

**MINUTES OF THE TAX INCREMENT FINANCING COMMISSION MEETING
WEDNESDAY, JUNE 2, 2004
7:00 P.M.**

The Tax Increment Financing Commission met in a meeting in the Council Chambers of the Branson City Hall on June 2, 2004 at 7:00 p.m. with the following members of the Commission present: Rick Tallon, Mike Booth, Chuck Pennel, Gary Groman, Stan Barker, Beverly Martin, Chairman Ron Huff and Secretary Sandra Williams present. Absent were Dick Gass, David Edie, and Jack Purvis.

Chairman Ron Huff called the meeting for the Tax Increment Financing Commission to order with the Pledge of Allegiance. Chairman Huff thanked everyone for taking the time to attend the TIF meeting, and stated the purpose of this meeting was to hold a Public Hearing regarding the request by Ozark Diversified Properties, LLC for a proposed Branson Hills Tax Increment Financing Plan.

Chairman Huff stated that for the record, serving on this TIF Commission and in attendance were Stan Barker, Beverly Martin, and himself, appointed on behalf of the City of Branson. Appointed by the Branson School District and serving as Class II members were Dr. Rick Tallon and Mike Booth. Appointed by the Taney County Commission and serving as Class II members were Chuck Pennel and Gary Groman.

Mr. Huff opened the Public Hearing and outlined the rules being observed before turning the floor over to Jim Grice, attorney for Ozark Diversified Properties, LLC. for his presentation.

Mr. Grice addressed the members of the Commission stating he was from the law firm of Spencer, Fame, Britton, Brown in Kansas City, and with him was Art King who works with Raul Walters Properties and Ozark Diversified and is a primary officer of the developer. He indicated the developer was an affiliate of Raul Walters Properties LLC of Columbia and is essentially an entity that has developed property for over thirty-five years and has significant experience in retail development similar to what is being proposed. Mr. Raul Walters is the primary principle of the organization and they estimate he has over \$500-million dollars worth of development experience which is an important point. He has vast credentials in the retail sector with anchored retail development, and more importantly a lot of experience dealing with site conditions similar to what is at the Branson Hills site. A number of Mr. Walters properties have been in similar type of areas so they are familiar with the conditions, the difficulties and the challenges.

Mr. Grice said that one of the important points of this project is the job creation. Conservative estimates show that full-time jobs equivalents of approximately 1,000 jobs at full build out. Job creation and the general economic impact to the community and the region are fairly important points. The regional impact is really what drew them to the Branson area, indicated Mr. Grice, and then they met with the City to indicate their interest in an anchored retail center of significant magnitude.

The proposed site-plan of 978-thousand square feet includes a significant anchor space as well as parcel development, and they anticipate targeting exclusively national quality retailers. Phase 1 is estimated at 280-thousand square feet; Phase 2 is approximately a half-million square feet; and Phase 3 is about 191-thousand square feet. Phase 1 first years sales at build out are estimated at \$29-million dollars, and all three phases have an annual sales projection at full build out of approximately \$220-million dollars.

Mr. Grice provided a PowerPoint presentation showing the site plan for Phase 1, Phase 2, and Phase 3, and indicated the 65 Highway corridor would be the main arterial to the property. Also discussed was the nature of the project or vision, and the projected costs of the phases. Mr. Grice indicated they had worked very closely with their Financial Advisor and Bond Underwriter, H. E. Edwards out of St. Louis, and they provided a commitment to finance the bond financing side, and have put together a structure which they have confirmed with buyers is salable from their perspective in the market place, and have sized the revenue generation capacity to match with the request on Phase 1. Slides were shown of the Redevelopment Project Costs for Phase 1, Phase 2, and Phase 3; the Debt Service Schedule; Financing Commitment; Financing Plan; Projection of Non-TIF Revenue; the Direct Tax Impact Analysis; and the Cost Benefit Analysis. At this point Mr. Grice explained that the incorrect "Exhibit 6" was placed in the Plan and indicated he had provided the Commission with the corrected page tonight, but due to the error a request for a continuance of this Public Hearing would be needed, at least for 7 days, to allow the revision to be properly sent to all of the taxing jurisdictions.

He outlined the Blight Study that was completed by Development Initiatives, Inc. out of Kansas City, and indicated their conclusion was that the area would satisfy conditions for blight as the statute makes reference to defective or inadequate street layout; improper or obsolete subdivision in platting; unsanitary or unsafe conditions; extraordinary land development cost; are the primary component of this finding. The final category is economic liability as it is under utilized. That concept is recognized by numerous cases under Missouri law as being an independent sustainable reason of Blight. That is another factor they relied upon in their report and that is the property is currently being under utilized due to extraordinary site conditions, and that is not the highest and best use.

Mr. Grice said they anticipated the financing would be done with a Community Improvement District. The governing body of the City would have to create the district, and the developer would be filing an application for such a creation as soon as they work out some issues with some of the landowners. It is anticipated that the Community Improvement District will be the issuer of the bonds and by doing so the TIF revenue stream that would result for the development, would be pledged in one way or another to pay the debt service on the bonds. The term of the bonds is anticipated by H. E. Edwards to potentially be paid off in a best case scenario, as soon as 2024. He also provided the non-TIF Revenue projections that would result and not be captured by the TIF vehicle and would flow to the relative taxing jurisdictions, and the analysis of building it with TIF funds or not building it all.

At this time discussion was held with the Commission members pertaining to the non-TIF revenues; the impact on existing businesses and the desire to keep those purchasing dollars in Branson and not allow them to seep to other outlying taxing districts as the citizens will go there to purchase their products; how a blighted area is defined; and discussion on whether gross or net figures were used in the Cost Benefit Analysis (Exhibit 12).

After additional discussion and questions by the Commission, Chairman Huff opened the meeting to hear comments or questions from the audience.

Sheila Wyatt, Forsyth, Missouri, addressed the Commission inquiring whether the Community Improvement District, if formed, would be separate land from the TIF District. Mr. Grice replied they have not finalized the Community Improvement Petition but it would not extend beyond the boundaries of the TIF area. Mrs. Wyatt asked if the taxes would be captured in the Community Improvement District. He replied, that the CID does not necessarily capture taxes, it is a vehicle to levy a special sales tax, but as of now we have not assumed any special sales tax. The CID is primarily being used as a vehicle through which to issue bonds. Mrs. Wyatt then asked if they planned on involving the property tax in the CID. Mr. Grice replied, there is definitely no plans to levy a property tax, but he could not answer at this time regarding a special sales tax, but the CID does not intend to levy any additional property taxes. Mrs. Wyatt asked who approves a sales tax increase, and he answered that a special sales tax increase is levied within the boundaries of the CID by the ownership of the property within the district boundaries. Also addressing the Commission from the audience were Brad LaCore, Hollister, Missouri; and Lucy Combs, Branson, Missouri.

Rick McConnell of Gilmore and Bell addressed the Commission regarding what taxes go into paying for the project once the TIF district is established. He said that with both the property tax and the sales tax you have a base year which is essentially the year prior to the Tax Increment Financing is adopted. The taxes that are attributable to that taxing district before the TIF is formed continue to go to the taxing district. What goes into the project are the revenues that are

attributable to the new assessed value, which will be significant here because there is nothing out there in terms of improvements. With sales tax revenues it essentially works the same way except you capture only 50% of the new tax activity under the TIF. The personal property tax is not something that is captured.

Mr. McConnell then explained how the guarantee on the bonds would work. He indicated there would be a Community Improvement District formed and they would be the issuer of the bonds. It is a separate political subdivision that is formed as a not-for-profit organization, and is a separate political subdivision from the City, and it would be limited to those incremental special property taxes and incremental sales taxes to pay back the bonds.

Mr. McConnell also explained the difference in these TIF Bonds and the Branson Landing TIF Bonds. He replied, that one of the major differences is the City is not the issuer of the bonds as this is a developer initiated project. The Landing project is something initiated by the City for property owned by the City, and has significant public components such as the Towne Square, the Boardwalk, new infrastructure that will all belong to the City and will be financed through the City TIF.

After additional questions and comments, Mr. McConnell explained that if there are any TIF Plan changes they must be sent to the taxing districts seven (7) days before the conclusion of the Public Hearing. Therefore, this Public Hearing needs to be continued until seven days from June 3, 2004.

Chairman Huff entertained a motion to continue this Commission meeting until 7:00 p.m. on June 10, 2004. Commissioner Booth made the motion to continue this meeting at 7:00 p.m. on June 10, 2004, seconded by Commissioner Tallon. Voting aye: Barker, Martin, Huff, Booth, Tallon, Groman, and Pennel. Absent: Gass, Purvis, and Edie. Motion carried.

Chairman Huff stated this meeting will be continued on June 10, 2004.

**MINUTES OF THE CONTINUED TAX INCREMENT
FINANCING
COMMISSION MEETING
THURSDAY, JUNE 10, 2004
7:00 P.M.**

The Tax Increment Financing Commission met in the Council Chambers of the Branson City Hall on June 10, 2004 at 7:00 p.m. in a continuation of the June 2, 2004 meeting. The following members of the Commission were present: Rick Tallon, Mike Booth, Chuck Pennel, Gary Groman, Stan Barker, Beverly Martin,

Dave Edie, Chairman Ron Huff and Secretary Sandra Williams present. Absent were Dick Gass and Jack Purvis.

Chairman Ron Huff called the meeting for the Tax Increment Financing Commission to order with the Pledge of Allegiance. Chairman Huff stated that the purpose of this meeting is to continue the Public Hearing held on June 2, 2004 regarding the request by Ozark Diversified Properties, LLC for a proposed Branson Hills Tax Increment Financing Plan and consideration of a resolution.

Chairman Huff stated that for the record, serving on this TIF Commission and in attendance were Stan Barker, Beverly Martin, Dave Edie and himself, appointed on behalf of the City of Branson. Appointed by the Branson School District and serving as Class II members were Dr. Rick Tallon and Mike Booth. Appointed by the Taney County Commission and serving as Class II members were Chuck Pennel and Gary Groman.

Mr. Huff opened the Public Hearing and outlined the rules being observed before turning the floor over to Jim Grice, attorney for Ozark Diversified Properties, LLC for continuation of his presentation.

Mr. Jim Grice of the law firm of Spencer, Fame, Britton, Brown in Kansas City, offered to briefly recap some of the matters covered in the previous week's meeting, and distributed a fact sheet to summarize the major points covered. Mr. Grice reiterated that the developer is an affiliate of Raul Walters Properties, and that Mr. Art King was in attendance representing the developer, headquartered in Columbia, Missouri. He noted that Walters and King have developed more than 75 shopping centers over the past 35 years, some on terrain similar to the Branson Hills property.

Commissioner Gary Groman asked about the occupancy rate of those 75 shopping centers. Mr. Grice responded that while he does not have exact figures, most of the newer centers have very high occupancy rates. Some of those which have existed for a long period of time are in a slump, but are currently in transition or regeneration.

Mr. Grice presented a series of slides, including an overall summary of the project, a site plan and the square footage for each of the three phases. He stated that the projections are based on estimates prepared with Mr. Eric Lander at Canyon Research. Sales anticipated in the first year in Phase One are \$29-million. Projected sales for the entire center at full capacity following completion of all three phases are more than \$220-million.

Mr. Grice noted the job creation projections, during both construction and full occupancy. Those numbers are based primarily on objective Internet research on publicly traded companies. He also pointed out that the site plan is preliminary,

and could end up with some minor changes as the planning and zoning process progresses.

Mr. Grice also noted that the blight study had been presented last week, and that a finding of blight is being requested of the commission. He stated that it would be impossible for the project to be developed without the TIF assistance requested.

Commissioner Gary Groman asked Mr. Grice about miscellaneous soft costs indicated on all three Phase slides. He asked what is included, and specifically whether there will be any incentives paid to acquire tenants to the project, and if so, where those incentive costs and other figures are. Mr. Grice responded that miscellaneous soft costs will cover most of the third party professionals representing other than design fees, some of which are soil reports, permits, legal developers' fees, rezoning and annexation fees, and is a general catch-all relating to costs which are not aggregate building costs. Mr. Groman pointed out that he asked the question because the public does not have the exhibits the commission has, and he wishes to provide them with enough information in order to comment.

Commissioner Groman then asked how the land is being paid for. Mr. Grice responded that the TIF would offset the cost of the raw land, but allows the developer to tender to users land which has essentially no cost, or very minimal cost. Mr. Groman asked whether that means the incentive is the land acquisition. Mr. Grice stated that is not the case, that the incentive is collative for a number of costs which are itemized. He added that the point is to achieve a flat, rough-graded pad site acceptable to users at a cost they will accept to come into the market.

Commissioner Groman then asked Mr. Grice whether any potential tenant is being approached with large amounts of cash in exchange for locating in Branson. Mr. Grice answered "no."

There was further discussion regarding reimbursable costs and total project costs, as well as the price per square foot. Commissioners also asked about the land's assessed value, shown by Mr. Grice to be \$16-thousand dollars per acre, but \$43,970 per acre according to county records. Mr. Grice noted that the assessed value in the State of Missouri is a 32% number as reflected against a fair market value appraisal, and that 16-thousand is approximately 32% of 43-thousand.

Commissioner Groman also asked under what circumstances might Branson taxpayers be responsible for any indebtedness incurred with the project. Mr. Grice discussed a community improvement district, which would be proposed in such a case.

Chairman Huff asked Mr. Grice about plans in the event that hoped-for tenants were not acquired, even though the TIF was established. Mr. Grice stated that the property would be marketed to additional tenants for which the property is suitable. He explained that users expressing a commitment thus far have committed

to Phase One. Phase Two would not be filled until two years after the completion of Phase One, so marketing would be ongoing. Grice also confirmed that land clearing and site preparation would not be done until commitments and financing were firm.

Dr. Tallon asked Mr. Grice whether environmental impact studies have been done to determine how Bee Creek and Taneycomo would be affected. Mr. Grice stated that an environmental impact study has not been done and that at this stage it is very typical that such things would still be forthcoming.

Mr. Edie pointed out to Mr. Grice that Branson taxpayers most want to know what it will cost the city. Mr. Grice responded that the city will actually benefit in terms of sales taxes generated. He noted that but for TIF, the project will not happen, so it is not a sense that revenues will be lost, but that revenues will not result unless the project goes forward.

Dr. Tallon asked whether Mr. Grice is operating under the assumption that those tax revenues would not be there for the next 20 years or that the property would not be developed within that period of time. Mr. Grice responded that while he cannot project what will happen on that site, it has gone undeveloped despite active marketing efforts. He said that the city also faces the possibility that while there would perhaps be development, it might not represent what is before the commission now, a proposal for the highest and best use.

Mr. Grice then explained what would happen should the project be more successful than anticipated and the bonds are retired early, in response to a question from Mr. Barker.

Discussion was then held on a question from Mr. Huff regarding projected revenues for the Branson R-4 School District. Mr. Grice responded that the revenues would in fact come from only the 141 acres within the TIF district, and not assuming other development in the Branson Hills area. He also conceded that if the project were done without a TIF, more money would be generated for the school district. Mr. Grice noted that while there are many sites similar to the Branson Hills property, this particular site has some unique factors to catch the attention of potential anchor tenants, such as highway access and traffic count. But he added that even with those positive factors, it comes down to delivering a site at the proper elevation with the proper specifications for those tenants. Mr. Grice also said that site criteria are very demanding for national credit retailers, with requirements for parking and site development, at significant cost and effort to the developer. A site not developed in that manner might only attract users with names, which might not be recognizable.

Commissioner Pennel inquired whether the new road through the center would be paid for by the TIF. Mr. Grice responded that the road is projected to be a part of Phase Two.

Commissioner Groman then sought to have Mr. Grice explain for the record under what circumstances, if any, the city would be involved in any indebtedness for the project. Chairman Huff then explained that consensus from the city aldermen is that there would be no investment for any of the expenses or costs involved with the project, and that the board declined to share in the costs of getting the project underway.

County Commissioner Ron Herschend asked three questions: 1) If the shopping center road is part of the TIF, and the TIF doesn't pass, how will the city reach the new rec center property? 2) Will the TIF capture the sales tax for sewer, and 3) what is the need for more retail space, given vacancies in Branson Meadows and the spending for Branson Landing?

Mr. Huff responded to Mr. Herschend's first question, saying there is no connection between this road and the road to the new rec center, which is separately funded through the city. Branson Hills Parkway will be extended to the rec center to Highway 248. He also told Mr. Herschend on Branson Meadows that at the time it was developed, the city could have captured the school district and other taxes to which they were entitled when that TIF was established. But they felt there would be enough revenue generated, so they allowed those taxing districts to have those funds. Revenues then fell short of projections for the area. Mr. Herschend said his question was more one of retail demand. Mr. Huff stated that the Branson Meadows area has been looked at but was found to be unsuitable for these retailers. He added that it would be great for the city to have something of that magnitude in Branson Meadows, but there is simply no interest. When Mr. Herschend's time expired, the commission voted to allow him extra time to respond to questions and make any additional comments. On the sewer tax question, Mr. Grice said that as a general proposition, anything not excepted out by the statute would be captured by the TIF. Herschend then asked the board to consider exempting for the sewer portion of the sales tax if the project does move forward.

Developer Steve Redford made several comments to the commission. He said that based on his research and the opinion of his counsel, there are indications that the Branson Hills area is not blighted. He stated that he has several cases in Illinois, Missouri and California, which he would be happy to provide to the commission. Mr. Redford spoke in opposition to the TIF, stating that if the market is right for stores like Home Depot or Target, they will come in anyway. He noted that he has never asked for a TIF or any other type of assistance, nor have many others who have used their own funds and taken the risk to make their businesses work. Mr. Redford added that his company and many others would have no trouble financing such a project. He also stated that a member of another city commission is involved in the sale of the property. Mr. Redford then turned to the job figures. He notes that 1250 permanent positions with an annual payroll of 19-million dollars is seven dollars per hour, which he says will not create growth in Branson.

Dr. Tallon asked Mr. Redford if he has reviewed the site development costs, and whether the estimate could be considered accurate. Mr. Redford responded that the site development costs appear to be very high, and that the property is multi-family at best. He cited his own land purchases for 40-thousand dollars and 26-thousand dollars an acre, and stated that he was offered the entire parcel of a thousand acres in Branson Hills for 65-hundred dollars an acre.

Brad LaCore of Hollister told the commission that like Mr. Redford, he and his company have purchased land and done work using their own funds, but that his real question is whether the project is right for Branson at this time, given the development of Branson Landing. He said he spoke with individuals from Bass Pro and Belk's Department Stores and asked whether anyone on the commission had talked with those businesses in the past week. LaCore stated that after his conversations with them, members of the commission might want to contact them to hear what they have to say. He suggested the city stay focused on the Branson Landing project with a million square feet of new retail, rather than consider adding a million more square feet at the Bee Creek exit, right before the Branson Landing exit.

Chairman Huff told LaCore he appears to be assuming that if the development is built in Branson, it would be bad for Branson Landing, but if it's built in Hollister, it's not bad for Branson Landing. LaCore responded that 75-percent of the traffic comes from the north, but a project in Hollister would serve the local community, and not funnel off people that would be going to Branson from the north. Huff stated that a big box like Target or Home Depot would likely not count on tourists for business. LaCore then noted that a Home Depot would not be a direct competitor with Belk or Bass Pro, as Target or Wal-Mart might, and that some stores that would go to Branson Landing might choose instead to locate in a strip mall with that type of anchor tenant.

After LaCore's time had expired, Mr. Groman asked him to share what he was told by the individuals he contacted with Bass Pro and Belk's. LaCore stated that both generally told him that they could not imagine that the City of Branson cannot stay focused long enough on the Landing project to get it up out of the ground, get the retailers established and running profitably before funneling people off on the exit immediately before the Landing. He again suggested members of the commission talk with those individuals. Mr. Groman then asked LaCore to share exactly what he asked them. LaCore said he asked them if they were familiar with the Branson Hills project and the TIF that was being announced for it. He stated that they were not, and that he told them it's a million new square feet of retail proposed for the Bee Creek interchange, directly before the Branson Landing project's exit, and they were totally oblivious to it. LaCore told the commission that those are the people he would be concerned about, because no one is completely committed and might pull out of the project if they become angry.

Bob Allen of Branson then addressed the commission, saying the panel is basing its decision on the blighted area of Branson Hills, and as Mr. Redford had said earlier, there is substantial case evidence to prove that's not necessarily the case. He then said he'd like to ask Mr. Grice if he could comment on how his project is doing in Osage Beach. Grice responded that this project has no relationship to Osage Beach or to that property. Mr. Groman asked Mr. Grice the occupancy rate of the Osage Beach project. Grice responded that it is probably at low occupancy right now. Groman advised him to have those figures available for the next meeting, because the question will likely be asked again. Allen then asked Mr. Grice how many of his developer's projects are tax financed. Mr. Grice responded that none have been financed with city financing or with incentives. He then stated that he believes the point of the question is to somehow try to construct a theory that Raul Walters Properties has something less than the qualifications for the project, and that is not the case. He again pointed to the company's 35 year history in developing 75 shopping centers, and said that the first developments must now get second generation tenants. Allen said that he is in no way trying to disparage the developer. He was simply noting that it's a tough business, and that if Branson Hills is considered blighted, perhaps all of Taney County should also be considered blighted.

Commissioner Pennel then sought clarification on whether part of the commission's purpose is to find that the area is blighted. Mr. Grice responded that the commission's specific purpose is to recommend to the Board of Aldermen, and to receive public information as part of the public hearing being held. Mr. Grice stated that a finding of blight would have to occur, that the finding would ultimately be made by the Board of Aldermen, but that Ozark Diversified will be requesting the TIF commission to recommend that such a finding be made.

Dr. Tallon referred to the previous week's meeting, and the comment that a determination had to be made whether there was a risk or danger to society in the Branson Hills area, such as Mr. Grice's statement that the dense underbrush left it susceptible to forest fire. Dr. Tallon also referred to the statement that the pond poses a risk because it was not posted for no swimming, and noted that Table Rock Lake should also be seen as a fairly blighted area because there are no "no swimming" signs posted around the lake. Dr. Tallon said there is room in this state for TIF reform, that the original purpose of blight was to redevelop urban areas in California in the 1950s, and that it has now been stretched beyond recognition in terms of what blight means. Dr. Tallon stated that it's his opinion that blight is to allow politically connected developers to access the public treasury to aid their development process.

Mr. Grice said that he obviously disagrees that that is the purpose of a blight finding. He went on to note that some of the testimony this evening from those opposed to the plan are providing factual support that the area is, in fact, blighted. Mr. Grice stated that blight is based on the fact that there is no value, and if there is no value, the property is being economically under-utilized, that that's the principle

recognized in case law cited in the blight study, and that the case substantiates the need for assistance.

Chairman Huff then asked Rick McConnell to approach the podium, and asked him to provide his opinion as to whether a determination of blight will withstand a legal challenge. Mr. McConnell responded that while there are no guarantees, some blighting factors do exist. He said the main thing is that blight is a legislative determination, and that a great degree of deference is given to that determination if it is not arbitrary and capricious. Mr. McConnell noted that this particular piece of property has sat for a long time, and has some tough factors related to it. He also reminded the commission of Missouri's designation of a "conservation area," which focuses on the age of buildings and other factors, and that perhaps it's a kind of historical blight designation that's being sought.

Mr. Huff sought to clarify Mr. McConnell's response, saying that what it boils down to is we can get all the blight studies we want, and they can say whatever they want to say, but depending on the commission's recommendation, it's still up to the Board of Aldermen for the City of Branson whether to agree with those findings. Mr. McConnell stated that Mr. Huff's assessment was correct.

The commission then heard from Justin Gage of 1368 Long Creek Road in Ridgedale. He began by saying that his is a five-generation family in Branson, and that he grew up at the Hillbilly Inn restaurant until the family sold it in 1988. Mr. Gage told the commission that he has learned a lot over the past ten years on TIF programs through the cities of St. Robert and St. Louis. He said he owns 50-percent of the property discussed by his partner, Brad LaCore, and owns several other properties. Mr. Gage said that there would be serious TIF reform over the next five years which will not involve any local governments, and will come from the state. Mr. Gage said an Internet search of TIF review and TIF abuse turned up numbers of TIFs which have been abused. Mr. Gage then discussed his excavation company and several projects he's done. He says he knows what it costs to do excavation work, and that the project being presented is likely five times the cost of what he's spending on his current site, for which he has requested no TIF or any other type of assistance. Mr. Gage said the eight parcels he bought were non-commercial, and had no commercial potential, until he bought all eight and put them together. He said that if he could walk into a situation like the one being discussed, he'd like to know where to sign up for one, because the work has taken ten years off his life. Mr. Gage then stated that he talked with people at Target today, and he speaks with them every week. He said they have not committed to a project, and that he has site plans in his car sent three weeks ago for his site. Mr. Gage then stated that John L. Morris is concerned, as is Jim Hagle with Bass Pro. Mr. Gage said those concerns are legitimate, and that he wants to see Branson Landing succeed. He then stated that regardless of Hollister, and regardless of Branson Landing, his concern is about the approval of the TIF, and he's asking the commission to consider the expenditure, as he and other developers must. Mr. Gage said he must justify 900-thousand dollars in expenditure to his partner to level and improve a pad, and

would question a four and a half or five million dollar expenditure to do the same to a similarly sized site in Branson Hills. Mr. Gage concluded his comments by saying that he and his partner have put their money where their mouth is, and have asked for no assistance.

Chairman Huff thanked Mr. Gage for his comments and said he appreciates his honesty. He told Mr. Gage he's the first person from that side of the river who have admitted they're interested in Target and other big box retailers. Mr. Huff also sought to clarify that the development will not be a million square feet immediately, and reminded everyone that Phase One is around 250 to 300-thousand square feet, similar to the size of the development in Hollister. Mr. Huff stated that the Hollister site is relatively flat, while there are mountains to cut down in Branson Hills. Mr. Gage disagreed, saying the same quantity was moved, and that he's bidding on the blasting for the site, moving 350 to 400-thousand there for Phase One.

The next speaker was Donna Kennedy of Springfield, who stated that she was approached by Mr. King and Mr. Grice within the past year about helping them with a petition drive, opposing a similar project in Mexico, Missouri. She stated that Mr. King manages a retail strip for Raul Walters in Mexico, which had a discount center wishing to move to the outskirts of town as a Super Center wanted to come into Mexico. Ms. Kennedy stated that Mr. King feared that when the discount center moved out of his retail strip, he would also lose the grocer, so he called her to ask if she would help with a petition drive to oppose the Super Center in the new district.

Chairman Huff asked if Mr. Grice wished to respond, and he stated that Ms. Kennedy was contacted. He said she is part of an organization affiliated with the Grocers Association, and that one of the tenants in the center had asked them to contact her in connection with the situation. Mr. Grice pointed out that grocers are normally upset when a Super Center enters any market, and he and Mr. King were asked to work through the Missouri Grocers Association to do everything possible to keep the Super Center next to the grocery store so that the traffic pattern would remain close to the grocery store. Mr. Grice also confirmed that there was no TIF application formally pending before the City of Mexico at that time. He says that center is now second generation with Wal-Mart relocating after being a tenant for 15 years. He also noted that the fact that Ms. Kennedy brought up the story this evening exemplifies that Raul Walters understands both sides of the issue very well. Mr. Grice also sought to address comments that the development would affect Branson Landing. He said this development is not even intended to compete with that project. He stated that Bass Pro is a destination in itself and is flourishing.

The next speaker was Larry Melton of Branson, who stated that he is a real estate broker representing the majority of the property owners in Branson Hills. On the issue of blight, Mr. Melton stated that he is very familiar with Branson Hills and does struggle with such things as the overgrowth and the pond, but has no

struggle with economic impact, or highest and best use. Mr. Melton pointed out that the interchange at Branson Hills Parkway is the largest and most significant in the city limits of Branson, and is currently under-utilized. He based that assessment on a 140 acre property with Highway 65 visibility, with 75-percent of the visitor traffic approaching from the north, zoned commercial, with an abundance of water. Mr. Melton said his opinion of the highest and best use of the property would be a regional mall. He noted that while there will be some, it will also be offset by those who spend tax dollars locally rather than taking them out of town. Mr. Melton also stated that of the big box tenants being mentioned, Target and Home Depot would not be potential tenants for Branson Landing, and that most visitors to Branson will not visit those stores. He also said it makes sense to him to have Branson Hills considered blighted in order to have the TIF benefit, and that he doesn't think it's possible for a similar development to go in at that location without a TIF, mainly because of the terrain.

Donna Kennedy then spoke again, stating that she did not help with the petition she mentioned, and no longer works with the grocers, though she has represented manufacturing and all retail. Ms. Kennedy said she has spoken with Mr. King at length about how TIFs create an unequal playing field, and that it's unfair for Mr. King and Mr. Grice to be here today to ask for a TIF when they highly opposed it in another town.

Mr. Grice then sought to respond. He said that there was a grocery tenant who did not wish to come out and comment because he felt as though it would detract from his business, given the political support in that community for the Super Center. Mr. Grice said that as an accommodation to a tenant of ten years they took positions that were tough in order to protect their business interests.

The commission then heard from Mark Weisz, who lives in Branson and has an office in Hollister, and represents two of the sellers in the project. Mr. Weisz also stated that he serves on the Planning and Zoning Commission, and that if this issue comes before that commission, he would abstain from the debate and the vote. Mr. Weisz noted that for national big box retailers coming into the area, access to Highway 65 would be required, the only question being which interchange. He also said there will be housing and other development in the whole area driven by the Branson Hills TIF development, and that they will immediately be on the tax rolls. Paying Branson's tourism tax, contributing to tourism marketing and increased visitation for the whole area. Mr. Weisz also noted that should the Regional Tourism Tax ever pass, the Branson Hills area is in the designated district, and the alternate Highway 65 development sites are not, having a significant impact on increasing the area's marketing budget, benefiting the whole region and state. He then requested the TIF commission's support for Ozark Diversified Properties' application for TIF.

Mr. Grice then spoke to clarify the response to comments about cost estimates. He noted that the way the TIF act works, there's an invoice that tracks

with reimbursement, and with the estimated costs, there's a 15-percent contingency. Mr. Grice stated that if the contingency is not utilized, there would be no invoice that tracks for any reimbursement associated with it, so they estimate high enough to cover the costs to avoid overruns.

Chairman Huff asked the commissioners if they desired any further information. As the commission waited for Dr. Tallon to return to ask him whether he had any further questions or comments, Chairman Huff asked the secretary why some of the commissioners serve as class two members, and stated that he did not wish to classify those members as second class citizens. The secretary asked bond counsel Rick McConnell to provide a legal explanation.

Mr. McConnell stated that the provision dates back to the early 1990s when the TIF commission was first established, and while he's uncertain as to why those classifications were established, it was carried forward in the codification process. He said the number of representatives from each of the jurisdictions tracks with state statute, which does not designate class. Mr. McConnell stated that the provision could easily be amended out of the code. Mr. Huff responded that it should be amended out.

When Dr. Tallon returned, Chairman Huff asked if he had anything else to bring up. He stated that he did not. Chairman Huff then closed the Public Hearing and asked the secretary to read the first item on the agenda, a resolution of the Tax

Chairman Huff asked the secretary to read the first item on the agenda.

A Resolution of the Tax Increment Financing Commission of the City of Branson approving the TIF plan dated May 25th, 2004, the redevelopment area described therein, and certain other matters, was read by title by Secretary Williams. Chairman Huff entertained a motion approving the resolution. Commissioner Barker made the motion, seconded by Commissioner Groman. Commissioner Groman then moved to amend the resolution amending Section 1. adding a new item number "i" as follows: "The use of any TIF funding as direct cash incentives to entice businesses to the redevelopment area is patently unfair to existing Branson businesses and should be prohibited."; and to amend Section 2 be amended by adding a "number 4" to state "The use of any TIF proceeds to provide direct cash incentives to entice any business to locate in the redevelopment area be prohibited." The motion was seconded by Commissioner Barker.

Mr. McConnell then sought to propose some housekeeping amendments. The secretary stated that the only item open to discussion at this time is the amendment on the floor, and that after the vote on that amendment is taken, Mr. McConnell would be allowed to speak.

Chairman Huff asked Mr. Grice and Mr. King if they wished to respond to the amendment. Mr. Grice stated that if the point is to prohibit a cash payment

which would not correspond to an expenditure, then it would otherwise be covered by law. He further explained that the program is a reimbursement tool, and any payments must correspond with a budgeted expenditure. Mr. Grice stated that as long as the amendment does not preclude reimbursement of any items budgeted in the schedule, which would be actual costs, and will be reimbursed in actual costs, he has no problem with it.

Mr. Groman responded that the amendment speaks for itself, addressing specific cash incentives given to a business to entice it to come into this development, not normal routine expenses. He cited as an example a friend's fly shop downtown, where Bass Pro is now going in with incentive money being paid directly to them, and he wants to make sure that doesn't happen in Branson Hills.

Mr. Grice stated that he doesn't disagree with Mr. Groman, and says the amendment is fine with him, as long as the exception doesn't swallow the rule. He repeated that they intend to request for actual reimbursement, associated with the costs that are budgeted, and that he and Mr. Groman are apparently saying exactly the same thing.

Chairman Huff then asked for further discussion on the amendment on the floor. Mr. Pennel stated that while he believes he understands what Mr. Groman is proposing, incentives are incentives, and that the plan includes a definite incentive, and whether it's cash or the cost of the land, there's no need for the amendment. Mr. Groman responded that he's only concerned that no one can offer cash to a business to locate in this development.

Mr. Gage then addressed the amendment, stating that over the past three weeks, negotiations with the user being discussed have changed because of this TIF. He and his partners asked Hollister only for assistance for public infrastructure, not for parking lots, lights, pad site development or land costs. He stated that because of the user's proposal for Branson to provide the land for free, basically, to the tenant, the user has gone back and asked Mr. Gage if they could have the land on their site now for free, pave the parking lot, do the landscaping, and provide curb and gutter. Mr. Gage says it's costing him money, which takes what he has done out of his own pocket with his partners, without city tax money. He says now he will have to ask the city for a TIF to help build the pad site so that he can now be competitive with the project. He added that the user will get a free site, a parking lot, and that for all those items which are line items, you can either write them a check for it and let them pay for it, or let the developer just give it to them, because it comes out the same way.

Chairman Huff reminded everyone that wished to speak to specifically address only the amendment to the resolution.

Mr. LaCore stated that if he understands the amendment correction, the 136-thousand dollars an acre they're paying for the property which will be

reimbursed through the TIF will not be considered an incentive., with the users being given the property.

Chairman Huff responded that Mr. Groman has already stated that he recognizes that there will be some incentives, but the amendment states that Mr. Groman does not want cash money given to a developer to entice a developer to do anything. He asked Mr. Groman if he understood his proposed amendment correctly. Groman stated that is correct, the amendment addresses only one type of incentive. LaCore then asked if the commission is okay with giving away 136-thousand dollars an acre. Mr. Huff noted that nothing has been okayed, they are only discussing this amendment.

Mr. Herschend then suggested that the commission or the council determine whether the developer would self-perform any of the work, and whether the city has the opportunity to review bids for work. The secretary reminded Mr. Herschend that only the amendment is to be discussed, and Mr. Herschend stated that he was attempting to get to the amendment. The secretary stated that she felt as though he was doing so in a very indirect manner, if at all. Mr. Herschend stated that he was only saying that there are ways to get cash to people, and he's suggesting that someone understands how the board can audit what actual costs are. The secretary told Mr. Herschend that an audit has nothing to do with the amendment that is currently on the floor. Mr. Herschend stated that during the discussion, he heard a gentleman talk about excavators and the cost, and that we would be reimbursed for the cost of an excavator. He stated that his point to the commission is whether he bills at his cost of 60 dollars an hour, or 260 dollars an hour, may make a difference in the amount of cash that's available for incentives, which is what he believes is being discussed.

Mr. Redford then asked to clarify a couple of points to the amendment. He began by asking if a lot of one acre were priced at 500-thousand dollars, but since they want that user to come here, they could say it would be only 80-thousand dollars for them, which is still 420-thousand dollars less than the original cost of the raw land, would that not be considered a cash incentive? The secretary reminded Mr. Redford that all anyone can address at this meeting at this time is his opinion and feelings on the motion. Mr. Redford stated that that is exactly what he is trying to do, and asked whether a rebate from an automobile dealer or manufacturer is considered cash. The secretary told Mr. Redford that the debate is not over what makes up an incentive, but whether he has an opinion on Mr. Groman's motion. She stated that if further discussion is desired, and the chairman re-opens the public hearing, the matter may then be discussed.

With no one else wishing to address the amendment, Chairman Huff then called for a vote on the motion. The motion carried, and Chairman Huff stated that there would now be discussion on the motion as amended. The secretary told Chairman Huff that he could also open the floor on the debate of what constitutes an incentive. Chairman Huff said he did not want to do that, and that the

commission was ready to discuss the motion as amended. He called on Economic Development Director Mike Rankin to discuss what he knows about Hollister possibly working toward a TIF and whether Target has any real interest in locating in Branson.

Mr. Rankin told the Commission that Hollister has an advantage with its flat land, which is less expensive to grade on-site. He stated that's one of the reasons Lowe's chose to locate in Hollister. Mr. Rankin said Hollister and some landowners are offering and providing incentives, including free pads, greatly reduced land costs, offering to use TIFs by creating a commission, and dollars to offset infrastructure costs. He said they are utilized by communities to provide an edge over the competition. Mr. Rankin said that nationwide, approximately six big box stores are expanding, and that Hollister already has one, and could possibly have two more, which means half the market is potentially gone. He said the reason those stores even look at Branson right now is because we work very hard to demonstrate the strength of the market, and the TIF is the only tool that will give Branson a chance at capturing the two big boxes coming into the area.

Chairman Huff asked Mr. Rankin whether he has heard, or has knowledge, that Hollister is considering a TIF. Mr. Rankin stated he has heard from the prospects that Hollister has suggested the use of a TIF. Mr. Edie asked Mr. Rankin whether Ozark had a TIF for the new Super Center there, and Mr. Rankin responded that he did not have the answer to that at this time, but would find out.

Mr. Pennel said that if the TIF is abused, which he feels it is in this case and that the land is not blighted, that it is being used to facilitate an un-level playing field between Hollister and Branson. He stated for the record that if the situation were reversed, with Hollister having the less desirable land that needed a TIF in order for a developer to use it, he'd be on the same side. Chairman Huff asked Mr. Pennel to clarify his position, that if Hollister does propose a TIF and goes through a TIF process, that he would attend that meeting to express his displeasure with that process. Mr. Pennel responded that if it is a situation that the TIF is being used to convert a less-desirable piece of land in Hollister so that it can compete with a more desirable piece of land in Branson, he would absolutely do that, and would feel responsible.

Mr. Groman said that the land is currently generating no income, and if something is not done, it could be another ten years that it remains vacant.

Mr. Pennel said that if there is going to be a fitness center that will draw a lot of people to that area, there would be development there anyway.

Mr. Edie called for the question. The secretary and Chairman Huff stated that could not be done yet. The secretary said Mr. McConnell would have to be allowed to speak first.

Mr. McConnell presented his housekeeping amendments as follows: in the title of the resolution immediately after the May 25, 2004 date on line seven, add "as revised June 3, 2004"; in the fifth WHEREAS clause change the company name to read "Ozark Diversified Properties, LLC"; and add at the end of that WHEREAS "and said public hearing was continued to June 10, 2004". Add a new WHEREAS that says "WHEREAS after all proper notice was given regarding the above mentioned revisions, the commission convened the public hearing in conformance with the act on June 10, 2004 and closed said hearing." Then in Section 2 add an item (v) "approve Ozark Diversified Development LLC as developer of record for implementation of the redevelopment plan and redevelopment projects." Chairman Huff entertained a motion to amend the resolution as read. Commissioner Edie made the motion to amend the resolution as stated Mr. Mr. McConnell, seconded by Commissioner Tallon. After discussion Chairman Huff call for the vote on the motion to amend. Voting aye: Edie, Barker, Martin, Huff, Booth, Tallon, Groman, and Pennel. Motion carried.

Chairman Huff commented that the Board of Alderman has long recognized that the future growth of Branson is in the north, with the city bound by Hollister to the south and the lake on the east. The city is getting ready to invest millions of dollars in the rec. center and a new road connecting Branson Hills Parkway to Highway 248. Mr. Huff stated that what we do out there will help spur the development to the rest of the property in that area, which will help the taxing districts, and he doesn't feel that the 141 acres will develop on its own. He said the project makes sense, and that if Branson did not take the risk of trying to pursue the project, he would be negligent in his duties not to do what he can to keep the tax dollars in the city. Mr. Huff stated the creation of the TIF will not be any expense to the city, and that the project, the infrastructure costs and the reimbursable costs, are going to be funded through the revenues generated by the project. Mr. Huff said he is trying to look out for what is best for the City of Branson, and he will do what he feels is right and vote in favor.

Mr. Booth was asked to provide the school district's opinion. He said that while he favors the project, he has a bit of a problem with the TIF. He said that numerous music theaters are going off the tax rolls because they are now churches, and that impacts school funding. Branson is a "hold harmless" district with very little money coming from the state, and with most of the money coming from "local wealth." Mr. Booth said another issue coming up is that lodging associations are proposing to pay less money in taxes, and while he agrees they may be overtaxed, it does affect school funding. He said that while they hope the development will grow and that there will be other development in the area, there is still a lot of land with major commercial development that will not be taxed for the benefit of the schools. Mr. Booth stated that while he personally favors the project, he feels the school district has been cut out and cannot favor it.

Chairman Huff asked what kind of tax revenue that 141 acres is generating now, and what it will generate without some incentive to develop it. Booth said he agrees that the area is where growth will occur, but that it's a perfect area for residential development. Mr. Huff asked how the school district would feel about the big box development going to Hollister, and Mr. Booth responded by asking how the city would feel about giving the school district half the sales tax money generated. Mr. Huff asked if Hollister would be giving Branson R-4 schools any of their revenue. Mr. Booth responded that would not happen, and asked if Branson would favor the project if it gave up their half-cent sales tax to the school system. Mr. Huff responded that if the project goes to Hollister, the school district would certainly not gain revenue in any amount of time. Mr. Booth said that if the school district got the half-cent sales tax the city is getting, the city would not get anything for that period of time, and asked if Mr. Huff would be willing to give that up. Mr. Huff responded that he was unable to answer that, and asked Mr. Booth exactly what the school district is giving up. Mr. Booth replied that the district is giving up the potential of the growth going up there. Mr. Huff and Mr. Booth continued to debate the amounts projected for the school district at various points during the 23 years, with and without a TIF. Mr. Grice then entered the discussion and explained that what Mr. Booth is describing is apparently what occurred as relates to the Branson Meadows project. Mr. Grice said he is not familiar with the project, and was basing his assessment on what he has heard during the hearing. He said the statute was structured to treat all of the taxing districts in a certain way, and apparently what happened was that one taxing jurisdiction, the school district, was not treated the way the statute contemplated to treat them when the community decided to approve that TIF plan. Mr. Grice also stated that because of that, the project developed financial difficulties because it was inadequately capitalized and it under-performed, which can happen for a number of reasons. But Mr. Grice also said the fact is that retail development is not going to generate impact directly on the school district, because there are no residential occupants in the 141 acre development pattern.

Mr. Booth noted that Mr. Grice had stated the development would provide new jobs, new students, a need for residential, and that the school would need funding for those students. Mr. Grice stated that those people would buy a house not in the current TIF district, with the taxes flowing to the city's benefit. He said that usually job growth has a very positive general economic impact to the area for all taxing jurisdictions.

Mr. Edie asked where the people would come from to fill the 12-hundred new jobs, and whether there is a master plan for residential development before the development is built with the big box user. Edie asked if people would relocate from Nixa or Ozark, or if it would continue that people from Ozark and Nixa are driving to Branson to work but not providing property taxes. Mr. Grice stated those factors are all a net positive to the community, with people stopping at the Quick Stop at the exit to fill up with gas, and to purchase other goods and services in the immediate vicinity where they work and live. Edie restated his point that the

housing is not present before the big boxes are built. Mr. Booth added that a job paying seven dollars an hour would not entice people. Mr. Grice responded that the figures utilize a very rudimentary factor of two times economic impact, and a very conservative number for payroll. He added that the payroll numbers were understated because they did not want to overstate them.

A motion was made to call for the question. The motion did not carry, and debate continued. Mr. Herschend appeared again representing Taney County and the Branson R-4 school district, and questioned the assessed valuation figure of \$16,948. He stated that the county collector has taken the tax numbers as provided by the plan and added them up, with the total actual assessed valuation at \$43,970. Mr. Herschend said that if the plan is adopted stating the \$16,948 figure, the school district would be cheated out of \$27,000, and while it has nothing to do with the county, he did not believe that to be an accurate figure as represented in the document. He also said he doesn't think it's fair to start off taking money away from the school district when they say they already need money. Mr. Huff responded that no one intended to do so, and asked for someone to address it. Mr. Herschend stated that the question had been asked earlier by Dr. Tallon, and that the commission chose to go on without addressing it by making a motion and taking a vote. Mr. Huff asked Dr. Tallon if he did not get an answer to his question, and he stated that he had not.

Mr. McConnell stated that he and Mr. Grice checked the figure and will double check it if necessary, and that if the figure is incorrect, it will be correct before the plan is considered by the Board of Aldermen, but the understanding is that it is correct at this point.

Chairman Huff asked where the figures had come from, and Mr. Grice stated that they had come from tax receipts. He agreed with Mr. McConnell that revisions can be made if necessary, and repeated statute provisions for changes after the close of the public hearing with notice in writing to the taxing districts.

Chairman Huff then asked Mr. Wichmer whether the commission can proceed with the resolution as amended. Mr. Wichmer agreed with Mr. McConnell and Mr. Grice, that the time to amend the resolution would be in the 14 days between the close of the hearing and consideration by the board. He stated that it would be a housekeeping matter to be taken up before the board, and does not change the scope of the plan. Chairman Huff asked Dr. Tallon if he was comfortable with that, and Dr. Tallon stated that he was.

Mr. Redford asked the commission whether they've had a legal opinion on the blighting issue. Mr. Wichmer responded that Mr. McConnell was hired to reach those decisions because he is versed in those matters, that it is a legislative determination to be made by the board, therefore if the board determines blight and that is supported by the evidence in the record, then it is blighted, so the question has been answered. Mr. Redford also stated the TIF request did not provide a

financing commitment, other than a letter containing three paragraphs that it is contingent upon market conditions at the time of the sale, further due diligence by A.G. Edwards, and A.G. Edwards' approval of terms and conditions. Mr. Redford said he is suggesting consideration of a legal opinion on the blighting issue because it will be tested in federal court, so an independent opinion on the blighting issue and the financing conditions of the TIF might save the city some money.

Chairman Huff called for the vote on the resolution as amended. Voting aye: Edie, Barker, Martin, and Huff. Voting nay: Booth, Tallon, Groman, and Pennel. The vote on the resolution was 4 to 4 tied.

Chairman Huff then requested a motion to adjourn. Commission made the motion, seconded by Commissioner Booth. All voted aye. Meeting adjourned.