

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

NOVEMBER 15, 2005

The Missouri Development Finance Board met in regular session on Tuesday, November 15, 2005, 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	Absent
Troy L. Wilson	Member	Present*
Gregory A. Steinhoff	Director, Dept. of Econ. Dev. and Member	Absent
Fred Ferrell	Director, Dept. of Agriculture and Member	Absent
Robert V. Miserez	Executive Director and Assistant Secretary	Present

*Members participated via telephone conference call due to weather conditions.

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: Ben Jones and Barry Bennett, Lt. Governor's Office; Mike Downing and Judy Gehrke, DED; Mayor Kay Barnes and Robert Langenkamp, City of Kansas City; Julia Irene Kaufmann and Ken Dworak, Metropolitan Kansas City

Performing Arts Center; Jerry Riffel, Lathrop & Gage; John Gardner, University of Missouri-Columbia; Dennis Lloyd, Columbia Capital Management; Bill Hall, Hall Family Foundation; James Haney and Kevin Henderson, NABC; Dan Musser, Zimmer Real Estate Group; Bob Lewis, Development Strategies, Inc.; Patrick McKeehan, Chrysler Corporation; Jim Curran, City of Fenton; Michael Keathley, State of Missouri Office of Administration; David Mosby, MO Office of Administration, Facilities Management and Design & Construction; Tom Shaw, O. J. Rhone and Lynn Carper, Youth Excited About Sports; Bev Mercin, Lewis, Rice & Fingersh; Al Pope, DaimlerChrysler; David Scobey, Herzog & Rhoads; Keith Wenzel, Hendren & Andre, Angie Giddings, Missouri Senate; Pam Meyer, MO Joint Committee on Capital Improvements; Woody Overton, J E Dunn Construction; and David Lieb, Associated Press

Secretary Neff made a motion that the MDFB Personnel Committee meeting commence immediately following the regular Board meeting. Member R. Wilson seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr, Solberg, Eckelkamp, Steinhoff and Ferrell

Chairman Kinder declared the motion passed.

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 October 4, 2005, meeting. Copies of the minutes, included in the Board packet, 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 R. Wilson seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr, Solberg, Eckelkamp, Steinhoff 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 three months ended September 30, 2005. A preliminary draft budget and an analysis of professional fees by payee for FY2005 were included in the report as well. There being no additions, Secretary Neff made a motion to approve the treasurer's report as submitted. Member Hill seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr, Solberg, Eckelkamp, Steinhoff and Ferrell

Chairman Kinder declared the motion passed.

IV. Department of Agriculture Report

Director Ferrell

No report.

V. Lieutenant Governor's Report

Lt. Governor Kinder

In the interest of time, the Lt. Governor stated he did not have a report for this meeting.

VI. Old Business

A. HBAS Manufacturing — BUILD
Final Authorizing Resolution

Tonya Loucks

Ms. Loucks reported that in January 2005, the Board approved a preliminary resolution denoting its intent to issue an amount not to exceed \$1,036,000 in BUILD Missouri revenue bonds. Since that time, counsel for the company and the Board have completed the financing documents. Staff recommended the adoption of its Final Authorizing Resolution approving the issuance of the bonds.

Member R. Wilson made a motion to adopt the following resolution:

RESOLUTION AUTHORIZING THE MISSOURI DEVELOPMENT FINANCE BOARD TO ISSUE ITS BUILD MISSOURI REVENUE BONDS (HBAS MANUFACTURING, INC. PROJECT), SERIES 2005, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$1,036,000 FOR THE PURPOSE OF PROVIDING FUNDS TO MAKE A LOAN TO FINANCE A PORTION OF THE COSTS OF AN ECONOMIC

DEVELOPMENT PROJECT FOR THE BENEFIT OF HBAS MANUFACTURING, INC.; AUTHORIZING 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.

Secretary Neff seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr, Solberg, Eckelkamp, Steinhoff and Ferrell

Chairman Kinder declared the motion passed.

**B. Cerner Corporation — BUILD
Final Authorizing Resolution**

Tonya Loucks

Ms. Loucks reported that in January 2005, the Board approved a preliminary resolution denoting its intent to issue an amount not to exceed \$3,160,000 in BUILD Missouri revenue bonds. Since that time, counsel for the company and the Board have completed the financing documents. Staff recommended the adoption of its Final Authorizing Resolution approving the issuance of the bonds.

Secretary Neff made a motion to adopt the following resolution:

RESOLUTION AUTHORIZING THE MISSOURI DEVELOPMENT FINANCE BOARD TO ISSUE ITS BUILD MISSOURI REVENUE BONDS (CERNER CORPORATION PROJECT), IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$3,160,000 FOR THE PURPOSE OF PROVIDING FUNDS TO MAKE A LOAN TO FINANCE A PORTION OF THE COSTS OF AN ECONOMIC DEVELOPMENT PROJECT FOR THE BENEFIT OF CERNER CORPORATION; AUTHORIZING 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 Hill seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr, Solberg, Eckelkamp, Steinhoff and Ferrell

Chairman Kinder declared the motion passed.

C. H & R Block Services — BUILD
Final Authorizing Resolution

Tonya Loucks

Ms. Loucks reported that in October 2004, the Board approved a preliminary resolution denoting its intent to issue an amount not to exceed \$8,260,000 in BUILD Missouri revenue bonds. Since that time, counsel for the company and the Board have completed the financing documents. Staff recommended the adoption of its Final Authorizing Resolution approving the issuance of the bonds.

Member Lindsey made a motion to adopt the following resolution:

RESOLUTION AUTHORIZING THE MISSOURI DEVELOPMENT FINANCE BOARD TO ISSUE ITS BUILD MISSOURI REVENUE BONDS (H&R BLOCK SERVICES, INC. PROJECT), IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$8,260,000 FOR THE PURPOSE OF PROVIDING FUNDS TO MAKE A LOAN TO FINANCE A PORTION OF THE COSTS OF AN ECONOMIC DEVELOPMENT PROJECT FOR THE BENEFIT OF H&R BLOCK SERVICES, INC.; AUTHORIZING 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 R. Wilson seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr, Solberg, Eckelkamp, Steinhoff and Ferrell

Chairman Kinder declared the motion passed.

VII. New Business

A. Chrysler Corporation
BUILD Missouri Program

Tonya Loucks

Ms. Loucks presented the DiamlerChrysler project and reported that the existing plants in Fenton, Missouri, are getting old and investment is needed in order to make the plants competitive in the global economy. Ms. Loucks also reported that the project could help preserve the thousands of jobs directly and indirectly

linked to the two assembly plants, but because the project only involves new investment and retained jobs, this project would not be eligible for the BUILD Missouri Program under existing guidelines. Proposed legislation will be brought before the Missouri Legislature by DED to allow the use of BUILD. Ms. Loucks introduced Mr. Al Pope from the DaimlerChrysler Corporation. Mr. Pope noted that his job of "selling Missouri" was made easier due to this year's groundbreaking legislation passed in tort reform, workers compensation reform, unemployment assurance reform and tax reform. Mr. Pope explained that the company is investing up to \$1 billion in the two plants for technology advancements and the investment would take place over a six-year window. Mr. Pope was available for questions. Mr. Mike Downing, DED, reiterated the importance of job retention for this project and explained the need to modify the language of eligibility requirements.

Secretary Neff made a motion to adopt the following resolution, which included the requirement of a legislative change:

**RESOLUTION OF THE MISSOURI DEVELOPMENT FINANCE BOARD
PRELIMINARILY APPROVING AN ECONOMIC DEVELOPMENT
PROJECT FOR DAIMLERCHRYSLER CORPORATION, AND
DETERMINING THE INTENT OF THE BOARD TO ISSUE ITS BUILD
MISSOURI REVENUE BONDS IN A PRINCIPAL AMOUNT OF
APPROXIMATELY \$16,515,000 TO FINANCE A PORTION OF THE
COSTS OF THE PROJECT.**

Member Hill seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr, Solberg, Eckelkamp, Steinhoff and Ferrell

Chairman Kinder declared the motion passed.

III. Department of Economic Development Report

Director Steinhoff

In Director Steinhoff's absence, Mr. Mike Downing reported on a number of prospective development projects that DED is working on.

Mr. Downing reported on the Quality Jobs Program. Since the August 28, 2005, effective date, the program has funded 18 projects with a total of \$46 million in incentives; the largest project being Express Scripts in St. Louis.

Vice Chairman Starr and Member Solberg arrived at the meeting.

VI. Old Business (cont'd)

D. Item Removed

E. National Association of Basketball Coaches/K.C. Kathleen Barney
Tax Credit for Contribution Revised Request

Ms. Barney reported that the Board previously approved \$2 million in tax credits for \$4 million of contributions for the National Collegiate Basketball Coaches Hall of Fame. This facility was originally planned to be constructed at Municipal Auditorium in Kansas City. Since that time, the NABC decided to locate next to the new Sprint Arena. The City of Kansas City is investing \$10 million for the shell of the facility and the NABC is investing \$10 million towards the \$20 million project. The NABC requested an additional \$4 million in tax credits; \$2 million allocated in 2005 and \$2 million allocated in 2006. Ms. Barney introduced Mr. Langenkamp from the City of Kansas City. Mr. Langenkamp reported that construction of the facility's foundation is scheduled to start in August 2006. The expected facility completion date is March 2007 and exhibits will be installed in March-September 2007. Mr. Langenkamp reported that the target date for the opening of the Sprint Arena and NABC is September 2007. Mr. Langenkamp thanked the Board for their assistance and introduced Kansas City Mayor Kay Barnes. Mayor Barnes expressed her support for the Hall of Fame and noted the project would generate considerable additional revenue for the state of Missouri and Kansas City. Mayor Barnes introduced Mr. Haney, NABC Executive Director. Mr. Haney read a letter of support from Mr. Norm Stewart and was available for questions.

Member Solberg asked Mayor Barnes if the City would be requesting tax credits from the Board for the Sprint Arena project. Mayor Barnes replied that she is not certain the City will be coming back to the Board for tax credits for the Sprint Arena. The Mayor noted that should the City come back to the Board, City staff will work closely with MDFB to go through whatever process is necessary. Mayor Barnes commented there might be a possibility of the need for additional parking facilities, but that they were not sure at that point if that will be necessary. Member Solberg asked when they would possibly know of this need. Mayor Barnes indicated they could possibly know by the end of January 2006.

Vice Chairman Starr asked if the NABC could use \$3 million in credits in 2005 and \$1 million in credits in 2006 to free up allocated funds in 2006, with the requirement that the project must use at least \$2 million in 2005. After further discussion, the Board asked that NABC attempt to raise \$3,500,000 in contributions in CY2005 and \$500,000 in contributions in CY2006. Mr. Bill Hall replied they would make their best efforts to accelerate fundraising in 2005.

Member Lindsey expressed his concern regarding the value of the project given the state funding involved and that the expected number of visitors may be overly optimistic. Mayor Barnes indicated she believes the project will be a national attraction. Mr. Lewis from Development Strategies reported on the feasibility study and underlying methodology that was conducted by Development Strategies in projecting attendance levels for the Hall of Fame.

Mr. Queen, Board Counsel, noted that at the October 4 Board Retreat, the tax credit for contribution program's fee structure was discussed for the possibility of a fee increase. Currently the Board's fee is structured for 2% on the first \$1 million of contributions and 1% on any amount over \$1 million. Mr. Queen indicated that with the large projects before the Board, now would be an opportune time to discuss the fee structure for all projects requesting a carry-forward into 2006, a modification or request for additional credits. Mr. Miserez commented that staff had met and recommended the fee be increased to a flat 4% on all contributions. Mr. Queen replied that the fee increase could possibly be imposed on all projects after January 1, 2006. Vice Chairman Starr recommended the discussion of the fee structure be tabled for further discussion at the December meeting.

Secretary Neff made a motion to approve the NABC request as discussed. Member Solberg seconded the motion. The following vote was recorded:

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

Nay: Lindsey

Absent: Eckelkamp, Steinhoff and Ferrell

Chairman Kinder declared the motion passed.

E. Kansas City Performing Arts Center
Tax Credit for Contribution Revised Request

Kathleen Barney

Ms. Barney reported that in July 2003, the Board approved \$12.5 million in tax credits for contributions of \$25 million each for calendar years 2004 and 2005. In November 2004, the Board approved allowing \$12 million of the 2004 tax credits to lapse and reauthorize a like amount for calendar year 2006 at the request of the City. Ms. Barney also reported that earlier this year the Performing Arts Center considered renovating and expanding the Lyric Theatre as an alternate site for the KC Performing Arts Center. Ms. Barney indicated the Center's board recently decided to build the facility at the original 16th & Broadway site. The City and the Center requested the Board reallocate \$12.5 million of credits authorized for the 2005 calendar year to calendar year 2007. Ms. Barney indicated the Board

action would be contingent upon the consent of the Commissioner of Office of Administration, and Directors of the Department of Revenue and the Department of Economic Development. Ms. Barney introduced Mr. Riffel from Lathrop & Gage, legal counsel for the Center.

Mr. Riffel distributed a fundraising brochure to Board members and introduced Ms. Kauffman, the Center's President. Ms. Kauffman reported on fundraising efforts and was available for questions. Mayor Barnes thanked the Board for their support in enabling the City to move forward with their initiatives and reiterated her support for the Center and her belief that the Center will be a world class facility.

Secretary Neff made a motion to approve the request as submitted contingent upon the consent of the Commissioner of Office of Administration, and Directors of the Department of Revenue and the Department of Economic Development. Member Solberg seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Eckelkamp, Steinhoff and Ferrell

Chairman Kinder declared the motion passed.

G. Univ. of Mo-Columbia/Missouri Innovation Center Robert Miserez
Tax Credit for Contribution Revised Request

Mr. Miserez reported that in April 2005, the Board approved \$1.25 million in credits authorizing the University to raise up to \$2.5 million in contributions to partially fund construction and equipping of the Life Sciences Incubator Center. These monies were to be matched with a \$2.5 million EDA grant and \$1.2 million of other money. Mr. Miserez stated that the University believes it will only raise \$1 million in 2005 utilizing \$500,000 in credits; therefore the University requested the Board reallocate \$750,000 in calendar year 2005 credits to calendar year 2006. Staff recommended approval of the request.

Secretary Neff made a motion to approve the request to lapse CY2005 credits and reauthorize as CY2006 credits. Member Solberg seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Eckelkamp, Steinhoff and Ferrell

Chairman Kinder declared the motion passed.

H. Springfield Discovery Center Tonya Loucks
Tax Credit for Contribution Update

Ms. Loucks reported that in June 2005, the Board approved an application for the City of Springfield for the benefit of The Discovery Center to receive \$1,666,000 in tax credits to raise \$3,332,000 in contributions. Ms. Loucks reported that after discussions with Ms. Fox, The Discovery Center has raised approximately \$581,000 in contributions for approximately \$290,000 in tax credits. Ms. Loucks stated that she instructed Ms. Fox to keep staff apprised of the status and Ms. Fox indicated the Center has other potential significant donors, but has not received commitments from them at this time as they are consulting with tax advisors. Ms. Loucks reported this was an update only, but that the Center may need the Board to reallocate a portion of the calendar year 2005 credits to 2006.

Secretary Neff made a motion to allow the unused calendar year 2005 tax credits to be reallocated into calendar year 2006. Member Solberg seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Eckelkamp, Steinhoff and Ferrell

Chairman Kinder declared the motion passed.

VII. New Business (cont'd)

B. Youth Excited About Sports Tonya Loucks
Johnson County Tax Credit for Contribution Application

Ms. Loucks reported that Johnson County submitted an application for the benefit of Youth Excited about Sports for authorization of \$400,000 in credits to leverage the contribution of up to \$800,000 to partially pay costs associated with construction of a youth activity center with an approximate total cost of \$2.7 million. Ms. Loucks reported the request was for \$250,000 in tax credits in 2005 and \$150,000 in tax credits in 2006. Ms. Loucks stated that staff realized the process normally has two steps, but in the essence of time, the project was moved to an approval item if there were no issues. Ms. Loucks also indicated that

the 2005 requested credits had already been raised. Ms. Loucks introduced Mr. O.J. Rhone, Executive Director of Y.E.S. Mr. Rhone gave a brief description of the project and was available for questions.

After further discussion, it was agreed to allow as many credits as possible in CY2005, but to reauthorize any unused credits in CY2006 if needed.

Vice Chairman Starr made a motion to approve the application and that any unused CY2005 credits be reauthorized as CY2006 credits. Member Hill seconded the motion. The following voted was recorded:

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

Nay: None

Absent: Eckelkamp, Steinhoff and Ferrell

Chairman Kinder declared the motion passed.

CLOSED SESSION

Chairman Kinder made a motion to move the meeting into closed session pursuant to Section 610.021 (2) of the Missouri Revised Statutes for the purpose of discussing the leasing, purchase or sale of real estate by a public governmental body where public knowledge of the transaction might adversely affect the legal consideration therefor. Member Solberg seconded the motion. The following roll call vote was recorded:

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

Nay: None

Absent: Eckelkamp, Steinhoff and Ferrell

Chairman Kinder declared the motion passed.

Upon completion of discussion, Vice Chairman Starr made a motion to move the meeting back into open session. Treasurer Grumney seconded the motion. The following roll call vote was recorded:

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

Nay: None

Absent: Eckelkamp, Steinhoff and Ferrell

Chairman Kinder declared the motion passed.

OPEN SESSION

The Board returned to open session.

VIII. Miscellaneous

Robert V. Miserez

Mr. Miserez reported on the project activity report and miscellaneous news articles that were included in the Board packet. Mr. Miserez briefed the Board on the draft retreat action items based upon the requests and discussions at the Oct. 4 retreat. Mr. Queen commented that at some point and time each retreat action item should be discussed in detail. Member T. Wilson requested that the retreat action items discussion be deferred until the December meeting. It was agreed to defer the discussion until the December meeting.

X. Adjournment

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

Secretary Neff