

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

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

JANUARY 9, 2007

The Missouri Development Finance Board met in regular session on Tuesday, January 9, 2007, beginning at 10:15 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*
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, Krystal Davis and Valerie Haller

Board Counsel: David Queen

Others Present: Jerry Dowell, Lieutenant Governor's Office; Tony Schoonen, Peggy Smith, Sara Parker and Scott Marrs, Wonders of Wildlife; John Murrell, South Central Ozark Council of Governments; Jim Torres, Missouri Housing Development Corporation; Rob Monsees, Missouri Technology Corporation;

Fred Parry, Inside Columbia Magazine; Jean Matzeder, Hardwick Law Firm, LLC; Anna Braukmann, Gilmore & Bell, P.C.; Dustin Allison, Missouri Attorney General's Office; Katie Watts, Missouri Senate Appropriations; Virginia Young, St. Louis Post-Dispatch; Kathy Bader, US Bank; Keith Wenzel, Hendren & Andre; and Sallie Hemenway, Missouri Department of Economic Development

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 November 21, 2006 and November 29, 2006 meetings. 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. Treasurer Grumney seconded the motion. The following roll call vote was recorded:

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

Nay: None

Absent: None

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

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

Nay: None

Absent: None

Chairman Kinder declared the motion passed.

III. Department of Economic Development Report

Director Steinhoff

Director Steinhoff reported the Department is fully engaged in the Lewis & Clark Discovery Initiative and is seeking legislative approval for the executed Cooperation Agreement. Director Steinhoff explained this initiative is extremely important to the future of the economy; not only because of the 4,800-5000 jobs that will be created, but also because the next economy will be a technology and innovation economy.

Director Steinhoff commented on the economic development items being addressed in legislation — the Quality Jobs Act and Enhanced Enterprise Zone Program. Director Steinhoff continued by reporting on the areas of entrepreneurship and new business creation/development. The Department is working with the Lewis & Clark Discovery Initiative and other arenas to do what they can as a state to support those innovation processes to increase the amount of technology that is developed and converted into jobs in Missouri.

Director Steinhoff reported the State's economy remains strong and continues to see growth in the professional services and technology sectors.

IV. Department of Agriculture Report

Director Ferrell

Director Ferrell reported the Department distributed federal drought assistance funds to 8,542 farmers in 30 counties. Director Ferrell commented the Governor's Conference on Agriculture was very successful.

Director Ferrell continued by stating the Department is very happy with the tree screen initiative that addresses odor abatement issues.

V. Department of Natural Resources

Director Childers

Director Childers reported on the interest and concerns the Department has on the infrastructure needs of water and wastewater throughout the state. Director Childers also commented on clean air non-attainment issues that are becoming a concern.

Director Childers indicated one of the Department's long-term and critical issues is succession — 50% of their experienced staff are eligible to retire within the next five years.

VI. Lieutenant Governor's Report

Lt. Governor Kinder

Chairman Kinder reported the Lt. Governor's Office has been very involved in the promotion of the Tour of Missouri Bike Race to be held September 11-16, 2007.

VII. Old Business

B. American National Fish & Wildlife Museum District Loan — Request for Loan Forgiveness

Robert V. Miserez

Mr. Miserez reported on the American National Fish & Wildlife Museum District loan that was funded through the Board in December 1998 by a \$2.5 million State appropriation. The original structure of the loan was no interest for two years after construction completion and then amortize for 10 years. The loan was unsecured and subordinate to the project bonds. Mr. Miserez explained proceeds were added to other funds to construct the facility, which cost more than \$55 million.

Mr. Miserez explained that based upon the operating history of the Museum District since opening, it has been unable to make payments and the first payment had been deferred by the Board until September 2007. In October 2006, the Board created a loan loss reserve for the full amount of the loan due to the lack of demonstration it would attain sufficient revenue to amortize the debt.

Mr. Miserez introduced Tony Schoonen and Peggy Smith from the Wonders of Wildlife Museum District. Mr. Schoonen gave a presentation on the Wonders of Wildlife and a brief history of the project and their mission.

Secretary Neff commented that the facility is a good place for children and education, and the facility would probably never be able to generate sufficient operating revenues to make debt payments, but it is still a good tourism and educational facility for the community and the State as a whole. Secretary Neff made a motion to accept the staff recommendation to forgive the loan. Member Wilson seconded the motion.

Chairman Kinder asked Ms. Smith to give her financial overview on the project. Ms. Smith gave a brief history of the original funding for the Wonders of Wildlife project. Ms. Smith explained that the financial challenges in repaying the debt are directly related to the fact that the original operating budgets were based upon annual attendance estimates of 900,000 visitors — and this has not materialized. Attendance has actually been in the 200,000 to 225,000 range. Ms. Smith commented the inability to generate sufficient operating revenues above operating expenses makes it difficult to raise ongoing donations; stating that donors do not want to give funds for operating costs or to repay debt. Ms. Smith explained that because of the substantial shortfalls from projected revenues, the Museum has had to focus on reducing operating costs and has had to defer maintenance and repair on very sophisticated HVAC and water systems that are now in need of such repair and/or replacement.

Vice Chairman Starr questioned whether forgiving this loan would result in State money being used to help subsidize and fund the Bass Pro Shop that is located next to the Museum. Mr. Schoonen responded that the Museum is a public

501(c)(3) not-for-profit and explained that he was aware that when the Museum was to be built next to Bass Pro Shop there was concern that it would augment attendance at the Bass Pro Shop; but the effect has been just the opposite. Mr. Schoonen explained the only reason the Museum was able to tender its original bonds and to maintain financial stability to date was through the generosity and contributions of Mr. Morris.

Secretary Neff stated he did not believe the financial situation would improve sufficiently to repay the loan and that the Board and the Museum need to move on.

Vice Chairman Starr asked if the Board had any recourse if they did not forgive the debt. Mr. Miserez responded that it is an unsecured loan. Mr. Miserez also explained that the borrower is the Museum District, a local political subdivision and not the nonprofit; and that the District owned the asset and the nonprofit was only the staffing entity put into place to operate the Museum. Member Lindsey asked if the loan is unsecured why it would create difficulty in the Museum raising funds. Member Lindsey also asked what the current value of the building and land was to date. Ms. Smith responded that the book value of the building and land is \$55 million.

Member Lindsey commented that with 200,000 visitors per year, it would be impossible for the Museum to be successful. Member Lindsey stated he was opposed to forgiving the loan.

Director Childers commented that at the time the loan was considered, he was a member of the Appropriations Committee in the Senate, and there was considerable support for making this an outright grant in its entirety and not a loan. Director Childers stated he believes there has been a decrease in the number of individuals taking an interest in the outdoors and that this facility does provide value to the State and the public.

Director Steinhoff asked if it was a realistic goal to expect the Museum to reach operational sustainability or would it be more likely that the project would have to be heavily subsidized annually for a considerable amount of time. Mr. Schoonen replied they believe they are on track for revenues to consistently cover operating costs, but not enough to retire any debt. He also stated to achieve this he believed it necessary to upgrade the exhibits and facility to keep it an interesting attraction. Mr. Schoonen replied that donor funds are available to provide these improvements and are restricted to this use. Mr. Schoonen also stated the Museum anticipates increased visitation based upon the proposed improvements and other activities they are involved in, and the visitation will offset additional operating costs resulting from this expansion.

Treasurer Grumney left the meeting by terminating his phone connection.

Director Steinhoff questioned how the non-interest bearing loan would inhibit the ability for the Museum to achieve its long-term plan. Mr. Schoonen replied the District was not generating sufficient revenue to cover debt service. Mr. Schoonen stated they were able to raise additional donations, but these were entirely pledged to pay for capital improvements and the District's bond debt.

Chairman Kinder made a motion to amend the current motion on the floor to table this item. Member Lindsey seconded the motion. The following roll call vote was recorded:

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

Nay: Neff

Absent: Grumney

Chairman Kinder declared the motion passed and the item to be tabled.

Vice Chairman Starr left the meeting by terminating his phone connection.

A. DaimlerChrysler — BUILD Missouri Tonya Loucks
Amendment to Authorizing Resolution

Ms. Loucks reported that at the Board's November 21, 2006 meeting, the Board approved the Authorizing Resolution for DaimlerChrysler that required the bonds to be issued by December 31, 2006. In order to allow the company time to prepare documentation necessary for funding a separate series of industrial revenue bonds, the company has requested an extension of the issuance date. Staff recommended the adoption of the resolution extending the issuance of the bonds to be no later than February 28, 2007.

Member Lindsey made a motion to approve the following authorizing 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 (DAIMLERCHRYSLER CORPORATION PROJECT), IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$16,515,000 FOR THE PURPOSE OF PROVIDING FUNDS TO MAKE A LOAN TO ACQUIRE, CONSTRUCT AND EQUIP CERTAIN FACILITIES FOR THE BENEFIT OF DAMILERCHRYSLER CORPORATION.

Director Childers seconded the motion. The following roll call vote was recorded:

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

Nay: None

Absent: Starr and Grumney

Chairman Kinder declared the motion passed.

VIII. New Business

- A. Resolution Authorizing Submission of Application For New Market Tax Credits Robert V. Miserez

Mr. Miserez reported on the request to create and approve the formation of the Missouri Community Investment Corporation (“MCIC”) as a Missouri nonprofit corporation for the purpose of applying for New Market Tax Credits (“NMTC”).

This request was a follow-up on the Board’s concurrence to prepare and submit the NMTC application at the November 19th meeting and discussion at the October 2006 Board retreat. Mr. Miserez stated the application for authorization of the MCIC had been completed and recommended that five additional members be added to the MCIC.

Director Steinhoff explained the NMTC program is another financing tool for developing new enterprises in the State. David Queen, Board counsel, stated the NMTC is a federal program with approximately \$3.9 billion available to applicants who qualify for the program. In order to qualify for the program, the MCIC would need to be created. Mr. Queen commented the application process is very complicated and only benefits targeted, low-income communities. The MDFB Board members will serve as the primary Board of Directors of the new non-profit entity; plus by law, not less than four and not more than seven members elected by the Board representing low-income communities.

Mr. Queen explained that part of the strength of the application is that it targets technology and plant and life science investments.

Member Wilson made a motion to approve the following authorizing resolution:

RESOLUTION APPROVING THE FORMATION OF A MISSOURI NONPROFIT CORPORATION TO PROVIDE INVESTMENT CAPITAL FOR THE BENEFIT OF LOW-INCOME COMMUNITIES AND LOW-INCOME PERSONS WITHIN THE STATE OF MISSOURI; DETERMINING THAT THE FORMATION OF THE CORPORATION WILL CONSTITUTE A PUBLIC PURPOSE; APPOINTING THE INITIAL BOARD OF DIRECTORS OF THE CORPORATION; AND APPROVING

AND AUTHORIZING THE EXECUTION OF ALL DOCUMENTS NECESSARY FOR THE ORGANIZATION OF THE CORPORATION AND APPLICATION TO SERVE AS A COMMUNITY DEVELOPMENT ENTITY FOR PURPOSES OF THE NEW MARKET TAX CREDIT PROGRAM.

Director Steinhoff seconded the motion. The following roll call vote was recorded:

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

Nay: None

Absent: Starr and Grumney

Chairman Kinder declared the motion passed.

B. Approval of the Prepayment of Certain Bonds Issues for Kansas City, Missouri Robert V. Miserez

Mr. Miserez reported on the request from the City of Kansas City to refund bond issuances. In 1998 and 2000, the Board issued two separate series of bonds for the City; the Midtown TIF Project (\$45 million bond issue) and the Uptown Theater and Valentine Redevelopment Project (\$8.5 million bond issue).

Mr. Miserez explained the Board assisted the City by agreeing to use its Tax Credit Bond Enhancement Program to reimburse the City's general fund if tax increment revenues were insufficient to pay debt service on either of these separate bond issues.

Mr. Miserez reported the Uptown/Valentine project did not cash flow and there was an \$8.5 million bond tax credit to secure shortfalls in revenue in the effect it would occur. The Board renegotiated with the City and agreed to terminate its participation in the project at a cost to the Board of \$1.2 million in bond credits issued.

Mr. Miserez explained the revenues from the Midtown Project have covered debt service and no tax credits had been issued. By the City's refunding of the Midtown Bonds, the City will lower the debt service payments on the bonds.

Member Wilson made a motion to approve the authorization of the Executive Director to execute all documents necessary to provide for the Refunding of the Bonds previously issued for the Uptown/Valentine Project and the Midtown Projects, and the amendment of the Tax Credit Agreement relating thereto. Director Steinhoff seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr and Grumney

Chairman Kinder declared the motion passed.

C. Approve Board Counsel from RFP Selection Pamela Ives Hill

Ms. Hill reported on the summary of the results from the request for proposal for Board Counsel. The request is completed in five-year intervals. Ms. Hill explained the decision to solicit for proposals was not a result of any dissatisfaction with the current Board Counsel, Gilmore & Bell, P.C. The decision was based solely on assuring all of the Board's operations are able to withstand the most careful scrutiny by outside observers.

Ms. Hill stated the RFP was sent to all the firms listed in the "Red Book," which is a standard industry publication for the municipal finance industry, and published a notice inviting firms to request a copy of the bid on the State's bid proposal Web site and on the Board's Web site.

Ms. Hill reviewed each of the proposals and explained the criteria used to evaluate each of the firms. Staff recommended the selection of Gilmore & Bell, P.C. for a five-year contract with the Board as Board Counsel.

Secretary Neff made a motion to approve the recommendation as submitted. Member Hill seconded the motion. The following roll call vote was recorded:

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

Nay: None

Absent: Starr and Grumney

Chairman Kinder declared the motion passed.

IX. Miscellaneous Robert V. Miserez

Mr. Miserez reported the Missouri Community Investment Corporation meeting would convene immediately upon the adjournment of the regular Board meeting.

X. Adjournment

Director Childers made a motion to adjourn the meeting. Member Hill seconded the motion. There being no further business before the Board, the meeting was adjourned.

[Secretary Neff's Signature]