



HOTEL & LEISURE ADVISORS

**ECONOMIC IMPACT STUDY
FOR THE
PROPOSED HOTEL - DOWNTOWN GREEN STREET DEVELOPMENT
LEE'S SUMMIT, JACKSON COUNTY, MISSOURI**



Date of Report:

July 8, 2025

FOR

Mr. Brandon Buckley
Partner
LANE4 Property Group
4705 Central Street
Kansas City, MO 64112



HOTEL & LEISURE ADVISORS

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Mr. Brandon Buckley
Partner
LANE4 Property Group
4705 Central Street
Kansas City, MO 64112

**RE: Proposed Hotel - Downtown Green Street Development
Lee's Summit, Jackson County, Missouri**

Dear Mr. Buckley:

In fulfillment of our engagement letter, we completed our study of the economic impact of developing a hotel in downtown Lee's Summit, Jackson County, Missouri. This study utilizes financial projections from client-provided financial forecasts and additional information collected for this economic impact analysis. The site is on Green Street between Second and Third Streets in Jackson County.

The conclusions contained in this report are based upon a review of information provided by the proposed hotel developers and research in the market area. As in all studies of this type, the conclusions reached do not consider or provide for the effect of any sharp rise or decline in local or general economic conditions not presently foreseeable. The estimated results are based on competent and efficient management of the proposed hotel, as well as an aggressive marketing program. We assume the proposed development will open on January 1, 2027. Project details have not been finalized, and our projections are subject to change as additional development information is determined. We do not warrant that the estimates will be attained, but they have been conscientiously prepared based on information obtained and our experience in the hospitality industry.

This report and its contents are intended solely for the information of our client for internal use relative to determining the feasibility and economic impact of the project. The report should not be relied upon for any other purpose. Neither our report nor any of its contents nor any reference to Hotel & Leisure Advisors (H&LA) may be disseminated online or included or quoted in any document, offering circular, registration statement, prospectus, sales brochure, other appraisal, or other agreement without our prior written approval. Such permission will not be unreasonably withheld.

We offer additional consulting services on this proposed property as the scope of the development is finalized. We appreciate the opportunity to be of service to your organization and look forward to working with you again.

Respectfully submitted,

Hotel & Leisure Advisors, LLC

David J. Sangree, MAI, ISHC
President

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SCOPE OF THE ASSIGNMENT

LANE4 Property Group retained Hotel & Leisure Advisors, LLC to estimate the economic impact of the development of a hotel in Lee's Summit, Jackson County, Missouri. We made several independent investigations and analyses in performing this study, including:

- Estimated economic impacts that may be generated by the construction and operation of the hotel. We utilized the Regional Input-Output Modeling System II (RIMS II) generated by the U.S. Department of Commerce's Bureau of Economic Analysis, which provides multipliers for output, earnings, and employment by industry aggregation for Jackson County, Missouri.
- Reviewed and analyzed visitor spending statistics, including the SMARInsights CY 2024 Marketing Effectiveness Study, and data from the Missouri Division of Tourism prepared by Tourism Economics and Longwood's International.
- Utilized data and financial projections prepared by the client from their financial projections dated June 19, 2025, and other documents supplied by the client. Our study did not include the preparation of a market feasibility and financial analysis study or proformas for the project, but we are available to prepare the study in the future.

EXECUTIVE SUMMARY

Economic Impact Conclusions

Economic impacts of projects such as the proposed hotel will be experienced on temporary and permanent bases throughout many levels of the economy. Temporary impacts will include jobs and revenues created from the construction of the facility as well as related construction costs. Permanent economic impacts will be generated by permanent jobs created, ongoing revenues realized by service providers, and other sources. The county, city, and state will realize new tax revenues generated from incremental visitor spending, additional employment-related taxes, potentially reduced unemployment costs, and net returns realized through higher utilization of state-operated public services.

H&LA estimated three types of economic impacts of the proposed subject in Lee's Summit, Jackson County, Missouri.

- *Direct-Effect Impact* includes the jobs and spending directly created by the construction and operations of the hotel.
- *Indirect or Induced Impacts* result from production changes in downstream industries associated with the initial direct spending and employment at the facility. For example, a direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers.
- *Final Impact* represents the overall economic impact of a change in final demand on output, earnings, and employment on a region's economy. The final impact calculations represent the increased output, earnings, and employment that occur in an economy because of spending caused by the proposed hotel.

Final Impact = Direct-Effect Impact + Indirect or Induced Impacts

Construction Conclusion: The following table indicates our estimates of the direct impact associated with the construction and development costs of the subject hotel.

Estimated Preliminary Construction and Development Costs

Proposed Hotel - Downtown Green Street Development

Development budget per room	\$309,593
Projected number of rooms	84
Total development budget	\$26,005,814
% for construction	70%
Construction budget	\$18,204,070
% of construction budget for payroll	40%
Direct payroll budget	\$7,281,628

Source: Hotel & Leisure Advisors

The construction of the hotel will result in the following direct and indirect economic impacts in Lee's Summit, Jackson County, Missouri.

Construction

Proposed Hotel - Downtown Green Street Development

Earnings	\$8,381,628
Jobs (annual)	121
Total Output	\$25,404,070

Source: Hotel & Leisure Advisors

Operations Impact – First-Year Conclusion: The operation of the subject hotel will result in the following direct and indirect economic impacts in the first year of the projection.

Operations Impact

Proposed Hotel - Downtown Green Street Development

Earnings	\$2,663,000
Jobs (per year)	68
Total Output	\$11,487,000

Source: Hotel & Leisure Advisors

Visitor Spending Outside of Hotel First-Year Conclusion: The operation of the subject hotel will result in the following direct and indirect economic impacts from visitor spending outside of the hotel in the first year of the projection.

Visitor Spending Outside of hotel

Proposed Hotel - Downtown Green Street Development

Earnings	\$1,220,500
Jobs (per year)	31
Total Output	\$5,458,000

Source: Hotel & Leisure Advisors

Ten-Year Combined Operation and Visitor Spending Conclusion: The development of the subject hotel will result in the following combined operation and visitor spending economic impacts over a 10-year period.

10-Year Combined Hotel and Visitor Spending Impact

Proposed Hotel - Downtown Green Street Development

Direct Impact

Output (10-year business created)	\$117,125,720
Earnings	\$29,742,000
Employment per year	60

Indirect Impact

Output (10-year business created)	\$78,006,000
Earnings	\$15,027,000
Employment per year	46

Final Demand Impacts

Output (10-year business created)	\$195,131,720
Earnings	\$44,769,000
Employment per year	106

Source: Hotel & Leisure Advisors

Tax Impact Conclusion: The development of the subject hotel will result in additional taxes for the city, county, and state. The following table shows the estimated tax benefits for each respective taxing authority for the next 30 years from opening.

Projected Taxation Impact

Proposed Hotel - Downtown Green Street Development

Years	2027-2036	2037-2046	2047-2056	Total 2027-2056	Ratio
Lee's Summit	\$8,936,000	\$12,959,000	\$15,794,000	\$37,689,000	38.4%
Jackson County	\$2,790,000	\$3,818,000	\$4,652,000	\$11,260,000	11.5%
State of Missouri	\$13,342,000	\$16,205,000	\$19,757,000	\$49,304,000	50.2%
Totals (rounded)	\$25,068,000	\$32,982,000	\$40,203,000	\$98,253,000	
Annual Total (divided by # of years)	\$2,506,800	\$3,298,200	\$4,020,300	\$3,275,100	

Source: Hotel & Leisure Advisors

We note that forecasting tax revenue for a 30-year period is speculative as tax rates and revenue estimates may change. The projections do not account for the time value of money.

DEFINITIONS

RIMS II provides users with five types of multipliers: final-demand multipliers for output, earnings, and employment, and direct-effect multipliers for earnings and employment. These multipliers measure the economic impact of a change in final demand, earnings, or employment on a region's economy. The following definitions are from the RIMS II handbook.

Final-demand output multipliers: The final-demand multipliers for output are the basic multipliers from which all the other RIMS II multipliers are derived. They are presented in the final-demand output multiplier table. In this table, each column entry indicates the change in output in each row industry that results from a \$1 change in final demand in the column industry. The impact on each row industry is calculated by multiplying the final-demand change in the column industry by the multiplier for each row. The total impact on regional output is calculated by multiplying the final-demand change in the column industry by the sum of all the multipliers for each row except the household row.

Final-demand and direct-effect earnings multipliers: These multipliers are derived from the table of final-demand output multipliers. The final-demand multipliers for earnings can be used if data on final-demand changes are available. In the final-demand earnings multiplier table, each column entry indicates the change in earnings in each row industry that results from a \$1 change in final demand in the column industry. The impact on each row industry is calculated by multiplying the final-demand change in the column industry by the multiplier for each row. The total impact on regional earnings is calculated by multiplying the final-demand change in the column industry by the sum of the multipliers for each row.

The direct-effect multipliers for earnings can be used if data on the initial changes in earnings by industry are available. In the direct-effect earnings multiplier table, each entry indicates the total change in earnings in the region that results from a \$1 change in earnings in the row industry. The total impact on regional earnings is calculated by multiplying the initial change in earnings in the row industry by the multiplier for the row.

RIMS II employment multipliers estimate impacts in terms of total jobs (part-time and full-time). The source data used to create multipliers provides employment information in terms of total jobs, not full-time equivalence.

It is important to note that economic multipliers produce estimates, not exact calculations. The numbers presented in this report are meant to convey the scale of impact rather than the exact amount of money spent.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

It is assumed that qualified professional management with demonstrated expertise in management of hotels will operate the subject. It is assumed that adequate funds will be available for upkeep and repair of the facility.

The location and amenities of the proposed hotel and the adjoining Green Street development are still being finalized and the financial projections shown later in this report may change depending upon the type of amenities utilized in the proposed

development. As these plans are determined, they could have a material impact on this study.

We assume that parking will be available for the proposed hotel in the existing municipal garage or other planned or existing nearby garages or parking lots. The financial projections do not indicate revenue for parking as we assume that this additional revenue will be recorded by the future parking lots or garages.

There are no other extraordinary assumptions or hypothetical conditions.

COMPETENCY OF THE CONSULTANTS

Hotel & Leisure Advisors, LLC is a national hospitality consulting firm specializing in appraisals, feasibility studies, economic impact studies, and impact analyses for hotels, outdoor and indoor waterparks, hotels, ski hotels, golf courses, restaurants, conference and convention centers, and other leisure real estate. We work exclusively in the hospitality industry and concentrate our efforts on in-depth understanding of the trends and factors related to this industry. Our participation in industry associations and trade groups keeps us abreast of developments affecting our clients and gives us access to rich sources of data. We follow news and transactions occurring in the hospitality industry on a daily basis. The consultants have completed more than 4,000 hotel and attraction studies since 1987 at various firms.

David J. Sangree, MAI, CPA, ISHC and other H&LA consultants have written articles about hotels, hotels, and waterparks for *Hotel Management*, *Lodging Hospitality*, *World Waterpark Magazine*, *Midwest Real Estate News*, *Aquatics Magazine*, *Hotel Online*, and *Cornell Hotel and Restaurant Administration Quarterly* and is a national expert on these types of properties. He has appeared on Good Morning America, CNBC, and Fox8 News in segments concerning hotels, hotels, and waterparks.

H&LA maintains databases and files concerning various types of hospitality properties. Therefore, we possess the knowledge and experience to conduct the inspection, analysis, and reasoning necessary to estimate the feasibility of the subject.

STANDARD CONDITIONS

The following Standard Conditions apply to real estate consulting engagements and appraisals by Hotel & Leisure Advisors, LLC (H&LA). Extraordinary Assumptions are added as required.

1. The report is to be used in whole and not in part. The report, engagement letter and these standard conditions constitute the entire understanding and agreement between the parties with respect to the subject matter hereof and supersedes any and all prior or current agreements or understandings between the parties, whether in writing or orally. The report and engagement letter may not be amended except in writing signed by the parties hereto. These standard conditions shall survive the completion of the assignment.
2. Publication of the report or engagement letter without the prior written consent of H&LA is prohibited unless otherwise stated in the letter of engagement. Neither the report nor engagement letter may be used by any person other than the party to whom they are addressed nor may they be used for purposes other than that

for which they were prepared. Neither the engagement letter, nor the report, nor their contents, nor any reference to the appraisers or H&LA or any reference to the Appraisal Institute, International Society of Hospitality Consultants, American Institute of Certified Public Accountants, or the American Institute of Architects, (or the MAI, ISHC, CPA or AIA designations) may be included or quoted in any offering circular or registration statement, prospectus, sales brochure, other appraisal, loan, or other agreement or document without H&LA's prior written permission, in its sole discretion. Moreover, "H&LA" is a registered trademark of Hotel & Leisure Advisors, LLC. The client agrees that in event of a breach of this Section 2, in addition to any other rights and remedies of H&LA, and hereby consents to injunctive relief.

3. No responsibility is assumed for the legal description or any matters which are legal in nature. Title to the property is assumed to be good and marketable and the property is assumed to be free and clear of all liens unless otherwise stated. No survey of the property was performed. Sketches, maps, photos, or other graphic aids included in the reports are intended to assist the reader in ready identification and visualization of the property and are not intended for technical purposes.
4. The information contained in the assignment is based upon data gathered from sources the consultant or appraiser assumes to be reliable and accurate. Some of this information may have been provided by the owner of the property. Neither the consultants nor H&LA shall be responsible for the accuracy or completeness of such information including the correctness of public records or filings, estimates, opinions, dimensions, sketches, exhibits, and other factual matters.
5. The report may contain prospective financial information, estimates, or opinions that represent the consultants' or appraisers' view of reasonable expectations at a particular point in time. Such information, estimates, or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by H&LA's prospective financial analyses will vary from those described in the report, and the variations may be material. The financial projections stated in the report and any opinions of value are as of the date stated in the report. Changes since that date in external and market factors or in the property itself can significantly affect property value or performance.
6. H&LA has not considered the presence of potentially hazardous materials and contaminants such as asbestos, urea formaldehyde foam insulation, toxic waste, PCBs, pesticides, mold, lead-based paints, or other materials. The appraisers and consultants are not qualified to detect or report on hazardous material contamination and H&LA urges the client to retain an expert in this field if desired.
7. Unless noted, H&LA assumes there are no encroachments, zoning violations, or building violations encumbering the subject property. It is assumed that the property will not be operated in violation of any applicable government regulations, zoning, codes, ordinances, or statutes. No responsibility is assumed for architectural design and building codes. The analysis and concept drawings included in the report are not intended for technical purposes.

8. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.
9. Real estate consulting engagements and appraisal assignments are accepted with the understanding that there is no obligation to furnish services after completion of the original assignment. We are not required to give testimony or attendance in court by reason of this analysis without previous arrangements, and the client will be obligated to pay in advance for the standard per diem fees and travel costs.
10. No significant change is assumed in the supply and demand patterns indicated in the report. The appraisal or consulting engagement assumes market conditions as observed as of the current date of the market research stated in the letter of transmittal. These market conditions are believed to be correct; however, H&LA or the consultants assume no liability should market conditions materially change because of unusual or unforeseen circumstances.
11. The quality of a lodging facility or other leisure property's management has a direct effect on the property's economic viability. It should be specifically noted by any prospective reader that the engagement assumes that the property will be competently managed, leased, and maintained by financially sound owners over the expected period of ownership. H&LA is not responsible for future marketing efforts and other management or ownership actions upon which actual results will depend.
12. The forecast of income and expenses are not predictions of the future. Rather, they are the consultants' best estimates of current market thinking on future income and expenses. We do not warrant that the estimates will be obtained, but that they have been prepared in a conscientious manner on the basis of information obtained during the course of this study.
13. The subject property is valued assuming all items of furniture, fixtures, equipment, working capital, and inventory are in place. Should items essential in the operation of the hotel prove to be missing, we reserve the right to amend the opinion of value expressed in an appraisal report.
14. H&LA does not, as part of this consulting report or appraisal, perform an audit, review, or examination (as defined by the American Institute of Certified Public Accountants) of any of the historical or prospective financial information used and therefore, does not express any opinion with regard to it.
15. The consulting engagement or appraisal report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice and the Code of Ethics of the Appraisal Institute. No other code, ordinance, rule or regulation of any kind or nature whatsoever shall apply.
16. It is agreed that the maximum damages recoverable from H&LA or its affiliates or their respective employees relative to this engagement shall be the amount of the money actually collected by H&LA or its affiliates for work performed pursuant to the engagement letter. The client acknowledges that H&LA cannot and does not guarantee and makes no representations as to the success of the project. H&LA shall not be liable for any incidental, breach of warranty, consequential or punitive damages, expenses, costs or losses whatsoever directly or indirectly arising out of

the services performed hereunder (including negligence and/or gross negligence). In addition, there is no accountability or liability to any third party.

17. The client hereby releases and discharges H&LA, its directors, officers, and employees, from and against any and all claims and demands of any nature or kind whatsoever arising as a result of the design, development, operations, and performance of the proposed or existing project. The client furthermore agrees to indemnify, defend and hold harmless H&LA and its directors, officers and employees, from any and all claims of any nature whatsoever, including attorney fees, expenses and costs.
18. The report does not address the project's compliance with the federal statute commonly known as the Americans with Disabilities Act as well as regulations and accessibility guidelines promulgated thereunder.
19. The provisions of the report, the engagement letter and these standard conditions shall be severable, and if a court of competent jurisdiction holds any provisions of the report, engagement letter and these standard conditions invalid, illegal or unenforceable, the remaining provisions shall nevertheless remain in full force and effect as written.

INTRODUCTION

We estimated the economic impacts that may be generated by the proposed hotel. The "multiplier effect," or the effect that a proposed project has on an area, means that a project creates even more income and consumption in the area than what is initially spent on the project. The economic impacts of this project and its multiplier effect will be experienced on temporary and permanent bases throughout many levels of the economy. We considered the economic impact of this project in three parts:

1. Construction

- Temporary impacts on increased jobs and related tax revenues for construction and support services
- One-time economic impacts as goods and services are purchased during construction

2. Facility operations

- Permanent impacts of newly created jobs and related tax revenues
- Ongoing revenues realized by service providers
- Annual recurring economic impacts as guest expenditures generate new demand for goods and services

3. Increased visitation to the subject area

- Additional spending by subject guests and visitors within the greater community
- Permanent impacts of newly created jobs and related tax revenues at other establishments

Methodology for Estimating Economic Impacts

This analysis quantifies the economic impacts in terms of economic output (spending), earnings, direct employment (jobs), and tax revenues. To estimate the economic impacts of the proposed project, we relied on the following resources:

- Financial projections prepared by the developer
- Employment and wage data and economic multipliers supplied by the U.S. Department of Commerce
- The Regional Input-Output Modeling System II (RIMS II) generated by the U.S. Department of Commerce's Bureau of Economic Analysis provides multipliers for output, earnings, and employment by industry aggregation for Jackson County, Missouri
- Visitor spending statistics, including the SMARInsights CY 2024 Marketing Effectiveness Study, and data from the Missouri Division of Tourism prepared by Tourism Economics and Longwood's International

Utilizing this information, H&LA estimated three types of new economic impacts of the proposed subject on Jackson County.

- *Direct-Effect Impact* includes the jobs and spending directly created by the construction and operations of the proposed hotel.
- *Indirect or Induced Impacts* result from production changes in downstream industries associated with the initial direct spending and employment at the facility. For example, a direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. These restaurant purchases are an example of indirect economic impact.
- *Final Impact* represents the overall economic impact of a change in final demand on output, earnings, and employment on a region's economy. The final impact calculations represent the increased output, earnings, and employment, which occur in an economy because of spending caused by the proposed hotel. The following formula shows the derivation of the final impact conclusion.

$$\text{Final Impact} = \text{Direct-Effect Impact} + \text{Indirect or Induced Impacts}$$

The multiplier concept recognizes that income is spent in successive rounds within the community creating an economic impact greater than the original expenditure and employment levels. For example, each dollar collected by the proposed hotel will eventually recycle or multiply itself, creating many levels of economic activity in an area. As a prospective employer, a hotel pays wages and these wage earners in turn make purchases from local businesses. As taxpayers, all businesses and individuals benefiting from or adding incremental revenue to the economy also confer revenue to the community in terms of taxes. As a consumer, the proposed hotel would buy goods and services from area businesses. Hence, the multiplier concept represents multilevel economic activity.

The multiplier effect is directly related to a region's geographic size, population, and the diversity of its industrial and commercial base. Densely populated areas are generally able to support a more diverse economic base, and more products are likely to be manufactured and purchased locally rather than imported. Therefore, money injected into the economy is more often spent locally, causing greater changes in local business volume. In the case of the subject area, Jackson County, the multiplier effects may be somewhat limited in that a portion of the impact might be directed to areas outside the county. For example, it is likely that the furniture, fixtures, and equipment for the hotel will be manufactured and shipped from areas outside of Jackson County.

Jackson County Multipliers

The subject site lies in Lee's Summit in Jackson County. The following table shows Jackson County's RIMS II multipliers for the industry aggregations most closely related to the proposed development: Construction; Accommodation; Amusements, Gambling, and Recreation; Retail Trade; Food Services and Drinking Places; and Transit and Ground Passenger Transportation.

	<u>Direct Effect Multiplier</u>		<u>Final Demand Multiplier</u>		
	<u>Earnings (\$)¹</u>	<u>Employment (jobs)²</u>	<u>Output (\$)³</u>	<u>Earnings (\$)⁴</u>	<u>Employment (jobs)⁵</u>
Construction	1.5319	1.7368	1.5816	0.2492	4.2518
Accommodation	1.4667	1.3664	1.6363	0.3005	7.6929
Amusements, Gambling, and Recreation	1.5303	1.3491	1.6950	0.2936	9.2224
Retail Trade, General Merchandise Stores	1.4484	1.2945	1.6189	0.2924	9.1436
Food Services and Drinking Places	1.4262	1.2469	1.7446	0.3582	12.2728
Transit and Ground Passenger Transportation	1.6350	1.2902	1.7327	0.2795	10.1168

¹ Represents the total dollar change in earnings of households employed by all industries for each additional dollar of earnings paid directly to households employed by the industry corresponding to the entry.

² Represents the total change in number of jobs in all industries for each additional job in the industry corresponding to the entry.

³ Represents the total dollar change in output that occurs in all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.

⁴ Represents the total dollar change in earnings of households employed by all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.

⁵ Represents the total change in number of jobs that occurs in all industries for each additional \$1 million of output delivered to final demand by the industry corresponding to the entry.

Source: Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis

The table summarizes the direct effect and final demand multipliers used in the study. Each multiplier represents the estimated impact generated in one year. The final demand multipliers for output are the basic multipliers from which all other RIMS II multipliers are derived. The multipliers presented above reflect a number of assumptions, including the spending patterns for construction, hotel accommodations, amusements, retail trade, food services, and transportation. We applied the most recent multipliers available from the Bureau of Economic Analysis, and they are based on 2017 national benchmark input-output data and 2023 regional data.

It is important to note that economic multipliers produce estimates, not exact calculations. The numbers presented in this report are meant to convey the scale of impact rather than the exact amount of money spent.

A limitation of utilizing the multipliers is that it is generally assumed that no substitution across the expenditure category occurs, when in fact substitution does occur. If visitors would otherwise have spent dollars at other hotels or amusement facilities within the region in absence of the proposed hotel, it could be argued that the proposed facility would not be responsible for any increase in regional spending. Conversely, if leisure dollars spent by local residents would otherwise have been used for activities in the regional area, then these dollars do not represent an increase in spending but merely displaced spending. However, without the proposed facility, the locality would lose funds to other areas that are developing similar hotels. In other words, it is assumed that none of the spending amounts used in the

models represent displaced spending or that without the proposed development, incremental business activity generated by the hotel would take place outside of the region.

In addition, it is assumed that excess capacity in business employment does not exist. If area enterprises employ sufficient staff to accommodate a larger volume of sales, it is unlikely that increased sales will cause additional employment. The model used to compute multipliers assumes all sales volume requires additional employment.

This report does not examine the cost of increased public services that the city of Lee's Summit will require. A cursory review suggests that additional costs to local governments will be low due to the location in the established downtown area. There will be costs related to the surrounding developments including the planned farmers market and event space, covered outdoor performance area, and pedestrian pavilion that are already accounted for in the plans for the Green Street downtown redevelopment. The proposed hotel will not require any new roads to be built or expanded to accommodate the additional traffic to the area since sufficient highway infrastructure is already in place.

CONSTRUCTION IMPACTS

The proposed hotel will be a component of a four-acre redevelopment project outside of Lee's Summit City Hall that is called Green Street Project, formerly Downtown Market Plaza. The development will include a four-season farmers market and event space, outdoor performance area covered by an overhead canopy, streetscape pavilion with wicket garden, art walk, an immersive playground, planned restaurant and entertainment, planned multifamily residences, and the subject hotel. The following map shows the proposed development site plan.

Development Budget

Proposed Hotel - Downtown Green Street Development

	Total Costs	Cost per Unit
Land purchase	\$0	\$0
Hotel hard costs	\$16,450,000	\$195,833
Furniture, fixtures, and equipment	\$1,650,000	\$19,643
Soft costs	\$5,825,349	\$69,349
Miscellaneous costs/contingency	\$2,080,465	\$24,767
Total	\$26,005,814	\$309,593

Note: Based on 84 units

Source: Thrash Group

H&LA estimated the economic impact of constructing the subject. This construction represents a one-time activity expected to occur over approximately a two-year period. We estimated the preliminary construction and development costs, which are shown in the following table.

Estimated Preliminary Construction and Development Costs

Proposed Hotel - Downtown Green Street Development

Development budget per room	\$309,593
Projected number of rooms	84
Total development budget	\$26,005,814
% for construction	70%
Construction budget	\$18,204,070
% of construction budget for payroll	40%
Direct payroll budget	\$7,281,628

Source: Hotel & Leisure Advisors

The construction costs were analyzed based on the final demand multiplier and the resulting indirect multiplier. The following table indicates the direct construction impacts from the development of the subject.

Direct Construction Impacts

Proposed Hotel - Downtown Green Street Development

Construction payroll	\$7,281,628
Average construction wage in Kansas City, MO-KS Metro	\$71,165
Direct jobs created (annual)	102

Source: Hotel & Leisure Advisors

The average construction wage presented above represents the inflated estimate available from the U.S. Department of Labor's Bureau of Labor Statistics and was taken from the May 2024 U.S. Department of Labor Occupational Employment Statistics for the Kansas City, MO-KS Metro. Utilizing the average annual construction wage estimate of \$71,165 for the area, we estimate that approximately 102 annual full-time equivalent direct jobs will be created.

Allocation of Construction Budget: In County vs. Out of County

We utilized the construction budget rather than the total development budget for estimating the economic impact since the purchases of soft costs represent expenditures that are

unlikely to occur in the county. Typically, construction materials such as steel, lumber, concrete, etc., are not produced in the place where they are utilized and must be imported. The following table highlights our allocation of the in-county vs. out-of-county construction budget.

In County vs. Out of County Allocation of Construction Budget	
Proposed Hotel - Downtown Green Street Development	
Construction Budget	\$18,204,070
% In County	25%
In County	\$4,551,017
% Out of County	75%
Out of County	\$13,653,052

Source: Hotel & Leisure Advisors

We estimate that 25% of the goods and services utilized in the construction would be local in nature and will be produced or purchased in Jackson County. We project that the majority of this in-county expenditure will be payroll-related.

The following table indicates which sectors of the local economy benefit from the local construction budget's indirect or induced spending.

Indirect or Induced Impact		
Local Economic Activity Generated by the hotel Construction		
	Multipliers	Amount
Agriculture, forestry, fishing, and hunting	0.0002	\$1,000
Mining	0.0009	\$4,000
Utilities	0.0119	\$54,000
Construction	1.005	\$4,574,000
Durable goods manufacturing	0.0846	\$385,000
Nondurable goods manufacturing	0.0367	\$167,000
Wholesale trade	0.0566	\$258,000
Retail trade	0.0616	\$280,000
Transportation and warehousing	0.0286	\$130,000
Information	0.0205	\$93,000
Finance and insurance	0.0423	\$193,000
Real estate and rental and leasing	0.0727	\$331,000
Professional, scientific, and technical services	0.0524	\$238,000
Management of companies and enterprises	0.016	\$73,000
Administrative and waste management services	0.0146	\$66,000
Educational services	0.003	\$14,000
Health care and social assistance	0.0348	\$158,000
Arts, entertainment, and recreation	0.0043	\$20,000
Accommodation	0.0038	\$17,000
Food services and drinking places	0.0136	\$62,000
Other services	0.0176	\$80,000
Total Indirect or Induced Impact - Output (rounded)		\$7,200,000

Source: RIMS II Multipliers and Hotel & Leisure Advisors

The \$4,551,017 in local construction budget would result in a total of \$7,200,000 in indirect or induced impact being created in the local area. This includes all types of additional spending, as money paid to construction workers and material suppliers is re-circulated within the community on spending such as construction suppliers, real estate services, retail, food service, health care, etc.

Final Demand Impact

The change in final demand – i.e. the total amount invested in the construction project – is multiplied by the respective final demand multipliers for output, earnings, and employment to yield the anticipated economic impact. The Output Multiplier (Row 2) represents the total dollar change in output that occurs in each industry for every additional dollar of final demand by construction. The Earnings Multiplier (Row 3) represents the total dollar change in earnings of households employed by each industry for every additional dollar of final demand by construction. The Employment Multiplier (Row 4) represents the total change in the number of jobs that occurs in each industry aggregation for every \$1 million of output delivered to final demand by Construction enterprises in the county.

H&LA utilized the RIMS II multipliers to project the impacts of the proposed hotel. The following table displays the final demand impacts of the proposed construction.

Final Impact - Construction	
Proposed Hotel - Downtown Green Street Development	
1 Construction Budget Local (change in final demand)	\$4,551,017
Multipliers:	
2 Output (dollars)	1.5816
3 Earnings (dollars)	0.2492
4 Employment (jobs)	4.2518
Direct Impact	
5 Output (dollars)	\$18,204,070
6 Earnings (dollars)	\$7,281,628
7 Employment (jobs)	102
Indirect or Induced Impact	
8 Output (row 1 times row 2, rounded)	\$7,200,000
9 Earnings (row 1 times row 3, rounded)	\$1,100,000
10 Employment (row 1 times row 4/1,000,000)	19
Final Impact (Direct + Indirect or Induced)	
11 Output (row 5 + row 8)	\$25,404,070
12 Earnings (row 6 + row 9)	\$8,381,628
13 Employment (row 7 + row 10)	121

Source: Hotel & Leisure Advisors

Construction Conclusion: The construction budget of \$18,204,070 would result in a total impact of \$25,404,070 being generated in the local economy. These jobs and revenues will be created from the development and construction of the proposed hotel and from

companies providing services to the developers. Jobs and revenues will be created by companies throughout the county that benefit from secondary spending of money introduced because of the construction of the proposed hotel.

OPERATION AND VISITOR IMPACTS

The tables on the following pages indicate the economic impact of revenues generated within sectors related to the proposed hotel on other industries within Jackson County.

Operation Impacts

First Year of Operation: The following table shows revenue and expense figures from the financial projections prepared by the developer, the Thrash Group for the proposed hotel, dated June 19, 2025. We categorized the expenses into three categories: Accommodation, Food and Beverage, and Retail, based on the type of RIMS II multipliers.

First Year Financial Projections	
Proposed Hotel - Downtown Green Street Development	
First Year Total Revenues	\$6,659,000
<u>Expenses Breakdown</u>	
Accommodation	\$1,174,391
Food & Beverage	\$3,751,000
Retail	\$237,347
Total First Year Expenses	\$5,162,738

Source: Thrash Group and Hotel & Leisure Advisors

The expenses include goods and services produced both locally and imported from other regions outside of Jackson County. The following table highlights our payroll-related expenses.

First Year Financial Projections	
Proposed Hotel - Downtown Green Street Development	
First year total revenue	\$6,659,000
First year expenses	\$5,162,738
% of total revenues for payroll	25.6%
Payroll budget excluding benefits (rounded)	\$1,705,000
Average hourly wage	\$21.83

Source: Hotel & Leisure Advisors

The average hourly wage of \$21.83 was taken from the Occupational Employment Survey for the Kansas City, MO-KS MSA conducted by the Bureau of Labor Statistics. It is an inflated average considering wages for general manager, sales manager, hotel clerks, food service workers, cleaners, office workers, maintenance workers, and other management personnel. According to *STR Global Hotel Profitability Review 2024*, the average total payroll costs (excluding payroll taxes, employee benefits, and employee meals) for full-service hotels is 25.6% of total revenues. The first-year revenues and expenses were analyzed to determine the direct impacts and the final impacts. The following table indicates the direct impacts from the operation of the subject in its first year in 2027 dollars.

Direct Impacts - First Year Operations

Proposed Hotel - Downtown Green Street Development

Payroll/household earning	\$1,705,000
Average hotel wage in County	\$45,415
Direct FTE jobs created	38

Source: Hotel & Leisure Advisors

The actual number of jobs will be higher as many hotel and service industry workers are part-time. Specifically, we estimate that the actual number of jobs (including part-time and full-time employment) will be approximately twice the number of full-time equivalent jobs or 75 full- and part-time positions. The following table highlights the breakdown of employees by position among hotels nationwide based on information from the Bureau of Labor Statistics, along with median wage data for each occupation.

Employment and Wages by Occupation in U.S. Hotels

Occupation	% of Total Employment	Median Hourly Wage	Mean Hourly Wage	Mean Annual Wage
Building and Grounds Cleaning (includes Housekeeping)	26.8%	\$16.19	\$17.00	\$35,360
Food Preparation and Serving Related Occupations	23.7%	\$17.14	\$19.40	\$40,340
Office and Administrative Support Occupations (includes Desk Clerks)	18.7%	\$16.44	\$17.36	\$36,110
Personal Care and Service Occupations	6.7%	\$16.39	\$19.90	\$41,390
Management Occupations	5.8%	\$37.33	\$44.02	\$91,560
Installation, Maintenance, and Repair Occupations	5.6%	\$18.64	\$21.50	\$44,710
Sales and Related Occupations	2.9%	\$18.90	\$23.64	\$49,170
Production Occupations	2.6%	\$16.20	\$17.54	\$36,490
Protective Service Occupations (includes Lifeguards)	2.5%	\$18.16	\$20.02	\$41,640
Business and Financial Operations Occupations	2.0%	\$28.96	\$31.07	\$64,620
Transportation and Material Moving Occupations	1.1%	\$16.52	\$17.77	\$36,960
Other Occupations	1.5%			
Industry Total	100.0%	\$17.16	\$20.39	\$42,420

Source: Bureau of Labor Statistics, Occupational Employment Statistics, May 2023

Allocation of Expenses for Indirect or Induced Impact

The total expenses by the hotel will include goods and services that will be produced both locally and imported from out-of-county areas. For example, most of the retail shop items such as clothing, gifts, toys, and novelties will be imported. This creates a leakage since part of the retail spending does not stay in the local area. Hence, we estimated what percentages of these expenditures are projected to be local in nature versus what will be imported from outside of Jackson County.

Analysis of Expense Derivations: Local vs. Out of County

Proposed Hotel - Downtown Green Street Development

	Expenses	Local Production	Local Expenses	Out of County	Out of County Expenses
Accommodation	\$1,174,391	75%	\$880,793	25%	\$293,598
Food & Beverage	\$3,751,000	50%	\$1,875,500	50%	\$1,875,500
Retail	\$237,347	30%	\$71,204	70%	\$166,143
Total (rounded)	\$5,162,738	55%	\$2,827,000	45%	\$2,335,000

Source: Hotel & Leisure Advisors

Approximately \$2,827,000 or 55% of hotel expenses are projected to stay in the local area for the purposes of calculating the indirect or induced impact.

Final Impacts

H&LA applied the RIMS II multipliers to project the impact of the proposed hotel on output, earnings, and employment. The Output Multiplier (Row 2) represents the total dollar change in output that occurs in each industry for every additional dollar of output delivered to final demand by the different sectors we profiled. The Earnings Multiplier (Row 3) represents the total dollar change in earnings of households employed by each industry for every dollar of output from this sector. The Employment Multiplier (Row 4) represents the total changes in the number of jobs that occur in each of the industry aggregations for every \$1 million of output delivered to final demand within Jackson County. The following table displays the final demand impacts of the proposed development in the first year.

Final Impact - First Year of Operations					
Proposed Hotel - Downtown Green Street Development					
Row	Impact Based on Data on the Change in Final Demand:	Accommodation	Food & Beverage	Retail	Total (rounded)
	Projected first year Expenses	\$1,174,391	\$3,751,000	\$237,347	\$5,163,000
	% Local	75%	50%	30%	
1	Projected first year expenses (Local)	\$880,793	\$1,875,500	\$71,204	\$2,827,000
2	Output multiplier (dollars)	1.6363	1.7446	1.6189	1.7078
3	Earnings multiplier (dollars)	0.3005	0.3582	0.2924	0.3389
4	Employment multiplier (jobs)	7.6929	12.2728	9.1436	10.7692
	Direct Impact				
5	Output				\$6,659,000
6	Earnings				\$1,705,000
7	Employment				38
	Indirect and Induced Impact				
8	Output (row 1 times row 2)	\$1,441,000	\$3,272,000	\$115,000	\$4,828,000
9	Earnings (row 1 times row 3)	\$265,000	\$672,000	\$21,000	\$958,000
10	Employment (row 1 times row 4/1,000,000)	7	23	1	30
	Final Impact (Direct + Indirect or Induced) In County				
11	Output (row 5 + row 8)				\$11,487,000
12	Earnings (row 6 + row 9)				\$2,663,000
13	Employment (row 7 + row 10)				68

Source: Hotel & Leisure Advisors

Operations Impact – First-Year Conclusion: We project approximately \$2,827,000 of hotel expenses to remain in the local area, which would result in a total of approximately \$4,828,000 in indirect or induced impact in the county and region. We added this to the \$6,659,000 direct impact by the hotel. This results in a final impact of \$11,487,000 to the county.

10-Year Operation Impact

We estimated and projected the 10-year operation impact from the development of the subject hotel. The stabilized figures shown are inflated each year by an inflation rate of 2%, which is the same inflation rate used by the developer in their projections. The following table indicates the annual and combined 10-year impact from the subject’s development.

**Proposed Hotel - Lee's Summit, Missouri
Economic Impact Analysis**

B-12

10-Year Operation Impacts											
Proposed Hotel - Downtown Green Street Development											
Year	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Total Hotel Revenues	\$6,658,779	\$7,058,458	\$7,287,506	\$7,532,199	\$7,672,139	\$7,825,581	\$7,982,093	\$8,141,735	\$8,304,569	\$8,470,661	\$76,933,720
Total Hotel Expenses	\$5,162,738	\$5,331,140	\$5,437,201	\$5,572,984	\$5,676,564	\$5,791,117	\$5,907,260	\$6,027,026	\$6,148,447	\$6,271,557	\$57,326,034
Total Hotel Expenses (Local)	\$2,827,000	\$2,929,000	\$2,991,000	\$3,071,000	\$3,126,000	\$3,189,000	\$3,254,000	\$3,319,000	\$3,386,000	\$3,454,000	\$31,546,000
% of Revenue for payroll	25.6%	25.6%	25.6%	25.6%	25.6%	25.6%	25.6%	25.6%	25.6%	25.6%	
Payroll budget	\$1,705,000	\$1,807,000	\$1,866,000	\$1,928,000	\$1,964,000	\$2,003,000	\$2,043,000	\$2,084,000	\$2,126,000	\$2,168,000	\$19,694,000
Average hourly wage	\$21.83	\$22.27	\$22.72	\$23.17	\$23.63	\$24.11	\$24.59	\$25.08	\$25.58	\$26.09	
Direct Impact											
Output	\$6,658,779	\$7,058,458	\$7,287,506	\$7,532,199	\$7,672,139	\$7,825,581	\$7,982,093	\$8,141,735	\$8,304,569	\$8,470,661	\$76,933,720
Operations Payroll	\$1,705,000	\$1,807,000	\$1,866,000	\$1,928,000	\$1,964,000	\$2,003,000	\$2,043,000	\$2,084,000	\$2,126,000	\$2,168,000	\$19,694,000
Average hotel wage in County	\$45,415	\$46,323	\$47,250	\$48,195	\$49,159	\$50,142	\$51,145	\$52,168	\$53,211	\$54,275	
Direct FTE jobs created	38	39	39	40	40	40	40	40	40	40	
Indirect or Induced Impact											
Output	\$4,828,000	\$5,002,000	\$5,108,000	\$5,245,000	\$5,339,000	\$5,446,000	\$5,557,000	\$5,668,000	\$5,783,000	\$5,899,000	\$53,875,000
Earnings	\$958,000	\$993,000	\$1,014,000	\$1,041,000	\$1,059,000	\$1,081,000	\$1,103,000	\$1,125,000	\$1,147,000	\$1,170,000	\$10,691,000
Employment	30	32	32	32	32	32	32	32	32	32	
Final Impact (Direct + Indirect or Induced Impact)											
Output (annual business created)	\$11,486,779	\$12,060,458	\$12,395,506	\$12,777,199	\$13,011,139	\$13,271,581	\$13,539,093	\$13,809,735	\$14,087,569	\$14,369,661	\$130,808,720
Earnings	\$2,663,000	\$2,800,000	\$2,880,000	\$2,969,000	\$3,023,000	\$3,084,000	\$3,146,000	\$3,209,000	\$3,273,000	\$3,338,000	\$30,385,000
Employment	68	71	72	72	72	72	72	72	72	72	

Source: Hotel & Leisure Advisors

Operations Impact – 10-Year Operation Conclusion: The development of the subject will result in the following economic impacts over a 10-year period in Jackson County, Missouri.

10-Year Operations Impact	
Proposed Hotel - Downtown Green Street Development	
Earnings	\$30,385,000
Jobs (per year)	72
Total Output	\$130,808,720

Source: Hotel & Leisure Advisors

Visitor Analysis of Lee's Summit Hotels

We have identified branded hotels located in the city of Lee's Summit. Although these hotels are not in the downtown market and represent a lower quality level than planned for the subject property, they provide statistical data concerning the number of visitors who come to Lee's Summit and stay overnight. We analyzed Placer.ai visitation data. Placer.ai uses cell phone tracking software to determine the visitation and number of visits to a predefined target area. Such tracking does not provide exact attendance at a destination but does offer a representation of the number of visitors to the venue. The following table presents the number of visitors during the past 12 months at hotels in Lee's Summit.

Visitation Survey of Lee's Summit Hotels					
Hotel #	Property	Location	# of Rooms	Placer Visitation	Placer Visitation per Room
1	Quality Inn Lees Summit Kansas City	1020 SE Blue Pky	61	8,000	131
2	Hampton by Hilton Inn Kansas City-Lees Summit	1751 NE Douglas St	109	31,800	292
3	Holiday Inn Express & Suites Lee's Summit - Kansas C	1201 NW Innovation Pky	90	24,000	267
4	Best Western Plus Lee's Summit Hotel & Suites	4825 NE Lakewood Way	74	24,800	335
5	Comfort Inn Lees Summit @ Hwy 50 & Hwy 291	963 SE Oldham Pky	48	13,400	279
6	Comfort Inn & Suites Lees Summit - Kansas City	3701 NE Ralph Powell Rd	65	13,300	205
7	Fairfield Inn & Suites Kansas City Lee's Summit	1301 NE Windsor Dr	76	12,400	163
Average			75	18,243	244

Source: Hotel & Leisure Advisors and Placer.ai

The area comparables present a range of visitation. The subject will offer 84 available rooms. Multiplying the average visitation per room times the planned room count for the subject hotel equals 20,500 visitors while utilizing the high estimate equals 28,000, indicating a potential range for the subject hotel. The subject property will attract substantial visitation to the downtown market based upon the many amenities that will exist in the hotel and the surrounding Green Street district. Our analysis of the visitation figures shown from Placer.ai supports the visitor estimates shown herein.

Impact of Increased Visitor Spending

The proposed hotel will also have an impact on the economy of the surrounding area as a result of the increase in visitors and visitor spending. The proposed hotel is projected to draw new visitors to Jackson County and downtown Lee's Summit. Our calculations of economic impact in this area are tied directly to the number of projected visitors, which were

estimated by the developer. Economic impact results from the import of new dollars from spending primarily by nonresidents in the local economy. The extent to which visitor dollars are retained locally depends on the types of establishments that visitors utilize.

The following table shows the forecasted performance of the subject for the first six years of operation. EBITDA stands for earnings before interest, taxes, depreciation, amortization, and rent.

Forecasted Revenue and EBITDA						
	First Year - 2027	2028	2029	2030	2031	2032
Number of rooms	84	84	84	84	84	84
Occupancy	68.0%	72.0%	73.0%	74.0%	74.0%	74.0%
Average rate	\$154.50	\$159.14	\$163.91	\$168.83	\$172.20	\$175.65
RevPAR	\$105.06	\$114.58	\$119.65	\$124.93	\$127.43	\$129.98
Rooms occupied	20,849	22,075	22,382	22,751	22,688	22,688
Rooms revenue	\$3,221,140	\$3,512,937	\$3,668,580	\$3,840,893	\$3,907,007	\$3,985,147
Total Revenue	\$6,658,779	\$7,058,458	\$7,287,506	\$7,532,199	\$7,672,139	\$7,825,581
EBITDA	\$1,496,451	\$1,727,589	\$1,849,849	\$1,958,594	\$1,995,141	\$2,034,311

Source: Thrash Group June 19, 2025

We utilized data from the local area including the following highlights taken from the *FY 2024 Report For the Missouri Division of Tourism* that utilized data from *SMARInsights CY 2024 Marketing Effectiveness Study*, *Tourism Economics* and *Longwood's International*.

- The average person spends \$349.67 per overnight trip in fiscal year 2024 in Missouri.
- The average per person per day spend was \$108.
- There were 42.4 million visitors to Missouri in 2024.
- Tourism in Missouri generated \$18.3 billion in taxable sales with Jackson County generating \$2.93 billion in taxable sales or 16% of the statewide total.

We have also reviewed a domestic travel and tourism report prepared by Placer.ai for Jackson County, Missouri. It indicates that over the past 12 months there were 3.5 million overnight visitors who stayed 8 million visit nights in Jackson County Missouri and the visitors spent \$1.7 billion. The top five visitor origins were St. Louis Missouri; Columbia, Missouri; Springfield Missouri; Omaha, Nebraska; and Dallas-Fort Worth, Texas.

Based on our review of this study and similar studies for other downtown destinations, we project an average spending per occupied room night (per household) of \$400.00 per room per day in 2030 dollars.

Initial Adjustments: This per-household expenditure breaks down into five major tourism spending categories: Transportation, Food and Beverage, Retail, Amusement and Recreation, and Accommodation. Guests to the proposed hotel will spend all of their

Accommodation dollars, a portion of their Food/Beverage dollars, smaller percentage of the Retail dollars, and no Amusement & Recreation dollars at the subject, and these expenditures have been accounted for in the preceding section. For this reason, we removed 50% of the Food and Beverage, 10% of the Retail, and 100% of the Accommodation categories from this portion of the analysis. We also removed 70% of the Transportation figure to account for transportation spending related to airlines or cars driven outside of the county, which would not affect the subject county. The Retail category constitutes the highest remaining amount. This results in an average daily expenditure of \$163.58 per household. The following table highlights visitor spending by categories and our initial adjustments.

Visitor Spending by Category				
Proposed Hotel - Downtown Green Street Development				
Average Expenditure per Household per Day				
Category	Before Adjustment		After Initial Adjustments	
	Amount	% of Total	Amount	% of Total
Transportation	\$66.71	16.7%	\$20.01	12.2%
Food & Beverage	\$58.71	14.7%	\$29.35	17.9%
Retail	\$58.71	14.7%	\$52.84	32.3%
Amusement & Recreation	\$61.38	15.3%	\$61.38	37.5%
Accommodation	\$154.50	38.6%	\$0.00	0.0%
Average Daily Expenditure	\$400.00	100.0%	\$163.58	100.0%

Source: Hotel & Leisure Advisors

In its first year of operation, the proposed hotel is projected to attract 20,849 occupied rooms. We attributed each occupied room as a household. In the following table, we present the projected expenses related to the visitor expenditures and our estimate of payroll expenditures.

First Year Financial Projections	
Visitor Spending Outside of Hotel	
Total Visitor Household Days	20,849
Spending per day	\$163.58
Non-hotel Spending (rounded)	\$3,410,000
% of total revenue for payroll	25.0%
Payroll budget	\$852,500
Average hourly wage	\$21.83

Source: Hotel & Leisure Advisors

We utilized an average hourly wage of \$21.83, which is an inflated average of various service professions as taken from the Bureau of Labor Statistics' Occupational Employment Statistics for the Kansas City, MO-KS. The first-year revenues and expenses were analyzed based upon the direct-effect multiplier, final demand multiplier, and the resulting indirect multiplier. The following table indicates the direct impacts from the operation of the subject in its first year in 2027 dollars.

**Direct Impacts - First Year Operations
Visitor Spending Outside of Hotel**

Payroll/household earning	\$852,500
Average service wage in county	\$45,415
Direct jobs created	19

Source: Hotel & Leisure Advisors

We estimate that the development of the subject would result in a total increase of \$852,500 in household earnings to establishments outside of the hotel. Utilizing an average annual wage estimate of \$45,415 for the Kansas City, MO-KS employees in the range of occupations under study, we estimate that approximately 19 annual full-time equivalent direct jobs will be created. The actual number of jobs will be higher since many service industry workers are part-time.

Local Adjustments: The \$163.58 per household expenditure is a weighted average of the average visitor spending. The per-household figure includes goods and services that are produced both locally and imported from outside of Jackson County. We estimated that 75.0% of these visitors' spending will be expenses for local businesses. We further estimated what percentage of these expenditures would be locally produced. For example, we estimated 20.0% of the Transportation expenditures are local in nature since a majority of this expenditure is related to gasoline, which is not locally produced. For this reason, we estimate that 50.0% of Food and Beverage, 30.0% of Retail, and 70.0% of Amusement and Recreation expenditures are locally produced. This results in an average expense of \$58.12 per household that is estimated to remain in the local area and is subject to the multiplier effect. The following table presents a breakdown of how these dollars are spent by the typical visitor household to Jackson County including our adjustments.

Visitor Spending and Expenses by Category							
Proposed Hotel - Downtown Green Street Development							
Average Expenditure per Household per Day							
Category	After Initial Adjustments		Expenses	% Local	After Local Adjustments		
	Amount	% of Total			Amount	% of Total	Amount
Transportation	\$20.01	12.2%	75.0%	\$15.01	20.0%	\$3.00	5.2%
Food & Beverage	\$29.35	17.9%	75.0%	\$22.01	50.0%	\$11.01	18.9%
Retail	\$52.84	32.3%	75.0%	\$39.63	30.0%	\$11.89	20.5%
Amusement & Recreation	\$61.38	37.5%	75.0%	\$46.03	70.0%	\$32.22	55.4%
Accommodation	\$0.00	0.0%	0.0%	\$0.00	0.0%	\$0.00	0.0%
Average Daily Expenditure	\$163.58	100%	75.0%	\$122.68	35.5%	\$58.12	100.0%

Source: Hotel & Leisure Advisors

The total estimated spending in the first year of the projection due to the proposed hotel in 2027 is shown in the following table.

**Total Estimated Economic Impact of
Visitors to Subject in First Year of Operation**

Total Overnight Occupied Rooms in First Year	20,849
Average Daily Expenditure	\$58.12
Total Annual Visitor Non-Hotel Expenditures (rounded)	\$1,212,000

Source: Hotel & Leisure Advisors

The figures in Output Multiplier (Row 2) represent the total dollar change in output that occurs in each industry for every additional dollar of output delivered to final demand by the different sectors we profiled. Figures in the Earnings Multiplier (Row 3) represent the total dollar change in earnings of households employed by each industry for every dollar of output from this sector. The Employment Multiplier (Row 4) represents the total changes in the number of jobs that occur in each of the industry aggregations for every \$1 million of output delivered to final demand within Jackson County. The following table displays the final demand impacts of visitor spending in the first year.

Final Impact - Visitor Spending Outside of the Hotel						
Proposed Hotel - Downtown Green Street Development						
Row	Impact Based on Data on the Change in Final Demand:	Transportation	Food & Beverage	Retail	Amusement & Recreation	Total
1	Projected first year non-hotel spending in County <i>Final Demand Multiplier</i>	\$62,603	\$229,545	\$247,909	\$671,942	\$1,212,000
2	Output multiplier (dollars)	1.7327	1.7446	1.6189	1.6950	1.6898
3	Earnings multiplier (dollars)	0.2795	0.3582	0.2924	0.2936	0.3036
4	Employment multiplier (jobs)	10.1168	12.2728	9.1436	9.2224	9.8302
Direct Impact						
5	Output (dollars)					\$3,410,000
6	Earnings (dollars)					\$852,500
7	Employment (jobs)					19
Indirect or Induced Impact						
8	Output (row 1 times row 2)	\$108,000	\$400,000	\$401,000	\$1,139,000	\$2,048,000
9	Earnings (row 1 times row 3)	\$17,000	\$82,000	\$72,000	\$197,000	\$368,000
10	Employment (row 1 times row 4/1,000,000)	1	3	2	6	12
Final Impact (Direct + Indirect or Induced) In County						
11	Output (row 5 + row 8)					\$5,458,000
12	Earnings (row 6 + row 9)					\$1,220,500
13	Employment (row 7 + row 10)					31

Source: Hotel & Leisure Advisors

Visitor Spending Outside of the Hotel First-Year Conclusion

We calculated the output, earnings, and employment by category from the estimates for the average expenditure per household per day. We multiplied each expenditure by the respective multiplier from the RIMS II calculations. The \$1,212,000 in first-year non-hotel local expenditures would result in a total of \$2,048,000 in indirect or induced business output in the county. We added this to the direct impact of visitors spending of \$3,410,000. This results in a final impact of \$5,458,000.

10-Year Impact of Visitor Spending and Combined 10-Year Impact of Operation and Visitor Spending

The following table indicates the annual and combined 10-year impact from the subject's development. The stabilized figures are inflated utilizing a 2% inflation rate. The table also shows the combined operation and non-hotel 10-year spending.

DRAFT

**Proposed Hotel - Lee's Summit, Missouri
Economic Impact Analysis**

10-Year Operation Impacts											
Visitor Spending Outside of Hotel											
Year	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Direct Impact											
Total visitor household days	20,849	22,075	22,382	22,751	22,688	22,688	22,688	22,688	22,688	22,688	224,187
Non-hotel Spending (Output)	\$3,410,000	\$3,683,000	\$3,809,000	\$3,949,000	\$4,017,000	\$4,098,000	\$4,180,000	\$4,263,000	\$4,348,000	\$4,435,000	\$40,192,000
Total expenses	\$2,558,000	\$2,762,000	\$2,857,000	\$2,962,000	\$3,013,000	\$3,074,000	\$3,135,000	\$3,197,000	\$3,261,000	\$3,326,000	\$30,145,000
% of total output for payroll	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
Payroll budget (Earnings)	\$852,500	\$920,750	\$952,250	\$987,250	\$1,004,250	\$1,024,500	\$1,045,000	\$1,065,750	\$1,087,000	\$1,108,750	\$10,048,000
Average hourly wage	\$21.83	\$22.27	\$22.72	\$23.17	\$23.63	\$24.11	\$24.59	\$25.08	\$25.58	\$26.09	
Employment	18.8	19.9	20.2	20.5	20.4	20.4	20.4	20.4	20.4	20.4	
Local Expenses	\$1,212,000	\$1,309,000	\$1,353,000	\$1,403,000	\$1,427,000	\$1,456,000	\$1,485,000	\$1,515,000	\$1,545,000	\$1,576,000	\$14,281,000
Indirect or Induced Impacts											
Output (annual business created)	\$2,048,000	\$2,212,000	\$2,286,000	\$2,371,000	\$2,411,000	\$2,460,000	\$2,509,000	\$2,560,000	\$2,611,000	\$2,663,000	\$24,131,000
Earnings	\$368,000	\$397,000	\$411,000	\$426,000	\$433,000	\$442,000	\$451,000	\$460,000	\$469,000	\$479,000	\$4,336,000
Employment	11.9	12.9	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	
Final Impact											
Output	\$5,458,000	\$5,895,000	\$6,095,000	\$6,320,000	\$6,428,000	\$6,558,000	\$6,689,000	\$6,823,000	\$6,959,000	\$7,098,000	\$64,323,000
Earnings	\$1,220,500	\$1,317,750	\$1,363,250	\$1,413,250	\$1,437,250	\$1,466,500	\$1,496,000	\$1,525,750	\$1,556,000	\$1,587,750	\$14,384,000
Employment	31	33	33	34	34	34	34	34	34	34	
Combined Hotel and Visitor Spending											
Direct Impacts											
Household earning	\$2,557,500	\$2,727,750	\$2,818,250	\$2,915,250	\$2,968,250	\$3,027,500	\$3,088,000	\$3,149,750	\$3,213,000	\$3,276,750	\$29,742,000
Average hotel wage in County	\$45,415	\$46,323	\$47,250	\$48,195	\$49,159	\$50,142	\$51,145	\$52,168	\$53,211	\$54,275	
Direct jobs created	56	59	60	60	60	60	60	60	60	60	
Final Demand Impacts											
Output (annual business created)	\$16,944,779	\$17,955,458	\$18,490,506	\$19,097,199	\$19,439,139	\$19,829,581	\$20,228,093	\$20,632,735	\$21,046,569	\$21,467,661	\$195,131,720
Earnings	\$3,883,500	\$4,117,750	\$4,243,250	\$4,382,250	\$4,460,250	\$4,550,500	\$4,642,000	\$4,734,750	\$4,829,000	\$4,925,750	\$44,769,000
Employment	99	103	105	106	106	106	106	106	106	106	

Source: Hotel & Leisure Advisors

10-Year Combined Operation and Visitor Spending Conclusion: The development of the subject hotel will result in the following combined operation and visitor spending economic impact in Jackson County, Missouri, over a 10-year period.

10-Year Combined Hotel and Visitor Spending Impact	
Proposed Hotel - Downtown Green Street Development	
Direct Impact	
Output (10-year business created)	\$117,125,720
Earnings	\$29,742,000
Employment per year	60
Indirect Impact	
Output (10-year business created)	\$78,006,000
Earnings	\$15,027,000
Employment per year	46
Final Demand Impacts	
Output (10-year business created)	\$195,131,720
Earnings	\$44,769,000
Employment per year	106

Source: Hotel & Leisure Advisors

TAX REVENUE IMPACT METHODOLOGY

Tax revenue impacts consist of state, county, and city tax revenues that result from the net new spending and income related to the activities at the subject hotel. In this analysis, fiscal impacts are shown for the governmental unit that levies the tax. Subsequent redistributions of tax revenue, such as state income or sales tax distributions to local government units, were not estimated.

For each tax, H&LA estimated the appropriate tax base and multiplied it by the corresponding effective tax rate. The effective tax rate is the rate calculated after adjustments, exemptions, deductions, credits, and other tax provisions are taken into account. Estimates of taxable amounts of spending and income were based on the direct, indirect, and final estimates presented herein. Literally dozens of taxes, fees, and other government revenue sources will be influenced by the subject's operations. Five of the major categories of tax revenues were considered in this analysis.

Income Tax – The state of Missouri collects a personal income tax from residents of Missouri. Missouri has a graduated income tax rate with rates ranging from 2.0% to 4.7%. We have utilized a rate of 4.0% for the income level of the majority of workers projected for the project. There is no local income tax for cities in the state of Missouri.

The state of Missouri has an average business income tax of 6.25%, which is applied to the projected hotel's net operating income. It should be noted that these are nominal income tax rates. It is likely that many corporations will qualify for certain deductions and

exemptions that are not contemplated by this study; therefore, the actual tax collections may be less than projected in this study.

Sales Tax – In Missouri, sales taxes are levied on the sales and rental of tangible property and select services. Certain items are exempted but it is generally a broad-based sales and use tax. The total amount of sales tax paid in the subject area is 4.225% for the state of Missouri with an additional 3.75% for the city of Lee's Summit (includes 1% CID) and 1.50% for Jackson County (including 0.125% Kansas City Zoological District). Only the taxable portions of direct and indirect spending were considered part of the tax base.

Hotel Occupancy Tax – There is a hotel occupancy tax collected in Lee's Summit of 5.00% of rooms revenue with no additional county or state bed tax beyond the sales tax. We multiplied the projected rooms revenue by the occupancy tax rate to estimate occupancy taxes.

Real Estate/Property Tax – The subject is expected to pay real estate and property taxes, which will be received by the city of Lee's Summit and Jackson County. We included the real estate tax distribution received by the schools as part of the city receipts. The breakdown of current real estate tax rates is shown in the following table.

Description	% of Revenue
Lee's Summit (including schools)	83.4%
Jackson County	16.6%
State of Missouri	0.0%
Total	100.0%

Source: Hotel & Leisure Advisors

These taxes were estimated by the developer in their financial projections. The subject development has assumed an abatement in their pro forma due to the risk involved in a tourism project like the subject. We profiled municipal incentives received by select hotel projects around the region later in this section. For the purposes of this report, we used the estimates of real estate taxes prepared by the developer for the first 10 years and then calculated real estate taxes for years 11 through 30 at 2.5% of projected future revenues. These numbers will change as the project scope becomes known and the assessor can apply a valuation to the project. In the first year of our analysis, the developer projects real estate taxes of \$5,000, which assumes a real estate tax abatement.

Other Taxes – The state, city, and county generate revenue from a set of excise and other taxes on cigarettes, fuel, alcohol, realty transfer, and other items. The available data does not allow for specific estimation of each tax. In order to capture the fiscal impact of these various taxes, it was assumed that they generate 10.0% of the revenue generated by the other taxes shown in this analysis.

A summary of relevant taxes and tax rates is shown in the following table.

Tax Rate Assumptions

Proposed Hotel - Downtown Green Street Development

	Lee's Summit	Jackson County	Missouri
Income Tax - Individual	0.00%	0.00%	4.00%
Income Tax - Business	0.00%	0.00%	6.25%
Sales Tax	3.75%	1.50%	4.225%
Hotel Occupancy Tax	5.00%	0.00%	0.00%
Real Estate/Property Tax	83.40% of tax	16.6% of tax	0% of tax

Source: Hotel & Leisure Advisors

Summary of Tax Impact Estimates

The projected tax revenue impacts for the city, state, and county are shown in the following table for a 10-year analysis.

**Proposed Hotel - Lee's Summit, Missouri
Economic Impact Analysis**

10-Year Tax Impacts												
Proposed Hotel - Downtown Green Street Development												
Rate	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total	
Income Tax												
Construction Earnings (2025 & 2026)		\$8,381,628										
Individual income tax - State	4.00%	\$335,000										\$335,000
Hotel payroll earnings		\$2,663,000	\$2,800,000	\$2,880,000	\$2,969,000	\$3,023,000	\$3,084,000	\$3,146,000	\$3,209,000	\$3,273,000	\$3,338,000	\$30,385,000
Non-hotel earnings		\$1,220,500	\$1,317,750	\$1,363,250	\$1,413,250	\$1,437,250	\$1,466,500	\$1,496,000	\$1,525,750	\$1,556,000	\$1,587,750	\$14,384,000
Combined payroll budget		\$3,883,500	\$4,117,750	\$4,243,250	\$4,382,250	\$4,460,250	\$4,550,500	\$4,642,000	\$4,734,750	\$4,829,000	\$4,925,750	\$44,769,000
Individual income tax - State	4.00%	\$155,000	\$165,000	\$170,000	\$175,000	\$178,000	\$182,000	\$186,000	\$189,000	\$193,000	\$197,000	\$1,790,000
Hotel net income		\$1,496,451	\$1,727,589	\$1,849,849	\$1,958,594	\$1,995,141	\$2,035,044	\$2,075,745	\$2,117,260	\$2,159,605	\$2,202,797	\$19,618,077
Income subject to taxation (90%)		\$1,347,000	\$1,555,000	\$1,665,000	\$1,763,000	\$1,796,000	\$1,832,000	\$1,868,000	\$1,906,000	\$1,944,000	\$1,983,000	\$17,659,000
State business tax	6.25%	\$84,000	\$97,000	\$104,000	\$110,000	\$112,000	\$115,000	\$117,000	\$119,000	\$122,000	\$124,000	\$1,104,000
Total Income Tax		\$239,000	\$262,000	\$274,000	\$285,000	\$290,000	\$297,000	\$303,000	\$308,000	\$315,000	\$321,000	\$2,894,000
Sales Tax												
Total hotel output		\$11,486,779	\$12,060,458	\$12,395,506	\$12,777,199	\$13,011,139	\$13,271,581	\$13,539,093	\$13,809,735	\$14,087,569	\$14,369,661	\$130,808,720
Non-hotel output		\$5,458,000	\$5,895,000	\$6,095,000	\$6,320,000	\$6,428,000	\$6,558,000	\$6,689,000	\$6,823,000	\$6,959,000	\$7,098,000	\$64,323,000
Total output		\$16,944,779	\$17,955,458	\$18,490,506	\$19,097,199	\$19,439,139	\$19,829,581	\$20,228,093	\$20,632,735	\$21,046,569	\$21,467,661	\$195,131,720
Taxable portion of output	95%	\$16,098,000	\$17,058,000	\$17,566,000	\$18,142,000	\$18,467,000	\$18,838,000	\$19,217,000	\$19,601,000	\$19,994,000	\$20,394,000	\$185,375,000
Sales tax - City	3.75%	\$604,000	\$640,000	\$659,000	\$680,000	\$693,000	\$706,000	\$721,000	\$735,000	\$750,000	\$765,000	\$6,953,000
Sales tax - County	1.50%	\$241,000	\$256,000	\$263,000	\$272,000	\$277,000	\$283,000	\$288,000	\$294,000	\$300,000	\$306,000	\$2,780,000
Sales tax - State	4.225%	\$680,000	\$721,000	\$742,000	\$766,000	\$780,000	\$796,000	\$812,000	\$828,000	\$845,000	\$862,000	\$7,832,000
Total Sales Tax		\$1,525,000	\$1,617,000	\$1,664,000	\$1,718,000	\$1,750,000	\$1,785,000	\$1,821,000	\$1,857,000	\$1,895,000	\$1,933,000	\$17,565,000
Occupancy Tax												
Rooms revenue		\$3,221,140	\$3,512,937	\$3,668,580	\$3,840,893	\$3,907,007	\$3,985,147	\$4,064,850	\$4,146,147	\$4,229,070	\$4,313,652	\$38,889,423
Hotel occupancy tax - City	5.00%	\$161,000	\$176,000	\$183,000	\$192,000	\$195,000	\$199,000	\$203,000	\$207,000	\$211,000	\$216,000	\$1,943,000
Total Occupancy Tax		\$161,000	\$176,000	\$183,000	\$192,000	\$195,000	\$199,000	\$203,000	\$207,000	\$211,000	\$216,000	\$1,943,000
Real Estate Taxes Breakdown												
Real Estate/Property Taxes		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$50,000
Real estate/property tax - City	83.4%	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$40,000
Real estate/property tax - County	16.6%	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$10,000
Other Taxes												
Subtotal taxation impact		\$2,265,000	\$2,060,000	\$2,126,000	\$2,200,000	\$2,240,000	\$2,286,000	\$2,332,000	\$2,377,000	\$2,426,000	\$2,475,000	\$22,787,000
Additional state taxes	10.0%	\$227,000	\$206,000	\$213,000	\$220,000	\$224,000	\$229,000	\$233,000	\$238,000	\$243,000	\$248,000	\$2,281,000
Total Tax Impact		\$2,492,000	\$2,266,000	\$2,339,000	\$2,420,000	\$2,464,000	\$2,515,000	\$2,565,000	\$2,615,000	\$2,669,000	\$2,723,000	\$25,068,000

Source: Hotel & Leisure Advisors

The development of the subject hotel will result in the following additional taxes for the city, state, and county over a 10-year period.

Projected 10-Year Taxation Impact		
Proposed Hotel - Downtown Green Street Development		
	<u>Projected Taxes</u>	<u>Ratio</u>
Lee's Summit	\$8,936,000	35.6%
Jackson County	\$2,790,000	11.1%
State of Missouri	\$13,342,000	53.2%
Total for 10 years (rounded)	\$25,068,000	
Total annually (divided by 10)	\$2,506,800	

Source: Hotel & Leisure Advisors

State taxes will result from personal income tax, business income tax, sales tax, and other/miscellaneous taxes. The county taxes will result from sales tax and real estate tax. Local taxes are collected from sales tax, occupancy tax, and real estate tax.

With development of the subject, the annual fiscal impact is shown in the following table.

10-Year Tax Impacts - Summary		
Proposed Hotel - Downtown Green Street Development		
	<u>10-Year</u>	<u>Annual</u>
Income Tax	\$3,229,000	\$322,900
Sales Tax	\$17,565,000	\$1,756,500
Hotel Occupancy Tax	\$1,943,000	\$194,300
Real Estate/Property Tax	\$50,000	\$5,000
Other Taxes	\$2,281,000	\$228,100
Total	\$25,068,000	\$2,506,800

Source: Hotel & Leisure Advisors

Starting in year 11, we have increased the projected real estate taxes to equal 2.5% of total revenue. We have inflated the other tax impacts by 2% annually for the years 2037 to 2056 and have shown the total tax impact over the 30 years. The following table shows the estimated tax benefits for each respective taxing authority for the 30 years from opening.

Projected Taxation Impact					
Proposed Hotel - Downtown Green Street Development					
<u>Years</u>	<u>2027-2036</u>	<u>2037-2046</u>	<u>2047-2056</u>	<u>Total 2027-2056</u>	<u>Ratio</u>
Lee's Summit	\$8,936,000	\$12,959,000	\$15,794,000	\$37,689,000	38.4%
Jackson County	\$2,790,000	\$3,818,000	\$4,652,000	\$11,260,000	11.5%
State of Missouri	\$13,342,000	\$16,205,000	\$19,757,000	\$49,304,000	50.2%
Totals (rounded)	\$25,068,000	\$32,982,000	\$40,203,000	\$98,253,000	
Annual Total (divided by # of years)	\$2,506,800	\$3,298,200	\$4,020,300	\$3,275,100	

Source: Hotel & Leisure Advisors

We note that forecasting tax revenue for a 30-year period is speculative as tax rates and revenue estimates may change. The projections do not account for the time value of money.

OTHER IMPACTS

Real Estate Impact

We analyzed the impact on the marketability and value of the existing properties in the subject neighborhood and analyzed what new developments could occur in the area if the proposed development is constructed. The proposed Green Street redevelopment of downtown Lee's Summit will achieve increased usage with the development of the hotel. Out-of-town visitors staying at the hotel will also spend money at other establishments within the downtown area.

The development of the proposed project will positively influence the city of Lee's Summit and the overall neighborhood surrounding the subject. The subject hotel will add to the list of attractions Lee's Summit has to offer. We accounted for this influence in the previous projections, which indicate the direct and indirect impact from visitor spending at the subject and in the surrounding area. The development of the subject, especially considering its magnitude and development budget, is projected to raise property values in the immediate neighborhood.

Visitor Draw of Project

The proposed hotel is projected to draw overnight visitors from Missouri and surrounding states. We project the property will attract a mix of commercial, leisure, and group oriented overnight guests as well as day visitors coming to enjoy the restaurant and other Green Street attractions.

We project a majority of visitors will travel to the subject property from within approximately a three-hour drive with remaining visitors utilizing air transportation. The following map indicates communities within 60-120-180-mile rings around the subject site.

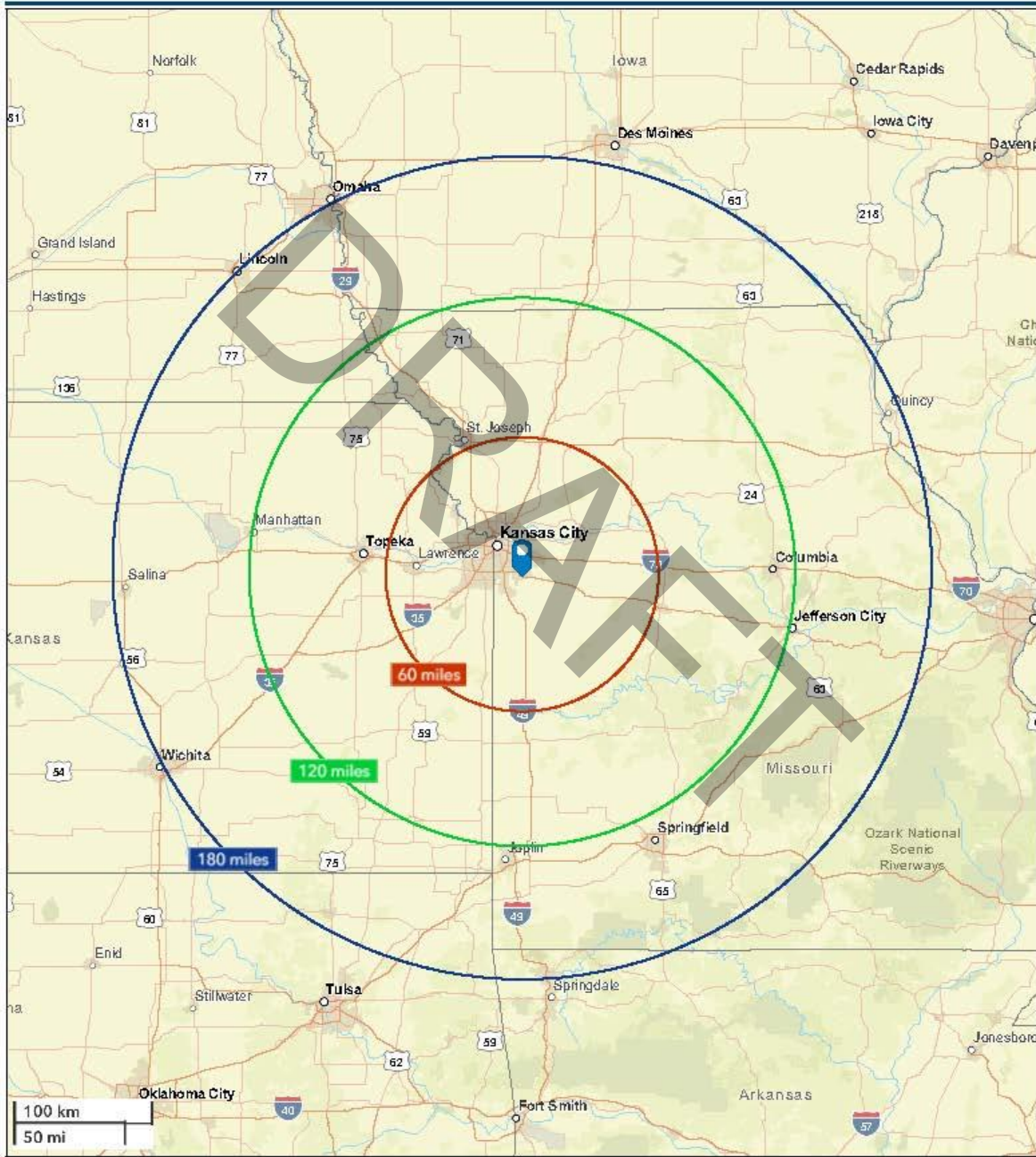
**Proposed Hotel - Lee's Summit, Missouri
Economic Impact Analysis**

B-26



Regional Map

Proposed Hotel - Lee's Summit, MO



June 20, 2025

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Competition for Project

The proposed hotel will be unique within Lee's Summit. It will be the only higher quality hotel in the downtown area. We expect that it will compete with hotels in Lee's Summit as well as higher quality hotels throughout the Kansas City market.

Other Benefits

The operation of the proposed subject is expected to create other significant benefits for the city, county, and state that are less explicit and more difficult to quantify. These benefits include:

- Anchor for year-round commerce
- Community pride and identity
- Regional and national exposure
- Improved quality of life
- Prestige associated with having a large new hotel development
- Expanded food and beverage and entertainment outlets

The value and impact of these benefits have not been estimated in this study.

Other Costs

It is difficult to identify the interests of all potential stakeholders for a project as large as the proposed subject, which has the potential to greatly impact a community. It is possible that there are additional costs not contemplated by this study. Potential additional costs could include:

- Additional traffic during peak periods
- Increased demand on municipal services
- Increased crime
- Increased inflation
- Widening of roads to accommodate additional traffic
- Utilities

Our analysis of numerous other hotel projects indicates that these other costs are a relatively small addition to a municipality's expenses in comparison to the revenues that the hotel generates. The most common cost that can occur is additional traffic. The value and impact of these costs have not been estimated in this study.

MUNICIPAL INCENTIVES

In our opinion, the subject development should obtain municipal incentives from the city, county, or state to construct extensive tourism infrastructure at the subject site. These incentives could include tax abatement, municipal financing, tax incremental financing, county construction of the hotel infrastructure, or other incentives. We recommend incentives due to the high risk involved in developing a tourist-oriented project.

Hotel developers may receive financial assistance for projects through a variety of municipal, state, and federal tax credit incentives. Credits are often given for the redevelopment of historic buildings or developments in low-income or new market areas. Many cities approve tax abatements and similar incentives in exchange for the long-term benefits and employment the development creates. Following are recent examples in Missouri and Illinois.

Kansas City, Missouri: Opened in October 2024, Origin Hotel Kansas City, a Wyndham Hotel, is the first hotel on the Berkley Riverfront in Kansas City, Missouri. With 188 pet-friendly rooms and suites across five stories, the boutique hotel is in the River Market District, the city's original neighborhood on the Missouri River. The hotel was developed by The Thrash Group, a Mississippi-based company that also has hotels in Colorado, Georgia, Kentucky, Louisiana, and Texas. Through incentives offered by the Port of Kansas City (Port KC), the developer will receive a total of \$6.8 million in property tax exemptions over 20 years (an exemption of 75% for the first 10 years and 50% for the second 10 years), which equates to approximately 62% of the total property tax over that time period. Amenities at the hotel include a full-service restaurant serving breakfast, dinner, and weekend brunch; a bar; fitness center; complimentary bike rentals; more than 4,500 square feet of meeting and event spaces, including an outdoor terrace overlooking the river; and parking in an adjacent lot. Origin Hotel Kansas City is within walking distance of CPKC Stadium, the first women's professional sports stadium in the world. The stadium is home to the Kansas City Current of the National Women's Soccer League, which announced an official partnership with the hotel in February 2025 to house visiting teams. The hotel is also close to the Kansas City Streetcar extension, which is expected to be finalized by fall 2025.

Kansas City, Missouri: Kansas City's Central City Economic Development (CCED) Program approved funding of \$3,875,000 towards construction of a new seven-story 132-room boutique hotel. Plans include dining options, ground-floor bar, roof-top bar, retail, and meeting and event space. It was announced in May 2025 that the hotel will have a Marriott flag. The project is part of a larger development, with the hotel to be connected to a new Negro Leagues Baseball Museum (NLBM) with 30,000 square feet of exhibit space and to the revamped Buck O'Neil Education and Research Center. The NLBM district will also feature adjacent multi-family housing with approximately 150 luxury apartments, retail, and amenities. The project is part of Revive the Vine, the city's \$400+ million reinvestment initiative in the historic 18th & Vine Jazz District. Public infrastructure projects combined with private development are restoring cultural landmarks, expanding housing, and supporting neighborhood vibrancy. The developer of the NLBM district is Grayson Capital with major construction anticipated to begin in fall 2025.

Kansas City, Missouri: True North Hotel Group announced plans in April 2025 for a five-story, 120-room SpringHill Suites by Marriott on the city's riverfront. The proposed hotel would be built on what is now a parking lot just east of Bond Bridge, across the highway from CPKC Stadium. The land is owned by the city and leased to the port authority, which would sublease it for development. City council is working on a plan that would use revenue from a 1% sales

tax on the nearby Bally's Casino and future hotel to offset some of the hotel's construction costs, capped at \$4.9 million. The proposed tax district is estimated to generate approximately \$16 million over a 25-year period to provide additional funds for improvements to the riverfront area. Final approval from City Council is needed before construction can begin.

St. Joseph, Missouri: According to April 2025 news reports, St. Joseph, Missouri city council members approved a plan for a public-private partnership to help fund two new proposed boutique hotels and a conference center on a 7.7-acre site. The proposed plan would be financed in part by \$60 million in revenue bonds issued by the city. The city will own title to the property, while the bonds would be repaid with future revenue generated by the project. Specifically, the developer (STJ Hotel Group) would pay full real property taxes for the duration of construction and the first 15 years after the project is complete, followed by a 50% tax break for the ensuing 10 years. Other incentives include personal property tax breaks on project equipment (100% for years one through 15 and 50% for years 16 through 25), as well as exemption from local and state sales taxes for the purchase of construction materials. As planned, the proposed project would include 249 hotel rooms along with fitness centers, lobby bars, restaurants, pools, approximately 12,000 square feet of meeting space, and parking for more than 400 vehicles. The city regards this project as a much-needed community amenity to host business events, agricultural tradeshows, weddings, and other gatherings and hopes to position St. Joseph to attract overflow visitors from Kansas City for the 2026 World Cup.

Festus, Missouri: Festus city council approved an incentive plan with developer Crown Hospitality in May 2025 to build a 92-room Hampton Inn & Suites in the Festus Commerce & Business Center, near Interstate 55. Under the terms of the plan, the city will issue \$14.5 million in Chapter 100 industrial revenue bonds to provide funding for tax abatements. The city will assume ownership of the property "on paper" and essentially lease it to the Hampton Inn owners. Property taxes will remain the same for 10 years despite increased property value as a result of the new hotel. After 10 years, Crown Hospitality takes full ownership of the property, assessed and taxed at its full rate. The developer will make a real property investment of approximately \$14.5 million to the project along with a personal property investment of approximately \$2.1 million. Crown Hospitality has submitted plans to the city and will start construction as soon as building permits are issued. The hotel is projected to open by November 2026.

St. Louis, Missouri: In February 2025, the Gateway Arch Park Foundation (GAPF) announced that it would acquire the site of the Millennium Hotel, which has been vacant since 2014, and move forward with a \$670 million mixed-use redevelopment plan to include residential, commercial, retail, and public spaces. A bill was introduced by the St. Louis Board of Aldermen in June 2025 to grant a 20-year, 90% tax abatement to Cordish, the Baltimore-based developer involved with the project. Despite the tax credit, the property is projected to generate more than \$19 million in tax revenue to the city over the first 10 years of the project, and more than \$45 million after 20 years. It would also generate \$4.4 million for the St. Louis School District in 10 years, and \$15.5 million after 20 years.

Jefferson City, Missouri: The city has embarked on a private-public partnership to redevelop a half-block of downtown into a mixed-use development, including a conference center, full-service hotel, and parking garage within walking distance of the Missouri State Capitol Building. The project dovetails with the need to replace an existing parking garage. In addition, the city purchased the News Tribune building, which was becoming vacant, and demolished it in July 2024 in preparation for construction. Sources of funding include existing city parking and

lodging tax funds; existing grant funds; bonds secured by revenue from the operation of the hotel, conference center, and parking garage; and the existing 4% city lodging tax dedicated to the conference center. While the financing structure has yet to be finalized, additional funding may come from tax abatements, TIF/CID mechanisms, partnership with the State of Missouri, hotel brand contribution, licensing of naming rights and product suppliers, and philanthropic contributions. The facility will serve the needs of state government, industry associations, business and community trade shows, award ceremonies, fundraising events, live entertainment, and weddings. Construction is expected to begin in early 2026 with a 2028 opening.

Chicago, Illinois: In downtown Chicago, a 1905 building and former headquarters of Chicago & North Western Railway was transformed into a dual-branded hotel that opened in 2021, with a 135-room Hilton Garden Inn Chicago Central Loop and a 215-room Canopy by Hilton Chicago Central Loop. The complex offers two on-site restaurants, two meeting and event spaces, a fitness center, and an outdoor terrace. According to Crain's, Chicago-based developer Phoenix Development Partners purchased the structure for \$32.7 million in September 2019. The total cost to convert the property was estimated at \$136 million, including property acquisition. Nearly \$10 million of funding was raised through the investment crowdfunding platform CrowdStreet. The property was appointed Landmark status by the Commission on Chicago Landmarks. The Chicago City Council approved a Class L property tax incentive that would reduce property taxes on the building by \$20 million over 12 years.

Rockford, Illinois: The 160-room Embassy Suites by Hilton Rockford Riverfront in downtown Rockford, Illinois, opened in July 2020 with pandemic limits and restrictions in place. The city of Rockford bought the 13-story former Amerock factory building in 2011. By 2018, developer Gary Gorman of Gorman & Company was working on redevelopment plans and financing mechanisms for converting the space into a hotel. The \$87 million conversion project included adding an adjoining 40,000-square-foot conference center. According to former Rockford mayor Larry Morrissey, the city was forced to consider non-traditional capital sources to finance the plan. Morrissey championed the project and helped Gorman secure \$30 million in foreign investment through the EB-5 Immigrant Investor Program. By September 2019, the city of Rockford approved borrowing \$23 million to help fund the project, and Gorman secured historic preservation tax credits as well. Amenities at the new Embassy Suites include a swimming pool, game room for kids, and two levels of outdoor seating with access to the adjacent Davis Park.

In our opinion, the risks associated with the development of a hotel justify receiving governmental assistance. Our review of various developments indicates that many large projects receive some sort of municipal, county, or state aid, particularly projects of the size and magnitude proposed for the subject.

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- David J. Sangree, MAI, ISHC has not made a personal inspection of the property that is the subject of this report, but has previously performed multiple studies in the Kansas City MSA.
- Kyle Mossman and Mike Weber provided significant real property appraisal or appraisal consulting assistance to the person signing this certification.
- As of the date of this report, David J. Sangree, MAI, ISHC has completed the continuing education program for Designated Members of the Appraisal Institute.

David J. Sangree, MAI, ISHC
President