

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.
MARY KAY MEEK



MISSOURI DEVELOPMENT FINANCE BOARD

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

FRED FERRELL
DIRECTOR, AGRICULTURE

DOYLE CHILDERS
DIRECTOR,
NATURAL RESOURCES

EXECUTIVE DIRECTOR:
ROBERT V. MISEREZ

MINUTES MISSOURI DEVELOPMENT FINANCE BOARD

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

NOVEMBER 21, 2006

The Missouri Development Finance Board met in regular session on Tuesday, November 21, 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	Absent
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
Mary Kay Meek	Member	Absent
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: Ben Jones, Lieutenant Governor's Office; Jim Eldridge and Molly McGovern, City of Kearney; Katie Watts, Missouri Senate Appropriations; Keith Wenzel, Hendren & Andre; Heath Clarkston, Gallagher Consultants LLC; David Scobey, HRI; and Mike Downing, Missouri Department of Economic Development

I. Secretary's Report

Secretary Neff

Secretary Neff presented for approval the minutes from the October 17, 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. Director Steinhoff seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr, Meek and Childers

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, 2006. The Treasurer's Report was included in the Board materials distributed in advance of the meeting. Treasurer Grumney commented the average rate of return on investments for the prior year was 4.34% and the current rate of return is 4.85% — fluctuating based on marketing conditions. There being no questions or additions, Treasurer Grumney made a motion to approve the Treasurer's Report as submitted. Member Wilson seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr, Meek and Childers

Chairman Kinder declared the motion passed.

Director Childers arrived at the meeting.

III. Department of Economic Development Report

Director Steinhoff

Director Steinhoff reported the Department is beginning the budget process and preparing the legislative package for 2007, which includes the enhancement of the Quality Jobs Act and Enhanced Enterprise Zone. The legislative package also will focus on small business creation and investment tax credits.

Director Steinhoff reported the Department continues to build the Hawthorn Foundation Business Recruitment Team and indicated staff should begin work in early 2007. Director Steinhoff expressed his appreciation to all the private sector companies that have stepped forward to fund the effort. Director Steinhoff continued by reporting the hiring of eight industry specialists.

IV. Department of Agriculture Report

Director Ferrell

Director Ferrell reported that Missouri has a water shortage statewide. Director Ferrell reported on a recent meeting regarding the Missouri River and how vital the river is to the infrastructure of the state.

Director Ferrell reported \$2.7 million in federal monies for drought assistance will be distributed to 30 counties throughout the state.

Director Ferrell reminded everyone regarding the Governor's Conference on Agriculture scheduled for December 10-11 at Tan-Tar-A Resort at Lake Ozark.

V. Department of Natural Resources

Director Childers

Director Childers reported that water-related issues are currently an important issue for the Department of Natural Resources and DNR is working to promote the development of additional water resources for the state.

Director Childers reported the Department is converting the command control model of environmental enforcement efforts to a compliance assistance model. Director Childers continued by reporting the Department will have a much more comprehensive system for permits in the near future.

VI. Lieutenant Governor's Report

Lt. Governor Kinder

Chairman Kinder reported on the DREAM Initiative and the enthusiasm that has been shown on the initiative throughout the state.

VII. Old Business

A. DaimlerChrysler
BUILD Final Authorizing Resolution

Tonya Loucks

Ms. Loucks reported the Board adopted at its November 2005 meeting a Preliminary Authorizing Resolution to issue bonds in an amount not to exceed \$16,513,500 for the DaimlerChrysler Corporation. Since that time, counsel for the company and the Board have completed the financing documents. Ms. Loucks explained all financing terms have remained the same as originally presented at the November 2005 meeting. The project is solely a job retention of approximately 5,500 jobs at the two plants located in Fenton with an investment of \$500 million by the company.

Staff requested adoption of the Final Authorizing Resolution. Secretary Neff made a motion to adopt the following resolution as presented:

RESOLUTION AUTHORIZING THE MISSOURI DEVELOPMENT FINANCE BOARD TO ISSUE ITS BUILD MISSOURI REVENUE BONDS (DAIMLERCHRYSLER CORPORATION PROJECT), SERIES 2006, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$16,513,500 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 DAIMLERCHRYSLER 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 Eckelkamp seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr and Meek

Chairman Kinder declared the motion passed.

B. City of Kearney — Amphitheater Project
Tax Credit for Contribution Revised Request

Tonya Loucks

Ms. Loucks reported the Board approved at its May 2005 meeting an application from the City of Kearney for the benefit of the Kearney Missouri Amphitheater to receive \$325,000 in tax credits to raise \$650,000 in contributions to be divided between CY2005 and CY2006. At the Board's October 2005 meeting, the Board

approved the tax credits be moved to CY2006 and CY2007 in light of fundraising efforts of the local community for the hurricane victims.

Ms. Loucks reported the City of Kearney has used approximately \$51,000 of the \$162,500 allocated to CY2006. The City requested that any unused tax credits from CY2006 be added to the \$162,500 for CY2007 due to their potential donors not knowing their liability until January 2007. Ms. Loucks introduced Jim Eldridge from the City of Kearney.

Mr. Eldridge gave a brief history of the project and indicated the project is in the early stage. Mr. Eldridge commented the City is very excited about the project and was available for questions.

Staff recommended approval of the City of Kearney's request with the understanding that if the credits were not used by the end of CY2007 they will expire.

Director Steinhoff made a motion to approve the remaining CY2006 tax credit allocation be added to the CY2007 allocation. Secretary Neff seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr and Meek

Chairman Kinder declared the motion passed.

VIII. New Business

- A. Midwest Research Institute Kathleen Barney
Revenue Bond Application

Ms. Barney reported the Board approved at its October 2006 meeting tax credits of up to \$4 million for contributions of \$8 million for the Midwest Research Institute project.

Ms. Barney presented the application for tax exempt revenue bonds in an amount not to exceed \$20 million to begin renovations of the facility. Ms. Barney explained that since the tax credit application, the amount of square footage had been increased from 50,000 to 80,000 square feet.

Staff recommended approval of the Final Authorizing Resolution for bonds not to exceed \$20 million. The Board is a conduit issuer and does not have any repayment obligation.

Director Childers made a motion to adopt the following resolution as presented:

RESOLUTION AUTHORIZING THE MISSOURI DEVELOPMENT FINANCE BOARD TO ISSUE ITS REVENUE BONDS (MIDWEST RESEARCH INSTITUTE PROJECT) SERIES 2007, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$20,000,000 FOR THE PURPOSE OF MAKING A LOAN TO MIDWEST RESEARCH INSTITUTE TO PROVIDE FUNDS TO FINANCE, REFINANCE AND REIMBURSE THE COSTS OF CERTAIN FACILITIES OF THE MIDWEST RESEARCH INSTITUTE; AND 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 Wilson seconded the motion. The following vote was recorded:

- Aye: Neff, Grumney, Lindsey, Wilson, Hill, Eckelkamp, Steinhoff, Ferrell, Childers and Kinder
- Nay: None
- Absent: Starr and Meek

Chairman Kinder declared the motion passed.

B. MDFB Authorization of Personnel Committee to Select Health Care Plan Pamela Hill

Ms. Hill presented the request for authorization from the Board to allow the MDFB Personnel Committee to select and approve the MDFB Health Care Plan for Board staff.

Member Eckelkamp made a motion to approve the request as presented. Secretary Neff seconded the motion. The following vote was recorded:

- Aye: Neff, Grumney, Lindsey, Wilson, Hill, Eckelkamp, Steinhoff, Ferrell, Childers and Kinder
- Nay: None
- Absent: Starr and Meek

Chairman Kinder declared the motion passed.

C. DREAM Program Funding

Robert Miserez

Mr. Miserez gave an update on the DREAM Initiative and an explanation of the processes involved with the 10 designated DREAM communities. Mr. Miserez recommended the hiring of an independent contractor to work under his direction to continue the implementation of the DREAM program. Primary responsibilities are to include working directly with PGAV in continuing the implementation of common program goals and objectives, coordinate the Board's participation with partners and the 10 designated communities, and coordination and planning with other service providers on service delivery for the 88 non-designated communities.

Mr. Miserez requested the Board increase the DREAM budget for programming-related services from \$200,000 to \$400,000 for FY2007. Mr. Miserez explained the partnering agencies, DED and MHDC, will contribute \$100,000 toward the initiative.

Secretary Neff made a motion to approve the request of hiring an independent contractor and the increase of the DREAM budget to \$400,000 in FY2007. Member Lindsey seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr and Meek

Chairman Kinder declared the motion passed.

D. New Market Tax Credits

Robert Miserez

Mr. Miserez explained that the New Market Tax Credit Program is a federal tax credit program designed to assist qualifying capital projects by granting federal tax credits for certain capital expenditures. The program is similar in some respect to the federal Low-Income Housing Tax Credit Program, but differs in many ways. The program requires the formation and certification of a Community Development Entity ("CDE") formed by the sponsor (MDFB) to facilitate the capital projects receiving the assistance.

Mr. Miserez reported that an application must be submitted to the federal government to be eligible for the program. Staff proposed the Board partner with DED and that the cost to submit the application be split equally between the two entities. Total cost for this phase is estimated at \$35,000. Gilmore & Bell would be retained by MDFB to prepare the application and form the CDE.

Mr. David Queen, Board counsel, explained the reasoning behind the submission of a NMTC application was due to discussions held during the 2006 MDFB Board Retreat regarding technology/life science investments related to wet lab space and other similar improvements. Mr. Queen explained that as an applicant there is the ability to combine tax credits with other programs. Contacts familiar with the program believe the MDFB/DED application would be strong because of geographic diversity and the targeting of the life science programs, rural manufacturing projects and infrastructure projects.

Treasurer Grumney asked if the program is project-specific or if the application is for a certain amount of credit funds for distribution as decided by the applicant. Mr. Queen explained the program provides for a blind pool; although the CDE would select several projects as representative examples and funding for the future is based on whether those projects were funded as indicated.

Member Lindsey asked who funds the equity investors that generate the tax credits. Mr. Queen explained that funds generally come from a project that has already begun and has a gap. The existing equity is passed through a taxable entity to help fund the gap. Mr. Queen also explained that tax credit investors are pursuing the Board to partner with the Board to make arrangements to purchase all credits that are generated and compete for pricing.

Secretary Neff made a motion to direct MDFB staff to move forward with the NMTC application and approve expenditures as presented. Treasurer Grumney seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr and Meek

Chairman Kinder declared the motion passed.

E. Tax Credit for Contribution Costs

Robert Miserez

Mr. Miserez presented for approval the authorization of inclusion of the legal fees MDFB pays for the tax credit for contribution projects as part of the 4% fee that is paid by the project applicant/beneficiary.

Upon conclusion of discussion, Member Eckelkamp made a motion to approve the authorization as presented. Member Wilson seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr and Meek

Chairman Kinder declared the motion passed.

IX. Miscellaneous

Robert Miserez

Mr. Miserez distributed a memo from DED regarding a BUILD proposal from Cingular Wireless. Director Steinhoff gave a brief explanation of the project and explained that Cingular would need MDFB's approval for the project by November 30, 2006. Director Steinhoff requested a special telephone conference call be conducted to review the application prior to November 30. Chairman Kinder recommended a special meeting be conducted for 9:30 a.m. Wednesday, November 29.

Chairman Kinder announced the appointment of Mary Kay Meek and welcomed her to the Missouri Development Finance Board replacing Elizabeth Solberg as her term had expired. Chairman Kinder expressed his appreciation to Ms. Solberg for her service to the Board.

X. Adjournment

There being no questions or comments, consensus was to adjourn the meeting. There being no further business before the Board, the meeting was adjourned.

[Secretary Neff's Signature]