

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.



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

FRED FERRELL
DIRECTOR, AGRICULTURE

DOYLE CHILDERS
DIRECTOR,
NATURAL RESOURCES

EXECUTIVE DIRECTOR:
ROBERT V. MISEREZ

MISSOURI DEVELOPMENT FINANCE BOARD

MINUTES MISSOURI DEVELOPMENT FINANCE BOARD

Renaissance Grand Hotel
2nd Floor Majestic Ballroom
Majestic D/Salon D
800 Washington Avenue
St. Louis, Missouri

SEPTEMBER 19, 2006

The Missouri Development Finance Board met in regular session on Tuesday, September 19, 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
Gregory A. Steinhoff	Director, Dept. of Econ. Dev. and Member	Present
Fred Ferrell	Director, Dept. of Agriculture and Member	Present
Doyle Childers	Director, Dept. of Natural Resources	Present
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 and Valerie Haller

Board Counsel: David Queen

Others Present: Dustin Allison, Missouri Attorney General's Office; Steve Knorr and Molly Tallarico, University of Missouri; Rob Monsees, Missouri Technology Corporation; Raymond Bayer Jr., Quentin Wilson and Scott Giles, MOHELA; Mike Lause, Thompson Coburn; Rick Novosak, Deanna Mueller and Julie Wieggers, UMB Bank; Cheryl Wittenauer, Associated Press; and Kavita Kumar, St. Louis Post-Dispatch

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 August 28, 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 Wilson seconded the motion. The following vote was recorded:

Aye: Starr, Neff, Grumney, Lindsey, Wilson, Hill, Eckelkamp, Steinhoff, Ferrell, Childers and Kinder

Nay: None

Absent: Solberg

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 month ended July 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, Lindsey, Wilson, Hill, Eckelkamp, Steinhoff, Ferrell, Childers and Kinder

Nay: None

Absent: Solberg

Chairman Kinder declared the motion passed.

III. Department of Economic Development Report

Director Steinhoff

Director Steinhoff reported the economy still is very strong throughout the state and the unemployment rate stands at 4.7%.

Director Steinhoff stated the Governor's Conference on Economic Development will be held September 25-27 at the Renaissance Grand Hotel in St. Louis. The conference should be well attended and will focus on the latest economic strategies and trends, as well as state investments in St. Louis. Director Steinhoff also reported the Governor will be announcing the recipients of the DREAM Initiative. A session on the METS Alliance (math, engineering, technology and science) also will be held at the conference.

IV. Department of Agriculture Report

Director Ferrell

Director Ferrell reported the Department anticipates a positive year in the legislature this year. Director Ferrell stated that at the agriculture summit, a strategy was formulated to set an agenda for 10 priorities for agriculture for the upcoming year.

Director Ferrell reported there are 30 counties within Missouri that will receive \$2.7 million collectively that will be distributed by the Department based on the livestock drought program. The hay crop was very short and some cattle were sold because of the high cost of hay. Director Ferrell reported the Governor applied for drought assistance for 96 counties through the Department.

Director Ferrell stated agriculture has a positive outlook.

Department of Natural Resources

Director Childers

Director Childers reported the Department has been working on improving their Web site to make current information readily available and more user-friendly to the public.

Director Childers commented the Department hopes to have additional positive changes in the upcoming year.

V. Lieutenant Governor's Report

Lt. Governor Kinder

Chairman Kinder gave a detailed report on his travel to China for the International Fair for Investment and Trade in Xiamen. The invitation to attend the Fair was presented to him from former Governor Bob Holden who is the Vice Chairman of the China Midwest Association. Chairman Kinder gave thanks to the Hawthorn Foundation which funded the trip.

VII. New Business

C. Lewis and Clark Discovery Initiative

Director Steinhoff

Director Steinhoff began by stating the Lewis and Clark Discovery Initiative is a critical element to the Governor's plans to fully develop our state's economy presently and for decades to come. The source of funds for the initiative would be generated from MOHELA's assets to provide capital improvement projects to 32 higher education institutions around the state. Director Steinhoff continued by stating higher education institutions provide a vehicle for the development of new technologies giving a greater opportunity to create Missouri jobs. The Lewis and Clark Discovery Initiative targets those investments in the areas of higher education that increase research capacity in these high tech, high growth fields.

Director Steinhoff continued by referring to the draft cooperation agreement that was included in the Board materials distributed in advance of the meeting. The cooperation agreement is between the Department of Economic Development, MOHELA, MDFB, and the Curators of the University of Missouri. The cooperation agreement describes how the funds would be transferred from MOHELA to MDFB, which would then be disbursed to the appropriate entities.

Director Steinhoff introduced Raymond Bayer Jr., Executive Director of MOHELA. Mr. Bayer gave a brief explanation of the timeline of the plan and stated that MOHELA is about higher education in Missouri. Mr. Bayer continued by stating that as outlined in the initiative, MOHELA's assets will be used for higher education in Missouri.

Mr. Bayer explained that as addressed in the cooperation agreement, the guaranteed amount of the state's tax exempt bond cap allocation is extremely important for MOHELA. The cap is critical for MOHELA to be able to continue to provide benefits such as interest rate reductions and loan forgiveness to Missouri's students. Mr. Bayer stated every residual dollar gained from the use of tax-exempt bonds stays in Missouri and is usually used for loan forgiveness and interest rate reductions.

Chairman Kinder asked Mr. Bayer if, in his opinion, this initiative would strengthen and enhance MOHELA's mission. Mr. Bayer stated that without a doubt this initiative would enhance their mission and help more Missouri students.

Secretary Neff asked Mr. Bayer if the Board adopted the resolution, would a student have to pay more interest on their student loan. Mr. Bayer responded by indicating the student would not have to pay a higher interest rate, and more likely would pay a lower rate.

Director Childers commented that if Missouri's students do not have the capability of state-of-the-art buildings and technology to learn, they will be at a

severe disadvantage to the future of the economy and the ability to compete in the world market. Director Childers continued by stating this would be a distinct advantage to the Missouri students that MOHELA is charged to serve and is an ongoing contribution that utilizes funds to provide a future for those students.

Member Hill made a motion to adopt the following resolution as presented:

RESOLUTION OF THE MISSOURI DEVELOPMENT FINANCE BOARD APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A COOPERATION AGREEMENT BY AND AMONG THE HIGHER EDUCATION LOAN AUTHORITY OF THE STATE OF MISSOURI, THE DEPARTMENT OF ECONOMIC DEVELOPMENT OF THE STATE OF MISSOURI, THE BOARD AND THE CURATORS OF THE UNIVERSITY OF MISSOURI; MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH AND AUTHORIZING SUCH OTHER ACTIONS AS MAY BE NECESSARY OR CONVENIENT TO CARRY OUT AND COMPLY WITH THE INTENT OF THIS RESOLUTION.

Vice Chairman Starr seconded the motion.

Chairman Kinder asked Mike Lause, general counsel for MOHELA, to address the matter of legalities from MOHELA's perspective. Mr. Lause stated the arrangement, per MOHELA statutes, allows it to enter into contracts with other state agencies as well as other parties to advance its purposes and powers to ensure student loans are available for students. The steering committee firmly believes this does advance that purpose; based on the three elements being provided to MOHELA — availability of the volume cap, opening markets to other state educational institutions, and the good faith efforts to expand MOHELA's power to initiate student loans at Missouri universities.

Chairman Kinder stated Director Ferrell and himself serve on an advisory committee for the University of Missouri Delta Research Center in Portageville. Due to the threats of conflicts of interest, abusive allegations coming through the Attorney General's Office, Chairman Kinder announced he would be abstaining from the vote to be extra cautious. Director Ferrell also announced he would be reluctantly abstaining from the vote to ensure the Board would be above reproach in all manners.

Vice Chairman Starr questioned the legality of the agreement. Board counsel David Queen stated he believed the document to be a very clean agreement.

Chairman Kinder reported the economy cost for construction plans is now quantified at \$70,000 per day for the State for every day not going forward. Chairman Kinder also stated the legislature will commit to an additional \$25 million in general revenue over and above the proceeds from the MOHELA sale for the purpose of scholarships for students this coming fiscal year and every year going forward.

With the motion on the floor to adopt the presented resolution as noted as No. 2, the following roll call vote was recorded:

Aye: Starr, Neff, Grumney, Lindsey, Wilson, Hill, Eckelkamp, Steinhoff and Childers

Nay: None

Abstain: Kinder and Ferrell

Absent: Solberg

Chairman Kinder declared the motion passed.

VI. Old Business

- A. Copeland Corporation Tonya Loucks
BUILD — Consent to Assignment

Ms. Loucks presented for approval a resolution to allow Copeland Corporation consent to assignment to proceed with reorganization. Ms. Loucks explained that Copeland Corporation decided to reorganize its business and will be transferring management assets of their Lebanon and Ava facilities to Scroll Compressors LLC. As a part of this reorganization, they also will assign and transfer the bonds and agreements. Scroll Compressors LLC will become one of Copeland's sister companies pursuant to the reorganization, so there should be no impact of the performance of their obligations under the BUILD program, nor should there be any impact on the jobs located at the Lebanon or the Ava facility. Staff recommended adoption of the resolution.

Secretary Neff made a motion to adopt the following resolution:

RESOLUTION APPROVING THE ASSIGNMENT BY COPELAND CORPORATION TO A RELATED CORPORATE ENTITY OF CERTAIN DOCUMENTS ENTERED INTO IN CONNECTION WITH TWO SERIES OF MISSOURI BUILD REVENUE BONDS TO FINANCE TWO SEPARATE ECONOMIC DEVELOPMENT PROJECTS.

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

Aye: Starr, Neff, Grumney, Wilson, Hill, Eckelkamp, Steinhoff, Ferrell, Childers and Kinder

Nay: None

Abstain: Lindsey

Absent: Solberg

Chairman Kinder declared the motion passed.

VII. New Business (cont'd)

- A. City of Springfield, MO Kathleen Barney
Public Entity Direct Loan

Ms. Barney presented the application from the City of Springfield, Mo. for a \$3.1 million interest-only loan from the Board's balance sheet for a one-year term. Ms. Barney explained the proceeds will fund the acquisition of the Heer's Building at 138 Park Central Square in downtown Springfield. Staff proposed an interest rate of the current yield on a one-year certificate of deposit, or approximately 5.08%. The Heer's building has 9 stories with 156,213 square feet.

Ms. Barney continued stating the City entered into a Development Agreement with Springfield Office Building, LLC (the "Initial Developer"), but the Initial Developer has not been able to obtain financing to fund redevelopment of the building. Recently the City declared the Initial Developer in default under the Development Agreement. Under the terms of that agreement, the City can purchase the property from the Initial Developer. The purchase price is \$3 million and closing costs are estimated at \$100,000.

Staff recommended adoption of a Resolution authorizing a direct interest-only loan to the City not to exceed \$3.1 million for a one-year term at a fixed interest rate of 5.08%.

Secretary Neff made a motion to adopt the following resolution:

RESOLUTION AUTHORIZING THE MISSOURI DEVELOPMENT FINANCE BOARD TO MAKE A LOAN TO THE CITY OF SPRINGFIELD, MISSOURI IN AN AMOUNT NOT TO EXCEED \$3,100,000 FOR THE PURPOSE OF PROVIDING FUNDS TO PAY THE COSTS OF ACQUIRING A BUILDING AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE LOAN

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

Aye: Starr, Neff, Lindsey, Wilson, Hill, Eckelkamp,
Steinhoff, Ferrell, Childers and Kinder

Nay: None

Abstain: Grumney

Absent: Solberg

Chairman Kinder declared the motion passed.

B. Ratification of Selection for Planner for DREAM Initiative

Robert Miserez

Mr. Miserez reported on the current status of the DREAM Initiative. Pursuant to earlier reports, a Request for Qualifications (“RFQ”) was let to provide urban planning services in the delivery of DREAM program initiatives. Mr. Miserez stated the firm of Peckham Guyton Albers & Viets Inc. (“PGAV”) was selected. Staff proposed the ratification of the selection and contract with PGAV evidencing Board approval to expend funds pursuant to this engagement and in furthering its participation in this program.

Director Childers made a motion to approve the contract with PGAV and expend up to \$50,000 toward the costs of this initiative. Secretary Neff seconded the motion. The following vote was recorded:

Aye: Starr, Neff, Grumney, Lindsey, Wilson, Hill, Eckelkamp, Steinhoff, Ferrell, Childers and Kinder

Nay: None

Absent: Solberg

Chairman Kinder declared the motion passed.

VIII. Miscellaneous

Robert Miserez

Mr. Miserez discussed the draft Board Retreat agenda that was included in the Board materials distributed in advance of the meeting.

IX. Adjournment

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

[Secretary Neff’s Signature]