

CHAIRMAN:
PETER D. KINDER
LIEUTENANT GOVERNOR

MEMBERS:
JOHN D. STARR
LARRY NEFF
NELSON C. GRUMNEY, JR.
ELIZABETH T. SOLBERG
PAUL S. LINDSEY
RICHARD J. WILSON
JAMES D. HILL
L. B. ECKELKAMP, JR.
TROY L. WILSON



EX-OFFICIO MEMBERS:
GREGORY A. STEINHOFF
DIRECTOR,
ECONOMIC DEVELOPMENT

FRED FERRELL
DIRECTOR, AGRICULTURE

EXECUTIVE DIRECTOR:
ROBERT V. MISEREZ

MISSOURI DEVELOPMENT FINANCE BOARD

MINUTES

MISSOURI DEVELOPMENT FINANCE BOARD

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

JANUARY 17, 2006

The Missouri Development Finance Board met in regular session on Tuesday, January 17, 2006, beginning at 10 a.m.

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

Peter D. Kinder	Lieutenant Governor and Chairman	Present
John D. Starr	Vice Chairman and Member	Present
Larry D. Neff	Secretary and Member	Present
Nelson C. Grumney, Jr.	Treasurer and Member	Present
Elizabeth T. Solberg	Member	Present
James D. Hill	Member	Present
Paul S. Lindsey	Member	Present
Richard J. Wilson	Member	Present
L. B. Eckelkamp, Jr.	Member	Present
Troy L. Wilson	Member	Absent
Gregory A. Steinhoff	Director, Dept. of Econ. Dev. and Member	Present
Fred Ferrell	Director, Dept. of Agriculture and Member	Absent
Robert V. Miserez	Executive Director and Assistant Secretary	Present

Chairman Kinder called the meeting to order and declared that a quorum was present. Chairman Kinder welcomed Mr. Josh Flory from the Columbia Daily Tribune. In addition to the above, those in attendance included:

Board Staff: Pamela Hill, Kathleen Barney, Tonya Loucks, Krystal Sabartinelli and Valerie Haller

Board Counsel: David Queen

Others Present: Tony Stafford, Mo. Dept. Agriculture; Andi Udris, Terrie Rause and Bud Jeffress, Kansas City Union Station; Scott Roley and Alex Burden, Truman Presidential Library; Melva Fast, City of Jefferson City; Charlie Kruse, Dan Cassidy and Randy Campbell, Missouri Farm Bureau; and Keith Wenzel, Hendren & Andre

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To accommodate visitors representing specific requests, the agenda for the meeting was rearranged as follows.

I. Secretary's Report

Secretary Neff

Secretary Neff presented for approval the minutes from the December 20, 2005, meeting. Copies of the minutes, included in the Board packet, were provided to the members for their review. There being no questions, corrections or additions, Secretary Neff made a motion to approve the minutes as presented. Member Solberg seconded the motion. The following vote was recorded:

Aye: Starr, Neff, Grumney, Solberg, Lindsey, R. Wilson, Hill, Eckelkamp, Steinhoff and Kinder

Nay: None

Absent: T. Wilson and Ferrell

Chairman Kinder declared the motion passed.

II. Treasurer's Report

Treasurer Grumney

Treasurer Grumney presented for approval the treasurer's report as of and for the five months ended November 30, 2005. Treasurer Grumney reported that in November 2005 approximately \$2.75 million had been paid down on the St. Louis Convention Center Garage. There being no questions or additions, Treasurer Grumney made a motion to approve the treasurer's report as submitted. Member R. Wilson seconded the motion. The following vote was recorded:

Aye: Starr, Neff, Grumney, Solberg, Lindsey, R. Wilson, Hill, Eckelkamp, Steinhoff and Kinder

Nay: None

Absent: T. Wilson and Ferrell

Chairman Kinder declared the motion passed.

III. Department of Economic Development Report

Director Steinhoff

Director Steinhoff commented on the decrease in unemployment rates and the positive business environment currently in Missouri.

Director Steinhoff reported on Department discussions with Jackson County and the Jackson County Sports Authority on the prospective renovations to the sports complex in Kansas City. Director Steinhoff also commented on prospective and increased project activity around the state.

IV. Department of Agriculture Report

Director Ferrell

In Director Ferrell's absence, Deputy Director Tony Stafford reported that Director Ferrell will be leading a trade delegation in January to Taiwan and Japan for discussions to promote increased beef exports to these markets.

V. Lieutenant Governor's Report

Lt. Governor Kinder

In the interest of time, the Lt. Governor stated he did not have a report for this meeting.

VI. Old Business

A. Union Station

Pamela Hill

Operation and Capital Endowment

Ms. Hill reported on the request from Union Station for the release of \$3.5 million from the endowment funds for their 2006 operating costs.

Mr. Andi Udris, Kansas City Union Station, explained they currently have control of their expenditures and continue to work on their operating budget. Mr. Udris introduced Mr. Bud Jeffress who discussed Union Station's financials and planning for the current year. Mr. Jeffress explained Union Station's operating deficit and commented on their current proposed solutions for the remaining deficit, including the pursuit of long-term funding through corporations and foundations to focus on maintaining the historic-aspects of Union Station.

Mr. Udris explained that the request before the Board was for operating deficits or capital improvements. Mr. Udris stated Union Station had been successful in the conversion of certain operations and made operations more efficient. Mr. Udris was available for questions.

Member Solberg asked Mr. Udris what they would do with the funds if MDFB were to release the remaining endowment funds to them. Mr. Udris replied that a portion would be used for operating deficits, but that their goal was to use the funds for capital improvements to raise new revenue.

Member Solberg commented that should the Board release the remaining endowment funds, there could be no further request from Union Station.

Mr. Udris replied there should not be further requests unless there was a new major development project.

Member Solberg made a motion to release the entire endowment fund of \$9.6 million to Union Station and expressed the Board's confidence in Union Station to grow; but with the understanding that unless it is a new major economic project, Union Station would make no further requests to the Board. Vice Chairman John Starr seconded the motion. The following roll call vote was recorded:

Aye: Starr, Neff, Grumney, Solberg, Lindsey, R. Wilson, Hill, Eckelkamp, Steinhoff and Kinder

Nay: None

Absent: T. Wilson and Ferrell

Chairman Kinder declared the motion passed.

B. Truman Presidential Library
Contribution Tax Credit Application

Robert Miserez

Mr. Miserez reported on the previous request from Truman Presidential Library to authorize \$400,000 in credits to leverage up to \$800,000 in contributions to support the estimated \$1.6 million cost of restoring and preserving President Truman's Working Office. The Board approved the request in July 2005; however, no contributions were raised and no credits issued in 2005. Mr. Miserez indicated the Library was returning before the Board to ask that 2006 credits be authorized in a like amount. Mr. Miserez introduced Mr. Alex Burden from the Truman Presidential Library.

Mr. Burden distributed handout materials and explained that the Library was unable to utilize the credits due to insufficient fundraising. Mr. Burden introduced Mr. Scott Roley from the Library. Mr. Roley gave a brief presentation outlining the restoration, refurbishment and renovations to the Truman Working Office and was available for questions.

Secretary Neff made a motion to approve the request to lapse CY 2005 credits in the amount of \$400,000 and reauthorize as CY 2006 credits. Member Hill seconded the motion. It also was noted that notification of credit use and commitment requirements be reported to the Board by October 1, 2006. The following roll call vote was recorded:

Aye: Starr, Neff, Grumney, Lindsey, R. Wilson, Hill, Eckelkamp, Steinhoff and Kinder

Nay: None
Abstain: Solberg
Absent: T. Wilson and Ferrell

Chairman Kinder declared the motion passed.

VII. New Business

B. Jefferson City — Missouri Farm Bureau Robert Miserez
Contribution Tax Credit Application

Mr. Miserez presented the application from the City of Jefferson requesting \$626,000 in tax credits to leverage \$1,252,000 in contributions to the Board for the principal benefit of the Missouri Farm Bureau Foundation for Agriculture. The Foundation has proposed the development of the Log Home and Rural Heritage Museum. The credits requested were to be split over a two-year period with \$250,000 allocated in CY 2006 and \$376,000 allocated in CY 2007. Mr. Miserez noted the request was to assist the funding of Phase II of the project; Farm Bureau had already committed and begun funding Phase I of the project. Mr. Miserez introduced Ms. Melva Fast from the City of Jefferson.

Ms. Fast discussed the importance of the proposal to the City and thanked the Board for their consideration of this project. Ms. Fast concluded by introducing Mr. Charles Kruse from the Missouri Farm Bureau. Mr. Kruse gave a brief presentation on Farm Bureau operations, the development of the museum proposal and mission, and their plans for its long-term growth and development.

Member R. Wilson made a motion to approve the application as submitted allocating \$250,000 in tax credits in CY 2006 and \$376,000 in tax credits in CY 2007. Treasurer Grumney seconded the motion. The following roll call vote was recorded:

Aye: Starr, Neff, Grumney, Solberg, Lindsey, R. Wilson, Hill, Eckelkamp, Steinhoff and Kinder

Nay: None

Absent: T. Wilson and Ferrell

Chairman Kinder declared the motion passed.

Secretary Neff disclosed that he has been a member of the Missouri Farm Bureau for 40 years.

- A. 2005 CAFR Presented by
Heidi Chick, CPA, of Williams-Keepers, LLC

Pamela Hill

Ms. Hill reported on the 2005 Comprehensive Annual Financial Report and introduced Ms. Heidi Chick, auditor for Williams-Keepers, LLC.

Ms. Chick reviewed the CAFR and noted that the Board went above and beyond what was required by generally accepted accounting principals. Ms. Chick discussed the opinion letter that was presented in the CAFR.

After further discussion, it was suggested that the auditor provide a management letter to the Board specifically stating there were no material weaknesses in the Board's financials.

It was noted that the audit was the third audit that Williams-Keepers, LLC, had prepared for the Board.

Vice Chairman Starr made a motion to accept the audit as presented and that a management letter be prepared for the Board. Secretary Neff seconded the motion. The following roll call vote was recorded:

Aye: Starr, Neff, Grumney, Solberg, Lindsey, R. Wilson, Hill,
Eckelkamp, Steinhoff and Kinder

Nay: None

Absent: T. Wilson and Ferrell

Chairman Kinder declared the motion passed.

VI. Old Business (cont'd)

- C. H & R Block, BUILD
Amendment to Authorizing Resolution

Tonya Loucks

Ms. Loucks reported on the final authorizing resolution for BUILD Missouri Bonds in an aggregate principal amount not to exceed \$8,260,000 for H & R Block Services. The resolution required that the bonds be issued no later than January 31, 2006. The issuance of the bonds were contingent upon the Chapter 100 bonds issued by the City of Kansas City, and issuance of those bonds was delayed. Ms. Loucks reported that the company has asked that the deadline be extended for the issuance of the bonds to February 28, 2006. Staff recommended the deadline be extended to February 28, 2006.

Secretary Neff made a motion to adopt the following resolution:

RESOLUTION OF THE MISSOURI DEVELOPMENT FINANCE BOARD AMENDING PRIOR RESOLUTIONS OF THE BOARD EXTENDING THE DEADLINE FOR THE ISSUANCE OF THE BOARD'S BUILD MISSOURI REVENUE BONDS (H&R BLOCK SERVICES, INC. PROJECT), IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$8,260,000 FOR THE PURPOSE OF PROVIDING FUNDS TO MAKE A LOAN TO ACQUIRE, CONSTRUCT AND EQUIP CERTAIN FACILITIES FOR THE BENEFIT OF H&R BLOCK SERVICES, INC.

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

Aye: Starr, Neff, Grumney, Lindsey, R. Wilson, Hill, Eckelkamp, Steinhoff and Kinder

Nay: None

Abstain: Solberg

Absent: T. Wilson and Ferrell

Chairman Kinder declared the motion passed.

D. Retreat Action Items

Robert Miserez

Mr. Miserez reported on the Action Steps discussed at the October 2005 Board Retreat. Mr. Miserez noted that Action Step No. 2 had been approved at the December 20, 2005, Board meeting and had since been implemented.

Mr. Miserez discussed each item and action was taken on the following Action Steps:

Action Step No. 3: Require investment income on all tax credit for contribution (non-conduit bond program) projects to accrue for the benefit of the Board. Staff recommended approval of this policy.

Member Eckelkamp made a motion to accept the policy as presented. Secretary Neff seconded the motion. The following vote was recorded:

Aye: Starr, Neff, Grumney, Solberg, Lindsey, R. Wilson, Hill, Eckelkamp, Steinhoff and Kinder

Nay: None

Absent: T. Wilson and Ferrell

Chairman Kinder declared the motion passed.

Action Step No. 7:

Develop a written policy and procedure for conducting loan evaluations not less than annually to determine and document to the extent possible the probability of repayment and most correct valuation of all Board loans in preparation of the Board's financial statements. Staff recommended approval of the new policy.

Secretary Neff made a motion to accept the policy as presented. Member Solberg seconded the motion. The following vote was recorded:

Aye: Starr, Neff, Grumney, Solberg, Lindsey, R. Wilson, Hill, Eckelkamp, Steinhoff and Kinder

Nay: None

Absent: T. Wilson and Ferrell

Chairman Kinder declared the motion passed.

Action Step No.'s 8/9:

Staff to present to the Board an operating budget no later than the second regularly scheduled meeting prior to the July 1 start for the succeeding fiscal year; and propose a spending policy for non-program and non-project specific expenditures for Board approval. Staff recommended approval of these policies.

Secretary Neff made a motion to accept the policies as presented. Member Solberg seconded the motion. The following vote was recorded:

Aye: Starr, Neff, Grumney, Solberg, Lindsey, R. Wilson, Hill, Eckelkamp, Steinhoff and Kinder

Nay: None

Absent: T. Wilson and Ferrell

Chairman Kinder declared the motion passed.

Action Step No. 10: Form an audit committee; committee to be appointed by the Chairman. Chairman Kinder announced the appointments to the MDFB Audit Committee at the MDFB Executive Committee meeting.

Action Step No. 12: Revise the MDFB Code's of Conduct to reflect how it will be enforced. Staff recommended approval of the revised Code's of Conduct as discussed with modifications.

Secretary Neff made a motion to accept the policies as presented. Member Solberg seconded the motion. The following vote was recorded:

Aye: Starr, Neff, Grumney, Solberg, Lindsey, R. Wilson, Hill, Eckelkamp, Steinhoff and Kinder

Nay: None

Absent: T. Wilson and Ferrell

Chairman Kinder declared the motion passed.

CLOSED SESSION

Vice Chairman Starr made a motion to move the meeting into closed session pursuant to Section 610.021 (1) of the Missouri Revised Statutes for the purpose of discussing legal actions, causes of action or litigation involving a public governmental body and any confidential or privileged communications between a public governmental body or its representatives and its attorneys. Secretary Neff seconded the motion. The following roll call vote was recorded:

Aye: Starr, Neff, Grumney, Solberg, Lindsey, R. Wilson, Hill, Eckelkamp, Steinhoff and Kinder

Nay: None

Absent: T. Wilson and Ferrell

Chairman Kinder declared the motion passed.

Upon completion of discussion, Secretary Neff made a motion to move the meeting back into open session. Member Solberg seconded the motion. The following roll call vote was recorded:

Aye: Starr, Neff, Grumney, Solberg, Lindsey, R. Wilson, Hill, T. Wilson and Kinder

Nay: None

Absent: Eckelkamp, Steinhoff and Ferrell

Chairman Kinder declared the motion passed.

OPEN SESSION

The Board returned to open session.

VIII. Miscellaneous

Robert V. Miserez

Mr. Miserez commented on the Tax Credit Status Report that was included in the Board packet.

IX. Adjournment

There being no further business, Vice Chairman Starr motioned to adjourn the meeting. Member Solberg seconded the motion. The meeting was adjourned.