

MEETING OF THE CITY COUNCIL
CITY HALL, Fifth Floor
6801 Delmar Blvd.
University City, Missouri 63130
Monday, February 11, 2019
6:30 p.m.

A. MEETING CALLED TO ORDER

At the Regular Session of the City Council of University City held on the fifth floor of City Hall, on Monday, February 11, 2019, Mayor Terry Crow called the meeting to order at 6:34 p.m.

B. ROLL CALL

In addition to the Mayor, the following members of Council were present:

Councilmember Stacy Clay
Councilmember Paulette Carr
Councilmember Steven McMahon
Councilmember Jeffrey Hales
Councilmember Tim Cusick
Councilmember Bwayne Smotherson

Also in attendance were City Manager, Gregory Rose, and City Attorney, John F. Mulligan, Jr.; Attorney Mark Grimm of Gilmore Bell; Director of Public Works, Sinan Alpaslan, and Lee Zell of the National League of Cities.

C. APPROVAL OF AGENDA

Councilmember Hales moved to approve the agenda; it was seconded by Councilmember Carr.

Councilmember Hales stated since there are a number of people in attendance with comments and interest on Item K-2 of the City Manager's Report, he would like to make a motion to move this topic to an earlier segment of the agenda and commence discussion after the Swearing in to Boards and Commissions. The motion was seconded by Councilmember Carr.

Voice vote on the motion to amend the agenda carried unanimously.

D. PROCLAMATIONS

E. APPROVAL OF MINUTES

1. January 28, 2019, Regular Session minutes were moved by Councilmember Hales, seconded by Councilmember McMahon and the motion carried unanimously.
2. January 28, 2019, Joint Study Session minutes were moved by Councilmember McMahon, seconded by Councilmember Cusick.

Councilmember Carr requested that Pages E-2(3) and E-2(4), which state, "*From the City's website*," be amended to read "*From the Better Together website*". Seconded by Councilmember Hales and the motion to amend carried unanimously.

F. APPOINTMENTS TO BOARDS & COMMISSIONS

1. Craig Hughes and Dennis Fuller are nominated for **re-appointment** to the Traffic Commission by Councilmember Jeff Hales. The motion to appoint Craig Hughes was seconded by Councilmember Smotherson and carried unanimously. The motion to appoint Dennis Fuller was seconded by Councilmember Carr and carried unanimously.
2. David Rowan is nominated for **re-appointment** to the Urban Forestry Commission by Councilmember Jeff Hales. Seconded by Councilmember Carr and the motion carried unanimously.
3. Cindy Thierry is nominated to the Arts and Letters Commission as a **fill-in** replacing Fred Fehr's unexpired term (1/2/2020) by Councilmember Paulette Carr. Seconded by Councilmember Cusick and the motion carried unanimously, with the exception of Councilmember McMahon, who recused himself from the vote.
4. Matthew Erker is nominated to the Economic Development Retail Sales Tax Board replacing Raheem Adegboye's expired term by Mayor Terry Crow. Seconded by Councilmember Carr and the motion carried unanimously.
5. St. Louis County Council appointed Byron Price and Traci Moore to the Economic Development Retail Sales Tax Board at their January 29, 2019 meeting.

G. SWEARING IN TO BOARDS & COMMISSIONS

1. Jerrold Tiers was sworn into the Traffic Commission on February 4, 2019, in the City Clerk's office.
2. Byron Price was sworn into the Economic Development Retail Sales Tax Board on February 7, 2019, in the City Clerk's office.
3. Julie Brill Teixeira was sworn into the Urban Forestry Commission at tonight's meeting.
4. Michael Alter to be sworn into the Loops Special Business District at a later time.
5. Steven Stone was sworn into the Loops Special Business District at tonight's meeting.

CITY MANAGER'S REPORT

K-2. Olive/I-170 TIF Redevelopment Project Update

Mr. Rose stated this agenda item is intended to provide the Mayor, Council, and the public, with an update on this project and seek direction on how to proceed.

Olive/I-170 Background

This project started as a discussion between residents of U City and a developer about ways to improve the condition of stagnating or declining housing values in the 3rd Ward. This discussion led to the City's issuance of an RFP in March of 2017.

In May of 2017, NOVUS Development submitted a proposal to the City regarding the redevelopment of approximately 32 acres of the north and south side of Olive Boulevard near I-170. The City determined that it was in the best interest of the City and its residents to not only redevelop the 32 acres, but allow for funding from the initial development to be used to make housing, infrastructure, and public safety improvements in the 3rd Ward and along the Olive Boulevard corridor. On March 28, 2018, the City published a revised RFP, and on March 30, 2018, NOVUS submitted a proposal.

On May 23, 2018, and continuing thereafter; June 6, 2018, June 22, 2018, and August 23, 2018, the TIF Commission held public hearings at which all interested parties had an opportunity to be heard.

On August 23, 2018, the TIF Commission passed a Resolution recommending that the City Council approve the Redevelopment Plan and designate the redevelopment area as a Redevelopment Area; pursuant to the TIF Act, approved the redevelopment project for each redevelopment project area and adopt a tax increment financing within each redevelopment area.

The Proposed Redevelopment Agreement

On January 14, 2019, the Mayor and Council introduced the proposed Redevelopment Agreement signed by John Browne of NOVUS Development. The agreement was placed on the agenda for introduction because execution of the agreement would result in significant benefits being provided to the community. The following are a few of those benefits:

- \$15 million dollars with 7.5 million within the first two years of the development that would go towards the 3rd Ward and Olive Corridor
- Minority contracting.
- First-source employment
- A potential Costco-like business
- A possible hotel
- An estimated \$12.4 million dollars in additional funding for parks and stormwater
- An estimated \$6.2 million dollars in additional funding for fire protection
- An estimated \$6.2 million dollars in additional funding for economic development

Two hours before the signed agreement was introduced on January 14, 2019, Mr. Rose stated he became aware of nineteen changes being requested by the developer. It was not known whether the changes were major or minor, or if staff would recommend the changes. This, however, did mean that the proposed changes would need to be evaluated to determine the impacts, and potentially enter back into the negotiating process.

On January 18, 2019, a concerned resident indicated that there was a possible miscalculation in the bottom half revenues. The bottom half revenues consist of local sales taxes not captured by the TIF. Staff immediately began an investigation to determine if a miscalculation had occurred and that investigation closed on February 5, 2019. Staff concluded that there had been a mistake made by PGAV in the belief that although the City of U City was a pool city, the revenues generated by both the 1/2 percent capital tax and the 1 percent County-wide tax, that U City would retain 85 percent of the tax with only 15 percent going to the pool. Instead, 100 percent, or an estimated \$1 million dollars would go to the pool instead of U City over the next twenty-three years. PGAV indicated they believed that St. Louis County's staff was in agreement with their analysis relative to how the pool revenues were going to be distributed for the TIF District.

Next Steps

Although there was an error in the number of revenues distributed to the pool, the benefits to the City in the signed Proposed Redevelopment Agreement remain unaffected. The Proposed Redevelopment Agreement includes that the City will contribute the 1/2 percent capital sales tax and the 1 percent County-wide sales tax to help retire the TIF debt. However, it does not commit to any actual amounts of revenue being contributed to this debt since staff's understanding is that the financial reports produced by PGAV are intended to be estimates and that the actual amounts received from the project will be contingent upon the performance of the development.

Staff is continuing their negotiations with NOVUS, and as such, would like to confirm the following:

1. That the Mayor and Council's interest in this TIF project has not changed, and
2. That Council does not want to give up its authority relative to the use of eminent domain.

Questions from the Public

Mr. Rose stated staff has received several questions from the public and he would like to take a little time to respond to some of those questions. There has been a lot of confusion regarding the 353 Structure and the impact it would have on the City's school district. So he would ask the City's Special Counsel, Mark Grimm of Gilmore Bell, to explain how this structure works.

• How a 353 Structure works

Mr. Grimm stated simply put, the 353 structure will not change in any way, shape or form, the amount of property tax revenues that any of the taxing districts receive. They receive the same amount with this structure, as they would under a TIF.

The purpose of allowing this structure as an option is to provide greater certainty to the amount of incremental real property taxes that would be available for payment of the TIF. Whether it's for your house or a business, property tax valuations are subject to be challenged by the property owner. By abating the taxes under a 353, and imposing a special assessment, that special assessment becomes a certainty that is not subject to challenge by the property owner once it has been established. Because of that degree of certainty over normal tax revenues, the bond underwriter is required to have a smaller coverage factor. So, greater certainty on the revenue stream results in more revenue that is available to repay the debt, and would, therefore, repay the debt sooner.

• The Impact of PGAV's error

Mr. Grimm stated PGAV's error has no impact on the amount of money that other taxing districts would receive from the project and it has no impact on three of the sales taxes that the City would receive. The error does lessen the amount of money available for repayment of any TIF Notes or Bonds.

• Why eminent domain was not removed

Mr. Rose stated the Proposed Redevelopment Agreement does not affect Council's rights relative to the use of eminent domain. Council is not required to use it; however, they can elect to use it if they believe it is appropriate.

• How public safety will be addressed

Mr. Rose stated if the City utilizes the traditional approach for public safety, it will require approximately \$450,000 to hire the personnel needed. The City is currently exploring the use of technology, crime prevention through environmental design, and requirements that businesses implement their own security measures to help offset these costs.

• Why the 1/2 Percent Public Safety Sales Tax is absent From Table 8

Since this is entirely a pool sales tax it is addressed in Table 9.

• Why the base year revenues from businesses impacted by the TIF was changed from \$6 million to \$10 million

Initial estimates were based on information from the developer; however, the City has now been able to collect more accurate data from the County.

The change from \$6 million to \$10 million is not considered to be a material difference since it is less than 2 percent of the annual revenue available for the TIF.

- **A Revised Table 8 from RPA-1; Cost-Benefit Analysis, is Included in Council's Meeting Packet. I am concerned about the values in the 2042 column because it illustrates a 1 percent increase in the years leading up to 2042, with a jump of about 46 percent from 2041 to 2042**

The City advised PGAV to assume that the TIF expired during the first quarter of 2042 and not at the end of 2041. So, there are a couple of months in 2042 where the TIF is captured.

- **Why didn't staff catch this error**

Mr. Rose stated experts are hired based on the premise that they know more than staff does about a particular subject matter. Yet, on the other hand, if you hire a surgeon based on their expertise and that surgeon makes a mistake, is that your fault; probably not. The reality is that staff cannot know everything, in spite of the fact that they try to put people on their team that will enable them to capture the vast majority of issues that arise. That is what happened in this situation. PGAV made a very bad mistake in their analysis because they believed that the information they relied on had been verified by the appropriate authorities. The bottom line is that while staff owns this mistake, the ultimate responsibility to ensure that information is accurate rests with the City Manager.

Conclusion

Mr. Rose stated U City was incorporated during a period of time when its revenue for service delivery was primarily received from property taxes. However, since that time, several shifts have occurred. The Hancock Amendment which restricts increases in property taxes means that today, the bulk of U City's revenue is derived from sales taxes. And participation as a pool city has now become a growing concern since cities with larger tax bases have expressed interest in leaving the pool.

St. Louis County reported that for the period of July 2016 through June 2017, U City generated \$2,628,795 in County sales taxes and received \$4,905,317 out of the pool; a significant offset. But if Chesterfield is successful in their quest to leave the pool this could result in similar actions being taken by other cities that have a large sales tax base. Therefore, U City must continue to work to diversify its economy and not continue to be reliant on other cities for revenues needed for service delivery.

Councilmember Smotherson stated although he would like to thank the City Manager and Mr. Grimm for this information, as a Councilmember for the 3rd Ward he still does not feel comfortable enough to proceed with this project. And as a result, his intent is to speak with the City Manager about the possibility of holding a town hall meeting for the 3rd Ward at the end of this month.

Citizen's Comments

Tom Sullivan, 751 Syracuse, University City, MO

Mr. Sullivan stated if we have learned anything about the proposed Olive/170 development it is that no one involved in promoting this project can be believed or trusted. Mr. Crow claims to be a businessman, in addition to being a lawyer, like Councilman McMahan. Councilwoman Carr has told us of her in the weeds research.

And the City also has John Mulligan, an attorney; Gregory Rose, the City Manager; NOVUS who talks about their experience with these types of developments; PGAV who touts themselves as being an international firm, and Mark Grimm, the third party overseer who was hired to make sure everything was done right. Yet, it was a citizen who discovered that there was a \$27 million dollar mistake in the calculations. If such a big mistake was found in the information that was made public, he can only imagine what is contained in the details that have not been revealed.

Mr. Sullivan stated there are still many questions that have not been answered. And since PGAV and Gilmore Bell were both involved in the Sunset Hills project, and every one of the claims made in Sunset Hills is identical to the ones being made here in U City, his concern is that this project will result in another fiasco that causes this City irreparable harm. And on a side note, it would be nice to know exactly what involvement PGAV and Gilmore Bell have had together over the years.

He stated this project, which is designed to tear down 70 well-kept brick homes in a largely African-American neighborhood, 58 apartment units, dozens of businesses; many of which are owned by minorities and immigrants, two churches, and one school this is the worst thing U City has ever attempted. It seems as though Council is so invested in this project that they are willing to do whatever it takes to get it done. And even worse is the fact that taxpayers are being asked to contribute \$70 million dollars for this \$190 million dollar project when the developer is only paying \$60 million. All of this information is the reason why he is sure that this proposal would be overwhelmingly defeated if it was ever put before the people for a vote.

Tim Michels, 7038 Cornell Avenue, University City, MO

Mr. Michels stated while he would admit that he has not studied the TIF well enough to have a strong opinion about its merits or lack thereof, he does understand the need for economic development. So he would like to suggest some alternative uses for the \$70 million dollars that would yield true positive returns for the City.

By combining investments in energy efficiency and renewable energy the City could effectively become free from utility expenses with an eight to twelve-year payback. This would initially generate a guaranteed rate of return of 8 to 12 percent annually that would increase as utility costs rise, which is significantly better than the fifteen-year payback that Council has stated as the target return on investments for energy projects. Mr. Michels stated the state-of-the-art technologies for efficiency and renewable energy and the economics of such efforts have greatly improved within the last five years. And he does not anticipate that the City will have to spend the entire \$70 million dollars to take the City's buildings and operations to a net zero CO² production. Besides funding the City's path forward, the bonds could also;

1. Be used to help residents and businesses achieve the same net zero production for their homes and businesses.
2. Create a revolving loan pool that is repaid solely by energy savings.
3. Accelerate U City becoming energy independent.
4. Stimulate local economic development by generating skilled jobs for residents of U City and beyond.
5. Sustain local economic development with an estimated burn rate of ten-plus years to bring U City communities into the net-zero fold.
6. Challenge the City to rethink how it provides services. Garbage and leaf collection could become cash-flow opportunities from the energy generated from these renewable resources.

7. Improve local health, while reducing annual operating costs by working with the school district to convert all of their busses to electric propulsion.
8. Be a marketing coo illustrating U City's ability to become a net zero CO² community.

Mr. Michels stated there are multiple win-win scenarios available and he would be happy to assist the City in reaching these goals.

David Harris, 8039 Gannon, University City, MO

Mr. Harris stated while he is pleased that the \$27 million dollar tax revenue error has been corrected, he is disappointed there was no mention of the fact that this error could result in there being insufficient funds to uphold the promises that have been made, and that the additional cost of the project may mean a net loss to the City. So even though he agrees with Council's focus on the 3rd Ward and Olive corridor, these, and other issues associated with the project raises the question of whether this is the best way to achieve improvements in those areas. Therefore, he is eager to hear Council's discussions relative to whether or not their interests in this project have changed.

Mr. Harris stated he is also pleased that Mr. Rose acknowledged another error made by either PGAV or this City's administration. Table 8, which has now been revised to use \$10 million dollars in sales tax revenue for the businesses in RPA-1, rather than \$6 million dollars was again, discovered by citizens. In spite of this, there was no mention of the fact that the increase in base revenue reduces the incremental revenue by \$2.8 million dollars, and as a result, reduces the funds available for the TIF. This error, which is being dismissed as only being 2 percent, equates to \$139,680 per year or \$2.8 million dollars over the next twenty years, so now, where is that money going to come from?

Mr. Harris stated on January 30th, he sent roughly forty questions and comments to Mr. Rose, Mr. Mulligan, and two members of Council. His anticipation was that there would be a meeting on February 1st. When no such meeting occurred, he supplemented his email and resent it to the entire Council on February 5th. To date, only a few of his many questions have been answered, and since there is not enough time to share all of his comments he would request that his email and the analysis regarding the \$2.8 million dollars be included with the minutes. Also on February 5th, Mr. Harris stated he emailed Councilwoman Carr regarding the many misstatements she made about this project in her February 4th newsletter. And since none of those questions and comments has been addressed, he would request that the email be included with the minutes.

Mr. Harris stated while he certainly recognizes that this administration and Council have the prerogative to answer or not answer questions, what he would like them to know is that he is a real estate attorney that cares deeply about U City. And based on his experience with these kinds of projects, he has not raised these concerns lightly. So if Council elects to approve this project, he sincerely hopes that his financial concerns, as well as the concerns expressed by other citizens, are addressed at some point in time to ensure that U City gets a good deal.

Peter Burgis, 755 Radcliff, University City, MO

Mr. Burgis stated the major revision which overstated the projected sales tax revenue by nearly \$1.2 million dollars annually from 2020 through 2040 was not discovered during the augmentation of the plan, but at the very end of this process; after the Proposed Development Agreement had been put on the agenda for approval, by a sharp-eyed citizen.

Up until this notification, the City had not only relied on that revenue but indicated throughout this entire process that the public benefit of \$15 million dollars in improvements could be funded through this project and used that promise as a major selling point to attract support for this heavily subsidized development. And yet, in spite of this reduction in revenue that was to be spread out over two decades to pay back the bonds and fund those \$15 million dollars in improvements, the City is still giving assurances about the project's ability to make all of this possible. But if the hit is not going to be taken from that projected revenue, it has to be taken somewhere. More than likely, the impact will be felt on the public side, so he is eager to gain an understanding of where and how these changes will come to pass.

Mr. Burgis stated now that this correction has been made it makes this plan a great deal more modest and closer to the point of this development funding itself and not much more. Therefore, he thinks it would be wise for the City to reexamine some of its long-term growth assumptions that have been built into this model. The model assumes straight line growth of 1 percent for sales revenue, and a 1.5 percent average growth in property values per year, throughout the twenty-plus years of this project. However, at a time when climate change has resulted in the disruption of lives on a much more frequent basis, relying on business, as usual, to make the type of projections needed for this project seems very unwise. As these disturbances continue to accelerate, the risk of not realizing the projected revenue from these kinds of developments will become greater.

Mr. Burgis stated he thinks the City should reserve giving significant subsidies to projects that help combat climate change; which of course, this project does not do.

Sonya Pointer, 8039 Canton Avenue, University City, MO

Ms. Pointer made the following observations and comments:

1. She is opposed to this development.
2. She does not trust this process, which seems to keep producing a varying assortment of details.
3. She believes that if Council is sincere about their desire to share information and for this community to be actively engaged, all of the details should put in writing so residents can process them and gain a clear understanding.
4. She does not believe the City's revenue projections. It's a shame that a private citizen had to discover the actual numbers when the City Manager, his staff, the City Attorney, and all of the outside consultants are getting paid thousands of dollars to get this right.
5. She does not trust this Council.
6. She believes the real costs of this project will be passed off to the entire community and that the 3rd Ward will be adversely impacted.
7. Based on this company's history, she believes that the only person who will benefit from this project is the developer.
8. She believes that residents should be notified of future meetings by certified letter, rather than signs on the side of a road; that residents should be allowed to sit where they want to sit at these meetings; that meeting venues should be large enough to accommodate everyone, and that every resident's question or concern should be addressed during the meeting.
9. She believes this project should be put to a vote by the people.

Carolyn Fan, 2725 Clifton, St. Louis, MO

Ms. Fan stated at the first TIF hearing, she testified about the importance of providing some form of translation for the businesses being impacted by this development to ensure that they could be engaged in the process. That translation has never happened and consequently, these businesses have very little information about the progress of this development. E - 1 - 8

So tonight, she has several questions that she hopes will be answered.

1. When is the last time anyone from this administration has spoken to these businesses about this development?

Ms. Fan stated she also testified; as did others, that these businesses generated more tax revenue than the City gave them credit for. And that testimony has since been shown to be true.

2. Why does U City not have records of how much tax revenue its own businesses are generating?

These are individuals who have put their heart and soul into their businesses and want to remain in U City. Some are thinking about closing, but without any direction, all of them are unsure about what their future is here.

3. What are the plans for these businesses and the timeline for this project?

Ms. Fan stated recently there have been discussions about a second development and folks have even started talking to some of the landowners about putting businesses on their land.

4. How can these folks have such explicit plans for a second phase when they haven't spoken to all of the owners of that land?

At the last TIF hearing, Ms. Fan stated she attempted to read a statement from a business owner in Jeffries Plaza who had a lot to say about the lack of information he had been provided and why he was opposed to this development. But that night, the rules had been changed to prohibit anyone from acting as a proxy, which was extremely disappointing since all of the meetings have been held during this business owner's hours of operation. A number of business owners revealed that they had never received a certified mailer informing them about these meetings and that the only information received had been from the U City Chamber of Commerce, which no longer exists.

Ms. Fan stated initially she had no opinion about this development, so she took it upon herself to talk to people and find out what they thought about it. The results:

- The collection of forty-two signatures from residents and businesses asking for more information.
- More hearings with even less information transmitted to those impacted.
- Having to act as a translator to U City taxpayers and residents to provide them with the information she had learned about this project.
- A U City police officer being sent to the home of a concerned resident for no valid reason other than intimidation.
- Poor communication that has led to a lack of transparency.

Council's Comments

Councilmember Clay stated understanding all of the dynamics in the air, he would like to ask the City Manager what he and his staff are doing to ensure that these kinds of things do not happen again? Mr. Rose stated he and his staff will continue to have oversight and keep trying to drill down on the numbers. But a part of that process involves putting this information out in the public domain so that there are multiple eyes conducting examinations. He stated the one thing he admires about U City is that per capita, it has some of the smartest people he has ever met. And that kind of knowledge lends itself to robust discussions that ultimately, make him and his staff, strive to become better. Mr. Rose stated he will try to make sure they are doing a good job internally, but community input is very important and in his opinion, having an "average citizen," make this discovery, is the best thing that could have happened.

Councilmember Clay asked whether the City has engaged Stifel to support this administration in conducting its due diligence? Mr. Rose stated the mistake was made on the distributions and not the financial calculations, per se. So the City has brought Stifel on board to support staff with this project. He stated they are trying to take a belt and suspenders approach where everything is checked and rechecked, but even with this rigorous process sometimes things can still slip through the cracks.

H. CITIZEN PARTICIPATION (Total of 15 minutes allowed)

Sonya Pointer, 8039 Canton Avenue, University City, MO

Ms. Pointer stated it is the responsibility of this Council, the City Manager, and his staff, to represent the residents of this community by conducting due diligence, so it seems unfair to try and pass this off on someone else because any mistakes that have been made came from the top down. There have been all sorts of red flags, but perhaps, these mistakes could have been discovered earlier if information had been given to residents at the beginning of this process.

In response to the statements made by Ms. Straatmann at the last meeting, Ms. Pointer stated that she would never speak on behalf of someone who does not believe in equitable developments, and goes around bullying, harassing, and intimidating members of the community because they disagree with her point of view.

Ms. Pointer stated she had also reviewed the comments made by Steve McMahon. And while she would thank him for addressing the issue she raised, it doesn't matter how you flip it or dumb it down, he purchased property in the 3rd Ward and as a member of Council, has the option of voting yea or nay on any development projects for the 3rd Ward. So from her perspective, that is a conflict of interest; albeit only one of the many conflicts, she has seen throughout this process.

Leif Johnson, 836 Barkley Square, University City, MO

Mr. Johnson thanked Councilmember Carr for her meticulous summary of the Sinquefield and Freeholder Board plans. Sinquefield's plan incorporated two major objectives:

1. To eliminate a citizen's right to vote for municipal elections by abandoning or destroying all municipalities, and
2. To allow the greatest money-grab that anyone in this room has ever been the victim of.

The rationale behind these objectives is to float new indebtedness (bonds) on this amplified city-wide tax base through the development of new sports complexes, entertainment districts, and a revitalization of downtown. They also may wish to shore up St. Louis City's bond rating, whose present bonds are a hair's breadth away from junk bond status. For citizens, this means more taxes and fewer services.

To head off Sinquefield's proposals; which have massive support from corporations and universities, another proposal is being circulated to create a Board of Freeholders appointed by the Mayor of St. Louis, the County Executive, and the Governor.

1. Would you prefer a non-elected Board appointed by these individuals to eliminate your right to vote for local office as opposed to Sinquefield's proposal?
2. Would you rather have a Freeholder's Plan to achieve the same goals of regionalism as Sinquefield's?

Mr. Johnson stated there are no alternative plans, so the only option citizens have is to stand up and fight to defeat Sinquefield. On the possibility of losing our right to vote, may we recall the words of Abraham Lincoln, "*If ever I feel the soul within me elevate and expand to those dimensions not wholly unworthy of its Almighty Architect, it is when I contemplate the cause of my country, deserted by all the world beside, and I standing up boldly and lone and hurling defiance at her victorious oppressors*". (Mr. Johnson asked that his statement in its entirety, be attached to the minutes)

Patricia Washington, 7040 Plymouth, University City, MO

Ms. Washington stated for months now, it has been very clear to her that this Council was determined to do what it wanted to do regarding this project. And that would be okay if what you wanted to do did not have such a negative impact on so many people. Ms. Washington stated although she was disappointed to hear that an issue as big as the pool city distributions had not been discovered, she is grateful for the opportunity it presented for everyone to slow down and give the public a chance to look at, and offer input on the entire agreement.

So, tonight she came to thank Councilman Smotherson, and encourage Councilman Clay to support his request to have not one, but several meetings in the 3rd Ward. It is not too late to consider a Community Benefits Agreement. It is not too late to continue the conversation about providing real benefits to residents of the 3rd Ward. Therefore, she would urge her elected representatives to do the right thing for residents in the 3rd Ward, just like they are going to make sure the right thing is done for the residents in their Wards.

I. PUBLIC HEARINGS

1. Liquor License – Sze Chuan Cuisine (7930 Olive Blvd.)

Mayor Crow opened the Public Hearing at 7:41 p.m., and hearing no requests to speak the hearing was closed at 7:41 p.m.

J. CONSENT AGENDA

1. Liquor License – Sze Chuan Cuisine (7930 Olive Blvd.)
2. Roof Replacement – Fire Engine House #2
3. Fogerty Park Improvements – Phase 2 – Design Engineer
4. Traffic Signal Maintenance Agreement

Councilmember Hales moved to approve all four items, it was seconded by Councilmember Carr and the motion carried unanimously.

Mr. Rose introduced two new employees; Libbey Tucker, the Director of Economic Development from Chesterfield, MO, and Clifford Cross, the Director of Planning & Development from South Padre, TX.

Mr. Rose stated he would like to express his sincere gratitude to Rosalind Williams who graciously agreed to come out of retirement to help the City. Ms. Williams restructured the code enforcement, hired Colleen Durfee as the Zoning Administrator, and did a wonderful job during her tenure.

K. CITY MANAGER’S REPORT

1. National League of Cities – Service Line Warranty Program

Mr. Rose stated the National League of Cities has partnered with a for-profit organization to offer the Service Line Warranty Program that he would ask Mr. Alpaslan to describe in more detail.

Sinan Alpaslan, Director of Public Works, stated this program is being offered pursuant to the action taken by Council last September to revise the City's Sewer Lateral Repair Program by placing a \$2,500 cap on the City's match for repairs. The average repair can cost up to \$4,000. This supplemental program, which covers up to \$8,500 per qualified repair, and costs approximately \$87.00 a year, can be used to cover the remaining costs of a repair.

He stated staff is recommending approval of the attached Marketing Agreement which gives the National League of Cities the authority to advertise this program to U City residents.

Mr. Alpaslan introduced Lee Zell from the National League of Cities (NLC), to provide Council with a more detailed description of the program and answer any questions.

Mr. Zell, U City's representative for the National League of Cities' Service Line Program provided the following information:

Background

- The Service Line Warranty Program was created by the NLC fifteen years ago in response to the realization that this nation's aging infrastructure was a serious concern for cities. Ultimately, it became labeled as "*The topic that would not go away*". NLC's program seeks to eliminate issues associated with aging infrastructure, so there are no exclusions based on the type of materials found underground. There is also no other warranty program that offers a commitment to the cities it serves.

How the Program Works

- Voluntary partnership and participation. Cities have an option to choose whether they want to make this program available to their residents.
- Participants pay a monthly premium of \$7.75. There are no annual contracts, no deductibles or one-time fees. Residents can cancel their warranty at any time.
- There are no costs to the city.
- NLC communicates this program's availability via letter, three times a year; spring, fall and winter.
- Participants are provided with the city's current public policy to ensure they have a clear understanding of when and where the issue becomes their responsibility; i.e., at the curb, right-of-way, et cetera, and instructions on how to initiate a claim for repairs.
- All calls, questions, and claims are handled by NLC.

Mr. Zell stated the key consideration for the implementation of this program in U City was that the increasing number of claims had started to exceed the City's budget allocated for its Sewer Lateral Repair Program. So he is here tonight, seeking Council's approval to enter into an agreement with NLC, with the understanding that NLC's objective is to work with and be held accountable to the City.

Councilmember Clay stated he appreciates staff bringing this program back up for Council's consideration because given the challenges with the City's Sewer Lateral Program, this could be of value to residents. He then asked Mr. Rose whether the City would provide any form of media over and above the letter issued by the NLC?

Mr. Zell stated the program is designed to offer press releases that cities have the option of placing on their websites to notify residents of the impending program, along with information about how it works. Each time letters are sent out to residents the NLC provides cities with a website banner that can be used for a week to attract residents to the product. He stated the number one question asked by residents is, "*Is this real,*" and that reassurance comes from these banners and press releases.

Councilmember Clay stated although he would like to have more conversations about this program, from what he's read it sounds like something that could be helpful.

Councilmember Hales asked Mr. Rose if he and his staff would have an opportunity to critique all of the advertising before it is placed on the City's website? Mr. Rose stated the NLC coordinates the issuance of all advertising to ensure that staff has an opportunity to review and approve communications prior to their release. And in some instances, they provide city managers with the option of using their own signatures on anything that goes out.

Councilmember Cusick asked Mr. Zell if he could explain what the \$100.00 per year fee for each household was based on? Mr. Zell stated the program offers two separate programs that residents can select from; interior plumbing or exterior plumbing, which takes care of the sewer.

Councilmember McMahon asked if the NLC's program is designed to be used only as a supplement to the City's program? Mr. Zell stated since there is no limit on the number of repairs you can have each year, residents have the option of selecting which program they want to use. So if a resident decides to use the NLC's program first, the City would spend no money at all.

Councilmember Carr moved to approve, it was seconded by Councilmember Cusick and the motion carried unanimously.

2. Olive/I-170 TIF Redevelopment Project Update
(This item was discussed after the Swearing in to Boards and Commissions.)

L. UNFINISHED BUSINESS
BILLS

1. **BILL 9380** – AN ORDINANCE AMENDING SCHEDULE III OF THE TRAFFIC CODE, TO REVISE TRAFFIC REGULATION AS PROVIDED HEREIN. *(Trinity Parking)* Bill Number 9380 was read for the second and third time.

Councilmember McMahon moved to approve, it was seconded by Councilmember Carr.

Roll Call Vote Was:

Ayes: Councilmember Carr, Councilmember McMahon, Councilmember Hales, Councilmember Cusick, Councilmember Smotherson, Councilmember Clay, and Mayor Crow.
Nays: None.

M. NEW BUSINESS

RESOLUTIONS

BILLS

Introduced by Councilmember McMahon

1. **BILL 9381**– AN ORDINANCE FIXING THE COMPENSATION TO BE PAID TO CITY OFFICIALS AND EMPLOYEES AS ENUMERATED HEREIN FROM AND AFTER ITS PASSAGE, AND REPEALING ORDINANCE NO 7086. Bill Number 9381 was read for the first time.

N. COUNCIL REPORTS/BUSINESS

1. Boards and Commission appointments needed
2. Council liaison reports on Boards and Commissions

Councilmember Cusick stated yesterday the Library Board and staff hosted the first annual Patron's Event to thank all of their friends who have supported the library. The Board agreed to put Prop L on the April 2nd ballot to increase the tax levy to 0.12 cents to help augment the library's infrastructure. Councilmember Cusick encouraged everyone's support of their endeavor.

Councilmember Hales stated in spite of the fact that the Traffic Commission canceled their February meeting; he would like to take this opportunity to welcome Mr. Tiers to the Commission, and acknowledge the presence of four Commission members at tonight's meeting.

3. Boards, Commissions, and Task Force minutes
4. Other Discussions/Business

O. CITIZEN PARTICIPATION (continued if needed)

P. COUNCIL COMMENTS

Referencing Mr. Johnson's comments regarding the Better Together State-Wide Initiative to merge St. Louis City and County together, Councilmember Cusick encouraged everyone to take a look at the petition, which is available on the Secretary of State's website. Specifically, the definition contained in Section 2 of the petition, which states; *"Upon the effective date of this section the territory of the County of St. Louis is extended to embrace the territory heretofore in the City of St. Louis, and the County of St. Louis, and the County of St. Louis so expanded, shall continue its corporate existence as a new political subdivision, body corporate, public, and municipal corporation which is hereby created with its name, The Metropolitan City of St. Louis and its government, within the territory heretofore in the City of St. Louis."* What that means is, people who live in out-state Missouri will also be able to decide the fate of residents who live in the City and County.

So to ensure that we have a representative government, a petition process has been initiated to obtain 15,000 signatures in the County and 5,000 signatures in the City, to ask the Mayor and County Executive to appoint a Freeholders Board and conduct a meeting so that those residents who live in the City and County can come together and have their voices heard on this proposed merger. Councilmember Cusick stated while the creation of a Freeholders Board certainly won't trump the existing petition, it will give City and County residents an opportunity to be heard. So he would strongly encourage everyone to be cognizant of what this merger will and will not do since the process is pretty vague on a lot of issues related to how this unified government will look.

Mayor Crow thanked everyone who came out tonight to speak on all of the issues. However, the three things he thinks this Council has said all along are that;

1. They will continue to support this development ;
2. They will continue to uphold their promise to ensure that funds are made available for improvements in the 3rd Ward and Olive corridor, and
3. That they will not vote to approve any issue that they do not believe would be in the best interest of the citizens they represent.

With respect to the petition by Better Together, he believes that as the City moves forward with discussions on this topic it will be incumbent upon everyone to read this entire report because the one thing that is clear, is that they don't anticipate folks will take the time to read it. Mayor Crow stated U City; which is the third largest municipality in the County, has been a leader in regionalism; something that many of the folks who live here believe in. And while he clearly does not think this is the best pathway forward for U City, the report does contain some good ideas that at some point can be embraced.

Mayor Crow stated as a young man who grew up in Farber, Missouri, he is in total agreement with his colleague, and also does not believe that his 375 neighbors in Farber should be allowed to vote on whether the residents of St. Louis City and County should come together. So perhaps, these out-of-state voters need to be reminded that if this petition is successful, the question then becomes, where does the line stop?

Councilmember Cusick made a motion to adjourn, seconded by Councilmember Hales and the motion carried unanimously.

Q. ADJOURNMENT

Mayor Crow adjourned the regular City Council meeting at 8:09 p.m.

LaRette Reese
City Clerk

Questions about Olive-170 Redevelopment Project from David Harris 2-4-19, revising 1-30-19

Topic 1. Redevelopment Agreement Draft 1-11-19

Section 2.3 (Funding of RPA 2 and RPA 3 Costs) on page 11. When and why did the unconditional "\$10 million upon approval" for RPA 2 (the Third Ward) and the unconditional \$5 million "at the same time or soon thereafter" for RPA 3 (Olive Business Corridor) become:

(a) \$7.5 million "On the earlier of (1) the Developer's sale or lease to the first anchor tenant (i.e., a tenant that will occupy at least 100,000 square [sic] feet) of that portion of the Property on which the anchor tenant is to be located or (2) two years after the initial issuance of the TIF Notes pursuant to Section 5.1."

(b) \$4 million from "Available Revenues in the amount of \$500,000 annually shall be paid to the City pursuant to Section 6.3."

(c) \$3.5 million "The City will commit other incremental revenues derived from RPA 1, other than Available Revenues."

Other questions about Section 2.3

(1) According to the Cost Benefit Analysis (CBA) dated 6-4-18 the "first anchor tenant" (most likely Costco) will occupy 158,000 sf and is the only tenant that will occupy more than 100,000 sf. How to protect from Costco being downsized to under 100,000 sf?

(2) According to Section 5.1(b), the TIF Notes will not be issued for awhile. What is the expected timeline to acquire the 14 acres North and the 10 acres South and to meet the other requirements to issue the TIF Notes?

(3) What is the timeline for the anchor tenant (Costco)? Remember Costco will be on the Public Storage property which needs to be taken by eminent domain.

(4) How does the use of Available Revenues in 2.3(b) comport with the restrictions in Section 5.5 on page 25 and Section 6.3 on pages 26 and 27? Note also that it will take at least eight years of payments, and there are no Available Revenues to start until a few years into the project.

(5) Does 2.3(c) mean that other expected revenue to the City from RPA 1, especially sales tax (since there is no other incremental revenue), will now have to go to RPA 2 and 3? If yes, how much and how does that change the CBA to the City? Was that sourcing of funds in any of the other plan documents? [revision on page 4]

(6) Is there any provision for bond or security for the \$15 million to ensure it gets paid?

(7) All of the versions of the "Olive Boulevard Corridor and Residential Conservation Redevelopment Plan" Table 2 had \$13.8 million and \$5.04 million. When were they reduced?

Section 3.1(a) on page 12. Acquired or contracted 77 parcels is about where the Developer was at this summer. What parcels? What has been happening since then and what about a timeline?

Section 3.1(b) on page 12. When and why did the unequivocal and often repeated promise that "no eminent domain of owner-occupied single-family residential structures will be permitted" get changed to include the qualifier "except as determined by the City Council in its sole and absolute discretion." The exception swallows and negates the promise.

Section 3.2 (Relocation Assistance) on page 14. See also Relocation Policy that is Exhibit I. How was 3.2(c) developed and was it with tenants? “The Developer shall make commercially reasonable offers to restaurant tenants currently located in Jeffrey Plaza to relocate to locations in the South Phase. The Developer will allow the tenants to initially pay their current rental rate and thereafter increase to market rental rate over a period of not less than two years, as mutually agreed to by the Developer and the tenant. The City is not responsible for any costs pursuant to this paragraph.” That is not much for a tenant. Why is it considered sufficient?

Section 3.3(a) (Project Construction) Timeline on page 15. (1) Acquire Property within 12 months, (2) commence construction in 16 months, (3) complete Initial Work by June 30, 2022. Initial Work is 222,000 sf in North Phase and 100,000 sf in South Phase. Definition on page 6. Is the timeline realistic?

Section 3.9 (Special Development Conditions) on pages 17-18. Why are there not more community benefits? The minority and women company goals and local hiring are welcome but they are the bare minimum for a project of this type.

Section 4.1 (City’s Obligation to Reimburse Developer). Double counts “Issuance Costs” because definition of Maximum Reimbursement Amount on page 6 includes Issuance Costs. Explain how this works and how the City is protected from liability, including Section 4.3 (City’s Obligations Limited to Special Allocation Fund and Bond Proceeds). Also the TIF Notes in Exhibit E appear to be non-recourse to the City which is as it should be: “The TIF Notes shall not constitute debts or liabilities of the City, the District, the State of Missouri or any political subdivision thereof within the meaning of any constitutional, statutory or charter debt limitation or restriction. Neither the City, the District, the TIF Commission, the commissioners of said TIF Commission, the officers and employees of the City, the officers and employees of the District nor any person executing the TIF Notes shall be personally liable for such obligations by reason of the issuance thereof.” Page E-3. But is that sufficient protection for the City?

Section 5.1(d) (Holdback) on pages 22-23. Explain the concept. Also, why is a 353 Ordinance Approval Ordinance needed? See 5.1(d)(2) and definition on page 2: “353 Approval Ordinance” means an ordinance to be adopted by the City Council approving a development plan and the real property tax abatement described in Section 6.6 in accordance with the 353 Procedural Ordinance and Chapter 353.” See comment to Section 6.6. [revision on page 5]

Section 6.1(c) (Consent to Release of Sales Tax Information) on page 26. Why “six or fewer?”

Section 6.6 (Tax Abatement) on pages 29-30. Why tax abatement? Tax abatement has never before been mentioned for this project. Explain the mechanism and the consequences. [revision on page 5]

Section 7.1 (Developer’s Right of Termination) and Section 7.3 (Results of Termination) on page 30. Why does the Developer have a unilateral right to terminate and no consequences? Why is there no performance bonding or security or funds set aside to undo or to complete what the Developer has done? [revision on page 5]

Section 7.5(a) (Successors and Assigns) on page 31. Why does the Developer have an almost unlimited right to assign with the City having no control over the assignee?

Overall. [additions on page 5]

Who provided the first draft of the Agreement?

What changes were made from the initial draft and subsequent drafts?

Who advised and negotiated on behalf of the City?

Was the City Council apprised of the drafts, the issues discussed, and the changes made?

Were there ever any plans to explain the agreement to citizens and to get feedback from them?

Topic 2. Economic Analysis [additions on page 4]

Sales Tax Revenue.

Were we correct or not about the sales tax mistake in Table 8 of the CBA? See my January 28, 2019 statement to the Council and the corrected table. [revision on page 4]

If yes, how did the mistake happen?

If yes, how does that change the CBA for the project or the plans of the City?

In Gregory Rose's January 25, 2019 at 3:56 pm email to Ellen Bern "Re: TIF Clarification Please" and in Allison Bamberger's similar email about the same time, what was meant by "the customary manner" when saying "The other 50% of the taxes that would otherwise go to the City (the 1% general sales tax, the 0.5% capital improvement sales tax, the 0.5% parks sales tax, the 0.25% fire sales tax and the 0.25% economic development sales tax) are distributed to the City in the customary manner."

Paying TIF Obligations with non-obligated funds. [revisions on page 4]

Why? See my January 28 statement.

Is this statement from Gregory and (exact quote from) Allison still accurate: "The City intends to use all of the sales that are captured by TIF to repay \$70.5 million to the developer for RPA 1, \$10 million for RPA 2 and \$5 million for RPA 3. The City also intends to use its share of the new revenues from the general and capital improvement sales taxes to repay the TIF costs." If yes, what are the numbers and how will the payments be done?

Public Safety and Other Costs.

Is my revised understanding about public safety costs correct? See my January 28 statement.

Are there other added costs that have not been considered?

ERDST Use Approval.

Is it accurate that the Economic Development Retail Sales Tax (ERDST) Board must approve use of ERDST for the TIF? ERDST is the 0.25% "Economic Development" tax in the tables.

I understand the ERDST Board has not given that approval. What are the plans and expectations about it?

Overall.

Will any of this economic information make a difference in the decision about the project?

The foregoing questions were first sent on January 30, 2019. Since then, some questions have been answered by events or additional information, but other questions have arisen from those same events or information, or other information.

Topic 2.

Sales Tax Revenue. It appears we were correct. The other questions remain.

Paying TIF Obligations with non-obligated funds. It is becoming clear that the first \$11.5 million of the promised \$15 million was going to be financed by the City committing at least \$1.1 million per year from the now much-reduced share of the 1% Countywide Sales Tax (referred to in the statement as “general”) and the 0.5% Capital Improvement Sales Tax, and the additional \$3.5 million from the same now non-existent source. Therefore, the overall question of “what are the numbers and how will the payments be done” remains but there are now more specific questions.

Where is the money coming from now? If from the projected \$23.2 million from the 0.5% Parks, 0.25% Fire Protection, and 0.25% Economic Development sales taxes, how can money be moved from those dedicated accounts and what effects will it have on the previously expected budget for those items?

Moreover, since only \$9.2 million of the projected \$23.2 million from those taxes will be received in the first 10 years, how does that amount fund the \$15 million during that time? I am asking about ten years even though ten years seems too long to me because that is roughly the time period contemplated by the current agreement.

Whatever the mechanism, please clarify whether the promised \$15 million is part of, or in addition to, the TIF subsidy of \$70.5 million. It appears to me to be in addition to the subsidy.

Taxable Sales - Tax Exempt Sales. PGAV assumes 97% of sales in RPA 1 will be taxable, 3% will be tax-exempt. Tax-exempt includes tax-exempt organizations purchasing and wholesale. How confident are you in that 97% and 3% split, and why?

Base Sales Tax. Last year I asked several times to confirm the taxable sales of \$6 million currently in RPA 1 as shown in the Cost-Benefit Analysis. On July 3, 2018, at a meeting with Gregory Rose, I was given a spreadsheet of 12 businesses with estimated taxable sales totaling \$6 million. I asked if there were more specific amounts from government records. I have not heard anything since. Is \$6 million accurate, or is it maybe closer to \$10 million or more? Every million in current sales reduces the amount available for the TIF by \$34,920 per year.

Recent News Articles – Financial Viability. In the St. Louis Business Journal article on February 1 and the St. Louis Post-Dispatch article on February 4, Gregory said the project was “financially viable.” Were you quoted correctly? If yes, does “financially viable” mean?

Topic 1.

Section 2.3 (Funding of RPA 2 and RPA 3 Costs), Question (5). It appears the answer to the first question is yes. The other questions remain.

Section 6.6 (Tax Abatement) on pages 29-30. Over the weekend, I realized that Exhibit F, the District Project Agreement for the Community Improvement District (CID), refers to tax abatement in Section 5(e) on page F-3. Section 6.6 does not refer to the CID Agreement so it was not readily apparent there was any connection between the two. Does the CID Agreement mean the CID will pay a Special Assessment each year in the amounts shown in Section 5(b) in place of the tax abatement? If yes, that raises several questions.

How were the Special Assessments calculated? I do not see the relationship between the assessments and the projected real estate tax revenue in the RPA 1 Cost-Benefit Analysis (CBA).

Where does the CID get the money for the Special Assessments? In CBA Table 7, the CID appears to take in about \$1.0 to \$1.4 million per year over time but half that amount is already dedicated to the TIF.

Section 7.1 (Developer's Right of Termination) and Section 7.3 (Results of Termination) on page 30. Does the City consider the \$7.5 million or \$11.5 million of the promised \$15 million the penalty or consequence, and if so, why, since the City is funding that amount?

Overall.

When will a revised Redevelopment Agreement be available?

Will you provide a comparison version that shows the changes made from the 1-11-19 draft agreement? If no, why not?

Will you provide a written explanation of the changes? If no, why not?

Questions and Comments emailed by David J. Harris to Paulette Carr on February 5, 2019
(Revised February 11, 2019 with one addition to Comment 17.2)

Paulette: I read your "Update on Olive/I-170 Development Project" in your February 4, 2019 newsletter. Here are my questions and comments.

(1) "The Council and public were provided with the ordinance and contract for the first time in the agenda packet for that [January 14, 2019] meeting." Are you saying that the Council had not seen any version of the ordinance or contract prior to that agenda packet? Or are you just being technically specific that the Council had not seen that specific printed version of the ordinance and that specific printed version of the contract before that agenda packet? Or as a more positive form of my question, did the Council see any versions of the contract before the agenda packet? If yes, when and what? Depending on your answers to these questions, I may have more questions.

(2) "Even after I read it several times, I had questions, as did my colleagues." What questions, and who?

(3) "That meeting was scheduled and noticed for Jan. 21st and took place." Are the minutes of that meeting available to the public? Will they be? If yes, when? If not, why not?

(4) "The developer also requested some changes to the development contract." Did the developer request the changes because of the "questions/concerns regarding the incremental amount of sales tax the City would receive?" If yes, what changes did the developer request? If no, what changes did the developer request? I note the developer signed the contract on January 11 so was satisfied with the contract then.

(5) "... especially if there are concerns or substantive changes being made to the ordinance (and contract)." Were there concerns or substantive changes being made at the time you reference? If yes, what were they?

(6) "The ordinance dealing with the development contract was never on the agenda for the last meeting on Jan. 28th, so it could not have been pulled as some have claimed." Who has claimed the agenda item was "pulled?" All I have seen is the factual statement that the contract was not put on the January 28 agenda, as many expected it to be on the agenda. That expectation was not unreasonable because, as you explain, "it is customary for an ordinance to be introduced with a reading at one Council session and then return for a second and third reading and vote at the following meeting." Moreover, there was no indication that the customary procedure was not going to be followed with the contract.

(7) "At NO time have we neglected to follow the correct processes." Has anyone said the Council has "neglected to follow the correct processes?" Are you concerned that there are processes that have not been followed?

(8) "When all negotiations are completed a contract will be presented to the Council and the public." Yes, that is what I thought, as I am sure did many other people. That is a reason that I went to the January 14 meeting and expressed my concerns about the contract. That is a reason I expected it to be on the January 28 agenda. Are you saying that all negotiations were not completed when the contract was presented for the January 14 meeting? If not, why was the contract presented? If not, what contract terms were remaining to be negotiated?

(9) "Council will not accept a contract which will not be in the best interest of the City and its residents." I hope that you can recognize that people can disagree on what is "in the best interest of the City and its residents" and that it is difficult to decide "best interest" when the information on which to make that decision is incorrect or missing.

(10) "It appears that the consultant, PGAV made a mistake and is in the process of issuing a new report." Do you yet know if PGAV made a mistake? If not, why is there a new report? PGAV made at least one big mistake. Can't you acknowledge that? Do you know any other mistakes PGAV made? I hope with any new report the changes will be clearly shown and thoroughly explained.

(11) "It should be noted that all charts and TIF documents stated that 50% of the incremental economic activity taxes . . . would be used to . . . pay back the . . . \$15 million for reinvestment into Ward 3 and the Olive Business Corridor." They do not. Show me where. Again, they do not. Payment of the \$15 million was coming from the expected sales tax revenue that is no longer there. It is debt that is over and above the \$70.5 million in bonds "that [will be] sold to refund some portion of the development costs to the developer." And that arrangement was not explained until the January 14 agenda packet and even then it was not fully explained. And even now it is not being fully explained by any City official, including you in your newsletter. It is becoming clear that the first \$11.5 million of the promised \$15 million was going to be financed by the City committing at least \$1.1 million per year from the now much-reduced share of the 1% Countywide Sales Tax and the 0.5% Capital Improvement Sales Tax, and the additional \$3.5 million of the promised \$15 million from the same now non-existent source. If I am wrong, correct me and explain. If I am right, where is the money now going to come from to keep the promise? Depending on your answers, I will probably have more questions.

(12) "Our status as a pool tax city was mentioned throughout the TIF documents." No, it was not. The word "pool" is mentioned only in Table 8 of the RPA 1 Cost Benefit Analysis (CBA) and the same table in the RPA 3 CBA that erroneously showed the pool payments, and the two pages for RPA 1 (pages 5 and 9) the one page for RPA 3 (page 7) that referenced that table. Who told you that "Our status as a pool tax city was mentioned throughout the TIF documents?"

(13) "In fact, [describing all the members of the TIF Commission, including you]. The numbers were, in fact, presented to all members of the TIF Commission, and who voted to approve the TIF based on all that was presented to the TIF Commission, including the financial projections and calculations provided by PGAV." What do you mean by this paragraph? Why do you think all of you overlooked the sales tax mistake? Depending on your answers, I will probably have more questions. And I hope you are not trying to imply that the entire TIF Commission voted to approve the TIF because two members voted against it.

(14) "As I understand it, the consultant overstated the sales tax revenue . . . perhaps by \$20 million or more." When do you expect to know the amount, so it is not a "perhaps." Using PGAV's figures and the actual sales tax factors, I calculated the error was \$27,542,977 and presented it at the January 28 meeting as "more than \$27 million." I provided the corrected Table 8 for you and anybody else to review. I requested that the table be part of the minutes of the meeting.

(15) "All of the "top half" of these sales taxes may be used to pay TIF obligations such as bonds and notes." But not the \$15 million promise. See Comment 11.

(16) "The City would receive ~\$30 million rather than ~\$50 million over the life of the TIF." Corrected Table 8 shows about \$25.7 million instead of about \$53.3 million.

(17) "Please contrast that with the status quo."

(17.1) First, I would like to do so. What do you say is "the status quo" and why?

(17.2) Second, from a purely financial or money perspective, the gross amount of expected tax revenue is not what should be contrasted. Rather, it is the net amount of expected tax revenue. In other words, we need to know or estimate how much tax revenue the project will cost us. What do you think those costs will be? We know the promised \$15 million, plus debt service on that amount. We know at least \$450,000 per year is estimated for additional police, which is \$9 million over 20 years. Just those two items are more than the expected sales tax revenue. So there may be no net amount of expected sales tax revenue, and therefore there might even be net tax expenditures. [Added on 2/11/19 - I recognize there may be Prop P revenue available to pay for additional police, but Prop P revenue from the project area will be only about \$10,000 per year, and therefore the revenue must come from Prop P revenue not previously intended for the project area or from other City revenue.]

(17.3) If that analysis is not enough, what about these unanswered questions: If you are proposing use of the projected \$23.2 million from the 0.5% Parks, 0.25% Fire Protection, and 0.25% Economic Development sales taxes, how can money be moved from those dedicated accounts and what effects will it have on the previously expected budget for those items? Moreover, since only \$9.2 million of the projected \$23.2 million from those taxes will be received in the first 10 years, how does that amount fund the \$15 million during that time? I am asking about ten years even though ten years seems too long to me to receive the promised \$15 million because that is roughly the time period contemplated by the current agreement.

(17.4) Lastly, the contrast involves more than just the financial or money perspective. What do we gain, what do we lose, what are the benefits of a successful development, what are the risks of a failed development, etc. We can have a robust discussion about these issues. But do we want to have even that discussion if there is a net tax loss to the City during the TIF period?

(18) ". . . the project remains financially viable." What does "financially viable" mean as quoted in your newsletter? What does "financially viable" mean to you?

(19) "Statements recently made by some citizens regarding the draft contract are not quite accurate." What statements, and by whom? If you are referring to me and my statements, let me know what "are not quite accurate." I can handle it.

(20) "With no real knowledge of what is occurring." Speaking for myself only, I have real knowledge of the terms of the draft contract and many other aspects of this proposed project. If there is other information that would help better understand the contract or the project or anything else, but you are not sharing the information because it is part of "legal and financial evaluations, discussions, and negotiations [that] are confidential" then it is not fair to criticize people for trying their best with the information that is available. I respectfully request that you share what you can and not just assert what you are implying by your statement, which is "I know better than you because I am privy to confidential information I cannot share."

(21) "[S]everal people seem to be pontificating on social media, etc., as if their "reading of the situation" is fact. It is not." If you are referring to me, I was trying to be offended by your use of the word "pontificating" (the modifier "seem to be" does not change things; either you think a person is pontificating or not) but I can't bring myself to be mad at such a silly description. Also, I think you are setting up a phony statement here, "as if . . . fact . . . not." As I asked earlier, if you think statements being made are wrong, correct them. Also recognize that some statements are the best opinion that one can form based on the information available. See Comment 20.

(22) "The statements of the City Manager in the St. Louis Business Journal article are factual and accurate." That may be so as far as they go but none of the statements address concerns about the

contract or the project or the sales tax mistake, and several are expressions of opinion and feelings, not facts. For instance, here are the City Manager's quotes, and my observations about them, which are not exhaustive. Please realize that I am not criticizing the City Manager's statements. I am just trying to point out that you saying they "are factual and accurate" to contrast them with other people's statements that you do not agree with does not advance the discussion about these concerns.

(22.1) "We wanted this project to be very appealing for the bond market. So there was a potential of including that revenue to retire the debt which would simply make it more attractive for insurance purposes." What does that mean? And why is there no mention of using the revenue to fund the \$15 million promise, which became one of its primary purposes? Looking at Comment 17, how will there be any extra money to retire debt early?

(22.2) "We are pleased with the amount of funding that this potential project could generate." The "are" should probably be "were" but who are "we"? Not everyone agrees.

(22.3) "Today, we are not getting anywhere close to that." Very true. This time "we" must mean all of us in University City.

(22.4) "So we think that it's financially viable." "So we think" should probably be "But we think." Again, who is "we?" Whoever "we" is, that is an expression of an opinion, not fact. For "financially viable" see Comment 18.

(22.5) "We're excited still about the project going forward in the future." Excitement is a feeling, not a fact. The statement itself may be a fact depending on who "we" are.

(23) "I deeply respect . . . but that does not mean that a citizen may have complete information and that their assertions are accurate, or that we must agree with their conclusions/positions." Same back at you. And the assertions could be accurate. And it is possible to agree.

(24) "Some citizens are suggesting that the consultant did not realize that University City is a pooled sales tax city." Who is suggesting that? The suggestion – and it is more than a suggestion, it is a statement of fact – is that PGAV did not properly account for University City being a pooled tax city. And neither did any other consultant or decision maker. See Comment 13.

(25) "[B]ut our status as a pool tax city is referenced throughout the various TIF documents including the consultant's reports and analysis." No, it is not. See Comment 12.

(26) "There are some sale taxes in University that are pooled and some sale taxes are not pooled." True but not relevant to your assertions.

(27) "A few citizens appear to be conflating the TIF hearing and approval, with the contract . . . The development agreement was not part of the TIF. What will be contained therein was never a "known" until it is negotiated and introduced." Not conflating, but asking for consistency or an explanation when not consistent. And as I think you know, if the contract varies too much from the TIF hearing and approval, there will need to be another TIF hearing and approval.

(28) "[E]specially when they accuse the Council of including a Tax Abatement contained in the first draft of the contract and state that was not discussed during the TIF presentations." That is one example of lack of consistency. See Comment 27.

(29) "Had they read the entire section of the draft contract (Section 6.6), they might have seen that in lieu of taxes the developer would be paying a PILOT (payment in lieu of taxes) equal to the amount of the abated tax."

(29.1) Since this comment was directed in part to me, because I mentioned Section 6.6 on January 14, I have to respond that if you had read Section 6.6 you would have seen that the developer will be paying a PILOT for only 50% of the abated tax. You would also have noticed that there is no end to the abatement period. Paragraph 6.6(g) which should refer to 6.6(c) instead refers to 6.6(b).

(29.2) Additionally, over the weekend, I realized that Exhibit F, the District Project Agreement for the Community Improvement District (CID), refers to tax abatement in Section 5(e) on page F-3. Section 6.6 does not refer to the CID Agreement so it was not readily apparent there was any connection between the two. Does the CID Agreement mean the CID will pay a Special Assessment each year in the amounts shown in Section 5(b) in place of the tax abatement? If yes, that raises several questions.

(29.3) How were the Special Assessments calculated? I do not see the relationship between the assessments and the projected real estate tax revenue in the RPA 1 Cost Benefit Analysis (CBA).

(29.4) Where does the CID get the money for the Special Assessments? In CBA Table 7, the CID appears to take in about \$1.0 to \$1.4 million per year over time but half that amount is already dedicated to the TIF.

(29.5) Did you know about the relationship between the tax abatement, the CID and the Special Assessment? Based on what you said about Section 6.6, I think not.

(30) "There are other financial tools besides Tax Increment Financing (TIF) often included in a development contract such as Community Improvement Districts (CID) and Transportation Improvement Districts (TDD) which are not covered by the TIF Commission hearings since the subject was Tax Increment Financing. All these tools can and are used in development contracts." You are right about CIDs and TDDs (which is a Transportation Development District; you mistyped) being included in development contracts. You are absolutely wrong about the CID and TDD for this project not being covered by the TIF Commission hearings. The taxes from the CID and TDD are essential for the TIF funding and show up in various tables. Without the CID and TDD this project cannot be funded. The fact that you do not know that and did not know that causes me great concern about your vote to approve the TIF and about your ability to make an informed decision on the contract. If I am incorrect in my statement about the CID and TDD being essential to the TIF then please correct me, and I will apologize for my statement of great concern about your TIF vote and about your ability to make an informed decision on the contract.

(31) Comparing to other TIF decisions in other places. This email is going on too long, so I will only say for now: (a) the opportunities provided to speak and discuss were welcome; (b) as is now obvious, not all relevant information was available or properly understood during those meetings; and (c) the Olivette TIF covered primarily vacant ground, whereas this TIF will take many homes, apartments, businesses, religious institutions, a storage facility, and thus directly adversely impact many more people. See Comment 17.4.

(32) "Similarly, we are not rushing our development agreement." Now you are not. But it certainly appeared that you were.

(33) Best interest. See Comment 9.

(34) "I have confidence . . ." I am glad you do. My confidence is shaken.

(35) "It is a very complex project and process and is proceeding as it should." It is complex. But do you really think it is "proceeding as it should?"

(36) Updates shortly. I am looking forward to them.

(37) "Let's all take a deep breath." I think you are implying that somehow those of us who have been working hard and expressing our concerns are pushing too fast and too hard and we should take a break. Thanks but no thanks. Reflection and relaxation can be good. Letting our guard down is not.

(38) "[A]nd wait for the negotiations to conclude, at which time we can publicly and openly discuss the contract." It looked as if negotiations had concluded, or were close to concluding. At no time did anyone say negotiations were not at or near their end. See Comment 8 and Comment 1. And we are publicly and openly discussing the contract, as we should be doing. Moreover, several people, including me, have called for a more structured process to discuss the contract and there has been no response from the City Council or Administration. What do you propose?

(39) "On Friday, Jan. 18th we received notice that a citizen had some questions/concerns regarding the incremental amount of sales tax the City would receive." Even though this statement was near the beginning of your newsletter, I saved it for last. I hope at some point you, and the other Council members, and the City Manager, Attorney, and consultants, among others, will have the grace to publicly thank, or at least acknowledge appreciation for, the citizen, Greg Pace, who discovered the sales tax mistake, and those of us who worked hard to understand it and to publicize it, thus saving the City, that is, all of us, from what would have been a very costly commitment.

Testimony 2/11/19
Leif Johnson
836 Barkley Square
U. City, MO 63130

I want to thank Councilwoman Paulette Carr for her meticulous summaries of the Sinquefield plans and the Freeholder Board plans.

Sinquefield's plans incorporated two main objectives: (1) to eliminate the citizens right to vote for municipal elections, and (2) Allow the greatest money grab that anyone in this room has ever been the victim of.

Why? To float new indebtedness (bonds) on this amplified county-wide tax base. New stadiums, hockey rinks, entertainment districts, downtown revitalization, sports complexes. For us that means more taxes and less services. Also, they may wish to shore up the bond rating of St. Louis City whose present bonds are a hair's breath away for "junk bond" status.

To head off Sinquefield's proposals (which have massive corporate, university, lawyer and media support) there is another proposal being circulated to create a Board of Freeholders appointed by the Mayor of St. Louis, the St. Louis County executive and the Governor. This is an *appointed board not an elected one*. Would you prefer a non-elected board appointed by Krewson, Stenger and the Governor eliminate your right to vote for local office, rather than Sinquefield?

Would you rather have a "Freeholders" plan win and achieve the very same goals as Sinquefield's?

The only option you have is to defeat Sinquefield. There is no compromise, no way around his plan, there is no "alternate plan" there is no choice but to stand and fight. Ninety five percent of city/county governments function just fine as separate entities. We are already a regional set of governments. Sinquefield's "regionalism" means nothing more than a massive money grab.

On the possibility of losing our right to vote, we may recall the words of Abraham Lincoln:

"If ever I feel the soul within me elevate and expand to those dimensions not wholly unworthy of its Almighty Architect, it is when I contemplate the cause of my country, deserted by all the world beside, and I standing up boldly and alone and hurling defiance at her victorious oppressors. Here without contemplating consequences, before High Heaven, and in the face of the world, I swear eternal fidelity to the just cause, as I deem it, of the land, of my life, my liberty and my love. And who, that thinks with me, will not fearlessly adopt the oath I take. Let none falter, who thinks he is right, and we may succeed. But, if after all, we shall fail, be it so. We shall still have the proud consolation of saying to our consciences, and to departed shade of our country's freedom, that the cause approved of our judgment, and adored of our hearts, in disaster, in chains, in torture, in death, we NEVER faltered in defending." (Dec. 29, 1839)

City clerk: I wish to enter into record the section of Councilwoman Carr's summary of the proposed for Freeholders Board.

Email about Another Serious Error sent February 10, 2019 by David J. Harris to reporters after sending to City Manager, Attorney, and Council

As part of the "briefing" about the TIF Development from City Manager Gregory Rose that is scheduled for the University City Council meeting tomorrow night, Monday, February 11, at 6:30 p.m., the agenda packet released on February 8 contained a revised Table 8 from PGAV regarding the sales tax revenue available to University City. The agenda item with the revised table is attached. The table appears to correct the \$27 million error that was discovered by Greg Pace, refined by me with the Corrected Table 8 I presented at the January 28 Council meeting and sent you, and publicized by me and others. However, undisclosed as part of this revised Table 8 appears to be another serious error by PGAV.

I noticed that the tax revenue to us in the revised PGAV Table 8 was \$21,423 or \$21,424 more per year than the Corrected Table 8 I prepared and circulated on January 28. I was going to see if Mr. Rose mentioned that difference Monday night and if not, ask about it. Greg Pace has "reverse engineered" the numbers and reached the conclusion before I could that the difference is due to a higher base sales tax figure. Greg is correct. I plugged \$9.7 million for the assumed base sales tax revenue (97% of \$10 million, up from \$5.82 million which was 97% of \$6 million) into the Corrected Table 8 that I prepared and the result is exactly the same as the new table from PGAV.

In other words, the base sales tax revenue, that is, the amount of sales tax revenue currently from the businesses in the proposed redevelopment area, is \$10 million per year, not \$6 million per year as previously presented by PGAV.

This is serious. An increase of \$21,423 to us represents a decrease in the amount to pay TIF obligations. I calculated each increase of \$1 million in base sales tax was a decrease of \$34,920 per year to the TIF. Therefore, a change from \$6 million to \$10 million would be a decrease to the TIF of \$139,680 per year. That is \$2.8 million less for the TIF (over 20 years) that needs to be accounted for, and it is another error by PGAV on which the TIF Commission, City Administration, and Council relied.

I had previously asked this question about base sales tax in an email I sent to Mr. Rose, City Attorney John Mulligan and Council on February 5 at 12:28 a.m., adding to the questions I sent on January 30 in anticipation of meeting with Mr. Rose, Mr. Mulligan, and two Council members on February 1, a meeting that did not occur. Here is what I wrote:

"Last year I asked several times to confirm the taxable sales of \$6 million currently in RPA 1 as shown in the Cost-Benefit Analysis. On July 3, 2018, at a meeting with Gregory Rose, I was given a spreadsheet of 12 businesses with estimated taxable sales totaling \$6 million. I asked if there were more specific amounts from government records. I have not heard anything since. Is \$6 million accurate, or is it maybe closer to \$10 million or more? Every million in current sales reduces the amount available for the TIF by \$34,920 per year."

I had shared with Greg my question about the base sales tax around the time I sent it. The question appears to have been answered with Greg's analysis and now my analysis of the revised Table 8 from PGAV.

Greg emailed Mr. Rose, Mr. Mulligan, Council, and Andy Struckhoff of PGAV at 5:07 this morning about his "reverse engineering" and asked whether the base sales tax is now being considered \$10 million instead of \$6 million. I followed up at 1:49 p.m. with an email to them that is similar to the email I am sending to you.

