

ST LOUIS RETAIL OUTLET LLC

\$39,470,000
370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
(HAZELWOOD, ST. LOUIS COUNTY, MISSOURI)
TRANSPORTATION REVENUE BONDS
SERIES 2002

CUSIP NUMBER

88575UAL7

DEVELOPER'S CONTINUING DISCLOSURE STATEMENT

October 9, 2018

Mr. Keenan Rice
President
Municap, Inc.
8965 Guilford Road, Suite 210
Columbia, MD 21046

In accordance with the "Developer's Continuing Disclosure Agreement" (the "Agreement") by and between St. Louis Retail Outlet, LLC (the "Developer"), as successor to St. Louis Mills Limited Partnership and MSCI 2007-IQ13 RETAIL 5555 LLC (the "Lender") in accordance with a Purchase Agreement dated as of February 11, 2016 and Municap (the "Administrator") dated as of October 1, 2002, Developer hereby provides the following information as of September 30, 2018. All terms having initial capitalization and not defined herein shall have the meanings set forth in the Official Statement dated as of October 24, 2002. To the best of the knowledge of the undersigned:

1) Status of Construction and Completion of the Mills Transportation Project:

As of September 30, 2018, the budget for public improvements funded with bond proceeds is as follows:

<u>Public Improvement</u>	<u>Original Budget</u>	<u>Budget Revisions</u>	<u>Spent to Date</u>	<u>Percent Complete</u>
Off-Site Earthwork/Highway Paving	\$9,506,468	\$92,580	\$9,599,048	100%
On-Site Earthwork/Storm Sewer/Paving	\$9,353,608	\$434,024	\$9,787,632	100%
Shell/Common Area	\$457,248	(\$24,362)	\$432,886	100%
Land	\$4,363,635	\$111,568	\$4,475,203	100%
Design A & E	\$1,561,034	\$249,724	\$1,810,758	100%
Construction Administration	\$157,795	(\$1,409)	\$156,386	100%
Legal	\$668,891	\$262,024	\$930,915	100%
Contingency	\$806,249	(\$806,249)	\$0	0%
Total	\$26,874,928	\$317,900	\$27,192,828	100%

- a) In accordance with the TDD Act, the District and the Missouri Highways and Transportation Commission have entered into a Missouri Highways and Transportation Commission Transportation Development District Cooperative Agreement dated as of February 5, 2003, pursuant to which the Commission has approved that portion of the Mills Transportation Project known as the Interchange Improvements. The plans for that portion of the Mills Transportation Project known as St. Louis Mills Circle were submitted to the City of Hazelwood, Missouri, as the applicable local transportation authority, and were approved on October 1, 2002, and subsequently approved as revised on March 21, 2003. The plans for that portion of the Mills Transportation Project known as St. Louis Mills Boulevard were submitted to the City of Hazelwood, Missouri, as the applicable transportation authority, and were approved on April 3, 2003. The plans for portion of the Mills Transportation Project known as the Missouri Bottom Road Relocation were submitted to St. Louis County, Missouri, as the applicable transportation authority, and were approved on June 17, 2003.
- b) Construction of the Mills Transportation Project began in July 2002. Construction of the Mills Transportation Project is substantially complete.
- c) On July 8, 2004, the District, St. Louis Mills Limited Partnership, St. Louis Mills Residual Limited Partnership and various other owners of record of real property located within and adjacent to the boundaries of the District filed a PETITION FOR THE SECOND ADJUSTMENT OF THE BOUNDARIES OF THE 370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD TRANSPORTATION DEVELOPMENT DISTRICT, Cause No. 04CC – 002879, IN THE CIRCUIT COURT OF ST. LOUIS COUNTY, STATE OF MISSOURI. This Petition sought to amend the District’s boundaries to include approximately 33.662 acres of real property on the west side of the existing right-of-way of Missouri Bottom Road (excluding approximately 7.171 acres of real property to be dedicated as right-of-way for the Mills Transportation Project). The adjustment of the boundaries was completed pursuant to a judgment and order entered by the court on September 24, 2004.

- d) On September 19, 2003, the City of Bridgeton delivered a stop work order for that portion of the Mills Transportation Project being constructed within the City of Bridgeton. On September 19, 2003, in STATE OF MISSOURI EX REL. 370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD vs. CITY OF BRIDGETON, MISSOURI, Cause No. 03CC-3834, IN THE CIRCUIT COURT OF ST. LOUIS COUNTY, STATE OF MISSOURI, the District sought and obtained a temporary restraining order enjoining the City of Bridgeton from interfering with or taking any action to prevent the completion of the Mills Transportation Project. This matter was subsequently dismissed without prejudice.

2) Status of Mall Completion:

- a) Construction of the Mall began in July 2002. Construction of the Mall was completed in November 2003. Grand Opening occurred November 13, 2003.
- b) The initial equity contribution requirement of \$65,128,680 was revised to \$57,967,000. The revised initial equity contribution requirement of \$57,967,000 was reached in December 2002.
- c) On December 30, 2003, all of the TIF Notes owned by Mills Services Corp. totaling \$9,279,000.00 plus accrued interest of \$2,448,557.55 and all of the TIF Notes owned by Park 370 Development, L.L.C. (as assignee of TriStar Business Communities, L.L.C.), totaling \$9,421,000.00 plus accrued interest of \$1,582,569.08 were refunded by the issuance of \$26,385,000 The Industrial Development Authority of the City of Hazelwood, Missouri, Tax Increment Refunding Revenue Bonds, Series 2003 (370/Missouri Bottom Road Redevelopment Project).
- d) The amended complaint filed by the Missouri Coalition for the Environment on September 20, 2002 was settled on March 26, 2003.
- e) In SOUTHWESTERN BELL TELEPHONE, L.P. vs. THE MILLS CORPORATION, and ST. LOUIS MILLS LIMITED PARTNERSHIP, Case No. 03CC-004290, IN THE CIRCUIT COURT OF ST. LOUIS COUNTY, STATE OF MISSOURI, a condemnation action was brought seeking an easement into property owned by the Developer for the placement of telephone lines and related equipment. This action was subsequently dismissed without prejudice during the second quarter of 2004. In SOUTHWESTERN BELL TELEPHONE, L.P., d/b/a SBC MISSOURI vs. THE MILLS CORPORATION, ST. LOUIS MILLS LIMITED PARTNERSHIP, and DAVIDSON TELECOM, LLC, Case No: 4:03CV1271 HEA, UNITED STATES DISTRICT COURT EASTERN DISTRICT OF MISSOURI, there was an action for damages for the alleged exclusion of access to the Developer's property to allow SBC to install telephone lines and related equipment. This action was subsequently dismissed without prejudice during the second quarter of 2004.

3) Mall Leasing Status:

As of September 30, 2018, the leasable space for anchors is approximately 682,330 square feet (including the 15,828 square feet of mezzanine in the former NASCAR Speedpark space) and approximately 512,280 square feet for specialty stores, resulting in aggregate leasable space of approximately 1,194,610 square feet (including the 15,828 square feet of mezzanine in the former NASCAR Speedpark space). The totals for the anchor square footage increased by approximately 128,709 s.f. on April 13, 2007 when Cabela's opened. Because Cabela's occupied some specialty store square footage in their total, this caused a corresponding decrease of 9,646 in specialty store square footage for a net increase of 119,245 total square feet. The totals for anchor space decreased on November 2, 2007 when The Children's Place opened as a 20,397 s.f. anchor in what was formerly a 28,915 s.f. space. This left 8,518 s.f. unleaseable and the total leasable square footage as listed above. In 2009, anchor space and total leasable square footage was decreased by approximately 20,000 when proposed anchor space B-1 was taken out of inventory per allowable procedures because the space is not built out and never occupied. In 2012, concurrent with the conveyance of the property, all actual square footages (including B-1) were returned to the totals with the intent to lease all available spaces, including those not yet built out.

a) Anchors:

The aggregate leased space for the anchor stores is approximately 500,568 square feet.

The table below provides the anchor tenants, the square footage of leasable space under lease for the anchor stores, the terms of the lease for each anchor tenant (if terms vary), and whether such lease would not be a Qualifying Lease.

Anchor Tenant	Square Feet	Term of Lease	Qualifying Lease
Hope Church	20,004	1 year	Yes
Midwest Clearance Center	30,373	5 years	Yes
Cabela's	128,709	15 years	Yes
Ross Dress For Less	35,041	10 years	Yes
Ice Zone / St. Louis Blues (subtenant)	54,757	20 years/ 13 years	Yes
Earth Surf Skatepark	41,461	1 year	Yes
Regal Cinemas	84,506	15 years	Yes
Lorenzo	24,786	2 years	Yes
Burlington Coat Factory	80,931	15 years	Yes
Total	500,568		

The square footage of the anchor store space that is subject to a letter of intent to lease is zero. The square footage of the anchor store space for which lease

negotiations are in progress is zero square feet. The square footage of the anchor store space that is leased but not yet open is zero square feet. The square footage of the anchor store space of any remaining leasable space that is not subject to a lease, letter of intent or negotiation is 181,762 square feet.

b) Specialty Stores:

The aggregate leased space for the specialty stores is approximately 78,320 square feet.

The table below provides the names of the specialty store tenants, the square footage of leasable space under lease for specialty stores, the terms of the lease for each specialty store tenant (if terms vary), and whether such lease is a Qualifying Lease.

	Specialty Store Tenant	Square Feet	Term of Lease	Qualifying Lease
134	Wholesale Mattress and More	7,053	1 year	Yes
168	Wholesale Mattress and More II	7,444	1 year	Yes
174	Wholesale Furniture Outlet	3,490	1 year	Yes
293	Hair Braiding Studio	1,119	1 year	Yes
318	St Louis United Sports Academy	15,091	5 years	Yes
352	Wetzel's Pretzel	923	7 years	Yes
353	St Louis Blues Alumni Asoc	3,809	1.5 years	Yes
459	Putting Edge	9,565	5 years	Yes
613	Lorenzo Menswear	7,820	1 year	Yes
642	ZAF	3,288	1 year	Yes
105	Hope Church	1,293	10 years	Yes
106	Hope Church	1,204	10 years	Yes
113	Hope Church	2,390	10 years	Yes
114	Hope Church	991	10 years	Yes
117	Hope Church	4,203	10 years	Yes
118	Hope Church	615	10 years	Yes
128	Hope Church	1,464	10 years	Yes
658	Hope Church	1,065	10 years	Yes
661	Hope Church	2,079	10 years	Yes
662	Hope Church	1065	10 years	Yes
665	Hope Church	1284	10 years	Yes
668	Hope Church	1065	10 years	Yes
	Total	78,320		

The square footage of the specialty store space currently executed and open is approximately 78,320 square feet. The square footage of specialty store space leased but not open is zero square feet. The square footage of the specialty store space for which a proposal letter has been submitted or lease negotiations are in progress is zero square feet. The square footage of the specialty store space of any remaining leasable space that

is not subject to a lease, proposal letter or negotiation is approximately 433,960 square feet.

4) Status of Pad Sites:

- a) Pads Sold: Nine pad sites totaling approximately 40.84 acres have been sold to date. Approximately 42.33 acres remain. Sonic is the most recent opening with a date of August 14, 2008.
 - b) Development of Pads: Seven sites (American TV and Appliance, Babies R Us, Steak ‘n Shake, Jared Jewelers, Longhorn Steakhouse, Bob Evans, and Sonic) totaling approximately 21.17 acres opened. In 3rd Quarter 2011, American TV and Appliance and Sonic closed, leaving the open acreage at approximately 9.87 acres. In the 4th Quarter 2015, the American TV parcel was sold to MERS Goodwill for their February 18, 2016 opening of a Goodwill Outlet store. In November 2017, Steak N Shake closed their restaurant on their 1.106 acres.
- 5) Zoning Classification: The Developer reported that the parcels located within the City of Hazelwood, Missouri, were rezoned to “Planned District, Mixed” on October 2, 2002. The parcels located within the City of Bridgeton were rezoned to B-2, Commercial.
- 6) Legislative, Administrative or Judicial Challenges: There have been no legislative, administrative, or judicial challenges to the construction of the Mills Transportation Project or the Mall other than as described in Sections 1 and 2 above.
- 7) Material Changes to Development: Except as noted in this Developer’s Continuing Disclosure Statement with regard to Status of Mall Completion (Section 2 above), Mall Leasing Status (Section 3 above) and Construction Loan (Section 8 below), there have been no material changes in the Plan to develop the Mall, the construction of the Mall and the development of the Retail Project as described in the Official Statement under the headings “PROPOSED DEVELOPMENT OF THE RETAIL PROJECT – Leasing of St. Louis Mills and Sale/Lease of Pad Sites,” “– Management of St. Louis Mills,” “– Plan of Financing for Development of the Retail Project,” “– Estimated Sources of Funds for the Development of St. Louis Mills” or any material changes in the section “THE DEVELOPER AND RELATED ENTITIES.” It should be noted that the Mills Development Company of Missouri, L.L.C., has completed a change of name and is now known as St. Louis Mills, L.L.C.

In addition, on August 31, 2012, the Mall property was transferred to Lender via a Special Warranty Deed In Lieu of Foreclosure . The property has been rebranded to St. Louis Outlet Mall and all rights and responsibilities now reside with the new entity. Concurrent with the change was the termination of MillsServices Corp. as Manager and the Lender’s arrangement for The Woodmont Company as new management of the St. Louis Outlet Mall.

On February 11, 2016, the mall was sold to St. Louis Retail Outlet, LLC. The property remains branded as St. Louis Outlet Mall and all rights and responsibilities

now reside with the new entity. Concurrent with the change was the termination of The Woodmont Company as Manager and arrangement for St. Louis Mall Realty, LLC as new management of the St. Louis Outlet Mall.

In June 2016, the Hazelwood City Council approved a Condominium Declaration for the property which subdivides the Plat T of the property into separate parcels for the anchor locations.

In July 2016, Unit I of Lot T of the condominium parcel was sold to Ice Zone Partners LLC.

- 8) Financing: The construction loan closed on May 13, 2003, and the maximum amount to be advanced under the construction loan was \$162 million. The initial three year term of the construction loan expired on May 13, 2006. The developer refinanced the construction loan on December 28, 2006 with a \$90 million, 5 year fixed rate loan originated by Morgan Stanley. The interest rate on the new loan is 6.39% Monthly payments on the loan are calculated on an interest only basis. The loan is non-recourse except for a limited number of prescribed “bad-boy” exceptions.

The \$90 million loan referenced in Section 8 hereof matured on January 8, 2012. No replacement financing has been obtained and, on August 31, 2012, the Mall property was transferred to Lender via a Special Warranty Deed In Lieu of Special Assessment.

Furthermore, on August 24, 2012, the District notified the Developer that the Pledged Revenues deposited into the TDD Sales Tax Account of the Revenue Fund during the requisite 12-month period and the amount on deposit in each of the funds and accounts held by the Trustee as of the requisite date are insufficient to reduce the current year’s annual installment of the TDD Special Assessment to \$0.00 without issuing Subordinate Obligations In Lieu of Special Assessments. On August 31, 2012, the Developer notified the District that it did not intend to purchase such Subordinate Obligations In Lieu of Special Assessments.

- 9) Contracts and Key Terms Relating to the Construction of the Mall or the Mills Transportation Project.

- a. The key terms of any contracts entered into relating to construction of the Mall or the Mills Transportation Project with a contract amount of not less than \$5,000,000 are:

Mall

HC Beck LTD	\$58,404,344
Hammerts Iron Works Inc.	\$ 5,957,274
Guarantee Electric	\$ 9,024,855
Grau Contracting	\$ 6,392,070

TDD

HC Beck LTD	\$18,942,263
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- b. Material Amendments to Construction Contracts and Agreements: There have been no material amendments to such contracts and agreements as described in 9(a) above.
- c. Notice of Default: Neither the Developer nor any related Mills Entities have received formal written notice of any default under such contracts or agreements as described in 9 (a) and (b) above.

The general partner of the Developer has not obtained actual knowledge of the occurrence of any Significant Events, as described in Section 3 (page D-4) in the Agreement, except as follows: (a) the transfer by the Mills Development Company of Missouri, LLC to St. Louis Mills, LP of approximately 178 acres of property within the District on November 6, 2002; (b) the transfer by St. Louis Mills Residual, LP to the District of approximately 2 acres of property within the District on September 26, 2003; (c) the transfer by St. Louis Mills, LP to St. Louis Mills Residual, LP of approximately 48 acres of property within the District on November 19, 2003. (d) the transfer by St. Louis Mills, LP to ST. Louis Mills Residual, LP of approximately 0.5 acres of property within the District on June 21, 2005; (e) the transfer by the District to St. Louis Mills Residual, LP of access rights to approximately 19 acres of property within the District on December 14, 2005; (f) the acquisition of all of the common stock of The Mills Corporation by a joint venture comprised of a subsidiary of Simon Property Group, Inc. and funds managed by Farallon Capital Management, the subsequent transfer of the interest of The Mills Corporation in The Mills Limited Partnership to TMLP GP, LLC, a Delaware limited liability company, and the subsequent liquidation of The Mills Corporation; and (g) on January 8, 2012 a material default and payment default occurred by the Developer on the \$90 million loan referenced in Section 8 hereof, which loan is secured by property within the District owned by the Developer; (h) the previously mentioned transfer of the Mall property to the Lender via a Special Warranty Deed In Lieu of Foreclosure; (i) the previously mentioned sale on February 11, 2016 of the Mall property to the new owner St Louis Retail Outlet, LLC; (j) the previously mentioned subdivision of the main mall Plat T into subdivided parcels as approved by the Condominium Declaration, (k) the deed of all peripheral lands previously owned by St Louis Mills Residual LP (Simon Property Group) to the TDD due to unpaid TDD Special Assessments, and (l) the previously mentions sale of parcel I of Lot T (the Ice Zone) to Ice Zone Partners LLC.

St Louis Retail Outlet, LLC

By: St Louis Mall Realty, LLC, as agent

By: *Signature on File*
David Reed

Its: Authorized Signatory