# Missouri Development Finance Board



**MEETING MINUTES**
**MISSOURI DEVELOPMENT FINANCE BOARD**
Governor Office Building
200 Madison Street, Room 1010
Jefferson City, Missouri

November 06, 2023

The Missouri Development Finance Board met in regular session on Monday, November 06, 2023, beginning at 10:30 a.m. Notice of the meeting was duly posted as required by Section 610.020 RSMo at the MDFB principal office.

The following members and officers of the Board were present or absent at the meeting as follows:

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| Marie J. Carmichael | Chair | Present |
| Brent Buerck | Vice Chair and Member | Present |
| Matthew L. Dameron | Treasurer and Member | Present |
| John Parry | Secretary and Member | Present |
| Dan Cranshaw | Member | Present |
| Rick Holton, Jr. | Member | Absent |
| Jonas Arjes | Member | Present |
| Jessica Craig | Member | Present |
| Mike Kehoe | Lieutenant Governor and Member | Present * |
| Michelle Hataway | Acting Director, Dept. of Economic Development and Member | Present |
| Chris Chinn | Director, Dept. of Agriculture and Member | Absent |
| Dru Buntin | Director, Dept. of Natural Resources and Member | Present |
| Mark Stombaugh | Executive Director and Assistant Secretary | Present |

* Participated via WebEx.

Chair Carmichael called the meeting to order and declared a quorum was present. In addition to the above members, attendees were:

Board Staff: Erica Griffin, Cheryl Kerr, Rebecca Teague, Charles Miller and Austin Albert

Board Counsel: Erick Creach

Others Present: Taylor Mazdra and Bekah Segrist, DED; Randell Gelzer and Kurt Labelle, The Boeing Company; Bob Clark and Justin Lienemann, Clayco, Inc.; Brian Grace and Sallie Hemenway, Nexus Group; Kurt Erickson, St. Louis Post-Dispatch; Adam Gresham, Lt. Governor's Office; Jim Drew, St. Louis Business Journal participated via WebEx.

**I. Secretary's Report** Secretary Parry

Secretary Parry presented for approval the minutes from the September 19, 2023, meeting. The minutes were included in the Board materials distributed in advance of the meeting.

There being no questions, corrections or additions, Vice Chair Buerck made a motion to approve the minutes as presented. Member Craig seconded the motion.

By unanimous consent, Chair Carmichael declared the motion passed.

**II. Treasurer's Report** Treasurer Dameron

Treasurer Dameron presented for approval the Treasurer's Reports as of and for the twelve months ended June 30, 2023; as of and for the one month ended July 31, 2023; and as of and for the two months ended August 31, 2023. The Treasurer's Report was included in the Board materials distributed in advance of the meeting. Treasurer Dameron highlighted the net position listed in the three reports. There was a slight increase in the net position from the first June 30, 2023, report being ~$113,000,000 and ending with the August 31, 2023, report in a positive position of ~$117,000,000.

There being no questions, corrections or additions, Member Arjes made a motion to approve the Treasurer's Report as presented. Vice Chair Buerck seconded the motion.

By unanimous consent, Chair Carmichael declared the motion passed.

**III. Department of Economic Development** Acting Director Hataway

Acting Director Hataway updated that the recent Trade Mission in Japan was a success and reported that Lt. Governor Kehoe and Lori Becklenberg are currently in Germany meeting with potential and existing business partners.

Director Hataway highlighted the recent $1.7B award through the federal Broadband Equity, Access, and Deployment Program and shared details of the upcoming Connecting All Missourians Broadband Stakeholder Summit.

**IV. Department of Agriculture** Director Chinn

This report was deferred.

## V. Department of Natural Resources — Director Buntin

Director Buntin updated that the department is currently focusing on the state's ongoing drought conditions, with its main focal point being the Mississippi River levels. Fortunately, conditions have improved with recent rains bringing the impact from 86% of the state to 75% affected by the drought. The Department of Natural Resources continues to monitor rainfall and river levels as well as prepare for potential challenges to commercial navigation on the Mississippi River. The Drought Assessment Committee plans to convene again in December.

Director Buntin also highlighted the recent Hero Hunts in Mark Twain State Park and Crowder State Park. In partnership with the Missouri Veterans Commission, Hero Hunts provide an opportunity for 30 Veterans to attend a weekend long, all-inclusive, guided deer hunt.

## VI. Lt. Governor's Report — Lt. Governor Kehoe

Governor Kehoe highlighted the recent Hero Hunts in celebration of Veterans Day and thanked Director Buntin and his staff for their partnership with these events, along with Missouri State Parks and the Department of Conservation.

Governor Kehoe reported the recent induction of the new class of Veterans Hall of Fame awardees. This is the 3rd year of recognitions with a special designee being honored, Mr. Wayne Wallingford, Director of the Missouri Department of Revenue.

Governor Kehoe reported on Tourism over the last several months and highlighted a few events. He noted the Ascension Charity Classic golf tournament in North St. Louis County, the NFL Draft in Kansas City as well as the upcoming World Cup in Kansas City in 2026.

Governor Kehoe updated that Buy Missouri Week was recently held in October. The Buy Missouri initiative has grown to over 550 companies, employing over 16,000 Missourians and has spread to 93 different counties.

Governor Kehoe updated that Casey Adrian from the Lt. Governor's Office continues to represent the state on the Childcare Task Force, working with Wendy Doyle and United WE out of Kansas City, Missouri on the current childcare crisis. Governor Kehoe recently participated in a conference focusing on how to increase childcare availability and working with the Missouri Department of Elementary and Secondary Education.

## VII. New Business

A. The Boeing Company – BUILD Application – Resolution of Intent — Mark Stombaugh

Executive Director Stombaugh introduced The Boeing Company BUILD application and project team. Mr. Stombaugh noted that The Boeing Company is the world's largest aerospace and defense company with a current presence in Missouri consisting of over 8,500,000 square feet of manufacturing, R&D, testing and support facilities for major defense programs. The project being considered for the St. Louis area will expend over $1.8B in new facility enhancements on two sites. Mr. Stombaugh noted the requested $6,000,000 BUILD bond issuance would be used for infrastructure upgrades. The Boeing Company currently employs over 16,000 in the state of Missouri, and the overall project plans to support over 500 jobs. Mr. Stombaugh welcomed Mr. Randall Gelzer with the Boeing Company to start the presentation.

Mr. Gelzer thanked the Board for their time and began with a display of Boeing's current impact in Missouri. He stated there are three sites in Missouri. The main campus just north of the St. Louis Airport, Boeing St. Charles and Boeing St. Clair. The Boeing Company has an ~$1.9B Annual Site Payroll, in the prior year has spent around $760,000,000 in the State of Missouri with over 360 suppliers and in the last decade has spent over $700,000,000 in capital upgrades to the sites. Mr. Gelzer also took a moment to discuss the different types of aircraft manufactured by Boeing.

Mr. Gelzer spoke of their investment in the community. He highlighted a recent announcement that in the last year, Boeing has donated $3,000,000 to the Ferguson-Florissant, Riverview Gardens and East St. Louis school districts. He stated there has been more than $13,000,000 invested in the region through charitable donations, such as community grants, as well as matched employee volunteer hours. Last year employees volunteered more than 54,000 hours through their Our Gift Match Program. The program holds a primary focus to support Veterans, STEM Education and promote diversity and inclusion. In partnership with the St. Louis Community College, Boeing offers an assembly mechanic program and a composite specialist program. Both programs are free to those attending class at the college and anyone who completes the program is guaranteed an interview. Boeing just hired their 1,000th graduate out of the program last year.

Mr. Gelzer highlighted their investment in innovation and how they focus on that goal. He spoke about Open Mission Systems Architecture, which allows rapid technology upgrades and full-size determinant assembly, which reduces work and increases quality.

Mr. Gelzer also stated this project is investing for the future and displayed images of the existing Boeing location and where the 1,500,000 square feet expansion included in this project will occur.

Lt. Governor Kehoe made a motion to approve the project as presented and adopt the following Resolution of Intent:

**RESOLUTION OF THE MISSOURI DEVELOPMENT FINANCE BOARD PRELIMINARILY APPROVING A PROJECT FOR THE BOEING COMPANY AND DETERMINING THE INTENT OF THE BOARD TO ISSUE ITS BUILD MISSOURI REVENUE BONDS IN A PRINCIPAL AMOUNT OF APPROXIMATELY $6,000,000 TO FINANCE A PORTION OF THE COSTS OF THE PROJECT.**

Member Cranshaw seconded the motion. The following roll call vote was recorded.

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| Aye: | Buerck, Dameron, Parry, Cranshaw, Arjes, Craig, Kehoe, Hataway, Buntin and Chair Carmichael |
| Nay: | None |
| Absent: | Holton and Chinn |

Chair Carmichael declared the motion passed.

B. Project Arch – BUILD Application – Resolution of Intent — Mark Stombaugh

Executive Director Stombaugh introduced the Project Arch BUILD application. Mr. Stombaugh stated Clayco is a full service, real estate design architecture construction firm. Clayco was originally founded in St. Louis, Missouri in 1984 and has since grown their presence across the country into several metropolitan areas including Chicago, Phoenix, and Los Angeles. This project would allow them to create a new regional hub in St. Louis that would eliminate space constraints to growth and enable Missouri to be on the forefront of Clayco's growth and operations for the years to come. Clayco is requesting a bond in the amount of $2,500,000. The proceeds of which will be largely used for renovations to an existing facility and will support job growth of 400 new positions over the course of the next 5-6 years. Of those jobs, 250 have been tied to this project within the next 3 years. Mr. Stombaugh welcomed Justin Lienemann, CFO of Clayco, to begin the presentation.

Mr. Lienemann thanked the Board, Director Hataway, Lori Becklenberg, and the team at DED for their support with this project. He gave a brief geographic location of the highly visible project site and stated that the current location was previously built for Express Scripts about 10 years ago to try and revitalize an empty area in North St. Louis County. After sitting vacant for about a year, the building went up for auction and was acquired by Clayco's Real Estate Development Team, CRG. Mr. Lienemann stated that the 23,000 square footage of this location will more than double Clayco's current footprint in Missouri. He reported that the company is currently spread across 5 different buildings in St. Louis. This project would provide the opportunity to grow, consolidate all locations under one roof, maximize innovation and collaboration, as well as become a showcase for clients. He stated that this development will not only house the 1,000 employees when they get to full size, but also bring in nationwide and international companies to work with and collaborate on as the space is being rebuilt. This will give Clayco an even bigger footprint and allow the opportunity to make St. Louis a showcase site for the company to their national and international partners.

Mr. Lienemann highlighted that Clayco was founded in St. Louis, headquartered in Chicago, and now has sites across the country all experiencing rapid growth. The St. Louis facility will initially house about 550 Missouri-based, in-office employees. He stated Clayco has grown by about 65% over the last five years and Missouri has not experienced much of that growth. Mr. Lienemann noted Clayco has built a national presence and now is hoping to focus on reinvigorating the Missouri growth and becoming the headquarters for all the different operations teams of Clayco. He projected this project will add 400 new employees. Clayco currently has about $80,000,000 in payroll and projects these 400 new jobs will add over another $50,000,000 by 2030.

Mr. Lienemann discussed the design of the project and displayed images of the development concept.

Mr. Lienemann stated the project will require a $50,000,000 investment, including about $10,000,000 to purchase the building and 20 acres of land, $30,000,000 for renovations, including a LEED Platinum status design front entryway green space to showcase their sustainability focus and $10,000,000 for furniture and infrastructure.

Staff recommends the adoption of a Resolution of Intent in the amount of $2,500,000.

Treasurer Dameron made a motion to approve the project as presented and adopt the following Resolution of Intent:

**RESOLUTION OF THE MISSOURI DEVELOPMENT FINANCE BOARD PRELIMINARILY APPROVING A PROJECT FOR CLAYCO, INC., AND DETERMINING THE INTENT OF THE BOARD TO ISSUE ITS BUILD MISSOURI REVENUE BONDS IN A PRINCIPAL AMOUNT OF APPROXIMATELY $2,500,000 TO FINANCE A PORTION OF THE COSTS OF THE PROJECT.**

Member Cranshaw seconded the motion. The following roll call vote was recorded.

Aye: Buerck, Dameron, Parry, Cranshaw, Arjes, Craig, Kehoe, Hataway, Buntin and Chair Carmichael

Nay: None

Absent: Holton and Chinn

Chair Carmichael declared the motion passed.

Governor Kehoe disconnected from the meeting.

C. Garage Security Authorization — Austin Albert

Mr. Austin Albert presented to the Board the St. Louis Convention Center Hotel (SLCCHG) & Ninth Street Garage (NSG) Security Contractor and Expenditures Update. He explained that due to the security issues in May 2023 at the SLCCHG, re-evaluation of the security presence at both garages was necessary. Previously, there were 1-2 guards on the premises 24 hours a day, but after the concerns that was increased to 3-4 armed guards always on patrol. To find a solution that was both safe and secure, staff, along with the operators St. Louis Parking Company, have been working with independent third-party security firms to secure an assessment of conditions, suitable staffing levels and proposals for services. Of those firms, Paladin Security Group, LLC was chosen. This proposal would cover their services at both the SLCCHG as well as NSG. Their approach will include 1 guard patrolling 24 hours/7 days a week at each garage, 1 armed guard patrolling between both garages in a marked vehicle between the hours of 10:00 p.m. and 6:00 a.m. /7 days a week, as well as 1 guard monitoring security cameras 24 hours/7 days a week at NSG in a newly established security control room.

Chair Carmichael questioned whether the new proposal would be a similar cost for what was previously budgeted. Mr. Albert clarified that the costs under the Paladin approach are consistent with current levels of expenditures. These levels were all in excess of original budgets, however, this new approach would ultimately share the costs and attention of the security staff over the two facilities. Chair Carmichael and Mr. Adam Gresham both expressed their support of this investment.

Chair Carmichael questioned the financial report for the garages included behind tab 5 and whether the chart showed cash flow. Mr. Stombaugh explained that the numbers listed are a projection. They include non-cash depreciation and represent a summary of the original budget estimates, year-to-date spending for three months of current enhanced staffing, with the new model estimates through the rest of the year. The figures provided include the most accurate estimate of $485,000 for the current fiscal year on security at the two garages.

He commented the main message is the garage performance would be negatively impacted by continued elevated expenditures.

Vice Chair Buerck questioned whether there were any structural upgrades that could be considered to enhance security as opposed to putting that cost into personnel. Mr. Stombaugh and Mr. Albert replied that in recent years the garages have been assessed to get recommendations on how to create a more secure structure and all avenues have been considered such as recent changes in access and upgraded investments by the Board in cameras and lighting.

Treasurer Dameron and Chair Carmichael both requested to see a projection for FY 2025 assuming the security expenses are forward and predicted cash flow.

Staff recommends the authorization of new security expenditures to allow for enhanced security at SLCCHG and NSG through the end of the fiscal year.

Member Cranshaw made a motion to approve the expenditures as presented. Vice Chair Buerck seconded the motion.

By unanimous consent, Chair Carmichael declared the motion passed.

D. <u>Elevator Modernization</u> Austin Albert

Mr. Austin Albert presented to the Board the St. Louis Convention Center Hotel Garage Capital Improvement Progress Update. Mr. Albert reported prior to the FY 2024 budget approval, there were recommendations for upgrades to two banks of elevators at the SLCCHG. Over the last several months staff engaged with consulting firms that specialize in elevator consulting services. These firms would survey the existing equipment, recommend new equipment, help draft specific bids and construction documents as well as help with the bidding and RFP processes. They will also provide design technical review of shop drawings and construction oversight services, making sure the appropriate courses of action are taken at the site throughout the process.

In consultation with St. Louis Parking Company, staff selected VDA Elevator and Escalator Consulting as the preferred vendor for these services. St. Louis Parking Company worked successfully with the vendor previously on a similar project at a different property. This proposal was also the lowest bid. Staff expects to be ready to provide a proposal to the construction firms in around six months.
Construction is likely to commence in FY 2025 in a phased manner sensitive to the needs of current tenants and ending in spring of FY 2026.

Chair Carmichael asked for clarification on whether the elevators are currently in service. Mr. Albert stated the elevators are currently operational but have been reported to be near the end of their useful life.

Director Buntin questioned whether the $25,000 pays for the assessment as well as help with soliciting bids to address any concerns found. Mr. Albert replied that is correct, as well as provide oversight throughout the construction process. Director Hataway inquired as to how long throughout the duration of the project the $25,000 fee would secure the consultant firms availability. Mr. Albert replied the $25,000 fee would be paid in five phases and would procure their services throughout the whole process, into spring of 2025.

Member Craig asked where VDA Elevator and Escalator Consulting is located. Mr. Albert confirmed the firm does have an office in St. Louis, Missouri.

Secretary Parry questioned whether the current operators of the garages could provide the same information a consulting firm would provide. Mr. Albert and Mr. Stombaugh replied that the necessary skills provided by the consulting firm are not necessarily the expertise of the garage operator. Mr. Stombaugh stated this will be a significant capital improvement project and the consulting firm would provide the technical expertise and the construction knowledge required to properly assess and provide oversight for the project. The firm would also provide for ongoing maintenance agreement in the contract. Any selected upgrades and related construction agreement would be brought before the Board for approval.

Ms. Griffin explained that several years ago the previous maintenance company on the garages, Walker Consultants, identified at the SLLCHG that the elevators would be at the end of their useful life between 2024-2025. At that point, Ms. Griffin began to make plans for those expenditures in the annual budget each year in anticipation of those expenses.

Member Cranshaw expressed his support of approving the expenditure to secure a consulting firm.

Member Cranshaw made a motion to approve the expenditure as presented. Member Craig seconded the motion. The following roll call vote was recorded.

Aye: Buerck, Dameron, Parry, Cranshaw, Arjes, Craig, Hataway, Buntin and Chair Carmichael

Nay: None

Absent: Holton, Kehoe and Chinn

Chair Carmichael declared the motion passed.

E. Approval of FY 2023 Annual Comprehensive Financial Report — Erica Griffin

Chair Carmichael shared a special recognition of staff member Erica Griffin and appreciation for her service to the Board. Ms. Griffin thanked everyone for the opportunity to be a part of the team for the last 8 years.

Ms. Griffin announced the Board was awarded the Government Finance Officers Association's Awards for Excellence in Government Finance for fiscal year ended June 30, 2022. This is the Boards 23rd consecutive year to receive the award.

Ms. Griffin presented the Annual Comprehensive Financial Report (ACFR) for the fiscal years ended June 30, 2023, and 2022. The report includes the audit by Williams-Keepers LLC who issued an "unmodified" or "clean" opinion.

Ms. Griffin stated the Audit Committee met on October 10, 2023, and approved the draft fiscal year 2023 ACFR. Williams-Keepers LLC was present at the meeting. Ms. Griffin highlighted the Summary Letter to the Board members that was distributed in advance of the meeting and provided an overview of the letter.

Ms. Griffin stated the net position for fiscal year 2023 increased by just over $3,800,000. The last time net position was that high was during fiscal year 2018. Revenues continue to increase due to conduit bond issuance fees, BUILD, and parking garages. Ms. Griffin noted there were four BUILD projects that closed during the fiscal year and typically there are only about two. One of those was a larger project which helped contribute to the larger fee revenue.

Chair Carmichael questioned whether the Board's issuance fees are capped at a certain amount. Ms. Griffin and Mr. Erick Creach responded that the conduit bonds are capped, while BUILD fees are a percentage of the issuance amount. Chair Carmichael stated she would like the Board to take a look at the current fee structure and confirm whether they need updated. Ms. Griffin and Mr. Creach noted that the scale was adjusted in 2020 and the ability to cap on multiple re-issuances was removed and instead added the ability to assign each new issuance its own fee.

Ms. Griffin highlighted the conduit bonds revenue category and stated there were 5 total refundings, providing $155,000 in revenue. That revenue would not have been possible without the policy update in 2020. Ms. Griffin noted that parking garage revenues were up $72,000 and interest on income was $1,100,000, both an increase from the previous year.

Mr. Griffin reported on board expenses noting that operating expenses had a slight decrease of 1.42%, similar to fiscal year 2022. Garage expenses were up due to an increase in the security cost at the Convention Center Hotel Garage while personnel costs were down.

Ms. Griffin updated that the variable bond debt on the parking garages did increase to $407,000 from the previous $137,000. The approved fiscal year 2024 budget included the early paydown of the SSG bonds, of which that process has started and is expected to occur in December.

Ms. Griffin reported the adoption of a new accounting statement, GASB Statement No. 91 relating to conduit debt. This statement does not have a financial statement impact but does require more details in the footnotes section of the ACFR related to conduit bond issuances.

Ms. Griffin noted the Summary Report and the Communication to the Members Report issued by Williams-Keepers LLC was included in materials distributed in advance of the meeting. Staff recommends approval of the ACFR as presented.

Secretary Parry made a motion to approve the MDFB FY 2023 Annual Comprehensive Financial Report. Member Cranshaw seconded the motion. The following roll call vote was recorded:

Aye: Buerck, Dameron, Parry, Cranshaw, Arjes, Craig, Hataway, Buntin and Chair Carmichael

Nay: None

Absent: Holton, Kehoe and Chinn

Chair Carmichael declared the motion passed.

**VIII. Executive Director's Report** Mark Stombaugh

Executive Director Stombaugh updated that staff finalized an extension to the LCRA Loan. The extension is in place for 12 months.

Mr. Stombaugh highlighted the Tax Credit Status Report and reported that available tax credits remain at $5,000,000. Staff anticipates finalizing in December one or both two projects that presented recently requesting Board approval.

Mr. Stombaugh reported that staff have been tracking two different projects with the potential to present to the Board for a potential conduit bond by the end of FY 2024. There is also potential for additional BUILD bond projects as well as tax credit projects which would be ready for Board consideration early in 2024.

## IX. Adjournment

There being no further business before the Board, Member Cranshaw made a motion to adjourn the meeting. Director Hataway seconded the motion. By unanimous consent, Chair Carmichael declared the motion passed and the meeting adjourned.

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Secretary Parry