

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

November 16, 2004

The Missouri Development Finance Board met in regular session on Tuesday, November 16, 2004 beginning at 10:00 a.m. The meeting was held in Room 750, Harry S Truman State Office Building, Jefferson City, 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	Present*
Paul S. Lindsey	Member	Present*
James O'Mara	Member	Present
Larry D. Neff	Secretary and 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	Present
Peter Hofherr	Dir., Dept. of Agriculture & Member	Present
Robert V. Miserez	Executive Director & Assistant Secretary	Present

\*Member 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, Tonya Loucks, Krystal Sabartinelli and Cheryl Morgan, Board staff; Joanna Sebelien, Daren Haren, Michael Hunter, Wesley Fields, Jerry Riffel, Harvesters; Joe Gonzales, KC Economic Development Council; Laura Filbert Zacher, EDR; Lee Leberman and Jim Mann, Forest Park Forever; Karie Myers and Anne Sunderland, UMB Bank; Ken Rworak, MKCPAC; Woody Overton, KC Performing Arts; Kris Hilgedick, News Tribune and Sean O'Byrne, KC Union Station.

**I. Secretary's Report**

Secretary Neff

Secretary Neff presented for approval the minutes from the October 26, 2004 meeting. Copies of the minutes, included in the Board packets, were provided to the members for their review. The minutes are corrected to reflect that Chair Solberg abstained from the vote on KC Live! and H & R Block projects. There being no questions or additions, Secretary Neff made a motion to approve the minutes as corrected. Member Hill seconded the motion. The following vote was recorded:

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

Roll call vote: Burch and Lindsey

Nay: None

Chair Solberg declared the motion passed.

**II. Treasurer's Report**

Treasurer Burch

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

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

Roll call vote: Burch and Lindsey

Nay: None

Chair Solberg declared the motion passed.

**III. Department of Economic Development Report** Director Simmons

Member Simmons began by reporting that Missouri's economic picture continues to be a mixed bag.

Earlier in the year Missouri was seeing strong job growth and the unemployment level had been below the national rate for more than two years. Director Simmons was optimistic that Missouri is moving out from under the lingering national recession. However, recent employment data suggests that Missouri's economic condition is relatively unchanged. Between October 2003 and October

2004, Missouri's employment is up approximately 37,600 jobs or about 1.4% unadjusted. Director Simmons stated that manufacturing continues to be a bright spot. Missouri's percentage of manufacturing job growth between September 2003 and September 2004 was about 1.2%, ranking the state 11<sup>th</sup> in the nation and far above the national average.

Director Simmons continued by saying the St. Louis Business Journal, in a story based on a recent study conducted by the Tax Foundation, reported that Missouri's tax climate is among the most business friendly. The Tax Foundation ranked Missouri 11<sup>th</sup> amongst all states based on its' business friendly tax system.

Continuing, Member Simmons stated that Missouri's economic momentum continues to compare well with all the other surrounding states. In a recent study that measured growth and personal income, population and employment from 2000 to 2003, Missouri has the highest number of top performing counties compared to our neighboring states.

In closing, Director Simmons stated that he continues to be optimistic about the State's economy. In 2004 we are showing a net job gain, which is a positive. The unemployment rate continues to be low, and the feeling is that it will be lower next month.

#### **IV. Department of Agriculture Report**

Director Hofherr

Director Hofherr reported that harvest statewide is finishing up. The harvest has gone extremely well across commodity groups.

Member Hofherr stated there has been two major developments in agriculture this past week. The first was finding soybean rust in Louisiana. Soybeans are the largest cash row crop in Missouri. If this disease were to make its way to Missouri and infect our crops, we could potentially suffer a 20% loss to the crop. The Department of Agriculture has been working with the EPA as well as other agriculture organizations to make sure Missouri will have the fungicides available once it is detected within the State.

Director Hofherr concluded by saying the other important development is the Secretary of Agriculture at the Federal level has resigned. One person put forth as a candidate for the position is from Missouri.

#### **V. Lieutenant Governor's Report**

Lt. Governor Maxwell

Lt. Governor Maxwell began by reporting he had recently returned from a trip to Toronto, Canada where he met with approximately 300 motor coach owners from across North America. Motor coach tourism has been declining in Missouri. This is a significant loss for the southwest corner of the state.

Member Maxwell further stated that Missouri has put together a new strategy for marketing the State for leisure and recreational travel. Business travel is up. Member Maxwell reported that tourism has an approximate \$13,000,000 return on investment to the State and that every dollar the State invests, we get back about \$68.00.

Lt. Governor Maxwell concluded by saying that state disposable income figures and average household incomes are being monitored and are a concern. This year will close out with our citizens making less money (real dollars not factored by inflation). Missouri continues to be a state swapping higher paying jobs for lower paying jobs. Eventually that has a huge impact within our communities. It is affecting rural areas more than urban areas.

## **VI. Old and New Business**

### **A. Harvesters – Kansas City, Missouri Tax Credit for Contribution Kathleen Barney**

Ms. Barney began by reporting that Harvesters has requested \$682,000 in tax credits. She stated that staff does not recommend this project because of the “but for” issue in that the project was started before the application was made and based on the information submitted, sufficient funding and commitments were in place to complete the project.

Ms. Barney introduced Jerry Riffel who in turn introduced Michael Hunter, Wesley Field, Karen Haren, Laura Zacher, and Joe Gonzales who all discussed the benefits of the project.

Member Maxwell made a motion to approve the tax credit for contribution project for \$682,000. Member Starr seconded the motion. The following vote was recorded:

Aye: Wilson, Neff, O’Mara, Hill, Grumney, Starr, Hofherr, Simmons and Maxwell.

Roll call vote: Lindsey, Burch

Nay: Solberg

Chair Solberg declared the motion passed.

### **B. Forest Park Forever Robert V. Miserez Tax credit for contribution**

Mr. Miserez began by briefly explaining the history of this project and the Board’s past approval and use of contribution tax credits. Mr. Miserez introduced

Jim Mann. Mr. Mann discussed the project and brought the Board up to date on the development.

Mr. Miserez informed the Board that Forest Park Forever was requesting \$2,000,000 in tax credits for the calendar year 2004. Mr. Miserez stated that these were new capital expenditures and not part of the original project. Mr. Miserez recommended approval of the project.

Member O'Mara made a motion to approve the tax credit for contribution project in the amount of \$2,000,000. Member Neff seconded the motion. The following vote was recorded.

Aye: Solberg, Wilson, Neff, O'Mara, Hill, Grumney, Starr, Hofherr, Simmons, and Maxwell

Roll call vote: Burch

Nay:

Roll call vote: Lindsey

C. Starlight Theatre Robert V. Miserez  
Tax credit for contribution

Mr. Miserez began by reporting that Starlight Theatre was originally approved for \$1,900,000 in tax credits for capital campaign in 1997; an additional \$36,000 in 1999; and another \$2,750,000 in October 2003. Mr. Miserez reported that Starlight Theatre was requesting an additional \$400,000 in credits for calendar year 2004 toward their project. Mr. Miserez further stated that he is neither recommending for or against this project.

Member Starr made motion, seconded by Dick Wilson to approve the issuance of \$400,000 in additional tax credits for calendar year 2004. The following vote was recorded:

Aye: Solberg, Wilson, Neff, O'Mara, Hill, Grumney, Starr, Hofherr, and Simmons

Roll call vote: Burch

Nay: Maxwell

Roll call vote: Lindsey

Chair Solberg declared the motion passed.

C. Kansas City Performing Arts Center  
Tax Credit for Contribution

Robert V. Miserez

Mr. Miserez began by reporting that the Kansas City Performing Arts Center was approved in July 2003 for \$25,000,000 in tax credits to be allocated in calendar years 2004 and 2005 for \$12,500,000 each year. The Performing Arts Center is requesting that the 2004 credits be reauthorized for calendar year 2006. Mr. Miserez stated that to issue credits above the \$10 million annual cap requires written consent of the three cabinet members so authorized by statute. Mr. Miserez continued by saying he believed input from the new administration should be sought for this request.

Mr. Queen stated the legal issue is no different to move from 2004 to 2006 because we have already committed credits for 2005. Chair Solberg made comment that we already have some commitments out there for future years in other projects.

Member Simmons stated that the Administration's position is that they feel the three cabinet members would strongly support signing off and raising the cap on this project.

Member Burch left the conference call.

A motion was made by Member Maxwell to move the 2004 tax credits to calendar year 2006, contingent upon the three individuals signing off. Nelson Grumney seconded the motion. The following vote was recorded:

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

Roll call vote: Lindsey

Nay: None

Absent: Burch

D. City of Independence Aquatic Center  
BUILD Application  
Final Authorizing Resolution

Robert V. Miserez

Mr. Miserez began by saying the Board approved adoption of a preliminary resolution denoting its intent to issue the above referenced bonds at its October 2004 meeting. Mr. Miserez recommended adoption of the Final Authorizing Resolution.

Member O'Mara made a motion to adopt the following final resolution:

**RESOLUTION AUTHORIZING THE MISSOURI DEVELOPMENT FINANCE BOARD TO ISSUE IT'S BUILD MISSOURI REVENUE BONDS (CITY OF INDEPENDENCE AQUATIC CENTER), SERIES 2004, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$6,500,000 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 CITY OF INDEPENDENCE, AQUATIC CENTER; 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 Neff seconded the motion. The following vote was recorded:

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

Roll call vote: Lindsey

Nay: None

Chair Solberg declared the motion passed.

- E. Duke Manufacturing Co., & Duke Sedalia, L.L.C. Robert V. Miserez  
Private Activity Bond  
Final Authorizing Resolution

Mr. Miserez began by saying the Board approved adoption of a preliminary resolution denoting it's intent to issue the above referenced bonds at it's November 2004 meeting. Mr. Miserez reported that documentation was in final form and recommended adoption of the Final Authorizing Resolution and the issuance of bonds up to \$10,000,000, consisting of \$1,000,000 in tax-exempt bonds and \$9,000,000 in taxable revenue bonds.

Mr. Miserez further stated that since our last meeting, based upon a substantial increase in a contract by this manufacturer, they are committing to hiring 90-100 temporary jobs of which 40-50 would become permanent full-time employees. Other aspects of the project remain the same as reported last month. Mr. Miserez concluded by recommending adoption of the final authorizing resolution.

Member Neff made the motion to adopt the final authorizing resolution as follows:

**RESOLUTION AUTHORIZING THE MISSOURI DEVELOPMENT FINANCE BOARD TO ISSUE ITS BUILD MISSOURI REVENUE BONDS (DUKE MANUFACTURING PROJECT), SERIES 2004, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$10,000,000 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 DUKE MANUFACTURING; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF SAID BOND; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE OF SAID BONDS.**

Motion seconded. The following vote was recorded:

Aye: Solberg, Wilson, Neff, O'Mara, Hill, Grumney, Starr, Hofherr, Simmons, and Maxwell

Roll call vote: Lindsey

Nay: None

Absent: Burch

Chair Solberg declared the motion passed.

F. Kansas City Union Station Robert V. Miserez

Mr. Miserez began by asking for the Board's consideration to move this to an action item with a recommendation that the Board allow relinquishment of its direct control over the endowment fund that was created at the request of a major contributor, the Hall Foundation. Mr. Miserez continued by saying that as part of the original financing, the Hall Foundation asked that we set aside a portion of the contributions they gave and blend that with other non-credit generated contributions to create an endowment that was housed with the Greater Kansas City Community Foundation. As part of the request from the Hall Foundation, this endowment was to fund future capital improvements for the ongoing renovations and improvements to Union Station.

Mr. Miserez continued by stating that Union Station is now asking that we allow them to make a loan of these monies held in the Foundation back to them. Mr. Miserez advised the Board these are not Board monies but in fact have always been considered Union Station funds and theirs are the only financial statements these monies appear on. Mr. Miserez reported the project was approved by the Board over 10 years ago and has spurred millions of dollars in new investment in the area including being the key factor in the GSA's decision to consolidate thousands of jobs in the Old Post Office across the street.

Mr. Miserez concluded by saying the Board did what it set out to do 10 years ago and now it is time to let the project continue on its own.

Mr. Miserez introduced Mr. Sean O'Byrne. Mr. O'Byrne gave an overview of the project to date. Mr. O'Byrne stated that Union Station has put together a three-tiered strategic plan, which consist of operational stability, maximizing revenues and enhancing attractions.

Mr. O'Byrne continued by saying that in 2007, income generated by the IRS moving in will bring additional revenue, but Union Station needs assistance to get them to 2007 and this request will help get there. He stated that Union Station's financial situation from that point on should be very solid.

A motion was made by Member Maxwell to terminate our relationship with Union Station. Nelson Grumney seconded the motion.

Discussion followed concerning the original financing structure. Mr. Queen stated that Union Station came to the Board and proposed that the \$40,000,000 endowment have a restricted component and an unrestricted component. The restricted component became a part that we funded with our contributions through tax credits. The unrestricted part is just like any endowment and can be used for any purpose. The restricted part stated it would only be used for capital expenditures. Mr. Queen further said that the Executive Director could review and approve any non-capital cost requests, which this would be, and bring to the Board for its consideration. Operating capital is the only restriction on these funds.

Chair Solberg reported that the idea of using the capital endowment for operations was Bill Hall's. Mr. Hall said if Union Station could get money released for operations and keep Union Station going in 2005, then he would make a best faith effort to raise another \$40,000,000 endowment.

Member Maxwell withdrew his motion currently on the floor with Member Grumney withdrawing his second.

Member Maxwell further stated that he would make a substitute motion to accept the request to release \$6,000,000 to be utilized for the purpose of operating Union Station; and contingent upon the mill tax and the Hall Foundation commitment, the Board would consider the release of another \$6,000,000 in 2006 if necessary. Member Neff seconded. The following vote was recorded:

Aye: Solberg, Wilson, Neff, O'Mara, Hill, Grumney, Starr, Hofherr, Simmons, and Maxwell

Roll call vote: Lindsey

Nay: None

Absent: Burch

**VI. Executive Directors Report**

Robert V. Miserez

Mr. Miserez reported that the new incoming freshman legislators are going to meet at the Old Post Office on December 13<sup>th</sup> at 4:00 p.m. for a one-hour tour and presentation. He further said that this is a project the group has focused interest on and would like updated status report on.

Lt. Governor Maxwell left the meeting.  
Member Lindsey left the meeting.

Project Orion

Chair Solberg began by saying the Board has had a request from DED to pay for a consulting study on a business operation that was looking to come to Missouri. That organization, a manufacturing facility, is talking about bringing 2500 direct jobs with suppliers adding another 1500 jobs. DED estimated the cost of the study between \$100,000 - \$200,000.

A motion was made by Dick Wilson, seconded by Jim O'Mara to hire a consultant to do the study up to maximum of \$200,000. During discussion, Member Neff requested that staff also take steps to reduce the costs of this study. Members also instructed staff to consider using part of the funding authorization previously approved for the DED web site development project to offset the above costs. The following vote was recorded:

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

Nay: Starr and Hofherr

Absent: Maxwell, Burch and Lindsey

There being no further business, the meeting was adjourned.

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Secretary Neff

