

**MINUTES OF THE 313th MEETING OF THE
STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY
Governor Office Building
200 Madison Street, Room 315
Jefferson City, Missouri
May 20, 2014
10:00 a.m.**

EIERA MEMBERS: Andy Dalton, Chair
Ryan Doyle, Vice-Chair
Deron Cherry, Treasurer (phone participant)

EIERA STAFF: Karen Massey, Director
Joe Boland, Deputy Director
Kristin Allan Tipton, Development Director
Marcus Rowe, Administration and Project Manager
Genny Eichelberger, Office Support Assistant

LEGAL COUNSEL: David Brown,
Lewis, Rice & Fingersh, L.C.

**OTHER
PARTICIPANTS:** Eric Crawford
Department of Natural Resources

Chris Ahrens
Shannon Creighton
Gilmore and Bell, P.C.

Martin Ghafoori
Stifel, Nicolaus & Company, Inc.

Tiffany Riemann
Lake Area Industries

Jim Lambert
SCORE

Dennis Lloyd
Kelsi Spurgeon
Columbia Capital Management, LLC

(AGENDA ITEM #1) CALL TO ORDER

Chair Dalton called the 313th meeting of the Environmental Improvement and Energy Resources Authority (the "Authority") to order at 10:00 AM. Chair Dalton took roll call and asked that the meeting record reflect a quorum was present.

(AGENDA ITEM #2) APPROVAL OF MINUTES

The next order of business was to review and approve the minutes of the 312th meeting (March 20, 2014) of the Authority.

MOTION: Motion was made by Mr. Doyle and seconded by Mr. Cherry to approve the minutes of the 312th meeting of the Environmental Improvement and Energy Resources Authority. By roll call vote, Mr. Cherry, Mr. Doyle and Chair Dalton all voted in favor. Motion carried.

(AGENDA ITEM #3) STATE REVOLVING FUND PROGRAM

Resolution Authorizing the State Environmental Improvement and Energy Resources Authority to Enter Into an Omnibus Supplemental Indenture with Respect to the State Revolving Funds Programs Bonds, and Authorizing the Authority to Take Certain Other Actions in Connection with the Actions Authorized by the Omnibus Supplemental Indenture

Mr. Boland explained that the MDNR continues to receive requests to prepay SRF participant loans. Historically, as each situation arises the Authority has brought a special supplemental indenture to the Board to effect the necessary changes in the affected series of bonds. In order to avoid this piecemeal response to prepayments, Authority Bond Counsel, Gilmore and Bell, proposed an omnibus supplemental indenture (OSI). The OSI amends each of the outstanding series of Authority bonds authorizing the establishment of

accounts and allows the Authority to direct the Trustee about the application of funds as needed when a borrower prepays a loan.

Mr. Ahrens of Gilmore and Bell offered a more detailed explanation of the OSI.

Discussion followed.

MOTION: Motion was made by Mr. Doyle and seconded by Mr. Cherry to Adopt a Resolution Authorizing the State Environmental Improvement and Energy Resources Authority to Enter Into an Omnibus Supplemental Indenture with Respect to the State Revolving Funds Programs Bonds, and Authorizing the Authority to Take Certain Other Actions in Connection with the Actions Authorized by the Omnibus Supplemental Indenture. By roll call vote, Mr. Cherry, Mr. Doyle and Chair Dalton all voted in favor. Motion carried.

(Said Resolution 14-03 is attached hereto and made a part of these minutes as "Exhibit A")

(AGENDA ITEM #4) PROJECT UPDATES

Redemption of Series 2004 Energy Efficiency Leveraged Loan Bonds:

The redemption of the Series 2004 Energy Bonds has taken place and all went well.

Water Quality Fee Study: The study is proceeding as planned. The next deliverable that the Authority will receive from the University of North Carolina will be various fee structures that other states use to fund their water quality programs. Staff will work with MDNR to determine which of those seem feasible for the State of Missouri. Those structures will be modeled to see what the revenue output would be. The project should be completed by fall.

Review of MDNR Affordability Determination Efforts: Mr. Boland reminded the Board that the EIARA Staff had been asked to provide an unbiased evaluation of MDNR's affordability determination process. After discussing the process with MDNR staff and stakeholders and reviewing numerous water quality permits, overall it appears MDNR created a sound process which complies with the statutory requirements. A number of errors were found in the determinations themselves and there was a fair degree of inconsistency between the compliance schedules given to communities with similar affordability determination outcomes. A final report with the Authority's findings and recommendations has been drafted and will be submitted to MDNR soon. Overall, while there is room for improvement, the process is meeting the statutory requirements and MDNR is doing a good job trying to identify and accommodate affordability issues for smaller communities.

Discussion ensued.

Water and Wastewater Infrastructure Affordability Efforts: Since the last Board meeting, an agreement with Wichita State University (WSU) had been fully executed and the first step was to determine which communities would populate the model. Ms. Tipton reminded the Board that the effort was to include small rural communities that are not significantly impacted by urban influence. The Authority and DNR staff agreed to the list that will populate the model, which will include all communities with a population of less than 10,000 but will exclude all in St. Louis, St. Charles, Jackson, Clay and Green Counties.

The preliminary community sustainability model is still on track to be completed by early fall and the project as a whole by the end of the year.

Natural Resource Damage Restoration Projects: Two Scopes of Work are now in place and operating for both the Missouri Prairie Foundation and Webb City projects. The contract between MDNR and the Prairie Foundation has been completed and they have identified the piece of property they wish to purchase, but we have not yet seen a closing schedule. Therefore, it is still unknown when Staff will begin work on the real estate documents. Lewis, Rice and Fingersh prepared a draft conservation easement and staff has been working with MDNR on various terms within the document.

The Webb City project was a little further behind. The contract is near completion within MDNR, but has not been submitted to the community for their signature. Webb City is looking to purchase between 50 to 100 pieces of property which will be done in phases. Phase I will be the highest priority parcels as defined by the Joint Trustees. The second phase will be the next highest priority parcels, etc.

Ms. Massey also noted a milestone: the first Quarterly Progress Report was recently submitted to MDNR. Mr. Rowe had spent a good amount of time creating a tracking system for the Authority's time and costs, so that all financial data would be included in the report as well as the narrative explaining all the services the Authority had performed.

Missouri Brownfields Revolving Loan Fund: The EPA recently announced an opportunity to compete for supplemental brownfield revolving loan money and staff submitted a request for \$500,000 in hazardous substance funds.

Ms. Tipton reminded the Board that they were provided updates on the active projects in their Board Packets. She stated that one project will become inactive as the Carousel Building located in Eldon has received a Certificate of Completion.

Mr. Cherry asked for an update on Remains Inc.

Ms. Tipton stated that Remains, Inc. is making interest payments on its loan from the program and its contractor is finalizing the Remediation Action Plan with BVCP. Signing of the amended agreement to increase the loan size to Remains Inc. has been delayed due to a transfer of property to the company that was incorrectly executed by the St. Louis Land Reutilization Authority.

(AGENDA ITEM #5) MISSOURI MARKET DEVELOPMENT PROGRAM

(AGENDA ITEM #5A) MISSOURI MARKET DEVELOPMENT PROGRAM UPDATE

Ms. Tipton reported that the program had a slow start this fiscal year, but there had recently been several new applications for funding submitted.

(AGENDA ITEM #5B) CONSIDERATION OF THE FUNDING RECOMMENDATION FOR THE ECOTEC SURFACES, LLC, PROJECT AND AUTHORIZING THE DIRECTOR OR HER DESIGNEE TO ENTER INTO AN AGREEMENT ON BEHALF OF THE AUTHORITY

The first financial assistance applicant was EcoTec Surfaces, LLC, located in Kansas City. EcoTec Surfaces requested \$50,000 toward the purchase of equipment costing \$62,000 that would enable the company to increase

production of solid surface counter tops. The product is lightweight, making it attractive for the boating industry, easier on installers, and will save on transportation costs. The company is currently in negotiations with a large convenience store operator for countertop replacement in multiple stores. EcoTec Surfaces, LLC anticipates diverting 272 tons from the waste stream annually and creating 16 new full time jobs with this project.

Ms. Tipton stated that the Missouri Market Development Program (MMDP) Steering Committee unanimously recommends awarding this project \$46,875, not to exceed 75% of the cost of the equipment.

MOTION: Motion was made by Mr. Doyle and seconded by Mr. Cherry to authorize the director or her designee to negotiate and enter into an agreement on behalf of the State Environmental Improvement and Energy Resources Authority with EcoTec Surfaces, LLC for an amount of \$46,875, not to exceed seventy-five percent of the cost of the equipment. By roll call vote, Mr. Cherry, Mr. Doyle and Chair Dalton all voted in favor. Motion carried.

(AGENDA ITEM #5C) CONSIDERATION OF THE FUNDING RECOMMENDATION FOR THE QRS, INC., PROJECT AND AUTHORIZING THE DIRECTOR OR HER DESIGNEE TO ENTER INTO AN AGREEMENT ON BEHALF OF THE AUTHORITY

QRS, Inc., located in St. Louis, requested \$250,000 toward the purchase of equipment costing \$557,000 as part of a \$6,000,000 project. The plant would enable the company to recover post-consumer mixed plastics residuals that material recovery facilities are not targeting or are unable to recover. Ms. Tipton noted that QRS, Inc. has developed technology to recover 85% of the material left in this residual stream, having conducted two years of study with extensive full production trials in Europe. The materials will be sized, sorted, washed,

ground and de-dusted before being packaged for reuse in manufacturing. The marketing of the end product will be performed by St. Josephs Plastics, a successful MMDP participant. QRS, Inc. anticipates diverting 2,080 tons from the waste stream annually and creating up to 30 new full time positions with this project.

The MMDP Steering Committee strongly supports this project. MDNR staff participating in the committee, however, advised that language in the application suggests the business may require a solid waste processing permit. The committee recommends tabling the QRS, Inc. application until DNR has made a determination about whether permits are required.

(AGENDA ITEM #5D) CONSIDERATION OF THE FUNDING RECOMMENDATION FOR THE AVENUE OF LIFE, INC., PROJECT AND AUTHORIZING THE DIRECTOR OR HER DESIGNEE TO ENTER INTO AN AGREEMENT ON BEHALF OF THE AUTHORITY

Avenue of Life, Inc., located in Kansas City, requested \$75,000 toward the purchase of equipment costing \$94,550 that will enable the not-for-profit to recover materials from mattresses and box springs and process them into feedstocks. The mattress recycling initiative is supported by the Mid America Regional Council (MARC) and will be implemented with the collaboration of St. Vincent de Paul of Lane County, Oregon, the leading mattress recycler in the nation. Currently there are no mattress recyclers in the Kansas City area. Avenue of Life, Inc. anticipates diverting 1,677 tons from the waste stream annually and creating seven new full time employee positions with this project.

The MMDP Program Steering Committee strongly supports this project. The application, however, requested funding for some items of equipment which are not eligible through the program. The committee recommends that staff meet with the applicant and discuss options for moving the project forward.

Staff recommends tabling the Avenue of Life, Inc. application until additional information could be obtained from the applicant.

(AGENDA ITEM #5E) CONSIDERATION OF THE FUNDING RECOMMENDATION FOR THE EXT INC., PROJECT AND AUTHORIZING THE DIRECTOR OR HER DESIGNEE TO ENTER INTO AN AGREEMENT ON BEHALF OF THE AUTHORITY

EXT, Inc., located in Excelsior Springs, requested \$94,858.67 toward the refurbishment of inoperable equipment that would enable the company to increase recycling capacity and plastic sheet production. EXT, Inc., has been a successful past program participant. By refurbishing inoperable equipment, the company can increase production capacity. The company is one of only a small handful of companies in the United States that recycles plastic material, extrudes sheets and then thermoforms the sheets into finished products. This project will not only substantially increase the company's diversion, but will also enable it to accept materials for which it currently does not have capacity. EXT, Inc. anticipates diverting an additional 609 tons from the waste stream annually and creating 11 new full time employee positions with this project.

The MMDP Steering Committee unanimously recommends awarding this project \$75,000, not to exceed 50% of the cost of the equipment. Discussion ensued.

MOTION: Motion was made by Mr. Cherry and seconded by Mr. Doyle to authorize the director or her designee to negotiate and enter into an agreement on behalf of the State Environmental Improvement and Energy Resources Authority with EXT, Inc., for an amount of \$75,000, not to exceed fifty percent of the cost of the equipment. By roll call vote, Mr. Cherry, Mr. Doyle and Chair Dalton all voted in favor. Motion carried.

(AGENDA ITEM #5F) UPDATE ON LAKE AREA INDUSTRIES PROJECT

Ms. Tipton reminded the Board that in December 2012 the EIERA awarded Lake Area Industries (LAI) \$20,715 towards the purchase of a foam densifier for a project to recover the vast amounts of Styrofoam that remain in nuisance dumpsites throughout the Lake area since the 2008 decision by Ameren UE to require all boat dock foam to be converted to encapsulated floats. Equipment problems have stalled the MMDP project with Lake Area Industries. After much retrofitting of the original machine, including a replacement, it was determined that a more robust and more expensive machine was required. At its September 12, 2013, meeting, the EIERA increased the award to LAI to \$39,000 to cover 75% of the cost of this third machine. The vendor invested a substantial amount of time on this machine also, including a complete rebuild, but it is still not suitable for the operation. In the interim, LAI acquired the services of a volunteer retired engineer who has identified and tested an alternate machine that is capable of processing the foam. The original vendor has refused to refund the purchase price of the inoperable machine. LAI is considering legal steps to sue the vendor for a refund, but obviously this does not help move the project forward in the near future.

Tiffany Riemann, Executive Director for LAI, updated the Board on the status of the project and possible solutions for moving forward. Ms. Riemann deferred to Jim Lambert, a mechanical engineer representing SCORE, for further comment.

Mr. Lambert gave an update of the equipment including the potential purchase of another machine that has been tested and met performance expectations. The new machine would cost approximately \$80,000. Mr. Lambert offered to answer any questions. Discussion ensued regarding the Board's support for this effort and the merits of an additional award to LIA.

MOTION: Motion was made by Chair Dalton and seconded by Mr. Doyle to authorize Staff to explore opportunities for the potential recovery of funds from the earlier project awarded to Lake Area Industries, Inc., and authorizing the director or her designee to negotiate and enter into an agreement on behalf of the State Environmental Improvement and Energy Resources Authority with Lake Area Industries for 75% of the cost of the new machine. By roll call vote, Mr. Cherry, Mr. Doyle and Chair Dalton all voted in favor. Motion carried.

(AGENDA ITEM #6) REVIEW OF FY14 THIRD QUARTER FINANCIALS

Mr. Rowe reported to the Board that the third quarter financials were completed through March 31, 2014, and the Authority is within budget. Heading into the final quarter, two key categories, personnel costs and operating costs, were under budget. The Authority continues to diversify some of our personnel costs through projects such as Natural Resource Damages (NRD), which continues to help improve our other income.

Mr. Rowe stated that he had completed the internal Weatherization audit from 2002 forward and found no issues. He added that procedures were in place and had worked very well to provide an accurate accounting of weatherization funds.

(AGENDA ITEM #7) OTHER BUSINESS

(AGENDA ITEM #7A) OPPORTUNITY FOR PUBLIC COMMENT

There were no comments.

(AGENDA ITEM #7B) NEXT MEETING DATE

Ms. Massey reminded the Board that the next meeting was scheduled for July 10, 2014, at 10:00 a.m. in Jefferson City, Missouri.

(AGENDA ITEM #7C) OTHER

There was no other business to discuss.

(AGENDA ITEM #8) CLOSED MEETING PURSUANT TO Section 610.021 (1) AND (11) RSMO. (AS NEEDED)

MOTION: Motion was made by Mr. Doyle and seconded by Mr. Cherry to close the meeting for the purposes of discussing litigation matters (including confidential or privileged information with the Authority's attorneys), pursuant to Section 610.021 (1) RSMo. By roll call vote, Mr. Cherry, Mr. Doyle and Chair Dalton all voted in favor. Motion carried.

(AGENDA ITEM #9) ADJOURNMENT OF CLOSED MEETING AND RETURN TO OPEN MEETING

(AGENDA ITEM #10) ADJOURNMENT OF OPEN MEETING

There being no further business to come before the Board, Chair Dalton asked for a motion to adjourn.

MOTION: Motion was made by Mr. Cherry and seconded by Mr. Doyle to adjourn the meeting. By roll call vote, Mr. Cherry, Mr. Doyle and Chair Dalton all voted in favor. Motion carried.

William Doyle Dalton

La Ree D. Freese

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY(STATE OF MISSOURI)

RESOLUTION AUTHORIZING THE STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY TO ENTER INTO AN OMNIBUS SUPPLEMENTAL INDENTURE WITH RESPECT TO THE STATE REVOLVING FUNDS PROGRAMS BONDS, AND AUTHORIZING THE AUTHORITY TO TAKE CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ACTIONS AUTHORIZED BY THE OMNIBUS SUPPLEMENTAL INDENTURE

WHEREAS, the State Environmental Improvement and Energy Resources Authority, a body corporate and politic and a governmental instrumentality of the State of Missouri (the "Authority") is authorized and empowered pursuant to the provisions of Sections 260.005 to 260.125, inclusive, and Appendix B(1), Revised Statutes of Missouri, as amended (the "Act"), to finance, acquire, construct and equip projects (as defined in the Act) for the purpose of preventing or reducing pollution or the disposal of solid waste or sewage and to provide for the furnishing of water facilities, to issue revenue bonds for the purpose of paying costs of such projects, and to refund its outstanding revenue bonds in whole or in part; and

WHEREAS, by resolutions adopted by the Authority on February 23, 1988, September 22, 1998 and July 31, 2009, the Authority has approved the development and implementation of the Missouri Leveraged State Water Pollution Control Revolving Fund Program (the "Clean Water SRF Program") and the Missouri Leveraged State Drinking Water Revolving Fund Program (the "Drinking Water SRF Program" and, collectively with the Clean Water SRF Program, the "SRF Programs") and has stated its intent to issue its bonds or notes to finance projects pursuant to the SRF Programs, said bonds or notes to be payable solely out of the revenues and receipts derived by the Authority in connection with such projects; and

WHEREAS, Section 8.1 of each of the SRF Programs bond indentures ("Bond Indentures") under which SRF Programs bonds ("Bonds") have been issued authorizes the Authority and the applicable bond trustee to enter into indentures supplemental to the Indenture without the consent of, or notice to, any of the bondholders to cure any ambiguity or formal defect or omission; and

WHEREAS, the Authority, in consultation with the Missouri Department of Natural Resources, desires to have the flexibility to take actions which are necessary or convenient to provide for the efficient accounting of funds, to assure debt service coverage for Bonds is maintained, to assure that the credit ratings on applicable Bonds are not adversely affected by the redemption of bonds of Public Entities and Participants, and to minimize the impact of the redemption of the bonds of Public Entities and Participants (within the meaning of the applicable Bond Indenture) on the Clean Water SRF Program and the Drinking Water SRF Program, as applicable; and

WHEREAS, the Authority has determined to amend the Bond Indentures; and

WHEREAS, the Authority further finds and determines that it is necessary and desirable that the Authority enters into certain documents and take certain other actions in connection with the Authority's entry into the documents as herein provided.

NOW, THEREFORE, BE IT RESOLVED BY THE STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY OF THE STATE OF MISSOURI, AS FOLLOWS:

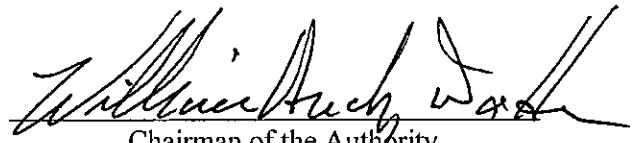
Section 1. Authorization of Omnibus Supplemental Indenture. The Authority is hereby authorized to enter into the document Omnibus Supplemental Indenture dated as of May 1, 2014, with UMB Bank, N.A. and UMB Bank & Trust, N.A. (the "Supplemental Indenture"), in substantially the form presented and reviewed by the Authority at this meeting (a copy of which Supplemental Indenture shall be filed with the records of the Authority), with such final terms and such changes therein as shall be approved by the officers of the Authority executing the Supplemental Indenture, such officers' signatures thereon being conclusive evidence of their approval thereof.

Section 2. Execution of Supplemental Indenture. The Chairman or the Vice Chairman is hereby authorized and directed to execute and deliver the Supplemental Indenture for and on behalf of and as the act and deed of the Authority.

Section 3. Further Authority. The Authority shall, and the members, officers, directors, agents and employees of the Authority are hereby authorized and directed to, take such further action, and execute other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution, including amendment of any federal tax certificate, and to carry out, comply with and perform the duties of the Authority with respect to the Supplemental Indenture.

Section 4. Effective Date. This Resolution shall take effect and be in full force from and after its adoption by the Authority.

ADOPTED this 20th day of May, 2014.


Chairman of the Authority

(Seal)

ATTEST:



Secretary of the Authority