

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 470
Jefferson City, Missouri

JUNE 29, 2006

The Missouri Development Finance Board met in regular session on Thursday, June 29, 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	Absent
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

*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: Eric Feltner, Lt. Governor's Office; Jack Craft and Steve Mitchell, Lathrop & Gage; Jim Rowland, Jackson County Sports Authority; Katheryn Shields and Ed Rucker, Jackson County; Nip Weisenfels, White Goss Bowers March; Jack Holland, Oppenheimer & Company; Bob Lewis, Development Strategies;

Ken Spain, Seigfreid Bingham – Chiefs Attorney; Dennis Wellner and Greg Sherlock, HOK; Mark Gorris, Royals Senior Vice President; David Frantze and Khris Heisinger, Stinson Morrison Hecker; Health Clarkston, Clarkston Consultants, LLC; Sean Gallagher, Gallagher Consultants; Rep. Wes Shoemyer, 9th District State Representative; Kathryn Watts, Missouri Senate Appropriations; Brian Grace, Mike Mills and Mike Downing, Missouri Department of Economic Development; Keith Wenzel, Hendren & Andrae; Kelly Wiese, Associated Press; Kris Hilgedick, Jefferson City News Tribune; and Tom Kruckemeyer, Missouri Budget Project

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 May 16, 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 R. Wilson seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Solberg, 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 ten months ended April 30, 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. Member Hill seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Solberg, T. Wilson and Ferrell

Chairman Kinder declared the motion passed.

III. Department of Economic Development Report

Director Steinhoff

Director Steinhoff reported the Department is working to address the needs of the manufacturing interests across the State. He mentioned the Governor's DREAM Initiative that would be discussed later in the meeting.

Director Steinhoff stated the Department currently is working on their Fiscal Year 2007 budget.

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 reported on his participation with the Governor's DREAM Initiative Announcement that was held throughout the State June 19-20, 2006.

Chairman Kinder commented that for Fiscal Year 2006, the budget was predicated on 4.25% revenue growth and that actual revenue growth was more than 9%. This growth indicates more Missourians are working.

VII. New Business

A. Jackson County Sports Authority
Tax Credit for Contribution Application

Kathleen Barney

Ms. Barney presented an application from Jackson County to renovate the Harry S. Truman Sports Complex in Kansas City, Mo. The Truman Sports Complex consists of Arrowhead Stadium, occupied by the Kansas City Chiefs Football Club, Inc., and Kauffman Stadium, occupied by the Kansas City Royals Baseball Corporation. The requested amount was for total contributions of \$100 million and tax credits of \$50 million.

Ms. Barney reported that under the 1990 Leases, Arrowhead Stadium was leased to the Chiefs and Kauffman Stadium was leased to the Royals through year 2015, subject to cancellation by the end of 2006 if the facilities were not properly maintained and improved. The project is a retention project and with these renovations the leases would be extended to January 31, 2031. The contribution amounts are \$75 million from the Chiefs and \$25 million from the Royals. Contributions and credits would be issued over three or four State fiscal years beginning July 1, 2006. The Chiefs contributions in any of the three or four State fiscal years would be limited to \$25 million and tax credits of \$12.5 million.

Royals contributions in any of the three or four State fiscal years would be limited to \$8,333,333 and tax credits of \$4,167,667.

The total cost of the project is budgeted at \$575 million — \$250 million for Kauffman Stadium and \$325 million for Arrowhead Stadium. The Teams are responsible for any costs above this amount. Funding for the renovations will come from the recently voter-approved Jackson County sales tax, contributions to MDFB by the teams, and proceeds from the sale of tax credits.

Ms. Barney reported that the Chiefs have agreed to donate 800 tickets for rural youth while the Royals have not agreed to the 10,000 tickets requested by staff. Ms. Barney reported that another condition recommended is that teams not be allowed to request additional State funding for the sports complex for the next five years and that the teams are to provide DED and the Division of Tourism signage for ads and assist in arranging for access to the stadiums and restaurants for client meetings.

Staff recommended approval pursuant to its recommended terms and conditions, and contingent upon the approval of the Commissioner of Administration, Director of the Department of Economic Development and the Director of the Department of Revenue to exceed the annual cap.

Ms. Barney introduced Mr. Jack Craft, Lathrop & Gage, serving as outside counsel to Jackson County. Mr. Craft introduced those individuals present representing the Jackson County Sports Authority project and outlined the presentation to be made. Mr. Craft then introduced the Honorable Katheryn Shields, Jackson County Executive.

Ms. Shields thanked the Board and the Governor for their time and support for this project. Ms. Shields explained that they have been working on the leases since 1998 when the teams requested the expansion and improvements of the stadiums and that the County went through a number of years negotiating the leases with the teams.

Ms. Shields reported on the past attempt of the Bi-State sales tax effort that passed in Jackson County, Mo. with a 64% vote, but failed in Johnson County, Ks. Jackson County decided to bring the effort only to the voters of Jackson County. On April 4, 2006, Jackson County residents approved a 3/8-cent, 25-years sales tax to fund most of the renovations with the understanding that State assistance was anticipated to be approved through the Board.

Mr. Craft introduced Mr. Bob Lewis from Development Strategies. Mr. Lewis explained the economic and fiscal impact analysis of the Truman Sports Complex and Chiefs/Royals operations. Mr. Lewis then answered questions.

Mr. Craft introduced Mr. Jack Holland, of Oppenheimer & Company and financial advisor for Jackson County. Mr. Holland stated that with the proposed

improvement plan, the County would essentially have two “new” stadiums for approximately \$575 million — in contrast to the cost of replacing the stadiums which has been estimated to cost in excess of \$1.4 billion.

Mr. Holland also pointed out that Missouri is one of only five states that have two Major League Baseball franchises and two National League Football franchises. He stated this is particularly important given that these are two fairly small markets. Mr. Holland explained that having the two teams committed to leases for 25 years is a significant benefit to Kansas City as well as the State.

Mr. Holland distributed a credit rating analysis conducted by Standard & Poor’s on the financing of the bonds that would be bid on July 26, 2006. The \$450 million special obligation bonds would be used to fund the County’s portion of the \$575 million improvement plan. Standard & Poor’s and Moody’s have both given this transaction an AA rating.

Mr. Craft introduced Mr. Dennis Wellner from HOK. Mr. Wellner explained his role which is to coordinate the expansion of Arrowhead Stadium. Mr. Wellner explained the project at Arrowhead is to add approximately 400,000 square feet of new building; widening concourses, improved amenities and general improvement of the complex as it relates to game day, etc.

Mr. Craft introduced Mr. Greg Sherlock from HOK. Mr. Sherlock explained his role as principal designer of Kauffman Stadium. Mr. Sherlock stated the project was to make Kauffman a state-of-the-art facility to drive more revenue and more tourism into the facilities to reach to out to a wider fan base.

Chairman Kinder thanked Mr. Craft for his presentation. Chairman Kinder confirmed from Ms. Shields that both times the issue was put before the voters of Jackson County in a contested election with vigorous opposition, the voters endorsed the issue.

Secretary Neff questioned the distribution of tickets from the Royals for charitable groups. Mr. Mark Gorris, Senior Vice President of the Royals, explained they have committed a substantial number of tickets within the lease for the Jackson County area with an estimated cost of \$50 million over the 25-year life of the lease. Mr. Gorris explained the Royals were asking for one-third of the credits and were willing to match the Chiefs in number of tickets up to 10,000. Mr. Gorris noted that the St. Louis Cardinals had committed 10,000 tickets, but there are major differences in their proposal as compared to the Cardinals. Mr. Gorris stated that the Royals were willing to commit up to 3,500 tickets a year for outstate Missouri; and then increased that number to 5,000 tickets after further discussion.

Chairman Kinder asked members of the audience if they would wish to address the Board.

Representative Wes Shoemyer addressed the Board and expressed his opposition to approve tax credits for stadiums. He indicated the State had more pressing needs and its money should be used for tuition costs, health care and other similar needs.

Economist Tom Kruckemeyer addressed the Board and expressed his opposition for the approval of tax credits for the stadiums. Mr. Kruckemeyer noted that he believed neither the Chiefs or the Royals would leave Kansas City should this application be denied and that sports franchise profits are adequate to fund any needed improvements. He went on to discuss the Forbes magazine article on the profitability of NFL teams, including the Chiefs, and his opinion that MLB needed to fix its revenue distribution to enable small market teams to compete.

Upon completion of Mr. Kruckemeyer’s presentation, Chairman Kinder asked if anyone else wished to address the Board. There being no further comments or persons wishing to address the Board, Chairman Kinder asked for a motion.

Secretary Neff made a motion to authorize \$100 million in contributions and \$50 million in tax credits issued over three or four State fiscal years beginning July 1, 2006, contingent upon the approval of the Commissioner of Administration, Director of the Department of Economic Development and the Director of the Department of Revenue. Secretary Neff made an amendment to the proposal that staff negotiate with the Royals for a number of tickets close to the 10,000 number for outstate Missouri. Member Hill seconded the motion. The following roll call vote was recorded:

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

Nay: None

Absent: Solberg, T. Wilson and Ferrell

Chairman Kinder declared the motion passed.

Vice Chairman Starr disconnected from the meeting.

VI. Old Business

- A. MDFB Budget for FY07 Pamela Hill

Ms. Hill presented the FY07 budget for the Missouri Development Finance Board as previously discussed at the May meeting.

Treasurer Grumney made a motion to approve the budget at presented. Member R. Wilson seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr, Solberg, T. Wilson and Ferrell

Chairman Kinder declared the motion passed.

B. DREAM Initiative

Robert Miserez

Mr. Miserez reported on the Governor's DREAM Initiative and distributed a handout explaining the initiative. The DREAM Initiative allows for select communities access to the technical and financial assistance necessary to develop and achieve their downtown revitalization plans and is based on the collaboration of the Missouri Department of Economic Development, the Board and the Missouri Housing Development Commission.

VIII. Miscellaneous

Robert Miserez

In the interest of time, Mr. Miserez stated he would defer his report until the July meeting.

IX. Adjournment

There being no further business, Treasurer Grumney motioned to adjourn the meeting. Member Lindsey seconded the motion. The meeting was adjourned.

[Secretary Neff's Signature]