
2% Timely Pymt Discount	(548)	(565)	(581)	(599)	(617)	\$ (11,307)		
Net CID Sales Tax Revenue	\$ 26,856	\$ 27,662	\$ 28,492	\$ 29,346	\$ 30,227	\$ 554,037		

Expenditures - The general budget categories and expenditures categories are estimates of the cost of the CID Project to be incurred by the District as part of the implementation of this Plan.

Budget Estimate		Total
CID Project Cost		
Demolition	60,000	
Parking Field Replacement	200,000	
Entrance Improvements	75,000	
Parking Field Lighting	75,000	
Signage Improvements	50,000	
Contingency	40,000	
	<hr/>	
	500,000	500,000
Future Phase Potential Improvements (additional 20,000 sq ft)		500,000
	<hr/>	
Total		\$ 1,000,000

EXHIBIT B
CERTIFICATE OF REIMBURSABLE PROJECT COSTS

To: Chair, Franklin Street Community Improvement District
City Manager, City of Kirksville, Missouri

Re: Certificate of Reimbursable Project Costs

Terms not otherwise defined herein shall have the meaning ascribed to such terms in the Redevelopment Agreement dated as of _____, 2016 (the "Agreement"), among the City of Kirksville, Missouri (the "City"), the Franklin Street Community Improvement District (the "District"), the Franklin Street Redevelopment Corporation (the "Redevelopment Corporation"), and Kirksville Commercial Development, LLC (the "Developer"). In connection with said Agreement, the undersigned hereby states and certifies that:

1. Each item listed on Schedule 1 attached hereto is a Reimbursable Project Cost and was incurred in connection with the construction of the CID Project.
2. These Reimbursable Project Costs have been paid by the Developer and are reimbursable under the Agreement and the CID Act.
3. Each item listed on Schedule 1 has not previously been paid or reimbursed from money derived from the District Sales Tax 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 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 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 Agreement.
7. If any cost item to be reimbursed under this Certificate is deemed not to constitute a Reimbursable Project Cost within the meaning of the Agreement and the CID Act, the Developer shall have the right to substitute other eligible Reimbursable Project Costs for payment hereunder.
8. The Developer is not in default or breach of any term or condition of the Agreement, and no event has occurred and no condition exists which constitutes an Event of Default by the Developer under the Agreement.
9. All of the Developer's representations set forth in the Agreement remain true and correct as of the date hereof.

Dated this ____ day of _____, 20__.

Kirksville Commercial Development, LLC

By: _____
[Name], [Title]

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

FRANKLIN STREET COMMUNITY IMPROVEMENT
DISTRICT

By: _____
Chair

CITY OF KIRKSVILLE, MISSOURI

By: _____
City Manager

SCHEDULE 1 TO CERTIFICATE OF REIMBURSABLE PROJECT COSTS

Itemization of Reimbursable Expenses

Description	Payee	Amount
-------------	-------	--------

EXHIBIT C
LEGAL DESCRIPTION OF THE DISTRICT

Beginning on the West right of way line of U.S. Highway 63, 70 feet West of the Northeast corner of the Northeast Quarter of the Southeast Quarter of Section 16, Township 62, Range 15, thence in a Southerly direction along said right of way line to the South line of said Northeast Quarter of Southeast Quarter, thence West 291 feet, thence North 1320 feet, thence East 330 feet to the point of beginning, EXCEPT the North Three acres thereof.

Also, beginning 400 feet West and 270 feet South of the Northeast corner of the Northeast Quarter of the Southeast Quarter of Section 16, Township 62, Range 15, thence West 756.25 feet, thence South 220 feet, thence West 120 feet, thence South 25 feet more or less to the Northeast right of way line of Missouri Urban Route 6, thence in a Southeasterly direction along said right of way line to the South line of said Northeast Quarter of Southeast Quarter, thence East 400 feet, thence North 1050 feet to the point of beginning, EXCEPT Beginning 30 feet East and 270 feet South of the Northwest corner of the Northeast Quarter of the Southeast Quarter of Section 16, Township 62, Range 15, said point of beginning being the Southwest corner of Lot 2 Shamrock Addition, thence East 573 feet along the south line of said Shamrock Addition, thence South 108 feet, thence South 16 degrees 30 minutes West 79.58 feet, thence South 71 degrees 45 minutes West 60.25 feet, thence North 34 degrees, 20 minutes West 54.67 feet, thence West 222.25 feet, thence South 108 feet, thence West 219.67 feet, thence North 35 degrees 01 minute West 35.42 feet, thence North 0 degree 03 minutes West 236.67 feet to the point of beginning (Being First Addition to Shamrock Addition).

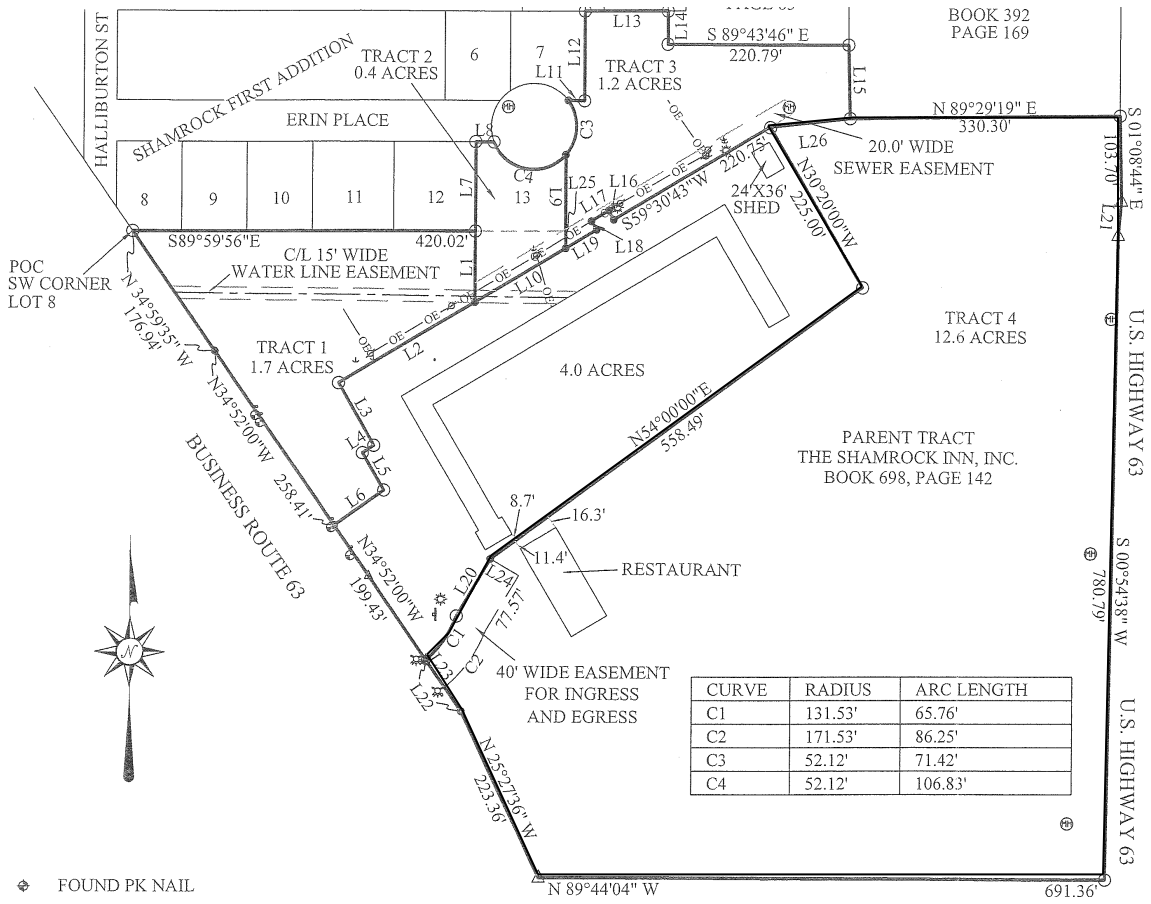
ALSO EXCEPT a tract of land situated in the Northeast Quarter of the Southeast Quarter of Section 16, Township 62, Range 15, described as beginning at the Northeast corner of Lot 10 of the First Addition to Shamrock Addition to the City of Kirksville, thence along the South line of Erin Place the following courses and distances, North 00 degrees 00 minutes 00 seconds East a distance of 222.60 feet to the point of curvature of a non-tangent curve, concave to the North, having a radius of 52.12 feet, a central angle of 118 degrees 01 minutes 02 seconds and a chord of 89.35 feet bearing South 79 degrees 35 minutes 00 seconds East; thence East along said curve, a distance of 107.35 feet; thence South 00 degrees 06 minutes 33 seconds East a distance of 91.85 feet; thence South 89 degrees 58 minutes 54 seconds West, a distance of 310.73 feet to the Southeast corner of Lot 10 of the First Addition to Shamrock Addition, thence along the East line of said Lot 10, North 00 degrees 02 minutes 15 seconds East a distance of 108.10 feet to the point of beginning (Being Second Addition to Shamrock Addition).

ALSO EXCEPT a tract of land being part of the Northeast Quarter of the Southeast Quarter of Section 16, Township 62, Range 15 commencing at the Northeast corner of Lot 15, Shamrock Addition to Kirksville, Mo. thence East 61.25 feet, thence South 110 feet, thence West 61.25 feet, thence North 110 feet to the point of beginning.

ALSO EXCEPT a tract commencing at the Northeast corner of Lot 16, Shamrock Addition to Kirksville, Missouri, thence East 61.25 feet, thence South 110 feet, thence West 61.25 feet, thence North 110 feet to beginning.

ALSO EXCEPT beginning at a point 25 feet West of the Southeast corner of Lot 14, Shamrock Addition to Kirksville, MO. thence East 211.25 feet, thence South 40 feet, thence West 211.25 feet, thence North 40 feet to the place of beginning.

ALSO EXCEPT the land conveyed from the Grantor to Mira Patel in a Corporation Warranty Deed dated February 18, 2005, and recorded on February 24, 2005, in Book 848 at Pages 797-799 of the deed records of Adair County, Missouri, and being more particularly described as: A tract of land situated in the Southeast Quarter of Section 16, Township 62 North, Range 15 West, Adair County, Missouri and being more particularly described as follows: Commencing at the Southwest corner of Lot 8 of Shamrock First Addition; thence along the Northerly right of way line of Business Route 63, South 34 degrees 59 minutes 20 seconds East, a distance of 176.75 feet; thence South 34 degrees 52 minutes 00 seconds East, a distance of 258.42 feet to the POINT OF BEGINNING of the description herein; TOWIT: thence leaving said right of way line, North 55 degrees 08 minutes 00 seconds East, a distance of 74.22 feet; thence North 30 degrees 32 minutes 21 seconds West, a distance of 52.50 feet; thence North 57 degrees 09 minutes 55 seconds East, a distance of 16.70 feet; thence North 30 degrees 01 minute 25 seconds West, a distance of 87.70 feet; thence North 59 degrees 31 minutes 52 seconds East, a distance of 365.50 feet; thence North 31 degrees 12 minutes 28 seconds West, a distance of 12.30 feet; thence North 58 degrees 41 minutes 33 seconds East, a distance of 24.65 feet; thence South 28 degrees 51 minutes 34 seconds East, a distance of 12.70 feet; thence North 59 degrees 30 minutes 43 seconds East, a distance of 220.75 feet; thence South 30 degrees 20 minutes 00 seconds East, a distance of 225.00 feet; thence South 54 degrees 00 minutes 00 seconds West, a distance of 558.49 feet; thence South 30 degrees 45 minutes 41 seconds West, a distance of 81.05 feet to the point of a curve, having a radius of 131.53 feet; thence Southwest along said curve, a distance of 65.76 feet to a point on the aforementioned Northerly right of way line of Business Route 63; thence along said line, North 34 degrees 52 minutes 00 seconds West, a distance of 199.43 feet to the point of beginning. Subject to any and all easements of record.



FRANKLIN STREET REDEVELOPMENT CORPORATION

DEVELOPMENT PLAN

**SUBMITTED TO
CITY OF KIRKSVILLE, MISSOURI
KIRKSVILLE CITY COUNCIL
JANUARY __, 2016**

**FRANKLIN STREET REDEVELOPMENT CORPORATION
DEVELOPMENT PLAN**

- I. INTRODUCTION**
- II. OVERVIEW OF URBAN REDEVELOPMENT**
- III. FINDING THAT THE REDEVELOPMENT AREA IS BLIGHTED**
- IV. DEVELOPMENT PLAN OBJECTIVES**
- V. DEVELOPMENT PLAN**
 - 1. LEGAL DESCRIPTION**
 - 2. DESCRIPTION OF THE PROJECT**
 - 3. PROPERTY FOR PUBLIC AGENCIES**
 - 4. ZONING CHANGES**
 - 5. STREET CHANGES**
 - 6. DWELLING ACCOMMODATIONS**
 - 7. HOUSING AND BUSINESS RELOCATION**
 - 8. CHANGES OUTSIDE THE REDEVELOPMENT AREA**
 - 9. UTILITY CHANGES**
 - 10. FINANCING**
 - 11. MANAGEMENT**
 - 12. EMINENT DOMAIN**
 - 13. EMINENT DOMAIN BY THE CITY**
 - 14. ASSIGNMENT OF DEVELOPMENT PLAN**
 - 15. ECONOMIC IMPACT ON TAX BASE**
 - 16. RELOCATION PLAN**
 - 17. PROPOSED TIMING**
 - 18. COMPREHENSIVE LAND USE PLAN**

APPENDICES

- A. LEGAL DESCRIPTION OF THE REDEVELOPMENT AREA**
- B. REDEVELOPMENT AREA BLIGHT ANALYSIS**
- C. REDEVELOPMENT AREA TAX IMPACT STATEMENT**

I. INTRODUCTION

This Development Plan, submitted by Select Kirksville, LLC, a Missouri limited liability company (the “Developer”), relates to the proposed redevelopment of a parcel of land containing approximately 12.60 acres, located between U.S. Highway 63 and Business Route 63, with an address of 2523 S. Franklin St., Kirksville, Missouri 63501 (the “Kirksville Hotel Redevelopment Area” or “Redevelopment Area”).

A legal description of the Redevelopment Area is attached hereto as **Appendix A** and incorporated herein by reference. An aerial map of the Redevelopment Area is included in the Blight Analysis, attached hereto as **Appendix B** and incorporated herein by reference.

Under this Development Plan, the Developer will acquire all property within the Redevelopment Area, demolish the existing hotel structure, and construct a new hotel and related improvements (the “Development Project”). The area surrounding the Redevelopment Area offers opportunities for additional development, such as construction of a free-standing commercial strip, restaurant, and convenience store to compliment the hotel. Consequently, the Development Plan shall be implemented in two (2) phases:

Phase I. The first phase of the Development Plan shall include the demolition of the structure, remediation of blighted conditions on the Property, and other improvements on the Property and the construction of a new hotel on a portion of the Property.

Phase II. The second phase of the Development Plan shall include continued remediation of blighted conditions on the Property and future commercial development.

It is anticipated that the Development Project will serve as an incentive for growth along the south end of the U.S. Highway 63 corridor in the City of Kirksville, Missouri (the “City”).

II. OVERVIEW OF URBAN REDEVELOPMENT

In order to promote the new development or redevelopment in areas that lack economic growth and development, the State of Missouri provides statutory tools to cities to assist private, and initiate public, investment. One such tool is the Urban Redevelopment Corporations Law, Chapter 353 of the Revised Statutes of Missouri (“RSMo.”), as amended (“Chapter 353”).

Generally, Chapter 353 allows cities to foster economic development and physical improvements in a redevelopment area by:

- a) Identifying and designating redevelopment areas that qualify as “blighted areas” under Section 353.020(4), RSMo.;
- b) Adopting a development plan designating the redevelopment area, stating the redevelopment objectives, and providing a process for achieving the redevelopment objectives;
- c) Approving redevelopment project(s) to implement the development plan; and

- d) Utilizing the tools set forth under Chapter 353, including real property tax abatement, to reduce or eliminate blight in the redevelopment area.

III. FINDING THAT REDEVELOPMENT AREA IS A BLIGHTED AREA

A blighting study entitled “*Analysis for Designation of the Kirksville Hotel Redevelopment Area as a Blighted Area Under the Provisions of Chapter 353*” prepared by Development Dynamics, LLC (the “Blight Analysis”), is attached hereto as **Appendix B**.

IV. DEVELOPMENT PLAN OBJECTIVES

The objective of this Development Plan is to:

1. 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 Development Plan;
2. Increase the level and perception of safety and revitalization in the Redevelopment Area which, in turn, may encourage an influx of new business and residents to the City;
3. 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;
4. Promote the health, safety, order, convenience, prosperity and the general welfare, as well as efficiency and economy in the process of development;
5. Increase the property values of the Redevelopment Area and surrounding properties;
6. Provide development/business opportunities in the Redevelopment Area and surrounding areas;
7. Stimulate construction and permanent employment opportunities in the Redevelopment Area; and
8. Serve as a catalyst for redevelopment in the City.

V. DEVELOPMENT PLAN

The Developer proposes to acquire the property in the Redevelopment Area in preparation for construction of the Development Project. The Development Project incorporates and will satisfy the goals, objectives, and other criteria set forth in this Development Plan.

1. *Legal Description.* The legal description of the Redevelopment Area is attached hereto as **Appendix A**.
2. *Description of the Project.* Under the proposed Development Project, the first phase of the Development Plan shall include the demolition of the existing restaurant structure, remediation of blighted conditions on the Property, and other improvements on the Property and the construction of a new hotel on a portion of the Property. The second phase of the Development Plan shall include continued remediation of blighted conditions on the Property and future commercial development.

3. *Property for Public Agencies.* Property is not anticipated to be conveyed to a public agency.
4. *Zoning Changes.* Property within the Redevelopment Area is zoned commercial and will not require rezoning.
5. *Street Changes.* No anticipated street changes will be required.
6. *Dwelling accommodations.* The Redevelopment Area contains a single commercial building. There are no existing dwellings in the Redevelopment Area.
7. *Housing and Business Relocation.* The Redevelopment Area contains no residences or businesses that will be displaced or relocated as a result of this Development Plan
8. *Changes Outside the Redevelopment Area.* There are no changes anticipated outside Redevelopment Area.
9. *Utility Changes.* No new public utility lines are proposed for installation in the Redevelopment Area.
10. *Financing.* Financing for the project will be provided through private lending sources.
11. *Management.* The following persons shall be active in or associated with the management of the Development Project during the period of at least one year from the date of approval of the Development Plan:

Mr. Paul Williams
Select Kirksville, LLC
120 S. Interstate Drive
Sikeston, MO 63801
(573) 481-9500

12. *Eminent Domain.* The Developer is not requesting the power of eminent domain.
13. *Eminent Domain by the City.* The Developer is not requesting that the City condemn any property in the Redevelopment Area.
14. *Assignment of Development Plan.* The Developer reserves the right to assign its rights under the Development Plan to any third party; provided, however, that the Developer shall not assign its rights under the Development Plan to any third party prior to completion of the Development Project without the prior written consent of the City.
15. *Economic Impact on Tax Base.* A detailed tax impact statement is attached hereto as **Appendix C**, and incorporated herein by reference.
16. *Proposed Timing.* It is estimated that the Development Project will be completed within two (2) years from the date of execution of a redevelopment agreement.
17. *Comprehensive Plan.* The proposed land uses, zoning and proposed Development Plan are appropriate and consistent with local objectives identified by the 2014 Comprehensive Plan of the City of Kirksville, Missouri.

APPENDIX A

LEGAL DESCRIPTION OF THE REDEVELOPMENT AREA

APPENDIX A

LEGAL DESCRIPTION OF THE REDEVELOPMENT AREA

Beginning on the West right of way line of U.S. Highway 63, 70 feet West of the Northeast corner of the Northeast Quarter of the Southeast Quarter of Section 16, Township 62, Range 15, thence in a Southerly direction along said right of way line to the South line of said Northeast Quarter of Southeast Quarter, thence West 291 feet, thence North 1320 feet, thence East 330 feet to the point of beginning, EXCEPT the North Three acres thereof.

Also, beginning 400 feet West and 270 feet South of the Northeast corner of the Northeast Quarter of the Southeast Quarter of Section 16, Township 62, Range 15, thence West 756.25 feet, thence South 220 feet, thence West 120 feet, thence South 25 feet more or less to the Northeast right of way line of Missouri Urban Route 6, thence in a Southeasterly direction along said right of way line to the South line of said Northeast Quarter of Southeast Quarter, thence East 400 feet, thence North 1050 feet to the point of beginning, EXCEPT Beginning 30 feet East and 270 feet South of the Northwest corner of the Northeast Quarter of the Southeast Quarter of Section 16, Township 62, Range 15, said point of beginning being the Southwest corner of Lot 2 Shamrock Addition, thence East 573 feet along the south line of said Shamrock Addition, thence South 108 feet, thence South 16 degrees 30 minutes West 79.58 feet, thence South 71 degrees 45 minutes West 60.25 feet, thence North 34 degrees, 20 minutes West 54.67 feet, thence West 222.25 feet, thence South 108 feet, thence West 219.67 feet, thence North 35 degrees 01 minute West 35.42 feet, thence North 0 degree 03 minutes West 236.67 feet to the point of beginning (Being First Addition to Shamrock Addition).

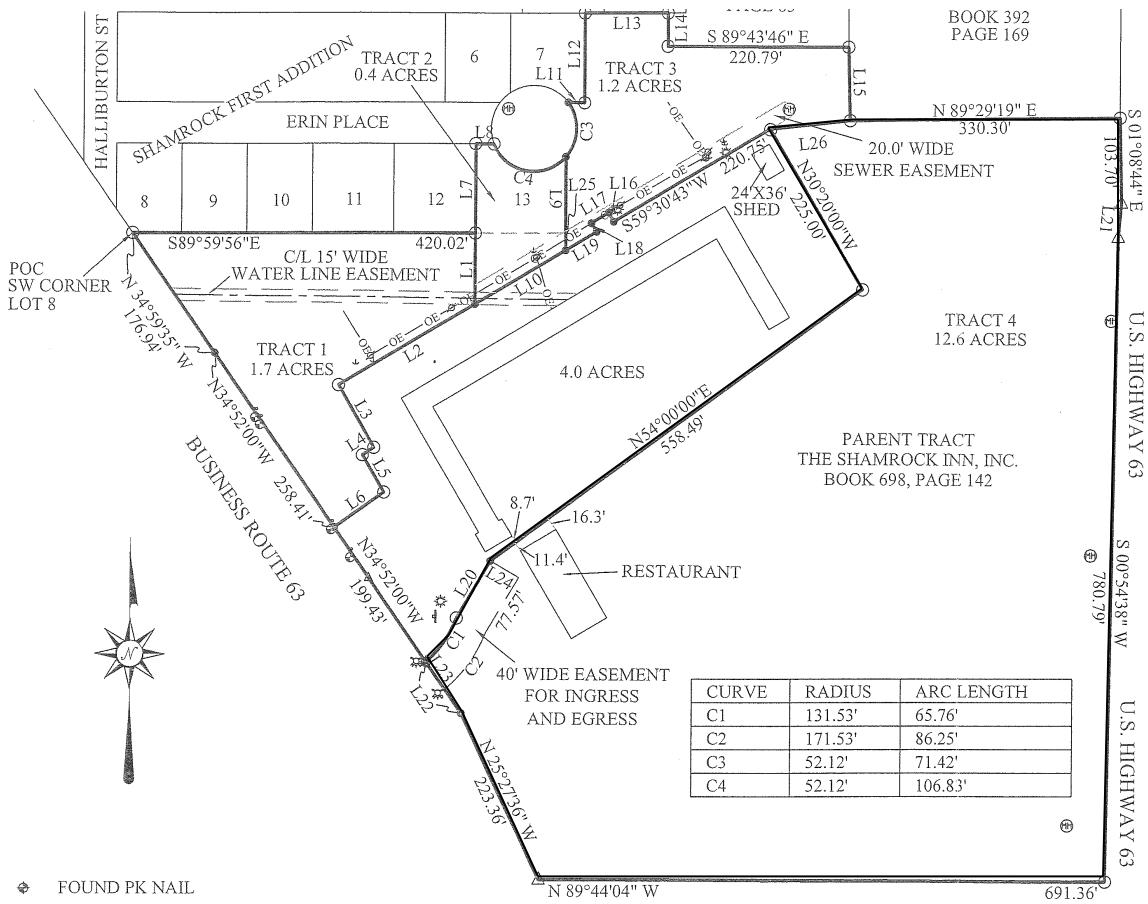
ALSO EXCEPT a tract of land situated in the Northeast Quarter of the Southeast Quarter of Section 16, Township 62, Range 15, described as beginning at the Northeast corner of Lot 10 of the First Addition to Shamrock Addition to the City of Kirksville, thence along the South line of Erin Place the following courses and distances, North 00 degrees 00 minutes 00 seconds East a distance of 222.60 feet to the point of curvature of a non-tangent curve, concave to the North, having a radius of 52.12 feet, a central angle of 118 degrees 01 minutes 02 seconds and a chord of 89.35 feet bearing South 79 degrees 35 minutes 00 seconds East; thence East along said curve, a distance of 107.35 feet; thence South 00 degrees 06 minutes 33 seconds East a distance of 91.85 feet; thence South 89 degrees 58 minutes 54 seconds West, a distance of 310.73 feet to the Southeast corner of Lot 10 of the First Addition to Shamrock Addition, thence along the East line of said Lot 10, North 00 degrees 02 minutes 15 seconds East a distance of 108.10 feet to the point of beginning (Being Second Addition to Shamrock Addition).

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ALSO EXCEPT a tract commencing at the Northeast corner of Lot 16, Shamrock Addition to Kirksville, Missouri, thence East 61.25 feet, thence South 110 feet, thence West 61.25 feet, thence North 110 feet to beginning.

ALSO EXCEPT beginning at a point 25 feet West of the Southeast corner of Lot 14, Shamrock Addition to Kirksville, MO. thence East 211.25 feet, thence South 40 feet, thence West 211.25 feet, thence North 40 feet to the place of beginning.

ALSO EXCEPT the land conveyed from the Grantor to Mira Patel in a Corporation Warranty Deed dated February 18, 2005, and recorded on February 24, 2005, in Book 848 at Pages 797-799 of the deed records of Adair County, Missouri, and being more particularly described as: A tract of land situated in the Southeast Quarter of Section 16, Township 62 North, Range 15 West, Adair County, Missouri and being more particularly described as follows: Commencing at the Southwest corner of Lot 8 of Shamrock First Addition; thence along the Northerly right of way line of Business Route 63, South 34 degrees 59 minutes 20 seconds East, a distance of 176.75 feet; thence South 34 degrees 52 minutes 00 seconds East, a distance of 258.42 feet to the POINT OF BEGINNING of the description herein; TOWIT: thence leaving said right of way line, North 55 degrees 08 minutes 00 seconds East, a distance of 74.22 feet; thence North 30 degrees 32 minutes 21 seconds West, a distance of 52.50 feet; thence North 57 degrees 09 minutes 55 seconds East, a distance of 16.70 feet; thence North 30 degrees 01 minute 25 seconds West, a distance of 87.70 feet; thence North 59 degrees 31 minutes 52 seconds East, a distance of 365.50 feet; thence North 31 degrees 12 minutes 28 seconds West, a distance of 12.30 feet; thence North 58 degrees 41 minutes 33 seconds East, a distance of 24.65 feet; thence South 28 degrees 51 minutes 34 seconds East, a distance of 12.70 feet; thence North 59 degrees 30 minutes 43 seconds East, a distance of 220.75 feet; thence South 30 degrees 20 minutes 00 seconds East, a distance of 225.00 feet; thence South 54 degrees 00 minutes 00 seconds West, a distance of 558.49 feet; thence South 30 degrees 45 minutes 41 seconds West, a distance of 81.05 feet to the point of a curve, having a radius of 131.53 feet; thence Southwest along said curve, a distance of 65.76 feet to a point on the aforementioned Northerly right of way line of Business Route 63; thence along said line, North 34 degrees 52 minutes 00 seconds West, a distance of 199.43 feet to the point of beginning. Subject to any and all easements of record.



APPENDIX B

REDEVELOPMENT AREA BLIGHT ANALYSIS

**ANALYSIS FOR DESIGNATION
OF THE
KIRKSVILLE HOTEL REDEVELOPMENT AREA
AS A BLIGHTED AREA UNDER THE PROVISIONS OF CHAPTER 353**

CITY OF KIRKSVILLE, MISSOURI

Prepared: December 11, 2015



1001 Boardwalk Springs Place, Suite #50 • O'Fallon, Missouri 63368 • (636) 561-8602

TABLE OF CONTENTS

I. INTRODUCTION	1
A. Purpose of Report.....	1
B. Provisions of Chapter 353.....	1
II. REDEVELOPMENT AREA	3
A. Description.....	3
B. Report Objectives.....	3
III. QUALIFICATION ANALYSIS	5
A. Age.....	5
B. Obsolescence.....	5
C. Inadequate Or Outmoded Design.....	6
D. Physical Deterioration.....	7
E. Economic Liability.....	7
F. Social Liability.....	7
G. Inability To Pay Reasonable Taxes.....	8
H. Conditions Conducive to Ill Health, Transmission of Disease, and Crime.....	8
IV. SUMMARY AND CONCLUSIONS	9
 EXHIBITS:	
1 – Aerial View of Redevelopment Area Boundary and General Location.....	4
 Appendix:	
A. Photographic Documentation	

I. INTRODUCTION

The Mayor and City Council of the City of Kirksville, Missouri (the “City”) are committed to the promotion and retention of high quality development in all parts of the City; and to on-going improvement in the quality of life for its citizens.

A development plan, submitted by Select Kirksville, LLC (the “Developer”), proposes to redevelop a parcel of land (2523 S. Franklin) located on the south side of City. The Kirksville Hotel Redevelopment Area (the “Redevelopment Area”) consists of approximately 12.6 acres of commercial property that currently contains a vacant restaurant structure, originally constructed in 1964.

To further redevelopment, the Developer proposes to undertake (a) the acquisition of certain real property, (b) the remediation of certain blighted conditions within the Redevelopment Area, and (c) the construction of a hotel. Each of these efforts is necessary to facilitate the clearance, replanning, rehabilitation, and reconstruction of property into a functional and productive state, and help improve the economic viability of the City.

A. PURPOSE OF REPORT

This report evaluates conditions affecting the Redevelopment Area, through on-site inspection, research of property files/public records, and other investigation to assist the City in determining if conditions in the Redevelopment Area satisfy the criteria of a “blighted area” as such term is defined in Section 353.020(2) of the Revised Statutes of Missouri, as amended.

The Developer is requesting the City find the Redevelopment Area blighted pursuant to Chapter 353 and grant real property tax abatement to assist in eliminating certain conditions that have resulted in property within the Redevelopment Area falling into disrepair. The Developer is also requesting the City consider the establishment of a community improvement district (the “CID”) over the Redevelopment Area. If approved, the CID will impose a sales tax of up to one percent (1%) on eligible purchases within the CID. If the Redevelopment Area is declared blighted, the CID revenues may then be used to finance the demolition and removal, renovation, reconstruction, or rehabilitation of privately-owned structures located within the CID/Redevelopment Area boundaries, as permitted by state law.

B. PROVISIONS OF CHAPTER 353

The Missouri General Assembly adopted Chapter 353 of the Revised Statutes of the State of Missouri (RSMo.), often referred to as “Chapter 353”.

Chapter 353 allows cities and counties to (1) identify and designate redevelopment areas that qualify as “Blighted Areas”, (2) adopt a development plan that designates an area in need of development and states the objectives to be attained and the redevelopment project to be undertaken, (3) approve a redevelopment project for implementation of such development plan and (4) utilize the tools set forth in Chapter 353 to assist in reducing or eliminating those factors and conditions that cause the area to qualify as a “Blighted Area” through the completion of a redevelopment project.

Chapter 353 defines “Area” as “...*that portion of the city which the legislative authority of such city has found or shall find to be blighted so that the clearance, replanning, rehabilitation, or reconstruction thereof is necessary to effectuate the purposes of this law. Any such area may include buildings or improvements not in themselves blighted, and any real property, whether improved or unimproved, the*

inclusion of which is deemed necessary for the effective clearance, replanning, reconstruction or rehabilitation of the area of which such buildings, improvements or real property for a part.”¹

Chapter 353 further defines a “Blighted Area” as “...that portion of the city within which the legislative authority of such city determines that by reason of age, obsolescence, inadequate or outmoded design or physical deterioration, have become economic and social liabilities, and that such conditions are conducive to ill health, transmission of disease, crime or inability to pay reasonable taxes.”²

The CID Act defines a “blighted area” as “an area which[,] by reason of the predominance of defective or inadequate street layout, insanitary 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” or “[h]as been declared blighted or found to be a blighted area pursuant to Missouri law including, but not limited to, chapter 353, RSMo., sections 99.800 to 99.865, RSMo., or sections 99.300 to 99.715, RSMo.”³

With the foregoing in mind, Development Dynamics, LLC (“D2”) performed an analysis of the Redevelopment Area’s eligibility factors through on-site inspection, research of documents such as aerial maps, property files, and public records and other investigation. The following sections of this report evaluate the conditions existent within the Redevelopment Area relative to the provisions of the definition of Blighted area under Chapter 353.

¹ Section 353.020(1) RSMo.

² Section 353.020(2) RSMo.

³ Section 67.1401 (3) a. b., RSMo.

II. REDEVELOPMENT AREA

A. DESCRIPTION

The Redevelopment Area consists of a single parcel of land located between U.S. Highway 63 and Business Route 63 (2523 South Franklin), approximately 12.06 acres in size. U.S. Highway 63 serves as the primary commercial corridor and major collector roadway for the City. Exhibit 1 is a boundary map and aerial map identifying the location of the Redevelopment Area. The Developer proposes the renovation, clearance, replanning, rehabilitation, and reconstruction of property to be operated as a hotel.

B. REPORT OBJECTIVES

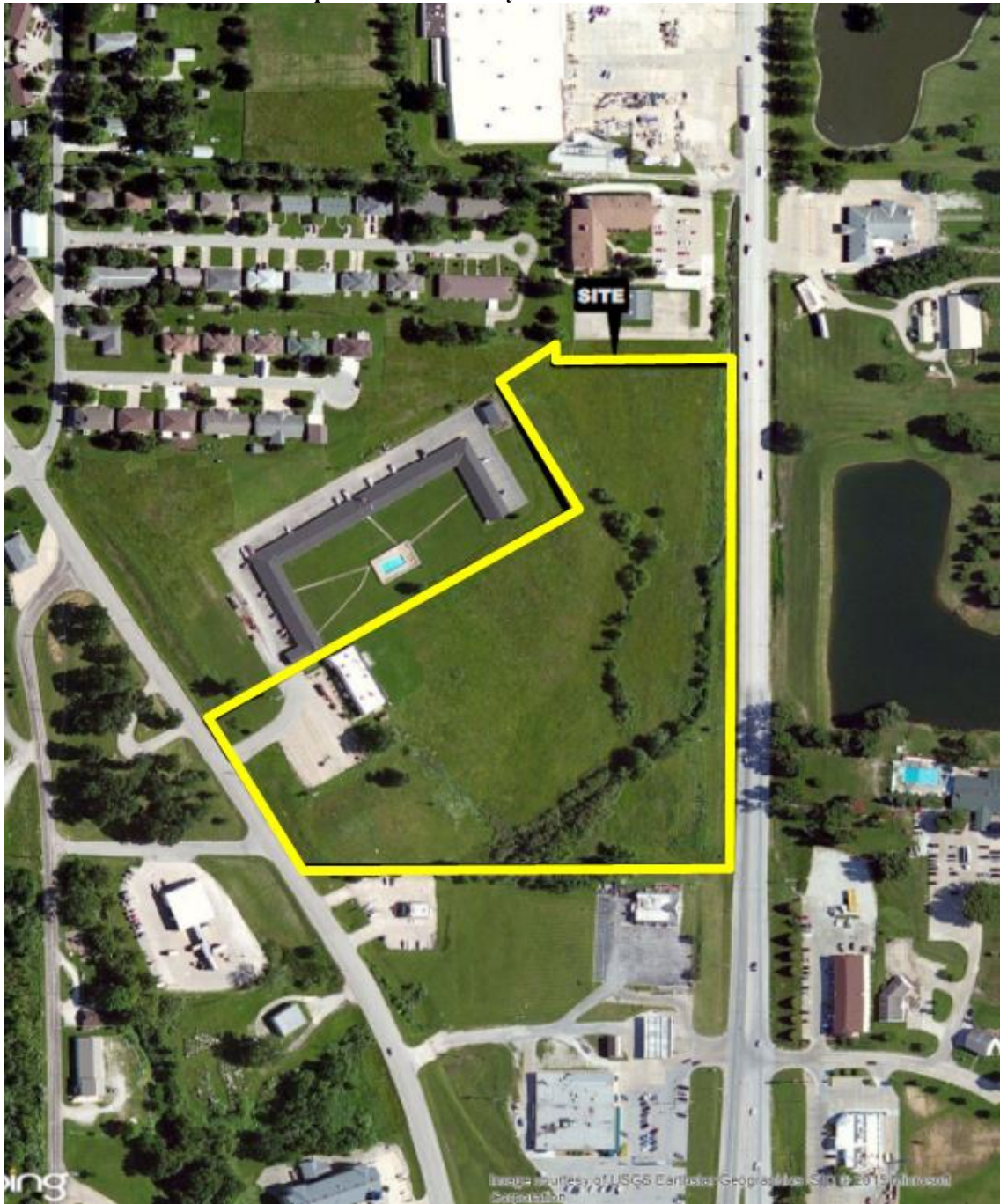
The purpose of this report is to supplement the Development Plan and evaluate the property as part of a determination as to whether the Redevelopment Area's existing conditions satisfy blighting criteria for designation under Chapter 353.

Pursuant to Chapter 353, the Development Plan outlines the process for developing all or a part of a blighted area, including, redeveloping underutilized commercial sites within a Redevelopment Area. The Development Plan further outlines objectives to facilitate the development of underutilized properties and encourage the highest and best use of property within a Redevelopment Area. Financial impediments and barriers to redevelopment must be overcome if clearing, replanning, rehabilitation, and reconstruction is to occur.

The Development Plan calls for partial demolition and the clearance, replanning, rehabilitation, and reconstruction of the existing structure within the Redevelopment Area. The work is expected to occur and be completed by the end of calendar year 2016.

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Exhibit 1: Aerial View of Redevelopment Area Boundary and General Area



III. QUALIFICATION ANALYSIS

This section analyzes the existing conditions within the Redevelopment Area as they relate to the definition of a blighted area under Chapter 353. D2 conducted an interior and exterior survey of the building's condition and property improvements on November 24, 2015. Documentation of the presence of conditions which demonstrate where minor or major repairs are required, and conditions beyond reasonable repair was prepared. This report does not reflect changes in conditions or events occurring after the site visit or publication of this report. Additionally, input from public meetings may result in revisions to this report, as a result of any public comments.

A. AGE

Age can provide indication of the existence of problems or limiting conditions resulting from normal and continuous use of structures and exposure to the elements over a period of many years. As a rule, older buildings typically exhibit more problems than buildings constructed in later years because of longer periods of active usage (wear and tear) and the impact of time, temperature, and moisture. Additionally, older buildings tend not to be ideally suited for meeting modern-day space and development standards. These typical and problematic conditions associated with "age", and "age" itself, qualify as a factor of blight.

Findings: The existing structure within the Redevelopment Area is vacant, was constructed in 1964 and is over 50 years old. As a result of age, lack of maintenance, and chronic vacancy the structure has fallen into disrepair. Physical deficiencies in the building and site improvements related to age which would require treatment include:

1. The building currently sits vacant and unusable due to damage of roofing, ceilings, wall coverings, and flooring resulting from leaking roof and voids in the building exterior that have allowed water to penetrate the structure. The deteriorated condition of the roof and walls have led to interior damage to the structure. Due to age and property conditions, it is unlikely the necessary repairs would be justifiable or feasible based upon current market conditions.
2. The structure displays evidence of damage to exterior finishes and are evidence by cracks and signs of damage requiring repair and replacement. Examples include cracks in exterior finishes, damaged air exchange units, damaged soffit and guttering systems which has led to water penetration and potential of significant structural damage.

B. OBSOLESCENCE

The viability and usefulness of a building, based on the manner in which it was built and/or placed on the land, is relevant in determining if it has longer-term value in the real estate marketplace. Obsolescence takes many forms, including: functional obsolescence, economic obsolescence, obsolete platting, and obsolete site improvements. Structures are typically built for specific uses or purposes and their design, location, height, and space arrangement. Buildings are obsolete when they contain characteristics or deficiencies that are out of date, worn out, or that limit their use and marketability. The characteristics may include loss in value to a property resulting from an inherent deficiency existing from poor layout or design. Obsolescence in such buildings is typically difficult and expensive to correct.

Findings: The structure is functionally and economically obsolete in its current condition and the property exhibits various levels of obsolescence in its facilities and infrastructure.

1. The Development Plan calls for the demolition of the current building structure. Several building components evidence significant functional obsolescence, including plumbing, HVAC, roofing system and wall covering. These components display leaks, are broken, and are inefficient due to age and disrepair.
2. Throughout the building structure, there are examples where water has penetrated the building envelope damaging the rooms, carpet, and wall coverings. Interior and exterior finishes are damaged, cracked, and show signs of wear that require replacement. Electrical fixtures hang loose from their mounts and will require replacement. Utility systems are dysfunctional, examples of which include: plumbing and electrical fixtures that are non-functional.
3. The existing building is obsolete as a result of its outdated design and its placement on the land. The restaurant's design reflects its 1960's construction and is unable to satisfy modern customer desires in the way of design, aesthetics, and technology. The proximity of the existing building to the neighboring motel calls for repositioning and negatively impacts any potential reuse as well.
4. The state of the existing building is in severe decline. Primary building components are deteriorating (interior and exterior walls, floors, wiring, plumbing, roofing, and soffits). Due to such conditions, the building has been rendered uninhabitable. Secondary building components (doors, windows, wall coverings, frames, etc.) display evidence of cracks, damage, warping, and lack of maintenance. Water penetration has damaged and stained numerous building elements to the point that substantial new investment is required. These deficiencies cannot be corrected through normal maintenance, and require replacement, renovation, or rebuilding.

C. INADEQUATE OR OUTMODED DESIGN

The ability of the Redevelopment Area to continue as a viable commercial location, based upon the time and manner in which the structure was built is relevant in determining if the use and design are current and adequate. This can be evidenced in structures which were initially adequate but have become outmoded as a result of changes in consumer trends, city codes and plans, current design standards, and restrictions of particular structures.

Findings: The existing building's age, placement on the land, and design are inadequate and outmoded.

1. The restaurant has been closed for at least five years and has lacked any significant change in at least ten years. Customer now seek modern, conceptually-based restaurants that add to the overall dining experience, increase local awareness, and have some food awareness. The restaurant layout and facilities are simply incapable of satisfying current customer demands without complete and total redevelopment or renovation.
2. The exterior of the building structure has windows, fascia materials, and roofing that are damaged and in need of repair, resurfacing, and/or replacement.
3. The exiting building structure is vacant. As a restaurant, the current building is inadequate, outdated, and lacking in any significant change over the past ten years.
4. The inadequate and outmoded placement of the existing building on the land and its design creates conditions which combine to influence the Redevelopment Area's inability to pay reasonable taxes. Furthermore, resolution of these conditions can only occur through substantial new investment and redevelopment.

D. PHYSICAL DETERIORATION

As identified throughout this report, the Redevelopment Area suffers from physical deterioration, an additional factor supporting the determination the Redevelopment Area as a “blighted area”. The facts showing physical deterioration are not repeated here but incorporated in this part.

E. ECONOMIC LIABILITY

The Redevelopment Area is along a prime corridor with highly visibility from Highway 63. Typically, such visible commercial property is vibrant and highly desirable. However, because of the aforementioned conditions, the Redevelopment Area has become an economic liability.

Findings:

1. The equalized assessed value (“EAV”) of the real property and improvements within the Redevelopment Area have remained static since 2012.⁴
2. Since the restaurant is closed and inoperable, the EAV of personal property within the Redevelopment Area is \$0 and sales tax revenue generated from the property is \$0.⁵
3. Taxing jurisdictions rely on abovementioned revenue streams to provide services, maintain equipment and facilities, and pay employees that serve the entire community.

F. SOCIAL LIABILITY

This factor relates to conditions within the Redevelopment Area that are a threat to the public health, safety, and welfare of the community. The above-stated blighting criteria have caused the Redevelopment Area to be a social liability.

Findings: The social liabilities associated with the Redevelopment Area and caused by the above-stated blighting factors are related to the presence of various hazardous conditions that threaten or endanger the health, safety and welfare of both City residents and patrons of the Area. Specific liabilities include:

1. Flat or declining equalized assessed valuation of property within the Redevelopment Area has resulted in limited tax revenue generation. A lack of adequate tax generation negatively impacts taxing districts and their ability to maintain existing service levels to the Redevelopment Area and the community as a whole. These conditions can be managed in the short-term by closely monitoring the replacement and purchase of equipment, personnel counts, and delaying or deferring capital improvement spending. Yet, implementing these fiscal restraints impacts the community as a whole by undermining longer-term efforts focused on community betterment and the attraction of new community investment.
2. The deterioration of building components (doors, windows, frames, gutters, downspouts, fascia materials, porticos, etc.) within the Redevelopment Area erodes and discourages private investment in the Redevelopment Area and retards economic growth in the surrounding area.

⁴ Real estate property records for 2011-15, Adair County Assessor’s property records.

⁵ Personal property records for 2011-15, Adair County Assessor’s property records.

3. Water and moisture infiltration due to water penetration has damaged ceilings, walls, and carpeting and is pervasive throughout much of the structure.

Each of these conditions are likely to worsen over time and help reinforce an understanding the Redevelopment Area is in a state decline through disinvestment and is a social liability. Left unchecked, these conditions could accelerate and, combined with other factors could lead to more widespread and intensive disinvestment.

G. INABILITY TO PAY REASONABLE TAXES

The Redevelopment Area's condition as an economic liability contributes to its inability to pay reasonable taxes for the affected taxing districts. Real estate property values within the Redevelopment Area have been static and essentially reflect only the value of the land. Personal property and sales tax revenue within the Redevelopment Area have been non-existent due to age and vacancy. The longer the Redevelopment Area continues in its current state, it is likely assessed values and, consequently, taxes collected will decrease. If steps are not taken to redevelop the property, it is reasonable to assume conditions will worsen and result continued dilapidation and impact the value of neighboring property.

H. CONDITIONS CONDUCIVE TO ILL HEALTH, TRANSMISSION OF DISEASE, AND CRIME

This factor relates to property conditions which would not meet the standards of property maintenance, zoning, building, fire, and other government codes. The Redevelopment Area's current condition is conducive to ill health, transmission of disease and crime.

Findings:

1. Animal, including vermin, have infiltrated the envelope of the building. Such access results in conditions conducive to ill health and the transmission of disease.
2. Building conditions, roof deterioration, and water penetration have negatively impacted any potential interest and usability of the existing structure.
3. The Redevelopment Area is located along a prime commercial corridor, yet the declining property conditions and lack of maintenance are conducive to ill health, transmission of disease, crime, and negatively affect the perception of development in the City.

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IV: SUMMARY AND CONCLUSIONS

Chapter 353 sets forth determinants which individually or in combination may provide the justification for a designation of blight. The actual determination of blight can only occur when these conditions are found to have become economic and social liabilities and such conditions are conducive to ill health, transmission of disease, crime or inability to pay reasonable taxes.

: Summary of Conditions Corresponding to Blight Factors

Blight Factors	Present	Constitutes an economic or social liability	Menace to the public health, safety, morals or welfare.
Age	YES	X	X
Obsolescence	YES	X	X
Inadequate or Outmoded Design	YES	X	X
Physical Deterioration	YES	X	X
Other conditions which endanger life or property by fire and other causes	YES	X	X

Property within the Redevelopment Area has been found to exhibit multiple factors or incidences and one or more deficiencies which can be cause for designation of the property as blighted, as outlined in Chapter 353, including:

- The existing structure within the Redevelopment Area was constructed in 1964. As a result of age and lack of maintenance, the building has fallen into disrepair. The resultant physical deficiencies in the building require treatments which are infeasible based upon current market conditions and would require substantial upgrades and/or replacement.
- The Redevelopment Area is economically and functionally obsolete in its current condition. In order to cure these deficiencies and to leverage the private mitigation of conditions described in this document, significant public and private costs must be incurred. The extraordinary costs associated with the issues previously noted makes revitalization of the Redevelopment Area economically unfeasible.
- The Redevelopment Area demonstrates economic liability through an inability to pay reasonable taxes to affected taxing districts as real, personal, and sales tax revenues decline. If steps are not taken to redevelop the property, it is reasonable to assume conditions will result in continuing underutilization of the property. Unless a program of redevelopment, like the one proposed is implemented to eliminate the blighting influences, further physical deterioration is likely and investment of the type the City envisions as appropriate and economically feasible will not occur.
- The Redevelopment Area is located along key commercial corridor, yet declining property conditions and lack of maintenance are conducive to ill health, transmission of disease, crime, and negatively affect the perception of development in the City.
- Property within the Redevelopment Area is a social liability and threat to the public health, safety, and welfare of the community because existing conditions: a) hamper the quality and provision of other public

services, b) erode and discourage private investment and development in the Redevelopment Area and retards economic growth in the surrounding area, and c) lack of fire safety and building code compliance threaten public safety and welfare.

Under current conditions, it is improbable the Redevelopment Area will experience growth and development solely through investment by private enterprise. Furthermore, it is unlikely redevelopment might occur, absent the benefit and resources provided by implementation of a Development Plan, or that limited efforts would yield the potential revenue that can be generated by a comprehensive, aggressive, and programmatic approach as proposed.

Thus, if taken as a whole, the Redevelopment Area represents a portion of the City that by reason of age, obsolescence, inadequate or outmoded design or physical deterioration, has become an economic and social liability, and that such conditions are conducive to ill health, transmission of disease, crime or inability to pay reasonable taxes.

Based upon the entirety of the information collected, reviewed, and analyzed in the course of preparation of this analysis results in a determination the proposed Redevelopment Area satisfies the requirements for designation of the property as a blighted area, as outlined in Chapter 353.

Appendix A

Photographic Documentation



Photo 1: Example of deteriorating pavement surface at ingress/egress point.



Photo 2: View of project area looking East.



Photo 3: Additional view of property ingress requiring improved access.



Photo 4: View of building entrance and west side.



Photo 5: Example of debris and exterior hole providing access point for animals or rodents.



Photo 6: Example of discarded trash.

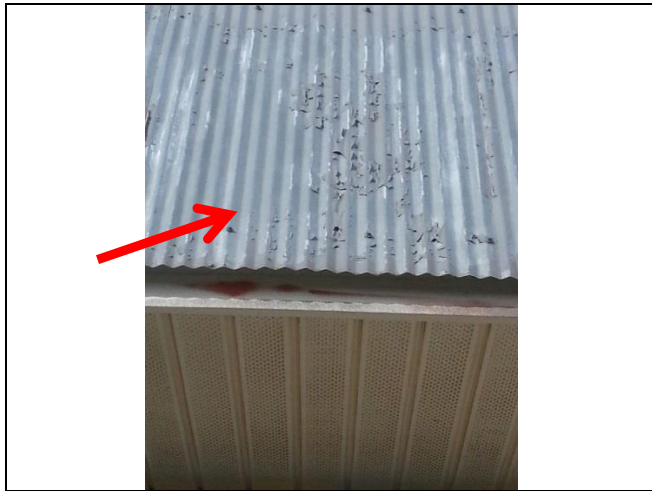


Photo 7: Example of cracked and peeling paint on exterior.

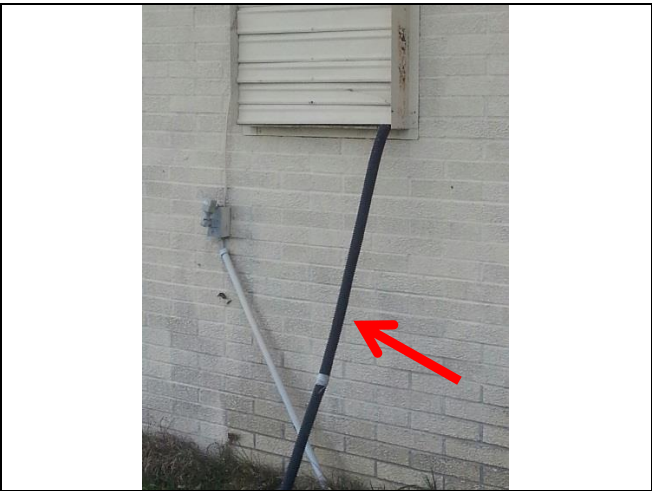


Photo 8: Example of water drainage measures.

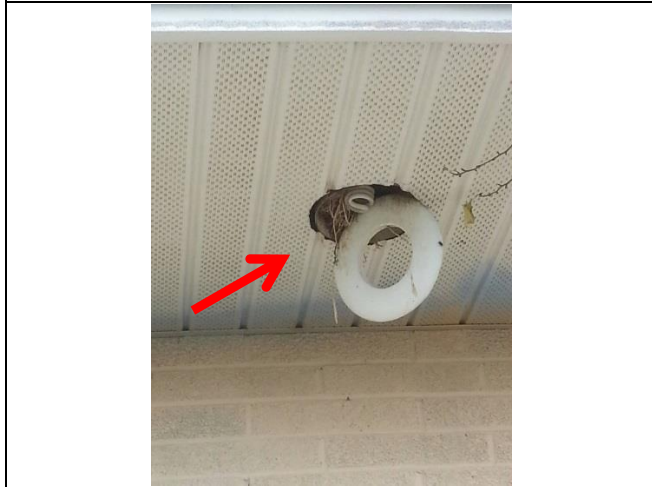


Photo 9: Example of electrical issues and where birds have access soffit.



Photo 10: Additional example of electrical issues and where birds have access soffit

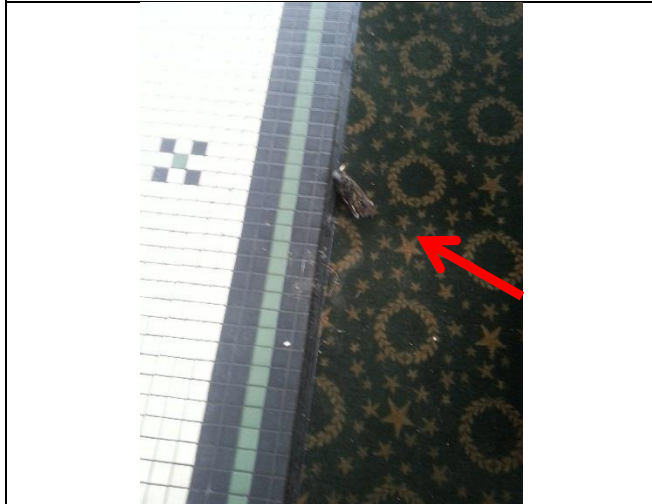


Photo 11: Dead bird on floor demonstrating access to building.



Photo 12: View of deteriorated and outdated interior conditions.

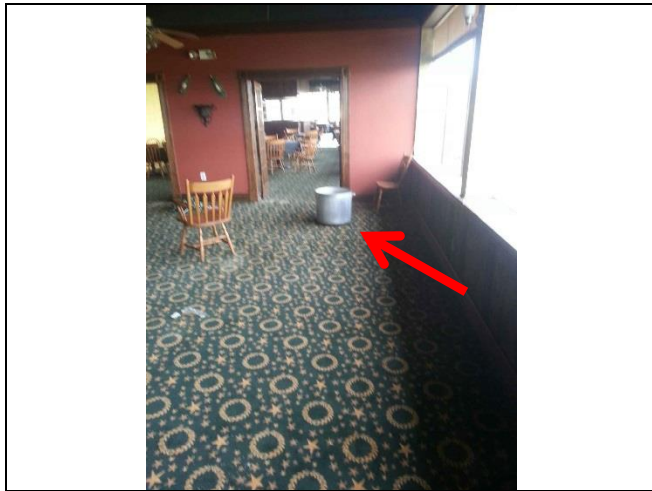


Photo 13: Example of pot catching water due to roof leak.

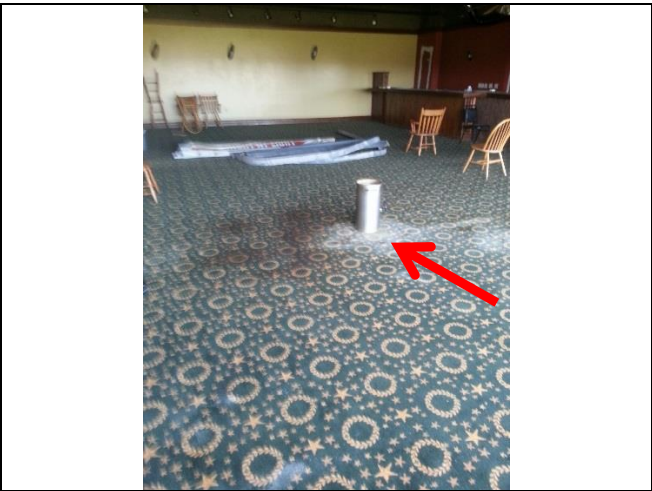


Photo 14: Additional location of roof leak with pot catching water and stained/damaged carpeting.



Photo 15: Parking field deterioration and cracking due to subsurface water penetration.

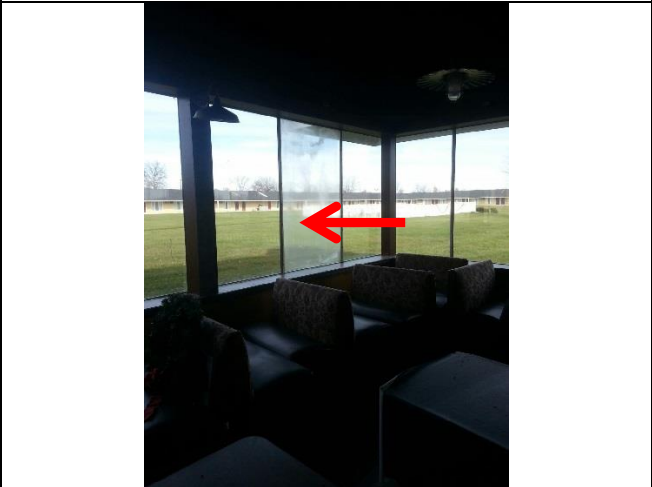


Photo 16: Example of window with broken seal.



Photo 17: Further example of declining exterior conditions.



Photo 18: Further example of parking field conditions requiring replacement.

APPENDIX C

REDEVELOPMENT AREA TAX IMPACT STATEMENT

CITY OF KIRKSVILLE, MISSOURI

TAX IMPACT ANALYSIS

FOR

KIRKSVILLE HOTEL REDEVELOPMENT AREA

FEBRUARY 20, 2016

Development Dynamics, LLC ("D2") prepared this tax impact analysis of the proposed project by Select Kirksville, LLC in the City of Kirksville, Adair County, Missouri. The analysis was performed in compliance with Section 353.110.3 of the Missouri Revised Statutes and evaluates the projected impact to affected tax jurisdictions as part of a Chapter 353 project.

1. PURPOSE OF THIS ANALYSIS

The purpose of this tax impact analysis is to provide timely and relevant information to the affected taxing districts to which this report is sent pursuant to Section 353.110.3 of the Revised Statutes of Missouri, as amended, which is cited as “The Urban Redevelopment Corporations Law” and often simply referred to as “Chapter 353”.

2. DESCRIPTION OF THE PROJECT

The proposed Kirksville Hotel Redevelopment Area (the “Redevelopment Area”) consists of a single parcel of land, 2523 South Franklin. In order to facilitate redevelopment, Select Kirksville, LLC (the “Developer”) plans to demolish the former restaurant and to replace it with a full-service 82-room Holiday Inn Express hotel with potential out parcels for additional future commercial development.

Pursuant to the provisions of Chapter 353 and City Council Policy #9, the City of Kirksville, Missouri (the “City”) is authorized and empowered to aid the redevelopment of underutilized property within a redevelopment area through adoption of a Development Plan and the grant of real property tax abatement.¹ In the case of this Redevelopment Area, the Development Plan provides for the remediation of blighting factors and the grant of up to 20 years of real property tax abatement to offset the extraordinary financial costs of remediating the blighted conditions present in the Redevelopment Area. Financial impediments and barriers to development of the Redevelopment Area must be overcome in order for the development and rehabilitation to occur.

Due to the extraordinary costs associated with the remediation of blight in the Redevelopment Area, public assistance is necessary to feasibly transform the Redevelopment Area from its current condition into one that enhances the community and provides long-term benefit to all taxing entities.

The City intends, subject to the approval of the City Council, to extend partial real property tax abatement, through the use of Chapter 353, to assist in the remediation of blight in the Redevelopment Area. Under Chapter 353, the City is allowed to grant 100% real property tax abatement on improvements and incremental increases in land value for 10 years and 50% real property tax abatement on improvements and incremental increases in land value for 15 years. The Developer has requested 20 years of real property tax abatement at reduced levels rather than the maximum amount for 25 years. During the abatement period, the Developer will make payments in lieu of taxes in such amounts as are necessary to ensure the taxing districts collectively receive at least as much real property tax revenue from the Redevelopment Area as they received in the 2015 tax year. The projected tax savings on the real property are proposed to be reinvested by the Developer in the Redevelopment Area, to cover eligible project costs incurred in the reduction and clearance of blighting factors present on the project site.

The Developer initially plans to invest approximately \$7,000,000 in the Redevelopment Area which includes the demolition of an existing building and the construction of a new hotel.

¹ Kirksville City Council Policy #9, Economic Development Policy, August 3, 2009.

Completion the hotel is expected on or before December 31, 2017.² Real property tax abatement is expected to begin in the year after construction is completed.

Future outparcel development is anticipated in 2019-2020. However, due to the speculative nature of the development, estimates were excluded from this analysis.

Project Component	(Sq. Ft.)	Est. Annual Taxable Sales	Est. New Jobs
Hotel	60,000	\$ 2,000,000	15 FT, 10 PT
Restaurant	5,000	1,250,000	6 FT, 20 PT
Commercial Strip	10,000	1,750,000	12 FT, 20 PT
Convenience Store	4,000	1,500,000	5 FT, 15 PT
TOTAL	79,000	\$ 6,275,000	

3. TAX INFORMATION

The Redevelopment Project will impact the governmental revenue figures through projected increases in real property tax. This tax impact analysis applies only to increased real property tax receipts. The real property tax revenue calculations are based upon improvements anticipated as part of the project.

A. PROPERTY DATA - Figure 1 identifies the address, property locator number, market valuation, and 2015 assessed valuation and 2015 real and personal property taxes for the Redevelopment Area. According to Adair County Assessor’s records, the Redevelopment Area is assessed as follows:

Figure 1: Redevelopment Area Assessed Value Data

Redevelopment Area Data		
Property ID #	13-05.0-16-004-01-28.000000	
Address	2523 South Franklin	
2015 Market Value	\$	235,940
2015 Assessed Valuation	\$	74,301
	Tax Rate	Tax Amount
State of Missouri	0.0300	\$ 22.29
Adair County Roads	0.2744	\$ 203.88
Adair Nursing Twin Pines	0.1496	\$ 111.15
Library	0.1493	\$ 110.93
Health	0.1991	\$ 147.93
SB 40	0.1493	\$ 110.93
City of Kirksville	0.6875	\$ 510.82
Kirksville School District	4.2246	\$ 3,138.92
Commercial Surcharge	0.4500	\$ 334.35
Total 2015 Real Estate Taxes	6.3138	\$ 4,691.22

² Planned initial investment amount includes soft costs, furniture, fixtures, equipment, and other costs that would not necessarily directly translate into real property assessed valuation.

B. REAL PROPERTY TAX REVENUE

The direct tax impact on the affected taxing jurisdictions was determined through the utilization of existing property record data and evaluation of tax-related calculations. Real property tax projections utilized preliminary investment estimates included in the Development Plan. Real property taxes were projected based on increased assessed valuation estimates on the real property multiplied by the Redevelopment Area's combined 2015 commercial tax rate of \$6.3138 per \$100 of assessed valuation (which includes the commercial surcharge tax).

Figure 2 represents the tax impact on real property tax revenue if the new investment occurred without abatement. **Figure 3** represents the tax impact on real property tax revenue with abatement on new real property investment. **Figure 4** represents a compilation of the previous figures with summary totals.

4. CONDITIONS

The conclusions and projections presented in this analysis are based upon project information provided by the Developer, published government tax tables, and other information sources considered to be reliable. There is an inherent assumption that information provided by these sources is correct, complete, and reliable. Limited steps were taken to verify the accuracy of the aforementioned assumptions; nevertheless, D2 believes they constitute a reasonable basis for the report's preparation. The tax impact projections represent prospective information and estimates regarding a project yet to be constructed. The projections are not provided as assurance that a certain levels will be achieved or that certain events will occur because actual results may vary from the calculations described herein. D2 assumes no risk for events or uncertainties that occur.

FIGURE 2: TAX IMPACT - NO ABATEMENT (REAL PROPERTY IMPROVEMENTS ONLY)

	Tax Rate	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
State of Missouri	0.0300	\$ 22	\$ 168	\$ 168	\$ 170	\$ 170	\$ 171	\$ 171	\$ 173	\$ 173	\$ 175	\$ 175
Adair County Roads	0.2744	204	1,537	1,537	1,552	1,552	1,568	1,568	1,583	1,583	1,599	1,599
Adair Nursing Twin Pines	0.1496	111	838	838	846	846	855	855	863	863	872	872
Library	0.1493	111	836	836	844	844	853	853	861	861	870	870
Health	0.1991	148	1,115	1,115	1,126	1,126	1,137	1,137	1,149	1,149	1,160	1,160
SB 40	0.1493	111	836	836	844	844	853	853	861	861	870	870
City of Kirksville	0.6875	511	3,850	3,850	3,889	3,889	3,927	3,927	3,967	3,967	4,006	4,006
Kirksville School District	4.2246	3,139	23,658	23,658	23,894	23,894	24,133	24,133	24,375	24,375	24,618	24,618
Commercial Surcharge	0.4500	334	2,520	2,520	2,545	2,545	2,571	2,571	2,596	2,596	2,622	2,622
Totals	6.3138	\$ 4,691	\$ 35,357	\$ 35,357	\$ 35,711	\$ 35,711	\$ 36,068	\$ 36,068	\$ 36,429	\$ 36,429	\$ 36,793	\$ 36,793
	Tax Rate	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
State of Missouri	0.0300	\$ 177	\$ 177	\$ 178	\$ 178	\$ 180	\$ 180	\$ 182	\$ 182	\$ 184	\$ 184	\$ 3,538
Adair County Roads	0.2744	1,615	1,615	1,631	1,631	1,647	1,647	1,664	1,664	1,681	1,681	\$ 32,357
Adair Nursing Twin Pines	0.1496	880	880	889	889	898	898	907	907	916	916	\$ 17,641
Library	0.1493	879	879	888	888	896	896	905	905	914	914	\$ 17,605
Health	0.1991	1,172	1,172	1,184	1,184	1,195	1,195	1,207	1,207	1,219	1,219	\$ 23,478
SB 40	0.1493	879	879	888	888	896	896	905	905	914	914	\$ 17,605
City of Kirksville	0.6875	4,046	4,046	4,087	4,087	4,128	4,128	4,169	4,169	4,211	4,211	\$ 81,070
Kirksville School District	4.2246	24,865	24,865	25,113	25,113	25,364	25,364	25,618	25,618	25,874	25,874	\$ 498,164
Commercial Surcharge	0.4500	2,649	2,649	2,675	2,675	2,702	2,702	2,729	2,729	2,756	2,756	\$ 53,064
Totals	6.3138	\$ 37,161	\$ 37,161	\$ 37,532	\$ 37,532	\$ 37,908	\$ 37,908	\$ 38,287	\$ 38,287	\$ 38,670	\$ 38,670	\$ 744,522

FIGURE 3: TAX IMPACT – WITH ABATEMENT REDEVELOPMENT AREA

	Tax Rate	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Estimated Assessed Valuation	\$	74,301	\$ 560,000	\$ 565,600	\$ 565,600	\$ 571,256	\$ 571,256	\$ 576,969	\$ 576,969	\$ 582,738	\$ 582,738	\$ 588,566
State of Missouri	0.0300	\$ 22	\$ 48	\$ 48	\$ 48	\$ 48	\$ 48	\$ 48	\$ 48	\$ 48	\$ 48	\$ 48
Adair County Roads	0.2744	204	435	435	435	435	435	435	435	435	435	435
Adair Nursing Twin Pines	0.1496	111	237	237	237	237	237	237	237	237	237	237
Library	0.1493	111	237	237	237	237	237	237	237	237	237	237
Health	0.1991	148	316	316	316	316	316	316	316	316	316	316
SB 40	0.1493	111	237	237	237	237	237	237	237	237	237	237
City of Kirksville	0.6875	511	1,090	1,090	1,090	1,090	1,090	1,090	1,090	1,090	1,090	1,090
Kirksville School District	4.2246	3,139	6,695	6,695	6,695	6,695	6,695	6,695	6,695	6,695	6,695	6,695
Commercial Surcharge	0.4500	334	713	713	713	713	713	713	713	713	713	713
Totals	6.3138	\$ 4,691	\$ 10,006	\$ 10,006	\$ 10,006	\$ 10,006	\$ 10,006	\$ 10,006	\$ 10,006	\$ 10,006	\$ 10,006	\$ 10,006
	Tax Rate	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Estimated Assessed Valuation	\$	588,566	\$ 594,451	\$ 594,451	\$ 600,396	\$ 600,396	\$ 606,400	\$ 606,400	\$ 612,464	\$ 612,464	\$ 618,588	
State of Missouri	0.0300	\$ 132	\$ 132	\$ 134	\$ 134	\$ 135	\$ 135	\$ 136	\$ 136	\$ 138	\$ 138	\$ 1,849
Adair County Roads	0.2744	1,211	1,211	1,223	1,223	1,236	1,236	1,248	1,248	1,260	1,260	\$ 16,910
Adair Nursing Twin Pines	0.1496	660	660	667	667	674	674	680	680	687	687	\$ 9,219
Library	0.1493	659	659	666	666	672	672	679	679	686	686	\$ 9,201
Health	0.1991	879	879	888	888	897	897	906	906	915	915	\$ 12,270
SB 40	0.1493	659	659	666	666	672	672	679	679	686	686	\$ 9,201
City of Kirksville	0.6875	3,035	3,035	3,065	3,065	3,096	3,096	3,127	3,127	3,158	3,158	\$ 42,367
Kirksville School District	4.2246	18,648	18,648	18,835	18,835	19,023	19,023	19,213	19,213	19,406	19,406	\$ 260,342
Commercial Surcharge	0.4500	1,986	1,986	2,006	2,006	2,026	2,026	2,047	2,047	2,067	2,067	\$ 27,731
Totals	6.3138	\$ 27,871	\$ 27,871	\$ 28,149	\$ 28,149	\$ 28,431	\$ 28,431	\$ 28,715	\$ 28,715	\$ 29,002	\$ 29,002	\$ 389,089

FIGURE 4: TAX IMPACT SUMMARY

Kirksville Redevelopment Area Tax Impact Analysis Summary 2016-2036				
	Real Property Taxes No Development (Base)	Est. Real Property Taxes After Development (No Abatement)	Payments in Lieu of Taxes (PILOT) (Base + Amount not Abated)	Abatement Value (Tax-Base-PILOT)
State of Missouri	\$ 468	\$ 3,538	\$ 1,849	\$ 1,689
Adair County Roads	4,282	32,357	16,910	15,447
Adair Nursing Twin Pines	2,334	17,641	9,219	8,422
Library	2,330	17,605	9,201	8,405
Health	3,107	23,478	12,270	11,208
SB 40	2,330	17,605	9,201	8,405
City of Kirksville	10,727	81,070	42,367	38,703
Kirksville School District	65,917	498,164	260,342	237,822
Commercial Surcharge	7,021	53,064	27,731	25,333
Total	\$ 98,516	\$ 744,522	\$ 389,089	\$ 355,433

*All numbers rounded to nearest dollar.

EXHIBIT E

FORM OF TRANSFEREE CERTIFICATE

TRANSFEREE CERTIFICATE

1. [*Transferee*] (the “Transferee”) has purchased the Property described in the Redevelopment Agreement dated as of _____, 2016 among the City of Kirksville, Missouri, the Franklin Street Community Improvement District, the Franklin Street Redevelopment Corporation and Kirksville Commercial Development, LLC(the “Agreement”) and desires that Kirksville Commercial Development, LLC assign its interest in the Agreement to the Transferee.

2. The Transferee has received and reviewed copies of the Agreement and the Development Plan described in the Agreement and understands that the ad valorem real property tax abatement described therein is contingent upon the terms described therein.

3. The Transferee agrees to abide by the terms of the Agreement.

Dated this ____ day of _____, 20__.

[*TRANSFEREE*]

[Name], [Title]