

**CITY OF HARRISONVILLE  
BOARD OF ALDERMEN  
SPECIAL MEETING  
MINUTES  
NOVEMBER 30, 2009  
6:30 P.M.**

**PRESENT**

The Board of Aldermen of the City of Harrisonville, Missouri, met in Special Session on November 30, 2009, at 6:30 p.m. in the Council Chambers at Harrisonville City Hall. The meeting was called to order by Mayor Kevin Wood.

Aldermen present: Allison Licht, Dorothy Young, Morris Coburn, David Dickerson, and Bill Mollenhour

Aldermen absent: Lane Hammonds and Mike Fools

There was a quorum present.

Alderman Bret Reece entered at 6:37 p.m.

Other officials present: Mayor Kevin Wood, City Administrator Keith Moody, City Attorney Steve Mauer, Information Specialist Sheryl Stanley, Finance Director Mike Tholen, Police Chief John Hofer, and City Clerk Debbie Grant.

**APPROVAL OF MINUTES**

**ITEM NO. 5 - APPROVAL OF MINUTES** – No minutes were presented for approval.

**COUNCIL BILL NO. 105: AN ORDINANCE REPEALING A PRIOR ORDINANCE; AUTHORIZING THE ISSUANCE OF A TAX INCREMENT AND SALES TAX REVENUE NOTE (THE HARRISONVILLE MARKET PLACE PROJECT) SERIES 2009 FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE CERTAIN REIMBURSABLE PROJECT COSTS INCURRED IN CONNECTION WITH THE HARRISONVILLE MARKET PLACE REDEVELOPMENT PLAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN**

**ITEM NO. 8 – COUNCIL BILL NO. 105: AN ORDINANCE REPEALING A PRIOR ORDINANCE; AUTHORIZING THE ISSUANCE OF A TAX INCREMENT AND SALES TAX REVENUE NOTE (THE HARRISONVILLE MARKET PLACE PROJECT) SERIES 2009 FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE CERTAIN REIMBURSABLE PROJECT COSTS INCURRED IN CONNECTION WITH THE HARRISONVILLE MARKET PLACE REDEVELOPMENT PLAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF SAID NOTE; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE OF SAID NOTE** – City Attorney Steve Mauer read Council Bill No. 105 for a first reading by title only.

Mayor Wood introduced Tom Kaleko, Senior Vice President & Client Representative from Springsted, Incorporated. Mr. Kaleko reviewed for the Board Commerce Bank's new proposal which calls for the City to issue a 20.5-year Tax Increment Financing (TIF) Revenue

**CONNECTION WITH THE  
ISSUANCE OF SAID NOTE;  
AND AUTHORIZING  
CERTAIN OTHER ACTIONS  
IN CONNECTION WITH THE  
ISSUANCE OF SAID NOTE**

Note in the amount of \$9 Million. Mr. Kaleko explained that Commerce Bank would then purchase the note directly from the City at a tax-exempt interest rate of 6% for the first five (5) years. After the first five (5) years, the interest rate would be reset for an additional five (5) years. The interest rate reset would be based on a five (5)-year swap rate published by the International Swaps and Derivatives Association for a fixed rate payer in return for receiving the three (3)-month London Interbank Offering Rate (LIBOR) to which the Bank would add 350 basis points (3.5%). The same methodology would be used to reset the interest rate every five (5) years thereafter. Debt service on the note would be interest-only for the first 18 months with principal amortized over the remaining 19 (nineteen) years.

Mr. Kaleko provided his memo with the estimated schedules. This memo is attached and made a part of these minutes.

Mr. Kaleko further explained that under this proposal, the City would not be required to secure the A Note with its annual appropriation pledge. He then went on to explain that two more notes would be made to the developer (B Note and C Note). B Note would be in the amount of \$535,000 for a term of five (5)-years at a variable rate (30 (thirty)-day London Interbank Offering Rate (LIBOR) plus 400 basis points, not to be less than 5.5%). The C Note would be in the amount of \$3,350,000 for a term of 2 (two) years at an interest rate of 10%. All interest to be payable upon maturity.

Upon questioning from the Board, Mr. Kaleko explained details of this proposal. Attorney Chris Williams, representing the City from Campo and Williams, and Attorney Doug Stone, representing the developer were also available to answer questions.

It was noted the Community Improvement District (CID) would no longer be needed under this proposal. Alderman Young requested the CID be specifically dissolved to which Attorney Stone explained the CID Board would have to dissolve itself and that would happen.

Discussion and explanations continued regarding why Commerce Bank made this proposal, the impact of Commerce Bank's proposal on the TIF District cost, the City's risk associated with this proposal, and whether or not the proposal will aid in accomplishing the City's interest.

It was noted that Commerce Bank as note-holder would bear all the risk of nonpayment. The City would be under no legal obligation to make A Note payment should the project revenues be insufficient. Additionally, Commerce Bank would bear the risk that project revenues are insufficient to refinance the Note.

Also noted in Mr. Kaleko's memo, this financing is intended to be temporary in nature and should be viewed as such by the City. If project revenues do not increase greatly above projections in the near term, almost certainly the Developer and Commerce Bank will propose changes to this financing structure. Exact details cannot be known, but another request for annual appropriation-backed bonds would be likely if the project revenues and market conditions do not improve.

There was lengthy discussion regarding Commerce Bank's proposal to restrict reimbursement of professional fees associated with District financing to \$500,000 of the Note proceeds. At the Developer's request, the City has already incurred approximately \$500,000 in legal and other professional fees.

Concern was expressed by the Board for the need to repay the City first.

There was discussion concerning the City's obligation to pay for services rendered by Stifel Nichols and Gilmore and Bell for the preparation they did for the City when bonds were being considered for the project. The Board had approved the bond issue and while this ordinance will repeal that approval, the work was done except for the sale of the bonds. It was noted agreements were made with both companies and they were to be paid from the bond proceeds. If the current proposal from Commerce Bank is approved, there will be no funds to repay either Stifel Nichols or Gilmore and Bell. While that was the original agreement, their work was done in good faith. City Administrator Keith Moody asked the Board's consideration to approval partial payment for the work done.

It was noted that Stifel Nichols requested \$90,000 and Gilmore and Bell requested \$40,000 for their services to date, which is less than if the bonds had been issued.

There was discussion concerning the costs that were incurred by the City in good faith also and now a third party's new proposal costing the City additional expenses through no fault of their own. It was suggested the third party be responsible for these costs.

City Attorney Steve Mauer commented the City does not have to accept the proposal by Commerce Bank and could go back to them with its own counter proposal. Attorney Williams commented the issue had been to the Commerce Bank loan committee more than once with negotiations and he was told this was the proposal to present.

Alderman Dickerson moved to authorize payment to Stifel Nichols in the amount of \$30,000.

Alderman Young moved to authorize payment to Gilmore and Bell in the amount of \$25,000 and to send the proposal back to Commerce Bank with the request the City be paid back first.

There was a consensus on the payments to Sifel Nichols and Gilmore and Bell but discussion continued concerning the expenses and how they are to be reimbursed to the City.

Mayor Wood then stated he understood the Board's directions are to approve a \$25,000 payment to Gilmore and Bell; a \$40,000 payment to Stifel Nichols and recommend the condition in the proposal state the CID be dissolved. Also, he asked about the condition of the City being paid to which it was noted the amounts that had already been paid in expenses by the City, the amount that would be asked to be deferred and the amount owed to the City.

Alderman Mollenhour moved to suspend the rules and take Council Bill No. 105 to a second reading and vote. The motion was seconded by Alderman Licht. The motion failed by a voice vote with Aldermen Young, Coburn and Dickerson voting 'No'.

**CARRIED OVER TO THE  
DECEMBER 7, 2006 BOARD  
OF ALDERMEN MEETING**

**COUNCIL BILL NO. 105 CARRIED OVER FOR A SECOND  
READING AT THE DECEMBER 7, 2009 BOARD OF  
ALDERMEN MEETING.**

At this point, Mayor Wood introduced the owner of Crescent Cleaners, Mr. Mark Lockard. Mayor Wood said Mr. Lockard had talked to him regarding Crescent Cleaners and the affects the site for Family Video would have on his business.

Mr. Lockard addressed the Board. He distributed pictures of the building site for Family Video which showed the raised elevation. He said he was concerned about water runoff, visibility, property values to his and surrounding businesses, and the precedence this is setting for the community.

He further stated he is disappointed that it has been allowed to get to this level without anyone seeing what it would do to his business. He said he has always trusted the judgment of the Board and Staff but now he felt he needed to say something before it went farther. He said his business will be in a valley when the Family Video site is completed. He said he believes in the community and in development but not at his cost.

There was discussion as to building codes and regulations and why this elevation is needed.

Mr. Moody explained the elevation is needed due to the access off Mechanic. The access would be too steep otherwise.

It was noted that Staff is aware of the situation but there are no code violations. Staff did raise the issue with the applicant and the plans were showed to the Board. It was noted the Board may not always know how to read the technical plans. Therefore, the Board should have been made aware of any questioning issues.

There was discussion regarding the Board's desire to make development easier.

City Attorney Mauer commented the Board could not take action tonight because to the issue had not been scheduled on the agenda.

Alderman Young asked to have a staff report with more details scheduled for the December 7<sup>th</sup> agenda.

City Attorney Mauer noted the City could not take away the permit now since there were no violations.

Mayor Wood commented that in viewing the Family Video site from Crescent Cleaners, the elevation is significant.

There was discussion concerning any legal issues to which Attorney Mauer said if there are no water runoff issues, it is not a City matter but could be a civil matter.

Alderman Young requested a report be submitted with options to resolve the issue.

Mayor Wood said a report will be done and submitted to the Board.

**ADJOURN TO EXECUTIVE SESSION**

**ITEM NO. 25 – ADJOURN TO EXECUTIVE SESSION –**  
Alderman Licht moved to adjourn into Executive Session in order to discuss a matter of lease or purchase of real estate as provided under Section 610.021 (2) of the RSMo. The motion was seconded by Alderman Mollenhour and approved by the following roll call vote:

Ayes: Aldermen Licht, Coburn, Young, Dickerson, Reece, Mollenhour

Nays: None

Absent: Alderman Hammonds and Fools

Abstain: None

Adjourned into Executive Session at 9:02 p.m.

Reconvened into Regular Session at 9:15 p.m.

**ADJOURN FROM REGULAR SESSION**

**ITEM NO. 26- ADJOURN FROM REGULAR SESSION -**  
Alderman Young made a motion to adjourn. The motion was seconded by Alderman Licht and approved by the following roll call vote:

Ayes: Aldermen Licht, Coburn, Young, Dickerson, Reece, and Mollenhour

Nays: None

Absent: Alderman Hammonds and Fools

The regular session adjourned at 9:17 p.m.

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Kevin Wood, Mayor & Ex-Officio  
Chairman of the Board of Aldermen

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Debbie Grant, City Clerk

**APPROVED** by the Mayor this 7<sup>th</sup> day of December 2009.