

Joplin
Distressed Communities Testimony
9-14-10

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1 media releases.

2 MR. ROHR: Yeah. And we had a lot of people
3 in the community that were mobilized via your
4 notification in the media that knew how important it
5 was to Joplin, and they let me know about it in Joplin.
6 And I did know about it, but we had other things going
7 on, until I got refocused. And that's not to downplay
8 at all what you're doing. It's very important.

9 Thank you.

10 COMMISSIONER GROSS: Thank you.

11 Next is Paul Whitehill.

12 MR. WHITEHILL: Good afternoon. I was
13 wondering if I might be able to ask council permission
14 to have my partner Toby Teeter. He's on the list, and
15 we thought it would be better to have this done in one
16 session rather than two.

17 COMMISSIONER GROSS: That's great. Why don't
18 both of you go ahead and state your name so she can get
19 that, and then whoever wants to talk.

20 MR. WHITEHILL: My name is Paul Whitehill.
21 I'm a small business owner here in the city of Joplin.
22 And back in -- I'm referring to our project as Mark
23 called the Bagcraft building.

24 COMMISSIONER GROSS: Can you spell that? I'm
25 having a hard time understanding the word.

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1 MR. WHITEHILL: It was original called the
2 Bagcraft building. It was actually officially listed
3 in the historic registry as the Interstate Grocer
4 Company Building.

5 COMMISSIONER GROSS: I saw the building on
6 71, is it?

7 MR. WHITEHILL: This is at 7th -- or Main and
8 10th Street here in downtown Joplin.

9 COMMISSIONER GROSS: I saw Bagcraft
10 manufacturer or something, I thought it was. Sorry
11 about that.

12 MR. WHITEHILL: This is the building Mark was
13 referring to (displaying photograph) as we purchased it
14 back in February 2007. And I do remember coming home
15 after signing the loan documents for purchasing the
16 building and wanted to ask my wife how she felt about
17 owning one of the ugliest buildings in all of southwest
18 Missouri.

19 So this is a project that was started by my
20 partners and I. I'm not here today to specifically
21 talk about our project, but to talk about the benefits
22 of State historic tax credits.

23 This project was a huge undertaking, as
24 Mr. Rohr pointed out. This building sat on the edge of
25 the downtown -- redevelopment of downtown Joplin, and

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1 was literally the biggest eyesore in town. And the
2 importance of these tax credits is the owners of the
3 building were everyday small business people. We're
4 not developers by day.

5 Because of the tax credits, both Brownfields,
6 State and Federal, it gave us the opportunity to take
7 on this project. Our hopes were that with the -- to
8 continue the good work of the City of Joplin,
9 undertaking the redevelopment of downtown, and to put
10 this anchor down outside that redevelopment would help
11 spur further redevelopment of downtown Joplin.

12 There's probably about a two-block area
13 between the current rehabilitation and our building.
14 And since we began our rehabilitation of the building,
15 other developers are looking at redeveloping those
16 connecting two blocks to the city.

17 This project is nearing completion as far as
18 the rehabilitation. It's been very important to the
19 economic growth of our area.

20 This project has employed over 100
21 contractors. And as far as subcontractors, almost 26
22 families depend on this project. There's not a lot of
23 building going on in Joplin right at the moment, and
24 these families have had the opportunity, as far as
25 subcontracts and vendors for our projects, to rely on

1 this project for their economic stability.

2 The -- it's just -- it's important that you
3 know, for the commission to know that these projects
4 like this, as Mark had just stated, would not happen
5 without these tax credits. And there's a considerable
6 amount of personal sacrifice that my partners and I
7 have put into this, our own personal money, lines of
8 credit that we have signed for. There's a lot more
9 than just tax credits that go into this job, but it was
10 tax credits that helped make this possible.

11 This is actually a two-phased project that
12 we're involved with. And as you said, you're not
13 actually here to talk about existing projects or
14 problems with existing problems, Senator, but with
15 recent slowdowns in the review process, it is causing
16 hardships with receiving the tax credits in.

17 This is a project that was first approved
18 back in 2008, and the now extensive review process that
19 is going on is delaying these tax credits coming into
20 our project.

21 COMMISSIONER GROSS: So yours are being
22 delayed?

23 MR. WHITEHILL: Yes, sir.

24 This is my partner Toby Teeter, and I think
25 he can speak better to the actual economic impacts of

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1 this project.

2 MR. TEETER: My name is Toby Teeter, like
3 teeter-totter. I grew up in this community and, like a
4 lot of people, I left. I left Joplin thinking,
5 "There's nothing to do here. It's boring," and I moved
6 on. And I was fortunate to find a technology company
7 up in Kansas City, and at the time it was actually the
8 fastest growing company in Kansas City in 2004 and
9 2005.

10 I had an opportunity to sell that company, I
11 decided to move back home and be part of the solution
12 instead of part of the problem, that being kind of
13 brain drain, if you will. I decided that I am going to
14 find a way to do what I did in Kansas City, and do it
15 here in Joplin, and that meant creating a culture of
16 innovation.

17 And in my mind's eye, what that means is
18 renew downtown, and green space initiatives, trails.
19 How do you attract people and maintain talent and bring
20 them to this community? And I dove right in.

21 I moved back here in late 2005. I quickly
22 became the president of what at the time was called
23 Main Street Joplin, now called the Discover Downtown
24 Alliance. It's a nonprofit, and all we do is we
25 encourage basically urban renewal.

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1 We teach people about tax credit programs.
2 We literally have seminars and we teach local
3 businesses on what they can do with these buildings,
4 and actually build a downtown district that's thriving.

5 I was part of the artwalk movement in Kansas
6 City. That was a lot of fun. And we brought that
7 here.

8 We actually have a Third Thursday event where
9 we have thousands of people from all over this region
10 come into the downtown and celebrate the history of our
11 downtown and actually create it as a community.

12 And we have actually used that as an economic
13 development tool. I've been just with tours of Joplin,
14 where it is timed, and to showcase our downtown during
15 these events and help encourage businesses to move to
16 our community.

17 It has been a drastic reformation of our
18 downtown. I actually have a slide show that I wish I
19 could have shown you. All of these before and afters
20 of all these buildings downtown. It's dramatic.
21 Almost every building -- and I'm not exaggerating.

22 The core section of our downtown we call the
23 Sunshine lamp district. It's about four or five
24 blocks. A vast majority of those buildings were
25 literally boarded up. I mean, literally boarded up on

1 the first floor and plates covering the brick on the
2 upper floors.

3 Those plates have been coming off one by one,
4 and about 70 percent, 80 percent of these core set of
5 blocks have been renewed. And now there is three or
6 four blocks of still all boarded up downtown, and then
7 there is this building here. And the idea is to do a
8 domino effect at this point.

9 We are not developers by trade. We're just
10 normal people. And essentially what we're getting
11 at -- and this is something I want to be very, very
12 clear about. As a project that is in the pipeline,
13 this is a two-phase project, meaning the financing
14 received from the credits in phase 1 actually finances
15 phase 2. Okay? This whole project is very carefully
16 timed and orchestrated.

17 We have 15 companies moving into this
18 building so far, representing about 60 percent of this
19 building. That represents 300 employees. We have 300
20 professionals moving to the urban core. That's big,
21 big news for Joplin, Missouri.

22 These 300 people will support downtown
23 retail, downtown restaurants. Yes, there are over 100
24 plus contractors that worked on this building in the
25 last 18 months, and continue today to work on this

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1 building. I can't -- I'm not going to name names, but
2 there are literally suppliers and contracting companies
3 in this town that would have gone out of business in
4 the last 18 months without this project.

5 There is no doubt that this will lead to
6 further redevelopment on both sides. There's two
7 blocks on each side of our building perimeter that is
8 more or less boarded up that is now getting interest
9 again.

10 And there are obviously a huge bump in
11 property tax revenues. And just put this into
12 perspective. This is about a 15 million-dollar
13 project, about -- will yield about \$6.6 million in
14 proceeds from tax credits, and the balance of that as
15 far as private investments is 8.4 million.

16 This is about a four and-a-half acre
17 redevelopment that essentially is a six-story building
18 that was a warehouse, is now a professional class A
19 office building. I say six levels. It's five plus a
20 lower level. We have one level that's a lower main
21 level.

22 MR. BURLISON: What do you have, about
23 170,000 square foot?

24 MR. TEETER: About 123,000 square feet. We
25 have roughly 20,000 square foot floor plates.

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1 MR. BURLISON: 20,000 per floor?

2 MR. TEETER: Yes.

3 There are three of our tenants that have
4 announced plans to add 20 or more jobs each. Many of
5 these tenants are actually not just relocs within the
6 city, but actually new jobs and new companies coming to
7 Joplin, Missouri. The two-phase situation that we are
8 in literally is -- two things have happened in recent
9 months.

10 One is the creation of a commission to look
11 at not only proposed changes and statutes, but
12 regulatory, like as Mr. Anderson mentioned, possibility
13 of changing the administration of these credit
14 programs.

15 The other thing is essentially slowing down
16 an issuance of credits. Long story short, because of
17 the slowdown to keep this project alive, I have
18 literally mortgaged my house, and then Paul and I
19 signed a 470,000-dollar note yesterday, or Friday,
20 personally guaranteed again, to keep this project
21 alive, waiting for the credits that we're expecting to
22 be in by now.

23 We have 15 companies and 300 employees staged
24 to be moving into our building. One is starting this
25 week, and then throughout the rest of this calendar

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1 year.

2 Every day is huge for us. And we are working
3 every avenue we can to get that statement to the powers
4 that be in Jeff City, that these are real people.
5 We're not big city St. Louis redevelopers doing
6 St. Louis Cardinal stadiums. We have our own
7 employees. We have our own businesses that we have to
8 finance, lines of credit that are now tapped. And this
9 is some pretty serious stuff for us.

10 And there is this thought that the issue with
11 tax credits is, there's a political process at the
12 beginning and at the end. And when you reform tax
13 credits, you reform it at the front door. So if you're
14 not going to issue tax credits or you're going to say
15 no to a project, you say that at the beginning.

16 In our situation, we have been approved for
17 tax credits and we are told, you are approved for at
18 least this amount, and as you accumulate qualified
19 rehabilitation expenses, we will give you tax credits.

20 We take that promise, and that induced us as
21 entrepreneurs, and we take that to the bank and we go,
22 "Here's part of our sources."

23 So now we have a community bank involved.
24 And this is a massive project for them. This is a bank
25 that averages \$250,000 per loan. And let's just say

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1 you can add zeros to that for our project. So they're
2 nervous. They've never done a tax credit project
3 either.

4 So now we're in a situation where they're in
5 our bucket with us. And everyone is counting on and
6 induced in this project by the State's obligation to
7 fulfill these tax credits, and a delay is -- to an
8 extent, is getting dangerously close to a default of
9 that obligation, because that literally creates a
10 domino effect that could be a pretty big issue for our
11 project.

12 So I know there's a tactical and political
13 reason behind the delay in issuance of credits that
14 have already been promised.

15 MR. BURLISON: What's that tactical and
16 political?

17 MR. TEETER: Well, one is, is presumably,
18 quote, unquote, you know, bring developers to their
19 knees and bring them around to further reform of these
20 tax credit programs.

21 Again, I am not in the loop as far as the
22 different battles that have been done and different
23 sessions, but I'm aware of two years ago, tax credit
24 reform. It happened. It passed.

25 There was caps. There was heightened

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1 standards that are met. And now we're in another wave
2 of that. And I honestly am not here to argue
3 ultimately what level should be capped and how those
4 should come in, but my issue specific to this project
5 is how projects are handled in motion.

6 The other one is, the only other possibility
7 is somehow delay things into the next fiscal year for
8 the State. That's the only other reason that a
9 project -- or a phase that has been approved -- that is
10 the only other reason that those type of projects are
11 being delayed, because it's inevitable that they'll be
12 paid because there's been an inducement, and there's
13 literally a letter saying that this project has been
14 approved for "X" amount of credits as long as we follow
15 these rules.

16 The only other worry I have -- and I don't
17 anticipate this happening in coming weeks -- but the
18 rules change in realtime. What was a qualified
19 rehabilitation expense in June should be one in
20 September, because that's our expectation all along at
21 the beginning of our project is these little detailed
22 rules that have big implications for us, the
23 entrepreneurs, the investors.

24 The rules should not change during that
25 beginning of the project to the end of the project for

1 that project.

2 That's another recommendation just going
3 through this pipe firsthand.

4 Is there any other questions I can address
5 that speak to our project?

6 I have assisted a number of --

7 COMMISSIONER GROSS: He has a question.

8 COMMISSIONER MARBLE: I'm curious about the
9 rules changing, for one thing. And I'm curious about
10 what you're being told about when you call and ask
11 about these credits.

12 MR. TEETER: We are in what's called an
13 extended review process, both -- not only our State
14 historic tax credits, but also we have a 25 percent on
15 our Brownfields tax credits. We did utilize
16 Brownfields tax credits.

17 This is -- we had, you name it, the bestest
18 lead, and the whole bit. This is an industrial part of
19 historical, official part of our city that is trying to
20 be reclaimed. And the Brownfields -- if you're not
21 familiar, the Brownfields process is where, as you --

22 MR. BURLISON: I think we're all familiar.

23 MR. TEETER: Okay. Well, we're dealing with
24 a 25 percent remainder. Every bit of the Brownfields
25 remediation process has already been done and approved

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1 and literally, this is the 25 cent remainder. There's
2 actually nothing to review. It's literally we pay a
3 two and-a-half percent issuance fee and then we get the
4 remainder of the credits due.

5 That's being held in an extended review
6 process. And this is -- no one knows what that means.
7 It's just -- it's -- they'll tell you point-blank, it's
8 just, you know, we're told to go slow. And so that's
9 where we sit. We sit in this purgatory.

10 COMMISSIONER GROSS: Sallie has a question.

11 MS. HEMENWAY: Actually, the staff is
12 undertaking an expanded review. Extended review
13 implies a time line. Expanded review is additional due
14 diligence on the part of the State prior to the
15 issuance of a credit to assure that we are indeed
16 paying on qualified rehabilitation costs.

17 Each one of the credits is being, as well
18 they should be, reviewed by the auditor's office and by
19 the legislative oversight, and we are taking
20 recommendations and applying recommendations on the way
21 that we perform due diligence in looking at the
22 paperwork that's submitted to us prior to the issuance
23 of a tax credit. So it is -- it has expanded that
24 review.

25 Unfortunately, it appears to have extended

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1 that period. And so ...

2 MR. TEETER: Expand. Extend. I may use the
3 wrong term, but ...

4 MS. HEMENWAY: Can you tell me the address of
5 your building so I can look it up?

6 MR. WHITEHILL: It's 1027 South Main. And as
7 far as the State is concerned, this is called
8 Interstate Grocery -- Interstate Grocer --

9 MS. HEMENWAY: -- Company Building?

10 MR. WHITEHILL: That's the name of the
11 company. As far as the developing, it's called the
12 Gryphon Building, G-R-Y-P-H-O-N.

13 MS. HEMENWAY: And have you received your
14 sign-off from the State Historic Preservation Office on
15 the building? To your knowledge, you've been -- you've
16 finalized all of the work with the State Historic
17 Preservation Office? They've done your final
18 certification on the part that you've done?

19 MR. WHITEHILL: Oh, that was many years ago.
20 Historic --

21 MR. TEETER: Are you talking about as far as
22 completion of historic work, restoration?

23 MR. PIEPER: This is within the Department of
24 Natural Resources, the State office.

25 MR. TEETER: Yes. As far as phase 1 where

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1 all the historic work was done, yes, we have. It was
2 submitted in July. It took a while to get to
3 Department of Natural Resources. It was signed off by
4 Department of Natural Resources and sent back to DED.

5 MS. HEMENWAY: Okay. And I will look it up.
6 It's under the Gryphon Building?

7 MR. TEETER: That's the name. Interstate
8 Grocer Building.

9 COMMISSIONER WOOD: 1027 South Main Street.

10 MR. TEETER: Correct.

11 MR. BURLISON: Gryphon, is that the phone
12 system? Is there a Gryphon?

13 MR. TEETER: No.

14 I'll be quick with this. I have some fliers
15 I'll leave about the building. You're familiar with
16 the griffin, the mythical creature? There was a story
17 at one time that there were two gryphons that adorned
18 the front doors of the building, and there was a
19 Gryphon Grocer in Joplin back at that time.

20 We just kind of called it that because it was
21 a mythical creature. And when people found out what we
22 were about to do, they thought it was a myth.

23 MR. BURLISON: So it felt good. It felt
24 right.

25 MR. WHITEHILL: It felt right. And it's a

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1 lot easier to say, would you like to go down to the art
2 gallery or restaurant to Gryphon than the Interstate
3 Company Grocer -- you know.

4 MR. TEETER: The image on this flier is
5 actually the after. I wish I had a picture, but it
6 actually looks like this rendering. That's what it
7 looks like today.

8 MR. WHITEHILL: The exterior of the building
9 currently today, if you were to drive by it, looks
10 exactly as it did when it was completed in 1917 --
11 excuse me, 1915.

12 COMMISSIONER GROSS: Thank you.

13 MR. WHITEHILL: I'll leave these. Thank you.

14 COMMISSIONER GROSS: Next is Jeb Markman?

15 MS. MARKMAN: Deb Markman.

16 COMMISSIONER GROSS: Sorry.

17 MS. MARKMAN: D-E-B, M-A-R-K-M-A-N. I'm with
18 the Jasper County Public Housing Agency in Joplin, and
19 we serve Barton, Jasper, Newton, and McDonald Counties,
20 not excluding the city limits of Joplin. So I want to
21 talk a little bit about low income tax credits.

22 We have about 23,000 low income people in
23 southwest Missouri, and we have approximately 351
24 vouchers, Section 8. That's all we do is the Section 8
25 housing choice voucher program.

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1 economically.

2 Our children need to be able to learn. They
3 need to be in a stable environment. Housing is a
4 number 1 concern in our community as far as the amount
5 that people have to put out. Rent and utilities,
6 that's number 1.

7 So we just need to be able to keep those
8 units available and keep safe, secure environments for
9 our families.

10 And I will entertain any questions.

11 COMMISSIONER GROSS: Any questions? (No
12 audible response).

13 Thank you very much for being here.

14 MS. MARKMAN: Thanks.

15 COMMISSIONER GROSS: Next is Cynthia Schwab.

16 PARTICIPANT: She just had to leave.

17 COMMISSIONER GROSS: She didn't say for sure
18 she was going to testify.

19 Mark Williams? Welcome, Mr. Williams.

20 MR. WILLIAMS: Thank you. Welcome to Joplin.

21 My name is Mark Williams. I am not a
22 professional developer. I'm on the Convention and
23 Visitors Bureau board, on the Downtown Alliance Board,
24 and I was vice president of Ozark Christian College.

25 So my brother and I decided to start buying a

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1 few rental properties, and so we bought about 15
2 houses. And these were kind of in blighted areas.

3 We were paying \$20,000 or so for these
4 houses, and all these tax credits have caused our
5 properties to go up in value because of the developers
6 that have come down and done the areas around us.

7 So that's been great, because that's taken
8 things that we did already, now those things are being
9 enhanced by people that have come in and developed
10 areas. But it's caused us to then get back in and do
11 even more and more small houses and things, and then
12 also take part of the tax credits as well.

13 And I'll hopefully have a few numbers just on
14 my small scale that will help you with some of those
15 questions you were asking about how many times do these
16 dollars trickle down, and how many dollars does
17 somebody like me have to invest in order to get one
18 dollar back from the State?

19 So I have a wife and four kids, and we live
20 kind of in an older historic area. And this is a tough
21 issue, because all of us like education. So I hope the
22 battle doesn't continue to where it's either these kind
23 of credits or education. Hopefully it's both, and
24 there's not things mixed for political reasons.

25 But I saw downtown eight years ago. I lived

1 in Phoenix, I lived in Las Vegas, I lived in Los
2 Angeles and Omaha, Nebraska, and all these places have
3 seen huge surges in their downtown populations and loft
4 apartments and all this renovation that was being done.

5 So I came back to Joplin in 2002, and my
6 hometown had 2-foot tall grass all up and down Main
7 Street, dead pigeons in the windows of my dad's old
8 store that he had back in the '80s, and the plate glass
9 windows were broken, and there were metal facades on
10 all the fronts. And I think that story can be told
11 amongst a lot of Missouri little downtown areas.

12 And so my banks about abandoned me when I
13 bought a couple of these old delapidated buildings
14 because they thought I was crazy. They're like, "Go to
15 32nd Street, go to Rangeline. Don't do stuff
16 downtown."

17 I'm like, "I don't have a choice but to do
18 something downtown. This is my downtown. This is
19 where my mom shopped at the five and dime, and this is
20 where we walked as a kid downtown and bought our shoes
21 every year for school."

22 So I came back and I was heartbroken, almost
23 like the Route 66 cartoon movie. Everybody had left.
24 And there was about 70 percent vacancy downtown. All
25 that was left was Newton's Jewelers and the bank on the

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1 corner. And everything else in between was boarded up.

2 So I bought a little building called the old
3 Ernie Williamson Music House downtown. It was
4 completely vacant at the time, and we paid \$140,000 for
5 it. And then I spent \$100,000 fixing it up. And so
6 then we got tax credit back from the State of Missouri
7 for \$24,000.

8 So if you do that math, I had to beg, borrow,
9 find, steal, get \$240,000 to buy the building and fix
10 it up in order to get 24,000 back. So I put in \$10 for
11 everyone dollar that we get back from the State.

12 So this is important, I think, to think
13 about. Even though Missouri has a 25 percent tax
14 credit for historical buildings on the qualifying
15 rehabilitation expenses, that doesn't count everything
16 else, or furniture, or different things that don't
17 count -- didn't count the cost of buying the building
18 itself.

19 So now what we've done is done a three-phase
20 project, where that was the first and second floor.
21 Now we're getting ready to -- because of that, and that
22 success there, we're getting ready to do the third
23 floor and create another loft apartment upstairs. And
24 then we'll do a phase 3, which is the outside of the
25 building and the hallway between the buildings.

1 Because what we're getting into with a lot of
2 these buildings is, as you probably know, the City
3 codes keep changing, just as some of these laws of the
4 State and things keep changing. So I'm spending
5 \$30,000 on a building for a sprinkler system just to be
6 able to create one more loft apartment.

7 So our third phase of the project is
8 \$150,000, and then our second phase is \$150,000, then
9 our third phase will be \$75,000. So by the time we're
10 done, we're going to have half a million dollars in
11 this building, and get about \$50,000, \$60,000 back in
12 the tax credits.

13 So all that to say, we've spawned now -- I
14 have 13 businesses or people renting space in that old
15 vacant building that I bought. Because I could not
16 rent that building out because I was one of the first
17 people to do this, nobody would rent it out, even over
18 2,000 square feet for \$800.

19 Completely restored, 1899 hardwoods, copper
20 tin ceiling, tiffany lights hanging, they're just
21 absolutely gorgeous, nobody wanted it. So what I
22 started doing is renting out to dance studios at night
23 for a couple of hours at a time. Well, I did my
24 master's degree in business incubation clustering. I
25 call it the lemonade theory. And I was handed some

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1 lemons and tried to make lemonade and create this.

2 So now it's become a cluster of like-minded
3 businesses that have come together. So now I have ten
4 dance studios or personal fitness trainers that just
5 rent the place out by the hour. So I've had to work
6 very hard in order to get those ten businesses versus
7 just one business right there.

8 What that's done is that's created these
9 Third Thursday Artwalks, and so now every dance
10 instructor wants to do their demos for their dances on
11 the artwalk now because there's thousands of people
12 downtown. And people want to live in this building
13 because it's a neat old historic building and there's a
14 lot of activity there.

15 Now that spawned the restaurant next door
16 that didn't want to have anything to do with the
17 artwalks to now go, "Maybe we should get in on this
18 artwalk thing. There's thousands of people on the
19 street. Maybe we should try to get them in our
20 restaurant." Well, obviously. So they finally have
21 come on board.

22 Now there were two vacant buildings across
23 the street. Now those have both sold. One of those
24 has reopened a business. It's kind of spawned a
25 department, Pearl Brothers, store on the corner to do

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1 more and get back involved. And so now we're
2 partnering bigger things there.

3 All of this is next to that Frisco building,
4 which is the very first building that was done about
5 seven years ago. We actually moved our city festival
6 out of downtown because it was so blighted, two out of
7 three buildings vacant. We moved it to the park. Now
8 there is talk of moving new festivals back downtown.

9 I'll tell you about a couple other buildings
10 we were able to buy --

11 COMMISSIONER GROSS: Can I --

12 MR. WILLIAMS: Yeah. Sorry.

13 COMMISSIONER GROSS: I got to 465 on the math
14 of your investment.

15 MR. WILLIAMS: Okay.

16 COMMISSIONER GROSS: And how much in historic
17 tax credits? I got to 24, but I thought you were
18 probably going to put more in 2 and 3.

19 MR. WILLIAMS: Yeah. On the tax credits,
20 it's probably going to come back down then to about
21 \$75,000.

22 COMMISSIONER GROSS: Just curious, when the
23 building's all finished, phase 1, 2, and 3, it's all
24 done, functioning, everything is great, do you think
25 you should be eligible to apply for historic tax

1 credits again at some point in the future, five years,
2 ten years down the road?

3 MR. WILLIAMS: On that particular building?

4 COMMISSIONER GROSS: Right.

5 MR. WILLIAMS: I don't know how that works or
6 if I would be able to or not. I'm not sure what else
7 we would be able to do.

8 COMMISSIONER GROSS: As a matter of policy,
9 do you think that would -- in other words, once the
10 investment has been made and the State's participated
11 in that investment and you got it, what you said you
12 wanted to get done, should you be able to come back
13 again later?

14 MR. WILLIAMS: Should I, as like a
15 philosophical?

16 COMMISSIONER GROSS: Well, that's kind of
17 where we're at in deciding how these programs should
18 operate.

19 MR. WILLIAMS: Yeah. I think if there was
20 something -- a phase 4 to be done, that I could build a
21 roof deck or a rollercoaster off and connect it, or
22 skybridges or something that would -- it's all about
23 economic development. It's all about leveraging and
24 trying to then do more and cluster everything together.

25 So I would say if you can legitimize it and

1 you can do even more business and bring more businesses
2 downtown and use more vacant blighted space to create
3 an economic situation, then, yes.

4 COMMISSIONER GROSS: Thanks. And you can
5 move on to your other --

6 MR. WILLIAMS: Yeah.

7 COMMISSIONER GROSS: Let's see if there's
8 some questions first.

9 Any questions? (No audible response).

10 MR. WILLIAMS: I'll quickly move into a
11 couple other projects, the other projects I was able to
12 all do in this same district without tax credits,
13 because of all the other tax credit projects that were
14 going around me.

15 I bought a vacant building called the Casabes
16 Building, 15,000 square feet. Used to be a luxury
17 department store of the furs, and it's kind of like
18 Pretty Woman, and when you walked in, they said,
19 "Ma'am, I don't think you can afford to shop here" type
20 of place.

21 But this place was vacant. And then there
22 was a building next to it that was an old drugstore,
23 had a tanning salon in it. Well, the tanning salons
24 kept going out of business because they cause cancer
25 and all of that. So they didn't make it.

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1 So I bought this building thinking, wow, what
2 great potential here. And so I didn't know what I was
3 going to do. Absolutely no tax credits were used on
4 this building. And so I was inspired because of that
5 master degree project they did, plus what Steve Russell
6 did at the Incubator Center next to the Chamber of
7 Commerce. So without tax credits, without state or
8 federal funding of any kind, I created my own
9 entrepreneur center.

10 So I had a tanning salon with 13 little tiny
11 rooms that were 8 feet by 9 feet that I didn't know
12 what I was going to do with. So I now have 13
13 entrepreneurs renting those offices for \$26 a square
14 foot, which is outrageous for downtown, where almost
15 everything else is \$8 a square foot, because we've got
16 like-minded, all these young hip kids want to come
17 downtown because it's a cool place to be.

18 And before, they didn't want to move back to
19 Joplin. So I have personally 26 different businesses,
20 tiny little businesses renting from me downtown. And
21 these aren't relocated. These were people in their
22 basements, their garages, their dining room tables, and
23 their wife is telling them, "Get out. Go do
24 something."

25 They are coming out of the woodwork, coming

1 downtown, being part of the community, impressing their
2 clients and getting work done when they're away from
3 home, and being at home when they're home. So it's
4 just been a great story of tax credit use and then
5 nontax credit use coupled with those projects.

6 Next big project is called the Olivia Hotel,
7 and it's a 1906 building that's connected to Al Capone
8 and Howard Hughes, Sr., to the president of Eagle
9 Picture, to British Olympic skiers, to inventors, to
10 muralists. All these people lived in this luxury
11 apartment building.

12 Well, the neighborhood said tear it down.
13 54,000 square foot luxury building. When you walk in
14 it, you think you're in the Ritz Carlton. That's how
15 nice it is, or was on the inside with the imported
16 Italian marble.

17 Well, part of this tax credit thing has
18 really held us up from moving forward. One bank
19 abandoned us and said, you know, "We can't count your
20 tax credits forward or collateral or down-payment
21 anymore because we don't know what's going to happen
22 with the tax credits."

23 So here we spent half a million dollars,
24 invested into the project. Now it's just sitting there
25 costing us \$7,000 a month. And trying to get the new

1 banks on board, not knowing what is going to happen
2 with the tax credits, is pretty tough. We only put
3 \$20,000 down on this building in order to do a
4 2 million-dollar project. Once the one bank abandoned
5 us, we've been sitting there.

6 This is going to generate millions of dollars
7 for income for jobs. We're going to have 31
8 apartments, an underground restaurant, a rooftop
9 ballroom. We already have half of the apartments
10 pre-leased with deposits and contracts.

11 We've already got 16 weddings booked for next
12 year, at the second half of the year, because of
13 everybody's attraction to this building. But it's
14 still sitting there vacant, waiting on a bank to
15 finance it and kind of find out how can we use these
16 tax credits that don't really exist yet or exist on
17 paper. How can we know for sure that they're going to
18 be there when the credit comes to a close?

19 And so I just encourage you to see that these
20 aren't just developers getting rich off of these
21 projects, but it's actual true economic development
22 that's inspiring a lot of other money that's coming in
23 from nontax credit projects and entrepreneurs like me
24 that do a little bit of both, not to mention all the
25 other people that are investing in the area because of

1 what we've done, and kind of coming in and tagging
2 along on our success, and not having to use any tax
3 credits at all.

4 COMMISSIONER GROSS: Jim?

5 COMMISSIONER ANDERSON: I have something on
6 the last project, the luxury apartment building. You
7 applied. Have they been authorized?

8 MR. WILLIAMS: We've been qualified with our
9 part 1 and part 2 of historic tax credits. We did
10 receive Brownfields money for the lead and asbestos.

11 COMMISSIONER ANDERSON: On the luxury
12 apartment building?

13 MR. WILLIAMS: Yes. And all that's done.

14 And so, when I say "luxury," I mean the rents
15 are going to be \$600 to \$900. And so it's not
16 extravagant. But this is in what's called the
17 Murphysburg Historic District, which every third house
18 is vacant or there's been a drug problem or something
19 like that.

20 So we've been able to inspire other investors
21 to buy nine out of 11 lots in a row so we can cluster
22 like-minded people, come together and make a
23 difference. And once we do that, we're only five
24 blocks from downtown.

25 COMMISSIONER ANDERSON: So it has been that

1 the lending community is reticent about providing
2 financing because of lack of redemption?

3 MR. WILLIAMS: They have been hesitant,
4 number 1, to issue us a loan. Whereas, the banks used
5 to take -- say like we'll spend about \$5 million on
6 this project, and get about a million and-a-half back
7 in state and federal tax credits combined. About
8 700,000, 750,000 each.

9 So the banks used to say, "Those are just a
10 for-sure deal. They're going to happen. So you guys
11 can kind of count that as your down-payment."

12 Well, now they're saying, "You've got to come
13 up with that million and-a-half dollars yourself.
14 We'll loan you a hundred percent almost on all the
15 construction and to buy the building, but you cannot
16 use those any longer because we're really not sure
17 about that \$700,000 there."

18 COMMISSIONER ANDERSON: It's more of a
19 regulatory environment change than it is a --

20 MR. WILLIAMS: Yeah. And that's just part of
21 it. You know, the national economy has to do with
22 that. The situation of each individual bank has to do
23 with that, too.

24 But it's almost like with current federal
25 government changing things with health regulations,

1 where it stalls other investors or businesses from
2 making decisions based on the unknown out there.

3 So I encourage you. I hope this is a process
4 that can -- you know debate may continue, but I hope
5 that there's some kind of clarity and decision made so
6 that these can continue.

7 Because I've been doing this for three years
8 on this one project getting it going, and then it's
9 going to be a year project to do it. So it's really a
10 long-term commitment.

11 COMMISSIONER WOOD: You made some comment
12 about it's not all about the St. Louis big developers.
13 I think your 5 million-dollar program in my project is
14 a big program. But I understand someone else is
15 looking for a \$6.6 million in tax credits that spoke to
16 us earlier, and I don't know if that's big or not.

17 I guess from a regulatory view from us, is
18 there a certain percentage of these tax credits that
19 should go to projects below a certain amount? I mean,
20 we're talking about caps over the whole project.

21 Can we divide that up so they don't all get
22 eaten up by the big ones so we can do more for the
23 little guy? And what's little?

24 MR. WILLIAMS: No limit on smaller than a
25 million dollars that would come back. Like maybe a

1 project like mine wouldn't hit some kind of cap, so --

2 COMMISSIONER WOOD: An overall State cap, but
3 so many of the total dollars have to go to smaller
4 projects.

5 MR. WILLIAMS: What we fear down here in
6 little ol' Joplin is that we might get forgotten about.

7 COMMISSIONER WOOD: That's what I'm trying to
8 say. Should we protect the little guy?

9 MR. WILLIAMS: Because again, my little
10 project downtown that gets 25 or \$40,000 in tax
11 credits, I hope those are available to unlimited little
12 guys like me that would do that.

13 I've got a lot of partners involved as well,
14 and some of that \$5 million of our overall project is a
15 half a million in cash that's bought all the properties
16 around it that don't count for qualifying
17 rehabilitation expenses; plus \$800,000 to buy the
18 building, and those don't count toward the tax credits.

19 So our actual number that really actually
20 counts then is more in the 3 million-dollar range, get
21 about 45 percent back. And then about 700,000 in the
22 houses.

23 So again, these projects would not happen. I
24 wouldn't begin to tackle them if it weren't for the tax
25 credits. I would go buy a -- or build a cheap

1 apartment building outside the city limits so I didn't
2 have any -- fewer regulations.

3 COMMISSIONER WOOD: You started buying
4 houses?

5 MR. WILLIAMS: Yeah. Started buying little
6 houses in this very downtown in the Murphysburg area.

7 COMMISSIONER GROSS: Rex?

8 MR. BURLISON: I want to talk a couple
9 questions on your new project. I was a little
10 confused. Do you have a 20,000-dollar option to buy a
11 half a million? Is that what you said?

12 MR. WILLIAMS: No. When we bought the
13 building, all we had to put down at the bank was
14 \$20,000.

15 MR. BURLISON: And you took title then?

16 MR. WILLIAMS: Yeah. And they said, "We'll
17 loan -- because you have a million and-a-half dollars
18 tax credit coming back, we'll take the risk."

19 Because again, I was only making about, you
20 know -- and still only make about \$35,000 a year. So
21 this was a call my doctor brother-in-law in Texas and
22 say, "Can I have \$20,000?"

23 So I'm attracting out-of-state money, too,
24 from my partners and relatives. It gets a little
25 dangerous. So we had about 20,000 into it.

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1 MR. BURLISON: But at that point in time, the
2 bank would allow you, as your equity, as your skin in
3 the game, tax credits?

4 MR. WILLIAMS: Yeah.

5 MR. BURLISON: Now the bank is saying, "You
6 come up with money out of your pocket." And like the
7 gentlemen that were here earlier, "You take your credit
8 in phase 2, after you've expended the money, then we'll
9 start looking at those credits as far as leverage
10 against your loan."

11 MR. WILLIAMS: Yeah. Which basically
12 projects like mine, which had that happened before,
13 they would have never get off the ground. Because
14 there's no way I'm coming up with a million dollars.

15 MR. BURLISON: You're not even in the game.

16 MR. WILLIAMS: Yeah. So we're paying \$7,000
17 a month in interest for a project that's vacant that's
18 just sitting there.

19 So I don't know that you guys are able to
20 solve that issue with the banks or with the federal
21 regulators now. However, that's just how the overall
22 environment has changed.

23 There's more than one thing that stalled
24 these projects. Which kind of trickles down and means
25 every dollar is spent seven more times in the

1 community. Then all that stops and is either going to
2 other states or just not happening, period.

3 COMMISSIONER GROSS: Anything else? (No
4 audible response).

5 Thank you for being here.

6 MR. WILLIAMS: Thank you.

7 COMMISSIONER GROSS: Larry Cox changed his
8 mind.

9 Mr. O'Brian? It looks like he's the one
10 that's ready.

11 MR. O'BRIAN: Good afternoon. How are you?

12 COMMISSIONER GROSS: Good afternoon. How are
13 you doing?

14 MR. O'BRIAN: Just fine. I'm going to hand
15 these out. I'll overwhelm you with paper, if you can't
16 do anything else, although it's very light.

17 COMMISSIONER GROSS: State your name.

18 MR. O'BRIAN: I will. My name is Rob
19 O'Brian, O-B-R-I-A-N. I'm president of the Joplin Area
20 Chamber of Commerce.

21 First and foremost, thank you all for being
22 here today. We appreciate you taking the time to come
23 to our corner of southwest Missouri and talk about tax
24 credit programs.

25 A little different than this memo that I've

Jeff Neal Brownfield Testimony

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1 access? Or that's not really applicable to Isabel's
2 House?

3 MS. PRATT: No. We use Children in Crisis.

4 MS. HEMENWAY: Children in Crisis. All
5 right. Thank you.

6 MS. PRATT: You're welcome. Thank you.

7 COMMISSIONER GROSS: Next? There are only
8 two of you, so you can -- did you want to testify?

9 MR. NEAL: Sure.

10 COMMISSIONER GROSS: I should have looked.

11 MR. NEAL: Be delighted.

12 Thank you, sir. My name is Jeff Neal,
13 N-E-A-L. I own Neal Group Construction. We're a
14 restoration and remediation company here in town.

15 COMMISSIONER GROSS: Thank you.

16 MR. NEAL: So the documents you have on the
17 desk here, this is actually -- we're actually the
18 general contractor on this project.

19 COMMISSIONER GROSS: Oh, yeah. We talked for
20 quite a while with those folks about that project.

21 MR. NEAL: And I'm here to talk about both
22 the benefits of the historical tax credit program, but
23 also the benefits to the Brownfields, the volunteer
24 cleanup program.

25 COMMISSIONER GROSS: Okay. Welcome to have a

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1 seat and tell us what is on your mind.

2 MR. NEAL: Thank you. I'm sorry. I was
3 informed of this meeting, and I just came and put
4 together a few quick thoughts.

5 The Gryphon Building development was the
6 largest building construction project in the city of
7 Joplin last year, and it would not have been possible
8 without the help of both Brownfields tax credits and
9 historic tax credits.

10 This project has been instrumental to
11 removing a building which has been a blight to our
12 downtown since I used to drive by it in high school and
13 think, why doesn't someone do something with that
14 building?

15 And the ability to fund such a massive
16 undertaking -- we're talking about a 1913 structure
17 that's 120,000 square feet, former fallout shelter,
18 built incredibly well, but unfortunately beyond the
19 means of anyone's ability to do this without a very
20 farsighted group of owners and the availability of tax
21 credits both in form of remediation tax credits and
22 historic tax credits in order to make it -- bring it
23 back to life.

24 The building is in its final stages. It
25 actually received occupancy today. First tenants move

1 in on Monday. We're going to be bringing at least 400
2 new above medium wage office workers to downtown
3 Joplin, which in this case is huge for a downtown area
4 which has been overshadowed by Rangeline.

5 If you're familiar with the area, with --
6 with essentially -- you can pull on to Joplin
7 Rangeline, and you'll find a busy commercial district
8 which services a Metropolitan area of a quarter
9 million, but it could be in any city in the state.

10 It does not have the character of our mining
11 community here. It doesn't have our history. It
12 doesn't speak to who we are and where we're from. But
13 Joplin's downtown, a downtown which at one point was
14 larger than Springfield's and was one of the busiest
15 mining bustling communities at the turn of the century,
16 has fallen into horrible decay.

17 Yet over the last three years, my company has
18 personally been part of the renovation of over ten
19 structures, which it's a great pleasure for me to walk
20 down my Main Street right now.

21 And there are great economic benefits not
22 only for 40 workers on my construction company, but
23 also the 50 subcontractors who worked on there, but
24 literally thousands of suppliers and materials people,
25 who are generally small business people, who benefit

Neal (cont.)

1 from these programs.

2 This has been a two and-a-half year project
3 for me. I'm at a point now where I'm looking for other
4 projects. And in the construction industry as it sits
5 today, there is almost nothing going on unless it's
6 government sponsored or it's infrastructure.

7 It's a very difficult time to be out there
8 trying to continue the trades which are the source of
9 many of our livelihoods. The importance of historic
10 tax credits in making these types of things happen
11 cannot be overstated.

12 The reality is that, yes, Missouri does have
13 a very generous historic tax credit program at 25 cents
14 on the dollar. We're one of the most aggressive
15 supporters of historical restoration. But I think in
16 many of our larger cities and all across the state, in
17 the small cities as well, you'll see examples of why
18 that's been important to local communities.

19 It maintains our ability to maintain our
20 history and our sense of who we are. It promotes
21 economic development. And it keeps little contractors
22 like myself in business.

23 The other side of the coin, from Brownfields
24 volunteer cleanup program in a city like Joplin which
25 has a mining history, and we literally have a lead

1 background count in the parking lot outside which would
2 be considered hazardous in St. Louis or Kansas City,
3 and that's just part of what we live in on a daily
4 basis. And in our downtowns especially, lead smelters
5 used to be here everywhere, every corner. We've got
6 exceptionally high levels.

7 Which in this case we were able to remediate
8 the parking area, which was approximately 4 acres of
9 downtown soil that's been taken out of our children's
10 respiratory systems because we were able to cap and
11 take care of that property.

12 We've got a building which was
13 turn-of-the-century construction, very high lead
14 content. We sandblasted and removed all the lead in
15 the building under very strenuous environmental
16 remediation guidelines.

17 Asbestos, the building -- every window in the
18 building was caulked in asbestos caulking. The roof
19 was asbestos. And we easily removed 4 tons of pigeon
20 manure from the inside of this building, which
21 histoplasmosis and other things are hazards which sit
22 in our abandoned downtowns waiting for the next person
23 to come along, which are dealt with in an effective and
24 rigorous manner through the enforcement of State
25 agencies, DNR and others. And I think that together

1 these programs are exceptionally important.

2 The one other item I would like to bring up
3 on that, not only from a historical or developmental
4 and a health perspective, there's also a very real
5 green element to what we do. Often the greenest
6 building is the one that's already built.

7 If you look at a structure that's 120,000
8 square foot like the Gryphon Building was, the real
9 effort it would take to create that building from
10 scratch, to mine all the resources that went into it,
11 to produce all those resources, would have been much
12 greater than the adaptive reuse of this
13 already-standing structure, and this structure is in a
14 new strip mall that will have a 15-, 20-year lifespan.

15 We've given a hundred year old building
16 another hundred years of use, which is something that,
17 unfortunately, most of our modern construction, we
18 can't say that.

19 I want to thank you for your time. I think
20 that's about the end of our story.

21 COMMISSIONER GROSS: Just curious on that
22 Gryphon Building. Whatever happened to the previous
23 owners? Did they just abandon it, and did they ever
24 try to find them? The City ever try to find them? Do
25 you know?

1 MR. NEAL: The building was originally a food
2 grade processing plant. It was the former Interstate
3 Grocer Company building, and at that time it made
4 perfect sense for them to process food and make candy
5 in a plant that had lead on every wall. And the
6 asbestos was common practice.

7 And it's a case of in our older neighborhoods
8 here --

9 COMMISSIONER GROSS: No, I'm just curious
10 if --

11 MR. NEAL: There really wasn't a gross
12 polluter.

13 COMMISSIONER GROSS: Did they just walk away?

14 MR. NEAL: Yes. Yeah. It's been passed on
15 through norm -- but even that said, lead paint and
16 asbestos were just common practice.

17 COMMISSIONER GROSS: I know that, yeah.

18 MR. NEAL: And there really wasn't -- at that
19 time, there wasn't an issue.

20 The fact that the building has fallen into
21 disrepair, and the more disrepair -- lead paint becomes
22 chalky.

23 As asbestos is exposed to the elements, both
24 of these become airborne hazards.

25 COMMISSIONER GROSS: Right. Any questions?

Neal (cont.)

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1 (No audible response).

2 Thanks for being here.

3 MR. NEAL: Thank you. I appreciate it.

4 COMMISSIONER GROSS: Next?

5 (A recess was taken from

6 7:19 p.m. to 7:30 p.m.)

7 COMMISSIONER GROSS: On motion of the Chair,
8 we stand adjourned.

9

10 (Concluded at 7:30 p.m.)

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