

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

MAY 16, 2006

The Missouri Development Finance Board met in regular session on Tuesday, May 16, 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	Present*
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

*Participated via telephone conference call.

Chairman Kinder called the meeting to order and declared that a quorum was present. 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: Ben Jones, Lt. Governor's Office; Rebekah Foltz and Kim Wilson, The Bank of New York Trust Co.; Robert Langenkamp, City of Kansas City; Jeff Kaczmarek, Kansas City EDC; Mary Lilly Smith, City of Springfield;

Jim Anderson, Springfield Chamber of Commerce; Joseph Metzger, Kraft Foods; Randell Wallace, Lathrop & Gage; Brian Krippner and Deanna Mueller, UMB Bank; Kathryn Watts, Missouri Senate Appropriations; Brian Grace, MO Dept. of Economic Development; and Keith Wenzel, Hendren & Andrae

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 April 18, 2006, 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 Eckelkamp seconded the motion. The following vote was recorded:

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

Nay: None

Absent: 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 nine months ended March 31, 2006. The Treasurer's Report was included in the Board materials distributed in advance of the meeting. There being no questions or additions, Treasurer Grumney made a motion to approve the Treasurer's Report as submitted. Secretary Neff seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Ferrell

Chairman Kinder declared the motion passed.

VI. Old Business

A. Legislative Report

Brian Grace

Mr. Brian Grace, Director of Policy for the MO Department of Economic Development, gave a detailed report of the legislative bills truly agreed to and finally passed that affected the MDFB and/or the Department during the 2006 Legislative Session. Mr. Grace then answered questions.

III. Department of Economic Development Report

Director Steinhoff

Director Steinhoff reported that since January 2005, Missouri has added approximately 50,000 jobs, the unemployment rate in Missouri has dropped more than a full point attributing to the second greatest drop in unemployment in the country, and the average income in Missouri has increased.

Director Steinhoff commented that the major strategies in the Department revolve around retention, recruitment and entrepreneurship.

Director Steinhoff reported on the marketing initiative with the Hawthorn Foundation to promote and recruit companies to Missouri. Director Steinhoff commented on the Governor's Lewis & Clark Initiative which would have a profound impact on the entrepreneurial climate in Missouri and that they intend to continue to follow-through on the initiative.

Director Steinhoff thanked the Board for their support of the 2006 MoBIO Conference in Chicago, IL, and stated that more than 20,000 people from around the world attended the conference.

IV. Department of Agriculture Report

Director Ferrell

In Director Ferrell's absence, no report was given.

V. Lieutenant Governor's Report

Lt. Governor Kinder

Chairman Kinder commented on his disappointment of the failure of the Legislature to pass the Governor's Lewis & Clark Discovery Initiative, along with the failure of SB 696. He stated he will be redoubling the efforts for the Lewis & Clark Discovery Initiative and will be supporting the Governor's and DED's ongoing development efforts.

VII. New Business

A. City of Kansas City — KCEDC Charitable Fund
Tax Credit for Contribution Application

Robert Miserez

Mr. Miserez presented the application from the City of Kansas City for the primary benefit of the KCEDC Charitable Fund requesting \$175,000 in tax credits to leverage \$350,000 in contributions to the Board that would in turn be granted to the City for further transfer to the KCEDC. Mr. Miserez stated the contributions would be used for tenant improvements for an incubator and that the primary purpose would be for the City to obtain incubator space to market to a variety of companies. Mr. Miserez introduced Mr. Robert Langenkamp from the City of Kansas City.

Mr. Langenkamp thanked the Board for their support to Kansas City throughout the years. Mr. Langenkamp explained the project would be for tenant improvements in conversion of existing office space into a wet lab facility for an incubator. Mr. Langenkamp commented it was a very important project enhancing and developing the life sciences/biological sciences initiative in Kansas City. Mr. Langenkamp introduced Mr. Jeff Kaczmarek, President and CEO of the Kansas City Economic Development Corporation.

Mr. Kaczmarek stated that a market analysis study was conducted to determine the demand for wet lab space for small life sciences companies in Kansas City. The study concluded there is a need for the space. KCEDC currently is in negotiations with companies interested in subleasing space in the incubator. Mr. Kaczmarek explained that venture capital investors want their monies to be applied directly to drug development and not capital assets. Mr. Kaczmarek was available for questions.

Member T. Wilson asked if any of the funds would be used for companies involved in stem cell research. Mr. Kaczmarek replied that it was not their intention to do so and that the companies they currently are in negotiations with are unrelated to stem cell research.

Vice Chairman Starr made a motion to authorize \$175,000 in tax credits to leverage \$350,000 in contributions in CY2006. Member R. Wilson seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Ferrell

Chairman Kinder declared the motion passed.

B. Kraft Foods Global, Inc.
Industrial Revenue Bond Application

Kathleen Barney

Ms. Barney presented an application from Kraft Foods Global, Inc. for issuance of up to \$100 million in Taxable Industrial Revenue Bonds with proceeds used to acquire and install machinery and equipment for the Kraft plant in Springfield, Mo. Ms. Barney stated the Springfield plant employs approximately 1,050 with a \$75 million annual payroll and that the project will result in the retention of up to 200 jobs. Ms. Barney explained the Board will own the equipment and lease it on a long-term basis to Kraft. Kraft will receive 50% personal property tax abatement for the equipment purchased and leased to Kraft. Ms. Barney commented that Kraft is currently in the process of closing 40 plants and that Springfield is very fortunate to keep the jobs at their plant. Ms. Barney introduced Mr. Joseph Metzger, Plant Manager for Kraft Foods.

Mr. Metzger stated that Kraft Foods is the largest manufacturing employer in the Springfield region, and that the Springfield plant is the largest cheese manufacturer for Kraft and the second largest manufacturing operation for Kraft Foods in the world. Mr. Metzger introduced Mr. Jim Anderson from the Springfield Area Chamber of Commerce.

Mr. Anderson stated his support for the project and the economic importance of the project, not only for the region, but also for the State. Mr. Anderson explained that the Chamber met with the Springfield public schools, local library, the county, the City and the community college district. All have expressed support for the project. Mr. Anderson introduced Ms. Mary Lilly Smith from the City of Springfield.

Ms. Smith stated that the Springfield City Council conducted a public hearing on Kraft's application and the purpose of the public meeting was for the City Council to determine if it would support Kraft's application to the Board. The public hearing was advertised and letters were sent to all taxing jurisdictions asking for comments. Ms. Smith reported that the resolution passed last evening and that an executed letter of support from the City Council would be forthcoming. Ms. Smith was available for questions.

Secretary Neff made a motion to adopt the following resolution:

RESOLUTION AUTHORIZING THE MISSOURI DEVELOPMENT FINANCE BOARD TO ISSUE ITS INDUSTRIAL DEVELOPMENT REVENUE BONDS (KRAFT FOODS GLOBAL, INC.) SERIES 2006 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$100,000,000 FOR THE PURPOSE OF PAYING THE COST OF ACQUIRING AND INSTALLING CERTAIN MANUFACTURING EQUIPMENT TO BE LEASED TO KRAFT FOODS GLOBAL, INC. 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 Solberg seconded the motion. The following vote was recorded:

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

Nay: None

Abstain: Starr

Absent: Ferrell

Chairman Kinder declared the motion passed.

C. City of King City Krystal Sabartinelli
MIDOC Loan

Ms. Sabartinelli presented the MIDOC Infrastructure Loan application for the City of King City in an amount of \$150,000 to complete Phase III of a three-part project of upgrading its system. The City has received funding from the USDA and through the Missouri Community Development Block Grant program. However, due to the extensive nature of the project, the City is in need of gap financing in order to accept bids before they lapse.

Ms. Sabartinelli reported the loan request was more than the Board’s self-imposed \$100,000 loan limit, but Board funds were available. Staff recommended approval, separating the request into two loans — a \$50,000, 3% loan for five years; and a \$100,000, 3% loan payable over 20 years. Staff reviewed the City’s financials and concluded the City has the ability to repay the loans. In addition, staff recommended the City pay off its existing loan.

Vice Chairman Starr made a motion to approve the request from the City of King City for a \$50,000, 3% loan for five years, and a \$100,000, 3% loan payable over 20 years. Secretary Neff seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Ferrell

Chairman Kinder declared the motion passed.

- D. MDFB Draft Budget for FY07 Pamela Hill

Ms. Hill presented the FY07 draft budget for the Missouri Development Finance Board. Ms. Hill reviewed each line item and was available for questions. The final budget will be presented for approval at the June meeting.

- E. 2006 Board Retreat Robert Miserez

Mr. Miserez reported that the last Board retreat was held in Branson, Mo. He said there seemed to be a strong desire to return to Branson. Mr. Miserez opened the floor for discussion of returning to Branson Landing and the possibility of holding the retreat in October at the newly constructed Hilton Hotel on the Branson Landing site.

Vice Chairman Starr made a motion to hold the retreat in October at the Hilton Hotel on the Branson Landing site. Secretary Neff seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Ferrell

Chairman Kinder declared the motion passed.

- F. MDFB Tax Credit for Contribution Program Robert Miserez

Chairman Kinder noted this item would be tabled until the next meeting to enable Board counsel to be present for discussion.

VIII. Miscellaneous

Robert V. Miserez

Mr. Miserez reported that the July 18 Board meeting will be held in Springfield, Mo. Mr. Miserez highlighted the upcoming MEDC and MEDFA Conferences that staff would be attending and that he also would be attending the CDFA Annual Conference in Texas.

IX. Adjournment

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

[Secretary Neff's Signature]