

Meeting of City of Centralia, Missouri Enhanced Enterprise Zone Board of Directors for Tuesday, July 10, 2012.

The meeting was called to order at 5:30 p.m. by Chairman Elsbury. Also present were Directors Lorry Myers, Don Copenhaver, Pat Lensmeyer, Harvey Million, and Glen Brown. Also present were Lynn Behrns, Barry Stephens, Mayor Tim Grenke, and James Smith

Elsbury moved to approve the minutes of the previous meeting. Copenhaver seconded the motion. On roll call vote, all members present voted aye. The motion was passed.

Elsbury reported that he had taken a list of NAICS codes to John Blevins at Hubbell Co. Blevins marked all of the codes which might relate to Hubbell's current or prospective operations, so that the Centralia EEZ Board did not inadvertently foreclose use of the EEZ process to its most likely user. Elsbury has compared the Hubbell list to the eligibility list proposed by a committee of CREDI members. None of the codes which the CREDI members wished to exclude were among those which Hubbell specifically wanted to include.

Behrns said that he had not checked with the Missouri Department of Economic Development to learn if hotels and motels were eligible for the program. Lensmeyer said that she did not believe they were.

Myers said she was still concerned with the effects some new companies could have on the local schools. Jed Angell was supposed to look into this but was not present to report. Grenke said that he had spoken with the mayor of California, Missouri. That mayor said that Cargill had not created an adverse impact on their schools (although the large company facility had not received an EEZ incentive. California does not yet have an EEZ).

Lensmeyer reported on progress in the Columbia EEZ process. It is not yet near completion. Columbia has been discussing whether to have higher requirements for extra employees or investment to qualify for incentives. She distributed a memorandum from Columbia City Attorney Fred Boeckmann. Columbia could, for instance, require at least 15 jobs be created. Board members thought that was not the direction which Centralia should go. Lensmeyer handed out copies of her proposal for restrictions on tax abatement. These would protect local taxing entities from losing a portion of penalties and interest due when property taxes are paid late. This would also give participating companies greater reason for paying taxes on time. Members said that this would speak well toward showing accountability to the public. Lensmeyer said she had learned that, while there were more than 118 EEZs across the state, far fewer have actually had companies apply for the incentives.

The Board discussed at length the prospect of giving higher abatements to firms which hire larger work forces, have higher average payroll, or invest more in new assets. Behrns said that he had asked DED about use of clawbacks and inverted, tiered incentives—as suggested at the last meeting by Angell. Neither has been adopted by any other EEZ. State tax credits are issued only after the fact, so default is not possible. While our EEZ would like to focus on companies in the area of 15 to 25 new employees and not large companies, no one could think of a way to give them extra incentives that could not also be accessed by large firms. Behrns noted that

larger companies find location based on available work force; so very large applicants are less likely here. Lensmeyer asked the Board to not make the incentive package too complicated, since the county would have to implement it; and tracking based on different abatement levels would be very difficult. She particularly did not want to face incentive tiers that are variable from year to year (as companies grow).

Committee discussed whether standards can be changed in future years. Lensmeyer thought it possible, but cumbersome. Elsbury and Myers suggested different abatement levels for different business codes. Behrns counseled on making the EEZ's implementation quickly, but as polished as possible. Lensmeyer repeated the goal of simplifying the process as much as possible for clear implementation.

Lensmeyer checked the state enabling statute to find a section which set a requirement for the wages of the new jobs to be at least 75% of the county medium- which is high for Boone County.

Ultimately, Board members took Lensmeyer's concerns to heart and fixed on a process with few complications.

Million moved to recommend to the Centralia Board of Aldermen that they accept the list of eligible NAICS codes developed by the CREDI committee, subject to the restrictions of the state statutes and to the inclusion of several codes added back by the EEZ Board at the last meeting. Copenhaver seconded the motion. All members of the Board voted in favor of the motion; there were no abstentions or votes against. The motion carried.

The EEZ Board examined what level of abatements would be acceptable and whether to have requirements greater than the state minimum of two jobs and \$100,000 in new investment. Board members agreed that Centralia would be best served by abatements higher than the minimum, and they also wanted to target startups and expansion of local companies. This seemed more realistic than chasing smokestacks. Eventually, they reached a consensus on a 70% abatement.

Million moved that the EEZ Board recommend to the Centralia Board of Aldermen that they adopt Lensmeyer's suggested provisions about full payment on any interest or penalties due from participating companies. Elsbury seconded the motion. All members of the Board voted in favor of the motion; there were no abstentions or votes against. The motion carried.

Copenhaver moved that the EEZ Board recommend to the Centralia Board of Aldermen that they adopt an abatement level of 70% for all applications. Elsbury seconded the motion. All members of the Board voted in favor of the motion; there were no votes against or abstentions. The motion carried.

Behrns said that he would use the EEZ Board's recommendations and work with the City Attorney to prepare a draft ordinance for consideration by the Board of Aldermen. He will send the draft to Board members and to Carol Shoemaker at DED. The draft, with any corrections, will be presented to the Aldermen. To speed the process, Behrns will ask that they have a

recessed meeting prior to one of their committee meetings on the first or second Monday of August. Lensmeyer reminded the EEZ Board that the same language will have to be approved by the County Commission, which will require two readings at separate meetings.

The City ordinance and County resolution will be included in an application to DED so that we qualify for their tax credit opportunities. Behrns will present that application to the Centralia EEZ Board for their concurrence before the submittal. Review of that application will take about three months. With no road blocks, we should be able to look at individual company proposals by Christmas.

Elsbury will call for the next meeting when our application to DED is ready, probably in four or five weeks.

Million moved and Copenhaver seconded that the meeting adjourn. All directors voted aye.

Meeting adjourned at about 6:45 p.m.