

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

July 20, 2004

The Missouri Development Finance Board met in regular session on Tuesday July 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	Absent
Bill M. Burch	Treasurer & Member	Absent
Paul S. Lindsey	Member	Present
James O'Mara	Member	Absent
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

Chair Solberg declared that a quorum was present and called the meeting to order. In addition to the above, those in attendance included: James Caldwell, Board counsel; Kathleen Barney, Pamela Hill, Jonathan Brightwell, Pam Campbell and Cheryl Berkler, Board staff; Julie Gibson, Lt. Governor Joe Maxwell's office; Jim Foley, Tony Grandison, Khris Heisinger, Julia Grus, Jim Grebing, and Kristi Jamison, Department of Economic Development; Mayor Kay Barnes, Randall Landes, Greg Williams, Blake Cordish, Jon Copaken, Matthew Webster, Tammy Serate, Rob Hunden, Bridgette Williams, Rick Hughes, Andi Udriis, Gary Sage, Missy Wilson, Jennifer Pratt, Doug Stone and Jean Matzeder, representing the KC Live project; Bob Dunn and Kim Wilson, BNY Trust Company, St. Louis; Debbie Schnedler, Lamont Financial Service, Jefferson City; Karie Myers and Ann Sunderland, UMB Bank, N.A. St. Louis.

**I. Secretary's Report**

Secretary Neff

Secretary Neff presented for approval, the minutes from the June 15, 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, Secretary Neff made a motion to approve the minutes as presented. Member Maxwell seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr, Burch and O'Mara.

Chair Solberg declared the motion passed.

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

Director Simmons began by reporting that at the last meeting information was provided that reflected 20,000 net new jobs were created in Missouri during the month of April of this year. Director Simmons further reported that recent Department of Labor statistics reflect that during the month of June Missouri is ranked number two in the nation on net new job creation—more than 27,000 net new jobs were created.

Director Simmons continued reporting that on a month over month basis the State is now listed as number one in the nation for job growth. The statistics are based on the net new jobs created during the months of May and June.

Director Simmons concluded by reporting that the indicators suggest that Missouri continues to have a strong economic climate.

**III. Department of Agriculture Report**

Director Hofherr

Director Hofherr began by reporting that there has been a drop in soybeans; beef has had a slight downturn, but is beginning to stabilize and is still at a profitable level. Overall the conditions in the State have been favorable for a very strong crop season. Director Hofherr reported that while some wheat crops sustained storm damage, the overall harvest was good.

Director Hofherr continued reporting that on a national level, the beef check-off program has been challenged in several Circuit Courts and is now being sent to the Supreme Court. The Missouri Attorney General is working with the Texas Attorney General to insure that the Amicus Brief that is filed reflects Missouri's status as a refund state in the event the beef check-off program is discontinued on a national level, the program would continue to be available in Missouri as a voluntary program for those producers that want to participate.

Director Hofherr continued by reporting that the Supreme Court ruling has an important impact on Missouri's agriculture as almost fifty percent of the State's value of agriculture is in livestock. Similarly there is a Supreme Court challenge on direct shipping of wine. The Department is working with the Attorney General's office as the case moves forward.

Director Hofherr concluded by reporting that there are still unmet needs from the tornado damage to the rural Northwest and Southwest areas of the State. When the affected areas are declared a disaster, the farmers and ranchers in those areas are allowed to receive low interest loans. The Department believes more should be done to help restore operations. The Department is working with rural leaders to address the unmet needs. The Department is also working with other States to have the Stafford Act amended. The Stafford Act governs FEMA's response to disasters, which does not include agriculture. The projected outcome would be for FEMA to work with the USDA when assessing disasters to agriculture.

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

Lt. Governor Maxwell

The Lieutenant Governor began by reporting that as of July, he is no longer a member of the Southern Growth Policies Board. The Board recently presented a report on a survey that was conducted on global positioning of the southern states, which Missouri is a part of. Some of the concerns surrounding recent trade agreements were presented to the Commerce Secretary. The disadvantages with agriculture and the CAFTA ("Central America Free Trade Agreement") is that Missouri exported agriculture goods will have a tariff added to the cost of shipping, while Central American and South American countries will be allowed to import agriculture goods into the State with no tariff applied to shipping. This is causing great concern for farmers and ranchers.

The Lieutenant Governor further reported that a provision of the naturalization textile trade with China now allows China to import textile goods through Mexico and then into the United States without applying a tariff. The Southern Growth Policies Board, which Missouri is a member of, determined that next year resources would be extended to better position member states in the global economy with exporting issues.

The Lieutenant Governor concluded by reporting that the Tourism Commission set a goal three years ago to position Missouri among the top ten states in the nation. Missouri tourism is now ranked among the top ten States in the nation. Tourism in the State has been increasing each year in the recreational leisure travel area with more than \$123,000,000 in taxes collected over the past year. The State has invested \$16,000,000 to promote tourism in the State. The St. Louis zoo is now considered the number one zoo in the nation for attraction and attendance, surpassing the San Diego zoo. The number one children's attraction in the nation is the Magic House also located in St. Louis. The downturn in tourism has been the lack in attracting small conventions and small business meetings. The Governor and the Tourism Commission have authorized a study in an attempt to attract more of the small convention and small business meeting market. Business in these two areas is shrinking nationally with Missouri dropping lower than surrounding states. The drop in small convention and small business meetings was enough to offset the overall State growth in tourism. A plan is now in place to recapture this business.

Chair Solberg thanked the Directors and the Lieutenant Governor for their reports.

Chair Solberg recused herself and turned the meeting over the Secretary Neff.

**V. Old Business**

- A. Downtown Entertainment District Robert V. Miserez  
Kansas City, Missouri  
Presentation Only

Mr. Miserez began by reporting that the City of Kansas City had submitted a final application for this project but DED and Board staff had not had an opportunity to review the application for completion of all required information or content.

Mr. Miserez continued reporting that representatives from the City, EDC, the Cordish Company and the consulting company that prepared the feasibility study for EDC, and various City interest would present additional details about the project.

Mr. Miserez introduced Mayor Kay Barnes to begin the presentation. Mayor Barnes began by discussing the importance of revitalizing Kansas City's downtown. She further reported on the prospective revenue the project will bring to the State.

Mayor Barnes introduced Blake Cordish, Vice President, Cordish Company. Mr. Cordish provided a history of his company and reviewed how the entertainment and retail market segment differs from the regular retail market. He further discussed the background of the Kansas City Live project and why it will work for Kansas City as a compliment to the retail market.

Mayor Barnes introduced Jon Copaken, Copaken, White & Blitt. Mr. Copaken reinforced the importance of this project for downtown Kansas City and retail establishments. He noted that Kansas City had recently surpassed all other major cities in the amount of empty downtown office space. He also reported on how the entertainment project will help to lure more businesses downtown.

The Board heard additional presentations of support on the importance of the project and job creation from Mr. Rick Hughes, Convention & Visitors Bureau of Greater Kansas City, Ms. Bridgette Williams, Greater Kansas City AFL-CIO, Mr. Rob Hunden, C.H. Johnson Consulting, Inc., and Mr. Matt Webster, Oppenheimer & Company.

Mayor Barnes concluded the presentations by thanking the members for allowing the City to present additional supporting information for the project.

Following questions and additional discussion, Secretary Neff thanked Mayor Barnes and the presenters for their presentations.

Secretary Neff returned the chair to Chair Solberg.

- B. Center of Creative Arts, University City Kathleen Barney  
Cultural Facility Revenue Bond Program  
Authorizing Resolution

Ms. Barney began by reporting that on June 15, 2004, the Board adopted a preliminary resolution in the amount of \$5,000,000 for this project. She further reported that this is a conduit bond issue secured by a letter of credit from National City Bank, a subsidiary of Allegiant Bank of St. Louis rated Aa3/P-1 by Moody's.

Ms. Barney concluded by reporting that staff recommends the adoption of the authorizing resolution in an amount not to exceed \$5,000,000.

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

**RESOLUTION AUTHORIZING THE MISSOURI DEVELOPMENT FINANCE BOARD TO ISSUE ITS VARIABLE RATE DEMAND CULTURAL FACILITIES REVENUE BONDS (CENTER OF CREATIVE ARTS PROJECT) SERIES 2004, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$5,000,000, TO PROVIDE FUNDS TO BE LOANED TO THE CENTER OF CREATIVE ARTS AND 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 Grumney seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr, Burch and O'Mara.

Chair Solberg declared the motion passed.

Chair Solberg re-arranged the agenda moving the closed session to the end of the agenda.

A. Old Post Office/Ninth Street Garage—Funding structure Robert V. Miserez

Mr. Miserez began by reporting that at the May 18, 2004 meeting, the Board adopted an authorizing resolution which authorized: (1) the issuance of up to \$18 million in Infrastructure Facilities Revenue Bonds to fund the Ninth Street Garage project; (2) obtaining a direct-pay letter of credit from Bank of American, N.A. to secure the bonds; (3) providing \$5,000,000 in bond tax credits as additional collateral to the Bank; (4) the development and ownership of the Ninth Street Garage Project; and (5) acquiring ownership of the Old Post Office leasing the Old Post Office to the St. Louis U.S. Custom House and Post Office Building Associates, L.P.

Mr. Miserez referred the members to the Board packet for additional information about the project. He concluded by recommending the following authorizations to complete the transaction:

1. The City of St. Louis has requested that the Board allocate \$500,000 of the proceeds of the Gateway Mall loan as a grant to the NSG portion of the project. The Developer is also contributing \$500,000 to match the City's contribution.
2. Reduce the amount of debt on the Ninth Street Garage from \$18 million to \$16.5 million.
3. Authorize a Second Loan Loss Reserve in the amount of \$1.5 million as collateral on the \$8 million First Mortgage Loan being made by the Bank of America in order to induce BOA to release a like portion of the Developers fee upon completion of construction for use to cover any cost overruns or operating deficits payable by the Developers.

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

**RESOLVED, IN CONNECTION WITH THE NINTH STREET GARAGE OR OLD POST OFFICE THE BOARD APPROVES (1) THE CITY OF ST LOUIS' REQUEST THAT THE BOARD CONTRIBUTE \$500,000 OF THE PROCEEDS OF THE GATEWAY MALL LOAN TO THE NINTH STREET GARAGE PROJECT; (2) THE REDUCTION OF THE AMOUNT OF THE AUTHORIZED DEBT ON THE NINTH STREET GARAGE FROM \$18 MILLION TO \$16.5 MILLION; (3) AUTHORIZATION OF A SECOND LOAN LOSS RESERVE IN THE AMOUNT OF \$1.5 MILLION AS COLLATERAL ON THE \$8 MILLION FIRST MORTGAGE LOAN BEING MADE BY THE BANK OF AMERICA, NA ON THE OLD POST OFFICE PROJECT.**

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

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

Nay: None

Absent: Starr, Burch and O'Mara.

Chair Solberg declared the motion passed.

**VI. Miscellaneous**

- A. Executive Director Report Robert V. Miserez

Mr. Miserez began by providing a brief update on the American Airlines project. He concluded by announcing that the annual Board Member retreat dates were tentatively set for September 20-22, 2004 in St. Louis. He asked the members to let the Chair know if these dates will fit their schedules.

- B. Tax Credit Status Report FYI Only

This was included for informational purposes only.

- C. Miscellaneous FYI Only

This was included for informational purposes only.

### **Closed Session**

Member Neff made a motion to move the meeting into closed session pursuant to 610.021(13) Individually identifiable personnel records, performance ratings or records pertaining to employees or applicants for employment, except that this shall not apply to the names, positions, salaries and lengths of service of officers and employees of public agencies once they are employed as such. Member Wilson seconded the motion. The following vote was recorded:

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

Nay: None

Absent: Starr, Burch and O'Mara.

Chair Solberg declared the motion passed.

### **Open Session**

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

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

Nay: None

Absent: Starr, Burch and O'Mara.

Chair Solberg declared the motion passed.

## **VII. Adjournment**

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

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Secretary Neff

