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LAWRENCE, KANSAS

THE OREAD REDEVELOPMENT TAX INCREMENT FINANCING PROJECT

Redevelopment Project Plan

Lawrence, Kansas

02-22-2008

Summary of Exhibits

Exhibit A: Resolution No. 6749

Exhibit B: Ordinance No. 8234

Exhibit C: Illustration of TIF District Area

Exhibit D: Illustration and Description of TIF Project Buildings and Structures

Exhibit E: Pre-Design Public and Private Infrastructure Construction Cost Extimates

Exhibit F: Feasibility Study

THE OREAD TAX INCREMENT FINANCING PROJECT

Redevelopment Project Plan

This **DRAFT** Redevelopment Project Plan (the "**Plan**) is the working draft of the "redevelopment project plan" required by K.S.A. 12-1772(a). This Plan pertains to The Oread Redevelopment Project (the "**Project**"). The Project consists of a hotel, meeting space and commercial uses known as "**The Oread,**" an underground parking facility, public and private infrastructure improvements, landscaping, and related improvements. This Plan describes how the Project will utilize tax increment financing ("**TIF**") to finance or reimburse "redevelopment project costs" incurred during the redevelopment of the Project, as such costs are defined in K.S.A. 12-1770 et seq. (the "**TIF Act**"). This Plan is intended to be the basis for a redevelopment agreement (the "**Redevelopment Agreement**") between the Triple T, LCC, the Developer of the Project (the " Developer") and the City of Lawrence, Kansas (the "City").

I. Oread Project Procedural History and General Information.

On November 30, 2007, the City and the Developer executed a Funding Agreement between Developer and the City of Lawrence to finance the costs of a feasibility study and the City's attorneys' fees. On January 8, 2008, the City Commission approved Resolution 6749 (the "**Resolution**"), which scheduled a public hearing on February 12, 2008 to consider the formation of a TIF district for the Project Area, defined below. A copy of the Resolution is attached to and incorporated in this Plan as Exhibit A. The Resolution was published as required by the TIF Act.

On February 12, 2008, the City Commission held and closed a public hearing to consider the formation of the District, and approved on first reading Ordinance 8234 (the "**Ordinance**") establishing the District. The Ordinance was passed on second reading February 19, 2008. The term "**District Area**" refers to the real property generally located at 12th Street and Oread Avenue, as legally described in the Ordinance. The Ordinance is attached to and incorporated in this Plan as Exhibit B. An illustration and legal description of the District Area is attached to and incorporated in this Plan as Exhibit C. The Ordinance included a description of the district plan and found that the District was an eligible area, all in accordance with the TIF Act.

II. Project Buildings, Facilities and Improvements.

The "**Project Area**" consists of all improvements generally described below and illustrated in Exhibit D, attached to and, by reference, incorporated in this Plan. The Project Area consists of the future site of The Oread, public right-of-ways along portions of 12th Street, Indiana Street, Oread Avenue, 11th Street, Mississippi Street, and an alley between Mississippi Street and Indiana Street. Additionally, the Project Area includes a tract owned by the City that contains two water towers. Each of the above-referenced properties and right-of-ways will be improved in some manner in connection with the Project. The only portions of the District Area that will not be improved in connection with the Project are the properties located at 1201 Oread Avenue (the Oread Apartments), 1209 Oread Avenue (a single-family residence), and 1121 Louisiana (Carson Place Apartments). While some utility work may occur at 1121 Louisiana to facilitate the Project, these properties are located in the District Area in anticipation of potential future development phases.

A. Buildings and Structures.

The Oread will be a multi-use structure consisting of approximately 106 rooms and associated mixed use commercial spaces. These rooms include approximately 92 hotel rooms and extended stay suites, and approximately 14 condominiums. The structure will include ancillary uses such as meeting and conference rooms, banquet rooms, restaurant space, and bar space. Additional commercial uses may consist of a bank, retail stores, and other similar commercial uses allowed by the City of Lawrence. The structure will consist of approximately 116,000 square feet.

In addition to The Oread, the Project also includes an underground parking structure facility consisting of approximately 200 parking spaces. As shown on Exhibit E, this structure will cost approximately $6,600,000.00.

B. Infrastructure Improvements.

The Project will also include various public infrastructure improvements. The vast majority of these infrastructure improvements are not necessitated by the Project. For example, while certain existing utilities require updating to service The Oread, all of the improvements are intended to enhance both the Project and the adjacent neighborhood, and to minimize harm to nearby historic properties. The following are the planned public infrastructure improvements to be constructed in connection with the Project, as described on the preliminary cost estimates attached to and, by reference, incorporated in this Plan as Exhibit E:

- Realignment of Oread Avenue and addition of divided medians, a roundabout, and related street landscaping;
- Street improvements to 12th Street located West of Oread Avenue;
- Street improvements on Indiana Street;
- Sidewalk and pedestrian crossing improvements to Oread Avenue, 12th Street, and Indiana Street;
- Grading and site preparation within the public right of way;
- Landscaping and plantings, benches, sculptures, lighting, decorations, and similar amenities;
- Construction of new pedestrian ways connecting 12th Street to Mississippi Street; and
- Public water and sanitary and storm sewer improvements.

C. Construction of Project Improvements.

The construction of the public and private infrastructure improvements described above will occur simultaneously with the construction of The Oread. Consequently, there must be close cooperation and coordination between the construction of those improvements, especially with respect to timing and the efficient use of machinery on-site. The Developer will finance and construct the public and private improvements, subject to normal City approval and

specifications, as part of the construction of The Oread. Occupancy of the The Oread shall not occur until substantial completion of the public improvements.

III. Summary of Oread Project Feasibility Study.

Pursuant to the Funding Agreement approved by the City Commission on November 30, 2007, the City retained Springsted Incorporated to perform the feasibility study required by the TIF Act. A copy of the Redevelopment Project Financial Feasibility Study (the "**Feasibility Study**") is attached to and, by reference, incorporated in this Plan as Exhibit F. The Feasibility Study concludes that the Project is feasible. As described more specifically in Exhibit F, the Feasibility Study estimates that total TIF revenues over the term of the Project will be $5,001,787.00. In combination with TDD revenues, which are anticipated to contribute approximately $917,095.00 to the payment of certain TIF-eligible expenses, and the Developer's own contributions of equity and private indebtedness, there are sufficient funds to permit the use of tax increment financing.

IV. Proposed Financing Methods.

Tax increment financing will be used to finance or reimburse redevelopment project costs as follows:

1. Subject to the TIF Cap described in paragraph 5., below, all redevelopment project costs, including interest thereon (not to exceed the rate of prime plus 1%), will be eligible for reimbursement to the fullest extent permitted by Kansas and federal law.

2. The following funds will be collected for a period of twenty (20) years and held in accordance with the TIF Act:

    a. All incremental real property taxes assessed on The Oread during the term of the TIF Project;

    b. All incremental real property taxes assessed on the remaining portions of the District, to the extent the increases in real property taxes are caused by the improvements described in this Plan or other activities that do not constitute a new project;

        i. Any increases in real property taxes caused by a new project will not be included in the TIF fund without the City's approval; and

    c. All City and Douglas County, Kansas sales taxes paid in the District during the term of the TIF Project.

3. The Developer has elected to utilize the direct reimbursement method, and will privately finance all public and private improvements described in this Plan.

4. The City shall have the right to inspect such public improvements for compliance with the City Code, etc.

5. To the extent that the TIF Fund has available tax increment, the City shall reimburse all of the Developer's eligible expenses until all such expenses have been reimbursed, or twenty (20) years, whichever first occurs. Notwithstanding the previous sentence, there shall be a limitation on the reimbursement of the Developer's eligible expenditures (the "**TIF Cap**"), as follows:

   a. Except to reimburse the City's expenses as described in paragraph 7., below, all tax increment shall be available to reimburse up to $7,100,000.00 of the Developer's redevelopment project costs, plus interest thereon (not to exceed the rate of prime plus one percent) (the "**Cap Amount**"); and

   b. After the reimbursement of the Cap Amount, any additional TIF revenue shall be allocated 50% to the City, and 50% to the Developer, but in no event shall the reimbursements to the Developer exceed the Developer's actual redevelopment project costs plus interest thereon (not to exceed the rate of prime plus 1%).

6. Eligible expenses incurred by the Developer prior to the formation of the District shall be eligible for reimbursement.

7. The City will be entitled to reimbursement for all of the City's actual and adequately documented expenses, including the City's reasonable attorneys' fees.

8. All revenues from an additional one percent (1%) sales tax charged by the Project pursuant to a Transportation Development District (the "**TDD**") affecting a portion of the Project Area, will be held in the appropriate account in accordance with K.S.A. 12-17,140 et seq.

This Plan does not contain a relocation assistance plan described in K.S.A. 12-1772(a)(4), because the City will not acquire any real property in the District while carrying out the provisions of the TIF Act. Furthermore, no residential tenants presently occupy any portion of the structures that will be demolished in connection with the Project.

V. Conclusion.

The Project will create approximately 116,000 square feet of new development in Lawrence, which will generate approximately $5,001,787.00 in increased real estate and local sales taxes during the twenty (20) year lifespan of the Project. The TDD sales tax will generate an estimated $917,095.00 in revenue that can be used to reimburse TDD eligible expenses. There will be approximately $11,000,000.00 in redevelopment project costs required to construct the Project. Direct reimbursement from the TIF fund will reimburse redevelopment project costs

to the extent tax increment is available, subject to the TIF Cap. The balance of any unpaid redevelopment project costs will be paid for by Developer.

Exhibit A: Resolution No. 6749

RESOLUTION NO. 6749

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF LAWRENCE, KANSAS ESTABLISHING THE DATE AND TIME OF A PUBLIC HEARING REGARDING THE ESTABLISHMENT OF A REDEVELOPMENT DISTRICT PURSUANT TO K.S.A. 12-1770 ET SEQ. FOR THE 12TH & OREAD PROJECT

BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF LAWRENCE, KANSAS:

Section 1. The City of Lawrence, Kansas (the "City") is considering the establishment of a redevelopment district pursuant to K.S.A. 12-1770 et seq., as amended (the "Act").

Section 2. Notice is hereby given that a public hearing will be held by the City to consider establishment of a redevelopment district on February 12, 2008 in the City Commission Chambers located in City Hall, 6 East 6th Street, commencing at 6:35 p.m..

Section 3. The proposed redevelopment district boundaries are irregular and extend from 13th Street on the South to approximately 9th Street on the North and Mississippi on the West and Louisiana on the East. A map of the redevelopment district is attached hereto as **Exhibit A**. The boundaries of the redevelopment district are legally described as shown on **Exhibit B** hereto.

Section 4. The district plan for the proposed redevelopment district provides for the redevelopment district to include One project area, which is depicted on the map attached hereto as **Exhibit A**. The buildings and facilities to be constructed within the one project area are generally described as follows:

> A multi-use structure consisting of approximately 106 rooms and associated commercial spaces. These rooms include approximately 92 hotel rooms and extended stay suites, and approximately 14 condominiums. The structure will include ancillary uses such as meeting and conference rooms, banquet rooms, restaurant space, and bar space. Additional commercial uses may consist of a bank, retail stores, and other similar commercial uses allowed by the City of Lawrence. The structure will consist of approximately 116,000 square feet and will be seven stories tall. The structure shall include an underground parking facility consisting of approximately 200 spaces. The redevelopment will also include public infrastructure improvements including without limitation improvements to Oread Avenue, 12th Street, pedestrian access, utilities, landscaping, and other related improvements.

Section 5. A description and map of the proposed redevelopment district are available for inspection and copying in the offices of the City Clerk, City Hall, 6 East 6th Street, Lawrence, Kansas, Monday through Friday (other than holidays) between 8:00 a.m. and 5:00 p.m.

Section 6. The Governing Body will consider the findings necessary for the establishment of a redevelopment district after conclusion of the public hearing.

Section 7. The City Clerk is hereby authorized and directed to publish this resolution once in the official city newspaper not less than one week or more than two weeks preceding February 12, 2008, the date set for the public hearing. The City Clerk is also authorized and directed to mail a copy of this resolution via certified mail, return receipt requested to the board of county commissioners, the board of education of any school district levying taxes on property within the proposed redevelopment district, and to each owner and occupant of land within the proposed redevelopment district, not more than 10 days following the date of the adoption of this Resolution.

Section 8. This Resolution shall become effective upon its adoption by the Governing Body.

ADOPTED by the Governing Body this January 8, 2008.

SIGNED by the Mayor this January 8, 2008.

Sue Hack
Mayor

(SEAL)

City Clerk

EXHIBIT A

12th and Oread TIF Redevelopment District Boundary

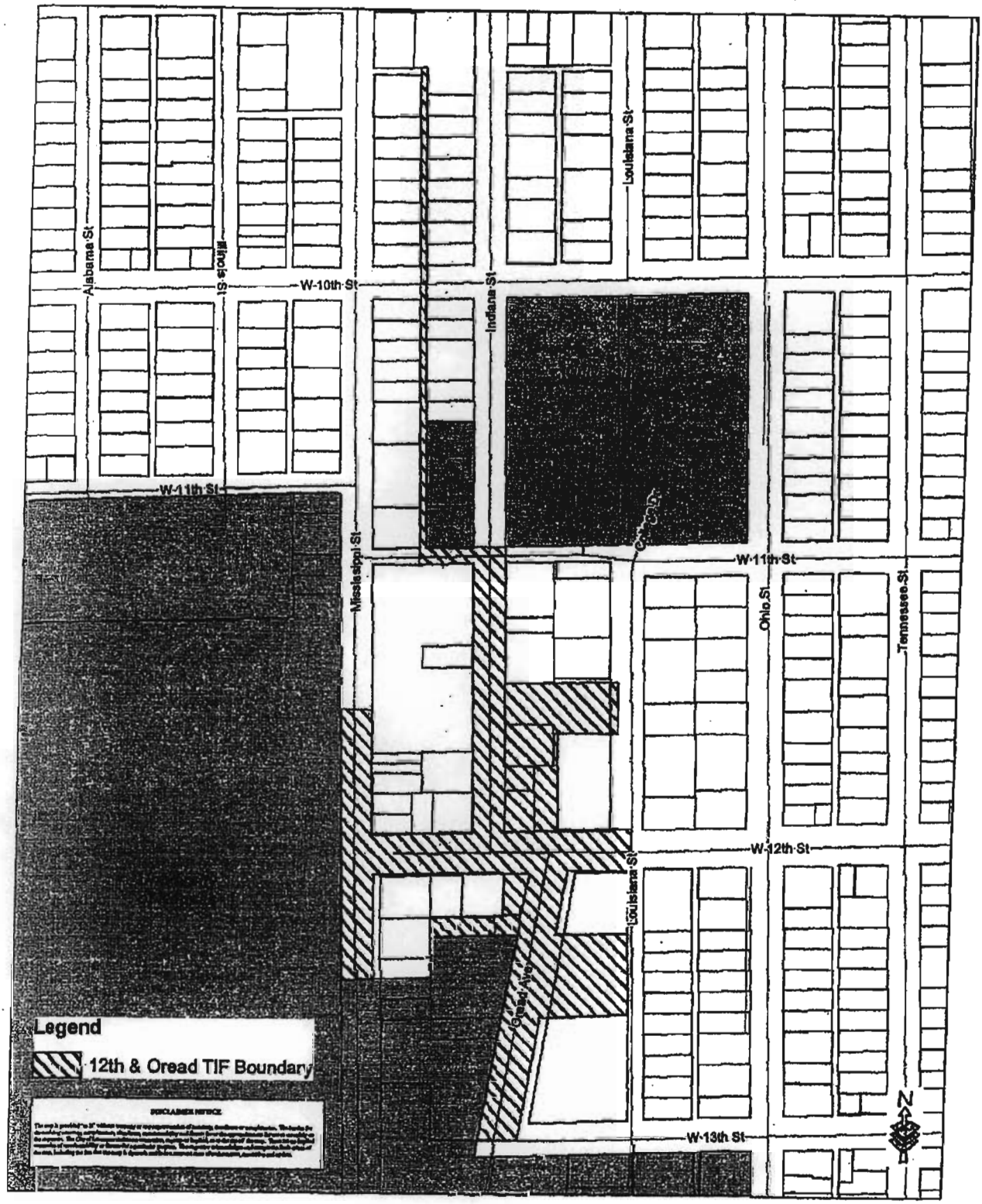

EXHIBIT B

LEGAL DESCRIPTION OF REDEVELOPMENT DISTRICT

Beginning at the Intersection of the Centerline of Louisiana Street and the South Right-of-way line of West 12th Street (Hancock Street) in the Southeast Quarter (SE ¼) of Section 36, Township 12 South, Range 19 East of the Sixth Principal Meridian in the City of Lawrence, Douglas County, Kansas; thence West on the South Right-of-way line of West 12th Street (Hancock Street) extended to the Northeast Corner of Lot 1, Block 3, Oread Addition; thence continuing West on the South Right-of-way line of said West 12th Street (Hancock Street) to the Northwest corner of Lot 1, Block 3, Oread Addition; thence in a Southwesterly direction on the East Right-of-way line of Oread Avenue to the Northwest corner of the South One-half (S ½) of Lot 2, Block 3, Oread Addition; thence East on the North line of the South one-half (S ½) of said Lot 2 to the Northeast corner of the South One-half (S ½) of said Lot 2; thence South on the East line of said Block 3 Oread Addition to the Southeast corner of the North One-half (N ½) of Lot 4, Block 3 of Oread Addition; thence West on the South line of the North One-half (N ½) of Lot 4, Block 3 of Oread Addition to the Southwest corner of the North One-half (N ½) of Lot 4, Block 3 of Oread Addition and the East Right-of-way line of Oread Avenue; thence in a Southwesterly direction on the East Right-of-way line of Oread Avenue to the Southwest corner of Lot 6, of Oread Heights Addition, A Subdivision of Block 3, Oread Addition; thence continuing in a Southwesterly direction on the East Right-of-way line of Oread Avenue extended to the Centerline of 13th Street (Lee Street); thence West on the Centerline of said 13th Street (Lee Street) to the West Right-of-way line of Oread Avenue; thence in a Northeasterly direction on the West Right-of-way line of Oread Avenue to the Southeast corner of the North One-half (N ½) of Lot 2, Block 8 of Oread Addition; thence West on the South line of the North One-half (N ½) of Lot 2, Block 8 of Oread Addition to the Southwest corner of North One-half (N ½) of Lot 2, Block 8 of Oread Addition; thence North on the West line of the North One-half (N ½) of Lot 2, Block 8 of Oread Addition to the Southwest corner of Lot 1, Block 8 of Oread Addition; thence East on the South line of Lot 1, Block 8 of Oread Addition 180 feet; thence North parallel with the West line of Lot 1, Block 8 of Oread Addition to the South Right-of-way line of 12th Street (Hancock Street); thence West on the South Right-of-way line of 12th Street (Hancock Street) to the Northwest corner of Lot 12, Block 8 of Oread Addition and the East Right-of-way line of Mississippi Street; thence South on the East Right-of-way line of Mississippi Street to the Southwest corner of the North One-half (N ½) of Lot 10, Block 8 of Oread Addition; thence West on the South line of the North One-half (N ½) of Lot 10, Block 8 of Oread Addition projected West, to the West Right-of-way line of Mississippi Street; thence North on the West Right-of-way line of Mississippi Street to the intersection of the North line of Lot 9, Block 9 of Oread Addition projected West; thence East on the North line of Lot 9, Block 9 of Oread Addition extended, to the Northwest corner of Lot 9, Block 9 of Oread Addition and the East Right-of-way line of Mississippi Street; thence South on the East Right-of-way line of Mississippi Street to the Southwest corner of Lot 7, Block 9 Oread Addition, and the

North Right-of-way line of 12th Street (Hancock Street); thence East on the North Right-of-way line of 12th Street (Hancock Street) to the Southeast corner of Lot 6, Block 9 of Oread Addition and the West Right-of-way line of Indiana Street; thence North on the West Right-of-way line of Indiana Street to the Northeast corner of Lot 1, Block 9 of Oread Addition and the Southeast corner of Lot 3, Block 14, Lane's Second Addition; thence continuing North on the West Right-of-way line of Indiana Street to the Northeast corner of Lot 1, Block 14, Lane's Second Addition and the South Right-of-way line of 11th Street (Quincy Street); thence West on the South Right-of-way line of 11th Street (Quincy Street) to the intersection of the East line of Lots 13 thru 24, Block 13, Lane's Second Addition projected South; thence North on the East line of Lots 13 thru 24, Block 13, Lane's Second Addition extended, to the Southeast corner of Lot 13, Block 13, Lane's Second Addition and the North Right-of-way line of 11th Street (Quincy Street); thence North on the East line of Lots 13 thru 24, Block 13, Lane's Second Addition to the Northeast corner of Lot 24, Block 13, Lane's Second Addition and the South Right-of-way line of 10th Street (Berkeley Street); thence continuing North on the East line of Lots 13 thru 24, Block 13, Lane's Second Addition projected North to the Southeast corner of Lot 15, Block 11 Lane's Second Addition; thence North on the East line of Lots 15 thru 23, Block 11, Lane's Second Addition to the Northeast corner of Lot 23, Block 11, Lane's Second Addition; thence North on the East line of Lots 15 thru 23, Block 11, Lane's Second Addition projected North, to the South line of Lot 3, Block 11, Lane's Second Addition; thence East on the South line of Lot 3, Block 11, Lane's Second Addition to the intersection of the West line of Lots 6 thru 14, Block 11, Lane's Second Addition projected North; thence South on the West line of Lots 6 thru 14, Block 11, Lane's Second Addition extended, to the Northwest corner of Lot 6, Block 11, Lane's Second Addition; thence South on the West line of Lots 6 thru 14, Block 11, Lane's Second Addition to the Southwest corner of Lot 14, Block 11, Lane's Second Addition and the North Right-of-way line of 10th Street (Berkeley Street); thence South on the West line of Lots 6 thru 14, Block 11, Lane's Second Addition extended, to the Northwest corner of Lot 1, Block 13, Lane's Second Addition, and the South Right-of-way line of 10th Street (Berkeley Street); thence South on the West line of Lots 1 thru 12, Block 13, Lane's Second Addition to the Southwest corner of Lot 12, Block 13 Lane's Second Addition and the North Right-of-way line of 11th Street (Quincy Street); thence East on the South line of Lot 12, Block 13, Lane's Second Addition and the North Right-of-way line of 11th Street (Quincy Street) to the Southeast corner of Lot 12, Block 13 Lane's Second Addition; thence continuing East on the North Right-of-way line of 11th Street (Quincy Street) extended to the Southwest corner of University Park (Northeast corner of 11th Street (Quincy Street) and Indiana Street); thence South on the East Right-of-way line of Indiana Street projected North from Block 15, Lane's Second Addition to the Northwest corner of Lot 6, Block 15, Lane's Second Addition; thence South on the East Right-of-way line of Indiana Street to the Southwest corner of Lot 4, Block 15, Lane's Second Addition and the Northwest corner of Lot 12, Block 2, Oread Addition; thence continuing South on the East Right-of-way line of Indiana Street to the Northwest corner of the South 60 feet of Lot 9, Block 2, Oread Addition; thence East on the North line of the South 60 feet of Lot 9, Block 2, Oread

Addition to the Northeast corner of the South 60 feet of Lot 9, Block 2, Oread Addition; thence South on the East line of Lots 9, 8, and 7, Block 2, Oread Addition to the Southeast corner of Lot 7, Block 2, Oread addition and the North Right-of-way line of 12th Street (Hancock Street); thence East on the North Right-of-way line of 12th Street (Hancock Street) to the Southeast corner of Lot 6, Block 2, Oread Addition; thence continuing East on the North Right-of-way line of 12th Street (Hancock Street) extended to the Centerline of Louisiana Street; thence South on the Centerline of Louisiana Street to the Point of Beginning; Containing 7.84 Acres more or less all in the City of Lawrence, Douglas County, Kansas.

And the following additional property described as follows:

Plate U04543B, Twenty Four Company, LC, South 55 feet of Lot 3, North 65 feet of Lot 4, North 40 feet of Lot 9, and the South 55 feet of Lot 10, all in Block 2, in Oread Addition.

Including any and all rights-of-way and public easements adjacent to the above described property."

Exhibit B: Ordinance No. 8234

ORDINANCE NO. 8234

AN ORDINANCE OF THE GOVERNING BODY OF THE CITY OF LAWRENCE, KANSAS MAKING FINDINGS AND ESTABLISHING A REDEVELOPMENT DISTRICT PURSUANT TO K.S.A. 12-1770 ET SEQ., AND AMENDMENTS THERETO.

WHEREAS, pursuant to the provisions of K.S.A. 12-1770 et seq., as amended (the "Act"), the City of Lawrence, Kansas (the "City") is authorized to establish redevelopment districts within a defined area of the City which is found by the City to be a conservation area, and is therefore an "eligible area" as said term is defined in the Act; and

WHEREAS, the Governing Body adopted Resolution No. 6749 on January 8, 2008 calling for a public hearing considering the establishment of a redevelopment district to be held by the Governing Body on February 12, 2008; and

WHEREAS, notice of the public hearing was given as required by the Act; and

WHEREAS, the public hearing was held on February 12, 2008 and closed on the same day; and

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF LAWRENCE, KANSAS:

SECTION 1. The Governing Body hereby finds that the real property described in **Exhibits A and B** (the "Redevelopment District") attached hereto is an eligible area for being designated as a redevelopment district pursuant to the Act because the real property is hereby found by the City to be a conservation area based on the determination by the City that:

(a) the Redevelopment District comprises less than 15% of the land area of the City;
(b) 50% or more of the structures in the Redevelopment District are at least 35 years old; and
(c) the Redevelopment District is not yet blighted, but may become blighted due to: (i) the existence of dilapidated and deteriorated structures, (ii) the presence of structures below minimum code standards and (iii) inadequate utilities and infrastructure.

SECTION 2. The Governing Body hereby finds that the conservation, development or redevelopment of the Redevelopment District is necessary to promote the general and economic welfare of the City.

SECTION 3. The Governing Body hereby establishes the Redevelopment District, which shall include One project area, all depicted on the map attached hereto as **Exhibit A**. The district plan is hereby approved, and consists of buildings and facilities to be constructed within the One project area, generally described as follows:

A multi-use structure consisting of approximately 106 rooms and associated commercial spaces. These rooms include approximately 92 hotel rooms and extended stay suites, and approximately 14 condominiums. The structure will include ancillary uses such as meeting and conference rooms, banquet rooms, restaurant space, and bar space. Additional commercial uses may consist of a bank, retail stores, and other similar

commercial uses allowed by the City of Lawrence. The structure will consist of approximately 116,000 square feet. The structure shall include an underground parking facility consisting of approximately 200 spaces. The redevelopment will also include public infrastructure improvements including without limitation improvements to Oread Avenue, 12th Street, Indiana Street, pedestrian access, utilities, landscaping, and other related improvements.

SECTION 4. Severability. If any section, clause, sentence, or phrase of this ordinance is found to be unconstitutional or is otherwise held invalid by any court of competent jurisdiction, it shall not affect the validity of any remaining parts of this ordinance.

SECTION 5. This Ordinance shall take effect and be in force from and after its passage and publication as provided by law.

PASSED by the Governing Body this FEBRUARY 19, 2008.

SIGNED by the Mayor this FEBRUARY 19, 2008.

Sue Hack

Sue Hack, Mayor

(SEAL)

Frank S. Reeb, City Clerk

APPROVED AS TO FORM AND LEGALITY:

Toni Ramirez Wheeler, Director of Legal Services

EXHIBIT A

MAP OF REDEVELOPMENT DISTRICT AND PROJECT AREA

12th and Oread TIF Redevelopment District Boundary

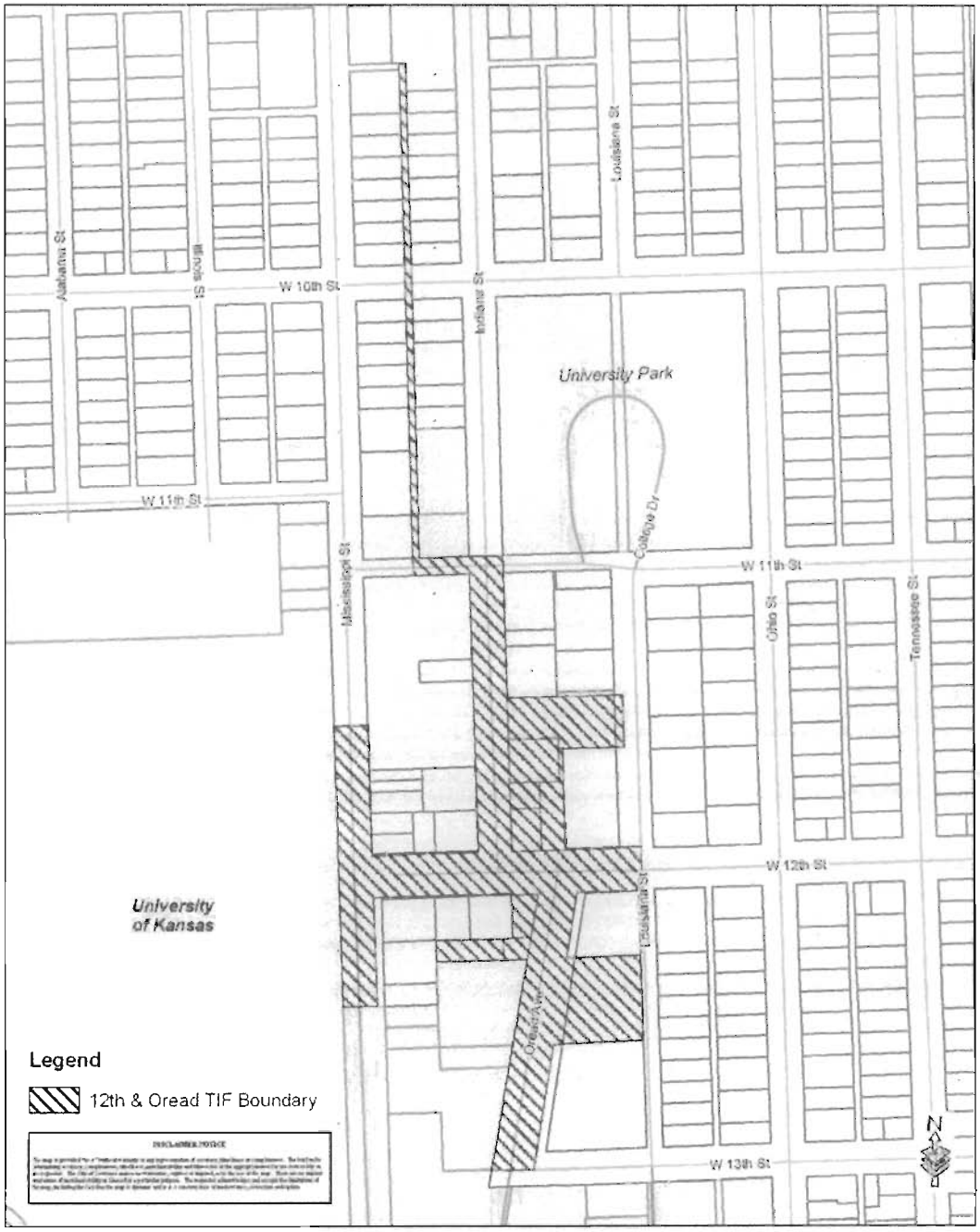

EXHIBIT B

LEGAL DESCRIPTION OF REDEVELOPMENT DISTRICT

Beginning at the Intersection of the Centerline of Louisiana Street and the South Right-of-way line of West 12th Street (Hancock Street) in the Southeast Quarter (SE ¼) of Section 36, Township 12 South, Range 19 East of the Sixth Principal Meridian in the City of Lawrence, Douglas County, Kansas; thence West on the South Right-of-way line of West 12th Street (Hancock Street) extended to the Northeast Corner of Lot 1, Block 3, Oread Addition; thence continuing West on the South Right-of-way line of said West 12th Street (Hancock Street) to the Northwest corner of Lot 1, Block 3, Oread Addition; thence in a Southwesterly direction on the East Right-of-way line of Oread Avenue to the Northwest corner of the South One-half (S ½) of Lot 2, Block 3, Oread Addition; thence East on the North line of the South one-half (S ½) of said Lot 2 to the Northeast corner of the South One-half (S ½) of said Lot 2; thence South on the East line of said Block 3 Oread Addition to the Southeast corner of the North One-half (N ½) of Lot 4, Block 3 of Oread Addition; thence West on the South line of the North One-half (N ½) of Lot 4, Block 3 of Oread Addition to the Southwest corner of the North One-half (N ½) of Lot 4, Block 3 of Oread Addition and the East Right-of-way line of Oread Avenue; thence in a Southwesterly direction on the East Right-of-way line of Oread Avenue to the Southwest corner of Lot 6, of Oread Heights Addition, A Subdivision of Block 3, Oread Addition; thence continuing in a Southwesterly direction on the East Right-of-way line of Oread Avenue extended to the Centerline of 13th Street (Lee Street); thence West on the Centerline of said 13th Street (Lee Street) to the West Right-of-way line of Oread Avenue; thence in a Northeasterly direction on the West Right-of-way line of Oread Avenue to the Southeast corner of the North One-half (N ½) of Lot 2, Block 8 of Oread Addition; thence West on the South line of the North One-half (N ½) of Lot 2, Block 8 of Oread Addition to the Southwest corner of North One-half (N ½) of Lot 2, Block 8 of Oread Addition; thence North on the West line of the North One-half (N ½) of Lot 2, Block 8 of Oread Addition to the Southwest corner of Lot 1, Block 8 of Oread Addition; thence East on the South line of Lot 1, Block 8 of Oread Addition 180 feet; thence North parallel with the West line of Lot 1, Block 8 of Oread Addition to the South Right-of-way line of 12th Street (Hancock Street); thence West on the South Right-of-way line of 12th Street (Hancock Street) to the Northwest corner of Lot 12, Block 8 of Oread Addition and the East Right-of-way line of Mississippi Street; thence South on the East Right-of-way line of Mississippi Street to the Southwest

corner of the North One-half (N ½) of Lot 10, Block 8 of Oread Addition; thence West on the South line of the North One-half (N ½) of Lot 10, Block 8 of Oread Addition projected West, to the West Right-of-way line of Mississippi Street; thence North on the West Right-of-way line of Mississippi Street to the intersection of the North line of Lot 9, Block 9 of Oread Addition projected West; thence East on the North line of Lot 9, Block 9 of Oread Addition extended, to the Northwest corner of Lot 9, Block 9 of Oread Addition and the East Right-of-way line of Mississippi Street; thence South on the East Right-of-way line of Mississippi Street to the Southwest corner of Lot 7, Block 9 Oread Addition, and the North Right-of-way line of 12th Street (Hancock Street); thence East on the North Right-of-way line of 12th Street (Hancock Street) to the Southeast corner of Lot 6, Block 9 of Oread Addition and the West Right-of-way line of Indiana Street; thence North on the West Right-of-way line of Indiana Street to the Northeast corner of Lot 1, Block 9 of Oread Addition and the Southeast corner of Lot 3, Block 14, Lane's Second Addition; thence continuing North on the West Right-of-way line of Indiana Street to the Northeast corner of Lot 1, Block 14, Lane's Second Addition and the South Right-of-way line of 11th Street (Quincy Street); thence West on the South Right-of-way line of 11th Street (Quincy Street) to the intersection of the East line of Lots 13 thru 24, Block 13, Lane's Second Addition projected South; thence North on the East line of Lots 13 thru 24, Block 13, Lane's Second Addition extended, to the Southeast corner of Lot 13, Block 13, Lane's Second Addition and the North Right-of-way line of 11th Street (Quincy Street); thence North on the East line of Lots 13 thru 24, Block 13, Lane's Second Addition to the Northeast corner of Lot 24, Block 13, Lane's Second Addition and the South Right-of-way line of 10th Street (Berkeley Street); thence continuing North on the East line of Lots 13 thru 24, Block 13, Lane's Second Addition projected North to the Southeast corner of Lot 15, Block 11 Lane's Second Addition; thence North on the East line of Lots 15 thru 23, Block 11, Lane's Second Addition to the Northeast corner of Lot 23, Block 11, Lane's Second Addition; thence North on the East line of Lots 15 thru 23, Block 11, Lane's Second Addition projected North, to the South line of Lot 3, Block 11, Lane's Second Addition; thence East on the South line of Lot 3, Block 11, Lane's Second Addition to the intersection of the West line of Lots 6 thru 14, Block 11, Lane's Second Addition projected North; thence South on the West line of Lots 6 thru 14, Block 11, Lane's Second Addition extended, to the Northwest corner of Lot 6, Block 11, Lane's Second Addition; thence South on the West line of Lots 6 thru 14, Block 11, Lane's Second Addition to the Southwest corner of Lot 14, Block 11, Lane's Second Addition and the North Right-of-way line of 10th Street (Berkeley Street); thence South on the West line

of Lots 6 thru 14, Block 11, Lane's Second Addition extended, to the Northwest corner of Lot 1, Block 13, Lane's Second Addition, and the South Right-of-way line of 10th Street (Berkeley Street); thence South on the West line of Lots 1 thru 12, Block 13, Lane's Second Addition to the Southwest corner of Lot 12, Block 13 Lane's Second Addition and the North Right-of-way line of 11th Street (Quincy Street); thence East on the South line of Lot 12, Block 13, Lane's Second Addition and the North Right-of-way line of 11th Street (Quincy Street) to the Southeast corner of Lot 12, Block 13 Lane's Second Addition; thence continuing East on the North Right-of-way line of 11th Street (Quincy Street) extended to the Southwest corner of University Park (Northeast corner of 11th Street (Quincy Street) and Indiana Street); thence South on the East Right-of-way line of Indiana Street projected North from Block 15, Lane's Second Addition to the Northwest corner of Lot 6, Block 15, Lane's Second Addition; thence South on the East Right-of-way line of Indiana Street to the Southwest corner of Lot 4, Block 15, Lane's Second Addition and the Northwest corner of Lot 12, Block 2, Oread Addition; thence continuing South on the East Right-of-way line of Indiana Street to the Northwest corner of the South 55 feet of Lot 10, Block 2, Oread Addition; thence East on the North line of the South 55 feet of Lot 10, Block 2, Oread Addition to the Northeast corner of the South 55 feet of Lot 10, Block 2, Oread Addition and the Northwest corner of the South 55 feet of Lot 3, Block 2, Oread Addition; thence continuing East on the North line of the South 55 feet of Lot 3, Block 2, Oread Addition to the Northeast corner of the South 55 feet of Lot 3, Block 2, Oread Addition; thence South on the East line of Lots 3, and 4, Block 2, Oread Addition to the Southeast corner of the North 65 feet of Lot 4, Block 2, Oread Addition; thence West on the South line of the North 65 feet of Lot 4, Block 2, Oread Addition to the Southwest corner of the North 65 feet of Lot 4, Block 2 Oread Addition and the East line of Lots 9, 8, and 7, Block 2, Oread Addition; thence South on the East line of Lots 9, 8 and 7, Block 2, Oread Addition to the Southeast corner of Lot 7, Block 2, Oread Addition and the North Right-of-way line of 12th Street (Hancock Street); thence East on the North Right-of-way line of 12th Street (Hancock Street) to the Southeast corner of Lot 6, Block 2, Oread Addition; thence continuing East on the North Right-of-way line of 12th Street (Hancock Street) extended to the Centerline of Louisiana Street; thence South on the Centerline of Louisiana Street to the Point of Beginning; Containing 8.51 Acres more or less all in the City of Lawrence, Douglas County, Kansas.

Exhibit C: Illustration of TIF District Area

12th and Oread TIF Redevelopment District Boundary

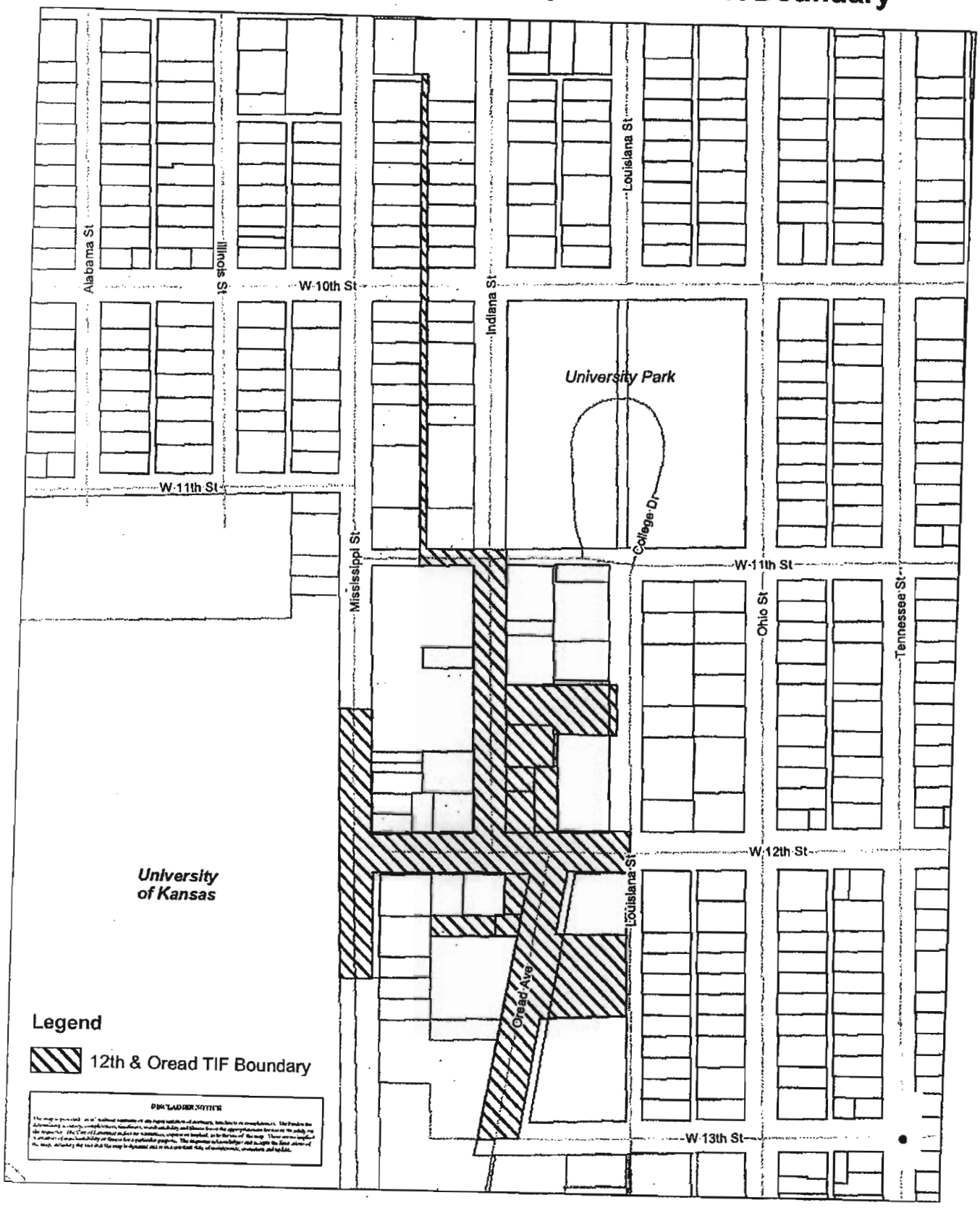

Exhibit D: Illustration and Description of TIF Project Buildings and Structures

WEST ELEVATION
1" = 20'-0"

A NEW MIXED-USE BUILDING FOR:
OREAD CIRCLE HOTEL
12TH & INDIANA
LAWRENCE, KANSAS

DEVELOPMENT PLAN FINAL SUBMITTAL

paulwerner ARCHITECTS

NSPJ
NEARING STAATS PEELOGAR & JONES AIA CHARTERED
ARCHITECTS

2

EAST ELEVATION
1"= 20'-0"

NSPJ
NEARING STAATS PREGGAR & JONES AIA CHARTERED
ARCHITECTS

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ARCHITECTS

FINAL
DEVELOPMENT
PLAN
SUBMITTAL

A NEW MIXED-USE BUILDING FOR:
OREAD CIRCLE HOTEL
12TH & INDIANA
LAWRENCE, KANSAS

3

NORTH ELEVATION

1/16" = 20'-0"

4

A NEW MIXED-USE BUILDING FOR:

ORREAD CIRCLE HOTEL

12TH & INDIANA
LAWRENCE, KANSAS

paulwerner ARCHITECTS

NSPJ
NEARING STAATS PFEILSCHAR & JONES AIA CHARTERED
ARCHITECTS

DEVELOPMENT PLAN

Exhibit E: Pre-Design Public and Private Infrastructure Construction Cost Estimates

OREAD CIRCLE RE-DEVELOPMENT
THE OREAD
12th & INDIANA

THE OREAD INN
TIF / TDD COST ESTIMATES
11/19/07

A

Indiana Street	Qty	Unit	Unit Price	Extension
Street demo	15,000	sq ft	2.00	30,000.00
Street prep (grading / fly ash)	15,000	sq ft	3.00	45,000.00
Pavement 8" concrete	8,400	sq ft	8.25	69,300.00
Curb	300	ln ft	16.00	4,800.00
Approach 1 pavement	450	sq ft	25.00	11,250.00
Approach 1 curb	70	ln ft	16.00	1,120.00
Approach 2 pavement	450	sq ft	25.00	11,250.00
Approach 2 curb	70	ln ft	16.00	1,120.00
Accent sidewalk	60	ln ft	60.00	3,600.00
Sidewalk	310	ln ft	20.00	6,200.00
ADA ramps	7	ea	1,500.00	10,500.00
Emergency lane	3,150	sq ft	20.00	63,000.00
Engineering	1	ls	10%	25,714.00
Contingency	1	ls	15%	42,428.10
Total Indiana Street				$325,282.10

B

Oread Street	Qty	Unit	Unit Price	Extension
Street demo	24,000	sq ft	2.00	48,000.00
Street prep (grading / fly ash)	24,000	sq ft	3.00	72,000.00
Pavement 8" concrete	21,000	sq ft	8.25	173,250.00
Curb	1,500	ln ft	16.00	24,000.00
Approach 1 pavement	625	sq ft	25.00	15,625.00
Approach 1 curb	70	ln ft	16.00	1,120.00
Approach 2 pavement	625	sq ft	25.00	15,625.00
Approach 2 curb	70	ln ft	16.00	1,120.00
Accent sidewalk	60	ln ft	60.00	3,600.00
Sidewalk 1	600	ln ft	20.00	12,000.00
Sidewalk 2	600	ln ft	40.00	24,000.00
ADA ramps	10	ea	1,500.00	15,000.00
Pedestrian roundabout	1	ls	50,000.00	50,000.00
Vehicular roundabout	1	ls	150,000.00	150,000.00
Island roundabout streetscape	1	ls	50,000.00	50,000.00
Storm sewer	850	ln ft	100.00	85,000.00
Storm sewer	4	boxes	6,000.00	24,000.00
Engineering	1	ls	10%	76,434.00
Island roundabout streetscape	1	ls	15%	126,116.10
Total Oread Street				$966,890.10

C

12th Street	Qty	Unit	Unit Price	Extension
Street demo	39,600	sq ft	2.00	79,200.00
Street prep (grading / fly ash)	39,600	sq ft	3.00	118,800.00
Pavement 8" concrete	25,080	sq ft	8.25	206,910.00
Curb	1,200	ln ft	16.00	19,200.00
Approach	6000	sq ft	25.00	150,000.00
Accent sidewalk	300	ln ft	60.00	18,000.00
Sidewalk 1	110	ln ft	20.00	2,200.00
Sidewalk 2	200	ln ft	25.00	5,000.00
ADA ramps	11	ea	1,500.00	16,500.00
Truck access drive	2,000	sq ft	30.00	60,000.00
12th Street stairway	1	ls	50,000.00	50,000.00
Engineering	1	ls	10%	72,581.00
Contingency	1	ls	15%	119,758.65
Total 12th Street				$918,149.65

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THE OREAD INN
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D

Streetscape				
	Qty	Unit	Unit Price	Extension
Retaining walls	1	ls	75,000.00	75,000.00
City water tank	1	ls	75,000.00	75,000.00
Plantings	1	ls	140,000.00	140,000.00
Trees 4"-6"	120	ea	1,500.00	180,000.00
Irrigation	1	ls	100,000.00	100,000.00
12th St. existing island rehab	1	ls	15,000.00	15,000.00
Turf	1	ls	20,000.00	20,000.00
Benches	20	ea	2,000.00	40,000.00
Street lights	40	ea	3,000.00	120,000.00
Sculptures	1	ls	100,000.00	100,000.00
Pedestrian shelter	2	ea	30,000.00	60,000.00
Engineering	1	ls	10%	92,500.00
Contingency	1	ls	15%	152,625.00
Total Streetscape				$1,170,125.00

E

Water and Sanitary				
	Qty	Unit	Unit Price	Extension
8" pvc water line along Oread incl fittings, trenching, backfill, pavement repair, etc.	340	ln ft	150.00	51,000.00
8"x8" tapping sleeve and valve	1	ea	2,000.00	2,000.00
12"x12"x12" tee	1	ea	800.00	800.00
12" gate valve	2	ea	1,300.00	2,600.00
12"x12"x4" tee	1	ea	200.00	200.00
4" gate valve	1	ea	500.00	500.00
12"x12"x6" tee	1	ea	800.00	800.00
6" gate valve	1	ea	750.00	750.00
12"x12"x12" tapping sleeve and valve	1	ea	3,500.00	3,500.00
Fire hydrant assembly	2	ea	2,100.00	4,200.00
12"x8" reducer	1	ea	300.00	300.00
Lift station basement	1	ea	15,000.00	15,000.00
Repl casting/lid on MHSW361219-105	1	ls	400.00	400.00
Rehab of MHSW361219-105	7	vf	135.00	945.00
CIPP Install - Indiana 12th-11th 8"	594	lf	32.00	19,008.00
CIPP Install - Indiana 11th w to alley 8"	142	lf	32.00	4,544.00
CIPP Install - alley btw IN & MS 11th-8th 8"	1349	lf	32.00	43,168.00
Construct std manhole over existing SS (4'x6')	1	ea	2,500.00	2,500.00
Extra depth manhole (4' diam)	2	lf	120.00	240.00
8" SS pipe (S & W of MH)	20	lf	62.00	1,240.00
Connect to existing 8" VCP	2	ea	300.00	600.00
Remove / replace asphalt pavement	96	sf	5.25	504.00
Flowable mortar	18	cy	75.00	1,350.00
Traffic control	1	ls	500.00	500.00
Construct std manhole over existing SS (5'x6')	1	ea	3,000.00	3,000.00
Extra depth manhole (5' diam)	12	lf	140.00	1,680.00
Construct std manhole (4'x6')	1	ea	2,500.00	2,500.00
8" SS pipe	200	lf	62.00	12,400.00
Remove / replace concrete gutter	16	lf	28.00	448.00
Remove / replace concrete sidewalk	70	sf	12.00	840.00
Remove / replace asphalt pavement	180	sf	5.25	945.00
Flowable mortar	31	cy	75.00	2,325.00
Traffic control	1	ls	1,000.00	1,000.00
8" PVC - wat in along Oread (incl fittings, trenching, backfill, pavement repair, etc.)	750	lf	150.00	112,500.00

continued next page

OREAD CIRCLE RE-DEVELOPMENT
THE OREAD
12th & INDIANA

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E

Water and Sanitary, Cont'd:				
Flowable fill (for both main and services)	270	cy	80.00	21,600.00
Long service lines (including fittings)	150	lf	50.00	7,500.00
Reconnect existing services	4	ea	500.00	2,000.00
Fire hydrants	2	ea	2,100.00	4,200.00
6x6 MJ gate valve	1	ea	800.00	800.00
8x12 MJ gate valve	1	ea	1,000.00	1,000.00
Connect to existing water main	2	ea	1,000.00	2,000.00
Engineering	1	ls	10%	33,338.70
Contingency	1	ls	15%	66,008.86
City inspection	1	ls	3%	12,652.04
Total Water and Sanitary				$434,386.60

F

City Impact Fees				
	Qty	Unit	Unit Price	Extension
Water	1	ls	34,810.00	34,810.00
Sewer	1	ls	72,130.00	72,130.00
Tap Fees	1	ls	50,000.00	50,000.00
Permit Fees	1	ls	40,000.00	40,000.00
Total City Impact Fees				$196,940.00

G

Site Utilities				
	Qty	Unit	Unit Price	Extension
Electric / phone / cable	1	ls		150,000.00
Westar fee of $65,000 plus				
lab & equip for prep & installation				
Engineering	1	ls	10%	15,000.00
Contingency	1	ls	15%	24,750.00
Total Site Utilities				$189,750.00

H

Site Work				
	Qty	Unit	Unit Price	Extension
Garage excavation	40,000	cy	10.00	400,000.00
Demo	1	ls	140,000.00	140,000.00
Stabilization / shoring	1	ls	120,000.00	120,000.00
Engineering	1	ls	10%	66,000.00
Contingency	1	ls	15%	108,900.00
Total Site Work				$834,900.00

I

Parking Structure				
	Qty	Unit	Unit Price	Extension
Parking Structure	1	ls	6,000,000.00	6,000,000.00
Engineering	1	ls	10%	600,000.00
Total Parking Structure				$6,600,000.00

OREAD CIRCLE RE-DEVELOPMENT
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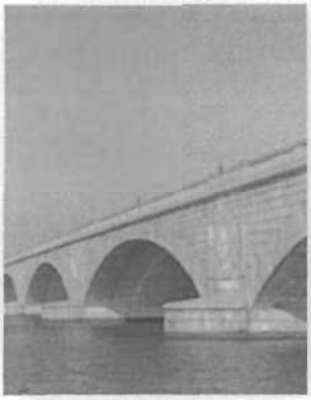
In Summary...

Public Street Improvements			
A	Indiana Street	325,282.10	
B	Oread Street	966,890.10	
C	12th Street	918,149.65	
D	Streetscape	1,170,125.00	
Total Public Street Improvements			**$3,380,446.85**
Public Water and Sanitary			
E	Water and Sanitary	434,386.60	
Total Public Water and Sanitary			**$434,386.60**
City Impact Fees			
F	City Impact Fees	196,940.00	
Total City Impact Fees			**$196,940.00**
Site Utilities			
G	Site Utilities	189,750.00	
Total Site Utilities			**$189,750.00**
Site Work			
H	Site Work	834,900.00	
Total Site Work			**$834,900.00**
Parking Structure			
I	Parking Structure	6,600,000.00	
Total Site Work			**$6,600,000.00**
Total TIF / TDD District Estimate			**$11,636,423.45**

Exhibit F: Feasibility Study



Redevelopment Project Financial Feasibility Study

For the Oread Project Within the 12th and Oread Redevelopment District

City of Lawrence, Kansas

Final Draft: February 7, 2008

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3 PROJECT DESCRIPTION 5

4 PROJECTED REVENUES (BENEFITS) 6

5 PROJECTED EXPENDITURES (COSTS) 9

6 CONCLUSIONS 10

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EXHIBIT III 17

Mission Statement

Springsted provides high quality, independent financial and management advisory services to public and non-profit organizations, and works with them in the long-term process of building their communities on a fiscally sound and well-managed basis.

1. Overview

Statutory Basis and Process

Sections 12-1770 through 12-1780 of the Kansas Statutes ("the Act") provide a means for cities to finance public development and redevelopment costs with incremental real estate taxes and other revenues. The purpose of the Act is to "promote, stimulate and develop the general and economic welfare of the State of Kansas and its communities and to assist in the development and redevelopment of eligible areas within and without a city thereby promoting the general welfare of the citizens of this state..."

A city may exercise the powers conferred under the Act provided that the governing body of the city has adopted a resolution finding that the specific area sought to be developed or redeveloped is an "eligible area" under the Act. In addition, the city must find that the conservation, development or redevelopment of such an area is necessary to promote the general economic welfare of the city.

The proposed redevelopment district boundaries are irregular and extend from 13th Street on the South to approximately 9th Street on the North and Mississippi on the West and Louisiana on the East. A map of the redevelopment district is attached hereto as Exhibit I.

The district plan for the proposed redevelopment district provides for the redevelopment district to include one project area, which is depicted on the map attached hereto as Exhibit I, fully encompassing the boundaries of the Redevelopment District. The buildings and facilities to be constructed within the one project area are generally described as a multi-use structure consisting of approximately 106 rooms and associated commercial spaces. These rooms include approximately 92 hotel rooms and extended stay suites, and approximately 14 condominiums. The structure will include ancillary uses such as meeting and conference rooms, banquet rooms, restaurant space, and bar space. Additional commercial uses may consist of a bank, retail stores, and other similar commercial uses allowed by the City of Lawrence. The structure will consist of approximately 116,000 square feet. The structure shall include an underground parking facility consisting of approximately 200 spaces. The redevelopment will also include public infrastructure improvements including without limitation improvements to Oread Avenue, 12th Street, pedestrian access, utilities, landscaping, and other related improvements.

On February 12, 2008, the governing body will open the Public Hearing to receive comment regarding the establishment of the Redevelopment District ("the District," see Exhibit I), adoption of the Ordinance No.___ occurred on _____. The general comprehensive plan for the District identifies the potential redevelopment project areas located within the District and the suitability of each such area for redevelopment (see below).

One or more redevelopment projects may be undertaken within each district. The Act requires all projects to be completed within 20 years from the date of the approval of a project plan, with the exception of environmental investigation and remediation projects which must be completed within 20 years from the date the City enters into a consent decree with the Kansas Department of Health and Environment or the U.S. Environmental Protection Agency.

For each redevelopment project undertaken within the District, a project plan ("the Project Plan") must be prepared in consultation with the City-County Planning Commission. The Project Plan must include the following:

1. A summary or copy of the Financial Feasibility Study (this document).
2. A reference to the District Plan for the District.
3. A description and map of the area to be redeveloped.
4. The Relocation Assistance Plan.
5. A detailed description of all buildings and facilities proposed to be constructed or improved.
6. Any other information the City deems necessary to advise the general public of the intent of the Project Plan.

The Feasibility Study

The Financial Feasibility Study will show that a) the Project's benefits, tax increment revenue, and other available revenues under K.S.A. 12-1774(a)(1) are expected to exceed or be sufficient to pay for all Project costs as defined by K.S.A. 12-1773, including the payment of principal and interest of debt used to finance the redevelopment project; and b) the effect, if any, the redevelopment project costs will have on any outstanding special obligation bonds payable from the revenues described in K.S.A. 12-1774(a)(1)(D).

The City is currently considering the establishment of the Oread Redevelopment Project ("the Project", see Exhibit I). Establishment of the Project is being considered to reimburse Triple T, LLC ("the Developer") for eligible costs associated with the redevelopment of the area into a multi-use hotel development consisting of approximately 92 rooms and 14 condominium units and accompanying retail uses, consisting of public roadway improvements and underground parking.

The Developer has requested that the City provide tax increment financing (TIF) assistance through pay-as-you-go financing. The City will determine the total size of the financing based solely on the property and sales tax increment generated by the Project (Hotel project property and sales tax increment and inflationary property tax increment from other properties within the Redevelopment Project boundaries).

In a separate but related matter, the Developer has also requested City authorization to establish a Transportation Development District to assist in

financing the construction of the public infrastructure and underground parking garage through a specially levied sales tax. The boundaries of the proposed Transportation Development District will be only those occupied by the hotel project.

2. General Description of Tax Increment

Tax increment financing for the Project will use both property and sales tax revenues.

Tax increment financing involves the creation of an increment (increase over a base value) in the real estate taxes that are generated from a defined geographic area of a community. Upon establishment of a redevelopment district, the total assessed valuation of all taxable real estate within the district is determined. This valuation is referred to as the district's "Base Year Assessed Valuation." Property taxes attributable to the district's Base Year Assessed Valuation are annually collected and distributed by the county treasurer to the appropriate city, county, school district and all other applicable taxing jurisdictions in the same manner as other property taxes.

As new development occurs within the redevelopment district, the total assessed valuation of the district in any given year will presumably exceed its Base Year Assessed Valuation. Tax increment means that amount of real property taxes collected from real property located within the redevelopment district that is in excess of the amount of real property taxes which is collected from the base year assessed valuation. All tax increment is collected by the county and distributed to the city to be deposited in a "special fund."

Tax increment funds may only be used to pay for specified eligible project costs, including principal and interest on debt used, in whole or in part, to finance projects within a redevelopment district. Such debt includes notes, special obligation bonds, full faith and credit tax increment bonds, and other debt instruments. Tax increment also may be paid to a developer/owner over time as reimbursement for eligible costs incurred up-front. This payment mechanism is commonly referred to as pay-as-you-go financing and may include not only the principal amount of such costs but also all or a portion of the interest accrued thereon.

The City is responsible for determining the amount of sales taxes allocated to the Oread Redevelopment Project each year based on the Redevelopment Plan. The City intends to capture all sales taxes generated by the taxpayers doing business within the boundaries of the Project area attributable to the taxes levied by the City and the County. The City does not anticipate any additional sales taxes generated by properties within the Project area aside from the Hotel project. If a substantial change occurs to the additional properties, the City would consider amending the Project Plan to capture these unforeseen revenues.

3. Project Description

The Oread Project (the "Project") consists of 4 parcels of land located on the northeast side of the intersection of Indiana Street and 12th Street, west of Oread Avenue to be redeveloped into the Hotel project and 4 parcels located along Oread Avenue to remain unchanged including a City-owned parcel exempt from taxation. Two of the Project parcels are classified as commercial and have a statutory property classification rate of 25.0%; five of the Project parcels are classified as residential and have a statutory property classification rate of 11.5%, and the remaining parcel is City-owned and exempt from taxation. The Developer owns 100% of the 4 parcels to be developed for the Hotel. The Developer will demolish all existing structures and redevelop the site into a multi-use hotel complex with underground parking. The Project will include an estimated 92 hotel rooms and 14 condominium units.

The total Base Year Assessed Valuation of the Project as assessed in 2008 for taxes payable in 2008/2009, is estimated at $559,075, based on the 2007 assessment (see Exhibit II for individual parcel details).

Based on development plans provided by the Developer, Springsted has estimated the Project's total fair market value upon completion in 2009 (assessed January 1, 2010) at $14,267,160, and the total assessed value at $2,506,733. The property tax increment generated in any given year will be determined by the Project's increase in Current Assessed Valuation over its Base Year Assessed Valuation (as of January 1, 2008).

Based on projected sales activity provided by the Developer, Springsted has estimated the Project's total taxable sales at $3,815,000 by 2011. The sales tax increment generated in any given year will be determined by the City and be equal to the amount generated by the taxpayers doing business within the boundaries of the Project, projected to include the Hotel operations only.

4. Projected Revenues (Benefits)

Tax Increment Revenue

Increased Assessed Value

The City has the ability to use up to 100% of the property tax increment generated by the Project based on its increase in Current Assessed Valuation over its Base Year Assessed Valuation, as is illustrated below for the Project at full assessment in 2010.

Projected Total Fair Market Value (1/1/2010)	Class/Rate	Projected Total Assessed Value (1/1/2010)
$6,440,000	CU/25.00%	1,610,000
$7,776,930	RES/11.50%	896,733
$50,230	EQ/0.0%	0
	Original Assessed Value	(559,075)
	Increased Assessed Value	1,947,658

The City estimates that the Total Assessed Value of the Project will increase at approximately 1.0% annually over the life of the Project (including properties not included in the Hotel project). Exhibit II (Assumptions Report) details many of the assumptions used in the projection of values and tax increments from the Project. Column 10 in Exhibit III (Projected Property and Sales Tax Increment & TDD) shows the projected Increased Assessed Valuation of the Project over its maximum duration.

Property Tax Rates

In order to determine the amount of tax increment generated by the Project in any given year, the Increased Assessed Value of the Project must be multiplied by the sum of the tax rates for all TIF-applicable tax authorities for that year. For taxes levied in 2007 and payable in 2007/2008, this total TIF-applicable rate is 94.344 mills. We assume this rate remains fixed through-out the term of the District.

Jurisdiction	Mill Rate (2007/2008)
City of Lawrence	26.787
Douglas County	29.995
497 Lawrence S/D	37.562
Total	94.344

Projected Property Tax Increment

The projected tax increment generated by the Project over a 20-year period is shown in column 13 of Exhibit III (Projected Property and Sales Tax Increment & TDD). If approved by the City in April, 2008, the Project would be eligible to receive increment in 2009/2010 through the first-half 2027/2028 collection. The tax increment projections are based on Base Year assessed valuations, increased assessed valuations, and tax rates as previously discussed. It is assumed in all years of the report that 100% of property taxes are paid when due. The total property tax increments projected for the Project are $3,511,913.

Projected Sales Tax Increment

The Project is also eligible to receive sales tax generated within the District. The City currently levies a 1.0% sales tax and the County also levies a 1% sales tax. The City intends to collect all City and County sales taxes generated by taxpayers doing business in the Project area, projected to include the Hotel operations only, to pay for redevelopment project costs, including the payment of debt service. The County will need to separately approve the collection of the sales tax revenue for the Project.

The Developer projects initial year annual sales of $5,450,000 from the hotel and associated uses. Springsted projects that up to 30% of the sale revenue may be exempt from taxation per Kansas Statute. Therefore, the estimated annual taxable sales are 70% of the above figure or $3,815,000.

Based on a 2% applicable sales tax rate (City and County) the stabilized annual sales tax revenue projected is $76,300. The Developer expects total and taxable sales to increase by 1.0% annually for the term of the project resulting in total projected sales tax revenue over the term of the Project of $1,489,873 (see column 15 of Exhibit III – Projected Property and Sales Tax Increment & TDD for further details).

The combination of property and sales tax increment projected for the 20-year period starting from Project approval is estimated to be $5,001,787.

Projected TDD Sales Tax Revenues

As stated earlier, the Developer is requesting the establishment of a Transportation Development District imposing a 1.0% sales tax to defer the costs of the underground parking garage. The revenue projected from the sales tax is estimated at $917,095 over the maximum 22-year collection period.

Developer Revenue

The Developer will fund the total anticipated cost of the project of $37,000,000 up front. The expected funding will be comprised of $21,000,000 of private debt and $16,000,000 of equity.

City Administration

At this time, the City does not anticipate retaining tax increment for administrative and capital expenditures outside of the Project.

5. Projected Expenditures (Costs)

Based on current projections, the City and Developer estimate the total cost of the public infrastructure improvements are $5,000,000 and an additional $6,000,000 for the parking garage. The Developer will finance the entire projected cost of $11,000,000 and request reimbursement from TIF/TDD revenue, including interest expenditures. The total projected TIF/TDD expenditures are $11,000,000 plus interest expenditures.

However, the projected TIF/TDD revenue is insufficient to cover this total cost and the Developer will only be reimbursed up to the revenue collected during the statutory term of the Project and TDD, subject to limitations described below. There will be no obligation on the part of the City to contribute any shortfalls required neither to finance the total $11,000,000 construction cost nor to reimburse for interest expenditures.

Based on current projections, the City has the ability to expend a maximum of $5,001,787 in Project property and sales tax increment to assist the Project. The Developer has requested the City pledge property and sales tax increment generated from the Project to reimburse them for the total cost of the public infrastructure improvements and construction of the parking garage estimated at a total $11,000,000 cost, plus interest expense. Additional funds are projected to be available through the proposed establishment of a Transportation Development District levying a 1% sales tax (totaling $917,095).

The City proposes to execute a Redevelopment Agreement outlining a pledge of 100% of the property and sales tax increment generated by the Project, up to an amount necessary to reimburse the Developer for $7,100,000 of construction costs, plus interest expense (the interest reimbursed cannot exceed such amount based on prime plus 1.0%). If this cap is reached, only 50% of TIF revenue then generated would be paid to the Developer for total reimbursement of up to the $11M total cost, plus interest, for construction of the public improvements and parking garage (less any amounts paid for with TDD revenues).The other 50% of the TIF revenue would be returned to the taxing jurisdictions. The pledge will continue until approximately April, 2028, the Project's required termination date.

Although the City does not anticipate issuing tax increment bonds, if a request is made, the City will not pledge its full faith and credit (general obligation) to the payment of any such tax increment bonds.

6. Conclusions

The Act requires that the Financial Feasibility Study demonstrate that the Project's benefits and other available revenues are expected to equal or exceed all Project costs.

The project benefits can be described in two forms: a) the amount of total revenues and other contributions received over the 20 year term of the Project; and b) the amount of project costs which can be financed by the revenues received over the applicable term. This second category represents the amount of bonds issued supported by the future revenues plus the other financial contributions. The Project Costs are here defined as the TIF/TDD eligible expenditures budgeted to complete the Project and are estimated to total $11,000,000, plus interest expenditures.

As to the total future revenues and other contributions, the available TIF revenues of the Project through the first-half 2027/2028 collection are expected to be $5,001,787, and the available TDD revenues of the Project through 2031 are expected to be $917,095 (combined revenue of $5,918,882). The Developer is requesting $11,000,000, plus interest over the statutory period, the estimated revenue falls short of this request. Therefore, the Developer contributions are expected to be in excess of $5,081,118 to complete the public infrastructure and parking garage (the TIF/TDD eligible project cost), exclusive of any financing costs related to debt issued to initially construct the project.

Given the assumptions and representations of the various parties to the process, this feasibility study concludes that the project benefits which include projected TIF/TDD revenue and Developer contributions of at least $5,081,118 are sufficient to pay the project costs.

The Act also requires a determination of the effect the redevelopment project will have on any outstanding bonds supported by local transient guest and local sales and use taxes. The proposed Redevelopment Project area does not currently generate any sale or use taxes and therefore the approval of the collection of sales taxes within the Project area does not have any effect on any outstanding obligations.

EXHIBIT I
MAP OF PROPOSED REDEVELOPMENT DISTRICT & PROJECT

12th and Oread TIF Redevelopment District Boundary

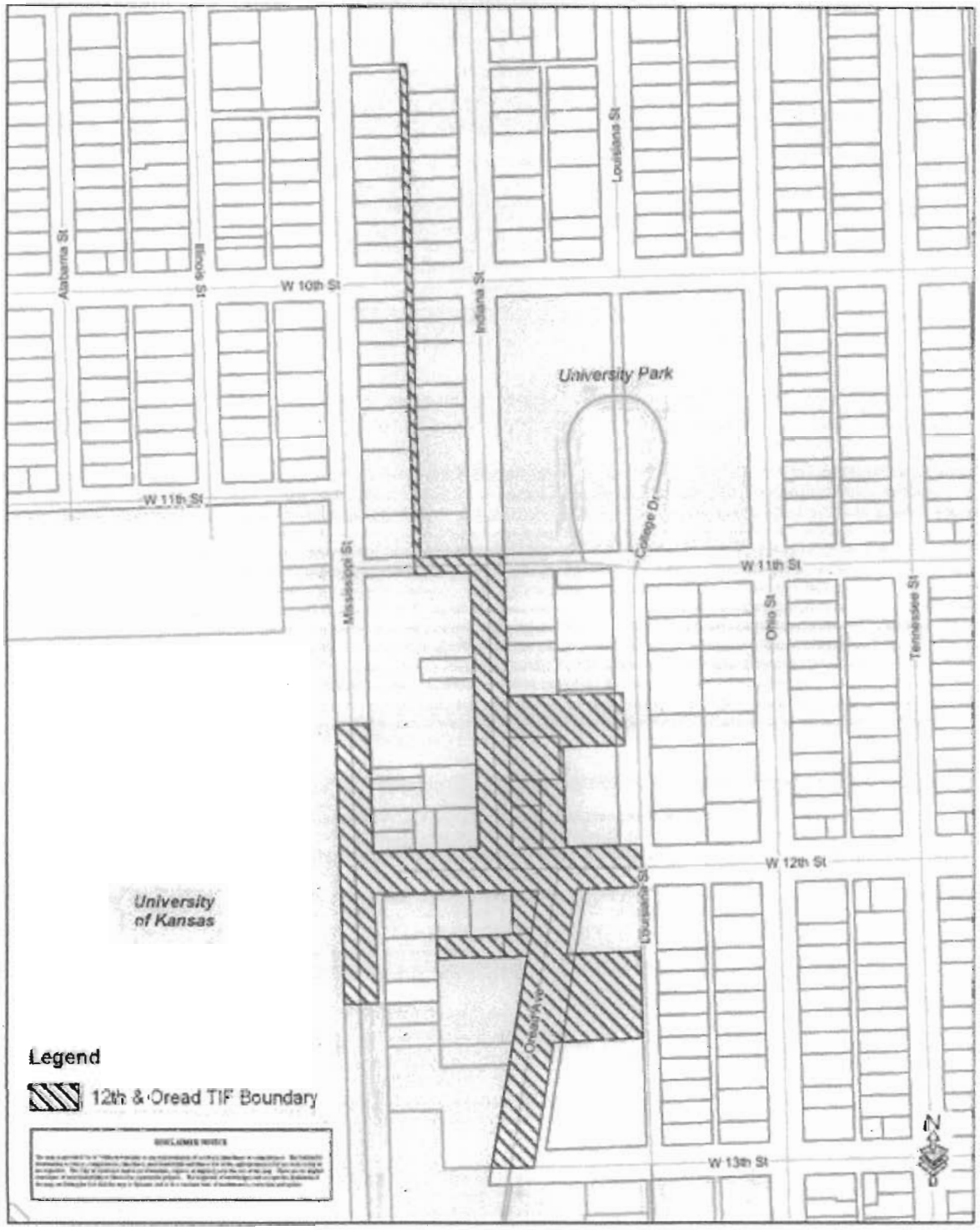

Exhibit II
TIF District and Redevelopment Project Assumptions

City of Lawrence, Kansas
Redevelopment Tax Increment Financing District
Oread TIF Project

Original Assessed Value (1/1/08)		559,075
		1/1/07 value, as 1/1/08 has not been set
2007/08 Mill Rates	Total	TIF Applicable
State of Kansas	1.500	0.000
Douglas County	29.995	29.995
City of Lawrence	26.787	26.787
497 Lawrence S/D	28.358	28.358
497 Lawrence S/D-Gen	20.000	0.000
497 Lawrence S/D-Bond	9.204	9.204
Total	115.844	94.344
		Assume fixed rate

Property TIF Inflation Rate:	1.00%
Sales Tax Inflation Rate:	1.00%

City of Lawrence, Kansas
Redevelopment Tax Increment Financing District
Oread TIF Project

Assess 2007

Property Owner	Address	Parcel ID	2007 Appraised Land	2007 Appraised Building	2007 Appraised Total	2007 Assessed Land	2007 Assessed Building	2007 Assessed Total	Class
Triple T LLC	1140 Indiana St	023-067-36-0-40-03-004.03-0	212,500	465,180	677,680	24,435	53,495	77,930	RU
Triple T LLC	1142 Indiana St	023-067-36-0-40-03-004.02-0	44,220	420,780	465,000	5,085	48,390	53,475	RU
Triple T LLC	1144 Indiana St	023-067-36-0-40-03-005.00-0	182,400	267,600	450,000	45,600	66,900	112,500	CU
Triple T LLC	618-20 W 12th St	023-067-36-0-40-03-006.02-0	141,120	164,180	305,300	35,280	41,045	76,325	CU
24 Company LC	*1121 Louisiana*	*023-067-36-0-40-03-008.00-0*	*316,620*	*1,046,580*	*1,363,200*	*36,410*	*120,355*	*156,765*	*RU*
Oread Apartment Co	*1201-03-05 Oread Ave*	*023-067-36-0-40-06-001.02-0*	*131,950*	*315,150*	*447,100*	*15,175*	*36,240*	*51,415*	*RU*
Triple T LLC	*1209-11 Oread Ave*	*023-067-36-0-40-06-001.04-0*	*44,470*	*222,160*	*266,630*	*5,115*	*25,550*	*30,665*	*RU*
City of Lawrence	*1200 Block #2 Louisiana*	*023-067-36-0-40-04-002.00-0*	*47,180*	*3,050*	*50,230*	-	-	-	*EX*
		Totals	**1,120,460**	**2,904,680**	**4,025,140**	**110,400**	**391,975**	**559,075**	
		Estimated Assess 2008 Values	**1,120,460**	**2,904,680**	**4,025,140**	**110,400**	**391,975**	**559,075**	
		(Base Year of Redevelopment TIF District)			Total Appraised Value			Total Assessed Value	
		Total of Redeveloped Properties	***580,240***	***1,317,740***	***1,897,980***	***110,400***	***209,830***	***320,230***	
		Inflationary Increase Only	***540,220***	***1,586,940***	***2,127,160***	***0***	***182,145***	***238,845***	

City of Lawrence, Kansas
Redevelopment Tax Increment Financing District
Oread TIF Project

Property Tax Increment

Base and Current Values	Appraised	Assessed			
Base - Assess January 1, 2007	4,025,140	559,075			
Est. Base - Assess January 1, 2008	4,025,140	559,075			
Assessment Rate:	25.00%	11.50%	25.00%	11.50%/0.0%	

Project Components	Hotel Units	Condo Units	Retail/ Parking Uses	Existing	Total
	92 rooms	*14 units*			106
Estimated Square Footage	90,000	18,000	included in	NA	
Estimated Appraised Value per Unit [1]	$70,000	$333	NA	NA	
Total Appraised Value [2]	6,440,000	5,700,000	included in	2,148,432	14,288,432
Total Assessed Value [3]	1,610,000	655,500	included in	241,233	2,506,733

New Development Appraised	Hotel Units	Condo Units	Retail/ Parking Uses	Existing
January 1, 2009	25%	25%	NA	100%
January 1, 2010 [4]	75%	75%	NA	101%
January 1, 2011	100%	100%	NA	102%

Estimated Appraised Value	Hotel Units	Condo Units	Retail/ Parking Uses	Existing	Total Appraised
January 1, 2009	1,610,000	1,425,000	included in	2,148,432	5,183,432
January 1, 2010	4,830,000	4,275,000	included in	2,169,916	11,274,916
January 1, 2011	6,440,000	5,700,000	included in	2,191,615	14,331,615

Estimated Assessed Value	Hotel Units	Condo Units	Retail/ Parking Uses	Existing	Total Assessed
January 1, 2009	402,500	163,875	included in	241,233	807,608
January 1, 2010	1,207,500	491,625	included in	243,646	1,942,771
January 1, 2011	1,610,000	655,500	included in	246,082	2,511,582

Tax Increment	Total Assessed	Original Assessed	Captured Assessed
Assess 2009/Distrib 2010	807,608	559,075	248,533
Assess 2010/Distrib 2011	1,942,771	559,075	1,383,696
Assess 2011/Distrib 2012	2,511,582	559,075	1,952,507

NOTES:

1) For estimating the hotel value we have used the value included in the HVS study dated November 19, 2007, at stabilization. For the condo uses we have estimated the value based on the projected base sales price of $333.33 per s.f. for a total of 18,000 s.f. We have not included any level of upgrades in the value that may be requested by the purchaser since the added value is unknown.

2) We have assumed the Appraiser's office will appraise the condo units at 95% of sale price.

3) The condominium use will result in residential classification. If the units are extended-stay rooms, the threshold between commercial and residential use is 30 consecutive days (any more and it is residential).

4) We have assumed full valuation will not occur until the year following opening, due to increased occupancy, etc.

City of Lawrence, Kansas
Redevelopment Tax Increment Financing District
Oread TIF Project

Sales Tax Assumptions for Sales Tax Increment and Transportation Development District (TDD) Sales Tax

Sales Tax Rates	
City of Lawrence	*1.00%*
Douglas County	*1.00%*
Total TIF Sales Tax	***2.00%***
TDD	1.00%

Base Information
Existing Project Sales Taxes: NA

Project Information

	Hotel Units	Condo Units	Retail/Parking Uses	Total
Estimated Annual Sales: [1]	5,450,000	NA	inc. in hotel	5,450,000
Locally Taxable Portion of Retail Sales: [2]	70.00%	NA	inc. in hotel	
Estimated Taxable Sales:	3,815,000	NA	inc. in hotel	3,815,000
Estimated TIF Sales Tax Rate:	**2.00%**	**NA**	**inc. in hotel**	
Estimated TDD Sales Tax Rate:	**1.00%**	**NA**	**inc. in hotel**	
Estimated Annual TIF Sales Tax Collections: (at stabilized occupancy and sales)	76,300	NA	inc. in hotel	76,300
Estimated Annual TDD Revenues: (at stabilized occupancy and sales)	38,150	NA	inc. in hotel	38,150

Sales Tax Collections:	Estimated % of Total	Estimated Taxable Sales	TIF Sales Tax	TDD Sales Tax
Taxes collected in 2010 [3]	80.00%	3,052,000	61,040	30,520
Taxes collected in 2011	100.00%	3,815,000	76,300	38,150

NOTES:
1) We have used the numbers presented by the Developer for total revenue from sales (but used a 60% occupancy for room revenue), and removed banquet room rental because it represents a non-taxable transaction.
2) We have assumed that only 70% of the sales will be taxable because of the targeted audience of University/College entities which are exempt from sales tax if paid for by the University/College.
3) We have assumed that the sales revenue is only 80% of projected occupancy in the first full year (80% of 60% or 48% occupied).

EXHIBIT III
PROJECTED PROPERTY TAX AND SALES TAX INCREMENT & TDD

City of Lawrence, Kansas
Redevelopment Tax Increment Financing District
Oread TIF Project
Projected Property Tax and Sales Tax Increment & TDD

TIF Year (1)	Assess & Tax Levy Year (2)	Tax Distrib. Year (3)	Total Assessed: Existing Properties (a) (4)	Total Assessed: Oread Project (b) (5)	Total Assessed: Total TIF Project (c) (6)	Original TIF Assessed Value (7)	Increased Assessed Value: Existing Properties (8)	Increased Assessed Value: Oread Project (9)	Increased Assessed Value: Total TIF Project (10)	Projected Property Tax Increment: Existing Properties (d) (11)	Projected Property Tax Increment: Oread Properties (d) (12)	Projected Property Tax Increment: Total TIF Properties (d) (13)	Projected Taxable Sales (e) (14)	Projected Sales Tax Increment (f) (15)	**Projected Total Increment (16)**	**Projected TDD Revenue (g) (17)**
0	2008	2009	238,845	320,230	559,075	559,075	0	0	0	0	0				**0**	
1	2009	2010	241,233	566,375	807,608	559,075	2,388	246,145	248,533	225	23,222	23,448	3,052,000	61,040	**84,488**	30,520
2	2010	2011	243,646	1,699,125	1,942,771	559,075	4,801	1,378,895	1,383,696	453	130,090	130,543	3,815,000	76,300	**206,843**	38,150
3	2011	2012	246,082	2,265,500	2,511,582	559,075	7,237	1,945,270	1,952,507	683	183,525	184,207	3,853,150	77,063	**261,270**	38,532
4	2012	2013	248,543	2,288,155	2,536,698	559,075	9,698	1,967,925	1,977,623	915	185,662	186,577	3,891,682	77,834	**264,411**	38,917
5	2013	2014	251,028	2,311,037	2,562,065	559,075	12,183	1,990,807	2,002,990	1,149	187,821	188,970	3,930,598	78,612	**267,582**	39,306
6	2014	2015	253,539	2,334,147	2,587,686	559,075	14,694	2,013,917	2,028,611	1,386	190,001	191,387	3,969,904	79,398	**270,785**	39,699
7	2015	2016	256,074	2,357,488	2,613,563	559,075	17,229	2,037,258	2,054,488	1,625	192,203	193,829	4,009,603	80,192	**274,021**	40,096
8	2016	2017	258,635	2,381,063	2,639,698	559,075	19,790	2,060,833	2,080,623	1,867	194,427	196,294	4,049,699	80,994	**277,288**	40,497
9	2017	2018	261,221	2,404,874	2,666,095	559,075	22,376	2,084,644	2,107,020	2,111	196,674	198,785	4,090,196	81,804	**280,589**	40,902
10	2018	2019	263,833	2,428,923	2,692,756	559,075	24,988	2,108,693	2,133,681	2,358	198,942	201,300	4,131,098	82,622	**283,922**	41,311
11	2019	2020	266,472	2,453,212	2,719,684	559,075	27,627	2,132,982	2,160,609	2,606	201,234	203,840	4,172,409	83,448	**287,289**	41,724
12	2020	2021	269,137	2,477,744	2,746,881	559,075	30,292	2,157,514	2,187,806	2,858	203,548	206,406	4,214,133	84,283	**290,689**	42,141
13	2021	2022	271,828	2,502,521	2,774,349	559,075	32,983	2,182,291	2,215,274	3,112	205,886	208,998	4,256,275	85,125	**294,123**	42,563
14	2022	2023	274,546	2,527,547	2,802,093	559,075	35,701	2,207,317	2,243,018	3,368	208,247	211,615	4,298,837	85,977	**297,592**	42,988
15	2023	2024	277,292	2,552,822	2,830,114	559,075	38,447	2,232,592	2,271,039	3,627	210,632	214,259	4,341,826	86,837	**301,095**	43,418
16	2024	2025	280,065	2,578,350	2,858,415	559,075	41,220	2,258,120	2,299,340	3,889	213,040	216,929	4,385,244	87,705	**304,634**	43,852
17	2025	2026	282,865	2,604,134	2,886,999	559,075	44,020	2,283,904	2,327,924	4,153	215,473	219,626	4,429,097	88,582	**308,208**	44,291
18	2026	2027	285,694	2,630,175	2,915,869	559,075	46,849	2,309,945	2,356,794	4,420	217,929	222,349	4,473,388	89,468	**311,817**	44,734
19	2027	2028	288,551	2,656,477	2,945,028	559,075	49,706	2,336,247	2,385,953	2,345	110,205	112,550	4,518,121	22,591	**135,141**	45,181
20	2028	2029	291,436	2,683,042	2,974,478	559,075	0	0	0	0	0	0	4,563,303	0	**0**	45,633
21	2029	2030	291,436	2,709,872	3,001,308	559,075	0	0	0	0	0	0	4,608,936	0	**0**	46,089
22	2030	2031	294,351	2,736,971	3,031,321	559,075	0	0	0	0	0	0	4,655,025	0	**0**	46,550
	Totals									**$43,151**	**$3,468,762**	**$3,511,913**		**$1,489,873**	**$5,001,787**	**$917,095**
															Combined Revenue	**5,918,882**

(a) Assumes the appraised value of the existing properties will increase at the projected 1% annual inflationary rate commencing in Levy Year 2009.

(b) Assumes Oread Project value will be assessed according to completion schedule on previous page, with inflation commencing in Levy Year 2012

(c) Combines the Existing and the Oread for the total assessed value of the TIF District.

(d) Assumes 100% collection of property taxes. Since TIF expenditures are limited to 20 years from City approval of Project estimated to occur April 1, 2008, final collection would be first-half 2027 collection, distributed to City in January 2028. Assume 2007/2008 Mill Levy Rate held flat.

(e) Assumes 70% of sales are taxable.

(f) Since TIF expenditures are limited to 20 years from City approval of Project estimated to occur April 1, 2008, revenue in assess 2027/pay 2028 is only the first three months.

(g) Assumes collection of TDD sales tax revenue for maximum term allowed, without bonds issued, the term is 22 years of collections (2010-2031).