

**CHAIR:**  
MARIE J. CARMICHAEL

**MEMBERS:**  
JOHN D. STARR  
LARRY D. NEFF  
JOHN E. MEHNER  
L. B. ECKELKAMP, JR.  
DANETTE D. PROCTOR  
BRIAN H. MAY  
KELLEY M. MARTIN

**EXECUTIVE DIRECTOR:**  
ROBERT V. MISEREZ



**EX-OFFICIO MEMBERS:**  
PETER D. KINDER  
LIEUTENANT GOVERNOR  
  
DAVID D. KERR  
DIRECTOR,  
ECONOMIC DEVELOPMENT  
  
DR. JON HAGLER  
DIRECTOR, AGRICULTURE  
  
MARK N. TEMPLETON  
DIRECTOR,  
NATURAL RESOURCES

## MISSOURI DEVELOPMENT FINANCE BOARD

### MEETING MINUTES MISSOURI DEVELOPMENT FINANCE BOARD

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

JANUARY 19, 2010

The Missouri Development Finance Board met in regular session on Tuesday, January 19, 2010, beginning at 10:30 a.m. The meeting was conducted via telephone conference call. Notice of the meeting was duly posted as required by Section 610.020 RSMo 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	Absent
John E. Mehner	Treasurer and Member	Present
L. B. Eckelkamp, Jr.	Member	Absent
Danette D. Proctor	Member	Absent
Brian H. May	Member	Absent
Kelley M. Martin	Member	Present
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
Mark Templeton	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, Mike Golden, Dawn Holt and Valerie Haller  
Board Counsel: David Queen  
Others Present: Barbara Geisman, City of St. Louis, Missouri; Jerry Dowell, Lt. Governor's Office; and Keith Wenzel, Hendren & Andre LLC

**I. Secretary's Report**

Secretary Neff

In Secretary Neff's absence, Assistant Secretary Robert Miserez presented for approval the minutes from the December 15, 2009 meeting. The minutes were included in the Board materials distributed in advance of the meeting. There being no questions, corrections or additions, Member Martin made a motion to approve the minutes as presented. Treasurer Mehner seconded the motion. The following roll call vote was recorded:

Aye: Mehner, Martin, Kinder, Kerr, Hagler, Templeton and Carmichael

Nay: None

Absent: Starr, Neff, Eckelkamp, Proctor and May

Chair Carmichael declared the motion passed.

**II. Treasurer's Report**

Treasurer Mehner

Treasurer Mehner presented for approval the Treasurer's Report as of and for the five months ended November 30, 2009. 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 submitted. Director Kerr seconded the motion. The following roll call vote was recorded:

Aye: Mehner, Martin, Kinder, Kerr, Hagler, Templeton and Carmichael

Nay: None

Absent: Starr, Neff, Eckelkamp, Proctor and May

Chair Carmichael declared the motion passed.

**III. Department of Economic Development Report**

Director Kerr

Director Kerr reported the Department is starting to see an upturn in economic development in terms of potential projects throughout the state.

Director Kerr commented that the Department is focusing on two significant legislative initiatives — the Missouri Science and Innovation Reinvestment Act ("MOSIRA") and the Missouri First Initiative. Director Kerr commented that MOSIRA will create a stable pool of funds to increase access to capital for bio-tech firms to support the bioscience

industry; and the Missouri First Initiative would provide Missouri businesses with added incentives to grow within the state.

Director Kerr reported that House Speaker Ron Richard hosted a group of business and economic development professionals and legislators to discuss what is needed to be done to improve the business climate in Missouri. Director Kerr commented that House Speaker Richard and MEDC President John Mehner co-chaired the two half-day sessions that was used to draw upon the expertise and experience of the business community, of economic development professionals, and legislators. Mr. Mehner commented that some of the top priorities of the group include efforts to increase job training, focus on life sciences and cultivate growth among Missouri businesses, which also coincides with some of the Governor's priorities. Mr. Mehner also commented that the group understands the current condition of the state from a budget and tax credit standpoint. The group has a unanimous consensus to move forward, with the budget and tax credits in mind, and to look at enhancing programs, preserving programs that give the best return to the state, and the realization that some programs are not working. Mr. Mehner noted he would provide the Board with reports/minutes of the group as they become available.

Lt. Governor Kinder asked for an update on the China Hub initiative in St. Louis. Director Kerr responded that there is an active group focusing on this initiative and that the Governor has committed \$1 million to help support the initiative. Director Kerr reported that the group has hired a third party consultant to assess the cost, as well as the economic benefit to the state in terms of potential export of Missouri products and services overseas. Director Kerr commented a study is expected to be completed within 10 months.

#### **IV. Department of Agriculture Report**

Director Hagler

Director Hagler reported that the Governor's Conference on Agriculture was a success with approximately 300 plus guests attending. Director Hagler commented there were other countries and 10 plus states represented at the conference.

Director Hagler reported that the Department is preparing their budget and continues to work on their initiatives for the upcoming year.

#### **V. Department of Natural Resources**

Director Templeton

Director Templeton reported that the Governor announced at the Governor's Conference on Agriculture an energy efficiency grant program administered by DNR for agricultural producers and that the \$10 million program is funded by federal stimulus funds. Director Templeton commented these grants are a great opportunity for producers to research more energy-efficient technology for their operations. The Department will work with the Department of Agriculture, the Soil & Water Conservation districts and others to

ensure the funds are distributed, to help the state's producers, to save energy, and to improve the environment.

Director Templeton reported the Department continues to disburse other federal stimulus funds related to wastewater and drinking water. Director Templeton commented that dozens of communities will continue to benefit during the coming months, both from an environmental perspective and from an economic development perspective, in which many jobs will be created by these projects.

## **VI. Lieutenant Governor's Report**

Lt. Governor Kinder

The Lt. Governor commended House Speaker Richard and those individuals in the group formed to discuss how to improve the business climate in Missouri. Lt. Governor Kinder commented that the Speaker and other legislative leaders are focused on economic development and does expect progress this legislative session.

## **VII. Old Business**

### **A. CG Power Systems USA Inc. — BUILD f/k/a Pauwels Transformers Inc. Final Authorizing Resolution**

Mike Golden

Mr. Golden presented the Final Authorizing Resolution for adoption authorizing the issuance of BUILD Missouri Bonds in an amount not to exceed \$1,041,000 for CG Power Systems USA, Inc.

Mr. Golden reported that the Board adopted a preliminary resolution expressing its intent to issue the Bonds for Pauwels Transformers Inc. at its December 16, 2008 meeting. Since that time, a name change occurred resulting in the Company now being known as CG Power Systems USA, Inc. Counsel for the Company and the Board have been working on completing the financing documents.

Mr. Golden commented that all financing terms remain as originally presented and the Company will add 130 new jobs and make an investment of more than \$23 million to construct a power transformer manufacturing plant in Washington, Missouri.

Staff recommended adoption of the Final Authorizing Resolution approving issuance of the Bonds.

Treasurer Mehner made a motion to approve the following Final Authorizing Resolution:

**RESOLUTION AUTHORIZING THE MISSOURI DEVELOPMENT FINANCE BOARD TO ISSUE ITS BUILD MISSOURI REVENUE BONDS (CG POWER SYSTEMS USA INC. PROJECT f/k/a PAUWELS TRANSFORMERS INC.), IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$1,041,000 FOR THE PURPOSE OF PROVIDING FUNDS TO MAKE A LOAN TO FINANCE A PORTION OF THE COSTS OF AN ECONOMIC DEVELOPMENT PROJECT FOR THE BENEFIT OF CG POWER SYSTEMS USA INC.; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF SAID BONDS; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE OF SAID BONDS.**

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

- Aye: Mehner, Martin, Kinder, Kerr, Hagler, Templeton and Carmichael
- Nay: None
- Absent: Starr, Neff, Eckelkamp, Proctor and May

Chair Carmichael declared the motion passed.

**B. Central Bank Resolution Krystal Davis  
Amendment to Authorizing Resolution**

Ms. Davis presented the request from Central Bank to update the Board’s Customer Agreement for Cash Management Investment Account which covers how the Bank handles overnight repurchase agreements and interest earnings on the Board’s bank accounts.

Ms. Davis reported the agreement is a standard agreement, it has been updated, and is already on file with the bank; however, a formal resolution is required to execute the updated agreement. Staff recommended adoption of the resolution as presented.

Director Hagler questioned if the agreement was part of the State’s management with Central Bank or if it was separately bid out. Ms. Davis responded that the agreement was separate from the State and was bid out. Ms. Davis commented that the Board does business with other establishments and all banks are well represented.

Treasurer Mehner made a motion to adopt the Central Bank Customer Agreement for Cash Management Investment Account as submitted and presented. Member Martin seconded the motion. The following roll call vote was recorded:

- Aye: Mehner, Martin, Kinder, Kerr, Hagler, Templeton and Carmichael

Nay: None

Absent: Starr, Neff, Eckelkamp, Proctor and May

Chair Carmichael declared the motion passed.

C. St. Louis Center 7th Street Garage Robert V. Miserez

Mr. Miserez gave an update on the status of the \$5 million loan commitment to the St. Louis LCRA that the Board authorized subject to specific contingencies being met. Mr. Miserez reported on the status of each of the contingencies as outlined in the Board materials distributed in advance of the meeting.

Mr. Miserez continued and reported that a key component of the development has been the inclusion of street-level retail in the St. Louis Centre (“SLC”), and in order to make the retail financially viable, the project would need to qualify for federal and state New Markets Tax Credits (“NMTC”). Mr. Miserez commented that in order to obtain the credits, proceeds of the donation to the Board from U.S. Bank and the Board’s loan proceeds must be invested as “leveraged loans” into a qualified special purpose corporation (a Community Development Entity — “CDE”). The CDE will make a loan to another special purpose corporation known as a QALICB (Qualified Active Low-Income Community Business). Mr. Miserez reported that the QALICB will be a nonprofit organization unrelated to the Board and is expected to be made up of three persons: (1) the Chair of MDFB or other Board representative chosen by the Board, (2) a representative of U.S. Bank, and (3) a third member acceptable to the first two members. The third member must be unrelated to the Board, the City or the State.

Mr. Miserez commented that the Board will enter into various contracts with the QALICB to provide all administrative services to the QALICB and that a flowchart/diagram of how the funds would flow is forthcoming.

David Queen reported the parking leases between the Board and the owners of the two office towers are in negotiation and gave a brief update on the status of the negotiations.

Director Hagler announced he was departing from the meeting for another commitment.

Mr. Miserez, after discussions with Chair Carmichael and Board Counsel, recommended that the Board hire its own legal consultant to represent the Board’s interest for the NMTCs. Mr. Miserez reported that a small firm from Kansas City that specializes in NMTCs would be hired to represent the Board.

Mr. Queen commented that obtaining a loan funding commitment from a bank has been difficult in the current economic environment. Mr. Queen reported that

nine banks were solicited for the loan and one response indicating interest was received. Mr. Queen commented he was concerned with the covenants of prospective loans and that the covenants need to be viewed in light of what cash and investments would be remaining for other projects.

This item was an update only and no action was taken.

The Closed Session was deferred to the next meeting.

### **VIII. Executive Director's Report**

Mr. Miserez reported that the Tax Credit Status report would be presented in a new format for tracking purposes as a result of HB191 that was passed in legislation last year.

### **IX. Adjournment**

There being no further business before the Board, Chair Carmichael declared the meeting adjourned.

[Secretary Neff's Signature]