

**CHAIRMAN:**  
PETER D. KINDER  
LIEUTENANT GOVERNOR

**MEMBERS:**  
JOHN D. STARR  
LARRY NEFF  
NELSON C. GRUMNEY, JR.  
RICHARD J. WILSON  
L. B. ECKELKAMP, JR.  
DANETTE D. PROCTOR  
JOHN MEHNER  
S. LEE KLING



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

KATIE SMITH  
DIRECTOR, AGRICULTURE

DOYLE CHILDERS  
DIRECTOR,  
NATURAL RESOURCES

**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

MARCH 18, 2008

The Missouri Development Finance Board met in regular session on Tuesday, March 18, 2008, beginning at 10:30 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
Richard J. Wilson	Member	Present
L. B. Eckelkamp, Jr.	Member	Present
Danette D. Proctor	Member	Present*
John E. Mehner	Member	Present
S. Lee Kling	Member	Present
Gregory A. Steinhoff	Director, Dept. of Econ. Dev. and Member	Present
Katie Smith	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, declared a quorum was present and welcomed new Board member S. Lee Kling. 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: James Caldwell

Others Present: Jerry Dowell, Lieutenant Governor's Office; Tony Stafford, Missouri Department of Agriculture; Rodney Crim, St. Louis Development Corporation; Barbara Featherston, Center of Research, Technology and

Entrepreneurial Exchange; Barbara Enneking and Marcia Mellitz, Center for Emerging Technologies; Adolphus Pruitt, Maurice Foxworth and Claude Brown, National Association for the Advancement of Colored People; Gib Garrow, Neosho/Newton County Economic Department; Craig Hardy, Gerald Ezell, Marie Judd, Robert Judd, Joseph Chaney and Kerry Stanbery, Diamond Area Fire District; Deanna Wilson and Kathy Schmieyer, UMB Bank; Glenn Fitzgerald, Missouri House of Representatives; Lee Logan, St. Louis Post-Dispatch; Garry Taylor, GETCO; and Keith Wenzel, Hendren & Andre

The agenda for the meeting was rearranged as follows.

**I. Secretary's Report**

Secretary Neff

Secretary Neff presented for approval the minutes from the February 19, 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 Mehner seconded the motion. The following vote was recorded:

Aye: Neff, Grumney, Wilson, Eckelkamp, Proctor, Mehner, Kling, Steinhoff, Childers and Kinder

Nay: None

Absent: Starr and Smith

Chairman Kinder declared the motion passed.

**II. Treasurer's Report**

Treasurer Grumney

Treasurer Grumney reported the Board had received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for the Board's 2007 Comprehensive Annual Financial Report. Treasurer Grumney noted this was the eighth consecutive award presented to the Board and congratulated staff for their efforts and excellent work.

Treasurer Grumney stated the Treasurer's Report had been revised to include a separate discussion of the Industrial Development and Reserve Fund. In addition, he reported that the February Treasurer's Report would include more detailed notes concerning the valuation of the Board's three garages.

Treasurer Grumney presented for approval the Treasurer's Report as of and for the seven months ended January 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. Member Wilson seconded the motion. The following roll call vote was recorded:

Aye: Neff, Grumney, Wilson, Eckelkamp, Proctor, Mehner, Kling, Steinhoff, Childers and Kinder

Nay: None

Absent: Starr and Smith

Chairman Kinder declared the motion passed.

**III. Department of Economic Development Report**

Director Steinhoff

Director Steinhoff reported the Department continues to focus on SB718 and HB2058.

Director Steinhoff stated a large delegation of congressional representatives, the Governor and representatives of St. Louis would be attending meetings in China at the end of March to discuss St. Louis becoming the gateway to Asia for freight and charters. The Chinese Ambassador to the United States visited St. Louis in February as a result of an invitation by two Senators and was hosted by the St. Louis RCGA. Chairman Kinder stated this is a major agriculture initiative for the State as we would like to have Missouri beef and pork on the flights to Asia.

Director Steinhoff reported the 2007 DREAM communities are in the planning process and the Department continues to receive positive feedback.

**IV. Department of Agriculture Report**

Director Smith

In Director Smith's absence, Deputy Director Tony Stafford reported that Director Smith had just returned from a trade mission trip to Vietnam and five Missouri companies accompanied her.

Mr. Stafford stated the Department continues to focus on the agriculture bill.

**V. Department of Natural Resources**

Director Childers

Director Childers reported the Department continues to focus on the federal ozone rules and regulations that will have a huge impact on the State.

Director Childers stated that water and infrastructure issues continue to be a concern with approximately \$11-\$13 billion in deferred infrastructure costs.

**VI. Lieutenant Governor's Report**

Lt. Governor Kinder

No report.

**VII. Old Business**

A. St. Louis LCRA — CORTEX and CET  
Tax Credit for Contribution Application

Robert Miserez

Mr. Miserez reported on the application presented at the February meeting for the Land Clearance for Redevelopment Authority of the City of St. Louis' application for \$15 million in credits to be distributed over five calendar years for the benefit of the Center of Research, Technology and Entrepreneurial Exchange ("CORTEX") and the Center for Emerging Technologies ("CET") to fund additional expansion phases.

Mr. Miserez stated that since the February presentation, the application had been updated and the actual private investment estimate for the CORTEX project had increased from the originally estimated \$140 million to more than \$300 million. Also since that time, the Shriners Hospital for Children announced they had committed to build a \$140 million, 147,000 square-foot facility within the CORTEX District. Mr. Miserez stated CET also refined the sources and uses portion in their application.

Mr. Miserez noted this project requests a large amount of credits; but the impact of this project also is extremely large as evidenced by the past performance of these two entities. Mr. Miserez also noted that should the Board approve this joint application it would use half of the allowable credits for calendar year 2008.

Mr. Miserez stated that by statute, the Board has a calendar year cap based upon the greater of \$10 million, or 5% growth of the State's General Revenue Fund over the three previous state fiscal years. Mr. Miserez reported that the Board adopted a policy in the mid-1990's to abide only by the \$10 million cap and not consider the 5% growth factor formula. The Board may exceed its statutory cap with the authority of the Director of Revenue, the Director of the Department of Economic Development and the Commissioner of the Office of Administration.

Member Mehner asked if the Board would choose to rescind this policy and go back to the greater of its two options if the likelihood of doing business outside the cap would be diminished. Director Steinhoff stated that should the state's

economic growth trends continue, the level of board credits would increase, but he also stated that the size of the projects continues to increase as does the level of competition with other states to attract investment.

Secretary Neff expressed concern with approving such a large amount of credits and the impact it would have to the obligations to the DREAM communities. He stated this was a very worthwhile project and should not be turned away due to lack of credits or lack of using the Board's full authority.

Secretary Neff made a motion to approve the application as presented by staff with the understanding that there would be an attempt to gain approval from the Director of the Department of Revenue, the Director of the Department of Economic Development and the Commissioner of the Office of Administration to exceed the cap. Chairman Kinder seconded the motion.

Member Mehner made a request to defer the discussion of changing the Board's current policy of staying within the \$10 million limit and not considering the revenue growth formula until a later meeting.

Rodney Crim, Executive Director of the SLDC, stated the City was working in a collaborative way to do great things for the City and the region and this was a very worthwhile project.

Claude Brown, President of the St. Louis Chapter of the NAACP, stated they fully supported the project and hoped the Board would approve the application. He had a report distributed citing the lack of diversity in the biosciences industry, and specifically in Missouri. Mr. Brown stated that all the parties involved in the project have agreed to meet to discuss ways to address this lack of minority participation. Mr. Brown introduced Adolphus Pruitt, author of the report. Mr. Pruitt deferred comments or suggestions to another meeting. Rodney Crim noted that John Dubinsky from CORTEX had agreed to convene a meeting of all bioscience leaders in Missouri to discuss these concerns.

Secretary Neff made an amended motion to approve the request for \$15 million in contribution tax credits spread over five calendar years as presented in the application with the understanding that the Board has the option to later request approval to go outside the cap or amend the Board's policy. Chairman Kinder seconded the amended motion. The following roll call was recorded:

Aye: Neff, Grumney, Wilson, Eckelkamp, Proctor, Mehner, Kling, Steinhoff, Childers and Kinder

Nay: None

Absent: Starr and Smith

Chairman Kinder declared the motion passed.

## VIII. New Business

- A. Diamond Area Fire Protection District Kathleen Barney  
Tax Credit for Contribution Application

Ms. Barney presented the application from the Diamond Area Fire Protection District (the “District”) for tax credits for contributions in the amount of \$228,500 to raise \$457,000 in contributions in CY 2008.

Ms. Barney stated the District requested the Board accept a real property donation from Pat and Kimberly Earl, which would be transferred to the District. The facility would be used as a “command center” in case of emergency conditions and would house the Diamond Police Department, provide offices for the Newton County Sheriff’s Department, Newton County Emergency Operations center and the American Red Cross.

Ms. Barney noted the District provided two appraisals of real property from Ford Appraisal and Consulting and Abby Road Appraisals. However, the Board’s statute requires that the appraiser have a Master Appraisal Institute (“MAI”) certification and those appraisers did not have this certification. Ms. Barney introduced Gib Garrow with the Neosho Chamber of Commerce.

Mr. Garrow gave a detailed report on the impact of the project to Newton County and the District. Mr. Garrow introduced Gerald Ezell, Fire Chief for the District.

Mr. Ezell gave a PowerPoint presentation on the area that would be served by this to be created public safety center resulting from the acquisition of this facility. Mr. Ezell was available for questions.

Secretary Neff spoke in favor of the request and its importance to the area served by the fire district stating that considerable economic development would result in the area from these improvements.

Secretary Neff made a motion to approve the request of tax credits with the understanding that the District would need to fulfill the requirements of obtaining two MAI appraisals. Member Proctor seconded the motion.

Chairman Kinder asked how many fire districts are in Missouri. Director Childers commented there were hundreds counting cities, small communities and districts themselves.

Director Steinhoff stated he would prefer to table the application to a subsequent meeting to allow further consideration of the request. Legal counsel also advised

that the item be tabled citing this was placed on the agenda as a presentation only with a staff recommendation that no action be taken.

Director Steinhoff made a motion to table the item. Member Mehner seconded the motion. The following roll call vote was recorded:

Aye: Grumney, Wilson, Eckelkamp, Proctor, Mehner, Kling, Steinhoff and Kinder

Nay: Neff and Childers

Absent: Starr and Smith

Chairman Kinder declared the motion passed by a vote of 8 to 2.

## VII. Old Business (cont'd)

- B. Ninth Street Garage SMI — NSG, LLC Robert Miserez  
Retail Space Lease

Mr. Miserez presented the recommendation for approval of a proposed lease to SMI-NSG, LLC. SMI-NSG plans to lease and operate an urban concept grocery store in the Ninth Street Garage. The store is considered a major development for downtown St. Louis and is expected to facilitate further redevelopment and increase residential population.

Mr. Miserez reported the City of St. Louis is in the process of funding up to \$1,750,000 through a Development Agreement that operates similar to a tax increment financing project. Mr. Miserez discussed the draft lease summary that was included in the Board materials distributed in advance of the meeting.

Staff recommended approval of the Authorizing Resolution approving the Lease, the Development Agreement and the Board's contribution of \$1.1 million for tenant improvements to be paid from remaining bond proceeds.

Member Eckelkamp made a motion to approve the following Authorizing Resolution:

**RESOLUTION AUTHORIZING THE MISSOURI DEVELOPMENT FINANCE BOARD TO ENTER INTO A LEASE OF A PORTION OF THE NINTH STREET GARAGE; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE LEASE.**

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

Aye: Neff, Grumney, Wilson, Eckelkamp, Proctor, Mehner, Kling, Steinhoff, Childers and Kinder

Nay: None

Absent: Starr and Smith

Chairman Kinder declared the motion passed.

There was discussion that the Board consider the possibility of making a short-term loan to SMI-NSG, LLC to finance the construction of leasehold improvements for the project. Given the decline in interest rates on Board investments, a loan to SMI-NSG, LLC at an appropriate interest rate might prove to be a more attractive investment.

Treasurer Grumney made a motion to authorize discussions with SMI-NSG, LLC about the possibility of making a short-term loan for the leasehold improvements. Member Eckelkamp seconded the motion. The following roll call vote was recorded:

Aye: Neff, Grumney, Wilson, Eckelkamp, Proctor, Mehner, Kling, Steinhoff, Childers and Kinder

Nay: None

Absent: Starr and Smith

Chairman Kinder declared the motion passed.

Secretary Neff and Member Mehner excused themselves from the meeting for other commitments.

### **VIII. New Business (cont'd)**

- B. Ninth Street Garage Kathleen Barney  
Debt Reduction Recommendation

Ms. Barney presented the proposed debt reduction on the Ninth Street Garage. Staff had been working with St. Louis Parking on projections for parking rates and the number of parkers.

Ms. Barney stated the required principal payment in October 2008 for the bonds is \$240,000 and that the garage is not expected to cash flow for the calendar year.

There is approximately \$1.3 million in bond funds remaining after paying all construction costs, but \$1.1 million of these funds will be used for tenant improvements in the retail space and Bank of America, the letter of credit provider for the bonds, is requiring a \$200,000 reserve. Staff requested reduction in bonds of at least \$1 million from the Board's balance sheet cash in order to improve its debt service coverage ratio. Staff also noted that the bond interest rate cost was approximately 1.5% higher than what Board investments currently are earning.

After further discussion, Treasurer Grumney made a motion to make a reduction of \$1 million in debt on the Ninth Street Garage. Director Steinhoff seconded the motion. The following roll call vote was recorded:

Aye: Grumney, Wilson, Eckelkamp, Proctor, Kling, Steinhoff, Childers and Kinder

Nay: None

Absent: Starr, Neff, Mehner and Smith

Chairman Kinder declared the motion passed.

## **XI. Miscellaneous**

Robert V. Miserez

Mr. Miserez introduced Kimberly Martin, the newest member of Board staff, as the Community Development Program Manager.

Mr. Miserez distributed handouts and a map of the 2006 and 2007 DREAM Communities and gave a brief overview of the progress with the DREAM Initiative.

Mr. Miserez reported the Board held a staff planning retreat on March 6-7, 2008 in Kansas City and presented some of the items that were discussed during the staff retreat.

## **XII. Adjournment**

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

Aye: Grumney, Wilson, Eckelkamp, Proctor, Kling, Steinhoff, Childers and Kinder

Nay: None

Absent: Starr, Neff, Mehner and Smith

The meeting was adjourned.

[Secretary Neff's Signature]