

**MINUTES OF THE SPECIAL PUBLIC MEETING OF THE
BOARD OF ALDERMEN
CITY OF BRANSON, MISSOURI, AUGUST 13, 2002**

The Board of Aldermen of the City of Branson, Missouri, met in a special public meeting in the Council Chambers of the City Hall on August 13, 2002 at 7:30 p.m. with the following members present:

Mayor Lou Schaefer presiding, with Dick Gass, Stan Barker, Ron Huff, Eric Farris, and Bob Warlick present, with Larry Taylor absent.

Also in attendance were: City Administrator Terry Dody, Assistant City Administrator Kevin Faught, City Attorney Deborah Deuster, and City Clerk Sandra Williams.

Mayor Schaefer called the special meeting to order with a "Pledge of Allegiance" and Larry VanGilder gave the invocation.

Mayor Schaefer then welcomed the audience to the second public meeting on the redevelopment of approximately 72 acres fronting Lake Taneycomo in downtown Branson with consideration of alternate project locations for a convention center. Mayor Schaefer indicated the review team would present an update on their progress and a more extensive analysis would be made in a final report later. Mayor Schaefer then turned the floor over to Jerry Klint of Core Program Development.

Jerry Klint stated that by action of this Board, a review committee was formed and charged with the task of conducting a formal and thorough evaluation of the RFP responses. Pursuant to that directive, he had met with Gilmore & Bell (legal advisor) and CSG Advisors (financial advisors), along with his colleague Don McGinness. Additionally, we delivered copies of the RFP responses to representatives of Salomon, Smith, Barney for further financial feasibility analysis.

The evaluation team met in quorum to: 1) divide the different scopes of evaluation among the appropriate parties; 2) to compare and compile information gathered to date; and 3) to create the timeline delineating the evaluation process. At this time Mr. Klint reminded everyone that the committee was formed as an evaluation committee, not a recommendation or selection committee. The committee's directive was to evaluate the proposals and report back to the Board their findings. Mr. Klint then provided answers to some of the questions that were asked at the July 30, 2002 meeting.

It is the committee's belief that the best method to allow everyone here the opportunity to fully comprehend the financial scope of each proposal will be to have the Board of Aldermen designate next Tuesday evening, August 20th, as a night where each team be allowed time to publicly present their proposal and specifically the financial implications as they relate to proposed sources and uses, and proposed public debt structures and amounts as to revenue projections. Mr. Klint reminded everyone that the final responses to financing questions will

not be completed until a transaction is consummated. Issues such as state T.I.F. contributions, issuance of bonds or the creation of CID's is contingent upon too many variables to offer definitive solutions now.

At this time, Mr. Klint reviewed for everyone the "Criteria For Selection" which was in the body of the RFP, and stated the committee has focused their evaluation efforts on the issues listed, in an effort to assist this Board in their decision. Mr. Klint also review Section 200.4 of the RFP, "Special Objectives Of the City" and indicated that in an effort to obtain further information, a letter was sent to all respondents with a list of 38 specific requirements outlined in the RFP. Mr. Klint then outlined the initial and the subsequent responses from each team of the possible 38 items, and provided data on the qualifications and expertise; and the experience and performance of each developer.

It is the committee's opinion that five of the respondents have provided at least the minimum financial information required to provide continued evaluation. In analyzing the level of detail provided in the initial response by each respondent, the consensus was that HCW offered very detailed information regarding the financial aspects. The Native American Group and Chaswell offered some detailed information regarding construction and Convention Center operating costs. Garfield Traub offered fairly general information regarding one particular financing method for the Convention Center. The Sansone Group offered minor detailed information. The Branson Landing, LLC offered no specific information relevant to this subject.

Slides were then shown of the different developers and what they proposed for their project. Because of a glitch in delivery the Sansone Group information did not arrive here for tonight's presentation.

David Queen of Gilmore & Bell spoke to discuss possible financing mechanisms. Mr. Queen stated he wanted to talk a little bit about the aspects of the review team that the legal/finance is responsible for, and he knew that some people would be disappointed as they didn't really have specific information yet. Mr. Queen outlined the qualifications of CSG, Solomon, Smith Barney, and Gilmore & Bell. Mr. Queen stated his goal for the Board is to give you some preparation for what he hopes will be an in depth report in the weeks to come, regarding the financial aspects, and wanted to accomplish three things: 1) familiarize the Board with some terms that are in the proposals that everyone hasn't heard before; 2) wanted to review some of the terms everyone is familiar with to make sure we are all on the same page; 3) to focus on some of the relationships of how the tools work together; and 4) try to create some areas of sensitivity, so that as you hear from the developers and the finance people you will start to have an eye and an ear for what really matters for the City.

In determining what you can afford, there will be four separate areas that you need to develop a sensitivity to the analysis that is being done. 1) The projection numbers are a critical part of this which are based on activities at all of the projected sites, obtaining outside verifications of those numbers are also extremely important. 2) The legal constraints. Missouri is a very difficult state for governmental entities to provide substitutes for combined projects (projects that have both a public and private component). Mr. Queen stated he

would discuss four tools, Tax Increment Financing, Transportation Districts, Community Improvement Districts, and Neighborhood Improvement Districts (TIF, CID, NID and Transportation Districts). 3) This project impacts the City's financial capacity. The City of Branson is a thriving, growing city. It has a lot on its plate in addition to, what it has been doing in connection to the Branson Landing project. It is very important to the review team that nothing we do here puts the City at a disadvantage on any of the other things that it has on the drawing board. We try to get the full picture of what you are going to be doing three years and five years from now. Look at the bond debt capacity now and in the future, we look at a number of aspects regarding financial capacity, including how the national credit market evaluates the City's financial capacity. So an important question is: What does this do to our capacity for our other projects that we want to do? 4) The last thing is will this be a good analysis regarding risk and the risk shifting.

Mr. Queen then discussed the aspects of Tax Increment Financing, indicating it is essentially a tool created by statute that allows the City to oversee the development of a project and take the taxes generated from the project (real estate taxes that increased, and the sales taxes where there were no real estate or sales taxes before) and to redirect them back into the project. Essentially this is what has been primarily on the table here. It is the heart of each of the proposals presented. It does not involve the City's general credit, or general obligation bond capacity/. It does not grant the City the right to impose taxes on anybody else's property. It is solely and specifically limited to taxes generated at the area designated. Those areas have to be carefully drawn, so as to obtain the maximum amount of pilots and sales tax revenues.

The last thing is that you will hear the term "State TIF". This is very important to understand because it represents an important new source of revenue to help assist with keeping down the cost of the project, and/or supporting any TIF debt that the City would issue. That program allows the City to capture a portion of the state's sales tax. On this project it represents between 24 and 45 million dollars of assistance for either paying down debt or paying project costs with it. It is important but it is a separate program that the state administrator's refer to as Urban Core TIF, which is much more targeted to your downtown area on the lake front. To get the debt floated, you have to have near absolute certainty that the sales taxes that you need off of the retail are actually going to occur. You can't issue the debt and then build the retail, hoping that you will fill it in several years. So one of the things the review team will be talking about is how do we guarantee to the City the projections are correct, if they decide you could afford the Convention Center. How do you make sure the retail component is large enough, strong enough, and structured so it will produce enough money to cover the convention center debt. Or, the City can say that's Ok if it doesn't cover it, you would cover it from this source, or that source. In one of the proposals they recognize that it is difficult to sell sales tax backed TIF bonds, and so they proposed and introduced for the first time, a CID, a Community Improvement District. The three tools, CID, NID, and Transportation District are means to impose additional taxes on property. These do not result in taxes to the rest of the City. They tax only the property that is within the described area. Lastly, a number of city's have had projects that they have felt were imperative to the city's long-term health, and wanted to finance with a TIF issue but found that their bonds weren't marketable. They then had to make a very difficult decision, and it is one that I think you will

have to make, and that is to what extent would we be willing to come behind and do an annual appropriation power that would assist and cover the projections on a piece or some piece of this project. It will be a decision that you will have to weigh about whether or not you want to use annual appropriation power.

Jerry Klint closed by saying that a financial evaluation remains as the final component of the committee's tasks. The one item the evaluation committee felt would require the expertise of an outside firm was analyzing the proposed locations of the Convention Center, and urged the Board to immediately request staff to engage a CS& L analysis in regards to each proposed site. The committee suggested the Board allow the developers to present their proposals next week, and the final component of the committee in two weeks. Mr. Klint closed by saying that based on their assessment, it is reasonable for the City to assure that selection of a developer, negotiation and a completed development agreement is achievable by early to mid December.

At this time Mayor Schaefer called for a five minute break.

Mayor Schaefer reconvened the meeting at 8:40 p.m., and opened the floor up for comments by the Board.

Alderman Huff asked how the Board knows if the retail projections are accurate, and is the City in a favorable bond market? David Queen replied they used historic data from retailers based on stores in other locations for the retail projections, and yes, we are in a period of historic lows regarding the purchasing of bonds for loan rates of yield.

Alderman Barker asked if the splitting of sites was an issue. Jerry Klint answered that splitting of sites is actually advantageous regarding increased visitor count and relieving parking issues.

Alderman Ferris asked about how other cities ramp up their convention center marketing. David Queen answered that community improvement districts fits well – Conventions usually take two to four years to get bookings.

Alderman Warlick referred to the CS&L involvement mentioned and asked how we would know if they could perform a feasibility study. Jerry Klint answered, not a feasibility study, the City simply wants their assistance in evaluating the proposed sites, and analyzing the pros and cons of each site.

Alderman Huff asked who would analyze the square footage. David Queen answered the original report indicated a smaller one than 100,000 square feet.

Alderman Gass asked to be provided more information on General Obligation Bonds. David Queen replied they are renewed annually, and if the City fails to do so, the markets would not let the City borrow in the future.

Alderman Huff asked how a CID works. David Queen answered it was like a voluntary association which involves the landowners and the signing of a petition to be taxed. It would require two public hearings, verification of the signatures, notices, and letters to all property owners in the district. Then the City would adopt an ordinance forming the district. This would require more than 50% of the property owners.

Alderman Warlick inquired if there was a way to do the lakefront project, and then take the excesses for the convention center. Jerry Klint replied that they were sever able best to move forward with selection of developer while analysis of convention center sites occurs.

Mayor Schaefer then opened the floor for comments and questions from the audience.

Rick Renfro, 108 Fern Street, talked about traffic impact, and asked if we were allowing for some parking. Mayor Schaefer stated parking was being considered.

Gail Myers, 317 River Bluff Drive, thanked the evaluation committee and asked how the public would be involved in giving input on the six proposals. Mayor Schaefer answered that the Board would continue to have public meetings just like tonight. Mr. Myers then asked who the tourism expert was on the evaluation committee team; where the increased visitors were coming from; where the \$75 million in gross direct spending referred to in the CS&L Study, comes from; and in each of the six proposals assess the hotels utilized, identify the room nights projected in new hotels, and the number of room nights projected in existing hotels. Mayor Schaefer answered there were too many questions to answer immediately, but he would personally answer each one in a letter. Mr. Myers agreed, but asked that the response be read at a public meeting.

Alderman Huff asked if the Grand Palace project tied into the Radisson and does it have a new hotel also. Jerry Klint replied that the proposal shows a skywalk from the Grand Palace to the Radisson, and additionally shows a terraced hotel located behind the Grand Village.

Alderman Huff moved to have the six proposal presentations on August 20, 2002 and the final evaluation committee presentation on August 27, 2002 before dissolving the committee, seconded by Alderman Warlick. Voting aye: Gass, Barker, Huff, Farris, and Warlick. Nays: none. Absent: Taylor. Motion carried.

ADJOURN:

Mayor Schaefer entertained a motion to adjourn. Alderman Farris moved to adjourn, seconded by Alderman Gass. Voting aye: Gass, Barker, Huff, Farris, and Warlick. Nays: none. Absent: Taylor. Meeting adjourned at 9:27 p.m.