MINUTES
NEOSHO CITY COUNCIL
October 3, 2023 - 7:00 PM
Neosho Council Chambers
203 E. Main St., Neosho, MO

OPENING PRAYER & PLEDGE OF ALLEGIANCE

Tye Zola opened with prayer and Mayor Davidson led the pledge of allegiance.

CALL TO ORDER

Mayor Pro Tempore Robinson called the meeting to order at 7 p.m.

ROLL CALL

COUNCIL PRESENT:
Ashton Robinson, Tom Workman, Julie Humphrey, Richard Davidson, Carl Cobb

COUNCIL ABSENT:
Angela Thomas and Charles Collinsworth were absent.

CITY OFFICERS PRESENT:
David Kennedy, City Manager; Jordan Paul, City Attorney; and Cheyenne Wright, City Clerk, minutes taken by clerk.

Mayor Pro Tempore Robinson made a motion to Excuse Councilwoman Thomas; Councilwoman Humphrey seconded.

Roll call vote:
Yes: Carl Cobb, Richard Davidson, Tom Workman, Julie Humphrey, Ashton Robinson
No: None
Abstain: None
Passed.

APPROVAL OF AGENDA

Mayor Pro Tempore Robinson made a motion to Amend the agenda to move New Business; Councilman Workman seconded.

Roll call vote:
Yes: Carl Cobb, Richard Davidson, Tom Workman, Julie Humphrey, Ashton Robinson
No: None
Abstain: None
Passed.

Councilman Cobb made a motion to Approve the Agenda; Councilman Workman seconded.

Roll call vote:
Yes: Carl Cobb, Richard Davidson, Tom Workman, Julie Humphrey, Ashton Robinson
No: None
Abstain: None
Passed.

CONSENT AGENDA

Councilman Workman made a motion to Approve the Consent Agenda as amended to include the following items:
September 19, 2023 Open Session Minutes
September 19, 2023 Closed Session Minutes
September 27, 2023 Special Session Minutes
Bill No. 2023-176
Bill No. 2023-179
Bill No. 2023-180
Councilman Cobb seconded.

Roll call vote:
Yes: Carl Cobb, Richard Davidson, Tom Workman, Julie Humphrey, Ashton Robinson
No: None
Abstain: None
Passed.

VISITOR'S BUSINESS

There was nobody present to speak under visitor's business.

NEW BUSINESS

Bill No. 2023-181: Annexation Legal Description Correction Hwy 59 South Elaine Walker Trust

AN ORDINANCE amending Ordinance No. 127-2020, concerning the voluntary annexation of Newton County Assessor's Office Property Number 21-4.0-17-000-000-016.003, to correct the legal description therein.

Attorney Paul read Bill No. 2023-181 in title only.

Councilman Cobb made a motion to Approve and Discuss Bill No. 2023-181; Councilwoman Humphrey seconded.

Development Services Director addressed the city council stating that the purpose of this agenda item is to correct the annexation of the property listed on the ordinance at Hwy 59 South for Elaine Walker Trust. It came to staff's attention that there was an issue with the annexation of a piece of property on Hwy 59 South. This piece of property was an island and not contiguous with city limits. Staff reached out to the county to confirm that the legal on the ordinance was correct with what the GIS map showed. It was confirmed that the county had processed and added the property correctly. The legal description that was placed in the ordinance was the incorrect legal description of what was approved at the P&Z meeting and what the owner had requested. This ordinance is to correct the issues with this piece of property.

Roll call vote:
Yes: Carl Cobb, Richard Davidson, Tom Workman, Julie Humphrey, Ashton Robinson
No: None
Abstain: None
Passed.

Bill No. 2023-182: Contract with J&L Underground Construction for Opening and Closing at the IOOF Cemetery

AN ORDINANCE authorizing the City of Neosho, Missouri, to enter into an Agreement with J & L Underground Construction, LLC, a Missouri Limited Liability Company, for the purpose of providing grave opening and closing services at the Neosho IOOF Cemetery; and authorizing the Mayor to execute the same by and on behalf of the City of Neosho.

Attorney Paul read Bill No. 2023-182 in title only.

Councilwoman Humphrey made a motion to Approve and Discuss Bill No. 2023-182; Councilman Cobb seconded.

City Clerk Wright addressed the city council stating that the purpose of this agenda item is to approve the contract with J and L Underground Construction for the opening and closing of the burials at the Neosho IOOF Cemetery. Council approved J and L during the June 6, 2023 council meeting as the contractor for opening and closing the burials at the Neosho IOOF Cemetery.

Roll call vote:
Yes: Carl Cobb, Richard Davidson, Tom Workman, Julie Humphrey, Ashton Robinson
No: None
Abstain: None
Passed.

Bill No. 2023-183: Contract with Magnegrip for Source Exhaust Fire Dept.

AN ORDINANCE authorizing the City of Neosho, Missouri, to enter into an Agreement with Rossman Enterprises, Inc., an Ohio Corporation, d/b/a MagneGrip, for the purpose of providing construction services for fire department source capture exhaust systems for the not to exceed price of Ninety Seven Thousand Nine Hundred Ninety Eight and 00/100 Dollars ($97,998.00); and authorizing the Mayor to execute the same by and on behalf of the City of Neosho.

Attorney Paul read Bill No. 2023-183 in title only.

Councilman Cobb made a motion to Approve and Discuss Bill No. 2023-183; Councilman Workman seconded.

Fire Chief Houk addressed the city council stating that the purpose of this agenda item is to seek approval for the contract with Magnegrip. This is the company that was approved during the September 5, 2023 council meeting to install the exhaust removal system at fire station one and two.

Roll call vote:
Yes: Carl Cobb, Richard Davidson, Tom Workman, Julie Humphrey, Ashton Robinson
No: None
Abstain: None
Passed.

Bill No. 2023-184: Surplus PD Vehicles

An Ordinance of the City of Neosho, Missouri declaring certain personal property as surplus; and authorizing the City Manager to execute the appropriate documents.

Attorney Paul read Bill No. 2023-184 in title only.

Councilwoman Humphrey made a motion to Approve and Discuss Bill No. 2023-184; Councilman Workman seconded.

Police Chief Baird addressed the city council stating that the purpose of this agenda item is to seek council's approval for surplussing two Dodge Charger police vehicles.

Roll call vote:
Yes: Carl Cobb, Richard Davidson, Tom Workman, Julie Humphrey, Ashton Robinson
No: None
Abstain: None
Passed.

Chapter 100 Bonds

Sid Douglas with Gilmore & Bell addressed the city council explaining what Chapter 100 Bonds are and how they work.

Property Tax Abatement Under Chapter 100 RSMO

The following materials were prepared by the public finance law firm of Gilmore & Bell, P.C.

Gilmore & Bell is one of the leading public finance law firms in the United States. The firm specializes in public finance transactions, serving as bond counsel or underwriters' counsel in a wide variety of tax-exempt and taxable financings and providing tax and arbitrage rebate services in connection with tax-exempt financings. The firm also provides advice to cities, counties and states regarding economic development incentives, administers special taxing districts and handles securities law matters. Gilmore & Bell has more than 50 attorneys and six offices, located in St. Louis and Kansas City, Missouri, Wichita, Kansas, Omaha, Nebraska, Edwardsville, Illinois, and Salt Lake City, Utah.

I. INTRODUCTION

General

Cities, counties, towns and villages in Missouri are authorized, pursuant to Article VI, Section 27(b) of the Missouri Constitution and Sections 100.010 to 100.200 of the Revised Statutes of Missouri (the "Act") to issue revenue bonds to finance projects for private corporations, partnerships and individuals. There are two primary reasons to issue revenue bonds under the Act. First, if the bonds are tax-exempt, it may be possible to issue the bonds at lower interest rates than those obtained through conventional financing. Second, even if the bonds are not tax-exempt, ad valorem taxes on bond-financed property may be abated so long as the bonds are outstanding. Such tax abatement may result in a significant financial benefit to a company. *This memo focuses primarily on the issuance of taxable industrial development bonds issued for the purposes of the abatement of ad valorem taxes.*

Types of Projects

The Act permits any city, county, town or village (referred to herein as a "Municipality") to issue bonds to finance the costs of warehouses, distribution facilities, research and development facilities, office industries, agricultural processing industries, services facilities which provide interstate commerce and industrial plants. Article VI, Section 27(b) of the Missouri Constitution also authorizes such bonds to be issued for other types of commercial facilities. In connection with such projects, the bond proceeds may be used to finance land, buildings, fixtures and machinery.

Revenue Bonds

Revenue bonds issued pursuant to the Act do not require voter approval and are payable solely from revenues received from the project. The Municipality applies the proceeds from the sale of the bonds to purchase, construct, improve or equip an eligible project. In exchange, the company promises to make payments that are sufficient to pay the principal and interest on the bonds as they become due. Thus, the Municipality merely acts as a conduit for the financing.

II. TAXATION OF BOND-FINANCED PROPERTY

Property Tax Exemption

Under Article X, Section 6 of the Missouri Constitution and Section 137.100 of the Missouri Revised Statutes, all property of any political subdivision is exempt from taxation. In a typical revenue bond transaction, the Municipality holds fee title to the project and leases the project to the company benefitting from the tax abatement. Although the Missouri Supreme Court has held that the leasehold interest is taxable, it is taxable only to the extent that the economic value of the lease is less than the actual market value of the lease. See *Iron County v. State Tax Commission*, 437 S.W.2d 665 (Mo. 1968)(*en banc*) and *St. Louis County v. State Tax Commission*, 406 S.W.2d 644 (Mo. 1966)(*en banc*). If the rental payments under the lease agreement equal the actual debt service payments on the bonds, the leasehold interest should have no "bonus value" and the bond-financed property should be exempt from ad valorem taxation and personal property taxation so long as the bonds are outstanding. Bonds may be issued to finance real property, personal property, or both.

The Municipality and the company may determine that partial tax abatement – but not full tax abatement – is desirable. If partial tax abatement is offered, the Municipality and the company will enter into an agreement for the company to make payments in lieu of taxes equal to the difference between the abatement amount and the taxes otherwise due. The amount of payments in lieu of taxes is negotiable to any amount. The payments in lieu of taxes are payable by December 31 of each year, and are distributed to the Municipality and to each political subdivision in the same manner and in the same proportion as property taxes would otherwise be distributed under Missouri law.

Effective August 28, 2018, ambulance, fire protection districts and counties imposing a property tax for the purpose of operating a 911 center providing emergency or dispatch services can annually set a reimbursement rate between 50% and 100% of the amount of their entities' ad valorem real property tax revenues they would have received in the absence of tax abatement prior to the time the assessment is determined. If a plan is amended, these entities have the right to recalculate their reimbursement.

Sales Tax Exemption

Under Section 144.054.3 of the Missouri Revised Statutes, a company may apply to the Missouri Department of Economic Development ("Department of Economic Development") to receive a sales tax exemption on all personal property purchased through a revenue bond transaction. According to the Department of Economic Development, to receive this exemption, the personal property must qualify as a "project" under the Act, which includes: (1) warehouses, (2) distribution facilities, (3) research and development facilities, (4) office industries, (5) agricultural processing industries, (6) service facilities that provide interstate commerce, and (7) industrial plants, including the associated real estate, building, fixtures, and machinery. Additionally, the personal property that is classified as machinery and used directly in a manufacturing process is entitled to a sales tax exemption without prior approval from the Department of Economic Development.

The municipality may also furnish the company with a sales tax exemption certificate, so that materials used in constructing any real property improvements can be exempt from sales taxes.

III. STRUCTURE OF THE TRANSACTION

Issuance and Sale of Bonds

The Municipality issues its bonds pursuant to a trust indenture entered into between the Municipality and a bank or trust company acting as trustee. Revenue bonds, like issues of conventional corporate securities, are sold by two basic methods – public offerings or private placements. If the company has access to the regional or national securities markets, it may retain an investment banker as underwriter and sell the bonds publicly. The size and financial condition of the company are the primary factors that determine the company's ability to utilize a public offering. As an alternative to a public offering, the company may wish to place the bonds with a sophisticated purchaser. A private placement is very similar to a long-term bank loan. If bonds are being issued at a taxable interest rate for the sole purpose of receiving tax abatement, it is common for the company or the company's commercial lender to purchase the bonds. The bond proceeds are deposited with the trustee bank in a separate trust account to be used to purchase and construct the project.

Conveyance of Property to Municipality and Lease-Back to Company

Concurrently with the closing of the bonds, the company will convey to the Municipality title to the site on which the industrial development project will be located. The Municipality must be the legal owner of the property while the bonds are outstanding in order for the property to be eligible for tax abatement. At the same time, the Municipality will lease the project site, together with all improvements thereon (including the project), back to the Company pursuant to a lease agreement. The lease agreement will require the company acting on behalf of the Municipality, to use the proceeds of the bonds to purchase and construct the project. The company will be unconditionally obligated to make payments to the trustee in amounts that will be sufficient to pay principal and interest on the bonds as they become due.

Under the lease agreement, the company typically: (a) unconditionally agrees to make payments sufficient to pay the principal of and interest on the bonds as they become due; (b) agrees, at its own expense, to maintain the project, pay all taxes and assessments with respect to the project and maintain adequate insurance; (c) has the right, at its own expense, to make certain additions, modifications or improvements to the project; (d) may assign its interests under the agreement or sublease the project while remaining responsible for payments under the agreement; (e) covenants to maintain its corporate existence during the term of the bond issue; and (f) agrees to indemnify the Municipality for any liability the Municipality might incur as a result of its participation in the transaction.

Payments in Lieu of Taxes

If the Municipality and the company determine that partial tax abatement is desirable, the Municipality and the company will enter into an agreement providing for the company to make "payments in lieu of taxes" to the

Municipality and other taxing entities. The amount of payments in lieu of taxes is negotiable.

IV. PROCEDURE FOR ISSUING BONDS

The following is a summary of the basic steps required for the issuance of taxable bonds under the Act for the purpose of providing tax abatement:

Approval of the Project

Upon a determination by the Municipality to proceed with the financing, the Municipality normally adopts a resolution (referred to as a "resolution of intent" or "inducement resolution") stating the Municipality's willingness and intent to issue bonds for the project. Thereafter, the Municipality must provide notice to each taxing district of the Municipality's intent to approve a "plan for industrial development" for the project. The plan must identify the primary terms of the proposed transaction, and must include a cost-benefit analysis that shows the impact of the proposed tax abatement on each taxing district.

Preparation of Legal Documents

Gilmore & Bell prepares the basic legal documents necessary for the bond issue, as described in "Structure of the Transaction" above. These documents will be reviewed by and supplemented with information and comments received from the parties to the financing, including the Municipality, the company, the trustee bank, any bank or any investment banker that may be involved and their respective counsel.

Approval of Documents and Issuance of Bonds

After an investment banker or other purchaser (which may be the company) has agreed to purchase the bonds, the final details of the bond issue are determined and the basic documents will be finalized. The Municipality and the company will each adopt resolutions approving the legal documents and authorizing the issuance of the bonds at the specified interest rates and terms.

Preparation of Closing Documents

In addition to the basic legal documents discussed above, numerous other "closing documents" are necessary for the closing of a bond issue. Such documents include certificates relating to the existence of authority to execute and deliver documents and the absence of material litigation, corporate resolutions, opinions of counsel and evidence of payment for and receipt of the bonds. Gilmore & Bell will assist in the preparation and collection of the necessary closing documents.

Closing

The last step in the transaction is the closing itself, at which the Municipality delivers the bonds to the purchaser in exchange for payment of the purchase price of the bonds. The bond proceeds are paid over to the trustee bank, to be disbursed in accordance with the provisions of the trust indenture to pay the costs of the project. At the closing, Gilmore & Bell will deliver to the bond purchasers its opinion to the effect that the bonds have been validly issued under applicable state law and, if applicable, that the interest on the bonds is exempt from state and federal income taxation.

V. ADVANTAGES OF REVENUE BOND FINANCING

From the Municipality's standpoint, industrial development revenue bond financing is a useful tool to induce responsible new industries to locate in the area, as well as encouraging companies already in the area to remain, by assisting them in improving their present facilities or in building new ones. The end result is often a combination of increased job opportunities, existing job retention and large-scale capital investment.

From the company's standpoint, the principal advantage of industrial development revenue bond financing depends on the purpose for which the bonds are being issued. The company can receive significant financial incentives in the form of property and/or sales tax abatement on the bond-financed property. Additionally, if the bonds are tax-exempt, the cost of funds provided by revenue bonds generally is significantly below that of other alternatives because the interest paid to holders of such bonds is exempt from federal and state income taxation.

The company would be the purchaser of the bonds. The city has no financial risk.
Sales tax exemption for equipment purchases.
The company indemnify the city for any fees and such for the project and assets.

Discussion was held.

Dusty Turner from Project Maize presented his company to the council.

Mayor Davidson asked council to send all questions regarding Chapter 100 Bonds to the city manager and city attorney, and then to place this agenda item on the October 17th council meeting to go over all questions.

MoDOT Payment for 86 Hwy/Hammer Road Roundabout

City Manager Kennedy addressed the city council stating that the bids for the Hwy 86 and Hammer Road roundabout came in at $1.9 million. This caused an overage and MoDOT is requesting $120,451.25 for our portion.

Councilman Cobb made a motion to Approve the amount of $120,451.25 to MoDOT for the Roundabout-Hwy 86/Hammer Road Project; Councilman Workman seconded.

Roll call vote:

Yes: Carl Cobb, Richard Davidson, Tom Workman, Julie Humphrey, Ashton Robinson
No: None
Abstain: None
Passed.

Authorization for City Manager to Sign Deeds-Storm Water Improvement Program

The city manager asked for authorization to sign documents related to closing on the properties for the storm water improvement program. There are ten (10) houses for this project that will need to be purchased.

Councilman Cobb made a motion to Approve the City Manager to sign documents for the storm water improvement program; Councilwoman Humphrey seconded.

Roll call vote:
Yes: Carl Cobb, Richard Davidson, Tom Workman, Julie Humphrey, Ashton Robinson
No: None
Abstain: None
Passed.

Authorization of URA for Engineers

The City Manager explained the Uniform Relocation Assistance requirement for housing buyouts and stated that it is based on properties that are comparative to the property that the city will be buying. To make this part move forward quicker, staff is requesting that the city council approve the city manager to authorize any over the cap amounts.

Councilman Cobb made a motion to Approve the City Manager to authorize the URA from the engineers; Councilman Workman seconded.

Roll call vote:
Yes: Carl Cobb, Richard Davidson, Tom Workman, Julie Humphrey, Ashton Robinson
No: None
Abstain: None
Passed.

Hotel Feasibility Study

City Manager Kennedy stated that a hotel approached the city and is interested in building here. However, they do need to have a feasibility study to show this to their investors. They asked if the city would be interested in moving forward with this study. The city manager looked into the hotel feasibility study and found the cost to be around $15,000. Staff would like to see if council wants staff to do this study.If the city performs this study, then we keep the data and can share that data with any other possible hotels.

By a consensus of council that the city move forward with this study.

October 3, 2023 Council Minutes

REPORT OF CITY OFFICERS

Update on Fall Festival

Richard gave an update on the Fall Festival event that is coming up the first Saturday in October.

Update from Alliance Water Resources on DNR Letter

Ken Brady, Alliance Resource Manager, updated the council on the letter that was received from DNR. There were a couple of items that they noted in their letter that needed fixed.
The trickling facilities do not work well in the winter, so staff will watch the temperatures closer and move distribution thru the Shoal Creek Plant before moving it to the water tank.

CLOSED SESSION

Mayor Pro Tempore Robinson asked for a motion to go into closed session under Section 610.021 (1).

Councilwoman Humphrey made a motion to go into Closed Session under Section 610.021 (1); Councilman Workman seconded.

Roll call vote:
Yes: Richard Davidson, Tom Workman, Julie Humphrey, Ashton Robinson
No: None
Abstain: None
Passed.

Mayor Pro Tempore Robinson closed open session at 8:20 p.m.

Mayor Pro Tempore reopened the meeting at 8:41 p.m. and announced that no votes were taken.

ADJOURN

There being no further business to come before the city council, Mayor Pro Tempore asked for a motion to adjourn.

Councilman Cobb made a motion to Adjourn; Councilwoman Humphrey seconded.

Roll call vote:
Yes: Carl Cobb, Richard Davidson, Tom Workman, Julie Humphrey, Ashton Robinson
No: None
Abstain: None
Passed.

Mayor Pro Tempore Robinson closed the October 3, 2023 Council Meeting at 8:42 p.m.

APPROVED

NEOSHO CITY COUNCIL

Mayor

ATTEST

City Clerk