

To: Ernie Wren, Chairman of TIF Commission and all TIF Commission members

From: Chip Cooper

Subject: Consideration of TIF support for The Broadway Tower II

Date: October 30, 2017

**ATTENTION: I request that this document and attachment be accepted at the TIF Commission's October 30, 2017 public hearing as "written comments from the public" and be read into the public record.**

I write today to insure that earlier comments I sent to John Clark have been shared with you and are part of the record that the City Council will be able to review when this issue comes to their attention. That letter (with minor corrections) is incorporated into this document and is below. My principle interest in sending the letter to Mr. Clark was to be sure that you and every taxpayer in Columbia is aware that millions of dollars of taxpayer-financing (in the form of federal New Market Tax Credits (NMTC) and possibly similar Missouri tax credits, too) have already flowed into The Hampton Inn project and, with the Tribune's confirmation Sunday, October 19, 2017, The Broadway I as well. The Tribune also made it known that The Broadway II is likely to enjoy further taxpayer support via similar New Market Tax Credit resources. Bottom line: Taxpayers are far more deeply involved in these projects than they may have previously known. They deserve to know the entirety of their contribution.

As I have thought about all this it strikes me that the reason consideration of this project is so, so difficult is because justifying public subsidies for this project is ridiculous on its face. I inspected the 1/4 acre tract (the site for Tower II) this weekend and took pictures of all the surrounding area. The area is the OPPOSITE of blighted or distressed as Mr. Schauweker has pointed out. The 1/4 acre piece of property is so tiny and so completely surrounded by thriving commercial activity that it requires threading a very, very tiny needle to come up with any legitimate justification for the influx of public subsidies from TIF, CID tax, NMTCs, etc. In my opinion, there has never been a 1/4 acre tract of land LESS qualified for public subsidy. In fact, truly distressed/blighted communities could only dream of someday revitalizing their homes to be close to Columbia's robust downtown. It's simply ludicrous to inject public resources into a project of this type unless it is pursuant to an essentially unstated and informal policy of the City of Columbia to provide public support to any and every development in downtown and/or throughout town in the years to come. If that is where we are headed then perhaps the City Council needs to vet and air such a policy in a highly public process?

I was over on Keene Street (north end) this weekend, and noticed the site where a long-standing Best Western hotel has been torn down to make way for a new hotel. Why doesn't this hotelier deserve equal treatment? If The Broadway Tower II deserves public support what doesn't? I am concerned that providing public subsidies to The Broadway Tower II is an entering wedge that could set profound precedent for future use of public resources in private

development. The Broadway I already got TIF, NMTC, electric and sewer upgrades and close coordination of the construction of the Short Street garage and a brick paved Short Street, itself; unprecedented public cooperation and support. We justify it because of the condition of the Regency and in some ways there is at least some comfort in the improvements that resulted in that micro-area. Nevertheless, whoever actually owns/controls The Broadway has already had a very nice draw on the public trough and to provide more to them to build additional hotel rooms is an affront to every other private developer in town who risked 100% of their capital, especially hoteliers, and a deeper affront to taxpayers who haven't even been afforded the respect of knowing who is actually behind all this (my understanding is that Mr. Parmley is a minority owner), what the real plan is (given rumors that there is a Phase III and maybe Phase IV), the nature of the Ditter contract, the details of the cash flow projections, the presence of taxpayer resources generated via the New Market Tax Credit program, and more. If the area we are looking at were actually distressed and/or blighted we wouldn't be having such trouble in considering the project. But it isn't regardless of what technical arguments can be made that it is. This project simply doesn't deserve further taxpayer subsidies of any kind. The developers need to put their own resources at risk like everyone else. The use of these economic development tools should be reserved for projects that are obvious and help truly distressed/blighted areas revitalize themselves.

Prior letter:

I believe I have some relevant information about other public money generated via the New Markets Tax Credit Program (federal and possibly State of Mo, too.) that have been involved in Dave Parmley's prior project(s) and assume there is a good chance such resources will also be a component of his latest proposed project, The Broadway expansion. The prior projects are The Hampton Inn and The Broadway.

While I don't, yet, have documents verifying the use of NMTC resources in The Broadway, I have been assured they were part of the deal by a reliable source. Validating information should be available from governmental entities (fed and state) that manage them.

There is, however, no question that a group named Advantage Capital has provided funding for The Hampton Inn via the New Markets Tax Credit program (probably both state and federal NMTC resources). See attachment which states "The \$14 million investment was made possible through the U.S. Treasury's New Market Tax Credit (NMTC) program."

Advantage Capital is a "Community Development Entity" and has been repeatedly selected by U.S. Community Development Finance Institutions Fund (CDFI Fund) to receive large allocations of NMTCs to leverage through the years and, consequently, is involved in many projects. I'm almost positive that they played a role similar to The Hampton Inn with The Broadway and are likely involved in The Broadway expansion, too. Advantage Capital is a very savvy and experienced operator and it may be necessary to dig deeper beyond any public explanation they might provide to truly understand the manner in which they leverage/deploy their NMTC resources. My understanding is that they parlayed their injection of NMTC resources into The

Hampton Inn and The Broadway to gain a substantial ownership in both projects. I do not know any of that for a fact. Suffice to say, the Advantage Capital funds/resources injected into Parmley projects would not exist if not for taxpayers who shoulder the cost via lost government income i.e. the nature of tax credits.

NMTC resources are to be used in "low income communities" sometimes referred to as "distressed communities". Such designations are determined by census tract and because so many students live in the core areas of Columbia, areas including the sites of The Broadway and The Hampton Inn have/had status as "Severely Distressed" when in fact nothing could be further from the truth. I believe even parts of The Grasslands has/had status with NMTC as a severely distressed area. I view the use of NMTC resources in places like The Hampton Inn and The Broadway as completely outside the spirit of the law. These resources are intended to help struggling inner city and rural areas NOT for areas with flourishing economies and prime real estate. A project to build a hotel near Oak Towers or other areas of the 1st Ward is what these resources are supposed to be used for.

This recent article provides additional information causing me to think Advantage is or will be involved in The Broadway expansion.

<http://www.columbiatribune.com/news/20170923/owner-of-broadway-hotel-hopes-officials-see-benefit-in-subsidizing-expansion>

I see mentions in here of other needed support beyond the TIF and the presence of "private equity". I wouldn't be surprised if Advantage Capital is deeply involved with NMTC resources that can be described as "private equity." They may also be providing loans with funds created by NMTC resources.

On the face of it, I see no legitimate argument for providing ANY kind of public subsidy for an expansion of The Broadway. If a development in the heart of burgeoning downtown Columbia qualifies for public assistance then what wouldn't? I share this information with you because I think it is only fair that Mr. Parmley share with the public ALL public assistance that has been injected into ALL his Columbia projects before we decide whether we are going to provide more.

I don't in any way blame Mr. Parmley for attempting to legitimately exploit any and all government programs to advance his projects. He's an entrepreneur and these programs exist to encourage capital to move from low risk projects/areas to higher risk areas where capital infusions are needed with taxpayers assuming some of the increased risk. In fact, I like The Broadway complex that was built as well as The Hampton Inn. Nevertheless, I have a deep skepticism about NMTCs being used as they have been for The Hampton Inn and likely The Broadway I and II.

I also have considerable skepticism about providing government assistance to ANY business unless it clearly, without question meets the "but for" test and is clearly, without question a

critical need of our community that is unlikely to be addressed by the private sector on their own volition at some point in the future. How can we possibly assume that a parcel of land in the thriving downtown that has hosted viable businesses for decades is somehow now blighted and a drag on our community? I see it as one of the few remaining essentially open tracts of land downtown that will undoubtedly be developed in the future without any public assistance.

Bottom line: Taxpayers, the School Board, the TIF Commission, the Council, the County Commission, etc. deserve to know all the facts as to Mr. Parmley's use of public assistance. I may be wrong about all of this but I feel he should be required to disclose his involvement (if any) with the Federal, and possibly, the State of Missouri's New Market Tax Credit programs and to explain how the sites of his developments came to be categorized as "severely distressed" in the manner truly blighted urban cores and decaying rural communities actually are. If he is gaining taxpayer support with the left and right hands then we should know all about it before we make our decision about giving him more.