

SMITHVILLE BOARD OF ALDERMEN REGULAR SESSION

June 7, 2022, 7:00 p.m.
City Hall Council Chambers and Via Videoconference

1. Call to Order

Mayor Boley, present, called the meeting to order at 7:01 p.m. following the Work Session. A quorum of the Board was present: John Chevalier, Kelly Kobylski, Ronald Russell, Marv Atkins and Dan Hartman. Dan Ulledahl was absent.

Staff present: Cynthia Wagner, Chief Lockridge, Anna Mitchell, Jack Hendrix, Stephen Larson, Matt Denton and Linda Drummond.

2. Pledge of Allegiance led by Mayor Boley

3. Proclamations

June 15 World Elder Abuse Awareness Day
Mid-America Regional Council (MARC) Celebration 50 Years



Figure 1 - Mayor Boley presented the MARC 50 Year Proclamation to Fran Lenk

Both Proclamations will be posted on the City's FaceBook page and Nextdoor.

4. Public Hearing - Smithville TIF Marketplace

Mayor Boley called the public hearing for the Smithville TIF Marketplace to order 7:03 p.m.

No Public Comment.

Mayor Boley declared the public hearing adjourned at 7:03 p.m.

Stephen Larson, Finance Director presented the five-year Smithville TIF Marketplace report.

Smithville Marketplace TIF District Overview

- The Smithville Marketplace TIF Plan was adopted by the Board of Aldermen (Ordinance #2969-17) on **August 1, 2017**.
- The plan identified a redevelopment area of approximately 66.3 acres located between Cliff Drive and U.S. Highway 169.
- Previously, this site was commercially developed in 2009 as a large-scale multi-tenant retail site. Unfortunately, by 2011, the development did not have occupants and was foreclosed upon.
- The Smithville Marketplace TIF Plan included *specific projections* on estimated Assessed Valuation, estimated PILOTs, and estimated Economic Activity Taxes (EATS) based upon the types of businesses planned in the redevelopment area. A tractor and supply store, which was initially planned for the TIF, *is not located in the TIF redevelopment area*.

Smithville Marketplace TIF Active and Future Businesses

Scooter's Drive-Thru Coffee

Taco Bell

Domino's Pizza

Cosentino's Price Chopper

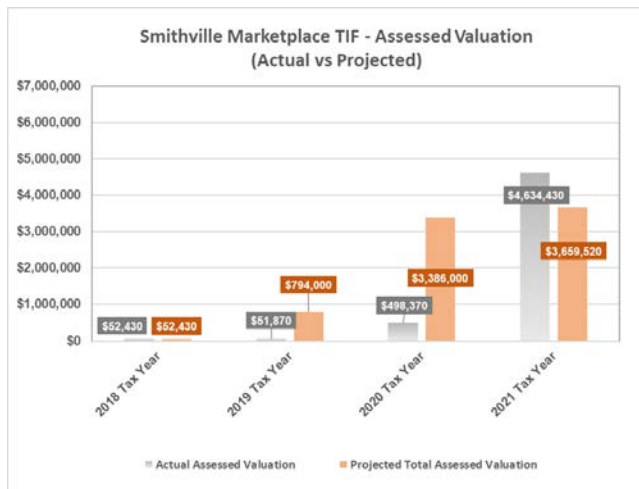
Porter's Ace Hardware Store

Burger King

Jimmy John's (coming soon)

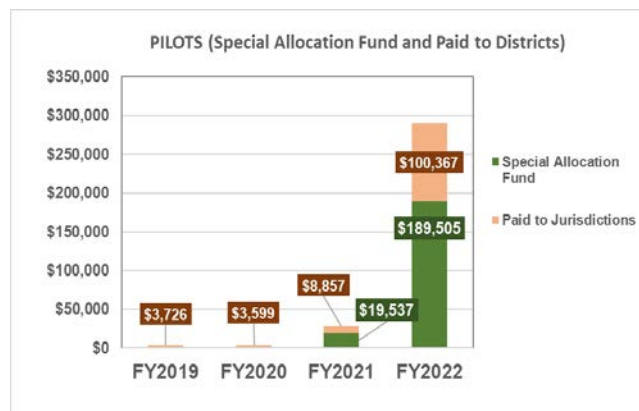
Dentistry at Marketplace

Smithville Marketplace TIF Assessed Valuation (Actual vs Projected)



The projected total assessed valuation figures were established by the developer in the TIF Plan.

PILOTS (Payments in Lieu of Taxes) Collected

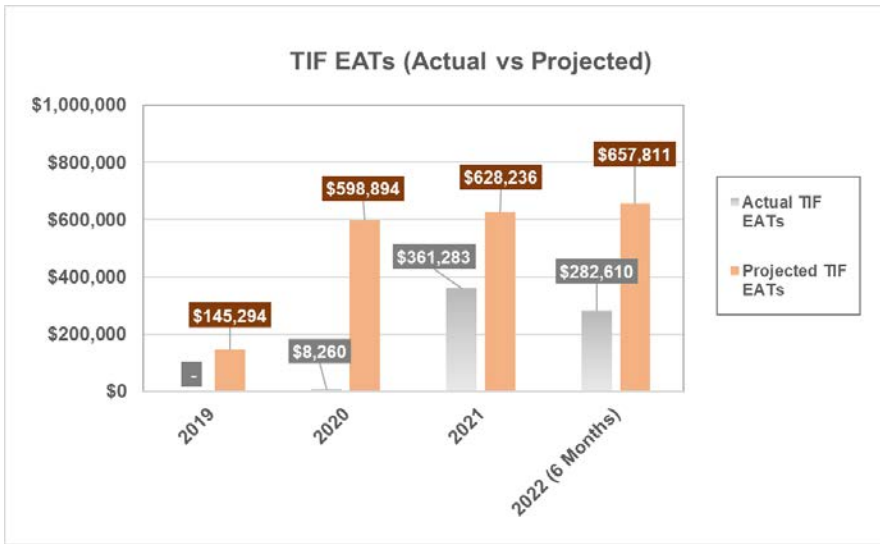


Tax Year 2018 & 2019 AV: \$52,430 & \$51,870. Jurisdictions received the base property tax in **FY2019** and **FY2020**.

Tax Year 2020 AV: \$498,370. This growth in AV became the basis for increased property tax revenues in **FY2021**.

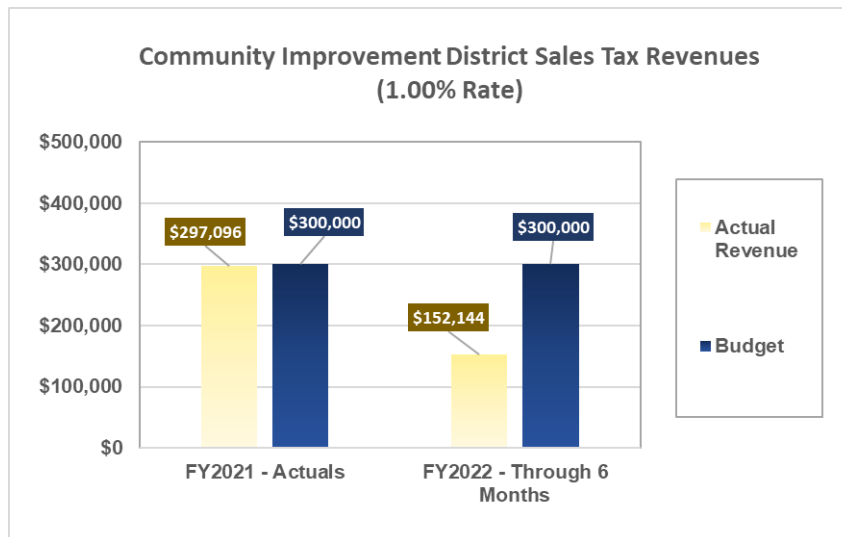
Tax Year 2021 AV: \$4,634,430. This became the basis for property tax revenues in **FY2022**. Jurisdictions receive the base property tax amount plus the tax increment amount based upon the "subject to TIF percentages" outlined in the TIF Plan.

EATs (Economic Activity Taxes) Collections (Actual vs Projected)



The projected Economic Activity Taxes figures were established by the developer in the TIF Plan.

CID (Community Improvement District) 1% CID Sales Tax Collected



The FY2021 and FY2022 budget figures are sourced from the annual CID Budget approved by the CID Board

5 Year Report Conclusion

- Modern and attractive businesses have opened in the redevelopment area which has increased Smithville's commercial presence.
- Assessed valuation is tracking above the TIF Plan projections after initial delays in opening businesses.
- Given the current status of the redevelopment area and the businesses located in the area, sales tax performance is meeting expectations. Economic Activity Taxes (EATs) are being collected from both the City and the other applicable taxing authorities and are being distributed into the Special Allocation Fund.

- CID Sales Tax performed well in the first fiscal year and staff is noting growth in the CID sales tax revenues in the second fiscal year as new businesses have opened in the redevelopment area.
- While planned businesses were not constructed in the anticipated timeframe, the project concept plan has been completed (Grocery Store, Hardware Store, Pad Sites).

Cynthia noted that a five-year report is required by state statute. Staff intends to bring this information forward on an annual basis so that we can continue to provide an update to the Board. She explained that we are statutorily required on an annual basis to report to the Department of Revenue the activities of the TIF and that is filed annually in November.

5. Consent Agenda

- **Minutes**
 - May 17, 2022, Board of Alderman Work Session Minutes
 - May 17, 2022, Board of Alderman Regular Session Minutes
 - May 25 Board Retreat / Financial Summit Minutes
- **Resolution 1072, Acknowledging Emergency Purchase, Backhoe Repair**
A Resolution acknowledging the emergency purchase for repairs to the 2003 JBC 214 Backhoe in the amount of \$17,964.08.
- **Resolution 1073, Fireworks Event – White Iron Ridge**
A Resolution approving a fireworks event at White Iron Ridge on July 8, 2022, 9:45 p.m. to last approximately ten minutes.

No discussion.

Alderman Atkins moved to approve the consent agenda. Alderman Hartman seconded the motion.

Ayes – 5, Noes – 0, motion carries. The Mayor declared the consent agenda approved.

REPORTS FROM OFFICERS AND STANDING COMMITTEES

6. Committee Reports

Alderman Atkins reported on the May 26, Economic Development meeting. The Chamber of Commerce added six new members and they are working on their BBQ Bash event. The Larson's Cruise and Volkswagen Beetle Car show both had good a turnout and they are looking forward to Lake Fest.

The City reported 50 residential permits to date for the year, the construction on the storage units is in progress, McBee's Coffee and Carwash was approved, the medical marijuana grow center is still in progress and the plans for the old hospital has been submitted and the developer is having conversations with the City.

The committee approved the updated Economic Development Incentive program it will now be presented to the Board of Aldermen at a future work session.

7. City Administrator's Report

Cynthia noted that we had to close the Splash Pad this afternoon due to a leak and it will be closed tomorrow until staff can locate and repair it.

GFL advised staff yesterday morning that bulky item trash pickup this week is going to be done a little differently. They have not been able to secure the temporary help that they normally have, so they are moving a little slowly. They will have the bulky items picked up by the end of the week, but it may be picked up in bits and pieces. Some items will be taken one time and they will come back for the others. Their full intent is to have everything picked up by close of business Friday.

Mayor Boley asked staff to inquire for the future about also placing dumpsters around town so people can drop off their items.

Cynthia said that staff could reach out to GFL and see if they have the ability to do that and if it would change any of the pricing.

At the last meeting Alderman Hartman requested that the sale of land at Courtyard Park be placed back on the agenda for further consideration. Cynthia explained that after discussion with City Attorney, John Reddoch, he advised that we reissue the RFP for the sale of the land to make sure that we go through the process and ensure that we have had ample time to review. Cynthia asked for direction from the entire Board if this is something they want to proceed with. She explained that we do not need an official vote but just the consensus of how the Board wants to proceed. She noted that staff would like direction from the Board also as to whether they would like to have the RFP posted again to entertain proposals, and if so, what timeline they would prefer. She offered two options. In either option the RFP could be posted on Wednesday, June 8. Proposals could be due either June 15 or June 29. Then the ordinance for approval could come to the Board for first reading on June 21 or July 19, with final reading on July 19 or August 2.

Alderman Hartman noted that he believes that we are always encouraged to look at businesses that would add to the sales tax revenues as well as property tax revenue. He asked if we change it from a sale to lease was the process would it need to be put back on the agenda for discussion?

Cynthia explained that if the Board wanted to change it to a lease versus a sale there would need to be further discussion. She noted that the concern about leasing the property was the serving of alcohol. If this were the direction of the Board, it would need to be discussed at a future work session.

Alderman Russell stated that he was opposed to this being placed back on the agenda. He noted that prior to him being elected to the Board, he attended meeting with other constituents that want this to be left alone for the citizens of community. He stated for the record he is opposed to this being placed on the agenda again.

Alderman Chevalier said he was not necessarily opposed to this being on the agenda again. He noted that what he would be hesitant on is selling the land. He would rather see it offered as a lease option.

Alderman Russell asked if a lease option would be a weekend or a year lease. He said that believed a weekend lease or something might be more palatable than a structure placed there for lease or even a long-term lease. He said you might as well sell it. He noted that

in his opinion of we are just going after the money, this is one that was not supported by the community.

Alderman Kobylski stated that she would like to see it back on the agenda. She said that out of all the people she has talked with only two people told her no. The majority of people that she has personally talk to you have been in favor of it of it being sold and a structure put on it.

Mayor Boley concluded that it should be put on the July work session for discussion of sale or lease of the land.

Cynthia clarified it will be put on a July 19th work session.

ORDINANCES & RESOLUTIONS

8. Bill No. 2940-22, Agreement with MoDOT for TAP Funding – 2nd Reading

Alderman Hartman moved to approve Bill No. 2940-22, authorizing and directing the Mayor to enter into an agreement with Missouri Highways and Transportation Commission for Commercial Street sidewalk. 2nd reading by title only. Alderman Chevalier seconded the motion.

No discussion.

Alderman Hartman – Aye, Alderman Kobylski – Aye, Alderman Chevalier – Aye,
Alderman Ulledahl – Absent, Alderman Russell - Aye, Alderman Atkins – Aye.

Ayes – 5, Noes – 0, motion carries. Mayor Boley declared Bill No. 2940-22 approved.

9. Bill No. 2941-22, Funding Agreement with 110 Smithville, LLC – 2nd Reading

Alderman Chevalier moved to approve Bill No. 2941-22, authorizing and directing the Mayor to enter into a funding agreement with 110 Smithville, LLC. relating the consideration of a tax increment financing plan for the property located on the northwest corner of West Main Street and North Mill Street. 2nd reading by title only. Alderman Kobylski seconded the motion.

Alderman Russell asked to clarify one item on the Gilmore and Bell, PC memo dated June 10, 2021, section 99.800 item four. He noted item four stipulates that certified mail will be sent to all people whose name in general taxes preceding your pay. He asked if we have a list of those names or if we could get a list of the names?

Cynthia explained that his question is related to the process once plan is actually presented. The memo was included in the City Administrator's Report to help the Board know the review process once a plan is submitted. This action provides funds for review of the plan.

Alderman Chevalier – Aye, Alderman Hartman– Aye, Alderman Atkins – Aye,
Alderman Russell – Aye, Alderman Ulledahl – Absent, Alderman Kobylski– Aye.

Ayes – 5, Noes – 0, motion carries. Mayor Boley declared Bill No. 2941-22 approved.

10. Bill No. 2942-22, Easement with Army Corp of Engineers – 2nd Reading

Alderman Hartman moved to approve Bill No. 2942-22, approving an easement with the Army Corp of Engineers for the raw water pump station. 2nd reading by title only. Alderman Chevalier seconded the motion.

No discussion.

Upon roll call vote:

Alderman Russell – Aye, Alderman Atkins – Aye, Alderman Hartman – Aye,
Alderman Chevalier – Aye, Alderman Kobylski – Aye, Alderman Ulledahl- Absent.

Ayes – 5, Noes – 0, motion carries. Mayor Boley declared Bill No. 2942-22 approved.

11. Bill No. 2943-22, Agreement with Missouri Highways and Transportation Commission – 1st Reading

Alderman Chevalier moved to approve Bill No. 2943-22, authorizing the Mayor to sign an agreement with Missouri Highways and Transportation Commission to place a communications antenna on the water tower at 169 Highway and Amory Road. 1st reading by title only. Alderman Kobylski seconded the motion.

No discussion.

Upon roll call vote:

Alderman Kobylski – Aye, Alderman Russell – Aye, Alderman Atkins – Aye,
Alderman Hartman – Aye, Alderman Ulledahl – Absent, Alderman Chevalier- Aye.

Ayes – 5, Noes – 0, motion carries. Mayor Boley declared Bill No. 2943-22 approved first reading.

12. Bill No. 2944-22, Sewer Easement Agreement – Emergency Ordinance Sponsored by Mayor Boley - 1st and 2nd Reading

Alderman Russell moved to approve Bill No. 2944-22, approving the Sewer Easement Agreement for a sanitary sewer main with Stephen and Karen Bliss. 1st reading by title only. Alderman Chevalier seconded the motion.

No discussion.

Alderman Atkins – Aye, Alderman Chevalier – Aye, Alderman Ulledahl – Absent,
Alderman Russell – Aye, Alderman Kobylski – Aye, Alderman Hartman - Aye.

Ayes – 5, Noes – 0, motion carries. Mayor Boley declared Bill No. 2944-22 approved first reading.

Alderman Hartman moved to approve Bill No. 2944-22, approving the Sewer Easement Agreement for a sanitary sewer main with Stephen and Karen Bliss. 2nd reading by title only. Alderman Russell seconded the motion.

No discussion.

Alderman Ulledahl – Absent, Alderman Atkins – Aye, Alderman Hartman – Aye,
Alderman Chevalier – Aye, Alderman Russell – Aye, Alderman Kobylski - Aye.

Ayes – 5, Noes – 0, motion carries. Mayor Boley declared Bill No. 2944-22 approved.

13. Resolution 1074, Award Bid No. 22-18, Smith's Fork Campground Host

Alderman Hartman moved to approve Resolution 1074, awarding Bid No. 22-18 to Doug Elliott for Camp Host Services in an annual amount of \$17,500. Alderman Russell seconded the motion.

No discussion.

Ayes – 5, No -0, motion carries. Mayor Boley declared Resolution 1074 approved.

14. Resolution 1075, Special Event Permit, American Family Insurance

Alderman Russell moved to approve Resolution 1075, issuing a Special Event Permit to American Family Insurance, for the grand re-opening of their business on Main Street on June 23, 2022. Alderman Chevalier seconded the motion.

No discussion.

Ayes – 5, Noes – 0, motion carries. Mayor Boley declared Resolution 1075 approved.

15. Resolution 1076, Agreement with Superior Bowen

Alderman Hartman moved to approve Resolution 1076, authorizing Superior Bowen to complete improvements on Sixth Street in an amount not to exceed \$94,256.76. Alderman Russell seconded the motion.

No discussion.

Ayes – 5, Noes – 0, motion carries. Mayor Boley declared Resolution 1076 approved.

OTHER MATTERS BEFORE THE BOARD

16. Public Comment

None

17. Appointment

Mayor Boley nominated Adam Royds to the Economic Development Committee and the Board will vote.

By roll call vote.

Alderman Kobylski – Aye, Alderman Atkins – Aye, Alderman Russell – Aye,
Alderman Hartman – Aye, Alderman Chevalier – Aye, Alderman Ulledahl – Absent.

Ayes – 5, Noes – 0, motion carries. The Mayor declared Adam Royds a member of the Economic Development Committee.

18. Update on Smithville Commons TIF Revenue Bond Issuance

Sid Douglas, Gilmore & Bell. P.C. presented an update to the bond issuance. He noted that a memo was sent to the Board on Monday, June 6.

On May 3, 2021, in the discussion with the Board of Aldermen related to the approval of an ordinance to issue the Bonds, representations were made that the Bonds would result in approximately \$1,000,000 of savings compared to paying the Developer with revenues from the project as collected ("Pay/Go"). The savings of \$1,000,000 would have been distributed to the taxing jurisdictions impacted. As a result of the current market conditions, UMB Bank, as Placement Agent ("UMB"), is unable to sell all of the Bonds originally anticipated within the limitations in the authorizing ordinance for the Bonds. This results in the Developer not receiving the full reimbursement owed to them at the time of the issuance of the Bonds and also eliminates the expected savings. Gilmore & Bell, P.C., Piper Sandler & Co., and UMB have been working on alternative options to complete this financing in the most efficient and cost-effective manner. Below is a discussion of those options:

- 1. The City can rescind the ordinance authorizing issuance of the Bonds, passed on May 17, 2022, or decide not to authorize the issuance of the Bonds at this time. This would allow for the Developer to be reimbursed on a Pay/Go basis with a maximum interest rate of 6.00%, as provided in the development agreement. Based on current revenue projections, the Developer would be paid back in December 2034 and approximately \$450,000 would remain in the Special Allocation Fund to be redistributed to the taxing jurisdictions. The City would have the option to issue bonds at a future date if market conditions were to improve.*
- 2. If the City decides to issue the Bonds, \$6,936,103 is expected to be available to reimburse the Developer from the proceeds of the Bonds. The Developer would have approximately \$4,247,975 of unreimbursed costs of the project. After making required deposits from the project revenues for required debt service, reserves and administrative costs, 100% of the excess revenues (including expected interest earnings on the moneys held in the reserve funds) generated by the project would first be distributed to the Developer to pay back their unreimbursed costs. The Developer would expect to be repaid in December 2032. After the Developer is repaid, 100% of the excess revenues (including expected interest earnings on the moneys held in the reserve funds) would then be used to pay debt service on the Bonds. The Bonds would be expected to be paid back in December 2034. Under this alternative, approximately \$412,000 will remain in the Special Allocation Fund to be redistributed to the taxing jurisdictions (compared to \$450,000 under the Pay/Go alternative). With the issuance of the Bonds, the approximately \$1,000,000 of savings initially expected to be available from the issuance of the Bonds rather than reimbursing the Developer with the Pay/Go revenues is eliminated but all amounts to be paid from project revenues would be expected to be paid at the same time with about the same amount of additional funds as the Pay/Go alternative.*

Sid noted that since the Board authorized the issuance of the bonds on May 17 the market has moved significantly. He explained that they have worked diligently with the placement agent and Piper Sandler, Financial Advisor for the City to try to figure out alternatives to make the transaction work the best that they can. Sid explained that with those alterations they still believe they can market the bonds, not all the bonds can be sold. Instead of all of the bonds being sold to provide payment for all the bonds to the developer, they are going to be able to sell about \$8 million of the bonds. This is going to result in approximately almost \$7 million of reimbursement to the developer. This will still be over the \$4 million that is owed. Sid explained that they have come up with a structure that allows all of the bonds and the reimbursement to the developer by paid by December 1, 2034. He noted that the \$1 million that had been indicated that would be available to the City taxing districts would not be realized.

Sid explained that it is pretty much a wash with the payment as you go with the revenues versus the bonds, but it does allow the developer to get almost \$7 million of reimbursement.

The sale of the bonds will still be consistent with the prior authorization and Ordinance the developer will just not be able to sell as many bonds as they first expected.

Sid explained to the Board they did not need any further action from the Board for the issuance of the bonds but because the actual sale deviated significantly from what was represented, we wanted to come back to the Board and make sure the Board still wanted to proceed with the issuance.

Mayor Boley noted that the financial world is very unsettled right now. He said that it is unfortunate the state of our economy is in, but we want to continue to see development in the Marketplace. Those businesses are generating revenue and we want to continue to see it grow. These bonds are going to allow the developer to continue development on that site.

Alderman Russell asked what the other option is if one is to go ahead with the sale of the bonds?

Sid explained the other option would be not to issue the bonds and let the developer be reimbursed as the TIF revenues become available (pay-as-you-go). He said that could have a major impact on future development on the site.

Alderman Hartman noted that in the development world this is not unusual but as the market has changed, he still believes this is the right direction to go. We want the development to continue to happen.

Alderman Kobylski noted that she would like to continue with the issuance of the bonds, and she would like to see the development continue to grow in the Marketplace.

Alderman Russell asked if there was any development continuing at this time?

Mayor Boley explained that they needed the cash flow for more development. He said at this time, the developer has available lots that they want to build on but need the cash to be able to continue.

Alderman Russell asked for clarification that the developer does not have the funds to continue the development without the bonds.

Sid explained that the development has already occurred, and the bonds are being issued to reimburse the developer for the costs that have already been paid with the reimbursement of amounts that they were expended. They provide the developer funds to provide capital and down payments on additional development. The \$7 millions they would get will help them get started.

Alderman Russell asked for clarification on the \$1 million the City would have received.

Sid explained that the expectation was that bonds would be issued in an amount necessary to pay the developer for the reimbursement of all of the costs that they are eligible to receive reimbursement for. When the discussion was first had they expected that with the interest rate, it would be realized that there would be a \$1 million savings versus having the developer being reimbursed as revenues were created. He explained that because the interest rates on the bonds would be occurring in a rate that is significantly less than the

reimbursement rate to the developer. The developer is going to probably be reimbursed with an interest rate at 6% and the bonds were supposed to be less than that. Even with the downturn of the market, UMB was still able to sell \$8 million of the bonds that will provide for reimbursement, but it is not all of the bonds it leaves over \$4 million still with the 6% interest occurring to the developer. This is due to the interest rate changes and what can be sold, and we are left the saving that we expected being wiped out. Sid explained that this does not cost the City any money and depending upon how the reserve funds are invested if at a very conservative rate of 1.25% or at what the treasuries are currently yielding 3.6%, which are likely to go up the earnings could increase and we could be in a better place than if we just did the pay as you go.

Cynthia reiterated that the bond issuance has already been approved by the Board and those circumstances have now changed and that is why it is being brought back to the Board to confirm that they want to continue with the sale.

Alderman Chevalier, Alderman Hartman, Alderman Atkins, Alderman Kobylski and Alderman Russell all supported continuing with the sale.

19. New Business from the Floor

None

20. Adjourn

Alderman Hartman moved to adjourn to the regular session. Alderman Russell seconded the motion.

Ayes – 5, Noes – 0, motion carries. Mayor Boley declared the regular session adjourned at 7:41 p.m.

Linda Drummond, City Clerk

Damien Boley, Mayor