

CHAIR:
MARIE J. CARMICHAEL

MEMBERS:
JOHN D. STARR
LARRY D. NEFF
JOHN E. MEHNER
L. B. ECKELKAMP, JR.
KELLEY M. MARTIN
REUBEN A. SHELTON
PATRICK J. LAMPING

EXECUTIVE DIRECTOR:
ROBERT V. MISEREZ



EX-OFFICIO MEMBERS:
PETER D. KINDER
LIEUTENANT GOVERNOR

DAVID D. KERR
DIRECTOR,
ECONOMIC DEVELOPMENT

DR. JON HAGLER
DIRECTOR, AGRICULTURE

SARA PARKER PAULEY
DIRECTOR,
NATURAL RESOURCES

MISSOURI DEVELOPMENT FINANCE BOARD

MEETING MINUTES MISSOURI DEVELOPMENT FINANCE BOARD

Governor Office Building
200 Madison Street, Room 1010
Jefferson City, Missouri

JULY 19, 2011

The Missouri Development Finance Board met in regular session on Tuesday, July 19, 2011, beginning at 10:00 a.m. The meeting was conducted via telephone conference call. Notice of the meeting was duly posted as required by RSMo Section 610.020 at the MDFB principal office.

The following members and officers of the Board were present or absent at the meeting as follows:

Marie J. Carmichael	Chair	Present
John D. Starr	Vice Chairman and Member	Absent
Larry D. Neff	Secretary and Member	Present
John E. Mehner	Treasurer and Member	Present
L. B. Eckelkamp, Jr.	Member	Present
Kelley M. Martin	Member	Present
Reuben A. Shelton	Member	Present
Patrick J. Lamping	Member	Absent
Peter D. Kinder	Lieutenant Governor and Member	Present
David D. Kerr	Director, Dept. of Economic Development and Member	Present
Jon Hagler	Director, Dept. of Agriculture and Member	Present
Sara Parker Pauley	Director, Dept. of Natural Resources and Member	Present
Robert V. Miserez	Executive Director and Assistant Secretary	Present

Chair Carmichael called the meeting to order and declared a quorum was present. In addition to the above, those in attendance included:

Board Staff: Kathleen Barney, Krystal Davis, Kimberly Martin, Dawn Holt, Valerie Haller and Ryan Vermette

Board Counsel: James Caldwell

Others Present: Pam Dixon, Lieutenant Governor's office; and Patrick Hosty, Valdes Moreno, Inc.

I. Secretary's Report

Secretary Neff

Secretary Neff presented for approval the minutes from the June 21, 2011 meeting. The minutes were included in the Board materials distributed in advance of the meeting. There being no questions, corrections or additions, Secretary Neff made a motion to approve the minutes as presented. Member Shelton seconded the motion. The following roll call vote was recorded:

Aye: Neff, Mehner, Eckelkamp, Martin, Shelton, Kerr, Pauley and Carmichael

Nay: None

Absent: Starr, Lamping, Kinder and Hagler

Chair Carmichael declared the motion passed.

Lt. Governor Kinder joined the telephone conference call.

II. Treasurer's Report

Treasurer Mehner

Treasurer Mehner presented for approval the Treasurer's Report as of and for the eleven months ended May 31, 2011. The Treasurer's Report was included in the Board materials distributed in advance of the meeting. There being no questions, corrections or additions, Treasurer Mehner made a motion to approve the Treasurer's Report as presented. Secretary Neff seconded the motion. The following roll call vote was recorded:

Aye: Neff, Mehner, Eckelkamp, Martin, Shelton, Kinder, Kerr, Pauley and Carmichael

Nay: None

Absent: Starr, Lamping and Hagler

Chair Carmichael declared the motion passed.

Director Hagler joined the telephone conference call.

III. Department of Economic Development Report

Director Kerr

Director Kerr reported on the \$27 million grant from the U.S. Treasury Department to assist entrepreneurial, start-up companies, and small businesses in Missouri which has been allocated into two different programs — the Grow Missouri Program and the Innovation Development Entrepreneurial Advancement (IDEA) Program. Director Kerr reported that the IDEA Program will be administered by the Missouri Technology

Corporation (MTC) and that \$17 million was committed to the IDEA Program. In the first of three rounds \$7 million was allocated and more than 70 applications were received from around the state requesting more than \$52 million. Director Kerr noted that of the 70 applications received, they invited 21 companies to make presentations to the MTC Board. During the July 18, 2011 MTC Board meeting, the MTC Board entertained the 21 recommendations that were made. Director Kerr noted that the 21 applications are across five different categories — High-Tech Industrial Expansion Program, Venture Capital Co-Investment Program, Seed Capital Co-Investment Program, TechLaunch Program, and Missouri Building Entrepreneurial Capacity Program. Director Kerr reported that the MTC Board accepted the recommendations of its Investment Committee and awarded \$7,396,000 to 20 individual businesses. Of the 20 businesses, they are small, start-up entrepreneurial type companies that range from cancer detection to wind energy manufacturing to energy storage programs. Some of the businesses project as few as 15-20 jobs in the course of the next three years, while others project as many as 500-600 jobs within the first five years. Director Kerr commented that the Department was delighted to administer the federal funds to provide help and resources to start-up, high-tech innovation companies throughout Missouri. Director Kerr noted that these funds from the federal government are used to support the type of businesses in the MOSIRA program and if approved by the legislature would be a permanent, long-term funding source for these types of programs. Member Martin questioned where additional information could be found on the programs. Director Kerr referred him to the Department's Web site at www.ded.mo.gov for the Grow Missouri Program or the MTC's Web site at www.mtc.mo.gov for the IDEA Program.

IV. Department of Agriculture Report

Director Hagler

Director Hagler reported the Missouri State Fair will be held August 11-21, 2011 in Sedalia, Missouri.

V. Department of Natural Resources

Director Pauley

Director Pauley reported she was attending a conference the Department is co-sponsoring with the Department of Energy for the industry sector to promote tools for business and industry to realize more energy efficiency in their operations. Director Pauley noted that the Division of Energy is preparing to undertake an intensive stakeholder process which will engage stakeholders from around the state for the next several months to focus on priorities for the state energy office and how to better provide tools for business and industry and other sectors.

Director Pauley reported the Department has been very engaged with the Joplin relief efforts, including regional office employees onsite daily coordinating with the Environmental Protection Agency, Corps of Engineers and the Missouri National Guard on debris removal. Director Pauley also reported on the Missouri State Parks Program which is concentrating on replacing all the trees that Joplin and surrounding areas are requesting, and also focusing on rebuilding and partnering with these storm-ravaged areas on rebuilding some of the their community parks.

VI. Lieutenant Governor's Report

Lt. Governor Kinder

Lt. Governor Kinder reported he once again traveled to Joplin and participated with approximately 12-14 legislators in the Capitol Commission Ministry, a state legislative ministry, with disaster recovery efforts.

VII. Old Business

- A. Mamtek U.S., Inc. — BUILD Kimberly Martin
Amendment to Resolution of Intent

Ms. Martin reported the Board adopted a Final Authorizing Resolution in February 2011 for Mamtek U.S., Inc. to construct a sucralose manufacturing facility in Moberly, Missouri. The Company was unable to meet the required June 30, 2011 closing date and requested an extension to the end of July for the bond closing. Ms. Martin commented that legal counsel suggested extending the bond closing deadline to August 15, 2011 in the interest of caution.

Staff recommended approval of the Amendment to the Resolution of Intent, extending the bond closing deadline to August 15, 2011.

Member Shelton made a motion to approve the following Amending Authorizing Resolution:

**RESOLUTION OF THE MISSOURI DEVELOPMENT FINANCE BOARD
AMENDING A RESOLUTION OF THE BOARD TO PERMIT THE
ISSUANCE OF ITS BUILD MISSOURI REVENUE BONDS FOR THE
BENEFIT OF MAMTEK U.S., INC. NOT LATER THAN AUGUST 15,
2011.**

Member Martin seconded the motion. The following roll call vote was recorded:

Aye: Neff, Mehner, Eckelkamp, Martin, Shelton, Kinder, Kerr, Hagler,
Pauley and Carmichael

Nay: None

Absent: Starr and Lamping

Chair Carmichael declared the motion passed.

B. Hayti Heights, Missouri — Staff Recommendation to Accept a MIDOC Loan Settlement Offer

Robert V. Miserez

Mr. Miserez reported that in 1996 and 2002 the Board approved two separate loans to the City of Hayti Heights, in partnership with DED, to fund improvements to the City's sewer and water systems. The first loan was for \$45,000 to improve the City's sewer system and the second loan was for \$60,000 for the City's water system. Mr. Miserez reported that the City made payments on loans for a number of years; however, in 2003-2004 the City began to experience difficulties in making payments on the loans and also difficulties maintaining its systems.

Mr. Miserez noted that Board staff worked with the City for a considerable period of time in attempts to get the City to make payments, and in 2010 staff sent a demand letter and accelerated the note. Also in 2010 the local circuit court appointed a receiver to take over the City's sewer and water systems. Mr. Miserez reported that Jim Macy, a DNR employee, was appointed as the receiver and has made a settlement offer to the Board of \$23,000 on the \$106,371.43 outstanding balance of the two loans.

Mr. Miserez noted that the City had demonstrated on several occasions that they cannot operate and maintain the sewer and water systems. The adjoining City of Hayti is willing to absorb Hayti Heights' water and sewer systems as long as it is debt free. Mr. Miserez reported there are other creditors writing off debts of the City, including the IRS.

Staff recommended that the Board accept the \$23,000 settlement offer from the receiver and write off the balance of the two Hayti Heights MIDOC loans.

Secretary Neff made a motion to accept the \$23,000 settlement offer and close out the two Hayti Heights MIDOC loans. Member Shelton seconded the motion.

Chair Carmichael questioned if revisions needed to be made to the MIDOC program to better ensure quality loans. Mr. Miserez gave a brief historical report on the program and noted that Hayti Heights was the only community that has defaulted; all other communities have performed as agreed. Mr. Miserez commented that in most instances DED and often DNR will provide partial grant funding to the communities on these projects. Mr. Miserez concluded he did not believe the program needed to be revised beyond the recent modifications expanding use of proceeds to finance downtown infrastructure projects.

There being no further discussion and with a motion and second on the floor, the following roll call vote was recorded:

Aye: Neff, Mehner, Eckelkamp, Martin, Shelton, Kinder, Kerr, Hagler, Pauley and Carmichael

Nay: None

Absent: Starr and Lamping

Chair Carmichael declared the motion passed.

VIII. New Business

A. Parking Garage Expenditure Approval Kathleen Barney/Krystal Davis

Ms. Davis reported that Board staff had been working with St. Louis Parking staff on new equipment for the St. Louis Convention Center Hotel Garage (SLCCHG) located at Ninth & St. Charles to improve the revenue controls for Renaissance Hotel guests that self-park. Ms. Davis reported that the equipment upgrade would be a way to better provide an audit mechanism for St. Louis Parking to verify the amounts that were reported to them from the hotel. As staff continued with the project, it was noted that the equipment upgrade also would enhance the customer experience while using the SLCCHG.

Ms. Davis reported that the proposed upgrade includes two equipment upgrades. The first upgrade involves the purchase of an iParcProfessional Parking Access and Revenue Control System from Amano McGann that will greatly improve the guest experience in parking at the SLCCHG, but will more importantly provide improved auditing and revenue control at the SLCCHG. Ms. Davis noted the cost of the system is approximately \$54,892, and with the proposal, the vendor Amano McGann, has agreed to provide at no charge a software upgrade to the Seventh Street Garage (SSG). The SSG system upgrade is required before July 2012 and with the free upgrade it would provide a cost savings of \$11,847.

Ms. Davis reported that at the recommendation of St. Louis Parking, the second upgrade is for the SLCCHG equipment to include mag-stripe ticketing and credit card acceptance. Currently all patrons that access the garage are required to use the parking attendant to pay and exit the garage. Ms. Davis noted the cost of the system is approximately \$57,271 and includes a discount of \$20,385. Ms. Davis commented that the credit card system is expected to provide better customer service as well as improve MDFB auditing controls for transient parkers in the SLCCHG, and of the three MDFB garages, the SLCCHG has the highest level of transient parkers.

Ms. Davis reported the purchase price of both new systems is \$112,163; the net cost is \$100,316 with the free equipment that will be provided to the SSG. Payment for the new systems will be made from restricted cash balances from the parking garage fund. Staff recommended the expenditure be approved, but welcomed discussion by the Board.

Director Kerr questioned if additional revenue would be generated as a result of the investment. Ms. Davis responded that St. Louis Parking estimated a 3-4 year pay-back on the new credit card systems. Ms. Barney commented that the new

credit card system will be especially helpful to guests staying at the Mayfair Hotel as many times the guests stay an extended period of time and do not have the cash on hand to pay for parking.

Director Kerr questioned if the garages were losing revenue due to the lack of accountability. Ms. Davis responded there was no evidence of the garages losing revenue, but the new system would be a better auditing check and balance to further ensure there would not be lost revenue in the future.

Secretary Neff asked who recommended the need of the new systems. Ms. Barney responded that staff worked with St. Louis Parking. Mr. Miserez commented that St. Louis Parking is the manager/operator of all three of the MDFB garages and they are recommending the new systems.

Chair Carmichael commented that if there is a 3-4 year pay-back on the new systems, it makes sense that the Board will be realizing some extra revenues from it thereafter. Ms. Davis commented that there have not been any significant upgrades to the equipment since the opening of the SLCCHG in August 2002.

Director Hagler questioned why negotiations had not been made to upgrade all three of the MDFB garages. Ms. Barney responded that the SSG currently has credit card capability and the Ninth Street Garage does not have much transient parking revenue. Director Hagler asked if the software equipment was bid out or a single-source provider. Ms. Barney responded that St. Louis Parking Company was recommending this vendor to get equipment and software that is compatible with the current Amano equipment and further advised that the discounts being offered provide this match at costs they believed would be lower than other systems available.

Director Hagler questioned if the owner of the garage is normally the entity that pays for the software or the operator lease. Ms. Barney responded that the garage owner receives the revenue so the owner pays for software/equipment. Mr. Miserez commented that St. Louis Parking does not lease the garages; they are retained by the Board as the garage operator.

Ms. Davis commented that staff completed an internal audit of the SLCCHG and found that while there were systems and controls in place to verify reporting, this would improve these controls which led to staff requesting St. Louis Parking to investigate and make recommendations on improvements to internal controls for the garage.

Treasurer Mehner made a motion to purchase both proposed systems from Amano McGann at a total cost of \$112,163 and a net cost of \$100,316 with the free equipment for the SLCCHG and SSG. Member Martin seconded the motion.

Director Kerr questioned if Treasurer Mehner would be willing to entertain a revision to the motion that the request be approved pending the submission of additional information regarding the pay-back period and that staff is comfortable

with the information. Treasurer Mehner responded he would make the revision to his motion provided there was a guarantee that the amount of time necessary to generate the pay-back period does not exceed the current cost of the proposed upgrades. Ms. Barney commented that St. Louis Parking's 3-4 year pay-back is an estimate and it is very difficult to estimate the pay-back on the credit card system.

Director Kerr requested the total annual revenues from the SLCCHG and SSG. Ms. Barney responded that the SLCCHG annual revenue is approximately \$1.2 million and the SSG is too new to report annual revenue.

Member Martin commented he agreed that calculating a pay-back period would be very difficult, but also that the Board could not afford to have an incident of theft or fraud; a clear audit trail is needed to ensure all revenue is received.

Director Kerr withdrew his request that the motion be revised. Treasurer Mehner commented that he was relying heavily on the staff-driven concern regarding the audit trail and that the pay-back was a bonus.

There being no further discussion and with the motion on the floor and seconded, the following roll call vote was recorded:

Aye: Neff, Mehner, Eckelkamp, Martin, Shelton, Kinder, Kerr, Hagler, Pauley and Carmichael

Nay: None

Absent: Starr and Lamping

Chair Carmichael declared the motion passed.

IX. Executive Director's Report

Mr. Miserez reported on the history of Board retreats and recommended that the 2011 Board Retreat be held in St. Louis. There is a considerable amount of activity happening in St. Louis; including the recent completion of the Seventh Street Garage and One City Center Office Tower, the redevelopment of the Laurel Building, and major projects that although the Board may not be directly involved with would be beneficial and of interest of the Board to tour some of the projects. Mr. Miserez commented that a topic of discussion during the retreat will include a program overview of Board programs. Chair Carmichael commented that other topics of discussion will include the budget and discussion of priorities and goals for the coming year. Member Martin suggested a topic to include the Board's relationship to the Department of Economic Development and knowledge of their programs.

Member Martin requested the status on the selection of the next round of DREAM communities. Mr. Miserez responded it was concluded there would not be a 2011 round

of DREAM communities. There have been five annual DREAM rounds thus far with a total of 40 communities. Mr. Miserez commented that the first 10 communities have completed the process and the second 10 communities are nearing completion.

Secretary Neff requested the date of the 2011 Board Retreat. Mr. Miserez responded that the first preferred date would be October 16-18, 2011 which would be held in conjunction with the regularly scheduled Board meeting held on the third Tuesday of the month.

X. Adjournment

There being no further business before the Board, Member Eckelkamp made a motion to adjourn the meeting. Treasurer Mehner seconded the motion. With unanimous consensus, Chair Carmichael declared the meeting adjourned.

[Secretary Neff's Signature]