MEETING
OLIVE/GRAESER TRANSPORTATION DEVELOPMENT DISTRICT
BOARD OF DIRECTORS

Creve Coeur Government Center
300 North New Ballas Road, Creve Coeur, Missouri 63141

Tuesday, March 9, 2010
3:00 p.m.

MINUTES OF MEETING

The audio of this meeting will be posted on the website of the City of Creve Coeur: www.creve-coeur.org.

1. OPENING AND CALL TO ORDER.

Based upon a determination that eight out of nine voting directors were present, constituting a quorum, Natalie J. Nichols, legal counsel to the District, called to order a meeting of the board of directors of the Olive/Graeser Transportation Development District (the "District") at approximately 3:05 p.m.

2. ROLL CALL.

Directors present:	Steve Heitz Denise Chomicki Rick Matejka Carole Jamison Joe Beaudean Rocky Adkins Les Steinberg David Hutkin
Directors absent:	Stacy Manolakas
Advisory directors present:	Dan Smith Mel Klearman Mark Perkins
Advisory directors absent:	Karen Yeomans
Others present:	Natalie J. Nichols, Jenkins & Kling, P.C., District legal counsel David Caldwell, Creve Coeur resident

3. PUBLIC COMMENTS.

David Caldwell asked for an update on the construction schedule and process. Steve Heitz stated that Pace resubmitted its plans (revised per location of utilities and stoplight base) to MoDOT last Friday, and Pace is hoping for MoDOT approval of the plans by the end of March. Pace has requested new bids from four contractors. Mr. Caldwell asked whether there is a contingency plan if the bids come back in excess of the cost estimates. Mr. Heitz stated that the construction market is good right now and Pace expects the bids to be in line with the original estimates, but if the bids are excessive, Pace will seek bids from additional contractors.

Mel Klearman stated his concerns about sufficiency of the sales tax revenue to fund the District's project and distributed an article to the directors (see Exhibit "A" attached hereto and incorporated herein by reference). He informed the Board that he requested the Creve Coeur City Council to fast-track permits and approvals within the District (such as for the old Walgreens once it is vacated) to maximize sales tax revenue. Mr. Klearman suggested the owner of the old Walgreens begin contacting strong tenants, such as Apple, to fill the space. Mr. Klearman stated that he does not want the City to have to contribute the $55,000 per year to the District [per the District Development Agreement].

4. REVIEW AND APPROVAL OF MINUTES OF BOARD OF DIRECTORS MEETING HELD ON FEBRUARY 9, 2010.

Mr. Heitz moved to approve the minutes of the Board of Directors meeting held on February 9, 2010. Ms. Chomicki seconded the motion, which carried 8-0.

5. OLD BUSINESS.

a. Project status update.

Mr. Heitz referred to his earlier update given during Public Comments.

b. Review of forms of certificate of reimbursable costs prepared by Pace.

No discussion was held on this item.

c. MoDOT update.

Ms. Nichols informed the Board that MoDOT approved the cooperative agreement on February 4, 2010, and has appointed Karen Yeomans as MoDOT's advisory director to the District.

d. D&O insurance update.

Mr. Beaudean stated that he has obtained a directors' and officers' liability insurance policy from the Crane Agency. A copy of the policy will be distributed to the directors.

e. Status update: Amending TDD Order to include Stern shopping center owned by Gershman trust.

Ms. Nichols stated that she is in the process of gathering the necessary signatures from the property owners within the District and hopes to have the Gershman property added by April 1, 2010.

f. Action item: Receiving reports on sales tax records.

Ms. Nichols stated that for the District to determine the amount of TDD Sales Tax paid by each business, the District will have to request reports from the Missouri Department of Revenue. Annual reports are available for free, while monthly, quarterly, and semiannual reports are available for $35 each. Discussion ensued on the value of receiving such reports, with Ms. Chomicki stating that it is best to identify any collection problems (whether on the part of the business or the Director of Revenue) early. Ms. Chomicki recommended receiving monthly reports for the first three to four months of collection and quarterly reports thereafter.

Mr. Heitz made a motion to request monthly sales tax reports as needed, then quarterly reports thereafter, with the Executive Director, the Treasurer, the Assistant Secretary, and Advisory Director Dan Smith being authorized to view such reports. Mr. Matejka seconded the motion, which carried 8-0.

6. NEW BUSINESS.

a. Resolution No. 10-003: A resolution authorizing the Olive/Graeser Transportation Development District to execute a second amendment to the District Development Agreement dated August 31, 2009

Ms. Nichols stated that this second amendment is related to the addition of the Gershman property to the District. Mr. Heitz moved to approve Resolution No. 10-003 as presented. Mr. Beaudean seconded the motion, which carried 8-0.

b. Resolution No. 10-004: A resolution closing all records of the Olive/Graeser Transportation Development District that are permitted to be closed pursuant to Chapter 610 of the Revised Statutes of Missouri

Ms. Nichols explained that the City of Creve Coeur has a similar measure in place. Mr. Heitz moved to approve Resolution No. 10-004 as presented. Mr. Adkins seconded the motion, which carried 8-0.

c. **Resolution No. 10-005: A resolution of the Olive/Graeser Transportation Development District approving selection of bond counsel with respect to issuance of transportation development district sales tax revenue bonds**

This resolution would approve Gilmore & Bell as the District's bond counsel per the terms of an engagement letter dated March 3, 2010, which was provided to the Board last week. Ms. Nichols stated she had informed Armstrong Teasdale LLP of Gilmore & Bell's proposed fees and requested a proposal from Armstrong Teasdale, which she received shortly before the meeting. Ms. Nichols distributed the proposal to the directors (see Exhibit "B" attached hereto and incorporated herein by reference). Mr. Matejka stated that he has worked with both Armstrong Teasdale and Gilmore & Bell, and believes the District should choose the lower fee schedule proposed by Armstrong Teasdale. Several board members expressed their agreement.

Mr. Matejka moved to approve the proposal submitted by Armstrong Teasdale, provided Armstrong Teasdale is able to provide the same services Gilmore & Bell agreed to provide plus review of certificates of reimbursable costs and determination of whether such costs are TDD eligible costs. Mr. Heitz seconded the motion, which carried 8-0.

7. REMINDER RE: NEXT MEETING.

Mr. Smith conveyed Ms. Manolakas's request to move the Board's regular meetings back to 4:00 p.m. The Board agreed to move its regular meetings to the second Wednesday of every month at 4:00 p.m. The next meeting will be held on Wednesday, April 14, 2010, at 4:00 p.m.

8. ADJOURNMENT.

There being no further business, Mr. Heitz moved to adjourn the meeting. Mr. Matejka seconded the motion, which carried 8-0.

The meeting was adjourned at approximately 3:35 p.m.

Natalie J. Nichols, Assistant Secretary of the
Olive/Graeser Transportation Development District

Date approved: april 8, 2010

EXHIBIT A

BANKER & TRADESMAN ESTABLISHED IN 1872

$85M New Boston Fund Loan On Brink Of Default

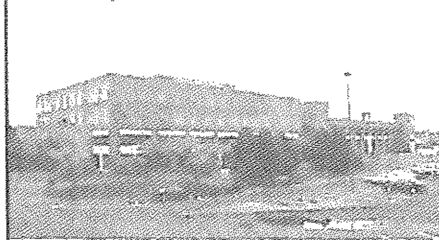
By Paul McMorrow

Banker & Tradesman Staff Writer

02/10/10

Real estate manager The New Boston Fund is working to retain control of a sizable chunk of its portfolio, after an $85.5 million securitized mortgage tied to 900,000 square feet of office space around Boston is close to defaulting.

Photo courtesy of CoStar



One Alewife Center, one of the buildings on the brink of default

According to the ratings agency Fitch Ratings, the mortgage has been transferred to a special servicer after it reached maturity, and New Boston Fund was unable to produce replacement debt.

A spokesperson for The New Boston Fund said the loan has been extended, but had no further comment.

Morgan Stanley Mortgage Capital made the $96.5 million mortgage in January 2007, and it has since amortized down to $85.5 million.

The properties pledged as collateral to the mortgage include: the New England Business Center in Andover; 155 and 159 Swanson Road in Boxborough; One Alewife Center in Cambridge; 2 Cabot Road in Hudson; and 740-800 South St. in Waltham.

The absence of a functional market for refinancing commercial mortgage-backed securities (CMBS) has forced borrowers, even those with performing assets, into default. Many lenders with performing assets have responded by extending the loan out several months, waiting for a robust mortgage refinancing market to reappear.

CMBS bondholders can't extend loans indefinitely. And dramatic declines in commercial values coupled with lenders' tightening loan-to-value requirements mean most borrowers rolling out of loans from 2006 and 2007 have to invest significant amounts of equity into their assets to secure a new loan. In many cases, investors who took mortgages in 2006 and 2007 are finding their buildings are now worth less than the debt on them.

Banker & Tradesman reported this week that lenders with cash are deploying their capital selectively, mortgaging only the best-performing properties. New Boston Fund's Morgan Stanley portfolio has blocks of open space - 43,000 square feet of 147,000 in Hudson, and 51,000 square feet of 90,000 in Cambridge - that could prove unpalatable to lenders.

Tight credit and faltering performance have caused CMBS delinquencies to explode nationwide. The balance of delinquent CMBS loans nationwide stood at $41.6 billion in December 2009, up from $8.7 billion in December 2008, according to the data firm Realpoint. As of December, special servicers controlled 8.6 percent, or $66.9 billion, of all outstanding CMBS, up from 1.6 percent in December 2008.

St. Louis Business Journal - December 7, 2009
/stlouis/stories/2009/12/07/story3.html

St. Louis Business Journal

Friday, December 4, 2009 | Modified: Monday, December 7, 2009

St. Louis banks' bad loans top $1 billion

St. Louis Business Journal - by Greg Edwards

Bad loans at 79 St. Louis commercial banks totaled more than $1.2 billion through the third quarter, almost double what they were a year ago and still mounting.

But while it sometimes seems as if every bank has a loan crisis, the truth is far from it.

At 28 of the 79 commercial banks headquartered in the St. Louis region, bad loans accounted for less than 1 percent of the total loan portfolio at the quarter ended Sept. 30, according to the **Federal Reserve Bank of St. Louis**. That's down from 36 banks at this time last year.

View Larger

"In these economic times, if a bank's nonperforming loans are below 4 percent, that's good. If they are below 2 percent, that's very good. If they are below 1 percent, that's damn good," said Jerry Von Rohr, chairman and chief executive of **Reliance Bank**. Bad loans at Reliance total 5.65 percent, largely because it has four banks in Florida, where the real estate market collapsed.

Twenty-one banks reported nonperforming loans above 4 percent, including **First Bank** — the largest bank based here — at 8.06 percent; **Truman Bank**, which has been under regulatory orders to shape up, at 11.11 percent; and Champion Bank, which has revamped its management and taken on new capital, at a whopping 19.27 percent.

In other regulatory action, the **Missouri Division of Finance** closed **Gateway Bank**, with 6.63 percent in bad loans, on Nov. 6 and sold it to **Central Bank of Kansas City**. The **Federal Deposit Insurance Corp.** issued a cease and desist order Nov. 27 against **Frontenac Bank**, with 8.05 percent nonperforming loans. The FDIC told it to raise more capital, improve its management and end risky lending.

"Many of the banks with high percentages of nonperforming loans were trying to serve their communities," said Julie Stackhouse, chief banking regulator at the Federal Reserve Bank. "They looked at those loans as the right thing to do, but real estate loans are a risky activity."

The $1.2 billion in bad loans was up from $1.05 billion at the end of the second quarter and $723 million at this time last year. In addition, losses totaled $239 million at the banks through the third quarter, compared with losses of $174 million through the second quarter and a profit of $61 million a year ago.

On the plus side, **First National Bank of St. Louis**, the fourth-largest local commercial bank, with more than $1.4 billion in assets, bad loans amounted to only 0.93 percent of its loan portfolio. **Cass Commercial Bank** and **Citizens National Bank** also are in the top 20 in size, and their bad loans totaled 0.28 and 0.90 percent, respectively.

"There is a common thread among the three," said Rick Bagy, president of First National Bank of St. Louis. "We are older banks that didn't have extraordinary growth in the real estate boom, and we are very conservative and tended to do business with stronger people in the real estate business."

The banks with few bad loans include small banks, niche banks and banks with low levels of loans to deposits, Stackhouse said. For example, **Stifel Bank** & Trust, with 0.58 percent bad loans, is less of a traditional bank and more an arm of the Stifel Nicolaus brokerage.

Jim Wagner, chief executive of **Parkside Financial Bank** & Trust, which has no bad loans, said, "We are an extreme niche bank because of our almost total emphasis on commercial and industrial lending," such as loans for equipment, inventory and lines of credit.

Triad Bank, with 0.71 percent bad loans, is another niche operator, targeting owners of businesses with annual revenue of $20 million or less. "We're not focused on specific industries as much as the operators and their experience," said Jim Regna, chief executive.

Stackhouse said banks with fewer problem loans tend to have fewer commercial real estate loans. "Bad loans are moving from housing to loans for hotels and motels, shopping centers and strip malls," she said.

Parkside's Wagner said the Federal Reserve numbers show the banks with the lowest percentage of commercial real estate loans in their portfolios also had the fewest soured loans. Ditto for banks with fewer land development and construction loans.

The Federal Reserve statistics do not include thrifts, such as **Pulaski Bank** and **Heartland Bank**, or the largest banks doing business in St. Louis, such as **U.S. Bank** and **Bank of America**, which are not chartered here and do not break out their financials by market.

REPORT NO. 02
DI60IL02-02

MISSOURI STATE DEPARTMENT OF REVENUE
TAXABLE SALES (SALES & USE TAXES)

03/02/08 PAGE 7
REQ# 970249

AMOUNTS BY CITY CODE REPORT FOR 2007

CITY	CITY NAME	*=JAN - MAR=* AMNT	*=APR - JUN=* AMNT	*=JUL - SEP=* AMNT	*=OCT - DEC=* AMNT	YEAR TTL
17272	CREVE COEUR	101,566,816.05	101,108,514.07	107,838,805.99	96,159,947.38	406,674,083.49
17273	CREVE COEUR (X1)	20,752,774.95	22,076,474.91	19,318,674.81	24,389,097.76	86,537,022.43
17274	CREVE COEUR (X2)	88,190.37	181,717.81	165,800.96	162,039.98	597,749.12
17275	CREVE COEUR (X3)	6,543,945.35	6,944,967.61	6,671,926.33	6,187,559.65	26,348,398.94
17276	CREVE COEUR (T1)	625.07	0.00	1,168,758.85	1,178,742.64	2,348,126.56
17277	CREVE COEUR (X4)	140,935.03	180,219.77	173,463.33	172,193.08	666,811.21

REPORT NO. 02
DI60IL02-02

MISSOURI STATE DEPARTMENT OF REVENUE
TAXABLE SALES (SALES & USE TAXES)

03/02/09 PAGE 7

AMOUNTS BY CITY CODE REPORT FOR 2008

CITY	CITY NAME	*=JAN - MAR=* AMNT	*=APR - JUN=* AMNT	*=JUL - SEP=* AMNT	*=OCT - DEC=* AMNT	YEAR TTL
17272	CREVE COEUR	95,519,484.52	97,654,915.75	101,721,934.11	93,232,118.78	388,128,453.16
17273	" " (X1)	16,837,938.37	15,889,257.72	18,551,088.42	15,463,006.87	66,741,291.38
17274	" " (X2)	119,486.13	52,511.54	58,437.79	2,265.88	232,701.34
17275	" " (X3)	6,583,981.55	7,036,445.17	6,961,955.55	6,276,250.03	26,858,632.30
17276	" " (T1)	959.08	1,241.53	25,210.70	11,688.99	39,100.30
17277	" " (X4)	108,854.38	183,355.64	181,844.35	162,623.66	636,678.03

REPORT NO. 02
DI60IL02-02

MISSOURI STATE DEPARTMENT OF REVENUE
TAXABLE SALES (SALES & USE TAXES)

11/24/09 PAGE 7
REQ# 970249

AMOUNTS BY CITY CODE REPORT FOR 2009

CITY	CITY NAME	*=JAN - MAR=* AMNT	*=APR - JUN=* AMNT	*=JUL - SEP=* AMNT	*=OCT - DEC=* AMNT	YEAR TTL
17272	CREVE COEUR	91,235,674.05	92,536,232.16	91,708,395.35	0.00	275,480,301.56
17273	CREVE COEUR (X1)	13,116,845.63	11,513,338.69	12,285,384.43	0.00	36,915,568.75
17274	CREVE COEUR (X2)	81,308.37	88,138.29	25,946.32	0.00	195,392.98
17275	CREVE COEUR (X3)	6,368,867.57	7,168,340.37	6,620,456.22	0.00	20,157,664.16
17276	CREVE COEUR (T1)	27,574.04	23,657.97	4,350.76	0.00	55,582.77
17277	CREVE COEUR (X4)	146,902.68	141,886.12	126,767.46	0.00	415,556.26

(X1), (X2), (X3) and (X4) = annexed areas within St. Louis County and/or Cities within St. Louis County.

(T1) = tax increment financing areas

St. Louis County is the only area this is done because of special distribution requirements by St. Louis County and the Cities within the County.

These areas are basically treated as their own entity so that businesses within those specific areas can be easily identified and monies appropriately allocated.

These areas follow all of the normal activities of the City. For instance, when taxes are imposed or expired, these areas are affected in the same manner.

EXHIBIT B

Natalie Nichols - RE: Another TDD [IWOV-IDOCS.FID1653399]

From: "Mark Boatman" <MBOATMAN@ArmstrongTeasdale.com>
To: "Steve Kling" <skling@jenkinskling.com>
Date: 3/9/2010 2:12 PM
Subject: RE: Another TDD [IWOV-IDOCS.FID1653399]
CC: "Robert Klahr" <RKLAHR@ArmstrongTeasdale.com>, "Lori Bockman" <lbockman@ArmstrongTeasdale.com>

Steve,

I spoke to my partners Rob Klahr and Lori Bockman about the information you provided below. We agree that assuming the facts below and the absence of any facts that would indicate this TDD financing is significantly outside of the norm, we could do the TDD bond work as follows: $15,000 for the TDD notes, $30,000 for the bonds if issued, and an additional $15,000 for any official statement needed in connection with the sale of the bonds.

The advantage to the TDD of this proposal is not only the somewhat lower overall cost but the shifting of more of the cost to the back end, which is where the bulk of it would be incurred. Thus, if the bonds are not issued, the TDD has not paid more than necessary for the note issuance. I should also mention that we have a long and excellent working relationship with the City, which would allow us to act as a facilitator with respect to the City's involvement.

Thank you of thinking of us. I hope we get the chance to work together soon.

Best regards,

Mark

Mark A. Boatman
Armstrong Teasdale LLP
One Metropolitan Square, Suite 2600
St. Louis, Missouri 63102
Voice: 314.552.6644
Fax: 314.612.2309

From: Steve Kling [mailto:skling@jenkinskling.com]
Sent: Wednesday, March 03, 2010 4:04 PM
To: Mark Boatman
Subject: Another TDD

Hi Mark, we were selected as TDD counsel for a TDD in Creve Coeur which is composed of a number of sophisticated parties. The lead property owner has brought in a proposal for the TDD bond work from one of your competitors with the following fee structure for a $ 1,250,000 financing amount: $ 25,000 for the TDD notes (ie, the developer notes), $ 25,000 for the bonds if issued and an additional $ 16,650 for any official statement needed to be prepared in connection with the bonds. The only other wrinkle is that while most of the revenues of the district will be generated by sales tax, there is some governmental grant money as well to be issued to pay the district's obligations. All of this has been spelled out in advance in a development agreement.

We are already being asked by several board members if this is competitive. There may be an opportunity here for you and your firm if you think you can better these numbers. If you are interested and think you can, could you let me know before next Tuesday (the next board meeting) so we can present that to the board. Thanks for your consideration.

Stephen L. Kling, Jr., Esq.

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