

APPLICATION FOR TAX INCREMENT FINANCING ("TIF")

APPLICANT: Broadway Lodging, LLC

ADDRESS: #5 McBride & Sons Center Drive, Chesterfield, MO 63005

PHONE #: (636) 530-0770

FAX #: (636) 536-3761

CONTACT PERSON: Dave Parmley

PROJECT NAME: Regency Hotel

Application Format:

On a separate sheet of paper please answer the following questions. Please type each question prior to the applicable response.

- 1) **In no more than three pages provide relevant information on the Applicant's background and development experience. Include resumes of key individuals assigned to the project.**

Broadway Lodging LLC has been formed to redevelop the existing Regency Hotel into an upscale 112 room boutique hotel. David Parmley of Chesterfield, Missouri is the project owner and developer.

David Parmley is also President and Owner of Chesterfield Hotels, Inc., an independent company specializing in hotel management. Upon completion, services for the day to day management of the hotel would be provided by Chesterfield Hotels, Inc. David Parmley started his career with Breckenridge Hotels Corporation in 1982 and he has a twenty-eight year background in hotel management ranging from full service luxury hotels to limited service franchises. He has constructed and currently operates four Hampton Inn hotels in Missouri and Colorado.

A philosophy of only building hotels in markets with "high barriers to entry" and his determined "hands on" approach to development have proved to be winning recipe for his projects. As both a principal and manager, David Parmley has always structured his hotel investments with long-term ownership in mind. His industry knowledge and attention to detail have resulted in construction costs for all of his hotel projects coming in on budget and with change orders totaling less than 1% from the selected general contractors. All of his properties have proved to be successful investments and consistently rank at the top of their respective markets for customer satisfaction and profitability. All four of his hotels are independently owned as operated under franchises from the Hilton Hotels Corporation and each property is held as a single asset entity.

Hampton Inn – Chesterfield, Missouri

Chesterfield Lodging LLC owns the 92 room Hampton Inn - Chesterfield. The hotel was opened in February of 1997. Magna Bank provided the construction and takeout loan. It was subsequently refinanced with a securitized conduit loan from Nomura Asset Capital and is currently serviced by Wells Fargo Bank. The immediate success of this first limited service hotel in the Chesterfield market allowed us to open a 2nd hotel in Chesterfield market three years after the completion of this property.

Hampton Inn & Suites – Chesterfield, Missouri

Valley Lodging LLC owns the Hampton Inn & Suites in Chesterfield Valley. It was opened in August of 2000. Building upon the success of our first Chesterfield property, this second hotel was designed to offer a more upscale décor, 4,000 square feet of meeting space, two-room suites with full kitchens and additional amenities targeting a different client niche at a higher price point than our original hotel. Construction and takeout financing for the 120 room property was obtained through Marshall & Ilsley Bank and the hotel was refinanced with our current lender, Eagle Bank and Trust of St. Louis, in 2002.

Hampton Inn & Suites – Steamboat Springs, Colorado

In 2007 Mesa Lodging LLC purchased the Hampton Inn & Suites in Steamboat Springs, Colorado with financing provided by Eagle Bank and Trust of St. Louis. Originally opened in 1998 as the Ski Town Lodge the hotel was converted by the previous owners to a Hampton Inn & Suites in 2003. After acquisition, Mesa Lodging completed over \$1,500,000 of renovations and improvements to property including the addition of five more guest rooms bringing the total property count to 73 guest rooms and suites. The property is located in a popular summer and winter travel destination with high barriers to entry.

Hampton Inn & Suites at the University of Missouri, Columbia, Missouri

Stadium Lodging LLC opened the Hampton Inn & Suites at the University of Missouri on August 1st, 2008. The new hotel is located at the former site of the Campus Inn which coincidentally was also the property where David Parmley first got his start in hotel management serving as Director of Sales in 1984. Financing of the project was funded by Enterprise and Southwest Banks of St. Louis.

Located at the corner of Stadium Boulevard and College Avenue the hotel is surrounded the University of Missouri. It's strategic position on the South side of the campus and within easy walking distance to Faurot Field, Mizzou Arena, The Hearnes Center and both the University of Missouri and VA Hospitals places it at the epicenter for sporting events and room night demand generated by the University.

The property has 133 guest rooms and suites, over 6,000 SF of meeting space, an indoor pool, fitness center and business center. The hotel has been strongly embraced by both the local community, Mizzou Alumni and visitors to Columbia. We have also been very pleased with the overall pride and dedication that the hotel management and team members have displayed. Since it's opening, the hotel has had the honor of providing accommodations dignitaries and celebrities including Barrack Obama, Sheryl Crow, Joe Biden, Bonnie Raitt, Michael Jordan and Buddy Guy. The hotel also opened the adjacent Stadium Grill in August of 2009. This addition has directly benefited the overall hotel operation with the extra foot traffic and positive word of mouth generated in the Columbia marketplace.

In conclusion, we have been very pleased with the performance of both the hotels and restaurant operations and are confident of the continued success of these projects.

David Parmley - Hotel & Restaurant Experience

Property	Year	# of Rooms	Position
Stadium Grill Columbia, MO	2009 to present	N/A	Owner / Managing Partner
Hampton Inn & Suites - University of MO Columbia, MO	2008 to present	133	Owner / Managing Partner
Hampton Inn & Suites Steamboat Springs, CO	2007 to present	73	Owner / Managing Partner
Hampton Inn & Suites Chesterfield, MO	2000 to present	120	Owner / Managing Partner
Hampton Inn Chesterfield, MO	1997 to present	92	Owner / Managing Partner
Chesterfield Hotels, Inc. Chesterfield, MO	1997 to present	N/A	Owner / President
RE/MAX Suburban Chesterfield, MO	1989 to present	N/A	Broker / Associate
Days Inn Airport St. Louis, MO	1988	102	General Manager
Ramada Inn – South County St. Louis, MO	1987	172	General Manager
The Danielle Hotel Clayton, MO	1987	90	General Manager
Breckenridge Kings Inn Airport St. Louis, MO	1986	196	General Manager
Breckenridge on the Lake Resort Osage Beach, MO	1985	220	Director of Sales
Breckenridge Campus Inn Columbia, MO	1984	98	Director of Sales
Osage House Resort & Restaurant Osage Beach, MO	1982 to 1984	170	Food & Beverage Director

- 2) **Identify the Applicant's consultants involved or proposed to be involved in the project noting relevant experience on similar projects (i.e., civil engineer, land use planner, Applicant's legal counsel, Applicant's financial advisor).**

Engineering/Architectural Firm/Contact: LLW Architects
Address: 803 S. Mt. Moriah, Suite 100B
Memphis, TN 38117
Telephone: 901-683-7175
Fax:

General Contractor/Contact: Not Yet Determined
Address:
Telephone
Fax

Legal Advisor: Mr. Erick S. Creach
Van Matre, Harrison, Hollis, Pitzer, and Taylor, P.C.
Address: 1103 East Broadway, Columbia, Missouri 65205-1017
Telephone: (573) 874-7777
Fax: (573) 875-0017

Planning Consultant: Mr. Patrick Nasi – Development Dynamics, LLC
Address: 1001 Boardwalk Springs Place, Suite #50,
O'Fallon, Missouri 63368-4151
Telephone: (636) 561-8602
Fax: (636) 561-8605

Accounting Firm: Anders, Minkler & Diehl
Address: 705 Olive
St. Louis, Missouri 63101
Telephone: (314) 655-5500
Fax:

- 3) **Describe the proposed project, including the size and scope and phasing of the proposed project. Specifically outline residential development, if any, to be included in the project.**

Broadway Lodging LLC is proposing to demolish the existing Regency Hotel and reconstruct a seven story hotel on the site. The new hotel would have approximately 112 guest rooms, a street level restaurant, meeting space and an indoor pool. The development would also feature a rooftop patio lounge. We anticipate that the new hotel would be approximately 81,312 sq. ft.

The hotel will carry a national branded flag. The developer is considering several potential hotel franchises including Hotel Indigo by InterContinental Hotels & Resorts, Aloft by Starwood Hotels or Hyatt Place by Hyatt Hotels. These new life style brand hotels feature

unique design and atmosphere that provides a guest experience that can truly reflect the local community.

The hotel will be designed to reflect the character of Columbia and Mid-Missouri. Featuring locally-inspired artwork the hotel will deliver a vibrant, engaging and genuine experience that will give the guest an incentive to further explore the Downtown area and possibly stay an extra night to take in all that Columbia has to offer. Overall, the hotel will deliver an inspiring stay designed for travelers who desire something more than just an average hotel stay.

There would not be any phasing involved with the project.

- 4) **Define the boundaries of the proposed TIF area by address and locator number(s). Include a map of the proposed TIF area.**

This Application addresses property located at 1111 E Broadway, Columbia, Missouri (the "Redevelopment Project Area") and encompasses three tax parcel's (Parcel Locator Number's 17-117-00-17-010.00 01; 17-117-00-17-007.00 01; and 17-117-00-17-005.00 01). The Redevelopment Project Area is located in the City of Columbia, Boone County, Missouri. The property is owned by E & O Hospitality Corp., but is under contract to the Applicant.

Map of Proposed Redevelopment Project Area

INSERT MAP

- 5) **Identify the property which is currently in the control of the Applicant via ownership or option. If under option note the option expiration date.**

The developer currently controls the subject property under a Contract for Purchase.

- 6) Is the property currently zoned for the proposed use? If not, what zoning change will be required?**

The property is currently zoned C-2 which is a permissible use for a hotel.

- 7) Will the proposed project result in the relocation of residential, commercial or industrial facilities? If so, discuss the nature of any anticipated relocations.**

No.

- 8) State the need and justification for TIF assistance, Explain how the applicant intends to demonstrate compliance with the "but for" test. Substantiate that other alternative methods of financing have been thoroughly explored.**

The Developer intends to demolish the current structure and construct a new modern hotel, with national affiliation. The Developer contends he will not be able to finance the necessary improvements and construction costs from revenues generated by the property and, therefore, additional funding will be required to implement the overall redevelopment project.

In order to complete the redevelopment project, the Developer must incur costs for property acquisition, demolition, environmental remediation, landscaping and lighting, heating and cooling improvements, parking improvements, and other development charges, all of which are necessary to transform the property to a usable and functional state. Most of these costs are considerably higher than normal because of the Project's location in downtown Columbia. Land acquisition and construction costs of a mid-rise building in an urban environment are substantially more expensive than the cost associated with development in a suburban or highway locale.

The Developer proposes the use of tax increment financing assistance to help fund eligible project costs, which, in turn, will assist in addressing issues of the site. Projected TIF revenues would be re-invested to cover the eligible project costs incurred as part of the Project to reduce the property's development challenges.

The Developer has discussed this project, along with several other hotel projects, over the last several months with investors and lenders resulting in no interest in participating in the project without additional sources of equity or higher loan to value requirements than historically have been required for such a project. Even in the "best of times" a project of this size would be difficult to finance. At this time, the current recession has effectively shut down all bank lending except for project's with both a compelling story and substantial underwriting enhancements. This Project's compliance with the "but for" test will be shown by the completion of a Cost-Benefit Analysis by Development Dynamics, LLC

9) Discuss the condition(s) that would qualify the proposed TIF District as a "blighted area" or "conservation area," as defined under Mo. Rev. Stat. 99.805.

The current structure has been deteriorated to a point that it requires remediation. In its present condition the structure constitutes an economic liability. An Eligibility Analysis will be completed by Development Dynamics, LLC showcasing in detail how the proposed TIF District qualifies under Mo. Rev. Stat. 99.805. Additionally, anecdotally, there is little argument that can be made that the Regency Hotel is not a blight spot on the downtown canvas.

10) Identify sources, amounts, and status of all debt financing and/or equity funding available to complete the project. Does the applicant anticipate the debt to be privately financed by the construction lender or developer or publicly sold? Please prepare information in the following table format.

a. Private Equity	\$	3,300,000
b. Bank Loan		10,956,902
c. Tax Increment Assistance		3,243,098
d. Other		NA
 Total	 \$	 17,500,000

11) Provide an outline of the costs associated with the development of the proposed project(s) and related parcel or parcels located within the TIF area. Identify in the outline those costs you would propose to fund with TIF financing and the proposed payback time frame.

Preliminary Project Costs

General Construction	\$9,340,000
Rooftop Deck	\$440,000
Land Purchase / Title Insurance / Closing Costs	\$3,050,000
Civil Engineering / Survey / Abatement / Soil Test	\$50,000
Architect / Plans / Specifications / Interior Design	\$240,000
Site Work - DEMO	\$450,000
Landscape, Sprinkler, Hardscape	\$55,000
Change Orders / Contingency / Misc. Costs	\$180,000
Construction Loan Interest	\$425,000
Loan Fees / Due Diligence / Appraisal / Legal	\$285,000
Guest Room Furnishings	\$1,232,000
Commercial Area Furniture	\$240,000
Commercial Equipment	\$320,000
Commercial Systems	\$275,000
Pre-Open Operations	\$440,000

Pre-Open Inventory	\$125,000
Franchise Fees	\$70,000
Building Permits / Utility Taps / Deposits	\$35,000
Misc. Unallocated Expenses	\$28,000
Development Fee	\$0
TIF set-up / administrative expenses	\$75,000
Building Signage - Exterior	\$45,000
Contingency	\$100,000
Total Project Cost	\$17,500,000

Sources of Project Financing:

Private Equity	\$3,300,000
Bank Loan	\$10,956,902
Tax Increment Assistance	\$3,243,098
Other	NA
Total	\$17,500,000

Uses of TIF assistance:

At this time the Applicant anticipates using the TIF assistance for the land acquisition and general construction. However, until the amount of TIF assistance has been finalized and a cost-benefit analysis has been completed, it is premature to officially allocate the TIF assistance.

- 12) **In one page or less, discuss and document information used to describe the market feasibility of each element of the proposed project. If a formal feasibility or comparable studies have been prepared, attach such reports as an appendix to this application.**

Pat Nasi will provide an Eligibility Report and Cost Benefit Analysis study, in addition to the Developer's experience and belief that the project will be a successful venture in Columbia.

- 13) On a revenue worksheet estimate the incremental property taxes and economic activity taxes to be generated by the project.

**Proposed Redevelopment Area
 Estimated TIF Projections**

Year	Preliminary Real Property Tax Increment	Preliminary Sales Tax Increment (50%)	Estimated Available TIF Funds
Year 1	93,035	3,415	\$ 96,450
Year 2	211,127	62,703	\$ 273,829
Year 3	211,127	63,630	\$ 274,757
Year 4	215,850	64,571	\$ 280,422
Year 5	215,850	65,527	\$ 281,378
Year 6	220,668	68,331	\$ 289,000
Year 7	220,668	69,973	\$ 290,641
Year 8	225,583	71,649	\$ 297,231
Year 9	225,583	73,360	\$ 298,943
Year 10	230,596	75,107	\$ 305,703
Year 11	230,596	76,892	\$ 307,487
Year 12	235,709	78,714	\$ 314,423
Year 13	235,709	80,575	\$ 316,283
Year 14	240,924	82,475	\$ 323,399
Year 15	240,924	84,415	\$ 325,339
Year 16	246,243	86,396	\$ 332,640
Year 17	246,243	88,420	\$ 334,663
Year 18	251,669	90,486	\$ 342,155
Year 19	251,669	92,595	\$ 344,265
Year 20	257,204	94,750	\$ 351,954
Year 21	257,204	96,950	\$ 354,154
Year 22	262,849	99,196	\$ 362,045
Year 23	262,849	101,490	\$ 364,340
Totals	\$ 5,289,878	\$ 1,771,621	\$ 7,061,499

Net Present Value at 7% discount.

\$3,243,098

Calculations for preliminary application purposes only and will be refined in advance of final application.

- 14) Provide an estimate of the market value of all fixtures and equipment to be used by all owners or tenants of the proposed project which will be taxed as personal property.

The estimated market value of the personal property investment is \$900,000.

- 15) Identify any proposed tenants of the project. Have leases been negotiated or signed? What type of lease is contemplated?

Not applicable to this Project.

16) Who will own the developed property?

Broadway Lodging, LLC

17) Briefly describe the "economic and quality of life" benefits of the proposed project to the City.

The Project will address a variety of economic and quality of life benefits, including:

- A. The Project will restore the Redevelopment Project Area to a productive use;
- B. Elimination conditions and factors that qualify the area as a "Conservation area" or "Blighted area" within the meaning of the TIF Act;
- C. Increase property and sales tax bases as a means to help strengthen and diversify revenue sources for the City and other tax districts;
- D. Remediate factors contributing to the area's decline, planned within a reasonable and defined time, so the area may begin to contribute to the economic vitality of the City;
- E. Create an environment within the Redevelopment Project Area that will contribute more positively to the health, safety and general welfare of the City, and preserve or enhance the value of property within and adjacent to the site;
- F. Reduce the Area's problematic conditions through general physical improvement, property upgrades, and infrastructure improvements within the Redevelopment Project Area;
- G. Allow redevelopment activities and other project elements to occur in a functionally integrated manner in compliance with modern development principles and standards;
- H. Enhancement of the tax base by inducing development in the Redevelopment Area to its highest and best use, thereby benefiting taxing districts and encouraging private investment in surrounding areas; and
- I. Stimulate private investment and employment within the Redevelopment Area.
- J. The hotel will represent a catalytic project for both Downtown and more specifically the "Arts District" as visualized by the recently completed H3 Studios Charrette.
- K. Will encourage and provide a compelling incentive for out of town guests to extend their overnight stays to further explore and take in the many the cultural, shopping and dining venues that Downtown Columbia has to offer.

18) Attach a letter from a financial institution indicating that the applicant has sufficient financial resources to obtain the private financing for the project.

See Attachment.



August 11, 2010

David Parmley
Broadway Lodging LLC
#5 McBride & Son Center
Chesterfield, MO 63005

RE: Regency Hotel Redevelopment Project in Columbia, MO

Dear David,

I appreciate the time and information you have provided on the proposed redevelopment plans for the Regency Hotel, located on 1111 East Broadway, Columbia, Missouri. Having worked with you on other projects, Enterprise Bank & Trust looks forward to working with you to provide financing for the project costs, not otherwise funded by TIF.

Based upon your knowledge and experience on similar projects, Enterprise Bank & Trust is confident in your ability to make the hotel a success. In accordance with the Bank's procedures, any commitment to provide such financing will be subject to due diligence, credit underwriting and formal loan committee approval. All terms, conditions and loan documentation are subject to satisfactory review and acceptance by Enterprise Bank & Trust.

The financing of this project would not be feasible without the assistance and provision of public financing including, but not limited to, tax increment financing. Therefore, please be advised that we are excited to consider financing for the project should the City of Columbia approve the necessary public financing assistance and execute all of the agreements necessary to evidence such approval.

Sincerely,

Meg Schweithorst
Vice President
Enterprise Bank & Trust