EXHIBIT
1-A

ECONOMIC DEVELOPMENT CORPORATION

ENHANCED ENTERPRISE ZONES
OF KANSAS CITY, MISSOURI

Board Meeting Minutes

ZONES 1 & 2

DATE: April 26, 2017
TIME: 9:30 a.m.
PLACE: Town Pavilion, Jackson Conference Room
1100 Walnut, 17th Floor
Kansas City, Missouri

1. Roll Call

Present:

Zone 1 Board:
Michael Duffy
Daniel Edwards
Geri Lynne Forte
Jim White
Steve Hamilton
Tim Krisl

Zone 2 Board:
Michael Duffy
Daniel Edwards
Geri Lynne Forte
Steve Hamilton
Jim Malle
Jim White

Staff/Guests:
Drew Solomon, EEZ
Carrie Habib, EEZ
Herb Hardwick, Hardwick Law Firm (EEZ Counsel)
Scott Campbell, Spring Venture Group
Morgan Franklin, EDC
Chase Simmons (Polsinelli)

2. Approval of Board Meeting Minutes (Zone 1) (Ex. 1-A)

a. Minutes of the February 22, 2017 Board Meeting for Zone 1 (Exhibit 1-A) were provided for review prior to the meeting.

ACTION TAKEN: APPROVAL OF THE MINUTES FOR THE APRIL 13, 2017 BOARD MEETING FOR ZONES 1 & 2. MOTION BY MR. KRISTL, SECONDED BY MR. MALLE AND CARRIED UNANIMOUSLY.

3. **Project Park** - *Consideration of Approval of Tax Abatement for Project Park* (Morgan Franklin), Zone 1 or 2.

Discussion: Mr. Duffy asked Mr. Hardwick about the Sunshine Laws and requirements for disclosure of company name at EEZ board meetings. Mr. Hardwick reported that the law was very clear. There could not be a project "alias" and full disclosure of company name at meetings was required with few exceptions, which include matters of personnel, real estate and litigation, none of which apply to this project.

Ms. Franklin and Mr. Solomon provided a project overview, explaining that there were two sites under consideration for lease by Spring Venture Group, a company looking to expand its headquarters in Kansas City, MO. A final site decision is expected by June 17. The company is currently located in KCMO and needs a new headquarters office space to accommodate significant projected growth. Important site considerations include: in or near CBD to attract new employees and adequate parking. One site, located at 120 W. 12th Street is in EEZ Zone 1. The other site, located at 2440 Pershing Rd., is in EEZ Zone 2. Other KC metro locations in Missouri and Kansas are also under consideration. The company is a fast-growing sales and marketing firm that provides Medicare supplement insurance and plans to expand into the Medicare Advantage insurance market, which will double their market. This industry is experiencing rapid growth and projects that trend to continue. The market of seniors is growing at a rate of 10,000 people retiring every day. Spring Ventures was founded as an insurance broker in 2010 with 24 staff positions in sales, technology, marketing, IT and analytics and expects to have 432 staff in 2017. The company represents insurance companies including Aetna, Cigna and Mutual of Omaha and is the leader in the country for direct to consumer sales, operating in 46 states. The company targets recent college graduates and millennials as employees. Spring Ventures has been recognized as "Best Place to Work" several times and has a high retention rate and an extensive training program to migrate employees into management positions. Suburban metro sites are also under consideration, but the company believes those sites would not be as attractive to potential employees.

The project has an AdvanceKC Scorecard score of 90, which is high impact and the project scored the highest to date on AdvanceKC. The calculated Return on Abatement is 357:1, for 12 years at 100%, far exceeding the 20:1 ROA to be considered for longer and deeper abatement. The company plans to retain 319 jobs, with an average annual wage of $79,000 and projects adding 650 new full-time jobs over a 10-year period with projected annual wages of $71,000 for a projected payroll of $46,735,000. Current average annual wages are $71,900, support employee wages of $61,000 and salesperson wages of $79,000. Current annual wages for sales agents is $80,000, which bumps up to over $100,000 annually after the first year. The company recruits sales and technology staff from KU, K State and MU regionally as well as nationally from Cornell, Boston University and Arizona University. The company estimates an investment of $8,000,000 to $12,000,000 for tenant improvements and finishes. Background on company growth; Started with 24 employees in 2010 grew to 319 currently, about 88% annual growth. The company projects growth in full time employees; 850 in 2020, 1,400 in 2023 and 1,800 in 2025. Company projects needing 130,000 to 160,000 sq. ft. of office space at $60-$75 per sq. ft. in a triple net least agreement. Parking costs are calculated at approximately $4/sq. ft. A Longer & Deeper abatement will assist in offsetting some of the costs of parking and also manage the amount of future increases based on future building improvements generated by the project.

Mr. Simmons commented that one of the sites under consideration is the former Shugart Thompson Building, which has been vacant for 5 years. Mr. Solomon mentioned that the 12 Wyandotte site had received incentives, but has been on the tax rolls for 12 years.

Mr. Solomon commented that the requested tax abatement is a bit tricky because of the fact that the building is leased by other tenants and there's no interest by the building owners in condo-ing the building for tax abatement purposes. He added that the EEZ tool is more about companies and not about real estate. He referenced how the NAIC abatement was a percentage of the structure in the Town Pavilion Building. Mr. Duffy asked Mr. Malle if he had been in the conversation about how to set up the tax abatement, Mr. Malle responded that he had not but he expects Jackson County to look favorably on portioning the building for tax abatement for the project. Mr. Duffy asked what the lease term was, Mr. Simmons responded that it was 10 years with extensions. Ms. Forte asked if other tenants would also receive tax abatements, Mr. Solomon responded that they would not, unless they applied for their own tax abatement with EEZ. Mr. Kristl asked how the square footage would be rolled out, Mr. Simmons responded that the company plans to lease at least 100,000 sq. ft, 50,000 s.f. now and 50,000 in the future (6 months). The company has options for more square footage in the future, but the tax abatement is for the entire space to allow the company the most control over expanding into the space. Mr. Edwards commented that the full abatement would begin 1/1/2018.

Mr. Duffy had three points of discussion at the 4/13 meeting; 1) the abatement term; 2) claw backs if job creation projections fell short; 3) a written agreement with specifications and regulations for claw backs and timeline that outlines job creation requirements. Mr. Solomon recommends approval for 12 years at 100% tax abatement for the project. He suggests a claw back no lower than 75% if job creation threshold does not reach 450. Claw backs could be incremental; i.e. if job creation fell short by 10%, then a claw back of 10% would be imposed, but not to go lower than 75%. EDC staff will work with legal counsel to create a written agreement outlining claw back specifics with EDC covering the legal fees. Mr. Duffy asked if there will be annual reports, Mr. Solomon replied that yes, there would. Mr. Simmons asked if the performance mark could be moved back more than one year to 5 years, similar to what McQueeny project was recently approved for. Mr. Hamilton commented that this moving target would be a challenge for the County Assessor to manage. Mr. Solomon stated that there would be an agreement with the State of Missouri to get job creation data beginning at 2 years and then annually afterwards.

Mr. Hamilton asked where the company is currently located. Mr. Campbell responded that they are in the Assurant building at 2301 McGee. Mr. Hamilton asked why the company needs an incentive. Mr. Campbell responded that uncertainty on taxes could be problematic for the business model and that having certainty on taxes when the company is committing to a triple net lease rate on a large space. Mr. Campbell commented that first year costs on the expansion are break-even in terms of cash flow for the company. Mr. Solomon reminded the boards that this incentive was created to be earned by performance in job growth. Mr. Duffy asked what the tax abatement value was, Mr. Campbell responded that it was $2,100,000. Mr. Duffy asked what percentage of the current staff resides in Kansas City, MO. Mr. Campbell responded that about 75% of staff live in KCMO and the company is committed to a diverse work force. Mr. Solomon mentioned that the company has received local accolades for being a diverse workplace.

Mr. Duffy asked the board what they thought should be the term for a first look at claw backs;

- Mr. Edwards, 5 years
- Ms. Forte, 5 years
- Mr. White, 2 years
- Mr. Malle, 5 years
- Mr. Hamilton, 5 years, then every year afterwards
- Mr. Duffy, 5 years @ 550 employees to receive full abatement. If not met then require a claw back. He thinks it's better to cut back future abatements

Mr. Solomon commented that this would allow for more ebb and flow in staffing. He suggests checking at 5 years then every 2 years afterwards. There can be a development agreement with the State for reporting. He reminded the board about the current policy regarding Return on Abatement and expressed concerns about creating a sliding scale. Mr. White suggested getting reports directly from the company instead of waiting for the report from the State. Mr. Solomon asked Mr. Hardwick to write a development agreement outlining job creation requirements and reporting and how claw backs would be imposed.

Mr. Duffy asked the board members to indicate their thoughts of full abatement terms and claw backs:

- Mr. Malle, 10 years @ 100%, claw back after 5 years if employment below 550. He suggested that rather than a claw back that an abatement reduction be the term used.
- Mr. White, 12 years @ 100%, claw back after 5 years if employment below 550.
- Mr. Hamilton, 12 years @ 100%, claw back after 5 years if employment below 550.
- Mr. Duffy, 10 years @ 100%, claw back after 5 years if employment below 550.
- Mr. Kristl, 12 years @ 100%, claw back after 5 years if employment below 550.
- Mr. Edwards, 12 years @ 100%, claw back after 5 years if employment below 450.
- Ms. Forte, 12 years @ 100%, claw back after 5 years if employment below 550.

ACTION RECOMMENDED: *APPROVAL OF ONE HUNDRED PERCENT (100%) TAX ABATEMENT FOR TWELVE (12) YEARS WITH ABATEMENT REDUCTION TO NO LOWER THAN 75% IF TOTAL JOBS AFTER 5 YEARS FALLS BELOW 550 JOBS. JOB REPORTING WILL BE PROVIDED TO THE EEZ ON AN ANNUAL BASIS BEGINNING AT 5 YEARS INTO THE ABATEMENT TERM. MOTION MADE BY MR. DUFFY, SECONDED BY MR. WHITE AND CARRIED UNANIMOUSLY.*

ACTION RECOMMENDED: *EDC STAFF WILL WORK WITH EEZ ATTORNEY TO CREATE A DEVELOPMENT AGREEMENT WITH ABATEMENT REDUCTION GUIDELINES. LEGAL FEES FOR SERVICES BY COUNSEL WILL BE PAID BY EDC. MOTION MADE BY MR. DUFFY, SECONDED BY MR. HAMILTON AND CARRIED UNANIMOUSLY.*

There being no further business the meeting was adjourned at 9:50 a.m.

William A. Solomon, Secretary