

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

January 20, 2004

The Missouri Development Finance Board met in regular session, on Tuesday, January 20, 2004 beginning at 10:00 a.m. The meeting was held at the Harry S Truman State Office Building, Room 750, 301 W. High Street, 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
Susan Lauman Constance	Secretary & Member	Present*
Bill M. Burch	Treasurer & Member	Present
Paul S. Lindsey	Member	Present
James O'Mara	Member	Present
Larry D. Neff	Member	Present
Richard J. Wilson	Member	Present
Nelson C. Grumney, Jr.	Member	Present
Joe Maxwell	Lieutenant Governor & Member	Absent
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

Secretary Constance participated by telephone conference call.

Chair Solberg declared that a quorum was present and called the meeting to order. Those in attendance in addition to the above included: David Queen, Board counsel; Ashley Weaver, Kathleen Barney, Pamela Hill, Jonathan Brightwell and Pam Campbell, Board staff; Theresa Hassler, Lt. Governor Joe Maxwell's office; David Seamon, Jim Foley, and Mike Downing, Department of Economic Development.

Chair Solberg began by welcoming the Board's newest member Kelvin L. Simmons, Director, Department of Economic Development.

I. Secretary's Report

Secretary Constance

Secretary Constance presented for approval, the minutes from the November 18, 2003 meeting. A copy of the minutes, included in the Board packet was provided to the members for their review. Member Hofherr requested a correction to the minutes as follows—under the Department of Agriculture Report; the Missouri Small Agriculture Development Group should read the Missouri Agriculture & Small Business Development Authority. Secretary Constance noted the change. There being no other corrections or additions, Secretary Constance made a motion to approve the minutes as submitted, with the noted change. Member O'Mara seconded the motion. The motion being put to a vote, the following vote was recorded:

Aye: Solberg, Starr, Burch, Lindsey, O'Mara, Neff, Wilson, Grumney, Hofherr and Simmons.

Roll call vote: Constance

Nay: None

Absent: Maxwell

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 November 30, 2003. A copy of the treasurer's report, included in the Board packet, was provided to the members for their review. There being no questions, corrections or additions, Member Burch made a motion to approve the treasurer's report as submitted. Member Neff seconded the motion. The motion being put to a vote, the following vote was recorded:

Aye: Solberg, Starr, Burch, Lindsey, O'Mara, Neff, Wilson, Grumney, Hofherr and Simmons.

Roll call vote: Constance

Nay: None

Absent: Maxwell

Chair Solberg declared the motion passed.

III. Department of Economic Development Report

Director Simmons

Director Simmons reported that the Department released a report on the recent economic conditions of the State. Over 30,000 net new jobs were created in the private sector in 2003. This was a significant improvement over 2001 and 2002. Job creation in the surrounding states was considerably lower than that of Missouri. In comparison with the rest of the nation, personal income in the State increased while unemployment remained relatively low. The national unemployment rate is currently at 5.9% and Missouri's rate is currently around 5.0%.

Director Simmons shares the Governor's priority for job creation. During his State of the State address, the Governor will unveil his Jobs Now program, which is an initiative for job creation. As it relates to creating employment opportunities in Missouri, the Jobs Now program may involve the Board. The program will also utilize the resources of the Departments of Economic Development, Agriculture and Natural Resources. More information about the Jobs Now program will be provided as it becomes available.

IV. Department of Agriculture Report

Director Hofherr

Director Hofherr reported that agriculture is coming out of a national five-year downturn. Due to the drought situation in the northwest portion of the State, Missouri was not included in the national turnaround statistics. The Department anticipates that this problem will persist into next year due to continued low water tables.

The Department of Agriculture is pleased to be a part of the Governors Jobs Now program and the opportunities that will become available for the rural communities.

Continuing, Director Hofherr reported that the discovery of a cow infected with BSE (bovine spongiform encephalopathy) in the State of Washington has had a negative impact on Missouri beef. Nationally, Missouri is the #2 state for cow and calf production—Texas is ranked at #1. Director Hofherr reported that approximately 60% of the value of Missouri's agriculture is in livestock. The Department has three divisions that work with, monitor and regulate livestock, feed and animal health. In the event that an infected animal were to enter Missouri, safeguards are in place to identify and isolate the animal thus preventing spread of the disease. The Department has also been working with the Federal Government on the creation of an electronic tracking system that will track a calf from birth to retail sale.

Director Hofherr reported that BSE in the State of Washington began with remains of ruminant animals being added to livestock feed (cows are ruminant animals). While this is an internationally accepted practice for the pet food industry, of which Missouri is #2, it is not accepted for livestock in the United States. The Department's feed regulation division has been working throughout the State to insure that livestock feed does not contain ruminant by-products. Due to several countries closing their borders to the pet food industry, the Department has been working closely with Congressional delegations to re-open the borders for the export of these products.

He concluded by reporting that the Department has also been working on other areas that will affect Missouri.

1. Mississippi lock and dam system. Missouri and several other states have been working with Congress to rejuvenate and repair the deteriorating locks and dams on the Mississippi River. This will allow for the continued shipping of grains and goods for export. As South America continues to build new infrastructure on the Amazon River, the United States will be facing additional competition for shipping.
2. The decision of the Fish & Wildlife agency to protect endangered species on the Missouri River, and the alteration of its current flow is having an impact on agriculture. As a result, several barge companies have already shut down operations. The Department is actively working with other states that border the Missouri River to convince the Federal Government to reverse its ruling. Currently farmers are shipping their goods by truck, rail—all of which are more expensive.

V. Lieutenant Governor's report

Theresa Hassler

Due to Theresa's having laryngitis, she was excused from delivering the Lieutenant Governor's report.

VI. Old Business

- A. Systems & Services Technology, Inc., Joplin
BUILD Missouri Program
Authorizing Resolution

Ashley Weaver

Ms. Weaver began by reporting that at the October 21, 2003 meeting, the Board adopted the preliminary resolution for the issuance of \$1,036,000 in BUILD revenue bonds. The proceeds are to be used for machinery and equipment.

The project is the expansion of the Joplin service center. The company currently employs 170 people at its Joplin facility and plans to add 500 additional jobs. SST also employs 675 people in St. Joseph, MO and 200 people in Indianapolis, IN.

Ms. Weaver referred the members to the Board packet, which further detailed the project. She concluded by recommending adoption of the authorizing resolution in an amount not to exceed \$1,036,000.

Following discussion, Member Neff made a motion to adopt the following authorizing resolution:

RESOLUTION AUTHORIZING THE MISSOURI DEVELOPMENT FINANCE BOARD TO ISSUE ITS BUILD MISSOURI REVENUE BONDS (SYSTEMS & SERVICES TECHNOLOGY, INC. PROJECT), SERIES 2004, 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 SYSTEMS & SERVICES TECHNOLOGY, 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 Lindsey seconded the motion. The motion being put to a vote, the following vote was recorded:

Aye: Solberg, Starr, Burch, Lindsey, O'Mara, Neff, Wilson, Grumney, Hofherr and Simmons.

Roll call vote: Constance

Nay: None

Absent: Maxwell

Chair Solberg declared the motion passed.

Member Starr made a motion to move the meeting into closed session pursuant to:

- (a) 610.021 (1) RSMo. Legal actions, causes of action or litigation involving a public governmental body and any confidential or privileged communications between a public governmental body or its representatives and its attorneys.

(b) 610.021 (2) RSMo. Leasing, purchase or sale of real estate by a public governmental body where public knowledge of the transaction might adversely affect the legal consideration therefore.

Member Hofherr seconded the motion. The motion being put to vote, the following vote was recorded:

Aye: Solberg, Starr, Burch, Lindsey, O'Mara, Neff, Wilson, Grumney, Hofherr and Simmons.

Roll call vote: Constance

Nay: None

Absent: Maxwell

Chair Solberg declared the motion passed.

Member Grumney made a motion to return the meeting to open session. Member O'Mara seconded the motion. The motion being put to a vote, the following vote was recorded:

Aye: Solberg, Starr, Burch, Lindsey, O'Mara, Neff, Wilson, Grumney, Hofherr and Simmons.

Roll call vote: Constance

Nay: None

Absent: Maxwell

Chair Solberg declared the motion passed.

VII. New Business

- A. City of Plattsburg, Missouri
Direct Loan
Infrastructure Project

Ashley Weaver

Ms. Weaver began by reporting that the City of Plattsburg (population 2,354) submitted an application for a direct loan in an amount of \$520,000 (net proceeds \$500,000). The proceeds will be used for Phase I expansion of the Plattsburg Water Treatment Plant, which includes construction of a clear well and pumping station.

The City's water treatment plant currently serves the city and five water districts (approx. 7,000 people). Due to drought conditions and growth over the last few years, the water treatment plant is currently running at maximum. The City of Plattsburg is expanding its water treatment plant from 1.2 million gallons to 3.6 million gallons in three phases:

<u>Phase</u>	<u>Year</u>	<u>Project Costs</u>	<u>Gallons</u>
Phase I	2004	\$1,100,000	1,600,000
Phase II	2007	2,000,000	2,200,000
Phase III	2009	900,000	3,600,000

The time line for the expansion project has been pushed forward. Thus, the City is seeking interim financing for Phase I. The City anticipates that Phase II & Phase III will be financed through (1) the State Revolving Fund (SRF) Program or (2) local bond issuance.

Ms. Weaver referred the members to the Board packet, which further detailed the project. She concluded by recommending adoption of the authorizing resolution in an amount not to exceed \$520,000.

Following discussion, Member Neff made a motion to adopt the following authorizing resolution:

RESOLUTION AUTHORIZING THE MISSOURI DEVELOPMENT FINANCE BOARD TO MAKE A LOAN TO THE CITY OF PLATTSBURG, MISSOURI IN AN AMOUNT NOT TO EXCEED \$520,000 FOR THE PURPOSE OF PROVIDING FUNDS TO PAY A PORTION OF THE COSTS OF CERTAIN WATER SYSTEM IMPROVEMENTS FOR THE CITY AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE LOAN.

Member O'Mara seconded the motion. The motion being put to a vote, the following vote was recorded:

Aye: Solberg, Starr, Burch, Lindsey, O'Mara, Neff, Wilson, Grumney, Hofherr and Simmons.

Roll call vote: Constance

Nay: None

Absent: Maxwell

Chair Solberg declared the motion passed.

B. City of Leadington, Missouri
MIDOC Loan

Pamela Hill

Ms. Hill began by reporting that the City of Leadington services 206 residents in St. Francois County located in lower east central Missouri. The City is applying for the loan to fill the gap in financing sewer improvements it wishes to make to accommodate several unsewered properties.

The City has 50 properties, which are in need of city water and sewer. These properties, east of Highway 67, are currently served by individual wells and septic systems. Due to the density of these systems and the relatively shallow nature of the wells being used for drinking water, bacterial contamination is a major risk.

Ms. Hill further reported that the City receives its water and sewer service from the City of Park Hills, which provides regional water and sewer for communities in the Park Hills area. Park Hills provides the billing, maintenance and operation for both the water and sewer systems. Communities are required to construct the water and sewer transmission lines and additional water storage that is needed. While Leadington will own the lines, Park Hills will maintain the system and collect the revenue associated with the service. Park Hills sets the water and sewer rates.

Ms. Hill referred the members to the Board packet, which further detailed the project. She concluded by recommending approval of a \$100,000 3% 20-year unsecured loan to be funded as soon as funds are available.

Following discussion, Member Neff made a motion to approve the \$100,000 3% 20-year loan for the City of Leadington to be funded when the funds are available. Member Burch seconded the motion. The motion being put to a vote, the following vote was recorded:

Aye: Solberg, Starr, Burch, Lindsey, O'Mara, Neff, Wilson, Grumney,
Hofherr and Simmons.

Roll call vote: Constance

Nay: None

Absent: Maxwell

Chair Solberg declared the motion passed.

Staff recommendations for projects discussed during the closed session.

Wonders of Wildlife, Springfield, MO.

Staff requests interest deferral of 180 days and authorize staff and counsel to draft and execute a subordination agreement to the proposed new bond issue if the tender offer is successful.

Member Hofherr made a motion that the Board authorize the Chair and Executive Director to take the actions necessary to execute a subordination agreement and continue the interest deferral for 180 days for the Wonders of Wildlife project, subject to the successful completion of the tender offer. Member Neff seconded the motion. The motion being put to a vote, the following vote was recorded:

Aye: Solberg, Starr, Burch, Lindsey, O'Mara, Neff, Wilson, Grumney, Hofherr and Simmons.

Roll call vote: Constance

Nay: None

Absent: Maxwell

Chair Solberg declared the motion passed.

Uptown Theater/Valentine Shopping Center, City of Kansas City, MO.

Request to authorize issuance of not to exceed \$875,000 of the original \$8.5 million Board tax credits that secure the Kansas City Uptown Theater/Valentine Shopping Center bonds as payment in full of an further Board liability under the Tax Credit Enhancement Agreement. The proposed amount is based on a 4% present value of projected Kansas City general fund subsidy, the Board and the City of Kansas City sharing equally in the loss and increasing the amount of credits to account for the 15% discount on sale.

Member O'Mara made a motion that the Board authorize the issuance of not to exceed \$875,000 of the original \$8.5 million Board tax credits that secure the Kansas City Uptown Theater/Valentine Shopping Center bonds as payment in full of any further Board liability under the Tax Credit Enhancement Agreement, and authorize the Chair and Executive Director to take all other actions necessary to issue the tax credits, provide for the sale of the tax credits, terminate the Tax Credit Enhancement Agreement and provide for a mutual release of all claims relating to this project. Member Neff seconded the motion. The motion being put to a vote, the following vote was recorded:

Aye: Solberg, Starr, Burch, Lindsey, O'Mara, Neff, Wilson, Grumney, Hofherr and Simmons.

Roll call vote: Constance

Nay: None

Absent: Maxwell

Chair Solberg declared the motion passed.

VIII. Miscellaneous

A. Executive Director Report Robert V. Miserez

Mr. Miserez provided status reports on the following projects:

St. Louis Cardinals Ballpark: The finance closing took place December 23, 2003. MDFB delivered \$29.5 M in contribution tax credits, and issued \$45,760,000 in public infrastructure bonds on behalf of St. Louis County. Total project costs are estimated at \$387 M, but may change once construction starts.

U. S. Custom House and Old Post Office and Ninth Street Garage: Work continues on this joint project with the closing not yet scheduled. However, the parties are targeting mid to late February for closing. Construction bids for both projects have been let and received by the Developers. A selection should be made this week. The Office of Administration has been and continues to be actively involved in the entire process including reviewing and making recommendations on bids and construction/contractor issues. St. Louis Parking Company, selected as the garage operator under a prior RFP, has also been actively engaged in designing, constructing and equipping issues on the garage side. Certain issues are still being negotiated, but work continues to resolution. In late December the Danforth Foundation and the May Company felt confident enough in the project to contribute \$7.5 M and \$1.5 M respectively to the Board, thus fulfilling their earlier commitments in support of the project. These moneys are restricted to use on the Old Post Office renovations.

Cortex: By the end of the year Cortex raised \$1,988,904 of its \$2.5 M 2003 authorization. Mr. Miserez reported this is a very good effort, as their October credits left them little time for fundraising. Cortex has advised staff that it intends to ask the Board to authorize the \$511,096 (say \$500,000) in unused 2003 credits in 2004 or later year.

Southeast Missouri State University—Riverfront Campus: SEMO successfully raised its entire 2003 credit allocation of \$1,120,379. The City of Cape Girardeau has apparently also reached a settlement with one of the opponents of the hotel/motel resulting in an agreement to withdraw the on-going legal challenge. The project scope and potential impact have increased considerably since presented to the Board in 1999. Efforts of members of the State Congressional delegation have resulted in obtaining federal funding to enhance the River Campus and adjoining trail. Currently the minimum contribution level for this project is \$10,000. At an upcoming meeting staff will make this an agenda item and recommend the board reduce this level to \$5,000 to encourage a broader fundraising effort.

MODESA: The guidelines and application for this program were completed last fall and posted on the Board's and Department's web pages. The only contact staff has received thus far is from Kansas City, which expressed its intent to make application for their proposed downtown entertainment district.

Jobs Now: On December 23, 2003 Governor Holden issued a press release announcing his proposal for the creation of a new economic development program to provide up to \$200 million in public infrastructure funding to enhance and promote economic development and job creation. The proposal calls for the MDFB to issue these bonds to be secured and repaid by an annual appropriation from state general revenue. The General Assembly would have to enact legislation authorizing this appropriation pledge. Legislative leadership has expressed interest in further developing and supporting the plan. The Governor's press release and additional information on the plan has been included in the Board packet.

February meeting: The Lieutenant Governor's Office has advised staff they will introduce a resolution recommending Board adoption that supports and encourages the hiring of MBE/WBE firms on Board funded projects using certain Board programs. His staff has provided a draft resolution; counsel and Board staff will be making suggestions in preparation of a final draft to present to the Board.

B. Tax Credit Status Report FYI Only

This was included for informational purposes only.

C. Biography & appointment—Kelvin L. Simmons FYI Only

This was included for informational purposes only.

D. Miscellaneous FYI Only

This was included for informational purposes only.

IX. Adjournment

There being no further business to come before the Board, the meeting was adjourned.

Secretary Constance