



# City of Columbia, Missouri

## Meeting Minutes

### Tax Increment Financing Commission

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Thursday, August 17, 2017  
6:00 PM

Regular

Conference Room 1B  
City Hall  
701 E. Broadway

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#### I. CALL TO ORDER

The meeting was called to order at approximately 6:00 pm.

**Present:** 9 - Andrew Beverley, Michael Kelly, Christine King, Andy Waters, Ernie Wren, John Clark, Maria Oropallo, June Pitchford and Ken Pearson

**Excused:** 1 - Helen Wade

#### II. INTRODUCTIONS

Members and guests introduced themselves.

#### III. APPROVAL OF AGENDA

**Ms. King made a motion to approve the agenda. Mr. Pearson seconded the motion. The motion carried with all in favor.**

#### IV. APPROVAL OF MINUTES

Approval of Draft Minutes from August 10, 2017 TIF Meeting

**Attachments:** [DRAFT TIF Meeting Minutes August 10, 2017](#)

**Mr. Clark made a motion to approve the minutes from the August 10, 2017 meeting. Mr. Beverley seconded the motion. The motion carried with all in favor.**

#### V. NEW BUSINESS

Sunshine Law overview - *Jose Caldera, City of Columbia, Assistant City Counselor*

City Counselor Nancy Thompson provided a brief overview of the Sunshine Law. She noted that a public meeting is when there is a quorum of a public governing body, such as the TIF Commission. Group conversations on TIF business cannot be conducted if there is a quorum of members. Group email communication should not be engaged in, it is looked at similarly as a meeting. Information to be pushed out should be done through the record custodian, Heather Cole, or should be discussed at the next meeting. She reminded members that their emails can be sunshined as well. She noted that if a member had a conflict of interest on a vote, a member would need to identify that up front. Public hearings must be voted on only after all comments have been considered.

#### VI. OLD BUSINESS

## Discussion of the Broadway Tower II TIF Project

Mr. Grimm reviewed the responses to the questions received from TIF members during the past week. Questions and responses are as follows:

### Question #1:

According to the applicant's presentation, certain real property taxes are not subject to TIF recapture. Apparently these include real estate property taxes of 3-cents/\$100 of assessed valuation to support the State of Missouri Blind Pension Fund, a Boone County Commercial Surtax of 61-cents/\$100 of assessed valuation, and a Boone County Tax in support of the Boone County Family Resource Center of 11.46-cents/\$100 of assessed valuation. I have heard that some portion of the real property taxes that support the Columbia Public School District are not subject to TIF recapture. I suspect that there are other such excluded real property taxes. Please provide the Commission with a complete and detailed list of all such "exclusions" that currently exist or may come to exist in the future. With this list please provide detailed information on the amounts, rates, any conditions or pre-conditions that may apply to their exclusion, and the legal authority for any such exclusions.

### Answer:

The following real property taxes are currently excluded from capture as "payments in lieu of taxes:"

- per 99.845.1(3): blind pension fund tax and merchants' and manufacturers' inventory replacement tax (also referred to as the "commercial surtax/surcharge")
- per 99.845.15: sheltered workshop tax
- per 99.845.1(2)(a): any additional taxes attributable to a new voter-approved tax levy increase, per the following provision:

Beginning August 28, 2014, if the voters in a taxing district vote to approve an increase in such taxing district's levy rate for ad valorem tax on real property, any additional revenues generated within an existing redevelopment project area that are directly attributable to the newly voter-approved incremental increase in such taxing district's levy rate shall not be considered payments in lieu of taxes subject to deposit into a special allocation fund without the consent of such taxing district. Revenues will be considered directly attributable to the newly voter-approved incremental increase to the extent that they are generated from the difference between the taxing district's actual levy rate currently imposed and the maximum voter-approved levy rate at the time that the redevelopment project was adopted.

Although not asked by Mr. Clark, Section 99.845.3 contains a similar provision for new voter-approved sales tax increases (i.e., those increases are not captured by TIF without the consent of the taxing district).

### Question #2:

Within the next two years, the voters in the City of Columbia may vote to approve imposition of a real property tax to support public safety. How can we make sure, that, if this tax is approved by the voters, that it is "EXCLUDED" from the real property taxes that are subject to recapture by this proposed TIF project, and by all other local TIF projects already approved by the City of Columbia or to be approved in the future?

### Answer:

It would be up to the City Council to determine whether any increase in the real property tax is deposited into the special allocation fund for any TIF districts in existence when the election is held. We do not believe the tax can be excluded from capture within any TIF

district created after the date of the sales tax election.

Mr. Waters understood special assessments are not included in the EATS tax and the downtown CID is a special assessment, so he inquired if that is captured. Ms. Cannon stated that it is not captured in the PILOT. Only 50% EATS is captured. Mr. Waters asked what the criteria is for determining feasibility from a financial standpoint on how this meets the "but for" clause. Mr. Parmley referred to the last page of the Cost/Benefit Analysis (CBA) which is a feasibility chart to show the IRR without TIF, with TIF, and with TIF + CID/Other. Mr. Clark understood that feasibility and "but for" are two different requirements to consider. Mr. Grimm stated that was accurate. Since this project may include a CID + TIF, the IRR of 6.071% would make this financially feasible. Ms. King asked if the CID is a done deal. Mr. Parmley stated it is not, the City Council would need to approve a CID. Ms. Pitchford asked if it is the intent to capture two types of taxpayer assistance for this project. Mr. Parmley stated yes, he intends to seek TIF and CID. Ms. Oropallo asked if the TIF Commission were to recommend approval of the TIF, would that mean they are also supporting the CID, since members know this will likely not proceed without both. Mr. Wren stated that this group is only making a recommendation on the TIF, not the CID and they can make that clarification in their final recommendation.

Ms. Pitchford asked how the CID special assessment would be determined. Mr. Nasi stated that has not yet been determined. She felt it would be helpful to have something more definitive on this area. Mr. Clark asked if it is an option for the TIF Commission to see details on other proposed financing before setting a public hearing or voting on the proposal. Ms. Pitchford thought that would be helpful as well since the TIF seems contingent on the CID piece being successful as well.

Mr. Kelly asked what the length of time would be for a CID. Ms. Thompson stated that the CID length of time is determined in the petition. CID's can be renewed before they are dissolved if it is desirable that it continue. Ms. Pitchford asked how the projections compared to the actual costs for the first TIF. Mr. Nasi explained that the first TIF is supplemented by sales to improve the IRR, and property tax and sales taxes are lower than expected making the IRR on the first TIF lower than expected, although they are leveling out.

Mr. Pearson understood the sales office would be in the new tower. He felt that the EATS portion of this would be in the old tower as the point of sale, but a wedding banquet contract written in a sales office in the second tower may result in a different outcome for where the money goes. Ms. Cannon stated that the Missouri Department of Revenue made the determination that the cash register transaction is the point of sale, not where the signing of a contract takes place. Mr. Pearson asked who assumes the risk if projections are wrong. Mr. Grimm stated the developer assumes that risk. Mr. Pearson asked if both towers were sold, would the new owner assume all the risk. Mr. Grimm stated yes, everything would transfer to the new owner.

Mr. Clark understood that multiple findings must be found by the TIF Commission and City Council, one of which is the "but for" test and the conservation finding. Mr. Grimm agreed and added that this body makes a recommendation, but the Council is ultimately responsible for those findings. The TIF Commission however, would likely include their findings on the "but for" and conservation area in their recommendation, which may also include a "no" vote should both of those findings not be found. Ms. Pitchford felt evidence should be presented to explain how this meets a conservation requirement. Mr. Nasi explained that those findings are included on page four of the Redevelopment Plan. Ms. Pitchford understood that this conservation TIF tool is meant to keep a parcel from tipping

into blight and she did not find this parcel to meet that need. Ms. Thompson felt that the developer could be asked to present that information at the public hearing. Ms. Oropallo would like something in writing provided by the City stating that infrastructure capacity can support this project. Mr. St. Romaine indicated he will request that.

Mr. Clark felt that the arguments in the plan to meet conservation requirements seem to be more along the lines of economic development arguments. He asked if there is case law to defer to on that. Mr. Wren stated that it is up to the TIF members to accept the arguments being made or not. Mr. Clark asked if Council appointed members can testify at the public hearing. Mr. Grimm stated they can. Mr. Clark added that he would like someone from the City to attend a meeting to discuss infrastructure capacity in detail to include parking capacity before the public hearing. Mr. Wren replied that this project is less than a quarter of an acre and there are several groups that must approve this before it proceeds. This group may request confirmation that there is adequate capacity, but it also has to be approved by City Council and Planning and Zoning, who will also look at capacity issues. Infrastructure capacity will be considered down the road during the process at which time, those issues could be addressed.

Ms. Pitchford does not feel that this parcel meets the conservation area definition as it does not seem to be detrimental to the public health, safety, morals, or welfare. She would like more evidence of this. Mr. Grimm stated that the economic factors included in the plan could also impact the health, safety, etc. She would also like more information on the excessive vacancy factor.

Mr. Wren reminded members to send questions to Heather Cole for response to the full group.

#### Set a public hearing date

Ms. King stated that she and Ms. Wade cannot vote on this until they present to the Columbia Public School Board. Mr. Wren stated they can set the public hearing date and upon closing the hearing, they have 30 days to make a decision. Mr. St. Romaine stated that we must send a letter to the taxing jurisdiction at least 45 days before the public hearing. Ms. King added that they also prefer to have all supporting documents and presentations for their board meetings in advance. Mr. St. Romaine suggested that the City and Developer attend their September meeting and noted that most documents have already been provided to TIF members. Ms. King added that there is a September Work Session, October Work Session of regular meeting in November at which the CPS Board could be presented this information. It is her preference that this be presented, discussed and voted on in a regular CPS Board meeting rather than a work session.

**Ms. King made a motion to set the public hearing date for Wednesday, October 4th at 6:00 pm in the Council Chamber, with the public hearing to remain open for continuation at another date. Mr. Beverley seconded the motion. The motion carried with all in favor.**

## VII. GENERAL COMMENTS BY PUBLIC, MEMBERS AND STAFF

None

## VIII. NEXT MEETING DATE

The group agreed to meet again on Thursday, September 7th at 6:00 in Conference Room 1A.

## IX. ADJOURNMENT

Mr. Pearson made a motion to adjourn the meeting. The motion was seconded by Ms. King. The motion carried with all in favor. The meeting adjourned at approximately 8:09 pm.