

**ENHANCED ENTERPRISE ZONE
(EEZ) ADVISORY BOARD MEETING
FRIDAY, MARCH 16, 2012
10:00 A.M. TO NOON
COLUMBIA CITY HALL
701 EAST BROADWAY, CONFERENCE ROOM 1A**

-MINUTES-

- I. Call to Order** – John Strotbeck, Chairman called the meeting to order at 10:05 a.m.

- II. Introduction of Committee** – Chair Strotbeck welcomed everyone to the meeting, confirmed a quorum present and asked Board members and attendees to introduce themselves. Concerned citizens in attendance included: H. Eugene Elkin, Shari Korthuis, Justin Thomas, Carol Crouch, Terry Crouch, Marsha Smith, Roger Smith, Michael MacMann, Tyree Byndum and Dan Goldstein. Representing the media: Sara Redom and Madeline O’Leary. Former City Council Member Karl Skala and REDI Board member Bob Black.

EEZ Advisory Board members in attendance – John Strotbeck, Chair, GM, Kraft Foods; Carrie Gartner, Director, The District; Louis Gatewood, Columbia Housing Authority; Randy Morrow, Vice President & COO, Boone Hospital Center; Rosie Gerding, CPA, and Jonathan Sessions, Columbia Public Schools.

EEZ Advisory Board members not in attendance – Mariel T. Liggett, CPA, Williams-Keepers, LLC

REDI staff in attendance – Chair Dave Griggs, J. M. Brooks, Bernie Andrews, and Michele Holmes

- III. Review & Approval of Minutes** – Chair Strotbeck called for a motion to approve the Minutes from the March 9th meeting. Carrie Gartner made the motion to approve the minutes. Randy Morrow seconded the motion, which the Advisory Board passed unanimously.

- IV. Staff Report** – Bernie Andrews reported that REDI asked DED to remove six census block groups that had higher levels of population compared to lower numbers of potentially eligible businesses and sites, and that the proposed run qualified. A copy of the NAICS codes with the updates in italics was distributed.

- V. Review and Discussion of Eligible Businesses by NAICS Codes** – Chair Strotbeck gave a brief go through of the NAICS codes added: 522’s Credit Intermediation and Related Activities; 531120 Lessors of Nonresidential Buildings; 54’s Professional, Scientific and Technical Services; and 721110 Convention and Conference Centers only. Chair Strotbeck stated the topic was open for discussion regarding any NAICS codes to be added or removed from the list. Randy Morrow requested the consideration under 31-33 Manufacturing the removal of 311 311–sugarcane mills, 312–cane sugar refining and 313–

beet sugar manufacturing; eliminate the 311611; 311612; 311613 and 311614. Chair Strotbeck said he would remove himself from the discussion of 311612; as Columbia Foods is under the 311612 NAICS code classification. Jonathan Sessions stated the 311611, animal slaughtering could be eliminated. Rosie Gerding asked why 611 should be removed, even though it is not an appealing process, it could have a place in an appropriately zoned area. Randy Morrow agreed to eliminate animal slaughtering. Chair Strotbeck stated the process requires a lot of water due to waste water drainage and could be an issue regarding what the City can supply to them. They do usually employ a lot of jobs. Randy Morrow proposed the 312 210, 211 and 229 NAICS codes dealing with tobacco products and cigarette manufacturing be eliminated, as a personal preference and healthcare background. Chair Strotbeck suggested the Advisory Board vote on the codes individually and not as a group. Jonathan Sessions agreed. Rosie Gerding stated she was on the fence regarding slaughter houses. Chair Strotbeck stated there is a lot of slaughtering done throughout the state – especially hogs and pigs. Rosie suggested that the Advisory Board’s decision to exclude them from the targeted list, does not prevent them from coming to Columbia – just that we will not give them an incentive. Chair Strotbeck agreed. Carrie Gartner asked if REDI staff looked at recruiting those types of businesses, or would they not consider them. J. Michael Brooks said he agreed with Randy, regarding the waste water consideration. Randy Morrow asked if there were any other NAICS codes the Board thought should be removed. Chair Strotbeck asked for a motion to vote on the NAICS codes individually. Randy Morrow made the motion for the Advisory Board to vote on NAICS codes to remove from the list of qualifying companies. Jonathan Sessions seconded the motion, which the Board passed unanimously. Chair Strotbeck called for a vote under the 31 33 Manufacturing NAICS codes to remove 311-sugar cane mills. Randy Morrow and Louis Gatewood voted to remove. Carrie Gartner, Jonathan Sessions, Rosie Gerding and John Strotbeck voted to keep. The 311 NAICS code was kept in the list. Chair Strotbeck called for a motion to remove 312-cane sugar refining. Randy Morrow and Louis Gatewood voted to remove. Carrie Gartner, Jonathan Sessions, Rosie Gerding and John Strotbeck voted to keep. The 311 and 312 NAICS codes were kept in the list. Chair Strotbeck called for a vote to remove 313-beet sugar manufacturing. Randy Morrow and Louis Gatewood voted to remove. Carrie Gartner, Jonathan Sessions, Rosie Gerding and John Strotbeck voted to keep them on the list. The 311313 NAICS code was kept in the list. Chair Strotbeck called for a vote to remove NAICS code 311 611-animal (except poultry) slaughtering. Carrie Gartner, Randy Morrow, Jonathan Sessions, Louis Gatewood voted to remove. Rosie Gerding and John Strotbeck voted to keep. The 311611 NAICS code was eliminated from the list. Chair Strotbeck called for the removal of NAICS code 312210-tobacco stemming and redrying. Carrie Gartner, Randy Morrow, Louis Gatewood, Rosie Gerding and John Strotbeck voted to remove the code. Jonathan Sessions voted to keep. NAICS code 312210 was removed. Chair Strotbeck called for a motion to remove NAICS code 312221-cigarette manufacturing. Carrie Gartner, Randy Morrow, Louis Gatewood, Rosie Gerding and John Strotbeck voted to remove the code. Jonathan Sessions voted to keep. NAICS code 312221 was removed from the list. Chair Strotbeck called for a motion to remove NAICS code 312229-tobacco product manufacturing. Carrie Gartner, Randy Morrow, Louis Gatewood, Rosie Gerding and John Strotbeck voted to remove the code. Jonathan Sessions voted to keep. NAICS code 312229 was removed. Under the Agriculture, Forestry, Fishing and Hunting NAICS code category there are three codes that fall under University of Missouri-related projects which are on the list to remove 112511-finfish farming and fish hatcheries; 112512-shellfish farming and 112519-other aquaculture. In being consistent with not including an entire category, Chair Strotbeck called for a motion to include the three NAICS codes in the list. Rosie Gerding and John Strotbeck voted to include them on the list. Carrie Gartner, Randy Morrow, Jonathan

Sessions, Louis Gatewood, voted to remove. NAICS codes 112511, 112512 and 112519 were removed on the list.

VI. Review and Discussion of Tax Abatement Levels - LEED Certification - Randy

Morrow provided a handout on the Boone Health Center LEED certified new construction, stating Boone Hospital was the first hospital in the state to be LEED Certified. Mr. Morrow said the LEED process was very in depth and expensive - but well worth the effort. The construction is LEED Gold Certified. J Michael Brooks added it was important to IBM to be LEED certified during the renovation of the building they moved into and they are Silver Certified. After a brief discussion on the value of LEED Certification for new and renovated construction in Columbia, it was the consensus of the Board to offer and additional incentive to a company locating in an EEZ area that will incorporate LEED certified building standards. The motion was tabled until after getting the input from the major taxing districts. Jonathan Sessions said the topic would be brought up at next Thursday's Columbia Public School Board meeting. Rosie Gerding, representing the other taxing entities said she would contact the taxing jurisdictions she represents and find out if their support changes if we add an additional abatement. Randy Morrow stated he was encouraged by the proposal and bringing it back to the table for further discussion. Jonathan Sessions asked about adding additional incentives for companies that hire minorities and underemployed citizens in their area. J. Michael Brooks said anything is an option. The question becomes how do you measure and manage. Rosie Gerding asked who'd be responsible. J. Michael Brooks said that we want companies to purchase services locally and support the community. It would be difficult to allocate additional abatements with those criteria – though I agree with the principle of hiring minorities and underemployed citizens. Rosie Gerding added LEED certification is a pass or fail certification process monitored by an outside party. Bernie Andrews added the Missouri Department of Economic Development monitors the program's guidelines and issues the tax credits and application process and program. The company must hire 2 new employees, paying above the Boone County average wage, maintain health insurance and pay 50% of the costs; and invest \$100,000 in a new or expanded building located within the Enhanced Enterprise Zone. The company reports employment annually directly to DED. The hiring of minorities and underemployed citizens are more policy statements and not abatement issues. Rosie Gerding asked if a company qualifying for the abatement would have any other opportunities with the State. Bernie Andrews stated the company could be eligible for job training funds and obtain classroom style training or on-the-job through the Division of Workforce Development. Community colleges sometimes offer specified training needs as well. Rosie Gerding stated abatements for minorities and underemployed is not a good fit for this program. Jonathan Sessions added it would be difficult to manage. Jonathan Sessions asked that during the application process, REDI staff draft language that states the company's intent to purchase locally and look to employ underemployed and minority folks in the community. John Strotbeck called for a motion. Jonathan Sessions made the motion for REDI staff to draft, at a later date, language in the application regarding the company's intent to buy locally and look to hire underemployed folks in the community. Carrie Gartner seconded the motion, which the Advisory Board passed unanimously.

VII. Review and Discussion of EEZ Map – Chair Strotbeck commented the Advisory Board has made outstanding progress in looking at the Census Tracts to be included in Columbia's proposed Enhanced Enterprise Zone and has to date eliminated six tracts, recognizing the mapping of the zone is a sensitive issue. Bernie Andrews reported the request to remove Census Tract 803 has been submitted to the State and that he will share the new run as soon as the State has produced the new map. For clarification, Jonathan

Session stated Tract 803 is the area north of Broadway, south of Fourth Avenue, east of Providence and west of Garth. Carrie Gartner stated a good portion of the area is residential, but there is some commercial zoning, asking, what zoning combinations are being considered. Chair Strotbeck said the Board agreed at the last meeting, based on Census Tract to eliminate Tract 803 and we are in the process of waiting for the State's evaluation to see if we have a qualifying run. Bernie Andrews asked the Board if there were any other recommendations or scenarios they would like for him to submit to the State, so he could come back with other runs of the map. Rosie Gerding suggested if the figures come out, we should consider taking our 101, 801, 803, 901, 902, 501 and 502. Carrie Gartner stated she would be opposed to taking out the CID as there are clusters of the types of companies we want to attract to the downtown. Rosie Gerding asked if the CID wouldn't be better served by a TDD, or TIF. Carrie Gartner said the area under consideration for inclusion of a TIF district or districts includes Census tracts 101 and 501, the CID, which is essentially the commercial zones downtown is at least 1-2 years down the road. Rosie Gerding asked if the area included north College. Carrie Gartner said it did and Rosie said she would have no problem removing the tract from her proposed tracts to remove. Tract 801 is residential and educational businesses which are exempt. Jonathan Sessions stated Tracts 902 and 901, encompassing the Business Loop, many folks say, that's an area we don't want out of the proposed zone. We need incentives to entice something other than a car wash. Carrie Gartner added it's a great location and includes the former Hamilton Brown shoe factory. Jonathan Sessions said the area includes Columbia Public School property and we would love to see growth in the area and more beautiful surroundings. Louis Gatewood agreed. Bernie Andrews said we can take a look at taking out 801 to the south of 803 and leaving in 901 and 101 as connectors and ask the state to produce a run. Jonathan Sessions added these are areas we want to encourage growth and it's a matter of looking at the numbers. Rosie Gerding asked if a project could qualify for a TIF and an EEZ incentive. Carrie Gartner explained the City discussed creating a TIF District for the redevelopment of the Tiger and Regency hotels downtown as an incentive to developers. Chair Strotbeck added the benefit is from the taxes you pay. Carrie Gartner said in a TIF District your property taxes are frozen at the level when the project goes into effect, and as the property values go up, the incremental increases are paid and put back into the TIF District for funding infrastructure improvements. Rosie Gerding asked where this had been done before. Carrie Gartner stated the City has started the process in researching TIF Districts but there is currently not one downtown. J. Michael Brooks said the programs were fundamentally different. A TIF captures an increase in taxes from the baseline. If a developer applies for an EEZ tax abatement on top, taxing entities receive 50% of the base line as an abatement instead of 100 % that would go into a TIF. If a hotel was negotiating to incorporate a TIF District and the owner applied for the abatement, 50% would be the abatement and 50% would go to the TIF District. Rosie Gerding surmised the EEZ trumps the TIF. J. Michael Brooks said it depends on the negotiations. If the area was overlaid as a TIF District, the owner does not have to apply, they have the option. If development is contingent upon parking or the owner needs city-provided infrastructure, TIF is the resource. In reality, it is all in the negotiations. An EEZ does not trump a TIF. The owner would be foolish to apply for an abatement that takes away the incentive for the City. Carrie Gartner said the City has not drawn a TIF District for downtown. Assistant City Manager Tony St. Romaine has just started the conversation. As there is no sense of boundary lines, we can not base EEZ boundary lines on a TIF District. Chair Strotbeck asked Bernie Andrews to continue presenting the map. Bernie Andrews stated Census Block Group 110102, originally included, contains a 100-acre site zoned for office use and includes the State Farm Insurance facility. J. Michael Brooks asked that we run an analysis to see if the zone qualifies, if we take Block Group 110102 out of the run and reduce the

size of the zone. Based on the answer we get next week from the State, if we don't include it this run, can we come back and add it later. Chair Strotbeck asked if City Council would have to submit an application to the State if we come back and want to expand the map. J. Michael Brooks said he thought so, and would find out from the State what process is required to create a second zone. Bernie Andrews referred to the proposed EEZ map pointing out Census Block Group 110101, which includes LeMone Industrial Boulevard, Concorde Office and Industrial Park and the development across from Discovery Ridge Research Park to the south. Group 00100201 includes Highway 63 and the southeast corner of Interstate 70 in keeping the map contiguous. The area includes medical labs and larger lots for development. The south side of Interstate 70 has older industrial zoning east of Patricia's and furniture stores. Farther east, Group 160201 is included in the proposed zone as it includes Columbia Area Jobs Foundation's property and the Tradewinds Industrial Park. Andrews stated the map includes the heart of the Route B corridor, Boone Industrial Park, Tower Industrial Park, the west side of Big Bear Boulevard, the quarry and Subtera. In the north central section of the map, the area includes older companies that we did not want to exclude and it is basically a connector in keeping the zone contiguous. Jonathan Sessions said we are including 901 and 902 as they are industrial and 801 as it is an older industrially zoned area that includes the old mule barn. It will reduce the size of the zone and we can weigh the benefits and see what we are losing. Chair Strotbeck said we can present it to the State to do the run. Bernie Andrews stated for clarification, if eliminating certain census groups, causes us to disqualify – the Board will collectively review the groupings, so we do not cause qualification problems. Chair Strotbeck concurred that would be the action of the Advisory Board. Jonathan Sessions said the goal is to reduce the footprint. Bernie Andrews asked the Board if there were any proposed changes for the northwest corner of the map. Jonathan Sessions said the tracts were good to keep. Rosie Gerding asked about the residential areas along Rangeline. Jonathan Sessions stated the northern part of Rangeline has a lot of industrial zoned property and a portion of residential below that. Rosie Gerding asked what companies specifically were located there. Bernie Andrews answered Watlow Manufacturing and Pennsylvania Avenue which is an industrial and commercial zoned area. Bernie Andrews stated we can do a run and see what it looks like. Chair Strotbeck said we can ask for various runs to be made and when you bring back the maps we can assess the different scenarios.

VIII. Determination of Future Meetings – Bernie Andrews suggested we schedule the next EEZ Advisory Board Meeting when the next run of maps are done. Chair Strotbeck agreed. Carrie Gartner said the CID Board met and they had a question that needed to be addressed, which was how do we, on a local level, prevent something from going wrong, such as a Mamtek. J. Michael Brooks said there was a ton of legislation and bills introduced to prevent another Mamtek. Mamtek was a startup company dealing with angel and venture capital, not industrial bonds. Chair Strotbeck proposed scheduling the next meeting of the Advisory Board tentatively for April 4th or 5th at 6:00 p.m. – 7:30 p.m.

IX. Public Comments – Chair Strotbeck called the meeting open for public comment. A gentleman who moved to Columbia from St. Louis County said integrating TIFS, EEZ's and other incentives can be overlapped. Hundreds of projects in St. Louis County have used State and Federal programs. It requires liaison between groups and agencies. While REDI doesn't have underemployment figures, the State and Feds have hard data. We need to be informed and integrate the data. A citizen from the 1st Ward stated the ward has underemployed citizens and blighted areas, and we need to reach out and understand their needs and give them more of a seat at the table. The EEZ is a great benefit to developers, but we need something with more of a tie in with jobs. Tyree Byndum stated people are

sensitive about the blight issue and they are not getting good information. REDI needs to reach out and inform people. Folks that it will benefit – get it. The conversation needs to move away from diminished property value, to we want to get you a job and these are the types. Communicate that message. A citizen discussed moving to Columbia and doing the right thing her whole life. Her family has paid off a house in Columbia and family members are working on advanced degrees. And now the city comes through and wants to attach the social stigma of blight to their property. All things being equal, we're good community members and if the EEZ goes through, over time our property value will decrease. Carrie Gartner asked how she came to that conclusion. Through exaggeration to get my point across was her answer. J. Michael Brooks stated he spoke to an appraiser and asked if the designation of blight affected the appraisal process. It was not included in his appraisal. A citizen living in Vanderveen stated he moved here from Rolla, because his sister said it was a great place. He stated the state definition of blighted areas is so bad you might as well bomb the place. It's the wrong thing to do and the residence will pay the penalty for it. Karl Skala stated the blight perception is psychologically damaging. Columbia has great resources regarding LEED certification and the City has a Sustainability Manager Barbara Buffaloe addressing environmental issues. Local architect Nick Peckham is an expert in the LEED Certification process. While the costs are significant, the pay back is an energy efficient building. Jonathan Sessions asked if it was his opinion that we add incentives for LEED certified projects. Karl Skala said yes, adding it was important to IBM. The city should lead by example and offer the incentive in addition to the language in the application. A citizen asked if the designation of an EEZ will change the current zoning designations. Dave Griggs answered there is no impact on subdivision designations. Wednesday night, City Council will meet and discuss the procedural policy. It was noted that City Council has the final say on industries included in the policy and boundary lines. Changing the qualifying industries will entail adding or subtracting NAICS codes from the policy. If boundary lines are being changed, you have to redo the application from scratch. J. Michael Brooks stated we estimate changes to the program will be made when the State is able to implement the 2010 Census data instead of the 2000 Census data currently being used. Other dynamic changes will be in the SBA Hub Zones, New Market Tax Credit program, CDBG eligible areas, which are similar to the EEZ criteria. When these maps become available, we will have a good sense of the dynamics. Bernie Andrews stated with the EEZ's qualifying factors of poverty levels, unemployment rate and population based computations, it will be interesting to see if the same areas are still in qualifying sectors when the data changes over.

- X. Adjournment** – Chair Strotbeck called for a motion to adjourn the meeting at noon. Carrie Gartner made the motion to adjourn. Jonathan Sessions seconded the motion, which the board passed unanimously.

Respectively submitted by:

Michele Holmes, REDI staff