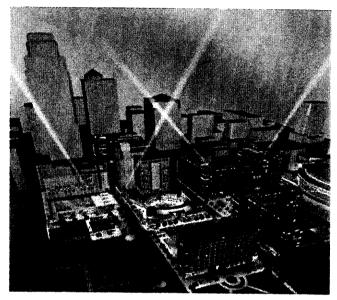
LOCAL AREA DEVELOPMENT

Historically, the Downtown urban core area has primarily been home to office, warehouse and light industrial land uses. Currently, this area is experiencing a renewed interest. There have been a number of recent projects which have positively impacted the area. These include:

Kansas City Live. A seven block entertainment district with the H & R Block World Headquarters serving as the anchor for the \$300+ million south loop area of downtown Kansas City, Missouri. H & R Block is proposing building 500,000 square foot world headquarters office building



for the block south of the old Jones Store between Main and Walnut Streets. It is anticipated that the new building will accommodate up to 1,800 employees. If all goes according to schedule, construction of the \$120 million headquarters is expected to begin July, 2004 with a completion by late 2006.

Arts Center (PAC). The PAC is an ambitious project planned for approximately 17.6 acres located in an area generally bound by 16th Street on the north, Wyandotte Street on the east, 17th Street on the south, and Broadway on the west. The \$300+ Million center will include a 2,200 seat performance



theater and a 1,800 seat concert hall encompassed within a 350,000 square feet building complex.

- Bartle Hall Expansion. The proposed 215,000 square feet expansion of the Bartle Hall facility will include a 40,000 square foot ballroom an outdoor plaza, and other meeting and conference facilities.
- Kansas City Club. An ongoing project converting the historic 15-story former Kansas City Club into 74 luxury apartments. The project includes the rehabilitation of the facility's reception and meeting rooms to modern conference facility standards.
- Union Station/Science City. Recently completed renovation and rehabilitation of the historic Union Station facility. The \$250+ Million project also included the addition of the Science City museum facility.

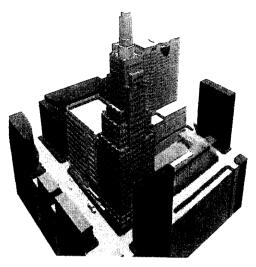
- Kansas City Star Newspaper expansion. A proposed 6.7 acre, \$200
 Million project now underway to update the KC Star print facility. The
 project entails a 430,000 square foot, multi-level building housing a
 dramatic glass-walled printing press operation, which would be visible to
 the public outside the facility.
- Western Auto Condominiums. The historic Western Auto Building is currently being converted into 162 residential condominium units. The \$30 Million project would provide units ranging from 900 to 1,400 square feet and selling for between \$179,000 and \$289,000. Presently, all units of the first phase (approximately 90) are sold and the developers are beginning Phase 2.
- Crown Center, 2555 Grand. Significant development has occurred on this
 new office building which was scheduled to open in February of 2004. The
 law office of Shook, Hardy & Bacon will be the anchor tenant of this
 600,000 square-foot, 24-story office tower. It is located at the northeast
 corner of 26th Street and Grand Boulevard. A new parking garage with a
 minimum capacity of 1,800 cars is being constructed east of the building to
 accommodate the tenants. To connect the new building with the shops,



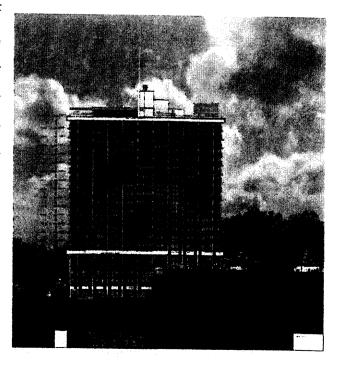
INITIATIVES INC.

restaurants, hotels, and entertainment facilities on the Crown Center complex, an enclosed walkway system will be constructed.

Power & Light Building Renovation. This multiple phase project involves the redevelopment and renovation of the historic Power & Light Building into Class A office space, the contemporaneous construction of a city-owned parking garage adjacent to the north and west, and the development and construction of a new 210,000 square feet Class A office building.



- Proposed IRS operations center. The proposed consolidation of regional IRS operations in the old post office located at 315 W. Pershing Road. The \$380 Million project could bring an estimated 6,000 federal jobs into the area, providing a financial boost for the Union Station area.
- Proposed redevelopment of the Vista Del Rio. The redevelopment of the former Vista Del Rio Apartment Building located 600 at Admiral proposes to convert the vacant and abandoned facility into approximately 160 for-sale condominium units. Renamed "The Views", the \$27 Million project will add approximately 160 ownership



BLIGHT ANALYSIS

As previously mentioned, blight is defined as follows:

"Blighted Area" shall mean an area which by reason of predominance of defective, or inadequate street layout, unsanitary or unsafe conditions, deterioration of the 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 public health, safety, morals or welfare in its present condition and use. (RSMo Sec. 100.310 (2)).

Additionally, Chapter 100 of the Revised Statues of Missouri defines redevelopment of "insanitary areas" and "underdeveloped industrial areas" as:

"Insanitary Area" shall mean an area in which there is a predominance of buildings and improvements which by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open space, high density of population and overcrowding of buildings, overcrowding of land, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency and crimes, or constitutes an economic or social liability and is detrimental to the public health, morals, or welfare. (RSMo Sec. 100.310 (11)).

"Undeveloped Industrial Area" shall mean any area which by reason of defective and inadequate street layout or location physical improvements, obsolescence and inadequate subdivision and platting contains vacant parcels of land not used economically; contains old, decaying, obsolete buildings, plants, structures; contains buildings, plants and structures whose operation is not economically feasible; contains intermittent commercial and industrial structures in a primarily industrial area; or contains insufficient space for the

expansion and efficient use of land for industrial plants amounting to conditions which retard economic or social growth, or economic wastes and social liabilities and represent an inability to pay reasonable taxes to the detriment and injury to the public health, safety, morals and welfare. (RSMo Sec. 100.310 (18)).

In the State of Missouri there have been numerous court cases which provide additional direction in the consideration of blight. The following are several cases which have impacted the definition, finding, consideration and adoption of blight:

- Parking Systems, Inc. v. Kansas City Downtown
 Redevelopment Corporation, 518 S.W.2d 11, 15 (Mo. 1974). In reviewing the scope of blight under Chapter 353, RSMo, the court determined that it is not necessary for an area to be what commonly would be considered a "slum" in order to be blighted.
- Crestwood Commons Redevelopment Corporation v. 66
 <u>Drive-In, Inc.</u>, 812 S.W. 2d 903, 910 (MO.App.E.D. 1991).

 State trial court's remark that "economic underutilization" was not a basis for a declaration of blight was "unfounded".
- 3. Maryland Plaza Redevelopment Corporation v. Greenberg, 594 S.W. 2d 284, 288 (Mo. App.E.D. 1979). Determined that it is not necessary for every property within a redevelopment area to conform to the blight definition. A preponderance of blight conditions in the area as a whole is adequate to designate an area for redevelopment.

Upon inspection and analysis of the proposed 25th & Southwest Boulevard PIEA Planning Area, there are a number of existing conditions in the area which comply and meet the statutory definitions of blight and therefore support a finding of Blight for the Planning Area. These conditions include:

- Deteriorating Site Improvements
- Insanitary or Unsafe Conditions
- Economic Liability/Economic Underutilization

Deteriorating Site Improvements

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Due to the age and current condition of buildings located within the Planning Area, it is anticipated that many improvements within the area are nearing the end of their useful life expectancy and in need of renovation. These conditions which contribute to functional obsolescence within the area include:

- Emergency Egress. Lack of proper emergency egress systems located in some facilities. No modern emergency egress systems are present in any portions of the Redevelopment Area. These systems include, but are not limited to; emergency exit lighting and emergency stairwell lighting.
- Lighting. Lack of adequate surface parking lighting. Typical of the surface parking lot at Tract 1 (2516 Belleview).
- Inadequate, inefficient floor designs. Typical of all structures throughout the Redevelopment Area, in particular Tracts11, 12a and 12b, due to ongoing business operations, the facilities have been developed in an "as needed" capacity. Structures on the above mentioned tracts are actually six separate buildings which have been joined in the past. This arraignment exhibits small randomly cut-up floor plates and the separation of mechanical systems for each portion of the facility.
- Lack of adequate passenger elevators. Typical of all structures within the Redevelopment Area. During our site analysis no elevators were observed.
- Insufficient ADA compliance. Tracts 11, 12 a and 12b (2501 Southwest Boulevard). Due to the type of facility and particular type of usage, ADA

access is available to most of the public portions of the facilities; however, ADA access is not available throughout the entire facility.

- Inadequate, deteriorated and unsafe sidewalk and curb/gutter systems.
- Deteriorated paving existing throughout the surface parking areas. Typical
 of the surface parking lots and streets and alleys in the Redevelopment
 Area.
- Degrading and deteriorating masonry. Due to the age and condition of some structures throughout the Redevelopment Area, portions of the facilities have experienced deteriorated, discolored, and degrading masonry elements. On the northern portion of Tract 12b, a number of locations were noted where the exterior masonry system is discolored and degrading.
- Other deteriorating roof structure systems. Within the facility located on Tract 12b, significant roof water damage is observable. Actual condition and age of the roofing system is unknown. Due to the age and original construction of the facility, it appears that the roofing system is at its anticipated life expectancy.
- Deterioration of alley/rail spur located in Planning Area. Presently an abandoned rail spur exists within the Planning area. The spur does not appear to have been utilized in the recent past. In fact portions of the track are exposed and protruding from the alley way in the southern portion of the Planning Area.

These functional deficiencies demonstrate the deterioration of site improvements contributing to outmoded design, obsolescence and statutory blight.

Insanitary or Unsafe Conditions

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Due to the age of the improvements located within the Planning Area, combined with the vacant nature of the structures, several insanitary and unsafe conditions exist. These issues have resulted in the following conditions:

Trash, tires and debris located in scattered areas throughout the area.

- Lack of adequate surface parking lot lighting. Typical of conditions presently existing on 2516 Belleview (Tract 1).
- Lack of adequate guard rails and separation of surface parking areas from alleyways and streets. Typical of conditions presently existing on 2516 Belleview.
- Lack of modern fire prevention equipment in some structures. Portions of facilities within the Redevelopment Area currently do not possess any operating fire prevention equipment.
- Lack of modern emergency egress in some structures. No modern emergency egress systems are present in some portions of the Redevelopment Area.
- Lack of proper elevator service in the multi-story buildings. Typical of all structures within the Redevelopment Area. During our site analysis no elevators were observed.
- Environmental Conditions. Due to the age of many facilities, some locations within the redevelopment area exhibit potential environmentally hazardous conditions. These primarily include, but are not limited to; asbestos-containing materials and lead-based paint.

Economic Liability/Economic Underutilization

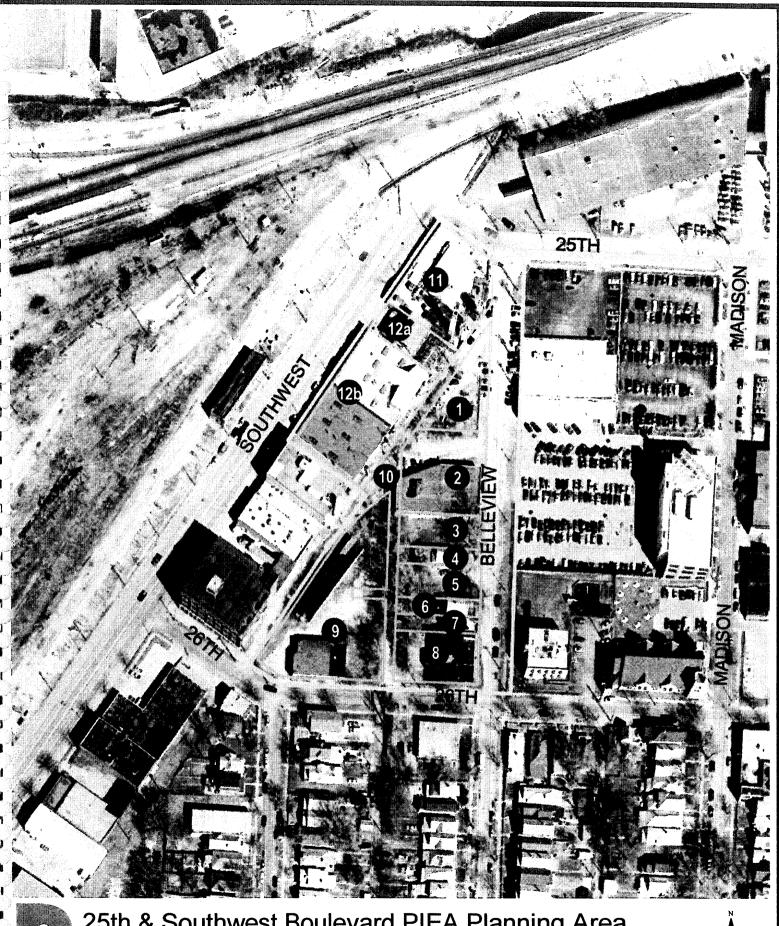
An additional blighting factor for the Planning Area is economic underutilization. The Missouri Supreme Court has determined that the concept of redevelopment has gone far beyond "slum clearance" and the concept of economic underutilization is a valid one. Tierney v. Planned Indus. Expansion Auth., 742 S.W.2d 146, 151 (Mo. banc 1987); see also Crestwood Commons Redevelopment Corporation v. 66 Drive-In, Inc., 812 S.W.2d 903 (Mo. App. E.D. 1991). A property may be suffering from economic underutilization where it is not producing the maximum economic benefit to the community. There are many forms of economic underutilization, ranging from allowing a property to remain vacant and unimproved to operating property in a manner that it is no longer competitive with comparably used properties in the marketplace.

The Planning Area contains numerous outdated improvements which do not permit the Planning Area to be utilized to its full potential. Some of the improvements within the Planning Area are greater than fifty years of age, additionally, some parcels are entirely vacant. Furthermore, the Planning Area is utilized in a manner that it is no longer competitive with comparable properties because of its age, dilapidation, obsolescence, inadequate or outmoded design, abandonment and physical deterioration. Given the excellent location and visibility of the Planning Area, continued vacancies of property within the Redevelopment Area is another form of economic underutilization suffered by the Planning Area. If improved with modern, up-to-date building systems, however, the Planning Area should generate significant tax revenue and economic activity, capturing resident and non-resident dollars for the community and surrounding businesses.

Blight Conclusion

The preceding analysis indicates that the Planning Area suffers from numerous unfavorable blighting factors, as delineated in Chapter 100, RSMo, all described in detail in this report. These factors include:

- Insanitary or Unsafe Conditions. The Planning Area exhibits insanitary and unsafe conditions, as well as potential environmental liabilities.
- Deteriorating Site Improvements. Due to the age and vacancy of improvements within the Planning Area, significant site improvement deterioration has occurred.
- Economic Liability/Economic Underutilization. Due to the age and physical layout of the facilities, the vacancy of the improvements, and potentially hazardous environmental conditions, the Planning Area represents an economic liability or an economic underutilization to itself and the surrounding areas.





25th & Southwest Boulevard PIEA Planning Area
Ownership
Not to Scale



Property Information (all information obtained from City of Kansas City, Missouri, Boulevard Brewing Assoc., LP)

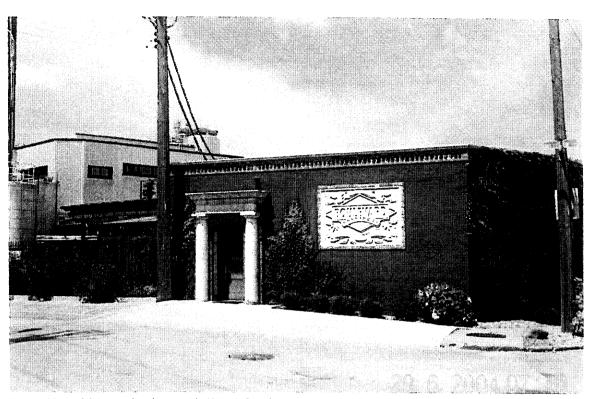
Trop	Tract Address	KIVA Pro-	Porcel APN (County Number)	Ownership	Legol-Description
	2520 Belleview	124422	JA294402720000000000	Boulevard Brewing Assoc. LP	Lots 1, 2, 3, 4 and 5; Block 4, Gates Addition, a
_				2501 Southwest Blvd.	subdivision in Kansas City, Jackson County, Missouri,
				Kansas City, MO 64108	according to the recorded plat thereof.
	2524 Belleview	Not available	JA29440271900000000	Boulevard Brewing Assoc. LP	Lots 6, 7, 8, 9 and 10, Block 4, Gates Addition, a
2	and		And	2501 Southwest Blvd.	subdivision in Kansas City, Jackson County, Missouri,
	2530 Belleview		JA29440271800000000	Kansas City, MO 64108	according to the recorded plat thereof, except that part of
					Lots 6, 7 , 8, and 9 deeded to the Frisco Railway for
					railroad right-of-way.
	2536 Belleview	124425	JA29440271702000000	Boulevard Brewing Assoc. LP	Lots 11 and 12, Block 4, Gates Addition, a subdivision in
ო				2501 Southwest Blvd.	Kansas City, Jackson County, Missouri, according to the
				Kansas City, MO 64108	recorded plat thereof.
	2536 Belleview	124426	JA29440271701000000	Belinda Zamora	Lot 13, Block 4, Gates Addition, a subdivision in Kansas
4				2536 Belleview Avenue	City, Jackson County, Missouri, according to the recorded
				Kansas City, MO 64108	plat thereof.
	2540 Belleview	124427	JA29440271600000000	Boulevard Brewing Assoc. LP	Lots 14 and 15, Block 4, Gates Addition, a subdivision in
رم 73				2501 Southwest Blvd.	Kansas City, Jackson County, Missouri according to the
				Kansas City, MO 64108	recorded plat thereof.
	2542 Belleview	124428	JA29440271500000000	Boulevard Brewing Assoc. LP	Lot 16, Block 4, Gates Addition, a subdivision in Kansas
9				2501 Southwest Blvd.	City, Jackson County, Missouri according to the recorded
				Kansas City, MO 64108	plat thereof.
	2544 Belleview	124429	JA29440271400000000	Albert & Angelina Tinoco	Lot 17, Block 4, Gates Addition, a subdivision in Kansas
7				2544 Belleview	City, Jackson County, Missouri according to the recorded
				Kansas City, MO 64108	plat thereof.
	1000 W 26 th	124430	JA29440271300000000	Boulevard Brewing Assoc. LP	Lots 18, 19 and 20, Block 4, Gates Addition, a
8	Street	-		2501 Southwest Blvd.	subdivision in Kansas City, Jackson County, Missouri
				Kansas City, MO 64108	according to the recorded plat thereof.

DEVELOPMENT PINITIATIVES INC.

Trore. No.	Truct Address	KIVA Pin	Porce! APN (County Number)	Ожпепанр	Legal Pescription
٥.	1020 West 26 th Street	124431	JA29440272100000000	Boulevard Brewing Assoc. LP 2501 Southwest Blvd. Kansas City, MO 64108	All of Lots 21, 22, 23, 24, 25 and 20, and all mat part of Lots 27, 28, 29, 30, 31 and 32, Block 4, Gates Addition, a subdivision in Kansas City, Jackson County, Missouri, as described as follows:
					Beginning at the Southeast corner of Lot 27, Block 4, of said addition: thence West along the South line of said Lot 27, a distance of 119.63 feet (Deed 120.26) to the Southwest soner thereof: thence Northeasterly along the
					Westerly line of Lots 27, 28 and 29, a distance of 72.55 feet (Deed 75.41 feet); thence Southeasterly at right angles to the Westerly line of said Lot a distance of 1.50 feet;
					thence Northeasterly on a curve to the right having a radius of 330.4 feet and tangent to a line at right angles to the last described course, a distance of 55.08 feet
74					(Deed 54.98 feet); thence continuing in a Northeasterly direction on a curve to the right having a common tangent with the last described curve and a radius of 311.1 feet, a distance of 61.52 feet (Deed 60.79 feet), to a point in the
					East line of said Lot 32, said Block 4, which is 145.90 feet (Deed 148.07 feet) North of the Point of Beginning; thence South 145.90 feet (Deed 148.07 feet) to the
					beginning, and all that part of vacated alley lying West of the East line of Lot 23 extending North.

Exhibit B: Photo Log

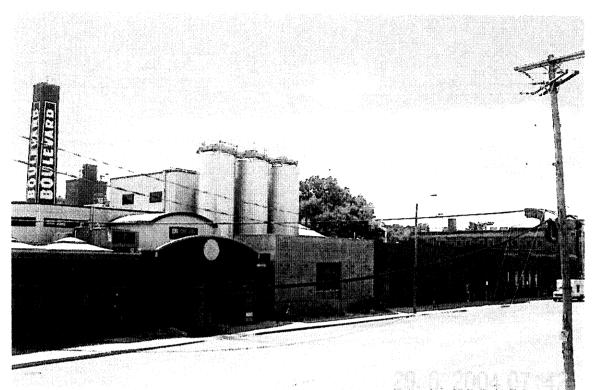
The following photograph log presents a review of the property tracts within the proposed 25th & Southwest Boulevard PIEA Planning Area. Photos include images of property condition, infrastructure condition, and surrounding adjacent property. All photos were taken June 29th, 2004.



Tracts 11 and 12a, in background, (2501 Southwest Boulevard). Boulevard Brewing Company. Photo looking southwest.



View to south along Southwest Boulevard. Tracts 11, 12 a and 12b to left.



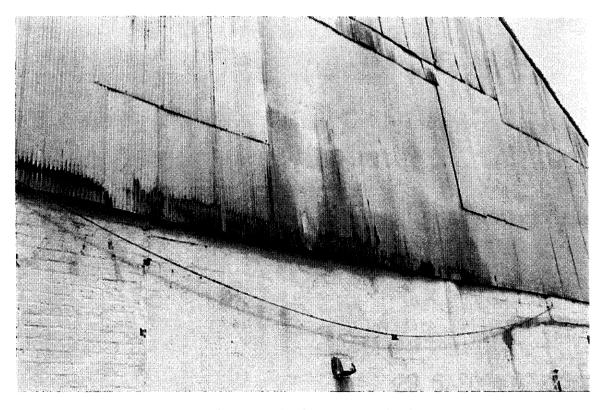
Tracts 12a and 12b, part of the Boulevard Brewery facility. View to southeast.



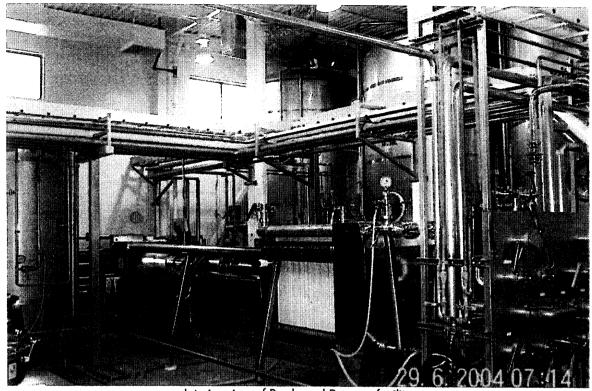
View south along alley, abandoned rail spur. Photo looking south.



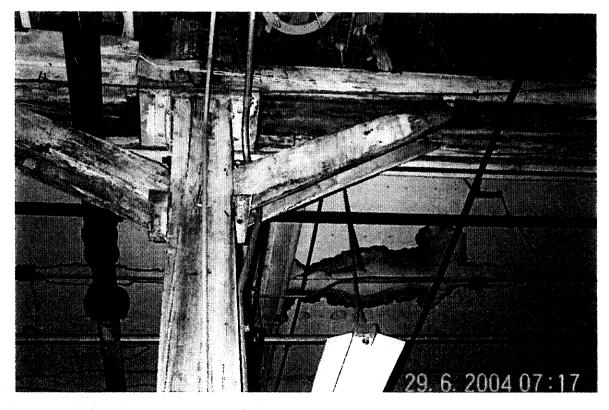
View to the southeast along Belleview Street. Note overhead power lines along eastern edge of Planning Area.



View of eastern side of Tract 12a and 12b.



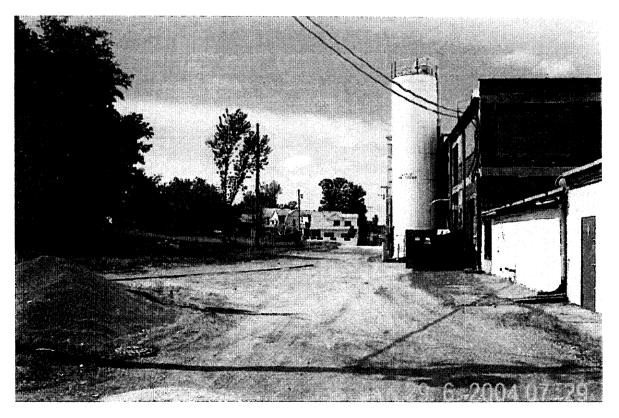
Interior view of Boulevard Brewery facility.



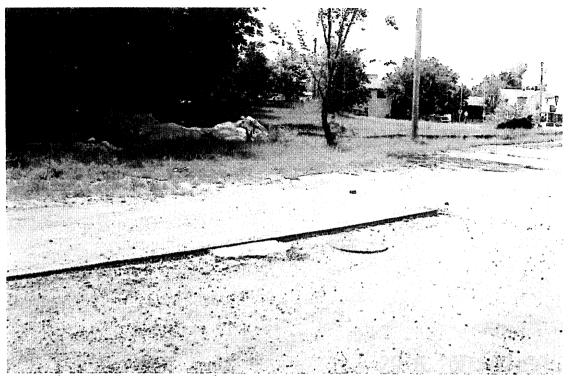
View of water damage located in facility on Tracts 12a and 12b. Typical of both buildings.



Deteriorated sidewalk north of 2501 Southwest Boulevard.



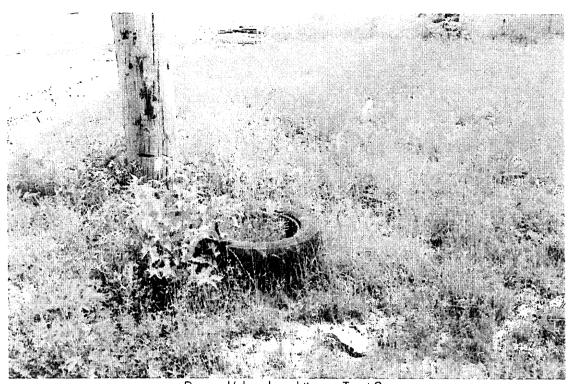
View south along alley, abandoned rail spur. Note rail still present in alleyway.



View south at Tract 9 (1012 West 26th Street). Note dumped material to the left and abandoned rail spur in foreground.



View east at Tract 2 (no address available). Note abandoned rail spur.



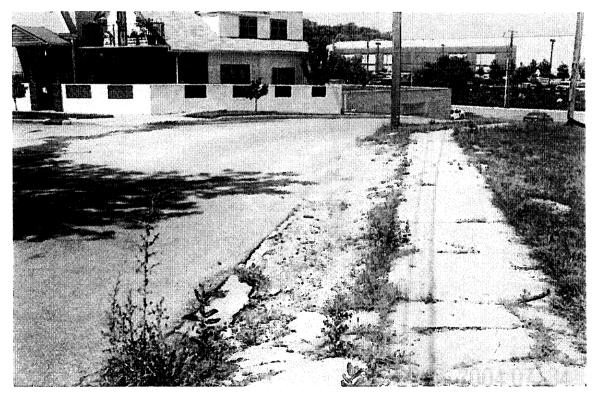
Dumped/abandoned tire on Tract 9.



Photo looking north at dumped material on Tract 9.



View east at 2536 Belleview. Alleyway in foreground. Note dumped trash and material.



Deteriorated sidewalk and curb system along southern boundary of the Planning Area. Tract 9 to the right.



View north along Planning Area western boundary. Tract 9 to the right. Note fallen tree on property.



Photo of Tract 8 (1000 West 26th Street). Currently vacant. Note absence of sidewalk and curb.



View north along Belleview. Note lack of curbs and gutters.



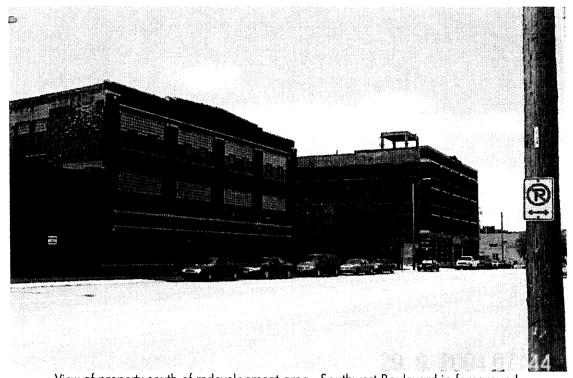
View west at Tracts 6 and 7 (25 42 and 2544 Belleview). Note absence of curbs and gutters.



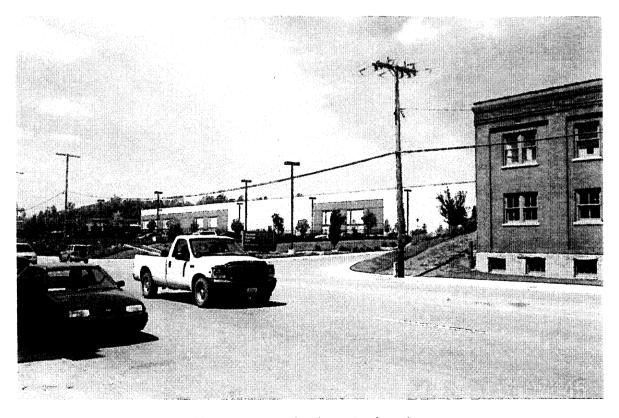
Tracts 6 (left) and 7 (right). Note possible asbestos containing exterior siding material on Tract 7 (2544 Belleview).



View west at Tracts 5 (vacant lot) and 7 gutters.



View of property south of redevelopment area. Southwest Boulevard in foreground.



View west across Southwest Boulevard.



View east from the intersection of Belleview and 25th Streets.

Exhibit C: Property Analysis Sheets

Inspections included a visual analysis of environmental and maintenance conditions and the review of other reports prepared by environmental and safety consultants. Facility conditions were categorized into one of four different ratings based upon the following criteria:

Standard: Properties include sound structures, including new buildings, or those that have received a high degree of maintenance. Standard structures are those with only minor defects that can be remedied through normal maintenance.

Fair: Properties in this category have minor defects which, when taken collectively, cause buildings to have a deteriorating effect on the surrounding area. These structures are substandard, but are capable of rehabilitation. These buildings may be structurally sound, but have defects which cannot be remedied by normal maintenance.

Poor: Facilities in this category are substandard and require extensive rehabilitation. A major portion of the structures in this category (up to 50%) would likely be found to be dilapidated after a more detailed interior inspection.

Dilapidated: Facilities in this category are substandard structures that have deteriorated to a point where rehabilitation is no longer economically feasible. These facilities exhibit definite visible defects, to a degree that demolition is warranted. In many cases, structures in this category are abandoned. Other common characteristics are settlement of foundations and bearing walls and extensive deterioration of principal structural members.

Please refer to the following table for land use type and approximate condition.

Tract	Improvement	Condition			
1	Surface parking lot	Fair			
2	Vacant lot	Fair			
3	Vacant lot	Fair			
4	Single-family residence	Fair-Poor			
5	Vacant lot	Fair-Poor			
6	Single-family residence	Fair			
7	Single-family residence	Fair			
8	Vacant lot	Fair			
9	Vacant lot	Fair-Poor			
10	Vacant right of way	Fair			
11	1-story building	Standard			
12a	2-story building	Standard			
12b	Warehouse	Fair-Poor			

	pection	I FUI	111	,		-	Tract	3
Property / Facility Ins				Inspector	Potter			
City Kansas City, Missouri				Project/Surv	vey Area 2	5 th & Southwest E	oulevard PIEA	4
Address 2516 Belleview				Parcel Numb		14027200000000		
Building Type	# Stories		Buildir	ng Material		Basement:	Yes	No
s Property improved Yes	No			Property Size	(so ft)	8,770 sq. ft.	703	1140
	1					0,770 3q. 1t.		
Building Exterior		Bar	lever.	I Brever	~~			
Item	Standard	Fair	Poor	Dilapidated	7	Comment		
Foundation	Standard	1 011	1001	Diiapidated		Commen	<u> </u>	
Valls		 						
Roof Rating		b •	1		 			
Porch	1/	*/1 L	1/-	/ =				
Stairs (Front & Rear)	7	15/2	0		74			
Chimney			7)		1		
Doors						<u> </u>	2 4	
Windows					- /2	7 200		
Exterior Paint								
.eaders & Gutters								
^{2nd} Hoor Egress								
nadequate Original Construction								
Inadequate Drainage								
Inadequate Conversion								
Inadequate Facility Use								
Topography Issues								
Building out of plumb								
Improvement Size (Approximate Square Fee	t)							
Number of Out-buildings		j						
_								
Interior		·			43.4.			
Item	ļ		 			Commen	s	
Walls								
Floors							<u> </u>	
Ceiling	ļ	 	}				·	
Stairs Lighting		ļ				_/		
Electric	 	ļ	 			<u> </u>		
Foundation Floor		 	 					
Foundation Walls		 	 					
Ceiling		 	 		 			
Staircase		 						
Columns		 						
Girders & Beams	†	/	1				· · · · · · · · · · · · · · · · · · ·	
Plumbing Equipment			 			100000000000000000000000000000000000000		
Heating Equipment		1	†					
Chimney		1	†					
Ventilation /		†	† ************************************					
Evidence of Moisture			1				4	
Rodent Control		1						
	•	-	-	•				
Property Condition								
Retaining Walls								
Private Sidewalks & Drives								
Lawns & Shrubs								
Excessive stored Vehicles								
(not for retail sales purposes)	<u> </u>		1					
Open storage								
Accessory Structures								
Public Sidewalks, Curbs, Gutter		X						
Catch Basins								
Street Lights		X	1					
Street Conditions	<u> </u>		1		1			
Su cet Conditions								
Su eet Contraons								
Rating	_	D -	,	D:1 1	-4			
Rating		Poor		Dilapida	ated			
Rating		Poor		Dilapida	ated			