



Heather Cole &lt;heather.cole@como.gov&gt;

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**Additional TIF Communication: Requests for information from Mr. Grimm**

1 message

**Heather Cole** <heather.cole@como.gov>

Thu, Oct 26, 2017 at 1:41 PM

To: Andrew Beverley <andrew.beverley@columbiabancshares.com>, Andy Waters <awaters36@gmail.com>, Christine King <chking@cpsk12.org>, "Ernie Wren, III" <erniewren@gmail.com>, "Grimm, Mark (G&B)" <MGRIMM@gilmorebell.com>, Heather Cole <Heather.Cole@como.gov>, Helen Wade <hwade@cpsk12.org>, Jeremy Root <Jar281@nyu.edu>, "John G. Clark" <jgclark@mchsi.com>, June Pitchford <jpitchford@boonecountymmo.org>, Ken Pearson <Kmpearson11@gmail.com>, Lynn Cannon <LMCANNON@gocolumbiamo.com>, Maria Oropallo <maria.oropallo@gmail.com>, Martin Ghafoori <ghafoorim@stifel.com>, Melissa Carr <mcarr@dbrl.org>, Michael Kelly <michael.kelly@lssliving.org>, Nancy Thompson <Nancy.Thompson@como.gov>, Paul Cushing <pcushing@cpsk12.org>, "Tony St. Romaine" <Tony.St.Romaine@como.gov>

Good afternoon,

Mr. Clark had a follow up question on this, as follows:

**Mr. Clark inquired:**

Ms. Cole,  
Please submit this narrowed question to Mr. Grimm.

"Could the City Council negotiate a cap or limitation on the interest rate on a TIF bond (or under a pay-as-you-go reimbursement arrangement) that will includable as qualified TIF cost of the Project?

For example, if TIF bonds were issued with a 5% interest rate, could the City Council designate that only 2% (only 40% of the total interest) would be a qualified TIF cost of the Project?

All the best,  
John G. Clark

**Mr. Grimm replied:**

It is unlikely that the City would ever issue TIF bonds for a project such as this, so the likely two financing scenarios are (1) the developer receives reimbursement for eligible costs through a TIF note that bears interest at an agreed-upon rate, or (2) the developer receives reimbursement on a pay-as-you-go basis, and the parties will negotiate as to whether there is interest paid on advances by the developer.

Rather than focus on whether a portion of the interest is a qualified cost, I would recommend that the City negotiate toward a lower interest rate under either scenario discussed above. I believe that would accomplish the same policy objective that Mr. Clark is presumably trying to achieve.

Mark

*Heather Cole*

Assistant to the City Manager  
Vision Zero Program Manager  
City of Columbia  
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----- Forwarded message -----

From: **John G. Clark** <[jgclark@socket.net](mailto:jgclark@socket.net)>  
Date: Thu, Oct 26, 2017 at 11:34 AM  
Subject: Re: TIF Communication: Requests for information from Mr. Grimm  
To: Heather Cole <[heather.cole@como.gov](mailto:heather.cole@como.gov)>  
Cc: "Ernie Wren, III" <[erniewren@gmail.com](mailto:erniewren@gmail.com)>

Ms. Cole,

Please submit this narrowed question to Mr. Grimm.

"Could the City Council negotiate a cap or limitation on the interest rate on a TIF bond (or under a pay-as-you-go reimbursement arrangement) that will includable as qualified TIF cost of the Project?

For example, if TIF bonds were issued with a 5% interest rate, could the City Council designate that only 2% (only 40% of the total interest) would be a qualified TIF cost of the Project?

All the best,

John G. Clark

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On 10/26/2017 10:11, Heather Cole wrote:

Good morning,  
Please see the communication below from Mr. Clark and the response from Mr. Grimm.

MR. CLARK INQUIRED:

Ms. Cole:

The purpose of this email is to submit a request to Mr. Grimm for additional information about the carrying costs interest rate that can be charged (ie considered as a TIF cost of the Project) in the agreement between the City and Project. I respectfully request that this information be sent to TIF Commission members as soon as possible.

Mr. Grimm:

Could the TIF Commission recommend/could the City Council negotiate a cap or limitation on the interest rate on a TIF bond or under a pay-as-you-go reimbursement arrangement that will includable as qualified TIF cost of the Project?

For example, if TIF bonds were issued with a 5% interest rate, could the TIF Commission recommend/could the City Council designate that only 2% (only 40% of the total interest) would be a qualified TIF cost of the Project?

Rationale: Inclusion of only part of the carrying cost on bonds or other obligations would:  
--shift some of the carrying cost of such long-term lending as opposed to initial equity investment from the taxpayers/taxing entities to the developer; and  
--reduce the risk that the project would not generate sufficient funds to pay off both the initial TIF obligation plus the carrying costs.

All the best,

John G. Clark

MR. GRIMM REPLIED:

The Commission is welcome to make recommendations to the Council regarding provisions to incorporate into a redevelopment agreement. Those recommendations are not binding on the Council.

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Links:

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[1] <http://webmail.socket.net/tel:573.874.6338>

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