

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

June 15 2004

The Missouri Development Finance Board met in regular session on Tuesday June 15, 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
Bill M. Burch	Treasurer & Member	Present
Paul S. Lindsey	Member	Absent
James O'Mara	Member	Present
Larry D. Neff	Member	Present
Richard J. Wilson	Member	Absent
Nelson C. Grumney, Jr.	Member	Present
James D. Hill	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	Absent
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: 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; Dave Dillion, Deputy Director, Department of Agriculture; Mike Downing, Tony Grandison, Khri Heisinger and Kristi Jamison, Department of Economic Development; Mayor Kay Barnes, Randall Landes, Andi Udris, Gary Sage, Missy Wilson, Jennifer Pratt, and Mark Bryant representing the KC Live project; Tony Schoonen and Scott Marrs, representing the Wonders of Wildlife Museum project; Karie Myers, UMB Bank, N.A.

I. Secretary's Report

Secretary Neff

Secretary Neff presented for approval, the minutes from the May 18, 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 O'Mara seconded the motion. The following vote was recorded:

Aye: Solberg, Starr, Burch, O'Mara, Neff, Grumney, Hill and Simmons.

Nay: None

Absent: Lindsey, Wilson, Hofherr and 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 May 31, 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, Treasurer Burch made a motion to approve the treasurer's report as presented. Member Neff seconded the motion. The following vote was recorded:

Aye: Solberg, Starr, Burch, O'Mara, Neff, Grumney, Hill and Simmons.

Nay: None

Absent: Lindsey, Wilson, Hofherr and Maxwell.

Chair Solberg declared the motion passed.

III. Department of Economic Development Report

Director Simmons began by reporting that good economic conditions continue in the State. During the month of April, 20,000 new jobs were added to the workforce, which ranked Missouri as third in the nation for new jobs.

Director Simmons concluded by reporting that the Stowers Institute in Kansas City has proposed a large expansion project for Stowers II that may be brought to the Board for financial assistance. Additional information will be made available at a later date.

IV. Department of Agriculture Report Deputy Director Dillion

In the absence of Director Hofherr, Deputy Director Dillion deferred the report to the next meeting.

V. Lieutenant Governor's Report Julie Gibson

In the absence of the Lieutenant Governor, Julie Gibson deferred the report to the next meeting.

VI. Old Business

A. American National Fish & Wildlife Museum Pamela Hill
Request for Loan Modification

In the absence of Jonathan Brightwell, Pamela Hill presented this report. Ms. Hill began by reporting that on December 10, 1998, the Board signed a \$2,500,000 loan agreement with the Museum District. The loan was funded by a direct appropriation from the State to the Board. The Museum District combined the loan proceeds with \$18 million of contributions from the Board's Contribution for Tax Credits program, a \$7.5 million direct grant from the State, \$36 million in bonds issued by the Museum District, and other local public and private contributions to fund the construction and operation of the American Fish & Wildlife Museum. The total costs for land, construction, and equipment exceeded \$60,000,000.

Ms. Hill further reported that as reported to the Board several times in the past, the Museum has struggled financially since it opened due to lower attendance figures than projected. The Museum's budget and staffing levels have been revised to reflect these lower attendance numbers. Additionally, the Museum has refinanced its \$36 million bond debt through a tender offer and issuance of a new \$11 million bond issuance.

Ms. Hill continued reporting that the Board's loan agreement was subordinated to the original \$36 million bond issue. As part of the tender offer to refinance this debt and issue the new bonds, the Board agreed on February 19, 2004, to subordinate its loan to the new \$11 million bond issuance.

Ms. Hill further reported that the original terms of the Board's loan were as follows: no payments due until the December 10th following two years of operations, no interest accrues until the first payment is made, annual interest rate fixed at 3%, the maturity was set for December 10, 2013. The museum opened in November 2001. Thus, the first payment was due December 10, 2003, and the loan would have been amortized over a ten-year period.

Ms. Hill continued reporting that the Executive Director granted a 90-day extension to March 9, 2004, on the first payment, and the Executive Committee approved an additional 180-day extension to September 5, 2004, to assist the Museum during the tender offer process.

Ms. Hill reported that the Museum has requested the Board write-off \$1,725,000 of loan principal (69% of the outstanding balance) and defer payments and interest accrual for an additional 3 to 5 years. Thus, loan principal would be reduced from \$2.5 million to \$775,000.

Ms. Hill further reported that while payment and interest accrual deferrals would assist the Museum to improve the financial position as it operates, staff does not recommend a loan principal reduction. Staff believes the payment and interest deferrals, along with the significant reduction of bond debt through the Museum's tender offer, are sufficient measures to improve the Museum's financial future and will protect the State's investment in the project.

Ms. Hill concluded by recommending approval of an additional 3-year extension of the first payment, the deferral of interest during this period, and extension of the maturity date. The first payment would be due September 5, 2007; the loan would be interest free until the first payment date; and the maturity date would be September 15, 2017.

Ms. Hill introduced Mr. Tony Schoonen, Director of the Museum, and Scott Marrs, legal counsel for the Museum. Mr. Schoonen provided the members with a draft of the Museum's "Strategic Vision Summary" and discussed the additional displays and venues that are being added to enhance visitor experience.

Following discussion, Member Neff made a motion to accept and approve staff's recommendation of an additional 3-year extension of the first payment, the deferral of interest during this period, and extension of the maturity date. The first payment would be due September 5, 2007; the loan would be interest free until the first payment date; and the maturity date would be September 15, 2017. Member Burch seconded. The following vote was recorded:

Aye: Solberg, Starr, Burch, O'Mara, Neff, Grumney, Hill and Simmons.

Nay: None

Absent: Lindsey, Wilson, Hofherr and Maxwell.

Chair Solberg declared the motion passed.

Chair Solberg thanked Messrs. Schoonen and Marrs for their reports.

- B. City of Independence–Water System Improvements Ashley Weaver
Infrastructure Facilities Revenue Bonds
Authorizing Resolution in an amount not to exceed \$15,250,000

Ms. Weaver began by reporting that at the April 20, 2004 Board meeting, the members adopted a preliminary resolution in an amount not to exceed \$15,250,000. The purpose of the financing is to (1) construct the Courtney Bend Water Plant and (2) provide other improvements. Total project cost is \$33 million. The City will spend approximately \$17.8 million of its funds and desires to finance the remainder. The bond closing is scheduled for June 29, 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 in an amount not to exceed \$15,250,000.

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

RESOLUTION AUTHORIZING THE ISSUANCE OF A SERIES OF INFRASTRUCTURE FACILITIES REVENUE BONDS (CITY OF INDEPENDENCE, MISSOURI – WATER SYSTEM IMPROVEMENTS), SERIES 2004, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$15,250,000; AND AUTHORIZING AND APPROVING CERTAIN DOCUMENTS AND ACTIONS IN CONNECTION WITH THE ISSUANCE OF SAID BOARD BONDS.

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

Aye: Solberg, Starr, Burch, O'Mara, Neff, Grumney, Hill and Simmons.

Nay: None

Absent: Lindsey, Wilson, Hofherr and Maxwell.

Chair Solberg declared the motion passed.

- C. City of St. Joseph–Triumph Foods, LLC Project Ashley Weaver
Infrastructure Facilities Revenue Bonds–Series 2004B
Second Loss Reserve
Authorizing Resolution in an amount not to exceed \$12,000,000

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

Ms. Weaver began by reporting that earlier this year, the City of St. Joseph submitted an application for revenue bond financing in the amount of \$26,000,000.

Ms. Weaver further reported that at the February 17, 2004 Board meeting, the members approved the issuance of the first series of bonds in an amount not to exceed \$10,500,000 and agreed to fund a \$500,000 second loss reserve fund. The Board issued \$9,170,000 in tax-exempt bonds (Series 2004A) on April 28, 2004.

Ms. Weaver referred the members to the Board packet for additional information about the project. She concluded by recommending the Board adopt an authorizing resolution in an amount not to exceed \$12,000,000 to fund the second series of bonds. This issuance will be a taxable bond issuance and the proceeds will be used to fund the on-site sewer improvements and other projects. She noted that it is anticipated that the City will request a third series of bonds at a later date in order to complete the off-site City sewer improvements.

Following discussion, Member O'Mara made a motion to adopt the following authorizing resolution:

RESOLUTION AUTHORIZING THE ISSUANCE OF TAXABLE INFRASTRUCTURE FACILITIES REVENUE BONDS (CITY OF ST. JOSEPH, MISSOURI –TRIUMPH FOODS, LLC PROJECT), SERIES 2004B, IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING \$12,000,000, TO PROVIDE FUNDS TO BE LOANED TO THE CITY OF ST. JOSEPH, MISSOURI; AND AUTHORIZING AND APPROVING CERTAIN DOCUMENTS AND ACTIONS IN CONNECTION WITH THE ISSUANCE OF SAID BONDS.

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

Aye: Solberg, Burch, O'Mara, Neff, Grumney, Hill and Simmons.

Nay: None

Abstain: Starr

Absent: Lindsey, Wilson, Hofherr and Maxwell.

Chair Solberg declared the motion passed.

VII. New Business

- A. Center of Creative Arts Ashley Weaver
Cultural Facilities Revenue Bonds
Preliminary Resolution in an amount not to exceed \$5,000,000

Ms. Weaver began by reporting that the Center for Creative Arts, a nonprofit corporation, submitted an application requesting that the Board issue cultural facilities revenue bonds, which would be secured by a bank letter of credit.

Ms. Weaver further reported that the Center for Creative Arts provides affordable art programs to over 50,000 people annually in the St. Louis area. The organization desires to expand its facility by 11,000 square feet and make improvements to the existing 37,000 square foot facility.

Ms. Weaver continued reporting that the additional improvements include: a dance studio, a black box theatre, additional space for the existing theatre, new entrance, reception area, restroom facilities, an elevator, and additional storage space. Improvements to the existing facility include: renovations to offices, art gallery spaces, dance studios, classrooms, and reception space.

Ms. Weaver referred the members to the Board packet for additional information on the project. She concluded by recommending adoption of the preliminary resolution in an amount not to exceed \$5,000,000.

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

RESOLUTION OF INTENT OF THE MISSOURI DEVELOPMENT FINANCE BOARD APPROVING A PROJECT FOR THE CENTER OF CREATIVE ARTS, AND DETERMINING THE OFFICIAL INTENT OF THE BOARD TO ISSUE ITS CULTURAL FACILITIES REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF APPROXIMATELY \$5,000,000 TO FINANCE THE COSTS OF SUCH PROJECT.

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

Aye: Solberg, Starr, Burch, O'Mara, Neff, Grumney, Hill and Simmons.

Nay: None

Absent: Lindsey, Wilson, Hofherr and Maxwell.

Chair Solberg declared the motion passed.

B. Preliminary Presentation for the Proposed
Downtown Entertainment District MODESA
Redevelopment Plan--Kansas City, Missouri
Presentation Only

Robert V. Miserez

Mr. Miserez began by reporting that the City of Kansas City had requested an opportunity to make a preliminary presentation to the Board on the above redevelopment plan. The City and Kansas City Economic Development Corporation ("EDC") staff and are still working on the application to be submitted to the Department of Economic Development. The purpose of giving the presentation in advance of receiving the formal application is to allow the City to give the Board an overview of the primary elements of the project. No Board action will be taken. The City anticipates it will submit a formal application under the MODESA program to DED to make a recommendation that the Board considers the MODESA application at the July meeting.

Mr. Miserez continued reporting that the Plan calls for the City, acting through one of its development entities, to acquire seven blocks in downtown and sell approximately half of one block to H&R Block for construction of a new headquarters and parking, and lease properties to a developer to construct a multi-tenant, mixed use entertainment district.

Mr. Miserez further reported that substantial work in completing the application at the local level, processing it through for local authorizations, and submitting the final to DED and the Board for review and DED's recommendation remain to be done. EDC representatives gave Board and Department staff an overview Friday, June 4th. Staff was reviewing certain eligibility and policy components of the proposal that arose during that meeting but are unlikely to have reached any conclusions prior to the July meeting packets going out.

Mr. Miserez continued reporting that according to the City, H&R Block has directly linked its relocation to downtown to the City obtaining binding commitments for completion of the proposed entertainment district project. And, to maintain the Block schedule the City intends to submit a completed application to DED for review and recommend to the Board at the July meeting. This is the first MODESA proposal being prepared for submission to the Department and Board. A preliminary presentation will provide Board members and staff the opportunity to discuss and obtain further information prior to reviewing a request for action.

Ms. Miserez concluded by reporting the Department has invited Board staff to participate in a team review process for MODESA applications, which is the same approach also used in developing the program application and guidelines. The process will be that upon receipt of applications, copies are immediately distributed to DED and Board staff for review with preliminary meetings scheduled to assess the completeness and merits of the application.

Mr. Miserez introduced Mayor Kay Barnes to begin the presentation. Mayor Barnes presented a summary of the South Loop Downtown Economic Stimulus Plan and the overall project. Mayor Barnes introduced Mr. Randy Landis, Mr. Andi Udris, Mr. Gary Sage, Ms. Missy Wilson and Ms. Jennifer Brandt, Economic Development Corporation to present further details of the Plan.

Messrs. Udris and Sage showed a video presentation and discussed the outline of MODESA for this project. Messrs. Sage and Udris also provided a PowerPoint presentation and showed a video produced by Cordish Company, the proposed developers of the District.

Following discussion, several members expressed concern that there would not be ample time to review the application and supporting documentation prior to the July 20th meeting. Chair Solberg also reminded Mayor Barnes and the members of the group that the Board did not want to be put in a position where the vote was 'rushed' and members or staff not given adequate time for review. Mayor Barnes assured the members that there would be ample time to review the application and supporting documentation prior to a vote.

Chair Solberg thanked Mayor Barnes and the group for their presentation.

VIII. Miscellaneous

Closed Session

Member O'Mara made a motion to move the meeting into closed session pursuant to 610.021(1) 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. Member Neff seconded the motion. The following vote was recorded:

Aye: Solberg, Starr, Burch, O'Mara, Neff, Grumney, Hill and Simmons.

Nay: None

Absent: Lindsey, Wilson, Hofherr and Maxwell.

Chair Solberg declared the motion passed.

Open Session

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

Aye: Solberg, Starr, Burch, O'Mara, Neff, Grumney, Hill and Simmons.

Nay: None

Absent: Lindsey, Wilson, Hofherr and Maxwell.

Chair Solberg declared the motion passed.

- A. Annual election of Officers and Committee Members Chair Solberg

Chair Solberg reported that according to the Board's by-laws, the officers of the Board, other than the Chair, shall be elected by the Members of the Board at the first meeting held after June 1st of each year.

Member O'Mara made a motion to re-elect the officers as follows:

John Starr–Vice-Chairman
Bill Burch–Treasurer
Larry Neff–Secretary

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

Aye: Solberg, Starr, Burch, O'Mara, Neff, Grumney, Hill and Simmons.

Nay: None

Absent: Lindsey, Wilson, Hofherr and Maxwell.

Chair Solberg declared the motion passed.

- B. Executive Director Report Robert V. Miserez

Mr. Miserez began by reporting on the following projects:

The Ninth Street Garage is scheduled to close on Wednesday, June 29th in St. Louis.

The retreat will be held September 19th through the 21st–the location has not been determined.

Articles have been published in the Kansas City Star indicating the City anticipates approaching the Board for \$20,000,000 in contribution tax credits to be used for the downtown arena.

The City of Kansas City Council has authorized a resolution to submit an application to the Board for \$1.5 million in tax credits for the benefit of the Harvesters Project.

As reported earlier by Director Simmons, the City of Kansas City may submit an application to the Board for the Stowers II project—no amount has been indicated at this time.

- C. Tax Credit Status Report FYI Only
Authorized Projects—not closed
Potential Projects

This material was included for informational purposes only.

- D. Miscellaneous FYI Only

This material was included for informational purposes only.

IX. Adjournment

There being no further business to come before the Board, Member Starr made a motion to adjourn the meeting. Member Neff seconded the motion. The meeting was adjourned.

Secretary Neff