

**CITY OF SHREWSBURY
BOARD OF ALDERMEN
WORK SESSION
January 19, 2010**

A Board of Aldermen Work Session was held at 6:00 p.m. this 19th day of January, 2010.

There were present:

Mayor.....	Bert L. Gates
Alderman.....	Elmer Kauffmann
Alderman.....	Ed Purvis
Alderman.....	Mike Travaglini
Alderwoman.....	Chris Gorman
Alderwoman.....	Felicity Buckley
Alderman.....	Sam Scherer

There were also present:

City Administrator	Barry R. Alexander
City Clerk.....	Jonathan Greever
Director of Finance.....	Rick Jett
Police Chief.....	Jeff Keller
Fire Chief.....	Bill Fox

Economic Development Presentation

Mayor Gates brought the meeting to order and announced that there was only one major topic slated for discussion: the presentation to the Board on the economic development of Kenrick Plaza. He then introduced the presenters: John Brancaglioni from PGAV, Gary Grewe from G. J. Grewe, and Jim Mello from Armstrong Teasdale.

Gary Grewe introduced himself to the Board and proceeded to give background for the proposed Kenrick Plaza project. He mentioned that the topographical issues were substantial for this site, particularly those involving the creek dividing the upper and lower portions of the Plaza, the TV tower's guy lines, and the nuisance issues associated with the vacant buildings.

Mr. Grewe further stated that as a result, the most logical user of the existing site is a big box retailer. After pursuing businesses that fit this description, he stated that there was no interest either due to the proximity of other branches or due to the inability to stand alone. Continuing on, he stated that the only viable company, Wal-Mart, was very interested in the site.

Mr. Grewe added that the two possible Wal-Mart footprints are a 150,000 square foot plan and a 120,000 square foot plan. Wal-Marts, in their prime locations, make approximately \$100-110 million in annual sales. Mr. Grewe stated that his conservative baseline estimate would be \$80-85 million in sales. If this were the case, the total required assistance would be approximately \$27-31 million. He further stated that a TIF, CID, and TDD would all likely be a part of a successful financial package.

Mr. Grewe continued by saying that the Board should anticipate a substantial level of resistance to the project, most of which would originate from outside of Shrewsbury. In addition, he also informed the Board that the County's TIF Commission would most likely deny the proposal, which would then require a supermajority vote of approval by the City of Shrewsbury's Board of Aldermen to override.

Alderman Kauffmann asked whether the two footprints represented the difference between having and not having a food center. Mayor Gates and Mr. Grewe answered that both footprints included a food center and the same set of departments. Mr. Grewe stated that Wal-Mart's engineers would have to determine which footprint was more viable.

Alderwoman Buckley asked how First Bank responded to possible relocation. Mr. Grewe stated that he had not discussed this possibility with the bank.

Alderman Purvis asked about the availability of relocating businesses to property located in the Phase 2 area. Mr. Grewe said that this option was a possibility.

Alderwoman Buckley asked why the Board's vote would change the County TIF Commission's vote of disapproval.

Mayor Gates stated that this supermajority requirement was statutorily necessary in order to override a vote of disapproval from the TIF Commission.

Mr. Brancaglioni then explained how the TIF Act was changed by essentially placing the TIF Commission process in the hands of the County rather than the City.

Mayor Gates added that this change occurred as a result of efforts by those who didn't like the way the mechanism had been used. He further stated that this supermajority requirement was the reason why the developers were seeking assurances of support from the Board of Aldermen.

Alderman Kauffmann asked what the definition of a supermajority was. Mr. Brancaglioni answered that it is two-thirds of the Board.

Alderwoman Buckley asked how the proposed TIF amount compared to the size of the entire project. Mr. Brancaglioni stated that the proportion of TIF cost to the overall project cost would be in the lower third of TIF projects. He further stated that many other TIF projects had a much higher proportion of TIF cost compared to total project cost.

Administrator Alexander added that although Dierbergs would not be in favor of the project, they are not considered direct competitors with Wal-Mart. Furthermore, he added that Schnucks and Wal-Mart are more competitive than Shop N' Save and Wal-Mart, making the addition of a Wal-Mart an easier fit in Shrewsbury.

Mr. Grewe reminded the Board that Shrewsbury is competing against other cities nationwide for development, not just locally.

Alderman Kauffmann asked how soon Wal-Mart could have its doors open. Mr. Grewe stated that depending on how well the tenant relocation process went it could be as early as 18 months.

Mr. Brancaglioni reminded the Board that the number of logistical difficulties with the current site was the reason for the higher level of required assistance, and that these difficulties have directly contributed to the current status of the site.

Alderwoman Buckley then asked if the Board would know the final TIF number by the time the issue went to the County. Mayor Gates and Administrator Alexander stated that the Board would know, and that the number would be locked in at that point.

Jim Mello introduced himself to the Board and said that although the TIF size was large, the potential benefit for the City was substantial. He further argued that "if the site was not repositioned in the 'boom' years, what would make one think that it would be developed in the next five to ten years given the current market conditions?" He reiterated that he wished to stress to the Board the magnitude of the opportunity, which could represent the only opportunity of this kind to exist for many years. He also stated that the site has been, and still is, a blemish on the City of Shrewsbury.

Mayor Gates reiterated that thinking of this TIF as an investment in the infrastructure of the site in order to make development possible is the important point.

Jim Mello stated that the upcoming November ballot would include a proposed initiative which would change the TIF laws by eliminating the use of eminent domain, and as such, would affect the City's capacity to redevelop the site. If business relocation was necessary, it would require a 60 day notice of the redevelopment, 30 days designated to make good faith offers, followed by good faith negotiations lasting a minimum of 4 months. He added that it would take some time for the City's request to the County to form a TIF Commission to be fulfilled. In addition, the assembling of the TIF Commission will take a couple of weeks and a statutory 45 day public notice will be required prior to the public hearing. Then the TIF Commission will have 30 days after that hearing to make a recommendation to the City of Shrewsbury. This means, he continued, that the TIF process normally takes between 4-5 months.

Since the developers would need to begin property acquisition prior to this date, they will be requesting that the City to enter into a Chapter 353 agreement with the developers. This agreement requires a public hearing before the Board and a 20 day notice after a cost-benefit analysis is done. This part of the process would be entirely controlled by the City and would operate separately, but simultaneously with the TIF Commission process. Therefore, a single Redevelopment Agreement would include a Chapter 353 for property acquisition and for TIF financing.

Mr. Mello assured the Board that the redevelopment agreement would be a transparent process, and that all negotiations would be confidentially shared with the City Attorney. Furthermore, he did not anticipate the need to utilize the power of eminent domain, but stated that the capacity to do so was necessary.

Alderman Purvis asked that if, hypothetically, the Sports Zone had to be moved to a different site, would it be operational prior to the end of the redevelopment and would the business be compensated for any time lost due to the relocation.

Mr. Mello answered that issues like these would become clearer once the developers had a chance to conduct several meetings with the tenants.

Alderman Kauffmann asked where the businesses could be located if not in the lower portion of the Plaza. Mr. Mello stated that even though the City doesn't control the lower Plaza site, the businesses could still be relocated there by working with the owner.

Alderman Kauffmann asked if the creek was part of phase one or two. Mr. Grewe answered that it was part of both.

Alderwoman Buckley asked if a big box like this had ever agreed to being built without a TIF.

Mr. Grewe stated that this would be the case if the site required no modifications to make it buildable. In this particular case, he continued, the company would not invest \$27 million in extraordinary expenditures for infrastructure development. Mr. Grewe added that the company under discussion was the only company generating enough sales to pay this TIF off. He added that it would have to be this company or nothing.

Alderman Kauffmann asked if there would be a retaining wall next to the creek, and Mr. Grewe answered that there would be several retaining walls.

Mayor Gates stated that he hoped that the Board would consider the current difficulties of the site and the unique opportunity available. As a result, he hoped that the Board would consider giving the presenting entities the unanimous assurance of support.

Alderman Purvis stated that since this might be the City's best and only chance to obtain a high level of economic development, he would make the recommendation that the Board give the developers the assurance of support in order to move the project forward.

Alderman Kauffman asked if the decision of support had to be made immediately.

Alderman Purvis stated that the timetable that had been presented required a timely response.

Alderwoman Buckley asked if the numbers presented before the Board would vary much, and it was stated that they would not. Alderwoman Buckley also asked if a concrete TIF number would be available soon in order to give the Board the ability to answer questions regarding the development.

Mayor Gates stated that the Board would have the final numbers before petitioning the County to form a TIF Commission.

Alderman Travaglini seconded Alderman Purvis' motion and added that the vote was merely an approval of the concept, not a solidification of the details.

Mayor Gates asked if there was any discussion.

Alderman Kauffmann stated that he wanted to be sure that there would be a quality outcome at the site. He reiterated that he was not against the concept.

Mayor Gates stated that the entire Board wanted a quality outcome as well.

Alderwoman Buckley asked if the City's Attorney had had a chance to review the proposal or if this was a procedure that would occur later on. She also stated her support for the concept.

Mayor Gates stated that the City would be working to make sure that the interests of the City are protected by hiring the City's own special counsel to review the proposal.

Administrator Alexander added that PGAV would be assisting the City to ensure results that are in the City's best interest.

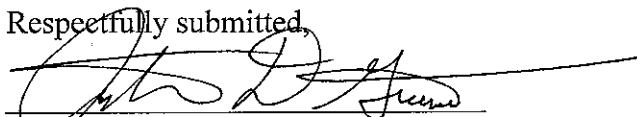
Mayor Gates stated that if any Board member was against the concept that they needed to make it known.

There being no further discussion, the Mayor called for a vote on Alderman Purvis' motion and seconded by Alderman Travaglini. The Board unanimously approved the motion.


ADJOURNMENT

Alderman Scherer made a motion to adjourn the Work Session. Alderwoman Gorman seconded the motion. The Work Session adjourned at 7:16 p.m.

Respectfully submitted,


Jonathan D. Greever,
City Clerk/Assistant to the City Administrator

ATTEST:


Bert L. Gates,
Mayor