

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

May 18, 2004

The Missouri Development Finance Board met in regular session on Tuesday May 18, 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	Absent
Bill M. Burch	Treasurer & Member	Absent
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
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

\*Members 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; Ashley Weaver, Kathleen Barney, Pamela Hill, Jonathan Brightwell, Pam Campbell and Cheryl Berkler, Board staff; Julie Gibson, Lt. Governor Joe Maxwell's office; David Seamon, Jim Foley and Khris Heisinger, Department of Economic Development; Mayor Kay Barnes, Randall Landes, Michael Burris, John Fairfield, Galen Beaufort, Gary Sage, Andy Berkley, John E. Marshall, Joe S. Ruszczuk, Howard Rosenthal, Holly Blake, Jack Holland, Herb Johnson, Gordon Clark, Rick Tasetano, Michael Serrapica, David Tellefson, Chris Baker, David Campbell, James Fields and Ed Bright, representing the City of Kansas City project; Barbara Geisman, Steve Stogel, Mark Schnuck, Gwen Knight, Mike Goellner and Tom Reeves, representing the Old Post Office/Ninth Street Garage project.

Chair Solberg welcomed the Board's newest member, James D. Hill.

Chair Solberg informed the guests that the Board would move into a closed executive session immediately following the Director's reports for the purpose of discussing the tax credit for contribution application from the City of Kansas City, Missouri.

**I. Secretary's Report**

Asst. Secretary Miserez

Assistant Secretary Miserez presented for approval, the minutes from the April 20, 2004 meeting. Copies of the minutes, included in the Board packets, were provided to the members for their review. There being no questions, corrections or additions, Member Neff made a motion to approve the minutes as presented. Member O'Mara seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr and Burch.

Chair Solberg declared the motion passed.

**II. Treasurer's Report**

Pamela Hill

In the absence of Treasurer Burch, Ms. Hill presented for approval the treasurer's report as of and for the month ending April 30, 2004. Copies of the treasurer's report, included in the Board packets, were provided to the members for their review. There being no questions, corrections or additions, Member Wilson made a motion to approve the treasurer's report as presented. Member Neff seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr and Burch.

Chair Solberg declared the motion passed.

**III. Department of Economic Development Report**

Director Simmons

Director Simmons began by reporting that the Jobs Now bill and the Tax Credit Accountability bill were passed by the Legislature and sent to the Governor for approval. He further reported that the quarterly economic conditions report indicates job growth is on the rise and Missouri is now ranked as the ninth highest state for job growth.

Director Simmons introduced Mr. Jim Foley and Ms. Khris Heisinger to present a legislative update on the Jobs Now bill. Mr. Foley provided the members with a handout that highlighted the program. He reported on how the program will be funded and the application process. He further reported on how distressed communities and enhanced enterprise zones will also benefit from the bill. Mr. Foley concluded by reporting that the cap on the BUILD program was raised from \$11 million annually to \$15 million annually, and that the H&R Block Headquarters in Kansas City would be an eligible project under this bill if it creates 100 new jobs.

Chair Solberg thanked Mr. Foley and Ms. Heisinger for the report.

Director Simmons concluded by reporting that the Department's budget was passed by the legislature and it includes the addition of staff for the MODESA/MORESA program, and staff for the Tax Credit Accountability Act.

**IV. Department of Agriculture Report**

Director Hofherr

Director Hofherr deferred his report to the June meeting.

**V. Lieutenant Governor's Report**

Lt. Governor Maxwell

Lieutenant Governor Maxwell began by reporting that while the legislative budget session was positive this year, approximately fifty-percent of the money utilized to balance the budget, including the increases for full time employees, was carry over money from FY 2004 and not growth money.

Lieutenant Governor Maxwell concluded by reporting that since the budget session was successfully passed, the Governor will not need to convene a special session.

Chair Solberg thanked the Director's for their report.

Member O'Mara made a motion to move the meeting into closed session pursuant to RSMo 610.021 (2) 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 Grumney seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr and Burch.

Chair Solberg declared the motion passed.

Member Neff made a motion to move the meeting into open session. Member O'Mara seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr and Burch.

Chair Solberg declared the motion passed.

## **VI. Old Business**

- A. City of Kansas City, Missouri Robert V. Miserez  
Tax Credit for Contribution Application

Mr. Miserez began by reporting that the City has requested the Board's acceptance of a donation of real property (consisting of a leasehold interest in the City's Overhaul Base) having a value sufficient to allow the Board to issue tax credits over the next 25 years to net \$1 million in sale proceeds. The City has also requested that the Board and the State agree to accelerate the issuance of tax credits if possible.

Mr. Miserez referred the members to the Board packet for additional information about the project.

Chair Solberg thanked Mayor Barnes for her attendance and asked her to present on behalf of the project. Mayor Barnes introduced Randall Landes, Michael Burris, John Fairfield, Galen Beaufort, Gary Sage, Andy Berkley, John E. Marshall, Joe S. Ruszczyk, Howard Rosenthal, Holly Blake, Jack Holland, Herb Johnson, Gordon Clark, Rick Tasetano, Michael Serrapica, David Tellefson, Chris Baker, David Campbell, James Fields and Ed Bright, supporters for the project.

Mayor Barnes briefly discussed the importance of the project for the Kansas City area. She concluded by introducing City Councilman, John Fairfield and Mr. David Campbell. Mr. Fairfield then discussed the base operations, the proposed renovations and job retention impact this project would have. Mr. David Campbell discussed the facilities inefficiencies and the current environmental challenges that employees work in on a daily basis. Mr. Campbell further discussed the planned remediation design to bring the facility up to date and efficient.

Following the presentations and discussion, Member Maxwell suggested that the resolution include specific provisions that should be in place to insure that the facility is being operated as intended.

1. Obtain detailed job descriptions on the existing workforce at the base and commitments that the 700-job minimum will be the higher end of the workforce discussed as having an average salary of \$60,000, and not low paid non-skilled labor including low paid temporary workers flowing in and out just to meet the 700-job minimum.
2. Insure that the City and the Board have clear enforceable rights to quickly obtain control over unused or underutilized space to offer to other prospective users.
3. The Board will have reasonable input on the selection of the third party maintenance review.
4. There will be some enforcement provisions in the lease that American Airlines perform the necessary maintenance in a timely manner.

Following discussion, Member Neff made a motion to adopt the following resolution contingent on the inclusion of the provisions proposed by Member Maxwell.

**RESOLUTION OF THE MISSOURI DEVELOPMENT FINANCE BOARD DETERMINING THE OFFICIAL INTENT OF THE BOARD TO ACCEPT A CONTRIBUTION OF A LEASEHOLD INTEREST IN REAL PROPERTY FROM A NONPROFIT ENTITY DESIGNATED BY THE CITY OF KANSAS CITY, MISSOURI IN CONSIDERATION OF THE ISSUANCE OF STATE TAX CREDITS PURSUANT TO THE BOARD'S TAX CREDIT FOR CONTRIBUTION PROGRAM; ALL FOR THE PURPOSE OF ASSISTING THE CITY IN FINANCING A PORTION OF THE COSTS OF RENOVATING AND IMPROVING THE CITY'S OVERHAUL BASE LOCATED AT MID-CONTINENT INTERNATIONAL AIRPORT.**

Member O'Mara seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr and Burch.

Chair Solberg declared the motion passed.

B. Old Post Office/Ninth Street Garage Robert V. Miserez

Citing the potential for a conflict of interest, Chair Solberg abstained from discussion or voting on this project.

Mr. Miserez began by reporting that on December 19, 2002, the Board approved a resolution declaring the official intent of the Board to (i) issue its infrastructure facilities revenue bonds in a principal amount not to exceed \$20,000,000 (the "Bonds") for the purpose of financing the Board's development and ownership of the Ninth Street Garage Project, and (ii) accept contributions from donors in an amount not to exceed \$30,000,000 (the "Contributions") in consideration of the issuance of State contribution tax credits in an amount not to exceed \$14,000,000 and to apply the proceeds of the Contributions to the cost of financing the Old Post Office Project and the Ninth Street Garage Project (iii) develop and own the Ninth Street Garage Project and (iv) acquire ownership of the Old Post Office and to lease the Old Post Office to the St. Louis' U.S. Custom House and Post Office Building Associates, L.P. (the "OPO Developer").

Mr. Miserez further reported that on April 11, 2003, the Board executed a Tax Credit Agreement with Downtown Now!, the OPO Developer and NSG Developers, LLC, a Missouri limited liability company (the "NSG" Developer") (collectively, the "Developer").

Mr. Miserez continued reporting that the Board acquired the Century Building from the City of St. Louis on April 11, 2003. The Developer obtained bids for the demolition of the Century Building, construction of the Ninth Street Garage and the renovation of the Old Post Office Project. The bid prices remain firm through May 27, 2004. The Developer anticipates a one-week extension on the bid prices is possible.

Mr. Miserez further reported that GSA and the Board have reached an agreement on the terms of the Quitclaim Deed providing for the transfer of the OPO to the Board. The Board, GSA, the National Parks Service, the State Historic Preservation Officer and the Developer have reached agreement on the preservation standards to which the OPO restoration and maintenance will be held. Additionally, the Board and the Developer have reached an agreement on the terms of the Master Lease with the OPO Developer for a lease term of 99 years.

Mr. Miserez further reported that the Developer has executed leases with the State Office of Administration on behalf of the Missouri Eastern District Court of Appeals, and with Webster University, contingent upon the final closing for this project.

Mr. Miserez referred the members to the Board packet for further information on the project. He concluded by recommending adoption of the authorizing resolution.

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

**RESOLUTION AUTHORIZING THE BORROWING BY THE BOARD OF NOT TO EXCEED \$18,000,000 TO FINANCE A PORTION OF THE COSTS OF THE NINTH STREET GARAGE PROJECT; AUTHORIZING THE ISSUANCE OF BOND TAX CREDITS WITH RESPECT TO SUCH BORROWING; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS AND ACTIONS IN CONNECTION WITH SUCH BORROWING; AUTHORIZING THE ACCEPTANCE OF THE OLD POST OFFICE PROJECT FROM THE GENERAL SERVICES ADMINISTRATION; AUTHORIZING THE LEASING OF THE OLD POST OFFICE PROJECT TO ST. LOUIS' U.S. CUSTOM HOUSE AND POST OFFICE BUILDING ASSOCIATES, L.P.; AUTHORIZING A SUBORDINATE MORTGAGE LOAN TO FUND A PORTION OF THE COSTS OF THE DEVELOPMENT AND CONSTRUCTION OF THE OLD POST OFFICE PROJECT.**

Member Simmons seconded the motion. The following vote was recorded:

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

Nay: None

Abstain: Solberg

Absent: Starr and Burch.

The motion passed by unanimous vote.

- C. CFM U.S. Corporation d/b/a Ashley Weaver  
The Great Outdoors Grill Company  
BUILD Missouri Program  
Authorizing Resolution

Citing the potential for a conflict of interest, Member Lindsey abstained from discussion and voting on this project.

Ms. Weaver began by reporting that at the request of the full Board, the Executive Committee met and reviewed this BUILD project on Tuesday, February 24, 2004. At the Executive Committee meeting, the project was approved and a preliminary resolution was adopted.

Ms. Weaver continued reporting that the Department originally submitted an incentive proposal to the company on October 24, 2003 in an effort to support an expansion project which involves both manufacturing (fabrication) and distribution operations. The company's goal is to be operational by summer 2004.

Ms. Weaver referred the members to the Board packet for additional information about the project. She concluded by recommending adoption of the authorizing resolution.

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 (CFM U.S. CORPORATION PROJECT), SERIES 2004, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$779,500 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 CFM U.S. 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 Wilson seconded the motion. The following vote was recorded:

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

Nay: None

Abstain: Lindsey

Absent: Starr and Burch.

Chair Solberg declared the motion passed.

D. DED Request for website support Robert V. Miserez

Mr. Miserez began by reporting that at the April 20, 2004 meeting, David Seamon submitted a request for \$100,000 from the Board to pay for development costs of a business recruitment website to be used by the Department of Economic Development. The members expressed support for the concept and request, however, the members asked that Mr. Seamon further define his request and provide a detailed budget on the component costs.

Mr. Miserez further reported that Mr. Seamon has sent the members a power point presentation with much of this information. Mr. Miserez concluded by reporting that Mr. Seamon was in attendance and planned to present additional information about the website development proposal.

Mr. Seamon presented information on development websites that are being used by other states and his plans for marketing the site for Missouri. Mr. Seamon informed the members that the \$100,000 is a one-time request and the Board will not be asked for additional funding.

Following discussion, Member Neff made a motion to approve \$100,000 for the Department's website development project as presented. Member O'Mara seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr and Burch.

Chair Solberg declared the motion passed.

**VII. New Business**

- A. City of Allendale  
MIDOC Loan

Pamela Ives Hill

Ms. Hill began by reporting that the City of Allendale, located in the Northwest region of the State, has applied for a Missouri Infrastructure loan to fill the gap in financing sewer improvements.

Ms. Hill continued reporting that the City’s wastewater is currently treated by privately owned septic tanks. Many of the tanks are old, inadequately sized and poorly maintained. In addition, many of the lateral fields discharge directly into roadway ditches. Some homes lack basic septic systems and discharge raw sewage to the drainage ditches. This results in ground water contamination, which may result in potential health hazards.

Ms. Hill referred the members to the Board packet for additional information about the project. She concluded by recommending approval of a \$40,000 loan at 3% interest for a 20-year term with no security interest per DED’s recommendation.

Following discussion, Member Grumney made a motion to approve a \$40,000 loan at 3% interest for a 20-year term with no security interest. Member O’Mara seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr and Burch.

Chair Solberg declared the motion passed.

**VIII. Miscellaneous**

- A. Executive Director Report

Robert V. Miserez

Mr. Miserez began by reporting that the Wonders of Wildlife Museum in Springfield, Missouri, plans to submit a request for the June meeting asking the Board to write off 60% of its loan to the District to grant a three to five year interest and principal deferral.

Mr. Miserez further reported that staff has reviewed and approved a request from Union Station for the disbursement of funds for eligible capital cost incurred.

Mr. Miserez concluded by reporting that the loan guarantee for Sweet Springs has terminated and they have submitted a request for an extension, which staff has approved.

- B. Tax Credit Status Report FYI Only

This was included for informational purposes only.

- C. Information on James D. Hill FYI Only

This was included for informational purposes only

- D. Miscellaneous FYI Only

This was included for informational purposes only.

Chair Solberg informed the Board that Member Neff has agreed to assume the Secretary's position.

## **IX. Adjournment**

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

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Secretary Neff