

1 This Memorandum of Understanding (“MOU”) is entered as of this ____ day of May,
2 2015 between the City of Kansas City, Missouri (“City”) and Burke Swerdling & Associates,
3 LLC (“Developer”) for a convention center headquarters hotel. This MOU outlines certain
4 terms and conditions under which the Developer would develop the Project (defined below) and
5 seek approval of certain incentives for development of the Project. This MOU is not intended to
6 be, and is not, binding and creates no obligations or liabilities of any kind other than as expressly
7 set forth in Part III below. As soon as practical following the execution of this MOU, Developer
8 will further engage its legal counsel to assist with the preparation of definitive Transaction
9 Documents and seek approval of certain incentives for the Project.

10 **PART I—DEFINED TERMS AND EXHIBITS**

11 **DEFINED TERMS.** As used in this MOU the capitalized terms shall have the following
12 meaning:

13 1. “Agency Bonds” shall have the meaning given such term in Part II,
14 Section E.3 of this MOU.

15 2. “Agency Expenses” shall have the meaning given such term in Part III,
16 Section D of this MOU.

17 3. “Approved Brand/Operator” shall have the meaning given such term in
18 Part II, Section C.3 of this MOU.

19 4. “Banquet Kitchen” means the existing banquet kitchen which may be
20 improved by the Developer at its discretion, and subject to the City’s consent, within the
21 Convention Center as provided pursuant to the terms of the Transaction Documents.

22 5. “City” means the City of Kansas City, Missouri.

23 6. “City Contribution” means the \$35 million contribution to be made by the
24 City from proceeds of bonds to be issued by the City, the debt service of which will be
25 paid from the City’s convention and tourism taxes.

26 7. “Connector” means the structural connection from the Hotel to the
27 Convention Center.

28 8. “Construction Agreement” means the construction agreement to be
29 entered into by the Owner with a general contractor for the construction of the Project.

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- 30 9. “Convention Center” means the Bartle Hall Convention Center.
- 31 10. “Convention Meeting Space” means (a) the combined 101,000 net
32 leasable square feet of meeting space referred to as the Grand Ballroom and the
33 Conference Center located in the Convention Center as shown on **Exhibit A**, (b) the front
34 and back of house function space associated with the Grand Ballroom and Conference
35 Center located in the Convention Center as shown on **Exhibit A**, (c) the fixtures and
36 furniture currently located within and/or used in conjunction with the operation of such
37 meeting space and front and back of the house function space pursuant to an inventory
38 list to be provided by City prior to execution of the Exclusive Catering Agreement
39 (defined below), and (d) the Banquet Kitchen and its equipment.
- 40 11. “County” means Jackson County, Missouri.
- 41 12. “County TIF” shall have the meaning give such term in Part II, Section
42 E.4 of this MOU.
- 43 13. “CVA” means any entity with whom the City has contracted pursuant to
44 Section 92.336(1), RSMo, for the purpose of promoting the City as a convention, visitors
45 and tourist center.
- 46 14. “Developer” means Burke Swerdling & Associates, LLC and, to the extent
47 assigned by Burke Swerdling & Associates, KC Hotel Developers, LLC or such other
48 entity designated by Burke Swerdling & Associates, LLC.
- 49 15. “Development Agency” means the Planned Industrial Expansion
50 Authority of Kansas City, Missouri or such other appropriate development authority or
51 agency of the City, as determined by the City.
- 52 16. “Development Agreement” shall have the meaning given such term in Part
53 II, Section F.5 of this MOU.
- 54 17. “District” shall have the meaning given such term in Part II, Section E.6 of
55 this MOU
- 56 18. “District Financing” shall have the meaning given such term in Part II,
57 Section E.6 of this MOU.
- 58 19. “Due Diligence Period” shall have the meaning given such term in Part
59 III, Section E of this MOU.

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60 20. “Exclusive Catering Agreement” shall have the meaning given such term
61 in Part II, Section C.5 of this MOU.

62 21. “Hotel” means a headquarters convention center hotel as described in the
63 Project Program with approximately 800 rooms, but not less than 790 rooms.

64 22. “Hotel Site” means the area generally bounded by 16th Street to the south,
65 Truman Road to the north, Wyandotte Street to the west, and Baltimore Avenue to the
66 east as shown on the *Hotel Site Aerial* attached as **Exhibit B**.

67 23. “Lease Purchase and Financing Agreement” shall have the meaning given
68 such term in Part II, Section E.5 of this MOU.

69 24. “Management Agreement” means corporate or franchisee management
70 agreement for the operation of the Hotel entered into by the Owner with an Approved
71 Brand/Operator.

72 25. “Mortgage Financing” shall have the meaning given such term in Part II,
73 Section E.5 of this MOU.

74 26. “MOU” means this Memorandum of Understanding.

75 27. “Owner” means the entity which is formed by the Developer or identified
76 by the Developer to hold the leasehold interest in the Project Property pursuant to the
77 Lease Purchase and Financing Agreement.

78 28. “Private Capital” means the Mortgage Financing and the Private Equity.

79 29. “Private Equity” shall have the meaning given such term in Part II,
80 Section E.2 of this MOU.

81 30. “Project” means the (a) acquisition and site preparation of the Hotel Site,
82 (b) acquisition, construction and equipping of the Hotel on the Hotel Site, and (c)
83 acquisition and construction of the Connector.

84 31. “Project Financing” means the Agency Bonds, District Financing, and
85 Private Capital.

86 32. “Project Program” means the Project components described in the *Project*
87 *Program* attached as **Exhibit C**.

88 33. “Project Property” shall have the meaning given such term in Part II,
89 Section E.5 of this MOU.

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90 34. “Project TIF” means the County TIF and 50% of the incremental tax
91 revenues resulting from tax levies imposed by the City and generated by economic
92 activities on the Property redirected to a special allocation fund pursuant to the TIF Act.

93 35. “Public Contribution” shall have the meaning given such term in Part II,
94 Section E.3 of this MOU.

95 36. “Public Incentives” shall mean the Public Contribution and District
96 Financing.

97 37. “Special Assessment” shall have the meaning given such term in Part II,
98 Section E.6 of this MOU.

99 38. “Special Sales Tax” shall have the meaning given such term in Part II,
100 Section E.6 of this MOU.

101 39. “Super TIF” means a certain portion of the incremental tax revenues
102 resulting from tax levies imposed by the City and generated by economic activities on the
103 Property and not otherwise redirectable to a special allocation fund pursuant to the TIF
104 Act, and as further identified on **Exhibit F** to this MOU.

105 40. “TIF Act” means the Real Property Tax Increment Allocation
106 Redevelopment Act, Sections 99.800 et. al RSMo.

107 41. “TIF Commission” means the Tax Increment Financing Commission of
108 Kansas City, Missouri.

109 42. “Transaction Documents” means those documents to be executed by the
110 Developer, Owner, City, TIF Commission, CVA, Development Agency and, as required
111 by the Owner or Developer, the County, or combinations thereof, necessary to set forth
112 the agreements of such parties to acquire, develop, finance, construct and operate the
113 Project as provided in this MOU.

114 EXHIBITS. The following Exhibits are attached to and made a part of this MOU:

115 Exhibit A – Convention Meeting Space Site Plan

116 Exhibit B – Hotel Site Aerial

117 Exhibit C – Project Program

118 Exhibit D – Exclusive Catering Agreement Terms

- 119 Exhibit E – Capital Plan
- 120 Exhibit F – Public Contribution of Taxes

121 **PART II—NON BINDING PROVISIONS**

122 **A. PURPOSE**

123 1. The Developer has made a proposal to the City for the financing and development
124 of the Project. This MOU is entered into with the understanding by all parties that the primary
125 reason for the City’s participation in the Project is to meet the public purpose of maximizing the
126 community benefit of the Convention Center. Although Part II of this MOU is non-binding it is
127 the intent of the parties that the Project would be pursued on the basis of the terms set forth in
128 this Part II and incorporated into the Development Agreement and Transaction Documents upon
129 and in accordance with the statutory review and approval processes of the Development Agency
130 and the TIF Commission.

131 **B. THE PARTIES**

132 The parties anticipated to be involved in the transaction include:

- 133 1. Developer
- 134 2. City
- 135 3. Development Agency
- 136 4. TIF Commission
- 137 5. Owner
- 138 6. Approved Brand/Operator
- 139 7. Architect/Engineer—HNTB or such other parties chosen by Developer and its
140 financial partners, including any lender, and approved by the City, which approval will not be
141 unreasonably withheld.
- 142 8. General Contractor—JE Dunn and/or other recognized general contractor with
143 experience constructing major projects of this nature as chosen by the Developer and its financial
144 partners, including any lender, and approved by the City, which approval will not be
145 unreasonably withheld.

146 **C. THE PROJECT PROGRAM**

147 1. The Project and Hotel. The Project is to be designed and constructed according to
148 the brand standards of the Approved Brand/Operator, but shall include the components as set forth in
149 the *Project Program* attached as **Exhibit C**.

150 2. Hotel Site. The Hotel will be constructed on the Hotel Site shown on the *Hotel*
151 *Site Aerial* attached as **Exhibit B**. The Developer, the City, the Development Agency and/or the
152 TIF Commission will cooperate to obtain control of and acquire the portion of the Hotel Site not
153 controlled by the City, including the exercise of eminent domain if necessary. It is anticipated
154 that Development Agency or TIF Commission will exercise the power of eminent domain if such
155 portion of the Hotel Site cannot be acquired by negotiation at a price not to exceed the budgeted
156 purchase price. The cost of acquisition and purchase price of such portion of the Hotel Site,
157 whether acquired by voluntary sale or through condemnation, will be included in the Project
158 budget and funded by the Developer. Fee title to the Hotel Site, including the portion to be
159 acquired and the portion currently owned by the City, is to be transferred free and clear of any
160 and all encumbrances, except those encumbrances expressly permitted by the Developer in
161 writing, in “as is” physical condition to the Development Agency for the Project and leased to,
162 for acquisition by, the Owner pursuant to the Lease Purchase and Financing Agreement.
163 Notwithstanding the foregoing, the City is not representing and warranting that title to the Hotel
164 Site is free and clear of encumbrances, however, the City will directly or through the TIF
165 Commission or Development Agency use reasonable means, including the exercise of the power
166 of eminent domain, to clear any and all encumbrances on the Hotel Site, at Developer’s sole
167 expense, except those encumbrances expressly permitted by the Developer in writing.

168 3. Hotel Management & Branding. The Hotel will be flagged and operated by a
169 major global hotel brand. For as long as the City, directly or through the Development Agency
170 or the TIF Commission, has any Public Contribution continuing to be provided to the Project, the
171 Hotel must be a qualified brand with experience in sales, marketing and operating headquarters
172 hotels including, but not limited to, Hyatt, Hilton, Marriott, Marriott Marquis, Renaissance,
173 Omni, Westin, Hyatt, or Sheraton (similar in finish and quality to the Chicago Sheraton), which

174 approved list of hotel operators shall be updated periodically as agreed to by the Owner and the
175 City (each, an “**Approved Brand/Operator**”).

176 4. Convention Center Operations. As a condition to the private investment and
177 Hotel management and branding provisions of this MOU, the City, for as long as the City,
178 directly or through the Development Agency or the TIF Commission, has any Public
179 Contribution continuing to be provided to the Project, will not except with the approval of
180 Owner, construct, cause to be constructed or provide funding or financial incentives for the
181 construction of any conference facility that would compete with or have a material adverse
182 economic impact on the Hotel and Convention Meeting Space (excluding any conference
183 facilities or improvements to conference facilities within the Convention Center) as determined
184 by a third party consultant acceptable to Developer and City. Unless it has been determined by a
185 third party consultant acceptable to Owner and the City that there would be no material adverse
186 economic impact on the Hotel, the City will: (a) continue to maintain and operate, or provide for
187 the operations and management of the Convention Center, in a manner consistent with its current
188 condition, with a future goal of making reasonable improvements as reasonably determined by
189 the City based on the success of the Project and city wide conventions; (b) maintain the
190 Convention Center at its current location; (c) continue to designate and operate the Convention
191 Center as the City’s principal convention center; and (d) not transfer ownership or management
192 of the Convention Center to any third party without the Owner’s consent which shall not be
193 unreasonably withheld. “Material adverse economic impact” as used in this Section shall mean
194 (1) the projection of an average 3% or greater reduction in occupancy of the Hotel over a single
195 3-year term assuming no reduction in the Hotel’s room rate during such term from the date of
196 any action by the City in contradiction with any requirement set forth in (a) through (d) above, or
197 (2) for as long as the City, directly or through the Development Agency or the TIF Commission,
198 has any Public Contribution continuing to be provided to the Project, the projection of an average
199 10% of greater reduction in gross catering revenues over a single 3-year term from the date of
200 any action by the City in contradiction with any requirement set forth in (a) through (d) above.
201 In the event the City engages a third party operator of the Convention Center, it will be a
202 qualified private operator chosen by the City, which operator shall operate and manage the
203 Convention Center to the standard specified in (a) herein and which operator shall not be

204 affiliated with any other hotel or other party for whom operating the Convention Center would
205 give rise to a conflict of interest.

206 5. Convention Meeting Space. The City and the Owner will enter into an Exclusive
207 Catering Agreement meeting the requirements of qualified management agreements providing
208 the exclusive right to provide catering services on behalf of the Owner to the Convention
209 Meeting Space (“**Exclusive Catering Agreement**”) generally consistent with the terms set forth
210 in the attached **Exhibit D**; it being understood by the parties that such Exclusive Catering
211 Agreement must be in conformance with IRS Rev Proc 97-13 such that bond counsel selected by
212 the City shall provide its written opinion that such Exclusive Catering Agreement will not cause
213 any currently outstanding bonds related to the Convention Center to become taxable, and it being
214 further understood that the Developer, Owner, Approved Brand/Operator, or any combination of
215 the same, will not take any action to cause the City to carry and record the obligations of the City
216 under the Exclusive Catering Agreement as debt of the City. The parties agree to negotiate in
217 good faith the Exclusive Catering Agreement and agree that such negotiation will require
218 projections of income and may result on a modest impact on the financial interests of the parties
219 and the terms of this MOU may be modified by mutual agreement of the parties to accommodate
220 such impact; notwithstanding such impact no modification will cause the general terms to be
221 other than substantially similar to the terms set forth in this MOU. The gross revenues from the
222 catering services provided under the Exclusive Catering Agreement will be distributed consistent
223 with the terms set forth in the attached **Exhibit D**, it being understood by the parties that such
224 Exclusive Catering Agreement must be in conformance with IRS Rev Proc 97-13 such that bond
225 counsel selected by the City shall provide its written opinion that such Exclusive Catering
226 Agreement will not cause any currently outstanding bonds related to the Convention Center to
227 become taxable. The City will provide a confirmed list updated regularly (based on industry
228 standards) of events booked for the Convention Meeting Space. The City can terminate the
229 Exclusive Catering Agreement if the Hotel is not operated by an Approved Brand/Operator, in
230 addition to exercising any other lawful remedies available to City, and City shall not be liable for
231 any losses or damages of any kind incurred by Owner and/or Approved Brand/Operator in
232 connection therewith, provided however that this clause shall not preclude the City from
233 terminating the Exclusive Catering Agreement for any other additional cause provided for

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234 therein. Likewise, the Owner will have the option to terminate the Exclusive Catering
235 Agreement for any reason with a reasonable notice period and for cause in the event the City is
236 in breach of its obligations to the Owner and/or Approved Brand/Operator regarding the
237 Convention Center, in addition to exercising any other lawful remedies available to Owner, and
238 Owner and/or Approved Brand/Operator shall not be liable for any losses or damages of any
239 kind incurred by City in connection therewith. The City will covenant, represent and warrant
240 pursuant to a binding agreement that for a period of not less than 50 years following the opening
241 of the Hotel, that neither the City, nor any assignee of the City or any city department or agency,
242 will grant to any party other than the Owner and/or Approved Brand/Operator, an exclusive right
243 to provide catering services to the Convention Meeting Space. Notwithstanding the foregoing,
244 following the expiration of the Exclusive Catering Agreement the City may authorize multiple
245 parties to bid to provide non-exclusive catering services to each separate event held at the
246 Convention Meeting Space; it also being understood that the Owner and the Approved
247 Brand/Operator shall have the same opportunity to bid for such non-exclusive catering services.
248 The City will cooperate with the CVA, Owner and Approved Brand/Operator, to their mutual
249 benefit, regarding the marketing of the Convention Meeting Space.

250 Notwithstanding anything herein to the contrary, the Exclusive Catering Agreement shall
251 be subject to the provisos that the exclusive right to provide catering services on behalf of the
252 Owner to the Convention Meeting Space shall not be applicable with regard to any alternative
253 catering arrangements in place prior to the date this MOU is executed by the parties, and shall,
254 through June 1, 2018, be subordinate to the City's existing concessions agreement with Aramark
255 Sports and Entertainment Services, LLC.

256 **D. DEVELOPMENT BUDGET**

257 1. Preliminary Project Costs Budget. Preliminary project costs are approximately
258 \$302,500,000. The Preliminary Project Cost Budget will be provided under separate cover.

259 2. Cost Overruns. The Developer will be responsible for all costs to design, permit
260 and construct the Project, subject to the commitment of all Public Incentives. The Developer

261 will be responsible for cost overruns except to the extent such overruns are, without good cause,
262 intentionally caused by the City.

263 3. Financing Gap. The City shall not be responsible for any gap in financing caused
264 by a change in the type or amount of the Public Incentives unless such change is caused by the
265 City. Notwithstanding the foregoing, with the exception of the City Contribution, the City shall
266 not be obligated to cover a financing gap which results from any change in revenues from
267 sources included in the Public Incentives which are a result of any change in the current system
268 of the payment and collection of such revenues, including without limitation the reduction or
269 elimination of any such revenues, judicial action concerning any such tax or voter initiative,
270 referendum or action with respect to any such tax. It is understood there can be no assurance that
271 the current system of collection and distribution of such revenues will not be changed by any
272 competent authority having jurisdiction to do so, including without limitation the state, county,
273 the City, school district, the courts or voters; it is further understood that any taxing district
274 imposing any applicable assessment or levy as a basis for such revenues could lower its tax rate,
275 which would have the impact of reducing the projected amount of the Public Incentives and such
276 reduction in rates could be result of the governing body of the taxing district's desire to lower tax
277 rates, taxpayer initiative, or in response to state or local litigation or legislation affecting the
278 broader taxing structure.

279 **E. CAPITAL PLAN**

280 1. Sources of Funds. For a description of the sources of funds see the *Capital Plan*
281 attached as **Exhibit E**.

282 2. Private Capital. The Developer will be responsible for obtaining the Private
283 Capital in an amount sufficient, when added to the Public Incentives, to finance the Project.
284 Subject to adverse market conditions which are materially adverse to the Developer or Owner,
285 the Developer, along with their other equity partners and participants, will be prepared to fund,
286 subject to the Public Incentives, Mortgage Financing and the execution of the Transaction
287 Documents, Construction Agreement and Management Agreement, the amount of private equity
288 necessary to complete the financing of the Project costs ("**Private Equity**"). Prior to the

289 execution of the Transaction Documents, the Developer shall provide, at the City’s request,
290 documentation of funds necessary to fund the Private Capital, subject to reasonable and ordinary
291 conditions, including the finalization of all material agreements for the transaction. The City
292 shall have the right, prior to execution of the Transaction Documents, to perform and/or cause its
293 consultants to perform a financial due diligence review on equity partners and to determine
294 whether the documentation of funds has been established to the City’s reasonable satisfaction.

295 3. Public Contribution. The City will: (a) contribute the existing City owned
296 property within the Hotel Site to the Development Agency for the Project to be leased by the
297 Development Agency to the Owner pursuant to a Lease Purchase and Financing Agreement; (b)
298 enter into a financing agreement pursuant to which it will make the City Contribution to the
299 Project which City Contribution will be conditioned on the closing of all components of the
300 Project Financing; (c) redirect through its annual budget the City’s portion of the Project TIF for
301 a period of 23 years and Super TIF for a period of 30 years generated from the Project’s tax
302 revenue sources as described in the *Public Contribution of Taxes* attached as **Exhibit F**; (d)
303 provide to the County and the Kansas City Zoological District a statement for the amount of the
304 County TIF held by each such entity expected to be transferred to the special allocation fund
305 established for the Project; and (e) agree to a lump sum amount for all City construction permit
306 and inspection fees in an amount not to exceed \$800,000. If and as requested by Developer, a
307 Development Agency, subject to the applicable Development Agency’s approval processes, will
308 (a) issue one or more series of bonds secured solely from the Project TIF and Super TIF
309 described in **Exhibit F** (“**Agency Bonds**”); and (2) enter into the Lease Purchase and Financing
310 Agreement as described in Part II, Section E.5. The TIF Commission and the Developer, subject
311 to the approval of tax increment financing, shall enter into a development agreement for the
312 reimbursement of project costs with TIF revenues pursuant to the TIF Act. (The assistance
313 provided by City, TIF Commission and Development Agency as described above shall be
314 collectively referred to as the “**Public Contribution**”). It is anticipated that the proceeds from
315 the Agency Bonds, together with the District Financing, will be expended first, then the Private
316 Capital and City Contribution shall be expended on a dollar for dollar basis, i.e. for each dollar of
317 Private Capital released for expenditure a dollar of the City Contribution shall be released for
318 expenditure, and then the remainder of the Private Capital. The District Financing may be

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319 structured as separate capital facilities or included in the Agency Bonds at the request of the
320 Developer and subject to approval of the Development Agency and District. The City,
321 Developer, Developer's lender and title company (or escrow agent) will enter into a master
322 funding agreement that governs the respective financial contributions to fund the Project.
323 The 23 years of the Project TIF and the 30 years of Super TIF are to begin in the first year of
324 operation of the Hotel. There will be an acknowledgement of the value of the City owned
325 portion of the Hotel Site to be contributed to the Project; such value shall not be a credit against
326 the City Contribution but will be credited as an equity contribution by the City in calculating the
327 public participation as provided in Part II, Section E.7 of this MOU.

328 The City's obligation to redirect the Super TIF through its annual budget shall be subject
329 to the proviso that the City shall, for each and every year during the term of the Exclusive
330 Catering Agreement, be entitled to deduct and retain from the Super TIF revenues transferrable
331 to the TIF Commission an amount not to exceed ten percent (10%) of the amount of any Fixed
332 Fee Payment (as defined in **Exhibit D**) during the first three years, thirteen and one-half percent
333 (13.5%) of the amount of any Fixed Fee Payment during years four through six, twenty percent
334 (20%) of the amount of any Fixed Fee Payment during years eight through ten, and thirty percent
335 (30%) of the amount of any Fixed Fee Payment during years eleven through fifteen. To the
336 extent there are no funds available in the Catering Revenue Reserve Fund (as defined in **Exhibit**
337 **D**), the City shall draw upon such Super TIF revenues retained by the City solely for the purpose
338 of making itself whole in the event the gross catering revenues less expenses in any given year
339 are insufficient to fully fund any Fixed Fee Payment, the 4% to be reserved for FF&E as
340 described in **Exhibit D** and the City Share (as defined in **Exhibit D**) due during such year
341 pursuant to the terms of the Exclusive Catering Agreement, and shall release any remaining
342 Super TIF revenues retained by the City to the Developer on an annual basis.

343 4. County TIF. City and Developer anticipate that the County and the Kansas City
344 Zoological District will collect or cause to be collected all sales tax revenues generated on the
345 Property resulting from sales tax levies imposed by the County, excluding the stadium tax levied
346 by the County, for a period of 23 years beginning in the first year of operation of the Hotel, and
347 will cause 50% of the total incremental sales tax revenues resulting from tax levies imposed by

348 the County and generated by economic activities on the Property to be deposited to a special
349 allocation fund established for the Project (“**County TIF**”).

350 5. Real, Personal Property and Sales Taxes. Pursuant to a sale leaseback
351 arrangement through the Development Agency, subject to the approval of the Development
352 Agency, the City and the Developer anticipate that the Hotel Site, Hotel and furniture, fixtures
353 and equipment within the Hotel (“**Project Property**”) will be exempt from real and personal
354 property taxes to the extent permitted by state law and subject to such approvals by such entities
355 as may be required in connection therewith. The acquisition of construction materials and the
356 furniture, fixtures and equipment for the Project will be exempt from sale taxes to the extent
357 permitted by state law and subject to such approvals by such entities as may be required in
358 connection therewith. The Development Agency will own the Project Property and enter into a
359 lease purchase agreement with the Owner pursuant to which the Owner will lease the Project
360 Property from the Development Agency during the construction period and for 30 years
361 following the completion of construction of the Project (“**Lease Purchase and Financing**
362 **Agreement**”). Pursuant to the Lease Purchase and Financing Agreement, (a) the Development
363 Agency will issue mortgaged backed financing (“**Mortgage Financing**”) for the Project non-
364 recourse to the Development Agency, (b) the Owner will be obligated to make lease payments in
365 an amount sufficient to pay debt service on the Mortgage Financing and all other costs associated
366 with the ownership and operation of the Project Property, and (c) the Development Agency will
367 transfer title to the Project Property to the Owner upon payment in full of such lease payments
368 and the Mortgage Financing. The Owner will have the right to pre-pay the lease payments and
369 Mortgage Financing in part or full. The Developer, in cooperation with the Owner, the City and
370 the Development Agency, will have the obligation to obtain the Mortgage Financing for the
371 Project.

372 6. Special District. In cooperation with the City, the Developer will form a
373 community improvement district or similar entity (“**District**”) to impose a special assessment
374 (“**Special Assessment**”) and to impose an additional 1% sales tax (“**Special Sales Tax**”). The
375 revenues from the Special Assessment and Special Sales Tax will be used to finance a portion of
376 the project costs pursuant to such credit facility to be determined by the Developer (“**District**

377 **Financing**). The Developer, in cooperation with the Owner, the District and the Development
378 Agency, will have the obligation to place the District Financing.

379 7. Public Participation. (a) For so long as the City, directly or through the
380 Development Agency or the TIF Commission, has any Public Contribution continuing to be
381 provided to the Project, in the event the Owner's realize in any calendar year a cumulative
382 unleveraged annual yield greater than 18% from annual net operating income from the Hotel, the
383 Owner will share with the City 13.5% of that portion of the Owner's realized gain in excess of
384 such 18% yield for such calendar year.

385 (b) For so long as the City, directly or through the Development Agency or the TIF
386 Commission, has any Public Contribution continuing to be provided to the Project, in the event
387 the Owner sells the Hotel, the Owner will share with the City 13.5% of that portion of the
388 Owner's realized gain from the sale of the Hotel in excess of an 18% unleveraged internal rate of
389 return; provided, however, the City will not receive from the subsequent owner of the Hotel the
390 public participation set forth in subsection (a) of this Section 7.

391 (c) The Owner shall calculate the cumulative unleveraged annual yield and unleveraged
392 internal rate of return, as applicable, in a manner consistent with industry standards for hotel
393 operations and shall not deviate therefrom in a manner that would diminish the City's pro rata
394 share of any realized gain without the City's written consent.

395 **F. ROLE OF THE DEVELOPER/OWNER**

396 1. Development of the Project. The Developer is to finance, design, develop,
397 construct and cause to be operated and maintained the Hotel substantially consistent with
398 the brand standards of the Approved Brand/Operator and the requirements set forth this
399 MOU, subject to the terms of a Development Agreement.

400 2. Financing. As stated above, the Developer will be responsible for obtaining and
401 negotiating the terms of the Private Capital. Developer is prepared, subject to Public Incentives
402 approval and the execution of the Transaction Documents, the Construction Agreement and the
403 Management Agreement, to obtain the Mortgage Financing and fund the amount of Private
404 Equity necessary to complete the Project. The Developer is working in the capital markets to

405 place special limited revenue bonds secured solely from the Project TIF and Super TIF revenues
406 as described in **Exhibit F**, as redirected by the City, County and the Kansas City Zoological
407 District to the TIF Commission through their respective annual budgets, and to place special
408 limited revenue bonds secured from the District Financing. The Approved Brand/Operator will
409 participate in the financing of the Hotel in an amount to be negotiated by the Developer and the
410 Owner.

411 3. Affirmative Action. The Developer will comply with the City's current
412 affirmative action policies, including but not limited to construction workforce and M/WBE
413 requirements. It is understood that such policies require the use of good faith efforts to reach
414 participation goals established.

415 4. Room Block Agreement. Subject to negotiation with the Approved
416 Brand/Operator, Owner will enter into a Room Block Agreement acceptable to the City and the
417 Owner.

418 5. Development Agreement. Developer shall enter into a Development Agreement
419 with the City, the Development Agency, the TIF Commission and, as appropriate, such other
420 development agencies of the City ("**Development Agreement**").

421 6. Hotel Design. The Developer shall develop and implement a design review
422 process that will provide the City and professional staff input into the architectural design of the
423 Hotel exterior and Connector. Once approved, no material changes (i.e., changes that would
424 cause the design not to conform to the Project Program or that would otherwise materially
425 impair the ability of the Hotel to function as a convention center hotel) may be made without
426 the approval of the City or the Development Agency.

427 7. Construction Coordination. The Developer shall use commercially reasonable
428 efforts to coordinate with the City during the construction of the Project to minimize the impact
429 on events at the Convention Center.

430 8. Developer Selection. The Developer's role is subject to final selection of the
431 Developer, as the designated developer, pursuant to the TIF Act and the statutes governing the
432 Development Agency.

433 **G. ROLE OF CITY**

434 1. City Contribution. The City will make the City Contribution as described in Part
435 II, Section E.3 above.

436 2. Diligence Materials. In order to confirm that the portion of the Hotel Site owned by
437 the City is delivered free and clear of encumbrances not approved by Owner, the City will deliver to
438 Developer copies of the following materials, to the extent in the City or any Development Agency's
439 possession or reasonable control: (i) all existing environmental, engineering, soils, water or
440 other consulting reports and studies of the Hotel Site; (ii) all surveys, maps and drawings of the
441 Hotel Site; and (iii) any title policies, title commitments or title reports of the Hotel Site, and all
442 easements, licenses, leases, and other rights affecting the Hotel Site. As necessary, the City will
443 release or relocate utility and other easements affecting the Hotel Site at the Developer's sole
444 expense. The costs of any actual utility relocation shall be included within the Estimated Project
445 Costs Budget. The City will coordinate with Developer to ensure that all site investigations and tests
446 required by Developer are performed, including a geotechnical survey, Phase 1 environmental study
447 and, if required by Developer, Phase 2 environmental study, all of which shall be at the Developer's
448 sole expense.

449 3. Zoning, Permits and Inspections; Governmental Approvals. The City will process or
450 cause to be processed the zoning, permitting, and inspections for all phases of the Project in good
451 faith. By execution of this MOU, the City directs the City Manager, Director of City Planning and
452 Development, and encourages the City's development agencies, including but not limited to the
453 Development Agency and the TIF Commission, to proceed in good faith with the review and
454 approval process for all zoning, permitting, inspections and review and approvals for all phases of
455 the Project. The City will cooperate in good faith with and assist Developer in obtaining all federal,
456 state and local governmental approvals necessary for the Project, including but not limited to the
457 Federal Aviation Administration, the Missouri Department of Economic Development, the
458 Development Agency, the TIF Commission, the CVA, and the County. The City will designate one
459 city staff person as the lead point of contact to facilitate all such governmental and agencies reviews
460 and approvals for the Project, including but not limited to zoning, permitting, inspections and Public
461 Incentives.

462 4. Subsidy for Other Hotels. The City agrees by contract and by policy to no public
463 subsidy on any “competing hotel” for a period of 10 years from the date of the opening of the
464 Hotel. “Competing hotel” shall include any hotel located within two miles of the Hotel Site with
465 (a) more than 25 square-feet of meeting space per room, and (b) more than 350 rooms, unless it
466 has been determined by a third party consultant acceptable to Owner and the City that such hotel
467 would result in no material adverse economic impact on the Hotel. “Material adverse impact” as
468 used in this Section shall mean the projection of a 3% or greater reduction in occupancy of the
469 Hotel assuming no reduction in the Hotel’s room rate for a period of 3 years from the date of the
470 opening of the potential “competing hotel.” Notwithstanding the foregoing, this Section 4 shall
471 not apply to (y) the redevelopment of the old Federal Reserve Building as a hotel or the Savoy
472 Hotel by 21C development group, or (z) the redevelopment of any other hotel existing and
473 operating as of the date of this MOU, or any portion of such hotel property, regardless of
474 whether such portion is in operation as of the date of this MOU.

475 **H. OPERATION AND TRANSFER OF THE PROJECT PROPERTY**

476 For as long as the City, directly or through the Development Agency or the TIF
477 Commission, has any Public Contribution continuing to be provided to the Project, the Hotel will
478 be operated by an Approved Brand/Operator with experience in operating large meeting hotels as
479 provided more fully in Part II, Section C.3 of this MOU. Except for transfers and collateral
480 pledges to any project lender or bond trustee, transfers to a Qualified Owner, transfers which do
481 not result in the principals of the Owner owning less than a majority in such entity, and other
482 minor transfers, none of which will require the consent of the City, the Developers will not, so
483 long as the City, directly or through the Development Agency or the TIF Commission, has any
484 Public Contribution continuing to be provided to the Project, transfer ownership of the Hotel
485 without the consent of the City, which consent will not be unreasonably withheld. A “**Qualified**
486 **Owner**” shall include any person or entity that: (1) has obtained a corporate management
487 agreement or franchise agreement for the Hotel that continues its association with an Approved
488 Brand/Operator, and (2) has obtained a financing commitment which financing commitment is
489 acceptable to the City which acceptance shall not be withheld in the event such financing
490 commitment is commercially reasonable.

491 **I. MILESTONE TARGETS**

492 1. Public Approvals. All City approvals for Public Incentives, developer selection,
493 zoning and permitting will be processed in good faith, provided however, that the City shall not
494 be obligated to process any matter until such time as those documents reasonably required to be
495 submitted in connection therewith shall have been submitted in their entirety to the City.

496 2. Transaction Documents. Transaction Documents are expected to be negotiated
497 immediately following execution of this MOU and finalized concurrent with the approval of the
498 Public Incentives. The following is a preliminary list of Transaction Documents anticipated to
499 be entered into and the time frame to enter into those agreements:

500 a. Development Agreement (Between the City, TIF Commission, Development
501 Agency and Developer and/or Owner, to be executed following the completion of
502 the TIF Act statutory approval process and statutory Development Agency
503 process.)

504 b. Exclusive Catering Agreement (To be executed at the time of entering into the
505 Development Agreement)

506 c. Hotel Room Block Agreement (To be executed at the time of the Development
507 Agreement)

508 d. Financing Agreement for Public Incentives (To be executed at the time of the
509 closing of the financing for the Project within 60 days after the execution of the
510 Development Agreement)

511 e. Lease Purchase and Financing Agreement (To be executed at the time of the
512 closing of the financing for the Project within 60 days after the execution of the
513 Development Agreement)

514 3. Financing: As soon as practical following the approval of the Public Incentives

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515 4. Begin Design/Construction: As soon as practical following the approval of the
516 Public Incentives.

517 5. Pre-Selling Hotel & Center: As soon as practicable consistent with industry
518 standards, the Owner, Approved Brand/Operator, and the CVA shall cooperate to begin to pre-
519 sell the Hotel and Convention Meeting Space.

520 6. Hotel Opens: Construction Agreement will provide for a projected opening date
521 30 months following commencement of construction.

522 **PART III—BINDING PROVISIONS**

523 The following provisions, contained in this Part III, are intended to be and are binding
524 upon each of the parties hereto:

525 A. Part III Binding. The provisions of this Part III of this MOU shall be binding
526 upon the parties.

527 B. Part II Not Binding. The parties agree that Part II of this MOU is intended to
528 serve only as an expression of the parties' mutual intent with respect to the transaction
529 contemplated hereby.

530 C. Application Process. The Developer will file applications with the TIF
531 Commission for the requested Project TIF and Super TIF and make application with the
532 Development Agency for the statutory process required to provide authority to the Development
533 Agency to enter into the Lease Purchase and Financing Agreement and pursue such applications
534 diligently and in good faith. The City will convey its support of the Developer in its processing
535 of all such applications.

536 D. Agency Expenses and Costs. The Developer shall fund the reasonable
537 administrative costs, consultant expenses and legal expenses of the TIF Commission and the
538 Development Agency pursuant to a separate funding agreement with the TIF Commission and
539 the Development Agency (collectively, "**Agency Expenses**"). Agency Expenses are anticipated
540 to be TIF reimbursable expenses. Except as otherwise provided in this Part III, each party will

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541 be responsible for and each bear all of its own costs and expenses incurred at any time in
542 connection with pursuing or consummating the transaction proposed in this MOU. This Section
543 D shall survive termination of this MOU.

544 E. Due Diligence Period and Termination. There shall be a period of 120 days (the
545 “**Due Diligence Period**”, during which time the City and the Developer shall use their best faith
546 efforts to cooperate as provided in this MOU to obtain approval of the Public Incentives and
547 enter into the Development Agreement. If the Public Incentives are not approved and the
548 Development Agreement entered into as provided in this MOU or to the satisfaction of the
549 Developer and the City, the parties shall have the right to extend the Due Diligence Period by
550 mutual written agreement of the parties or either party shall have the right to elect to terminate
551 this MOU by giving written notice to the other party within 30 days following the expiration of
552 the Due Diligence Period, as may be extended. In the event the Public Incentives are approved
553 and the Development Agreement is executed and the Developer has obtained commitments to
554 finance the Project Financing from private sources, but either the City, the Development Agency,
555 TIF Commission, County, CVA or such other entity required to provide approval of Project
556 Financing, as applicable, fails to enter into the Transaction Documents within 60 days following
557 the approval of the Public Incentives, execution of the Development Agreement and the
558 Developer obtaining the commitments for Project Financing from private sources, the Developer
559 may elect to terminate this MOU and the Development Agreement; provided however, such 60
560 day period shall be extended at the City’s request for a period of up to 60 days in the event the
561 City, the Development Agency, TIF Commission, County, CVA or such other entity required to
562 provide approval of Project Financing, as applicable, is diligently pursuing the finalization of all
563 Transaction Documents. In the event the Public Incentives are approved and the Development
564 Agreement is executed and the Developer has obtained commitments to finance the Project
565 Financing from private sources, but the Developer fails to enter into the Transaction Documents
566 within 90 days following the approval of the Public Incentives, execution of the Development
567 Agreement and the Developer obtaining the commitments for Project Financing from private
568 sources, the City may elect to terminate this MOU and the Development Agreement; provided
569 however, such 90 day period shall be extended at the Developer’s request for a period of up to 90
570 days in the event the Developer is diligently pursuing the finalization of all Transaction

571 Documents. In the event the Developer fails to secure any portion of the Project Financing
572 within 180 days following the approval of the Public Incentives and the execution of
573 Development Agreement, the City may elect to terminate this MOU and the Development
574 Agreement; provided however, such 180 day period shall be further extended at the Developer's
575 request for an additional period of up to 90 days in the event the Developer continues to be
576 diligently pursuing the finalization of all the Transaction Documents. In the event the Developer
577 fails to secure any portion of the Project Financing within 270 days following the approval of the
578 Public Incentives and the execution of the Development Agreement, the City shall have the right
579 to terminate this MOU and the Development Agreement.

580 F. Governing Law. This MOU shall be governed by and construed in accordance
581 with the laws of the state of Missouri. This MOU sets forth the entire agreement between the
582 parties in regard to the subject matter hereof and supersedes any and all prior agreements
583 between the parties in regard to the subject matter hereof.

584 G. No Representations. Except as expressly set forth in the Transaction Documents,
585 neither party shall be deemed to have made any representations, warranties or guaranties to other
586 regarding the Project, including, without limitation, any future financial performance to be derived
587 from investment in the Project.

588 H. Exclusivity; Confidentiality; Suspension of Negotiations. Following execution of
589 this MOU until the earlier of (i) the termination of this MOU pursuant to Part III, Section E of this
590 MOU, or (ii) the election by Developer to discontinue the pursuit of the Public Incentives and the
591 Development Agreement or negotiation of the Transaction Documents, the parties agree to
592 negotiate exclusively in good faith to pursue the approval of the Public Incentive, and to finalize,
593 execute and deliver the Transaction Documents on or before the target dates set forth in in this
594 MOU. Except to the extent of terms disclosed in a public meeting, the Project information and
595 negotiations shall be maintained confidential by the parties and private consultants to the parties
596 which confidentiality requirement shall survive termination of this MOU. Notwithstanding the
597 foregoing (x) the Developer may in its sole discretion disclose terms of negotiations in the pursuit
598 of the financing for the Project and discussion with the Owner and potential Approved
599 Brand/Operator, and (y) the City, as required by Chapter 610 of the Revised Statutes of Missouri,

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600 may provide copies of open records provided a request is made for of such open records pursuant
601 to Chapter 610, RSMo and such records are not otherwise exempt from disclosure. The City will
602 require all consultants to the City having access to financial information, and direct the TIF
603 Commission and the Development Agency to require all of their consultants having access to
604 financial information, to execute a Non-Disclosure and Non-Compete Agreement acceptable to
605 Developer prior to performing such due diligence or consultant work related to this MOU or the
606 approval process of the Project, which agreements shall survive termination of this MOU for a
607 period of 24 months following the termination of this MOU. The Non-Compete Agreement shall
608 preclude a consultant from collaborating with third parties on a project that would be regarded as
609 a “competing hotel” as described in Part II, Section G.4 of this MOU had the Project been
610 completed, but shall not preclude a third party consultant engaged by the City or any of its
611 development agencies from providing or continuing to provide its services to the City;
612 notwithstanding the foregoing, the City or any of its development agencies shall not engage such
613 consultant in a manner inconsistent with any applicable provision of Part III, Section K of this
614 MOU.

615 I. Laws in Full Force and Effect. This MOU contains multiple provisions related to
616 design review, zoning, permitting, inspections, and public approvals required for the
617 Project. Notwithstanding anything to the contrary in this MOU, nothing herein shall be
618 construed in a way that would limit, usurp or otherwise impair the governmental authority and
619 police power of the City or otherwise waive or modify any provision of law.

620 J. Obligations of Development Agency and TIF Commission. This MOU contains
621 multiple provisions contemplating that certain actions will be taken by entities not party to this
622 MOU and not bound thereby, including but not limited to, the Development Agency, the TIF
623 Commission, the County and the CVA. The City and the Developer acknowledge and agree that
624 the City has no authority to obligate or bind any such entity and that the City shall not be held
625 liable for the actions or inactions of the Development Agency, the TIF Commission, the County
626 or the CVA in the performance or non-performance of anything contemplated herein.

627 K. Restriction Period. It is understood by the parties that the Developer and its
628 investment partners will be making a substantial investment during the Due Diligence Period. In

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629 order to induce Developer and its investment partners to make such substantial investment, the
630 parties have agreed to the following provisions which provisions will survive termination of this
631 MOU:

632 1. So long as the Developer does not terminate this MOU during the Due Diligence
633 Period, in the event the Public Incentives are not approved or the Developer is not
634 selected as the developer of the Project pursuant to the selection process of the TIF
635 Commission, the Development Agency or the City, for a period of 24 months following
636 the execution of this MOU, the City shall neither (a) provide any city subsidy or annual
637 appropriation guaranty to finance a project that would be regarded as a “competing hotel”
638 as described in Part II, Section G.4 of this MOU had the Project been completed, nor (b)
639 through the City Manager, any Assistant City Manager, the Director of Finance, the City
640 Attorney, any Assistant City Attorney or third party consultant engaged by the City or
641 any of its development agencies, negotiate or consult with any potential developer for any
642 public assistance for any “competing hotel” as described in Part II. Section G.4 of this
643 MOU had the Project been completed. Furthermore, in the event within three (3) years
644 following the date of this MOU a third party is selected as the developer of the Project or a
645 project having a hotel that would be regarded as a “competing hotel” as described in Part
646 II, Section G.4 of this MOU had the Project been completed, the City (a) shall
647 immediately upon the selection of such third party as developer require and cause the
648 selected developer to reimburse the Agency Expenses and condition such third party’s
649 selection as developer upon such reimbursement, and (b) shall not provide any financial
650 incentive to such developer unless and until such developer reimburses the Developer for
651 the Agency Expenses.

652 2. In the event the Developer is selected as the developer pursuant to the selection
653 process of the TIF Commission, the Development Agency and the City and in the event
654 the Developer performs pursuant to this MOU, but either the City, the TIF Commission,
655 the Development Agency, or the CVA (the parties expressly intend that no other entities
656 be included in this immediately preceding list for purposes of this Part III.K.2) fails to
657 enter into the Transaction Documents necessary to finance the Project within 60 days
658 following the approval of the Public Incentives as the same may be extended pursuant to

May 18, 2015

659 Part III, Section E of this MOU, (a) the City shall, provided Developer has elected to
660 terminate this MOU, pay to the Developer \$250,000 as liquidated damages, and (b) for a
661 period of 24 months following the selection of the Developer as the developer by the TIF
662 Commission, the Development Agency and the City, the City shall neither (i) provide any
663 city subsidy or annual appropriation guaranty to finance a project that would be regarded
664 as a “competing hotel” as described in Part II, Section G.4 of this MOU had the Project
665 been completed, nor (ii) through the City Manager, any Assistant City Manager, the
666 Director of Finance, the City Attorney, any Assistant City Attorney or third party
667 consultant engaged by the City or any of its development agencies, negotiate or consult
668 with any potential developer for any public assistance for any “competing hotel” as
669 described in Part II. Section G.4 of this MOU had the Project been completed.

670 3. Notwithstanding anything in this Section K, in the event (1) the Developer (a)
671 terminates this MOU, except as permitted under Part III.K.2 or (b) fails to secure any
672 portion of the Project Financing in a manner consistent with this MOU within 270 days
673 following the approval of the Public Incentives and the execution of the Development
674 Agreement, and the City has elected to terminate this MOU, or (2) the City (a) reasonably
675 determines prior to full execution of the Transaction Documents that one or more persons
676 materially involved in the Private Equity are generally recognized in the community as
677 being of ill repute with whom a prudent business person would not wish to associate in a
678 commercial venture, or would be considered by regulators in the gaming industry to be
679 unsuitable business associates, and notifies Developer in writing of such determination
680 and Developer fails to exclude such person or persons from participating in the Private
681 Equity within thirty (60) days thereafter or (b) elects not to execute the Transaction
682 Documents because a financial due diligence review on equity partners fails to establish
683 the documentation of funds to the City’s commercially reasonable satisfaction, there shall
684 be no restriction period or liquidated damages owed to Developer by City.

685 4. This Section K shall survive termination of this MOU.

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[SIGNATURE PAGES FOLLOW]

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May 18, 2015

689

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DEVELOPER

691

BURKE SWERDLING & ASSOCIATES, LLC
a Missouri limited liability company

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By: _____

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Name: _____

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Title: _____

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DATE: _____, 2014

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CITY

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CITY OF KANSAS CITY MISSOURI

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By: _____

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Name: _____

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Title: _____

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DATE: _____, 2014

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EXHIBIT A
CONVENTION MEETING SPACE SITE PLAN



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EXHIBIT B
HOTEL SITE AERIAL



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EXHIBIT C
PROJECT PROGRAM*

Kansas City Convention Headquarters Hotel	800 Room and 72-75k gsf Meeting Space	
Program		
Rooms--approx	800	
	460,671	gsf
Ballroom - APPROXIMATELY	25,000	nsf (incl below)
Junior Ballroom - Approx	12,500	nsf (incl below)
Break out mtg space and board rooms - Approx.	12,500	nsf (incl below)
TOTAL Meeting Space/Prefunction	75,000	gsf
Winter Garden, Ent Mtg Space + Terrace	9,000	nsf
Restaurant, Coffee, Bar & Lounge, various misc. food & beverage outlets	15,460	gsf
Recreational Facilities	9,913	gsf
Public Circulation	41,742	gsf
Admin/Service/Mech	54,469	gsf
	666,255	Total gsf
Garage	450 - 500 cars	

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CONNECTION TO BARTLE

CONVENTION CENTER IMPROVEMENTS

*ALL SUBJECT TO REVIEW BY THE SELECTED OPERATOR

May 18, 2015

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EXHIBIT D

EXCLUSIVE CATERING AGREEMENT TERMS

1. The Exclusive Catering Agreement will be for a period of 15 years beginning upon the opening of the Hotel. An operating year for the Exclusive Catering Agreement shall be the calendar year and if there is a mid-year opening the fee schedule shall be adjusted accordingly.
2. The provider of the catering services shall be the Approved Brand/Operator or such other service provider selected by Owner (“Caterer”).
3. The Exclusive Catering Agreement shall be in conformance with Treasury Regulations and published IRS guidance relating to qualified management contracts (including Revenue Procedure 97-13, Revenue Procedure 2001-39 and Notice 2014-67) (the “QMA Rules”). The Exclusive Catering Agreement will provide for the Fixed Fee Payment (defined below) as set forth in Section 7(d) below, which amounts were established based on the historical catering use of the Convention Meeting Space.
4. The City agrees to maintain the Convention Meeting Space in accordance with the terms set forth in Part I.I.C.4 of the MOU.
5. The City may terminate the Exclusive Catering Agreement for cause with a reasonable cure period. Language to be negotiated in final agreement.
6. The Owner and the City shall work cooperatively to ensure that the booking of the Convention Meeting Space will be managed in a mutually beneficial manner. To ensure cooperation, regular meetings will be held and attended by a representative of the Owner, Approved Brand/Operator, the CVA and Convention and Entertainment Facilities Department of the City.
7. Gross revenues from the catering services (“Gross Revenues”) shall be transferred each calendar month by the Caterer to the City and the City shall deposit the Gross Revenues to a special revenue account. Funds in such special account shall be applied as follows:
 - (a) City shall reimburse monthly expenses incurred by Caterer from Gross Revenues. Expenses include all third party reimbursable expenses as QMA Rules allow per City’s bond counsel (“Expenses”).
 - (b) The City shall deposit or cause to be deposited 4% of the annual Gross Revenues into a fund to be used solely for the FF&E replacement for the Convention Meeting Space and such funds shall be expended in accordance with an annual budget to be mutually agreed upon each calendar year by the Owner, Approved Brand/Operator, and the City.

780 (c) The City shall retain 14% of the annual Gross Revenues (“City Share”) to be used
 781 by the City as it sees fit for any lawful purpose. The City Share shall be capped at
 782 \$800,000.00 annually plus a three percent increase in the cap annually.
 783

784 (d) City shall pay an annual fixed fee to Owner (“Fixed Fee Payment”), payable in
 785 monthly installments. In the event Gross Revenues are insufficient to pay the
 786 scheduled Fixed Fee Payment, as required by the QMA Rules, the City shall pay
 787 from any legally available City funds. The total dollar amount due each year for
 788 the Fixed Fee Payment will be as follows, subject to any adjustment in Year 1 as
 789 provided in Section 1:
 790

YEAR 1	\$2,440,471
YEAR 2	\$2,609,557
YEAR 3	\$2,933,035
YEAR 4	\$3,766,292
YEAR 5	\$3,892,001
YEAR 6	\$4,021,481
YEAR 7	\$4,154,846
YEAR 8	\$4,292,211
YEAR 9	\$4,433,697
YEAR 10	\$4,579,428
YEAR 11	\$4,729,531
YEAR 12	\$4,884,137
YEAR 13	\$5,043,381
YEAR 14	\$5,207,403
YEAR 15	\$5,376,345

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 809 (e) After payment of items (a) through (d) above, any excess shall be set aside in a
 810 reserve fund (“Catering Revenue Reserve Fund”) to be held by the City to be used
 811 to cover any shortfalls in any year to pay items (a) through (d). Upon the
 812 termination of the Exclusive Catering Agreement and the payment in full of items
 813 (a) through (d) in accordance with the Exclusive Catering Agreement, the
 814 remaining funds in the Catering Revenue Reserve Funds shall be used at the
 815 City’s discretion.
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817 **EXHIBIT E**
818 **CAPITAL PLAN**

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820 **SOURCES OF FUNDS**

821 **DEVELOPER PLACED FINANCING**

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823 Private Capital \$137,900,000* (*mtg, investor equity, key money*)

824 Project Contribution 129,600,000 (*private revenues & TIF*)

825 Subtotal \$267,500,000

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827 **CITY CONTRIBUTION** \$ 35,000,000

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829 **TOTAL SOURCES OF FUNDS** **\$302,500,000**

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831 **includes TIF reimbursable expenses after bonds payments*

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833 **USES OF FUNDS**

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835 Project Costs \$270,300,000

836 Financing Costs & Reserves 32,200,000

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838 **TOTAL USES OF FUNDS** **\$302,500,000**

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May 18, 2015

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EXHIBIT F

PUBLIC CONTRIBUTION OF TAXES

The City's portion of the Project TIF and the Super TIF revenues will be pledged, subject to annual appropriation, pursuant to a financing agreement by the City for a period of 23 years for the City's portion of the Project TIF and 30 years for the Super TIF. The City and Developer anticipate that the County TIF revenues will be pledged, subject to annual appropriation, pursuant to a financing agreement with the applicable entities for a period of 23 years.

Sales Taxes-Generally Applicable		
City of Kansas City		
Capital Improvement	1.000%	
Public Mass Transit ¹	0.500%	¹ 7.5% of goes to KCATA and not captured by City's portion of the Project TIF, and not subject to Super TIF
Public Mass Transit ²	0.375%	² Exempt from capture by City's portion of the Project TIF and not subject to Super TIF
Firefighters	0.250%	
Police	0.250%	
Parks Tax ³	0.500%	³ Not subject to Super TIF
<i>Subtotal</i>	<i>2.8750%</i>	
City Portion Subj TIF	2.4625%	City Portion Not Subj to Super TIF
City Portion Subj to Super TIF	1.5000%	1.375%
Jackson County	0.8750%	<i>Subject to County TIF (County Stadium Sales Tax of 0.375% not included as exempt by statute from County TIF.</i>

Food & Beverage Tax	2.000%	50% of F&B tax captured via City's portion of Project TIF and other 50% captured via Super TIF.
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Hotel/C&T Tax	7.500%	Not subject to City's portion of Project TIF, but imposed by city and available via Super TIF. Assumes only 90% captured, i.e. no capture of tourism portion. Capture subject to CVA approval.
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Utilities Tax	10.000%	50% included in City's portion of Project TIF and other 50% captured via Super TIF.
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Earning Tax	1.000%	50% captured via City's portion of Project TIF and other 50% captured via Super TIF.
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848 The sales taxes identified herein and their availability for City's portion of the Project TIF and Super TIF
 849 purposes are based upon circumstances as they exist at the time this MOU is executed. The City makes no
 850 representation that one or more of these taxes will continue to exist or that the rates thereof will remain
 851 unchanged for the duration of any City's portion of the Project TIF or Super TIF obligation. The City will

852 **not be obligated to redirect any sums in excess of those actually collected or any sums the redirection of**
853 **which would otherwise be unlawful.**