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L. B. ECKELKAMP, JR.
DANETTE D. PROCTOR
JOHN MEHNER



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DIRECTOR-DESIGNEE,
ECONOMIC DEVELOPMENT

JON HAGLER
DIRECTOR-DESIGNEE,
AGRICULTURE

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DIRECTOR-DESIGNEE,
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

DECEMBER 16, 2008

The Missouri Development Finance Board met in regular session on Tuesday, December 16, 2008, beginning at 10:00 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*
Richard J. Wilson	Member	Present
L. B. Eckelkamp, Jr.	Member	Absent
Danette D. Proctor	Member	Present*
John E. Mehner	Member	Present*
Garry Taylor	Interim Director, Dept. of Econ. Dev. and Member	Present
Don Steen	Director, Dept. of Agriculture and Member	Absent
Doyle Childers	Director, Dept. of Natural Resources and Member	Present
Robert V. Miserez	Executive Director and Assistant Secretary	Present

*Participated via telephone conference call.

Chairman Kinder called the meeting to order and declared a quorum was present. In addition to the above, those in attendance included:

Board Staff: Kathleen Barney, Mike Golden, Krystal Davis, Dawn Holt, Kimberly Martin, and Valerie Haller

Board Counsel: David Queen*

Others Present: Jerry Dowell, Lieutenant Governor's Office; Senator Charlie Shields and Senator Wes Shoemyer, Missouri State Senate; Bill Newman and Kent Gaines, Kansas City Chiefs; Tim Rowland, Jackson County Sports Complex Authority; Dirck Clark, Missouri Western State University; Kenneth W.

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Spain, Seigfreid, Bingham, Levy, Selzer & Gee; Mike White, White Goss Bowers March; Stacy Scheiermeier and Norvin Mohesky, Pauwels Transformers Inc.; Dick Oldenburg, City of Washington, Mo; Mark Rhoads, The Rhoads Company; Tom Kruckemeyer, Missouri Budget Project; Davin Althoff, Senate Appropriations; Sallie Hemenway and Mike Heimericks, Missouri Department of Economic Development; Keith Wenzel, Hendren & Andre LLC; Alyson Raletz, St. Joseph News Press; David Lieb, Associated Press; Mike Landis, KQTV in St. Joseph; Steve Walsh, Missouri; and Jason Noble, Kansas City Star

I. Secretary's Report

Secretary Neff

Secretary Neff presented for approval the minutes from the November 20, 2008 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. Member Wilson seconded the motion. The following vote was recorded:

Aye: Starr, Neff, Grumney, Wilson, Proctor, Mehner, Taylor, Steen and Kinder

Nay: None

Absent: Eckelkamp 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 four months ended October 31, 2008. 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 vote was recorded:

Aye: Starr, Neff, Grumney, Wilson, Proctor, Mehner, Taylor, Steen and Kinder

Nay: None

Absent: Eckelkamp and Childers

Chairman Kinder declared the motion passed.

III. Department of Economic Development Report Interim Director Taylor

Interim Director Taylor reported the Department currently has more than 100 retention and expansion projects underway and continues to work with Missouri Partnership. Director Taylor reported that from July through November there were a total of 64 announced layoffs with a total of 10,220 workers affected.

Director Taylor stated the Department continues to work on budget documents for the FY10 budget. The Department continues to attend meetings with the Governor-elect and his transition team regarding the Department's incentives and the formation of an Automotive Task Force.

IV. Department of Agriculture Report Director Steen

Director Steen reported that in the last six months the State has experienced the greatest unprecedented volatility he has seen in foreign markets and input prices.

V. Department of Natural Resources Director Childers

This report was deferred to the next meeting.

VI. Lieutenant Governor's Report Lt. Governor Kinder

This report was deferred to the next meeting.

VII. Old Business

A. Jackson County Sports Authority Robert V. Miserez
Tax Credit for Contributions

Mr. Miserez presented the tax credit for contribution application from the Jackson County Sports Complex Authority (the "Authority") for the benefit of Arrowhead Stadium and common area improvements, and Missouri Western State University in St. Joseph, Missouri.

Mr. Miserez stated the request was for \$25 million in contribution tax credits to leverage a \$50 million contribution from the Kansas City Chiefs to grant the contribution proceeds to the Authority for disbursement towards new and additional improvement costs for the Arrowhead Stadium complex, as well as additional costs outside of Arrowhead Stadium on the Authority complex. Another major component of the request is the construction of a \$13.45 million indoor sports facility at Missouri Western State University.

Mr. Miserez noted that in June 2006, the Authority submitted an application for \$50 million in tax credits which raised \$100 million of contributions to the Board and were transferred to the Authority for major renovations and improvements to both Kauffman Stadium and Arrowhead Stadium. Of that original amount, the Chiefs received \$37.5 million in tax credits and the Royals received \$12.5 million in tax credits at that time.

Mr. Miserez stated the current request would completely be funded by the Chiefs and the beneficiaries would be Arrowhead Stadium and Missouri Western State University. The Chiefs committed they would bring back the summer training camp to Missouri and would hold the camp at the new indoor events and football training facility on Missouri Western State University's campus.

Mr. Miserez introduced Bill Newman with the Kansas City Chiefs. Mr. Newman stated the original investment of the new complex was approximately \$325 million. The newest contribution of \$50 million is for purposes of expanding a variety of project components, including expanding the indoor practice facility planned size from 70 yards to 120 yards and adding a youth field for area youth. The indoor facility also adds to banquet facilities for the greater Kansas City metropolitan area to accommodate groups as large as 5,000 individuals.

Mr. Newman reported that outside the practice facility, at the stadium the additional investment allowed the expansion of the club level concourses, to add expansion to a Hall of Fame, and the creation of a youth sports lab. Further, additional infrastructure around Arrowhead Stadium would be improved, including roads, bridges, sealing and concrete, curbs, etc., and this is what a portion of the tax credits would be used for.

Mr. Newman stated that with the \$25 million in tax credits, the Chiefs are pledging \$10 million for Missouri Western State University and to bring the training camp back to Missouri for a minimum of ten years with an anticipated starting date of 2010.

Ken Spain with Seigfreid, Bingham, Levy, Selzer & Gee clarified that from the original application, both teams maintain responsibility and are paying for cost overruns as part of the original financing with the Authority and as stated in the Tax Credit Agreement, with respect to the original anticipated scope of the project which at that time was \$325 million. The Chiefs are fully committed to continuing the original financing. Mr. Spain stated that the current request is for all new or expanded-scope projects that were not contemplated at the time the original financing was put into place. Mr. Spain referenced the updated economic impact study conducted by Development Strategies that was in Board materials distributed in advance of the meeting.

Mr. Spain stated that similar to the first financing, the current request consists of essentially three components — bringing the training camp back to Missouri; making substantial contributions to Missouri Western State University for the University that will provide a tremendous benefit to MWSU and the City of St. Joseph in terms of educational and sports activities, and public venues; and a number of common area improvements. Mr. Spain reiterated the fact that the new financing will not be used for cost overruns or project scope items included in the original application.

Mr. Newman introduced Missouri Senator Charlie Shields. Senator Shields stated he has represented St. Joseph for the past 18 years in the Missouri Legislature, and during that time St. Joseph has experienced a variety of challenges, including the closures of major companies in the area, but the area is slowly growing again.

Senator Shields commented he is aware of the challenges facing the budget and the state, and stated we have to choose very carefully those projects we support and provide economic incentive to, citing this project as one to support because it will pay the credits from an economic benefit standpoint, but also because the contribution dollars and tax credits are invested into publicly owned infrastructure.

Chairman Kinder reiterated one of Senator Shields' points that this project is atypical as to where the contributions and tax credits are going in one important respect, and that is that 100% of these tax credits are going to publicly-owned infrastructure facilities. Senator Shields also commented that \$10 million of the tax credits are going to state-owned infrastructure facilities at MWSU.

Chairman Kinder asked if there was bi-partisan support for this project. Senator Shields responded there have been discussions and there is support from various leadership and legislative levels. Senator Shields stated that Governor-elect Nixon had been briefed on the project and is supportive.

Mr. Miserez clarified that the tax credits would be phased over two State fiscal years and not be available to be applied to one fiscal year. Vice Chairman Starr asked if the approval of the project would be an above the cap authorization. Mr. Miserez responded that the Board's approval would be subject to the required approval of the Commissioner of the Office of Administration and Directors of the Department of Economic Development and Revenue.

Vice Chairman Starr asked about the fees payable to the Board for this project. Mr. Miserez replied that the normal fees will be applicable and will be paid as the credits are issued.

Senator Wes Shoemyer addressed the Board with comments and questions. Senator Shoemyer commented he would prefer that state funding be used for companies that will bring manufacturing jobs to the state and not service jobs that

he stated this project created. Senator Shoemyer referenced the June 2006 tax credits that were issued to the Jackson County Sports Authority and questioned the requirements to issue tax credits under the statute and have they been followed. Mr. Miserez stated there was an agreement in the 2006 Tax Credit Agreement that the Sports Authority and tenants would not come back for more financing for that project. However, this consideration was based upon those project scope items and was not statutorily driven, and that the current project is for new work-scope items and not part of the original costs considered.

Senator Shoemyer asked what the criteria are behind the analysis of the economic impact. Mr. Miserez stated there are threshold areas that are reviewed in the Board's guidelines, but there are no statutes that pertain to minimum pay levels or percentile of average pay, employee health insurance, etc., as he was asking about in comparison to other state incentive programs. Mr. Miserez explained that the tax credit for contribution program is not like Quality Jobs or BUILD — that this program leverages contributions to fund public infrastructure improvements which provide a general public benefit and is not directly tied to or driven by the specific considerations required of those other programs. Senator Shoemyer requested the number of jobs created from this project.

Senator Shoemyer asked the Board members to look at the numbers closely and to think about how to address the public when they receive questions about this project.

Director Childers arrived at the meeting.

Secretary Neff commented that from an economic standpoint, the project does make sense for the State.

Member Mehner thanked both Senators for their statements and the presentations from others. Member Mehner stated he believes the Board has been given a responsibility to look at projects that come before them. He gives credit to the legislation that created the Board and put the mechanisms in place under which it operates. Member Mehner commented that the Board needs to make decisions based on merit and the project themselves and use the oversight mechanisms that legislature created to be in place.

Tim Rowland, Executive Director of the Jackson County Sports Authority, stated that the project to date has already employed nearly 1,500 construction workers being paid prevailing wage and benefits. Also employing more than 160 minority firms with over 30% minority participation on the project.

Interim Director Taylor commented that from the Department of Economic Development's standpoint, the Department has taken a very close look at the project. The economic impact to Missouri Western State University is very significant and the Department also recognizes that the impact of the long-term

investment in this infrastructure is going to have an enormous economic impact for the Kansas City area.

Mr. Miserez commented that tourism is a very important industry for the state and both the Department and the Board have a long history of supporting the state's tourism industry and this project is very tourist-oriented. Mr. Miserez stated it would be wonderful to invest in manufacturing, but currently there are not many manufacturing opportunities available, but this project is an opportunity to invest in public infrastructure and supports tourism and spurs the economy.

Vice Chairman Starr made a motion to approve the application for \$25 million in credits subject to receipt of a \$50 million contribution to be applied toward outlined Stadium costs and the donation of \$10 million by the Kansas City Chiefs from tax credit sale proceeds to Missouri Western State University for its outlined facility, and subject to the required approval of the Commission of the Office of Administration and Directors of the Departments of Economic Development and Revenue to exceed the cap. Member Wilson seconded the motion. The following roll call vote was recorded:

Aye: Starr, Neff, Grumney, Wilson, Proctor, Mehner, Taylor, Steen, Childers and Kinder

Nay: None

Absent: Eckelkamp

Chairman Kinder declared the motion passed.

Vice Chairman Starr made a motion to amend the existing tax credit agreement. Member Wilson seconded the motion. The following roll call vote was recorded:

Aye: Starr, Neff, Grumney, Wilson, Proctor, Mehner, Taylor, Steen, Childers and Kinder

Nay: None

Absent: Eckelkamp

Chairman Kinder declared the motion passed.

B. Edward D. Jones & Co. — BUILD
Final Authorizing Resolution

Mike Golden

Chairman Kinder announced this item had been postponed and deferred to January's meeting per the Company's request.

C. City of Independence — Public Infrastructure Bonds
Multi-Purpose Events Center and Eastland Center Projects
Final Authorizing Resolution

Kathleen Barney

Kathleen Barney reported on the application for public infrastructure Bonds from the City of Independence. The Final Authorizing Resolution is for up to \$70 million in Bonds for the Multi-Purpose Events Center (the “Events Center”) and up to \$6 million in Bonds for the Eastland Center.

Ms. Barney reported the Events Center is under construction at the southeast corner of the intersection of I-70 and 470 in Independence within the Eastland Center TIF Redevelopment Area. The Events Center will have 5,800 fixed seats, an attached facility that will house a second sheet of ice for public use, and will be anchored by a minor league hockey team. Ms. Barney stated the City will repay the Bonds with Community Improvement District revenues.

Ms. Barney reported the Eastland Center project is anchored by Costco and Home Depot. The Eastland Center Bonds will be repaid by TIF revenues and both issues will be backed by City annual appropriation pledge. An A+ rating is expected from Standard & Poor’s and the Board is a conduit issuer and there is no liability of repayment.

Staff recommended adoption of the Final Authorizing Resolution.

Secretary Neff made a motion to approve the following Final Authorizing Resolution:

RESOLUTION AUTHORIZING THE ISSUANCE OF TWO SERIES OF INFRASTRUCTURE FACILITIES REVENUE BONDS FOR THE BENEFIT OF THE CITY OF INDEPENDENCE, MISSOURI, IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING \$76,000,000, TO PROVIDE FUNDS TO BE LOANED TO THE CITY OF INDEPENDENCE, MISSOURI FOR TWO SEPARATE INFRASTRUCTURE PROJECTS; AND AUTHORIZING AND APPROVING CERTAIN DOCUMENTS AND ACTIONS IN CONNECTION WITH THE ISSUANCE OF SAID BONDS.

Member Mehner seconded the motion. The following roll call vote was recorded:

Aye: Starr, Neff, Grumney, Wilson, Proctor, Mehner, Taylor, Steen, Childers and Kinder

Nay: None

Absent: Eckelkamp

Chairman Kinder declared the motion passed.

VIII. New Business

- A. Pauwels Transformers Inc. — BUILD Mike Golden
Resolution of Intent

Mike Golden presented the application from Pauwels Transformers Inc. for Missouri BUILD bonds in an amount not to exceed \$1,036,000. The project consists of the purchase of 16 acres from the City of Washington and construction of a 70,000 square foot medium power transformer manufacturing plant in Washington, Missouri, with a total investment amount of more than \$22,600,000 over the next three years.

Mr. Golden introduced Norvin Mohesky and Stacy Schiermeier with Pauwels Transformers Inc. Mr. Mohesky gave a brief presentation on the history of the company. Mr. Mohesky commented the Company is in a conservative growth pattern and wants to be a total solutions provider.

Mr. Mohesky stated the Company will hire in the plant at least 100 direct labor jobs. In addition, approximately 50 jobs will be of the professional type.

Member Wilson made a motion to approve the following Resolution of Intent:

**RESOLUTION OF THE MISSOURI DEVELOPMENT FINANCE BOARD
PRELIMINARILY APPROVING A PROJECT FOR PAUWELS
TRANSFORMERS INC., AND DETERMINING THE INTENT OF THE
BOARD TO ISSUE ITS BUILD MISSOURI REVENUE BONDS IN A
PRINCIPAL AMOUNT OF APPROXIMATELY \$1,036,000 TO FINANCE A
PORTION OF THE COSTS OF THE PROJECT.**

Treasurer Grumney seconded the motion. The following roll call vote was recorded:

Aye: Starr, Neff, Grumney, Wilson, Proctor, Mehner, Taylor, Steen,
Childers and Kinder

Nay: None

Absent: Eckelkamp

Chairman Kinder declared the motion passed.

B. City of Berger, Missouri
MIDOC Application

Kimberly Martin

Ms. Martin presented the application from the City of Berger for a MIDOC loan in the amount of \$100,000 to construct a new wastewater collection and treatment facility. Residents currently are relying on individual septic tanks, many of which are failing and in violation of local and state regulations. Contamination is happening throughout the community and also potentially flowing into the Missouri River.

Ms. Martin stated the City proposes to construct a Recirculation Sand Filter treatment system and all homes within the City will be required to be connected to the system once it has been constructed.

Ms. Martin reported the total cost for the project is approximately \$1,927,950. Committed financing includes Rural Development Loan and Grant funds, Community Development Block Grant funds, and local cash commitment. The rate of \$50.23 per month will go into affect as soon as the new system is operational.

Staff recommended approval of the \$100,000, 3%, 20-year MIDOC loan application for the City of Berger, contingent upon the completion of the public hearing requirement.

Member Wilson made a motion to approve the application as presented. Director Taylor seconded the motion. The following roll call vote was recorded:

Aye: Starr, Neff, Grumney, Wilson, Proctor, Mehner, Taylor, Steen, Childers and Kinder

Nay: None

Absent: Eckelkamp

Chairman Kinder declared the motion passed.

C. MIDOC Application and Guidelines
Recommendation to Expand Eligibility

Robert V. Miserez

Mr. Miserez presented the recommendation for approval for modification and revision of the MIDOC Loan Program eligibility criteria. Mr. Miserez noted the program was originally funded by a transfer of money from the old Missouri Infrastructure Development Opportunities Commission when it was received in the late 80's. The Board elected to put the monies into a low-interest revolving loan fund targeted and dedicated towards rural water and sewer districts.

Mr. Miserez stated that as the DREAM Initiative has evolved and as the Board has further expanded its efforts towards the DREAM Initiative, it became evident there were other public infrastructure needs in the rural communities. Mr. Miserez stated that revisions to the program would allow the utilization of these sources of funds to provide loans to cities for DREAM-related infrastructure improvements and capitalizing façade improvement loans.

Staff recommended approval of the revisions to the MIDOC application, including expanding the program to allow DREAM cities to establish RLFs to encourage the redevelopment of properties in the downtown area, addressing health and safety concerns and improving the quality of the downtown area so that further investment will occur.

Secretary Neff made a motion to approve the revisions to the MIDOC application as presented. Director Childers seconded the motion. The following roll call vote was recorded:

Aye: Starr, Neff, Grumney, Wilson, Proctor, Mehner, Taylor, Steen, Childers and Kinder

Nay: None

Absent: Eckelkamp

Chairman Kinder declared the motion passed.

D. Tour of Missouri
2009 Budget Request

Robert V. Miserez

Mr. Miserez presented the recommendation and supporting exhibits for the 2009 Tour of Missouri funding request. A request was received in 2007 to support the State's 3-year commitment to host the Tour of Missouri. The Board approved \$450,000 sponsorship funding for the 2007 Tour of Missouri and an additional \$500,000 for the 2008 Tour of Missouri.

Mr. Miserez stated that 2009 was the third year of the commitment and the current request is for an additional \$500,000 for the 2009 Tour of Missouri. As with the 2008 Board commitment, the requested funds would be used for media events and coverage. Based upon economic returns from the analysis completed, the Tour has been a very large and successful tourism event in the State of Missouri.

Jerry Dowell, coordinator for the Tour of Missouri, distributed a budget and commented that the Tour's stature in professional cycling will be the highest rated cycling event in North America. Mr. Dowell gave a brief recap and update on the progress of the Tour.

Member Wilson made a motion to approve up to \$500,000 for media support for the 2009 Tour of Missouri. Treasurer Grumney seconded the motion. The following roll call vote was recorded:

Aye: Starr, Neff, Grumney, Wilson, Proctor, Mehner, Taylor, Steen, Childers and Kinder

Nay: None

Absent: Eckelkamp

Chairman Kinder declared the motion passed.

IX. Executive Director's Report

Robert V. Miserez

This report was deferred to the next meeting.

X. Adjournment

There being no further business before the Board, Vice Chairman Starr made a motion to adjourn the meeting. Member Wilson seconded the motion. The following vote was recorded:

Aye: Starr, Neff, Grumney, Wilson, Proctor, Mehner, Steinhoff, Childers, Steen and Kinder

Nay: None

Absent: Eckelkamp

The meeting was adjourned.

[Secretary Neff's Signature]