

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF ALDERMEN  
CITY OF BRANSON, MISSOURI, DECEMBER 18, 2002**

The Board of Aldermen of the City of Branson, Missouri, met in special session in the Council Chambers of the City Hall on December 18, 2002 at 4:00 p.m. with the following members present:

Mayor Lou Schaefer presiding, Dick Gass, Stan Barker, Larry Taylor, Ron Huff, and Bob Warlick. Absent: Eric Farris.

Also in attendance were: Administrator Terry Dody, Assistant Administrator Kevin Faught, City Attorney Deborah Deuster, and City Clerk Sandra Williams, Finance Director Deanna Schlegel, Communications Director Jerry Adams, and Community Development Director Mike Rankin.

Mayor Schaefer called the special meeting to order with the “Pledge of Allegiance” and Sandra Williams gave the invocation.

Mayor Schaefer then stated, “This special meeting has been called to consider Bill No. 2502 approving the termination of the 1992, 1996 and 2001 Redevelopment Projects, Redevelopment Plans, and Redevelopment Areas located within the City.” Mayor Schaefer then outlined the rules to be observed during the meeting, and asked the Clerk to read the item being considered.

Bill No. 2502, an ordinance making findings with respect to the 1992, 1996, and 2001 Redevelopment Plans, Redevelopment Projects, and Redevelopment Areas and approving the termination of the 1992, 1996, and 2001 Redevelopment Projects, Redevelopment Plans, and Redevelopment Areas located within the City, was read by title by City Clerk Williams. Mayor Schaefer entertained a motion approving the first reading of Bill No. 2502. Alderman Warlick made the motion, seconded by Alderman Gass.

**BILL NO. 2502  
REDEVELOPMENT  
PLANS TERMINATED  
ORD. NO. 2002-161**

David Queen of Gilmore and Bell provided the presentation report on the item. Mr. Queen stated, “That at the Monday, December 16, meeting of the TIF Commission there was some unusual procedural actions in response to a legal point that was made that we basically thought was a legitimate issue, and we wanted to study it further. We have studied it further and have essentially decided that the course of action that we embarked on before which was done out of an abundance of caution, not required by the statute, actually had put us in a Catch 22 situation. That had to do with the very broad conflict of interest provision that sets within the TIF statute, coupled with the fact that the TIF statutes contain no guidance or direction on how you go about terminating a TIF Plan. They spend all of their time talking about how you put one in place but not how you get rid of one when you are done. Common sense tells you it shouldn’t be that hard to get rid of something when you are finished with it. When you created it for a purpose and it’s done. Certainly with the 1992 and the 1996 plan

the projects that were identified there are substantially complete, and with the 2001 plan that you know we are terminating that for a different reason. After the lawyers who specialize in this area, Gary Anderson, Rick McConnell and some lawyers in our St. Louis office decided that it was within the TIF statute that the Council act without a recommendation as to those terminations from the TIF Commission. So we have brought this action directly to the Council and we plan to advise the TIF Commission that the continuation of that hearing is unnecessary, and that we have presented this ordinance to you. The ordinance basically contains three simple findings and then it contains the termination language. I want to point out that in the termination of the 1992 plan, the 1996 plan the termination is only effective upon payment of all of the outstanding bonds and obligations payable from the revenues from the 1992 area and the 1996 area. That hasn't been done yet. That is what is in process with respect to the financing that we have been talking about; so there is condition on that. The termination of the 2001 plan is effective immediately upon the final adoption of the ordinance.

Mayor Schaefer entertained a motion approving the first reading of Bill No. 2502. Alderman Warlick made the motion, seconded by Alderman Gass.

At this time, Administrator Dody asked Mr. Queen to provide the Council with an update on whether or not the Council wants to use bonding insurance, and also relate the timing of the bond issue that is now being looked at.

Mr. Queen replied, "As you know the capital markets are constantly moving. It is not only the taxable markets, but the tax exempt markets move independently of the taxable markets in evaluating the use of the bond insurance as it relates to using just the rating. As you recall, there was a schedule shown to you in the past that showed an \$8-million dollar savings, and that number has come down as the bond issue has been finalized and discussions have occurred. The collateralization that occurs as a result of adding the '95 issue has actually not only made the potential for insurance more feasible but it also led to a stronger marketing effort on behalf of even the uninsured debt, because it had collateral behind it. That number is now reduced to over 30 years at approximately \$146,000 dollars a year difference for a gross number of about \$4-million dollars and a present value number of about \$2.7-million dollars. The insurers have been essentially been having difficulty getting their hands around the credit given the fact that they are used to financing assets and new construction and refinancing of existing assets. The refinancing of the land has presented some challenges for them in terms of the value of the collateral if you will. The fact that we know the land will be made available for development for lease payments. Those lease payments can be collateral but the land itself can't be collateral or we would be paying a much higher interest rate, because the whole deal would have to be taxable. That would have a huge cost associated with it. Because of that, the best insurance proposal we have received has requested additional collateralization in the form of additional cash collateral of approximately 50% of the principal amount collateralized. This would mean that the City at the time we issue would put up an additional \$13.5-million dollars of cash collateral into a reserve fund. It does reduce very quickly because the amortization is very short on that. It goes from \$13.5 to the next year \$11.5 to \$9.5, \$7.4, \$6.9, \$6.3, and by 2018, fifteen years essentially gets back to no additional collateral. There is a lot of different ways you can go about doing that. You could for example include the Community Center and then take the cash out, because you were going to spend

cash for that. We have the cash to do that. We have \$33.5-million dollars. I think the opinion of the working group is that you go with the issue, the rating and the collateral and basically not try to capture this additional \$146,000 dollars a year. While it is true that it is real money over a long period of time, the fact of the matter is you can't tell what that covenant may or may not do to you in any given year. The beauty of liquidity is that you ought to be able to spend it if you need it, and we think the cash ought to stay free of those restrictions. It is not worth it in our view to tie it up. We are recommending that we proceed along the path that we were going, in that we probably will do a BAA1, Triple B plus rating bond issue that is still a very attractive interest rates that are below what the market has seen in a long time." Discussion and questions were then held by the aldermen. Mayor Schaefer then called for a vote on the first reading of Bill No. 2502. Voting aye: Gass, Barker, Taylor, Huff, and Warlick. Nays: none. Absent: Farris. Motion carried. Alderman Warlick moved to read the bill a second time by emergency due to the necessity to submit the State TIF application, seconded by Alderman Gass. Voting aye: Gass, Barker, Taylor, Huff, and Warlick. Nays: none. Absent: Farris. Motion carried. City Clerk Williams read Bill No. 2502 by title again. Mayor Schaefer entertained a motion to approve Bill No. 2502 for its final reading. Alderman Gass made the motion, seconded by Alderman Barker. No discussion. Voting aye: Gass, Barker, Taylor, Huff, and Warlick. Nays: none. Absent: Farris. Ordinance No. 2002-161 was duly enacted.

#### **ADJOURN:**

Mayor Schaefer entertained a motion to adjourn. Alderman Huff moved to adjourn, seconded by Alderman Taylor. Voting aye: Gass, Barker, Taylor, Huff, and Warlick. Nays: none. Absent: Farris. Meeting adjourned at 4:25 p.m.