

Minutes
Missouri Development Finance Board
Harry S Truman State Office Building, Room 750
301 W. High Street
Jefferson City, Missouri

September 21, 2004

The Missouri Development Finance Board met in regular session on Tuesday September 21, 2004 beginning at 8:30 a.m. The meeting was held at the Renaissance Grand Hotel, Hawthorne/Lucas meeting rooms, 800 West Washington Avenue, St. Louis, Missouri.

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

Elizabeth Solberg	Chair & Member	Present
John D. Starr	Vice Chairman & Member	Present*
Bill M. Burch	Treasurer & Member	Absent
Paul S. Lindsey	Member	Absent
James O'Mara	Member	Present
Larry D. Neff	Member	Present
Richard J. Wilson	Member	Present
Nelson C. Grumney, Jr.	Member	Present
James D. Hill	Member	Present
Joe Maxwell	Lieutenant Governor & Member	Present
Kelvin L. Simmons	Dir., Dept of Econ. Dev. & Member	Absent
Peter Hofherr	Dir., Dept of Agriculture & Member	Present*
Robert V. Miserez	Executive Director & Assistant Secretary	Present

*Members participating by telephone conference call.

Chair Solberg declared that a quorum was present and called the meeting to order. In addition to the above, those in attendance included: David Queen, Board counsel; Kathleen Barney, Pamela Hill, Pam Campbell, Cheryl Morgan, Krystal Sabartinelli, and Tonya Loucks Board staff; Julie Gibson, Lt. Governor Joe Maxwell's office; Senator Joan Bray; Jim Grebing, Khris Heisinger, Jim Foley, Sallie Hemenway, Department of Economic Development; Mayor Kay Barnes, Randy Landes, Missy Wilson, Matt Webster, Bob Lewis, Carol Wagner, Sarah Reed, and John Brancaglione representing the KC Live project. Rebecca Foltz, BNY; Karie Myers and Bob Clasquin, UMB.

I. Secretary's Report

Secretary Neff

Secretary Neff presented for approval, the minutes from the August 17, 2004 meeting. Copies of the minutes, included in the Board packets, 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 Hill seconded the motion. The following vote was recorded:

Aye: Solberg, Neff, O'Mara, Wilson, Grumney, Hill, and Maxwell.

Roll call vote: Starr and Hoffherr.

Nay: None

Absent: Burch, Lindsey and Simmons.

Chair Solberg declared the motion passed.

II. Treasurer's Report

Pamela Hill

In the absence of Treasurer Burch, Pamela presented for approval, the treasurer's report as of and for the month ending August 31, 2004. There being no questions, corrections or additions, Member Neff made a motion to approve the treasurer's report as submitted. Member O'Mara seconded the motion. The following vote was recorded:

Aye: Solberg, Neff, O'Mara, Wilson, Grumney, Hill, and Maxwell.

Roll call vote: Starr and Hoffherr.

Nay: None

Absent: Burch, Lindsey and Simmons.

Chair Solberg declared the motion passed.

III. Lieutenant Governor's Report

Lt. Governor Maxwell

The Lieutenant Governor began by thanking Chair Solberg and the staff for organizing the retreat. He reported on the importance of bringing everyone together to discuss issues to enable the Board to move forward. He further reported that the Tourism Commission met during the week of September 13th and the Commission is in the process of placing the location of the states museum's on their website.

The Lieutenant Governor concluded by reporting that overall, tourism was doing well and it is a strong economic forecast. Missouri is above the national average for increased tourism travel and it remains a very positive part of Missouri's economy.

Chair Solberg asked if Director Hoffherr would like to report on the Department of Agriculture. Director Hoffherr deferred his report to the October meeting.

IV. Old Business

Chair Solberg recused herself and turned the meeting over the Secretary Neff. Chair Solberg left the room.

- A. Downtown Entertainment District Robert V. Miserez
Kansas City, MO
MODESA Application
Presentation only

Mr. Miserez began by introducing Sallie Hemenway, Division Director, Community Development, Department of Economic Development to provide a status report on the KC Live MODESA application. Mr. Miserez also introduced Mr. Bob Lewis, Development Strategies and Carol Wagner, PGAV, consultants hired by the Board to review the feasibility of the project.

Ms. Hemenway reported on the process of reviewing the MODESA application as defined by the statute and the process by practice established by the Department. Ms. Hemenway then introduced Mr. Bob Lewis and Ms. Carol Wagner.

Mr. Lewis & Ms. Wagner reported on the five written assessments, as requested by the Board in the RFP. The five written assessments include:

1. Cost reasonableness per industry standards and/or comparable projects on:
 - a. project construction cost estimates and tenant improvement estimates
 - b. reasonableness of projected rents
 - c. reasonableness of the developer fee
 - d. reasonableness of third party professional fees
 - e. reasonableness of developer investment versus public funding requested
2. Likelihood of achieving the proposed tenant mix.
3. Based on the proposed tenant mix of the District compared to surrounding retail centers in Kansas City, an assessment of how much of the new tax revenues generated could be ascribed as being net new to the state vs. displacement from other existing revenues within the Missouri side of the metro area.

4. Assessment of the reasonableness in attributing new retain sales to new convention business and an estimate of the annual amount of these revenues over a 25-year project financing life.
5. Capacity of Kansas City to expand convention business based upon hotel rooms existing, proposed and current occupancy patterns and expansion of Bartle Hall, Kansas City's convention center.

Secretary Neff introduced Mayor Kay Barnes. Mayor Barnes reiterated the importance of the project for revitalization to downtown Kansas City.

Following discussion, Secretary Neff thanked the representatives for their reports and support of the project.

Secretary Neff returned the meeting to Chair Solberg.

Member Starr left the conference call.

Member Maxwell left the room.

- B. Sweet Springs
Loan Guarantee
Extension Request

Kathleen Barney

Ms. Barney began by reporting that on August 16, 2002, the Board approved a 85% loan guarantee on a \$460,000 loan from either Concordia Bank or First Community Bank to I-70 Medical Center, a Missouri nonprofit corporation. The total project costs stated in the original application was \$7.2 million for construction and equipping the hospital. Ms. Barney further reported that the hospital did not secure HUD approval for funding within the original time frame to close the loan guarantee and the Board's Executive Committee approved an extension of the commitment until August 22, 2004.

Ms. Barney concluded by reporting that on August 18, 2004 the Board received a final request for a ninety-day extension of the guarantee through November 22, 2004. HUD did not approve funding and I-70 Medical Center is working on obtaining a USDA 90% loan guarantee through Arkansas National Bank. Ms. Barney noted that this would be the last request for an extension.

Following discussion, Member Neff made a motion to extend the loan guarantee through November 22, 2004. Member Wilson seconded the motion. The following vote was recorded:

Aye: Solberg, Neff, O'Mara, Wilson, Grumney and Hill.

Roll call vote: Hoffherr.

Nay: None

Absent: Starr, Burch, Lindsey, Simmons and Maxwell.

Chair Solberg declared the motion passed.

Member Maxwell returned to the room.

V. New Business

- A. City of Kansas City, Missouri Kathleen Barney
Tax Credit for Contribution Application
Harvesters—The Community Food Network

Chair Solberg noted that the City of Kansas City had submitted a letter to the Board office requesting this application be moved to the October 19, 2004 meeting for review.

This item was removed from the agenda.

V. Miscellaneous

- A. Executive Director Report Robert V. Miserez

Mr. Miserez began by thanking everyone for attending the retreat.

Mr. Miserez noted that in addition to the standard miscellaneous items, a monthly contact report was included listing the various requests received by staff throughout the month. He noted that this report would be included in all future meeting packets.

Mr. Queen provided a brief update on the litigation involving the Old Post Office and the Ninth Street Garage.

Chair Solberg reported that the Personnel Committee had reported on issues with health insurance for staff. Extensive discussions were held between Chair Solberg and Member Neff on how to proceed. She noted that during the discussion, Members Lindsey and O'Mara were unavailable to participate in the discussion.

Chair Solberg and Member Neff decided to authorize Pamela Hill to solicit bids from other companies. Member Neff reported that if the Board stays with Missouri Consolidated Health Care, the cost will increase by \$16,000 this year. Member Neff reported that Pamela Hill is checking with other companies, specifically Blue Cross/Blue Shield. Member Neff noted that the Personnel Committee will need to make a decision before the end of the month on which company to use for health insurance.

Member Wilson made a motion to give the Personnel Committee and/or the Board Chair and the Personnel Committee Chair the authority to approve a health insurance company plan for the staff. Member O'Mara seconded the motion. The following vote was recorded:

Aye: Solberg, Neff, O'Mara, Wilson, Grumney, Hill and Maxwell.

Roll call vote: Hoffherr.

Nay: None

Absent: Starr, Burch, Lindsey and Simmons.

Chair Solberg declared the motion passed.

B. Tax Credit Status Report FYI Only

This was included for informational purposes only.

C. Miscellaneous FYI Only

This was included for informational purposes only.

VI. Adjournment

There being no further business to come before the members of the Board, the meeting was adjourned.

Secretary Neff