



**City of Boonville**  
**City Council Work Session Agenda**

**December 2, 2024**

**6:15 PM**

**City Council Chambers**

**525 E. Spring Street**

**Boonville MO 65233**

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**I. Work Session Topics**

**A. Discussion on proposed apartment complex on Vine Street**

**NOTICE:** The City of Boonville will comply with the Americans with Disabilities Act (ADA). Individuals who require an accommodation due to disability to attend this meeting should contact our office at (660) 882-2332 or Relay Missouri, 1-800-735-2966 TTY at least 48 hours in advance.



Date: November 27, 2024  
To: City Council and Mayor  
From: Kate Fjell, City Administrator  
Re: 12.2.24 City Council work Session

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The Council work session will discuss a proposed project at the old Corn Cob Pipe Factory on 2<sup>nd</sup> and Vine Streets. The developer has asked if the City would participate in a Chapter 353 project to make the project more feasible. I have attached information from Gilmore and Bell about economic development incentives generally and Chapter 353 specifically for your review.

Broadly speaking, the 353 project allows for a blighted property to have a real property tax abatement for up to 25 years. The tax abatement is set at 100% for 10 years on real property and then between 50-100% abated for the next 15 years. PILOTS (payment in lieu of taxes) can be negotiated to offset the abatement between the urban development corporation and the City. There is a lot of discussion and negotiation that will occur if we proceed.

Some background on the building, originally it was the corn cob pipe factory built around 1900. In 1980, it was purchased by Toastmaster, and they used it as a warranty repair center. Ultimately, they vacated the building, and it sat empty for over 30 years. The property has changed hands several times in the past 15 years. You may recall that some work was done in the building, and it was an indoor archery range. It was then purchased by Blue Haven Investments, ultimately, they decided to not move forward with their intended project, and it is for sale again. This building sits along our Kemper Corridor on second street and its redevelopment would benefit the corridor.

The developer will be at the meeting to discuss his plans for redevelopment.

For this work session, I am asking Council to consider the developer's redevelopment plan and to gauge interest in participating in the Chapter 353 program. If it is decided to move forward there will be several meetings, negotiations, and discussions before any action will be taken – this is only the introduction.



# Missouri Municipal Finance Guide

Prepared by Gilmore & Bell, P.C.  
April 2012

**NOTICE:** *This Guide is intended as a reference work only. The original edition of this Guide was prepared in March 2012 by Gilmore & Bell attorneys, Toni Stegeman, Shannon Creighton and Meghan Wiedel. That edition was titled, “Missouri Municipal Finance: A Guide for City Clerks and Finance Officers.” Gilmore & Bell attorneys have used their best efforts to compile and provide the most accurate information for the Guide; however, the materials are not intended or offered as legal advice. Please contact a Gilmore & Bell attorney to arrange for assistance for your city’s specific needs. For contact information, visit the firm’s website at [www.GilmoreBell.com](http://www.GilmoreBell.com).*

*Reference to “RSMo” indicates the Revised Statutes of Missouri, as amended through the date of this Guide.*

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### CHAPTER 1

#### **FINANCING GOVERNMENTAL PURPOSE PROJECTS**

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## CHAPTER 3

### ECONOMIC DEVELOPMENT 101\*

Municipalities in Missouri and throughout the country are increasingly playing greater roles in economic development. These roles include developing economic development policies, approving certain incentives, participating in public-private partnerships, administering certain incentive programs and protecting taxpayer interests. This chapter is intended to provide a brief overview of these roles for municipal officials and summaries some of the economic development programs available in Missouri. Chapter 4 of this Guide includes more detailed summaries of some of the more popular economic development incentive tools.

#### Economic Development Policies

Many municipalities have found it desirable to adopt economic development policies to help guide their decision making process. These policies often contemplate (1) the types of incentives that will be considered, (2) the value of the incentives that will be considered, which is often expressed as a percentage of total project costs, and (3) desired outcomes, such as the creation of jobs or the remediation of blight. Municipalities also use economic development policies to communicate which uses of economic development incentives are not be acceptable in their communities.

#### Incentive Programs

Economic development incentive programs are often divided into the following categories:

**Tax abatement:** Project cashflows will improve when taxes are reduced or eliminated. Accordingly, projects that are not economically feasible because of low (or even negative) cashflows may become feasible if taxes are abated. Popular forms of real property tax abatement in Missouri include (1) the Urban Redevelopment Corporations Law (commonly known as “Chapter 353” abatement), which is available in blighted areas only and (2) industrial development bond transactions (commonly known as “Chapter 100” abatement), which does not require a blight finding. Construction materials and other personal property may also be rebated as part of a Chapter 100 transaction. A more detailed summary of these incentive programs is included in Chapter 4 of this Guide.

**Tax addition:** Missouri law allows for the creation of special taxing districts, known as Community Improvement Districts (CID), Transportation Development Districts (TDD) and Neighborhood Improvement Districts (NID). CIDs and TDDs have the ability to levy sales taxes, property taxes and

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\* Prepared by **Shannon W. Creighton**, who is a shareholder with Gilmore & Bell, P.C., in the St. Louis office. Ms. Creighton has practiced law as a municipal bond attorney since entering the law practice in 2000. Ms. Creighton is a member of the Missouri Bar Association and Illinois Bar Association. Ms. Creighton received her B.A. degree from Loyola University of Chicago in 1994 and her J.D. from Washington University School of Law in 2000. While in law school she received several academic distinctions including the Washington University School of Law Honor’s Scholar Award. Ms. Creighton devotes the majority of her practice to working with governmental entities on economic development projects, property redevelopment, public finance and incentive programs.

special assessments within their boundaries. NIDs may levy special assessments. The revenues created from these additional taxes can then be used to finance the certain public improvements and services associated with a development. Recently, municipalities have also implemented the Local Option Economic Development Sales Tax on a municipality-wide basis to provide funding for eligible economic development projects. A more detailed summary of these incentive programs is included herein.

**Tax credits:** Many tax credit programs exist at the state and federal level. Tax credits offset tax liability and can be used to improve project cashflow or encourage investment. Some tax credits may be sold to raise money for a project. Municipalities generally do not control awards or administration of tax credits. However, municipalities should have an understanding of the types of various tax credit programs so that they can understand the true level of economic development incentives that a project hopes to utilize. Information on specific tax credit programs is available at <http://www.ded.mo.gov/Programs.aspx>.

**Tax redistribution:** The most popular type of tax redistribution is tax increment financing (TIF). When TIF is implemented, a TIF district “captures” a portion of the incremental tax revenue generated from a project. This “captured” revenue can then be used to pay eligible project costs. The Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, RSMo (the “TIF Act”), provides the statutory requirements for implementing TIF in Missouri. A more detailed summary of the TIF Act follows in Chapter 4 of this Guide. As an alternative to the process described in the TIF Act, municipalities may enter into tax rebate agreements with developers whereby incremental tax revenues from a project are directed to pay project costs. This is sometimes referred to as “Contract TIF”. Unlike the incentives available under the TIF Act, which includes “capture” of most sales and property taxes, tax rebate agreements can only “capture” taxes that (1) are levied by the municipality itself (i.e., a tax rebate agreement entered into by a city would not apply to county sales taxes) and (2) are not imposed for limited purposes (i.e., revenues from a fire protection sales tax could not be used to pay project costs).

**Grants/loans:** Some municipalities have funded grant or loan programs to provide direct assistance to businesses and projects. The legality of such programs depends on several variables, including (1) the source of the funding, (2) the classification of the municipality, (3) statutory or charter authority and (4) the primary intent of the program. Recent examples of permissible programs include (a) establishing a program to provide grants for façade improvements as part of a downtown TIF plan and (b) creating a forgivable loan program funded by revenues from a Local Option Economic Development Sales Tax (see Section 67.1305, RSMo.). Legal counsel should be heavily involved in the development of any type of grant or loan to program to ensure that such a program is within a local government’s statutory, charter and constitutional powers.

## Public-Private Partnerships

Awards of economic development incentives often involve entering into a public-private partnership. The terms of such partnership are generally detailed in a redevelopment agreement or other agreement between the municipality and a developer. It is important that such documents clearly describe the rights and responsibilities of the parties, including, but not limited to:

- What will be built and when?

- What incentives are available and how will they be paid?
- If the project is not completed, what happens?

Such agreements should be drafted by legal counsel in close consultation with municipal officials to insure that actions promised by the municipality are within the municipality's power and that terms of the agreement correspond to the "business deal" agreed to with the developer.

It is common practice for a municipality and developer to enter into a preliminary funding agreement prior to a municipality's consideration of incentives, whereby the developer will pay all or a portion of the municipality's costs incurred in consideration of the requested economic development program incentive(s) and the negotiation of a redevelopment agreement.

## **Administering Incentive Programs**

**Program Administration:** Administrative responsibilities vary greatly depending on the type of economic development incentive program used. For example, under Missouri statute, municipalities with active TIF districts must, among other duties, file annual reports with the Missouri Department of Economic Development. If a city fails to file these reports, it will be prohibited from approving new TIF projects for 5 years. Municipalities may also be involved with the administration of a CID or TDD, which are separate political subdivisions and have their own budgets, boards of directors, etc. When planning to implement an economic development incentive program, it is important to identify (1) which party (municipality or developer) and personnel (City Clerk, Director of Planning/Community Development, etc.) will have what responsibilities and (2) where funding for administrative costs will come from (i.e., CID or TDD sales tax revenue, TIF revenue, developer payments, etc.). The following pages discuss specific administrative requirements for many of the economic development incentive programs discussed above.

**Financing Administration:** The use of CIDs, TDDs, NIDs and TIF often involve the issuance of bonds or notes and the verification of reimbursement requests from developers that advance fund eligible project costs. The process for verifying reimbursement requests should be detailed in the redevelopment agreement and/or other financing documents and will generally require a developer to provide copies of invoices or other proof of costs incurred to an identified municipal employee for verification prior to qualifying for reimbursement. When bonds or notes are issued, other administrative duties may also apply. For example, on a note issue, the municipality might elect to serve as its own paying agent rather than employ a trustee bank. If bonds are issued, a trustee bank will almost always be involved. Depending on the nature of the bond issue, the municipality may have additional continuing disclosure and record keeping duties. For a more detailed summary of these requirements, see Chapter 6 of this Guide. This continuing disclosure information required should be very similar to the information that a municipality provides in relation to its other type of bonds. Because the bonds are usually only secured by revenues created within a specific district (i.e., CID, TDD or TIF), the disclosure requirements may also include some information about the specific businesses within the district. Recently, the Internal Revenue Service has targeted bonds issued for economic development projects for closer scrutiny. Accordingly, it is important that you work with your bond counsel to identify the types of records that need to be maintained.

## ***Protecting Taxpayer Interests***

Protection of taxpayer (and taxing district) interests is a critical component to any consideration of economic development incentives. Good public policy requires municipalities to analyze the need for incentives and the risk to taxpayers and taxing districts. Local governments should be prepared to understand financial information provided by developers and have some ability (through internal staff and/or consultants) to determine if the financial information presented is reasonably realistic (i.e., construction budgets, sales projections, assessed value projections, etc.).

The TIF Act requires a municipality to make a finding that the project would not be feasible “but for” the TIF incentive. While such a finding is not legally required for other incentive programs, local governments may still want to rely on a similar justification before approving any tax abatement or tax redistribution incentives. Municipalities should also work closely with their legal counsel and financial advisors to ensure an incentive program remains in place for the least amount of time necessary to achieve the desired incentive value.

Tax abatement and tax redistribution incentive programs give municipalities the ability to affect the tax revenues of other taxing districts. While application of these incentive programs generally requires providing these affected taxing districts with an analysis of the impact of the proposed incentive program and an opportunity to participate in a public hearing, final approval is solely controlled by the municipality. Accordingly, municipalities should consider the impacts on other taxing districts and, if appropriate, explore measures to mitigate potential impacts.

\* \* \*

## **Property Tax Abatement Under Chapter 353, RSMo**

Under Chapter 353, RSMo (Chapter 353), real property tax abatement is available within “blighted areas.” An Urban Redevelopment Corporation is created under the general corporations laws of Missouri and, once created, it has the power to operate one or more redevelopment projects pursuant to a city-approved or county-approved (if St. Louis County or Jackson County) redevelopment plan.

### ***What tax abatement is permitted?***

Under this program, an eligible city or county may approve a redevelopment plan that provides for tax abatement for up to 25 years, thus encouraging the redevelopment of the blighted area. To be eligible for the abatement, the Urban Redevelopment Corporation must take title to the property to be redeveloped. During the first 10 years of tax abatement, (1) 100% of the incremental increase in real property taxes on the land are abated, (2) 100% of the real property taxes on all improvements are abated, and (3) the property owner continues to pay real property taxes on the land in the amount of such taxes in the year before the redevelopment corporation takes title.

During the next 15 years, between 50% and 100% of the incremental real property taxes on all land and all improvements are abated. Payments in lieu of taxes (“PILOTS”) may be imposed on the Urban Redevelopment Corporation by contract with the city or county, as applicable, to achieve an effective tax abatement that is less than the abatement established by statute. PILOTS are paid on an annual basis to replace all or part of the real estate taxes that are abated. PILOTS will be allocated to each taxing district according to their proportionate share of ad valorem property taxes. The Urban Redevelopment Corporation may take title to lots, tracts or parcels of property within the redevelopment area in phases, in order to maximize the tax abatement during a phased redevelopment project.

### ***How is a development plan approved?***

The statute requires the governing body of the municipality to hold a public hearing regarding any proposed development plan. Prior to receipt of any development plan, municipalities should adopt an ordinance setting forth (1) procedures for giving notice (i.e., how many days, certified mail, etc.), (2) any application fees or other submission requirements and (3) any desired content requirements for development plans. Before the public hearing, the governing body must, in the manner prescribed by the ordinance, furnish to the political subdivisions whose boundaries include any portion of the property to be affected by tax abatement (1) notice of the scheduled public hearing and (2) a written statement of the impact on ad valorem taxes such tax abatement will have on the political subdivisions (a “tax impact statement”). The tax impact statement must include, at a minimum, an estimate of the amount of ad valorem tax revenues of each political subdivision that will be affected by the proposed tax abatement.

After the public hearing, the municipality may approve a development plan by ordinance. However, no tax abatement available under a development plan will be permitted until (1) the developer enters into a redevelopment agreement with the municipality describing the terms and

conditions of the abatement and (2) title to the property at issue passes to an urban redevelopment corporation established under Chapter 353.

***Who prepares a development plan?***

Unless limited by local ordinance, there is no restriction on what entity may submit a development plan. Generally, developers form their own urban redevelopment corporations and prepare development plans. However, several cities in Missouri have formed their own urban redevelopment corporations to prepare development plans and pursue redevelopment opportunities.

***What on-going administrative responsibilities will municipalities have?***

If a municipality operates its own urban redevelopment corporation, it will need to make annual filings with the Secretary of State in the same manner as other Missouri corporations.

## **Community Improvement Districts (CID)**

A community improvement district (“CID”) may be created for the purpose of financing a wide range of public facilities, improvements or services. A CID is either a separate political subdivision with the power to impose a sales tax, a special assessment or a real property tax, or a nonprofit corporation with the power to impose special assessments.

***What types of projects may be funded by a CID?***

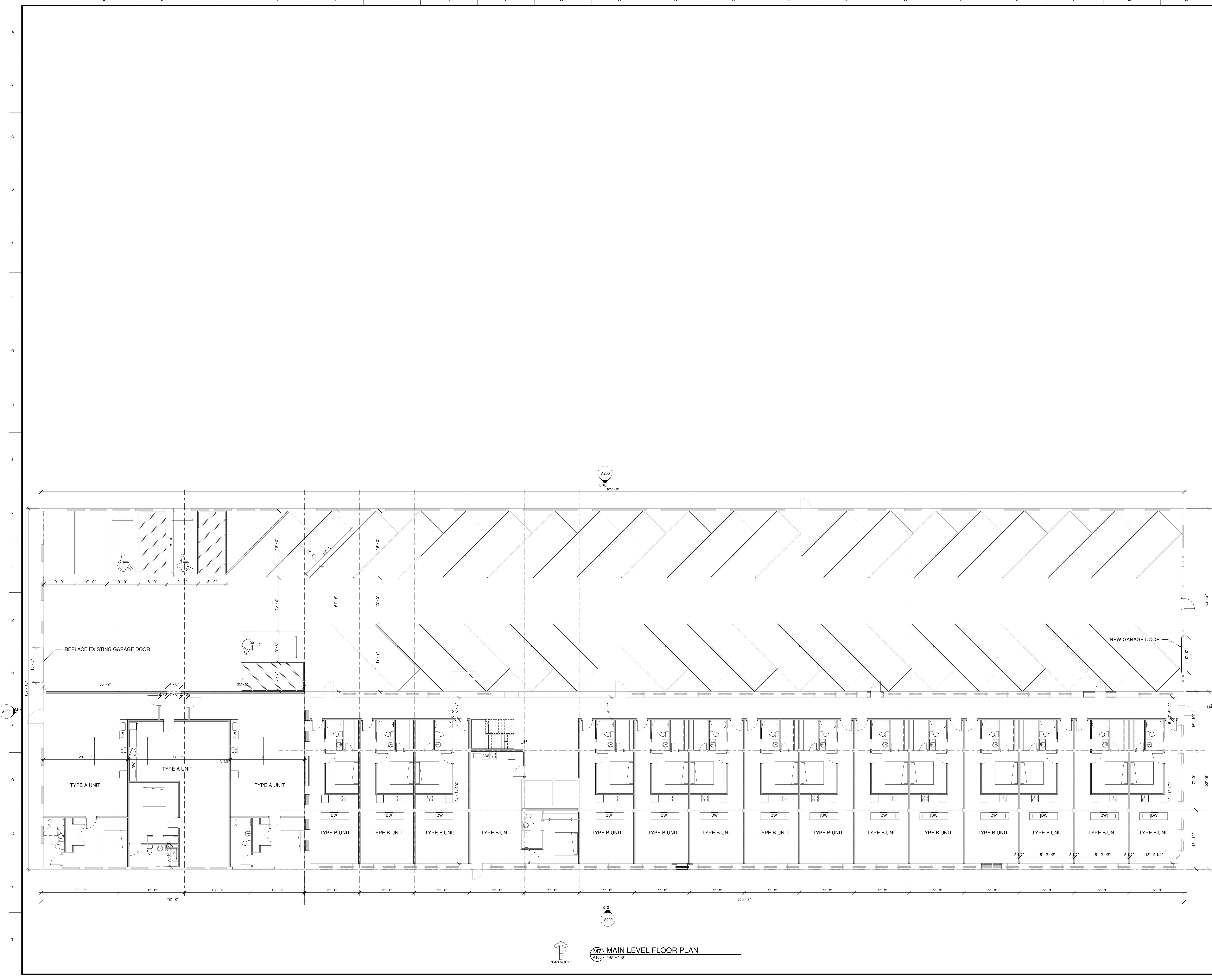
A CID may fund public facilities or improvements within its boundaries, including the following:

1. Pedestrian or shopping malls and plazas.
2. Parks, lawns, trees and any other landscape.
3. Convention centers, arenas, aquariums, aviaries and meeting facilities.
4. Sidewalks, streets, alleys, bridges, ramps tunnels, overpasses and underpasses, traffic signs and signals, utilities, drainage, water, storm and sewer systems and other site improvements.
5. Parking lots, garages or other facilities.
6. Lakes, dams and waterways.
7. Streetscape, lighting, benches or other seating furniture, trash receptacles, marquees, awnings, canopies, walls and barriers.
8. Telephone and information booths, bus stop and other shelters, rest rooms and kiosks.
9. Paintings, murals, display cases, sculptures and fountains.
10. Music, news and child-care facilities.
11. Any other useful, necessary or desired improvement.

A CID may also provide a variety of public services within its boundaries, including the following:

1. With the municipality’s consent, prohibiting or restricting vehicular and pedestrian traffic and vendors on streets.

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**M7** MAIN LEVEL FLOOR PLAN  
 1/8" = 1'-0"

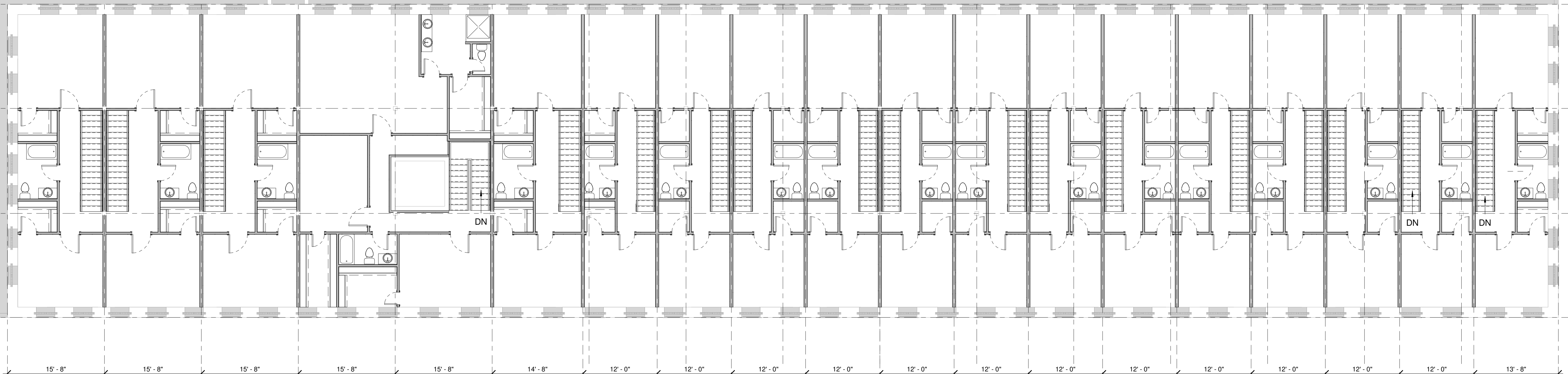
Consultants:

No.	Revision	Date

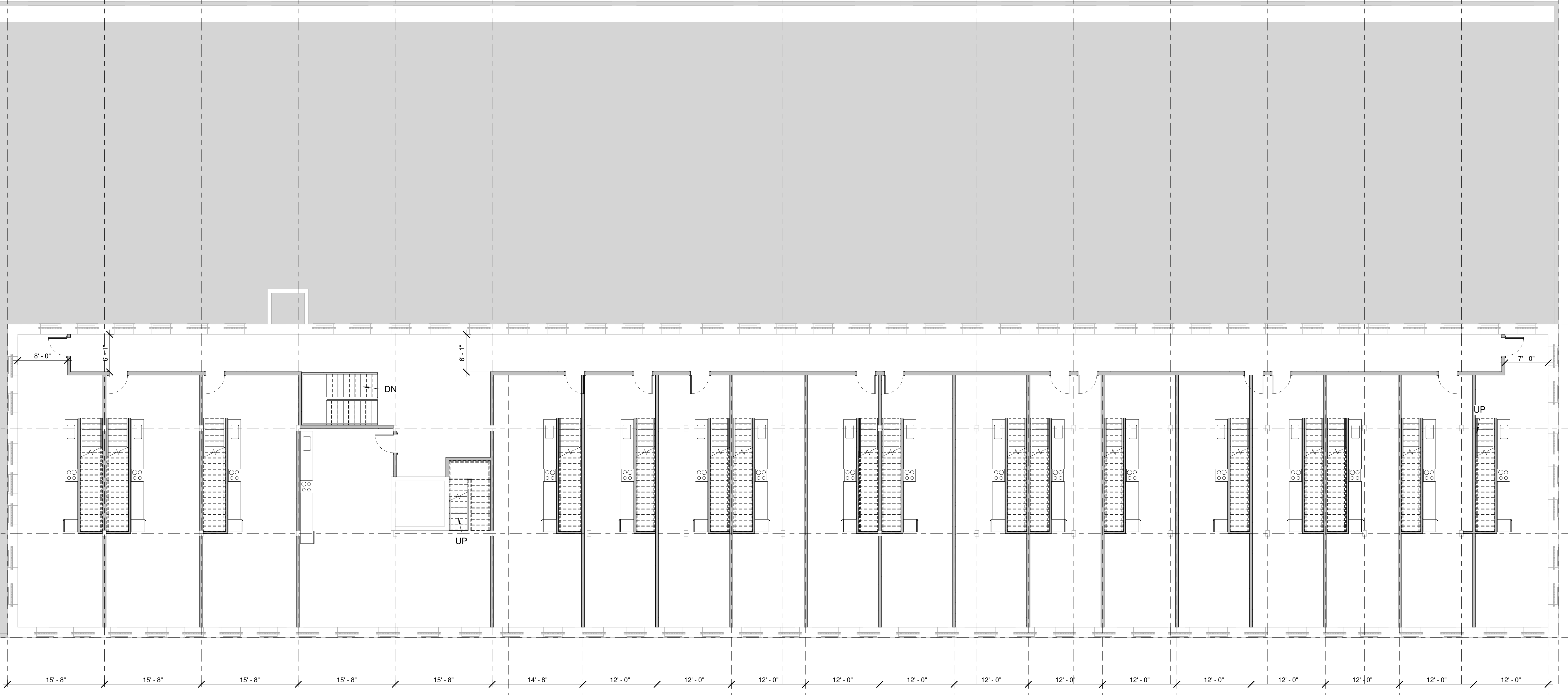
**PRELIMINARY  
 NOT FOR  
 CONSTRUCTION**

**BOONVILLE  
 APARTMENTS**  
 550 2ND STREET  
 BOONVILLE, COOPER CO.,  
 MISSOURI 65233

DRAWN BY: KJF	REVIEWED BY: KJF
DRAWING TITLE: <b>UPPER LEVEL 1 &amp; 2 FLOOR PLAN</b>	
No.	Revision:
PROJECT NUMBER: <b>24070</b>	SHEET NUMBER: <b>A101</b>
SUBMISSION DATE: XX/XX/2024	1 of 1



**1 UPPER LEVEL 2 FLOOR PLAN**  
 A101 1/8" = 1'-0"



**M7 UPPER LEVEL 1 FLOOR PLAN**  
 A101 1/8" = 1'-0"

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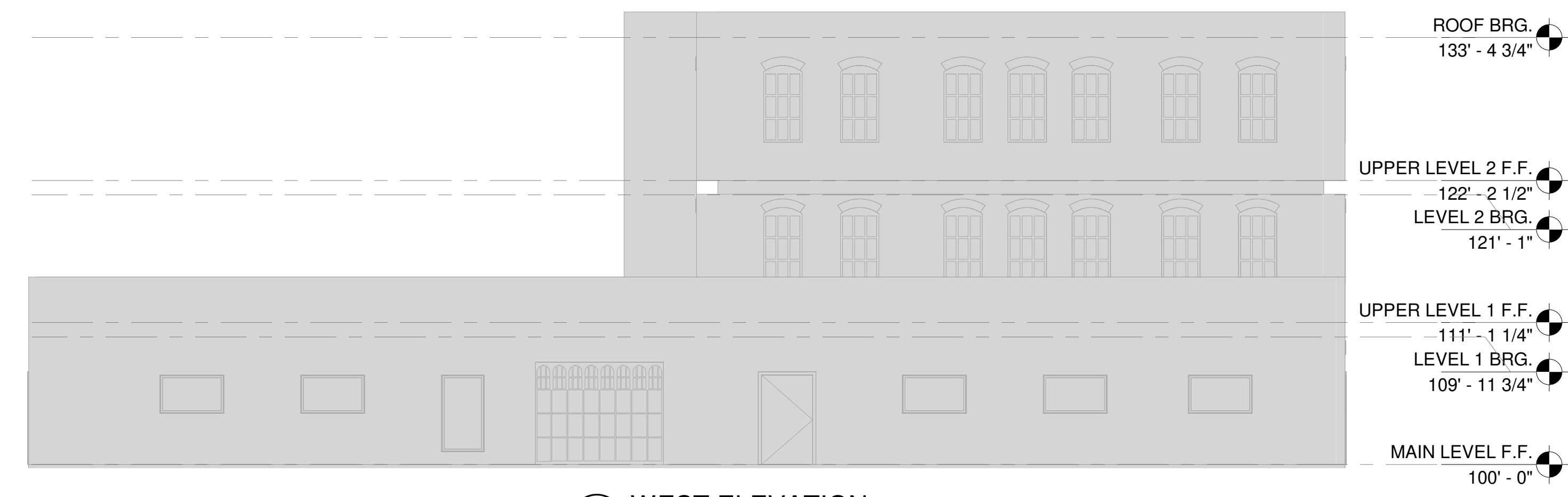
**PRELIMINARY  
 NOT FOR  
 CONSTRUCTION**



**S10 NORTH ELEVATION**  
 A200 1/8" = 1'-0"



**M4 EAST ELEVATION**  
 A200 1/8" = 1'-0"



**M14 WEST ELEVATION**  
 A200 1/8" = 1'-0"



**S10 SOUTH ELEVATION**  
 A200 1/8" = 1'-0"

**BOONVILLE  
 APARTMENTS**  
 550 2ND STREET  
 BOONVILLE, COOPER CO.,  
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REVIEWED BY: **KJF**  
 DRAWING TITLE: **BUILDING ELEVATIONS**

No.	Revision	Date

PROJECT NUMBER: **24070** SHEET NUMBER: **A200**  
 SUBMISSION DATE: **XX/XX/2024** OF

Attached is a VERY preliminary plan for the building located at the corner of 2nd and Vine in Boonville.

Overview:

- 37 Market Rate Apartments.
- Indoor Parking Garage.
- Complete remodel including both interior and exterior.
- Anticipated \$6M investment.
- 18 month construction timeline

My contact info:

- Joshua Hartley
- 573-353-7176
- [joshuapropmanagement@gmail.com](mailto:joshuapropmanagement@gmail.com)