

No Standing News

Since we have no standing, we stand with those left standing

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RCDC "Pillars of the Community" get a whitewash

"The ends justifies the means" when you're picking taxpayer's pockets. On Tuesday, February 4th **Allan Gerstenecker**, RDN editor, called me. He said he had spent the last two weeks working on a story about the RCDC and the Briggs & Stratton building and he wanted some background facts. I told him if he wanted facts he should read the August 2005 NSN series, [Hy Point - The Black Hole of Tax Assessment](#) on the NSN web site. All the facts in the series are documented and are as accurate as anything can be that has been buried in secrecy since 1967 to keep the stench of rotting pork, conflict of interest by our elected officials and corporate malfeasance by the parasitic RCDC from leaking to the public. Alan didn't tell me he was trolling for quotes for his article but that's OK because he didn't get much from me that he could print in a family newspaper. Alan didn't take my advice and get the facts first but it probably wouldn't have made any difference. When Little Brother Jim calls Big Brother Steve and says RCDC's image needs to be rehabilitated before people find out that RCDC is going to pocket another *MILLION DOLLAR windfall* that rightfully belongs to the taxpayers of Rolla, Little Brother gets as much space and spin as he wants.

The reason for the RCDC panic was that the RCDC expected to get a check from Briggs & Stratton for \$800,000 - \$1,000,000 buy out the remainder of the B&S lease/purchase contract with the RCDC, the building "owners" The sale of the Briggs building has since (or temporarily) fallen through but that's not the point. The point is the insufferable propaganda that has been RCDC's trademark was trotted out again to serve RCDC's purposes. RCDC apologists are again whitewashing their history to cover up the fact that for 41 years they have been sucking money, land and buildings out of our city treasury like a giant parasite.

The big, the bad and the incredibly dimwitted. The fact is that in 1995, checks totaling **\$2,250,000** were secretly given to RCDC officials by the monumentally stupid Rolla City Council members. The city and RMU each contributed \$775,000, and UE contributed \$700,000. The city gave the money to the RCDC but didn't have the wit to get any of them to sign a simple receipt much less require them to sign a contract saying the city would get their money back

Who do our Council members represent - the People or the Parasites?

Last month, when I heard the RCDC was going to get this windfall I asked two council members what they were going to do to get *OUR* money back. To say their responses were wimpish is putting it mildly. They are both perfectly willing to let RCDC walk off with *enough cash to give our city employees a decent raise this year* without so much as a whimper in protest. **Councilman Gary Hicks** said if the City Council took RCDC to court the city would probably lose. **Councilman Lou Magdits** said in short, "Oh well, that's the way the Old Guard did things. All we can do is try not to repeat their mistakes." I don't know where Hicks got his legal advice but the city has a very good case for getting the money back because *IT WAS AN ILLEGAL TRANSACTION TO START WITH!* I'd love to hear the RCDC's lawyer try to make a convincing argument to a judge (who isn't from Phelps County) that they have a right to a

when the building was sold. The council naively thought they could trust, what Gerstenecker calls these "Pillars of the Community," to act in an honest and ethical manner. Only the incredibly dimwitted would give away \$2,250,000 without getting a receipt. NSN has proof that [city and RMU money did go to RCDC](#). The memo and check stubs were rescued just before the city shredded them with a lot of other city documents.

Mayor Bill Jenks III was not quoted in Alan's article. We don't blame him for ducking because he has been up to his eyeballs in this rancid pork deal between the city, RMU and RCDC for years and he's done it by selling out all three sides; 1. As a **RMU** board member he voted to give the **RCDC** \$775,000, 2. As a **RCDC** board member and bag man he colluded to break the law and put their name on the deed, that's usually called fraud, and 3. As the **Mayor** who won't lift a finger against his cronies to see that money is returned to the people they ripped off. Jenks' triangular conflict of interest must be some kind of world record. Only Gumbo could bend over so many ways for so many people.

John Z. Williams, a RCDC board member and (until last year) long-time RCDC consiglierie, was the architect of the Briggs deal so that's why most of the article was an interview with him. Basically, the RCDC partisans Gerstenecker interviewed said, "Yes, it was illegal and we probably should have done things differently but it brought a lot of jobs to Rolla." That's "The End Justifies the Means" thinking by Rolla's ruling class - the elitist attitude that has retarded Rolla's growth for over 40 years. "We will break any laws that get in the way of getting what *WE* want."

But didn't it bring jobs to Rolla? Sure it did but all those same jobs could have been created legally without handing over millions in public assets to a secretive private corporation that has always arrogantly refused any accountability to the public for the millions they took under the table from Rolla taxpayers and RMU utility customers. Like Dick Chaney, the RCDC gang thinks the normal rules of Democracy don't apply to them. They are so superior that they know what's best for everyone and they believe "the ends justify the means" as long as they're the ones using the "ends" and they end up owning all the "means."

\$1,000,000 cash benefit from their bald-faced violation of [Art. VI, Sec. 23](#) of the Missouri Constitution.

But it isn't necessary for the council to take the RCDC to court to get their money back. All they have to do is muster up the backbone to tell **Jim Sowers** and **Bill Marshall** this...

"If the citizens of Rolla can't rely on the loyalty and ethical behavior of the RCDC the Chamber and RREC then all your taxpayer-provided

subsidies will be cut off permanently and forever.”

As for Lou’s “oh well...” comment about the Old Guard...I’ve got news for both of them – they’ve *become* the Old Guard. In the last 13 years the council has given more money, land, buildings and free

The Big Lie

Throughout history, con men, dictators and corporations have used what is known as “The Big Lie,” a combination of pure fabrication salted with a little bit of truth, which if repeated often enough and with a straight face, will eventually be mistaken for the truth. RCDC’s Big Lie - that all Rolla’s development assets must be turned over unconditionally to RCDC because the RCDC “can do things the city can’t do” - has been RCDC’s main con since they got the first 120 acres from the city for \$1 in 1967. The last lots RCDC sold in the industrial park a few years ago went for about \$30,000. **Jim Sowers, President of RCDC**, admits that RCDC has “current assets of about **\$2.5 million**” all of it being land and buildings the city has given away to RCDC. Jim is much too modest. They’ve recently acquired the Cunningham property -about 115 acres- to add to Hy Point’s unsold 40 acres. At RCDC’s price of \$30,000 an acre that’s another **\$4,650,000**. With this new check for \$1 million, we calculate their total assets and net worth at about **\$8,000,000 to \$10,000,000**, depending on how much more free labor, materials, infrastructure, mowing and free private parks the city council will continue to ‘donate’ to RCDC this year. That’s not bad for guys who have only spent \$1 of their own money on these investments. And just think; they’ve also *never paid a dime of property taxes* on any of the land they’ve taken from the city – that’s illegal too.

How could all those Rolla elected officials for 41 years have repeatedly given this arrogant and secretive private corporation more and more land without charging them a dime or even once requiring a provision for pay back to the city when the land was sold? Here’s how it was done - with Big Lies and cronyism. For the last 41 years our elected officials have been programmed by RCDC to believe that the city needed a non profit corporation like the RCDC to front for them in industrial development because the RCDC “can do things the city can’t do?” The RDN article proves RCDC is refreshing that programming.

RCDC’s Big Lie began on September 11, 1967, when the Rolla City Council passed Resolution #438 which conveyed the property known as the Old Rolla Airport property to the RCDC for \$1. The “**Contract for Sale of Real Estate with Option to Repurchase**” attached to the resolution explains that “**WHEREAS, the City acting by and through its proper officers and interested citizens determined that it would be to the best interest of the City of Rolla, Missouri to convey the above described land to [the RCDC] Corporation for the purposes of said corporation and the entire area in view of the “fact” that said Corporation may pursue methods available to it which are not available to the city in the development of said tract of land as an industrial park.**” (emphasis added) Clothed in an official resolution, the bald-faced lie become an official fact. Another ‘Whereas’ added that this was done with “*the understanding that any profits occurring to said Corporation to be used by said Corporation in the furtherance of its purposes in accordance with its Articles of Incorporation and By-Laws.*” RCDC made it clear from the beginning that they would be the ones to seize and dispose of any profits from this illegal gift of free land – not the city. The city council swallowed without question the “fact” that RCDC had ‘methods’ which were “not available to the city” and they also meekly submitted to the dictate that RCDC knows best so they would take any profits and use them “in the furtherance of its

city labor away to the RCDC than they did in the previous 30 years. The council is safe from having to decide because John Butz has already made up their minds for them. He said he doesn’t know why “the city would even consider trying to repeal the agreement with RCDC.” So says the spokesman for the *New Old Guard*.

purposes.” Notice it was RCDC’s “purposes” that would be “furthered” - not the city’s.

Their latest excuses. John Z. Williams laid this one on the March 5th RDN readers, “*It was apparent pretty early on the development group should be separate from the city government,*” said Williams, 66. “*Also, the city couldn’t go out and get a loan. An entity, such as a development corporation, could. It was pretty apparent this is what the public wanted, too, so the non-profit corporation was (established).*” Oh my, three in a row. It was only “apparent” to one power group in Rolla – the RCDC members - that “the development group (RCDC) should be separate from city government.” The law didn’t say so, RCDC said so. Cities around us, after the 1960 amendment to [Art. VI, Sec. 23\(a\)](#) was passed, had formed city **Industrial Development Authority’s** under RSMo 349 to legally do what RCDC was drooling to do, become the biggest developers and power brokers in Rolla by using public money so they wouldn’t have to put their own money at risk. “*It was pretty apparent this is what the public wanted too,*” Williams said. Sure the public always delighted to have their hard-earned taxes given away to corporations of rich guys. There is no record anywhere showing the public even knew about this plan and all their secret votes. We’re curious, during which RCDC golf game did the public make this “pretty apparent” to him?

Williams “...the city couldn’t get a loan.” To justify creating RCDC and taking ownership of the city’s development assets, Williams claimed they did it only because, “the city couldn’t go out and get a loan.” More claptrap. Cities and counties were borrowing money from banks eons before Williams was out of diapers. The city just got a huge loan to renovate City Hall and for the next 20 years you’ll be making payments of \$188,000 a year on it. Butz gets loans to buy all kinds of things; in fact he gets too many loans for too many things that he should pay for in cash. “The city couldn’t go out and get a loan?” Well, if Williams repeats it enough and with a straight face, people may begin believe that story too.

Williams...“Another thing we did right - we kept the public involved and informed” That isn’t just laughable it’s outlandish. RCDC is now and has always been the most secretive, exclusive, skulking-behind-the-baseboard players in town. When John Z. Williams tries to paint RCDC as the “Great Communicator” you can hear snickering in the background. In 1967, the RCDC agreed in resolution #438 “*to keep the City fully advised concerning all matters affecting the development of said tract of land and any proposed development, uses, or occupancy of said land or the mortgaging or otherwise encumbering said land.*” Another Big Lie. Former council member **Charlotte Wiggins** tried for two years to get the RCDC to give them an accounting of the city’s share of the money RCDC had collected from rental of the Incubator to Brewer Science. John Butz reported to the council several times that John Williams, speaking for the RCDC, had flat refused to give the city any information at all *even though their agreement with the city in Resolution #438 required such reports on a regular basis.* Either they are afraid of public reaction to the required full disclosure they promised or they think they are too important to comply with a council order.

RCDC kept the public “involved and informed.” What drivel. The public did not know about any of this until the 2005, NSN exposé in a series of articles called [Hy Point - The Black Hole of Tax Assessment](#). The public also didn't know the details of the other super secret subsidies Williams, Owsley and the RCDC and RMU boards (nearly identical members) agreed to give B&S which included 10 years of cash rebates of over **\$250,000**. No taxpayer or utility rate payer in Rolla had any idea that the cost of the highly touted Briggs & Stratton jobs were coming right out of their own tax and utility paying pockets. Shortly after all the under-the-table freebies ran out (about 2005) Briggs fired 800 people and ran. No wonder Jim Sowers and John Williams felt that fat old RCDC needed a thick coat of whitewash before the public was shocked by news of RCDC's million dollar windfall.

When RCDC dies, who inherits their millions? And RCDC will die someday – all volunteer clubs and corporations eventually do - or it may be forced to dissolve by a lawsuit or other event, including public disgust. Will Rolla taxpayers then recoup any part of their magnanimous gifts to RCDC? Were there provisions in RCDC's Articles of Incorporation or Bylaws that all assets would revert to the city in case the corporation was dissolved? We asked that question and **John Butz** answered it on March 22, 2005, “*According to the original certificate of incorporation the board was authorized to issue up to 5,000 memberships with a par value of \$10. Thus RCDC, a general not-for-profit corporation, began its mission of promoting economic development with somewhere between \$25,000 and \$50,000 raised from local businesses and individuals. According to the by-laws upon dissolution any RCDC assets would be divided among RCDC “memberships” based on a return of 5% per year. Initially shares cost \$10/ membership. Individuals generally purchased 1 – 10 shares while corporations/institutions generally purchased 50 – 250 shares. Any surplus dollars beyond owed liabilities and the stockholders’ distribution would go to the City.*”

So, even in the event RCDC dissolved, anything leftover that might be returned to the city will no doubt be fully consumed by the stockholders 5% per year return on their investment for the last 41 years. **Jim Sowers, RCDC President** tried to trivialize the value of the original \$10 dollar price of RCDC stock but he was very careful **not** to mention the value of the RCDC stock at 5% compounded annually. City taxpayers, the ones who donated ALL of RCDC's wealth, will be left standing at the bitter end of the payout line. John Butz said, “No one is profiting from these RCDC memberships,” but then Butz has to say that doesn't he. He must have forgotten about his memo in 2005 when he told me how they would profit.

Before the council voted to hand over the checks to Owsley, Ward and Williams to buy the Schwitzer building, Strouse delivered the final Big Lie, “*Since the city cannot legally use its funds for another operation, City Administrator Merle Strouse explained that the funds must go through RCDC. Following some discussion, a motion was made by Louis and seconded by Light to authorize the RCDC as the contracting agency for the Schwitzer Building purchase.*” – **Rolla City Council minutes 9/6/94**. Now they were pretending that not only couldn't the city borrow money it was now *illegal* for the city to buy a building with their own money! Cities had been able to incur debt to buy industrial plants since 1960. The thing RCDC and the city council didn't like about [Art. VI, Sec. 23\(a\)](#) is it required a 2/3 vote of the people to issue revenue bonds to buy land and buildings for development! Naturally you can't make secret deals like these if you must get a public vote.

(Those voting in 1994: **Elwyn E. Wax** was mayor. Council members were: **Irvin I Adams, Kenneth Smith, Ed Owsley**, (he was also **RCDC Secretary/Treasurer** . **Gladys Light, Wilton Painter, Jim Waterman, Mark Rolufs, Jimmy Dale**

Williams, Mary Daily, Ray Hoewelmann, William Louis and Fred Krueger. RMU board members were: Bill Jenks, Maurice Alfermann, Dain Ward and Jim Stoffer. RCDC members were: Bill Jenks, John Z. Williams, Dain Ward, Don Castleman and others.

And the Attorney General says so too. Once established in local lore the RCDC's Big Lies had not only become established “facts,” they had evolved into pure deceit to strengthen RCDC's control of the city council – “the city *cannot legally use its own funds* for economic development...” That's just absurd. Every city in Missouri was using their own funds for economic development because the law said they could as long as they did it legally through their statutory IDA! The fact is that it was *the RCDC* that couldn't legally use the city's money to acquire land for themselves! Don't take our word for it, read the [AG's Opinion #74-89](#), which cites much case law by higher courts proving its established law that giving money or land to the Chamber or RCDC is illegal just as it says in [Art. VI, Sec. 23](#). **EVERYBODY** knows it's illegal – that is, everybody outside Rolla knows it's illegal.

The RCDC “*may pursue methods that are not available to the city?*” Unless they're using magic spells and potions the RCDC had fewer powers than the IDA. The RCDC couldn't issue revenue bonds for development but a [legitimate IDA](#) could have! That's a power RCDC members would give up their Rogaine for if it didn't include being accountable to the city along with it. The RCDC never had to explain what their superior “methods” were and why they weren't “available to the city” because no one dared question blustering RCDC members like Ed Owsley or the members who represented the *three Rolla banks*. Who would question them when nearly everyone had a mortgage or a business loan at one of those banks? Other RCDC members stayed in the shadows so they wouldn't have to explain things they didn't understand.

In the whitewash article, RREC's **Elizabeth Bax** read her lines - the same old RCDC propaganda: “*There is a Constitutional prohibition for cities to give money to business so that's why the RCDC was formed. It's a non-profit corporation to fund economic development in Rolla.*” Elizabeth has obviously never read the Constitutional prohibition ([Art. VI, Sec. 23](#)) she speaks of or she would know it makes no distinction between “for profit” and “non profit” corporations. She can try reading the [AG's Opinion #74-89](#) and see if she can find any thing that fits her hair-splitting exception for RCDC. Using a “non profit” excuse does not pass the smell test. In [RSMo Chapter 349](#) – “Industrial Development Corporations,” only the city or county can [authorize the creation](#) of an industrial development corporation to act for them in development matters but only under [city or county approved](#) by-laws and contracts. The trouble with a legitimate IDA, as far as people like Ed Owsley, John Williams and Don Castleman were concerned, was that IDA boards are required to make annual reports to the state and city council and be included in city audits. As far as the RCDC was concerned all accountability to the public was simply out of the question. The pretense, that because RCDC was a “non profit” instead of a “for profit” corporation, it cleansed the stink off all the illegal deals, is just another RCDC fiction and Bax swallowed it. It's been the RCDC's Biggest Lie of all. John Williams knows the truth, that's why he let Elizabeth put her big foot in her mouth on that one.

Without RCDC what would have happened to Rolla? If Rolla had used their legal city IDA instead of the RCDC, they could have done all the same things but done them legally; the taxpayers would have lost nothing because they would have retained ownership of assets worth over \$2.5 million!

It's true, if the city had just used their dormant **Industrial Development Authority** - the only legal “development corporation”

that state law allows - the city could have done exactly the same deals, owned, bought and sold the same land, applied for many more government grants, collected all the rents from the Incubator Building, ponied up the money for the Switzer building purchase, but... the deeds to everything would have been in the name of the City - not the RCDC. If they had done it legally the \$1,000,000 check from Briggs & Stratton (if or when they get one) would be going into the city treasury for things we desperately need like employee salaries, health insurance and a new roof for the Police Department. The City and their appointed IDA board would own the \$2.5 million - or \$3.5 million - in land, buildings and cash that rightfully belongs to the citizens of Rolla not the arrogant RCDC that refuses to provide accountability to the very people who made them a millionaire non-profit corporation. Who says non profit corporations don't make a profit?

By every criteria ever used, and with our greatest asset UMR, which the others lacked, Rolla should have done far more development than Hermann, Lebanon, Cuba, Steelville and Owensville, all towns half our size with far fewer natural assets. Why didn't Rolla do better? What was the difference? The difference was

How long can we afford to keep supporting three non-performing parasites?

Scrape off the barnacles. For the last 40 years Rolla has accumulated and has been subsidizing non profit "development" organizations, the Chamber, RCDC and RREC. Each claimed they could bring us prosperity but none have. The city council has swallowed their excuses for non performance year after year but kept shelling out their welfare checks and giving them, land, buildings and access to public works and other city services without charge and without question. No city I know has more than one (1) official development organization and that one is always subject to city control, but Rolla wastes over **\$315,000** every year to support the Chamber and RREC, and they will watch when someday the RCDC cashes a **\$1,000,000** check that belongs to the people of Rolla. What's the justification for throwing away money year after year to support three non-performing parasites year after year?

If the RCDC is the unselfish, dedicated group Williams and Sowers try to portray, there's a way they can prove it. They can

that all those little towns used their IDA's to manage their development so the citizens owned and controlled their own development assets. They weren't handicapped by arrogant, unmanageable parasites like the RCDC that drove off one good manufacturing prospect after another in the 80's and early 90's because the local business 'leaders' refused anyone that might bring a labor union into town. They had cheap labor and they intended to keep it cheap. Our little neighbors were just delighted to snap up RCDC rejects, who asked them, "What the hell is wrong with those RCDC people in Rolla?" The RCDC's mistakes and failures during those years were never open to examination because as a private corporation they didn't have to report to the council so they were able to hide their screw-ups. Their propaganda, "...said Corporation [RCDC] *may pursue methods available to it which are not available to the city...*" and, "*the city cannot legally use its funds for another operation...it must go through the RCDC,*" was the anesthetic the RCDC used to put the council to sleep while they secretly built their power base with *our* money and *our* land.

dissolve the RCDC and deed all the land back to the city. The Mayor will appoint them all to the city IDA board and from now on they can give us the benefit of their development "expertise" as a legitimate, legal part of the city. Then the city will only have two useless barnacles, the Chamber and the RREC, to get rid of.

RCDC's silent majority. Alan only interviewed Williams and Sowers he didn't interview any of the other current RCDC board members -**Bob Stoltz, Steve Bowles, Charles E. Schmidt, Maurice Alfermann (RMU), Ron Calhoun (Town & Country Bank), Wayne Parry (US Bank), and David Connell (PCB)** (the stockholders list is secret.) What do their silent board members think the plan to reap a \$1,000,000 benefit from the illegal land transaction of 1995? When you see them ...ask.

END

"The more he talked of his honor, the faster we counted the spoons." - **R.W. Emerson**

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