

Joplin  
Historic Testimony  
9-14-10

# Mark Rohr Historic Testimony

MEETING 9/14/2010

Page 41

1 MR. ROHR: Mark Rohr. The same problem my  
2 staff has. R-O-H-R.

3 Thank you for the opportunity today.

4 I didn't wake up this morning with the  
5 thought in mind that I'd be before you testifying. So,  
6 luckily for you, the length of my presentation will  
7 reflect that.

8 I've been city manager of Joplin now for  
9 about six years, and a city manager in three different  
10 states now, including Missouri, for 23 years. And  
11 hopefully I'll have a little bit of perspective of  
12 actually being on the ground in the front lines in  
13 terms of how you utilize historic tax credits to  
14 rebuild and redevelop a community. Perhaps that will  
15 be helpful to you, and maybe it won't.

16 One of the reasons I think I was hired in  
17 Joplin was I'm supposed to know a little bit about  
18 downtown redevelopment. We had some success with that  
19 in Ohio where we utilized different tools that were  
20 available in those circumstances to redevelop three  
21 different downtowns in the state of Ohio.

22 And I think that was probably one of the  
23 reasons that council hired me, was because they thought  
24 that that was important in terms of direction and what  
25 they wanted to see happen within the community.

MIDWEST LITIGATION SERVICES

[www.midwestlitigation.com](http://www.midwestlitigation.com)

Phone: 1.800.280.3376

Fax: 314.644.1334

## MEETING 9/14/2010

Page 42

1 As you've heard testimony, I believe that the  
2 transformation appearance-wise in the downtown is  
3 traumatic, and would encourage you, if you have time  
4 while you're here, to go down and take a look.

5 We developed the program after we first got  
6 here, and tried to incorporate some of the different  
7 tools that were available to us in the state of  
8 Missouri, and presented that program to council, which  
9 was accepted.

10 We primed the pump of private sector  
11 investment by putting in the street scaping, which led  
12 to private sector investment. A lot of which probably  
13 would not have occurred without the benefit of historic  
14 tax credits. And it's been extremely successful.

15 And what that has done to the city of Joplin  
16 is that has enhanced dramatically the image of the  
17 city, the entire city. Your downtown is your front  
18 door to your community. It's the most recognizable  
19 part of your community, and you convey an image and  
20 impression of that community to the people that visit,  
21 be it for just traveling and visiting or potential  
22 investors in the community. And you want that  
23 impression to be a positive one.

24 And in the past we've heard stories of  
25 efforts to avert the downtown area because the

1 impression was not what we wanted it to be, and now  
2 we're proud to bring people through because of the  
3 transformation in the downtown.

4 Like I said, without the availability of a  
5 tool such as historic tax credits, a lot of that would  
6 have not happened.

7 And if I could, I've seen some of the private  
8 sector investors that saw the promise of what the city  
9 was presenting, and took a risk in investing their own  
10 moneys in the downtown that are here today. But I  
11 wanted to use their building. And I certainly don't  
12 pretend to know more about their particular  
13 circumstances than they do.

14 As an example, we had a building in the  
15 downtown at the southern border referred to as the  
16 Bagcraft building. And two of the owners of the  
17 Bagcraft building are here today and will probably  
18 testify after me. And that was in an extreme state of  
19 disrepair.

20 There were numerous windows throughout the  
21 facility, five-story facility, probably half of which  
22 were broken out. It was a haven for pigeons and what  
23 have you, and just an incredible eyesore in the  
24 downtown.

25 And as part of the downtown redevelopment,

1 these guys stepped forward and took the risk utilizing  
2 different tools, including historic tax credits that  
3 were available to them, and have transformed that  
4 building in a dramatic fashion, and it is now a bookend  
5 in the downtown redevelopment efforts within the City  
6 of Joplin, and it's extremely -- an extreme  
7 improvement, is something to be proud of for the entire  
8 city and the area.

9           They're in the process now of moving people  
10 in. And I believe -- and I wanted to verify that, and  
11 did so -- that that project would not have occurred  
12 without the use of historic tax credits.

13           So what would you have had without the  
14 utilization of that tool? You would have had a  
15 building in the downtown, leading into the downtown, a  
16 gateway, if you will, that would have continued to  
17 deteriorate. And chances are, in certain  
18 circumstances -- I'm not saying that would have  
19 happened in this instance -- but a lot of times, cities  
20 have trouble pinning down the owners of those  
21 properties at some point in the future in order to  
22 address those concerns.

23           And if that would have happened, what would  
24 have happened? The City of Joplin would have had to  
25 expend the money to address the problem or take the

1 building down. And what would you have had? You would  
2 have an empty lot is what you would have had. And you  
3 would have had the expenditure of local taxpayer money  
4 and resources to arrive at that empty lot.

5 Now we have a building that we can be proud  
6 of. We have a building that is part of the downtown  
7 redevelopment. We have a building where people are  
8 entering into it as we speak for jobs to create a more  
9 vibrant downtown.

10 You've got tax revenue, albeit not as  
11 significant without, that is being produced for the  
12 area. And at some point in the future, when the track  
13 credits expire, you'll have a full complement of  
14 revenues being generated by virtue of that in addition  
15 to the jobs.

16 So in closing, I've always said when it comes  
17 to tax credits -- and I've argued this in different  
18 instances in the past -- 100 percent of nothing is  
19 nothing.

20 So if it would have been a building that  
21 would continue to fall into disrepair, and the City  
22 would have had to intervene at some point to take it  
23 down, you'd have an empty lot. You'd have all the tax  
24 revenues coming from that, but you'd have an empty lot.

25 Now we have a viable building in the

1 downtown, one that we can be proud of, via the  
2 utilization of historic tax credits, that is producing  
3 space where jobs come in to fill that space and produce  
4 tax revenue for the redevelopment, continued  
5 redevelopment of the city. And we have an entity via  
6 those jobs that is producing tax revenue, that is  
7 helping the different taxing jurisdictions within the  
8 city of Joplin and eventually the state.

9           So once again -- I've always said in the  
10 past -- to me, the bottom line is 100 percent of  
11 nothing without the utilization of a tool such as tax  
12 credits is nothing. And I believe in many instances  
13 that's exactly what you'd get without the tool.

14           COMMISSIONER GROSS: Was anything else used  
15 besides historic tax credits in redevelopment of  
16 Joplin?

17           MR. ROHR: Well, I'll let them --

18           COMMISSIONER GROSS: Was it in a TIF district  
19 or anything?

20           MR. ROHR: No, it was not a TIF district. We  
21 have had two TIF districts in the city of Joplin, but  
22 we have not utilized that in downtown.

23           Those were used when I first got to the city,  
24 and one right before, and we were probably two-thirds  
25 of the way through the second one when I arrived in

1 2004. So there is no TIF district.

2 As far as the tools, they would be better  
3 equipped to convey to you their circumstances.

4 COMMISSIONER GROSS: You said when the tax  
5 credits are paid off, you'll have a fully tax paying --

6 MR. ROHR: Well, I believe you'll have tax  
7 revenue that's generating now by virtue of the building  
8 and the jobs that are in there. And then at some point  
9 in time, when the tax credits expire, you'll have the  
10 full complement. Whereas, you'd have nothing at some  
11 point in the future.

12 COMMISSIONER GROSS: Is there anything in  
13 what you do to keep those businesses, those regions  
14 going?

15 MR. ROHR: In that building or in general?

16 COMMISSIONER GROSS: In general?

17 MR. ROHR: You have to invest in your  
18 community.

19 COMMISSIONER GROSS: How do you do that?

20 MR. ROHR: The City has to -- we practice  
21 what we call entrepreneurial government in Joplin. And  
22 that may sound like an oxymoron to some people, but we  
23 think it's real.

24 And what we're talking about is that we are  
25 pro-active in terms of making things happen within the

1 community. Not to the degree that we're in everyone's  
2 lives every day and regulating you and harassing you at  
3 every instance, but rather in that we're very creative  
4 in how we come up with revenues, and how we utilize the  
5 limited resources we have to invest in the community to  
6 create the climate where private sector investment can  
7 thrive.

8 That's what you have to do. That's what I'd  
9 like to think my specialty is as the city manager. I  
10 typically go into areas and cities that have to be  
11 redeveloped. I like the challenge. And you have to  
12 utilize all the different tools that are available to  
13 you to make that happen.

14 And Missouri is fortunate that someone had  
15 the foresight at some point in time to put historic tax  
16 credits in place, which is one of the critical tools  
17 that we use to redevelop and rebuild a community.

18 And to me, it's essential. It's a very nice  
19 opportunity that we have in the state of Missouri to  
20 make those things happen.

21 COMMISSIONER GROSS: Thank you. Questions?

22 COMMISSIONER MARBLE: You mentioned a couple,  
23 the Bagcraft, and we heard earlier about Newman and  
24 other buildings I'm familiar with, since I live here.  
25 I was curious about one in particular: the Ramsey

1 building. It's been remodeled. To your knowledge, has  
2 it used any kind of tax credits? Do you know?

3 MR. ROHR: I don't know that he used tax  
4 credits. I'm not exactly sure how he funded that. I  
5 don't know for sure.

6 COMMISSIONER MARBLE: I think maybe not.  
7 Is there a chance that these tax credits then  
8 generate other private investment nearby, in your  
9 opinion?

10 MR. ROHR: Oh, definitely they create an  
11 overall climate which leads to further investment. And  
12 that would be a good example, if that's what you're  
13 asking.

14 Yes. Some of the smaller projects don't  
15 necessarily avail themselves to tax credits because of  
16 the administrative costs and other costs associated  
17 with it. But it does create the climate where people  
18 want to invest.

19 Some of the bigger projects such as the  
20 Bagcraft building do utilize that tool and help create  
21 that environment that you're referring to.

22 COMMISSIONER MARBLE: One more question.  
23 Would you anticipate that the Union Station development  
24 eventually would be a candidate for these kind of  
25 things?

1 MR. ROHR: Well, we gave a presentation when  
2 I was brought to the City. We talked about going to  
3 the next level. And we think we've been able to do  
4 that via the downtown and some other things that we  
5 worked on.

6 We're working on the next level after that,  
7 and we conveyed a what we call Spark presentation back  
8 in July that calls for further redevelopment in the  
9 downtown to create a destination to augment what we've  
10 done in terms of downtown redevelopment.

11 And to answer your question specifically,  
12 yes, we're proposing that it would use tax credits to  
13 help make that happen.

14 COMMISSIONER ANDERSON: I have a follow-up.  
15 It has been transformational in terms of redevelopment  
16 of downtown certainly. Any idea, even ballpark, on  
17 private sector investment that has happened because of  
18 tax credits?

19 MR. ROHR: I knew that.

20 COMMISSIONER ANDERSON: I'm sorry. I asked  
21 John the same question -- I was going to ask you.

22 MR. ROHR: When I asked that of the people --  
23 we haven't done as good a job as we're trying to do now  
24 in terms of keeping track of that. If that's helpful,  
25 we could go back and redouble our efforts and give that

1 information to the community.

2 COMMISSIONER ANDERSON: Do you have a  
3 ballpark number in terms of ratio or anything?

4 MR. ROHR: In terms of how much private  
5 sector development has been created via the downtown?

6 COMMISSIONER ANDERSON: That would be a  
7 leverage because of the tax credits?

8 MR. ROHR: I wouldn't even have an estimate  
9 at this point. I'd feel uncomfortable giving you a  
10 number that I couldn't substantiate. But it's been  
11 significant.

12 COMMISSIONER ANDERSON: It has.

13 MR. ROHR: I can't put an exact number on it,  
14 though. I wouldn't want to mislead you.

15 COMMISSIONER ANDERSON: Thanks.

16 MR. BURLISON: How did you hear about the  
17 hearing today? You said this morning you hadn't  
18 anticipated testifying, and I was just -- we put out  
19 some information about the hearing.

20 MR. ROHR: It's a busy time. We're getting  
21 ready to go into our budget hearings with council next  
22 week, and I had a council member that rearranged my  
23 priorities for me. So ...

24 MR. BURLISON: Well, I was interested in  
25 whether or not the media -- because we put out some

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.

MEETING 9/14/2010

Page 52

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.

MEETING 9/14/2010

Page 53

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

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

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.

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

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.

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

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

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

## MEETING 9/14/2010

Page 63

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

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

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

MEETING 9/14/2010

Page 67

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

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.

**Now  
Leasing**



*Whitehill Teeter (cont.)*  
**Opening  
Spring 2010**

**1027 S. Main - Joplin, MO 64801**



Formerly known as the Bagcraft Building and the Inter State Grocer Building, the Gryphon Building will feature 120,000 sq ft of class "A" office and retail space in the heart of downtown Joplin offering modern business amenities with historic class. Completed originally in 1915, the rehabilitation will be completed in Spring 2010. The building will be LEED (Leadership in Energy and Environmental Design) certified as a green building and is already placed on the National Register of Historic Places.

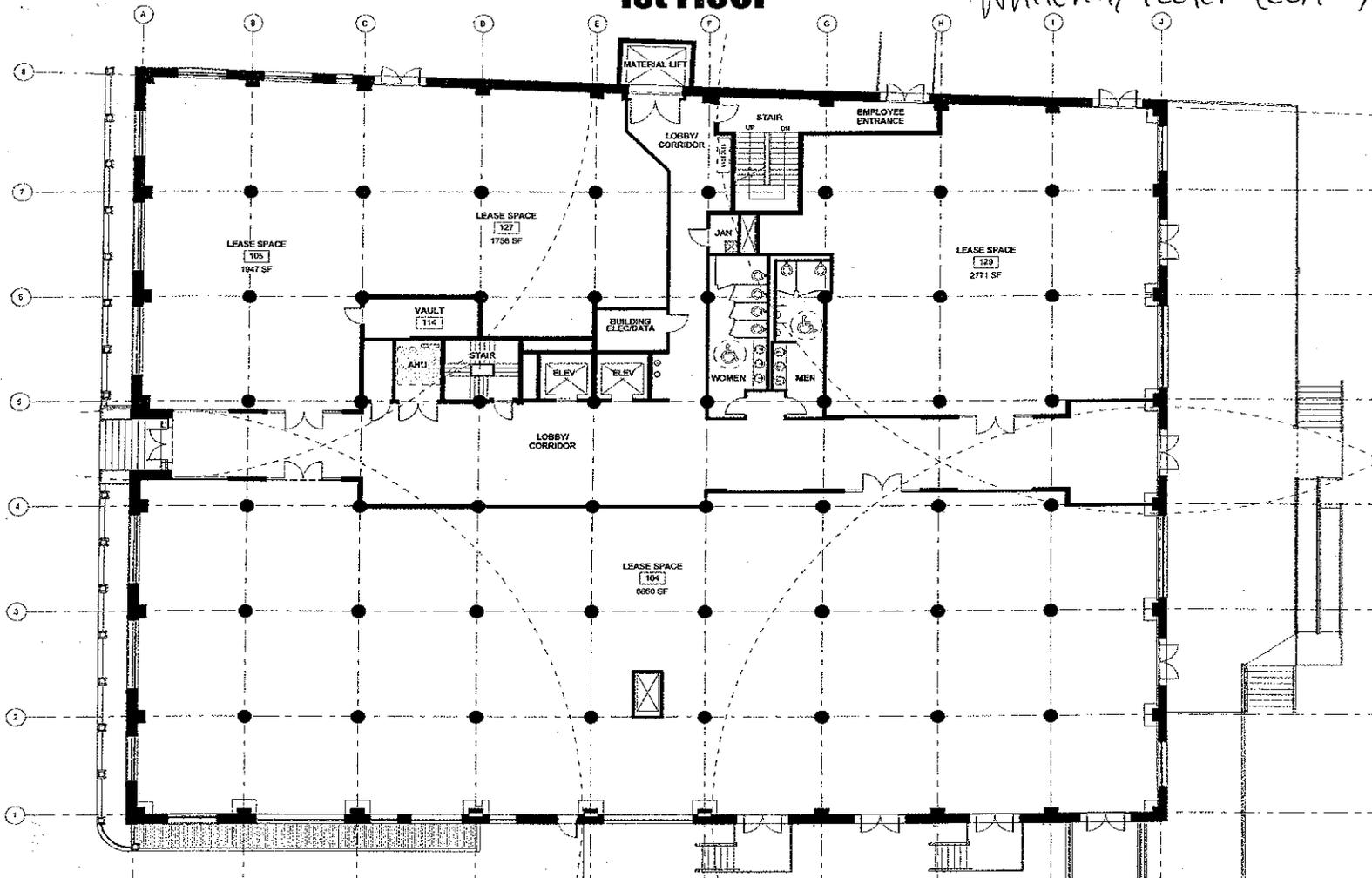
- Premier office space available, from 2,500 to over 20,000 sq ft
- Retail space available on 1st floor, from 1000 to 9000 sq ft
- Utilities included
- Raised access floor systems for voice and data cabling
- Tenants select office layout and flooring
- Enhanced Enterprise Zone
- Off hour security card access
- Chamber membership for all non-government tenants
- Quarterly business-after-hours receptions in the 1st floor lobby
- Discounted in-office dry cleaning and copying service pick up and delivery
- 1st floor restaurant
- Over 400 parking spaces
- Fitness center for tenants
- Outdoor courtyard

**Contact info: *Julissa Russell* 417-483-4531**

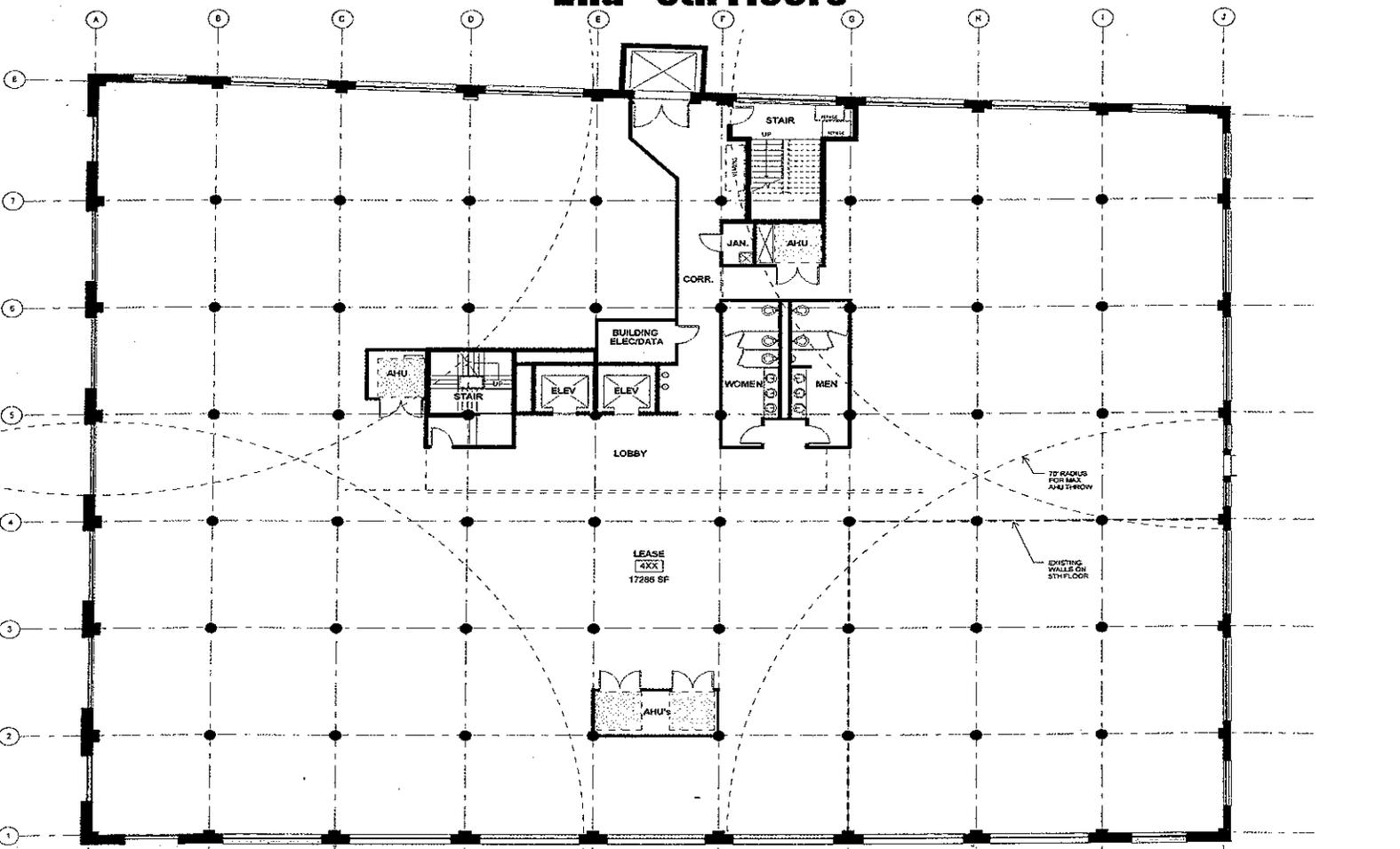
***joplinoffices.com***

# 1st Floor

Whitehill/Teeter (cont.)



# 2nd - 5th Floors



# Mark Williams Historic Testimony

MEETING 9/14/2010

Page 70

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

MIDWEST LITIGATION SERVICES

[www.midwestlitigation.com](http://www.midwestlitigation.com)

Phone: 1.800.280.3376

Fax: 314.644.1334

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

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

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

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.

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.

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