



City of Columbia, Missouri

Meeting Minutes

Tax Increment Financing Commission

Thursday, August 10, 2017
7:15 PM

Regular

Conference Room
1A/1B
City Hall
701 E. Broadway

I. CALL TO ORDER

The meeting was called to order at approximately 7:15 pm.

Present: 8 - Andrew Beverley, Michael Kelly, Ernie Wren, John Clark, Maria Oropallo, Helen Wade, June Pitchford and Ken Pearson

Excused: 2 - Christine King and Andy Waters

II. INTRODUCTIONS

Members and guests in attendance introduced themselves.

III. APPROVAL OF AGENDA

John Clark felt that the intent was not to set a public hearing tonight. Tony St. Romaine added that is a topic on the agenda, the group can meet again next week and set a public hearing at that time, but he felt that it was important to have this as an agenda item for discussion. There was consensus that it would be premature to set a public hearing date tonight. Mark Grimm added that the group can decide that later on in the agenda tonight. If they prefer to hold another meeting to set a public hearing later, they can do so. Ernie Wren suggested revising the title to read "discuss a public hearing date".

Ms. Oropallo made a motion to amend the agenda item title to "Discuss a public hearing date". Mr. Pearson seconded the motion. The motion carried with all in favor.

IV. APPROVAL OF MINUTES

Approval of Draft Minutes from July 20, 2017 TIF Meeting

Attachments: [DRAFT Minutes TIF July 20, 2017 Meeting](#)

Mr. Clark felt that the motion in the minutes relating to scheduling future meetings and setting a public hearing date did not accurately capture the conversation. Ms. Cole stated the she confirmed the motion language on her audio file from the meeting and the language included in the minutes was accurate to how it was stated at the meeting and should not be amended. The group agreed.

Ms. Wade made a motion to approve the minutes from the last meeting. Mr. Kelly seconded the motion. The motion carried with all in favor.

V. NEW BUSINESS

Sunshine Law

Attachments: [Sunshine Law Memo](#)

[Link to Missouri Attorney General Sunshine Law](#)

Mr. St. Romaine provided a Sunshine Law Memo from the City Manager to Boards & Commissions from December 2013 that overviews the Sunshine Law. He will invite a Law Department representative to attend in the future to provide a brief overview on Sunshine law.

State Statutes regarding TIF

Attachments: [Real Property Tax Increment Allocation Redevelopment Act](#)

[PR47-08A](#)

[PR13-09](#)

Mark Grimm stated that a blighted and conservation area doesn't change the procedure that a TIF goes through. This group, and then Council, will be asked if this project qualifies as a conservation area by state law definition. The project must meet three of the designated factors to qualify for TIF. If the area qualifies, the developer can capture of portion of the taxes to remediate the factors that may cause the area to become blighted in the future. The proposal presented tonight will include the qualification factors. Ms. Pitchford recalled that the Regency TIF was also a conservation TIF not a blight TIF. Mr. St. Romaine agreed that was correct. Ms. Pitchford asked if Gilmore & Bell sign off on bonds for conservation area TIF's. Mr. Grimm stated yes, they view conservation and blight areas the same and have no qualms about issuing bonds for either. The TIF Act was adopted in 1982 and there have been numerous cases since then validating the legality. Ms. Pitchford asked in reference to PR47-08A, if that is still applicable. Mr. St. Romaine stated that does still apply, this was a policy set in place to mirror the state policies on TIF's.

VI. OLD BUSINESS

Distribution and presentation of proposal (Application, Cost Benefit Analysis, Redevelopment Plan) - *Pat Nasi, Development Dynamics*

Attachments: [TIF Commission Presentation 8-10-17 REVISED](#)

[Broadway Hotel Tower Two TIF Application dated 4-26-17](#)

[Broadway Hotel Phase Two Redevelopment Plan dated 8-9-17](#)

[Broadway Hotel Phase Two Cost Benefit Analysis dated 8-10-17](#)

Mr. St. Romaine explained that we did not have time to get the proposal out to the TIF members in advance. He distributed the documents and explained that Pat Nasi, Development Dynamics, would be presenting the information that is handed out tonight. Mr. Nasi overviewed his presentation tonight and what he would be covering. He stated that the purpose of the redevelopment plan is to provide a general description of the program to be undertaken to accomplish the objectives of the redevelopment plan.

He reviewed the four qualifying categories that this project meets to designate it is a conservation area and stated that this does meet the "but for" test. He stated that a conservation area is an improved area in which 50 percent or more of existing structures are more than 35 years old, which is not yet blighted, but detrimental to the public health, safety morals or welfare and may become blighted due to one or more of the following factors: dilapidation, obsolescence, deterioration, illegal use of individual structures, presence of structures below minimum code standards, abandonment, excessive vacancies, overcrowding of structures and community facilities, lack of ventilation, light or

sanitary facilities, inadequate utilities, excessive land coverage, deleterious land use or layout, depreciation of physical maintenance, and a lack of community planning. It was asked if there have been any TIF proposals denied, but were then completed anyhow. Mr. St. Romaine, Mr. Grimm and Mr. Hollis stated they are not aware of that ever occurring.

Mr. Nasi reviewed the cost/benefit analysis and explained that the purpose of this document is intended to satisfy provisions within the "TIF Act" to provide an analysis showing the economic impact of the plan on each taxing district which is at least partially within the boundaries of the Redevelopment Area. The analysis shows the impact on the economy if the project is not built, and is built pursuant to the redevelopment plan under consideration. It also includes a fiscal impact study on every affected political subdivision, and sufficient information from the developer for the (TIF) commission to evaluate whether the project as proposed is financially feasible.

Mr. Nasi reviewed the real property tax data, noting that the analysis assumes the following for the development: Commercial property in Boone County is assessed at a rate of 32 percent of appraised market value; Base Assessed Value for Real Property and Improvements = \$57,120; Commercial Real Property Tax Rate = \$7.8864, per \$100 of assessed valuation; Real Property taxes not subject to TIF capture include: State of Missouri Blind Pension Fund of \$0.03 per \$100 of assessed valuation, Commercial surtax of \$0.6100, and Boone County Family Resources of \$0.1146; and TIF-eligible real property tax rate = \$7.1318 per \$100 of assessed valuation. Mr. Nasi added that personal property in Missouri consists primarily of furniture, fixtures, equipment and vehicles. Personal property in Boone County is assessed at a rate of 33.3% of appraised market value. Personal property is not subject to the Commercial Surcharge Tax. The applicable tax rate for personal property is \$7.2764 per \$100 of total assessed value. Based on the personal property assessed values from Phase One of the existing hotel, we anticipate the initial assessed value of personal property to be \$225,000 with a 7-year depreciation schedule applied to assets and further anticipate regular reinvestment and replacement of applicable assets. Personal Property taxes are excluded from capture under the TIF Act. Mr. Nasi reviewed sales tax and stated that estimated revenue subject to sales tax for the proposed development was based on information and performance of Broadway Hotel Phase One and similar properties. The new hotel structure is anticipated to begin generating sales taxes in the fall of 2019, however due to a lag between sales tax payments to the State and the distribution of those taxes to affected taxing districts, initial revenues are anticipated to be received in January 2020. The sales tax rate for qualified sales within the Redevelopment Area = 13.475%. The applicable TIF sales tax rate = 2.125%; however this Redevelopment Plan contemplates the point of sale and corresponding sales taxes from the new hotel will occur outside the boundary of the Redevelopment Area. Therefore, the sales tax estimates are shown for informational purposes of the TIF Commission. Utility taxes are notoriously difficult to calculate or estimate. While utility taxes are allowed to be captured under the TIF Act, this Redevelopment Plan does not contemplate capture by the TIF and, therefore, this measure has been excluded from the Cost/Benefit Analysis. Mr. Clark asked why the sales tax rate is 13.475%. Mr. St. Romaine explained that includes the 5% hotel lodging tax. Mr. Nasi then reviewed the tables and data included in the cost benefit analysis. Ms. Wade asked if there are ever excess revenues. Mr. Nasi replied yes, excess goes to pay it down sooner than anticipated. Ms. Pitchford requested cash flow projections if available as that would be helpful to determine the "but for" test. Mr. Nasi continued to review the tables included in the Cost Benefit Analysis and addressed questions the members had.

Mr. St. Romaine noted that due to recent upgrades to infrastructure, this project should not impact capacity. He is still checking on electricity capacity, but felt there would be no

additional increases needed there to support this tower either. Mr. Grimm added that bases are set based on the previous calendar year in which this would be approved. Numbers included are based on the assumption that this would be approved this calendar year, so they are based on 2016 numbers.

Set public hearing date

Mr. Wren suggested meeting in one week to discuss this information after the group has more time to review what's been provided tonight and discuss setting a public hearing date then. All questions in the meantime should be directed to Heather Cole as the record custodian for this group. Mr. Clark agreed on the need to meet again before setting a public hearing and he noted that he will have questions after he's had time to review the application and supporting material. The group discussed the proposal and agreed that they would like more information from the applicant on the "but for" clause and how they pass that test, as well as what other types of projects fall under the conservation category.

VII. SET NEXT MEETING DATE

The group agreed to meet again on Thursday, August 17th at 6:00 in City Hall Conference Room 1B.

VIII. GENERAL COMMENTS BY PUBLIC, MEMBERS AND STAFF

None

IX. ADJOURNMENT

Mr. Beverley made a motion to adjourn the meeting. Mr. Pearson seconded the motion. The motion carried with all in favor. The meeting adjourned at approximately 9:00 pm.