

**A RESOLUTION**

approving a project for Burrell, Inc. and the issuance of bonds by the Industrial Development Authority of Boone County, Missouri.

WHEREAS, the Industrial Development Authority of Boone County, Missouri (the "Authority") is proposing a project involving the issuance of approximately \$7,000,000.00 principal amount of bonds of the Authority for the purpose of making a loan to Burrell, Inc., d/b/a Burrell Behavioral Health (the "Borrower"), to pay the costs of acquiring an approximately 31,110 square foot office building located at 3401 Berrywood Drive, in the City of Columbia, Missouri, a significant portion of which building is currently leased and occupied by the Borrower for the purpose of providing mental health services (the "Project"); and

WHEREAS, Section 349.010 of the Revised Statutes of Missouri, as amended (the "Act"), requires that projects of an industrial development authority of a county must be located wholly within an unincorporated area of such county, except that such projects may be located within the corporate limits of a municipality within such county when approved by the governing body of the city.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLUMBIA, MISSOURI, AS FOLLOWS:

SECTION 1. The Project for Burrell, Inc. is hereby approved and the City Council grants its permission to the Authority to proceed with the issuance of approximately \$7,000,000.00 principal amount of bonds for the Project.

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

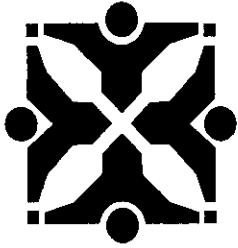
ATTEST:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor and Presiding Officer

APPROVED AS TO FORM:

\_\_\_\_\_  
City Counselor



Source: Law

To: City Council  
From: City Manager and Staff

Agenda Item No:

Council Meeting Date: 8/19/2013

Re: Issuance of Industrial Revenue Bonds by the Industrial Development Authority of Boone County, Missouri for the Purchase of a Building Located at 3401 Berrywood by Burrell Behavioral Health

**EXECUTIVE SUMMARY:**

The resolution would authorize the Industrial Development Authority of Boone County (IDA) to act as a conduit issuer for Commerce Bank to finance Burrell Behavioral Health's purchase of the building using tax exempt bonds. The bonds are repaid solely from the loan payments made by Burrell. No taxes or funds of the City or County are obligated for repayment of the bonds.

**DISCUSSION:**

State law requires any IDA project located within the corporate limits of the city to be approved by the governing body of the city. The project proposed for financing is an existing structure currently occupied by Burrell Behavioral Health. Burrell desires to purchase the building using tax exempt financing through Commerce Bank, for which the IDA serves merely as a conduit issuer (meaning there is no obligation on the part of the IDA to repay the debt in the event of default).

According to information provided by Burrell, Burrell has been leasing the building since 2007 and has entered into an agreement to purchase the structure. The tax exempt financing will result in lower monthly payments than the current lease payments and will allow Burrell to occupy an additional 11,000 square feet to expand the mental health services it provides in the community.

A letter from Burrell to the County Commission and the City Council providing additional background and information on the project is attached along with an analysis and explanation provided by bond counsel representing Commerce Bank in the transaction.

**FISCAL IMPACT:**

None.

**VISION IMPACT:**

<http://www.gocolumbiamo.com/Council/Meetings/visionimpact.php>

11 Vision Statement: Columbia is a supportive, compassionate, healthy community with high quality social services; a first-rate health care system and safe, quality affordable housing that are accessible to all.

**SUGGESTED COUNCIL ACTIONS:**

Passage of the resolution.

<b>FISCAL and VISION NOTES:</b>					
<b>City Fiscal Impact</b> Enter all that apply		<b>Program Impact</b>		<b>Mandates</b>	
City's current net FY cost	\$0.00	New Program/ Agency?	No	Federal or State mandated?	No
Amount of funds already appropriated	\$0.00	Duplicates/Expands an existing program?	No	<b>Vision Implementation impact</b>	
Amount of budget amendment needed	\$0.00	Fiscal Impact on any local political subdivision?	No	Enter all that apply: Refer to Web site	
Estimated 2 year net costs:		<b>Resources Required</b>		Vision Impact?	Yes
One Time	\$0.00	Requires add'l FTE Personnel?	No	Primary Vision, Strategy and/or Goal Item #	11
Operating/ Ongoing	\$0.00	Requires add'l facilities?	No	Secondary Vision, Strategy and/or Goal Item #	
		Requires add'l capital equipment?	No	Fiscal year implementation Task #	

# BURRELL BEHAVIORAL HEALTH

CHILDREN – ADOLESCENTS – ADULTS – SENIOR ADULTS

*Consultation, Education, Outpatients, Residential and Inpatient Services*

August 1, 2013

To: Boone County Commissioners  
Columbia City Council

Thank you for the opportunity to share information about Burrell in support of the request for approval of a \$7M private placement bond issue to purchase a building located at 3401 Berrywood in Columbia.

Burrell, Inc., founded in 1976, serves as the Missouri Department of Mental Health's Administrative Agent, per the provisions of RSMO 630.407 and DMH Regulations, for SA10 (7 counties in SW Missouri) and for SA12 (10 counties in Central Missouri). The SA12 responsibility was added in 2007 pursuant to an agreement with the University of Missouri which had for a period of time operated what had previously been known as Mid-Missouri Mental Health Center (the first community mental health center in the US funded under the Mental Health System Act of the early 1960's). Under the Administrative Agent designation, Burrell is the "safety net" provider of mental health services for the serious and persistently mentally ill population as well as a number of other specialty services which would not otherwise be available under general reimbursement systems available to providers in the community.

At the time the Central Region Administrative Agent responsibilities were transferred to and assumed by Burrell, the University had been operating the services out of space in the Parkade building at 601 Business Loop West. Then, in response to Burrell's expansion of community services, Burrell entered into a lease for space located at 3401 Berrywood Drive and spent approximately \$100,000 in renovation costs to adapt that space for use in providing services to children and families in Columbia and Boone County. Again, in 2010, in response to continued growth of community services, Burrell purchased the old Moberly Area Community College building located at 1805 East Walnut Street and spent approximately \$300,000 in renovating that space for use in providing services to seriously mentally ill adults residing in Columbia and Boone County.

Burrell is also nearing completion on a \$3.8 million project which will add 24 apartments in Columbia for special needs individuals.

Now, in the face of further and anticipated continued growth, Burrell has entered into an agreement to purchase the Berrywood building that we have been leasing since 2007. The purchase and resulting monthly payment (including interest, maintenance, utilities and insurance expenses) will actually total less than the lease Burrell has been paying allowing those freed-up resources to be directly committed to Burrell's mission. Additionally, the purchase will give us use of the entire building - an additional 11,000 square feet for service expansion.

Burrell's annual budget for the Central Region has increased by nearly \$10,000,000 since it assumed responsibility for serving the Columbia area in 2007 (currently approximately \$15,000,000). This \$10,000,000 increase includes the increase of staff from 133 in 2007 to 251 in 2013. And, as an

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economic impact analysis will show, the actual compounded financial annual impact of this growth for the community is a significant multiple of that \$10 million as it is compounded across every element of the local economy. Additional contributors to this economic impact are the prior referenced renovation and construction expenditures. More importantly, the number of persons presently directly served as well as those indirectly impacted has also undergone significant growth.

Current services being provided for Columbia and Boone County residents include free diagnostic assessments for services including crisis screenings for all individuals; outpatient individual, family and group therapy; a community psychiatric rehabilitation program for severely and persistently mentally ill adults and children with a serious emotional disturbance; Health Care Home; 24 hour crisis services; school based services; a post discharge (inpatient psychiatry) after-care clinic; access clinic to enhance timely access to services; mental health court; and law enforcement consultation (CIT).

Further expansion currently scheduled for FY14 includes an intensive community program for Transitional Age Youth; a new \$700,000 program designed to reduce visits to the emergency room; a new \$120,000 community liaison program to assist with community based mental health emergencies; and expanded psychological assessment services for children. Additional areas of considerable growth are anticipated.

We look forward to meeting with you to provide additional information regarding Burrell's relevance for Columbia and the surrounding area in support of our request for approval of the private placement bond issue to purchase the building located at 3401 Berrywood Drive.

Sincerely,

Sherri Viland  
VP, Finance and Administration  
Burrell, Inc.



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ST. LOUIS  
WICHITA  
OMAHA | LINCOLN

August 2, 2013

Via E-mail: [njthomps@GoColumbiaMo.com](mailto:njthomps@GoColumbiaMo.com)

Ms. Nancy Thompson  
City Counselor  
City of Columbia Law Department  
701 E Broadway  
Columbia, MO 65201

Re: Proposed Resolution Approving a Project for Burrell Behavioral Health to be financed through The Industrial Development Authority of Boone County, Missouri

Dear Nancy:

Burrell Behavioral Health is requesting the City of Columbia's approval for The Industrial Development Authority of Boone County, Missouri, to issue bonds to finance Burrell's purchase of a building in Columbia. Section 349.010 of the Missouri statutes allows a county industrial development authority to finance projects located within an incorporated municipality only when approved by the governing body of the municipality. Attached is a letter from Burrell providing information about the services it provides and about the project to be financed. The Industrial Development Authority passed a nonbinding resolution this past Monday, July 29, which gave Burrell and Commerce Bank, our client, preliminary authority to move forward.

In our capacity as counsel to Commerce Bank, we are preparing all the necessary bond and loan documents, and we have prepared the attached Resolution for consideration by the City Council. The parties to the financing request that the Resolution be placed on the August 19 agenda for consideration by the City Council.

I understand that Tom Schneider, counsel to the Industrial Development Authority, is available to attend the August 19 meeting. A representative of Burrell could also attend. Unfortunately, I have another meeting that evening, but will attempt to rearrange my schedule if you think I should be in Columbia for this meeting.

Since I don't expect to be at the meeting, I will provide in this letter some background information that may be helpful to any councilmembers who are not familiar with industrial development bonds. With interest rates being so incredibly low in the last several years, borrowers have been pretty happy with conventional loan (taxable) interest rates, so there hasn't been a great demand for tax-exempt borrowings through industrial development authorities. Rising interest rates are resulting in a greater difference between the taxable and tax-exempt interest rates, thus making industrial revenue bonds more attractive.

Ms. Nancy Thompson  
August 2, 2013  
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Industrial development authorities in Missouri are created under chapter 349 of the Missouri statutes, and are authorized to issue bonds to finance certain types of projects for qualifying private businesses, including nonprofit corporations. Upon satisfaction of a number of requirements, the interest paid on bonds issued by an industrial development authority may be tax-exempt to the bondholder for federal income tax purposes, thereby providing lower interest-cost financing to the borrowers.

From a city's or county's standpoint, this type of financing is sometimes a useful economic development tool for inducing responsible new industries to locate in the area, as well as encouraging businesses already in the area to remain, by assisting them in improving their present facilities or in building new ones. The desired result is increased local job opportunities and an improved economic climate.

An industrial development authority issues bonds and loans the proceeds from the sale of the bonds to the borrower to pay costs of qualifying project. The borrower's loan payments are to be sufficient to pay the principal and interest on the bonds as they become due. The industrial development authority is obligated to pay the bonds only out of the revenues derived from the loan payments made by the borrower. No taxes or other funds of the industrial development authority, the State or any political subdivision are obligated. Thus, the industrial development authority merely acts as a conduit for the financing.

We greatly appreciate your assistance in getting this on the agenda for the City Council's consideration. Please don't hesitate to call me if you have questions, or if additional information is requested. My direct dial is (816) 218-7515, or you can e-mail me at [tstegeman@gilmorebell.com](mailto:tstegeman@gilmorebell.com).

Sincerely,



Toni I. Stegeman

Enclosures:

1. Proposed Resolution.
2. Letter from Burrell Behavioral Health.

cc: Mr. Thomas Schneider