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**JEDO Board Meeting**  
**May 14, 2014**  
**6:00 P.M.**

*City Council Chambers*  
*214 SE 8<sup>th</sup> Street, 2<sup>nd</sup> Floor*  
*Topeka, Kansas*

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**JEDO Board Members**

Shawnee County Commissioners

Shelly Buhler District No. 1  
Kevin Cook District No. 2  
Bob Archer District No. 3

City of Topeka Governing Body

Larry Wolgast	Mayor
Karen Hiller	District No. 1
John Campos II	District No. 2
Sylvia Ortiz	District No. 3
Denise Everhart	District No. 4
Michelle De La Isla	District No. 5
Chad Manspeaker	District No. 6
Elaine Schwartz	District No. 7
Nathan Schmidt	District No. 8
Richard Harmon	District No. 9

**JEDO Board Voting Members**

Shawnee County Commissioners

Commissioner Shelly Buhler  
Commissioner Kevin Cook  
Commissioner Bob Archer

City of Topeka Governing Body

Mayor Larry Wolgast  
Deputy Mayor Denise Everhart  
Councilmember Karen Hiller  
Councilmember Nathan Schmidt

Public Comment. Comment from members of the public shall be entertained on each actionable agenda item and at the end of each meeting. Comment shall be limited to topics directly relevant to JEDO business. Members of the public wishing to speak must notify the County Counselor's Office (call 785-251-4042 or email [megan.barrett@snco.us](mailto:megan.barrett@snco.us)) before 5 p.m. on the date of the meeting. This requirement shall not apply to items added during the meeting.

Time limits. Members of the public shall be limited to four minutes unless the Board, by majority vote, extends the limitation. Debate, question/answer dialogue or discussion with Board members will not count towards the four minute time limitation.

To make arrangements for special accommodations please call 785-368-3940. A 48-hour advance notice is preferred.



**JEDO Board of Directors Meeting  
Agenda for Wednesday, May 14, 2014  
6:00 p.m.**

**Topeka City Council Chambers  
214 SE 8<sup>th</sup> Street, 2<sup>nd</sup> Floor  
Topeka, Kansas**

1. Call to Order
2. Roll Call
3. Action Item: Approval of April 2, 2014 JEDO Board meeting minutes. (Pgs. 3-20)
4. Presentation: JEDO 1<sup>st</sup> Quarter Cash Statement and Project Spreadsheet: Betty Greiner, Director, Shawnee County Audit Finance. (Pgs. 21-25)
5. Presentation: Overview of 1<sup>st</sup> Quarter Report, 1<sup>st</sup> Quarter Financials and 2<sup>nd</sup> Quarter initiatives: GO Topeka staff. (Pgs. 26-51)
6. Action Item: GO Topeka 2013 Financial Statements and Auditor's Report – Morgan Padgett, CPA, Mayer Hoffman McCann, P.C. (Pgs. 52-68)
7. Public Comment.
8. Adjournment.

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# **AGENDA**

## **ITEM #3**

**Joint Economic Development Organization Board Minutes  
April 2, 2014**

City of Topeka Council Chambers, 214 SE 7<sup>th</sup> Street, Topeka, Kansas, Wednesday, April 2, 2014.

The Joint Economic Development Organization (JEDO) Board members met at 6:00 p.m. with the following voting Board members present: Shawnee County Commissioners Shelly Buhler, Bob Archer and Kevin Cook, City of Topeka Mayor Larry Wolgast, Deputy City Mayor Sylvia Ortiz, City Councilmember Michelle De La Isla and City Councilmember Chad Manspeaker.

Also present were nonvoting JEDO Board members: City Councilmembers Karen Hiller, Nathan Schmidt, John Campos II. Absent - Councilmembers Denise Everhart, Elaine Schwartz and Richard Harmon.

Others present who presented and/or spoke before the Board: Rich Eckert, Shawnee County Counselor; Doug Kinsinger, President/CEO of GO Topeka Partnership/Greater Topeka Chamber of Commerce; Joseph Ledbetter, Attorney at Law; Carol Marples; Lazone Grays, President & CEO, IBSA, Inc.; Allan Towle, GO Topeka Board Chair/President, Fidelity State Bank; Maynard Oliverius, former GO Topeka Board Chair/former CEO, Stormont Vail Healthcare; Wendy Wells, GO Topeka Board Treasurer/Market President, U.S. Bank; Neil Fisher, GO Topeka Board Member/Vice-President, KBS Constructors, Inc.; Jeff Wietharn, Legal Counsel for GO Topeka.

**ITEM NO. 3: ACTION ITEM: Approval of the February 12, 2014 JEDO Board meeting minutes.**

*Deputy Mayor Ortiz moved to approve the February 12, 2014 JEDO Board meeting minutes. Commissioner Archer seconded.*

Public Comment:

Joseph Ledbetter, Attorney at Law stated that in his public comments at the end, one word he said was comparability studies, it is data. He is just changing a word. And also he referred to a conversation that he had with a Board member of GO Topeka and actually the answer was nonresponsive, it wasn't "I don't care" so he just wanted to change that for the record. He caught it after he read it.

Commissioner Cook asked if there was a motion to amend the minutes as indicated.

*Deputy Mayor Ortiz moved to amend to minutes as indicated by Mr. Ledbetter. Councilmember Manspeaker seconded. Following roll call vote, motion carried 6-0-1 with Councilmember De La Isla abstaining indicating she was not present at the February 12, 2014 meeting.*

*Following roll call vote, motion to approve the February 12, 2014 JEDO Board meeting minutes as amended carried unanimously.*

**ITEM NO. 4: POSSIBLE ACTION ITEM: Discussion of Response to Request for Proposal for Economic Development Services, Consider Contractor Selection and Consider Approval of 2015-2017 Contract for Economic Development Services.**

Commissioner Cook stated that at this time prior to the discussion of the Request for Proposal, they had an opportunity last week to open the MARS Chocolate plant and at the beginning of that there was a video that was played and he thinks that video is really reflective of what has transpired over the last couple of years and at this time we would like to take a moment and start by playing that video.

## **VIDEO PRESENTATION on Mars Chocolate North America was presented.**

Councilman Campos entered the room at 6:05 p.m.

Commissioner Cook indicated again they had the opportunity at the grand opening of the MARS plant to watch that video as well as those of them who were invited to the gala that evening had a chance to see the video. But it was something that he wanted to take an opportunity to share with not just JEDO members but also with all of Topeka and Shawnee County. This success is not just the success of this Board but it is a success of this community. And this shouldn't be the last thing that we see but it should be the thing that we think about for the next project or the next program. And with that in mind, the JEDO Board initiated a Request for Proposal at the last meeting and if Mr. Rich Eckert, Shawnee County Counselor could detail what that process entailed and where the Request for Proposals went, who we sent it to.

Rich Eckert, Shawnee County Counselor stated as they all know, JEDO released an RFP, his office drafted it and it was approved by JEDO. We sent that list out to as many people and places as we could. It was published in the Topeka Metro News, it was placed on the City of Topeka and Shawnee County websites, it was uploaded to a national website specifically for government bids, it was emailed to a variety of contacts in the economic development services industry in Kansas, we specifically hit the Kansas City community, it was emailed to contacts at the International Economic Development Council. We tried to publish it as far as we could. With that being said, at the end of the day, we had one bid received and that was from GO Topeka.

Commissioner Cook asked if there were any questions from the Board members before they get into the discussion of that one bid. Seeing none, he would ask at this time if they could have a presentation on that bid proposal from GO Topeka regarding their bid.

Doug Kinsinger, President/CEO of GO Topeka Partnership/Greater Topeka Chamber of Commerce stated he promised they would keep this brief so he will, instead of going through the 322 page proposal. They promised they would take this serious and they did make a concerted effort at this and they tried to answer in detail every question. He will refer only to the last seven "R's", instead of the three "R's", he will refer to the last seven "R's" as to their summary as to why they feel that they are competitive and prepared to meet JEDO's needs for economic development. Those include:

1. Resources – they believe they have both the economic development and financial resources, including \$2.4 million in private funds that will bring to augment this contract over the next three years from the private sector.
2. Relationships – both at the local, state-wide and also regional, national and global level. Not only in the business community but also governmental. We have references at the local, state-wide and national level
3. Responsiveness – we think we respond extremely quickly and accurately and professionally to our clients and our leader's requests for information.
4. Research – we think we have demonstrated our expertise in both local, state-wide and national data sets and sources.
5. Regulatory – we think our knowledge of the agencies and their ability to work and resolve issues that may arise with local businesses.

6. Results – we think we have shown tried, true and proven results over the time period that we have administered the JEDO program.
7. Refine – we think that we will continue to develop programs and initiatives based on JEDO’s input and guidance and the market demand.

That is kind of a quick summary instead of going through the entire 322 pages, but we felt that we tried to address each one of the scope of services specifically and he will stand to answer any questions.

Commissioner Cook asks if there are any questions for GO Topeka regarding their bid proposal.

Mayor Wolgast indicated he thinks this was very well put together. The scope, he would speak to that, the first part where they gave the overview was an excellent presentation of what GO Topeka does. It provided a better understanding to him than he had of what GO Topeka does and all the parts of it.

Mr. Kinsinger stated if he may, it definitely was a team effort and he wants to say thank you to the GO Topeka staff members. We worked pretty long and hard at this for about that 45 day time period to make sure that they are meeting JEDO’s timeframe and getting the information that was needed. And he thinks the appendices also include lots of references to show examples of what they were referring to.

Commissioner Cook asked if there were any other questions or comments for GO Topeka. Seeing none he asked Mr. Eckert as legal counsel this evening, would it be the recommendation to first make a motion to accept the RFP and then go into contract negotiations regarding the term with the recipient or do that all as one action.

Mr. Eckert indicated that would be up to the Board, but from a parliamentary standpoint they should probably just do one thing at a time. What the Board has been provided is a redlined version of a new contract. All the changes have been redlined so they can see the differences from the existing contract. He would recommend doing two motions – one would be to accept the redline changes and then the second would be to accept the contract. And of course if anybody has anything else they would like to add or delete that would be a separate motion to deal with.

Commissioner Cook asked if all JEDO Board members had received the redlined proposed contract and reviewed those changes. He then asked if there was a motion to accept the redlined changes.

***Commissioner Archer made a motion to accept the redlined changes to the contract. Deputy Mayor Ortiz seconded. Following roll call vote the motion carried unanimously.***

Commissioner Cook then asked if there are any changes or additions to the contract that any Board member would like to make or recommend.

Councilman Campos stated he is not able to make a motion but he would implore his colleagues on the JEDO Board to consider KORA (Kansas Open Records Act) language so that the actions of GO Topeka and the documents of GO Topeka can be openly requested by those of Shawnee County and Topeka and they can see where those tax dollars are actually going.

Commissioner Cook asked Councilman Campos if he had any specific language or recommendations.

Councilman Campos replied that he would have to refer back to legal counsel. He asked Mr. Eckert if there is a specific place in which they could potentially put KORA language into the contract.

Mr. Eckert stated that JEDO is subject to KORA no matter what language is put into the contract. So whatever the open records law is, that is what applies here. So anything that would be put into the contract, they can't make it any broader or less broad than what the state statute provides.

Councilman Campos asked that when he says KORA is applicable to "us" does that mean just the County and the City, not necessarily the organization who receives the contract, correct?

Mr. Eckert replied that KORA applies to the City, the County and JEDO.

Councilman Campos replied but not GO Topeka?

Mr. Eckert stated that it would apply to the public money that GO Topeka receives, not the private money that GO Topeka receives.

Commissioner Cook indicated that if they will look at page 4, paragraph 4 of the contract, it reads specifically that, "The parties mutually agree that no expenditures shall be made from grant funds by GO Topeka, except as specified in the annual budget submitted by GO Topeka and approved by the JEDO each year. Such budget shall be submitted to the JEDO before the beginning of each calendar year, but may be amended from time to time by GO Topeka with the JEDO's approval." So as to expenditures, any expenditure made by GO Topeka with public funds has to first come through this Board for approval. So there is oversight as to how those public dollars are spent. Unless he is reading something other than what is the plain language of the contract.

Councilman Campos stated it is just merely a suggestion to the voting JEDO Board members. There is no action he can take or motion he can make.

Public Comment:

Joseph Ledbetter stated that this item really has several moving parts. He does want to address the RFP. The RFP specifically said that all of these expenditures would be subject to KORA and GO Topeka submitted their RFP with that knowledge. He disagrees, based on his own personal experience and trying to get information out of GO Topeka that they have been forthright about public money that they receive. It is a battle, it has been a battle to try to find out what Doug Kinsinger is being paid. It has been a battle to try to find out if his salary was ratified by a board, if his bonuses were ratified by boards and he disagrees that with this paragraph 4 that it is inclusive enough and that is based on a number of years on watching this process and being involved in it. Basically when they do a budget, they give you a budget, and until this last year it wasn't even hardly discussed. There was at least some discussion in December this time about the budget items. But at no place in that budget or contract does it say that GO Topeka can transfer \$811,000 to the Chamber of Commerce. And yet they do and they have done it consistently, hundreds of thousands of dollars when he goes back and looks at the minutes, he looks at the contracts, he looks at what expenditures he can find off of IRS records, because he can't get GO Topeka to tell him where that money goes. He has to find out that vast amount of monies were sent to the Chamber of Commerce to pay for Chamber of Commerce employees according to the minutes of December of 2012. He doesn't find that in the budget and he does not find that in the contract. He would love to have a legal opinion. Are they allowed to do that under the budgets that they propose that they can transfer that amount of money, public money, to the Chamber of Commerce which is supposed to be private? Do they have that right? He doesn't think they do. And yet it is done. This language (in the proposed contract) does not allow in his opinion, although it could be disputed in a court action, whether the public has a right to those GO Topeka (Board) minutes so they can find out where the money went because that is

really the record as well. So is it the opinion of counsel tonight that they are allowed to ask for those minutes of GO Topeka with this language and to get it?

Commissioner Cook stated looking at legal counsel for the JEDO Board, paragraph 4 of the proposed contract does say any expenditures, so as far as expenditures go, those expenditures are reportable to this Board but they would not be subject to an open records request by individuals and the public. Would that be fair to say?

Mr. Eckert stated that is accurate. And there is actually an AG's (Attorney General) opinion, and he apologizes that he doesn't have that number with him tonight but he would be glad to put that out. It was considered a not-for-profit entity that was here in Topeka, he thinks it may have been Sheltered Living. And the AG's opinion was "are their records open" because they receive grant money from both the City and the County. And the AG replied that no they are not open. So that is already out there on the Sheltered Living and to him they are not much different. They are both non-profit entities who received public money.

Commissioner Cook replied though wouldn't it be fair to say that GO Topeka is accountable to this Board and this Board has oversight as to their expenditures and how the money is spent. And in that regard this Board would be able to look into any expenditures and if the money is being used in the appropriate way.

Mr. Eckert stated yes, the entire \$5 million is an open record. Outside of the \$5 million that JEDO provides to whoever the independent contractor is, that would not be open.

Mr. Ledbetter stated he will provide AG opinion that says economic development funds given to "private organizations" are subject to KORA. And that is an opinion on Finney County economic development. The actual language as he recalls it was, the test was an amount. It had to be a significant amount of public money going to that entity for economic development which is actually a state actor type of public purpose. So it goes beyond what some non-profits are engaged in. That is actually a clear model where you match economic development with economic development. And that number (in that case) was \$30,000 a year. We are dealing with \$5 million. And they said in that opinion and those opinions are persuasive in Court, that they are open. Mr. Ledbetter asked for an additional five minutes to speak.

***Councilman Manspeaker moved to give Mr. Ledbetter an additional five minutes to speak. Councilwoman De La Isla seconded. Following roll call vote, motion carried unanimously.***

Mr. Ledbetter continued stating he does not believe this language is anywhere clear enough and he would point to the RFP said that they knew they would be subject, these expenditures would be subject to KORA. So he would like that language in this contract. And he does have some subject language. He did email it before the meeting. He will read it into the record and he will pass out copies to place into the record. He is asking for this specific language to be put into the contract: "This grant/contract is subject to Kansas Open Records Act, and all records of expenditures of this money shall be deposited with the City of Topeka Clerk every 30 days." Now why the City of Topeka Clerk? Because they are the ones that have consistently put these documents that are JEDO minutes out on the website. They have worked very hard with him over the past several years to make sure that we got all the records together from all the years, not just the intervening years or years where they didn't have the records. They have done a very good job of it. He trusts their competency to keep those records. And he thinks that every 30 days those expenditures can be deposited with the City Clerk and it will create a very transparent system which we have not had before.



We've dealt with this now for 13 years and it is time to fix it. We finally got them out of their Board room, the Chamber Board room. We finally got the minutes online and all in one place where we can all find them and review them. We finally got these meetings in a public place and televised. And that has been quite a fight, and he's not done. He wants this money to be transparent and he doesn't know how more clearly he can say it and it is for the citizens of this City and this County that pay this tax. And quite frankly there is no good argument not to do it. There isn't a good argument not to do it especially since that is the language that was in the RFP and they agreed to it and they did that subject to it. He would like to talk about the RFP but he wants to clearly talk about the language in this contract because if it is not in this contract, it will have to be a court fight to say what is actually public. They can agree right now. If they want the money, it's public knowledge. And quite frankly what are you hiding? There is really nothing to hide right? He doesn't care about medical records. He has to have a HIPAA for that and they don't have medical records. He doesn't care about personnel records. He wants to know where the public money went as should JEDO. They supervise this. They are the dog wagging the tail not the other way around and it is time to get this solved. GO Topeka agreed to it under the RFP, they should agree to it tonight. It's simple and it's really not anything to battle about. The public policy of the state of Kansas is that public expenditures are to be transparent. It has been the rule of this state since the 1970's. And transparency actually will bring more people into agreement that these programs are ok. He will not agree if they are not transparent and many, many people in this County will not agree. He passed around his suggested language for the contract. He tried to put it into one sentence and make it very succinct.

He is also going to pass out some records that show contrary to some of the presentations and information that has been given to them that our job base has shrunk over the last few years. These are national statistics taken from the Census and the Department of Labor. These are also documents that show that we have lost a lot of jobs. We had two more statistics that came out this week if you were listening to the news. One in four of our children in Topeka are now living in poverty; that has grown over the last ten years. He then asked for an additional four minutes to speak.

***Councilman Manspeaker moved to give Mr. Ledbetter an additional four minutes to speak. Councilwoman De La Isla seconded. Following roll call vote, motion carried 6-0-1 with Mayor Wolgast dissenting.***

Mr. Ledbetter stated that these statistics are not getting any better. We lost two major plants in 2012. The Mars plant was brought in 2011 with 180 jobs. We lost 1,000 jobs in the private sector the next year with two plant closings. We just lost an insurance employer of another 200 jobs. Since 2009 we have lost around 2,200 state jobs in the capital city and that does not count all the small businesses that are not represented by the Chamber. There are 7,000 small businesses in this town that are not members and they have lost a lot of employees and jobs. The poverty is up 50% in this city over the last ten years. You also have to consider that when you are looking at somebody to economically develop this city.

He looked at some of the lists that they were saying they had been involved in. He knows that Target was not brought by GO Topeka, it was brought by John Meyers who was a City employee who was paid \$60,133 when he left the City in 2002. He was the one who brought Target here in spite of their list. And they did not have land for it, they got it anyway. And so now what we are doing is spending \$5 million a year to save \$60,133. He would much rather we have a model, and it's really not up for discussion but, but he would much rather have a model where we had actual City or County employees running this program and we could file a KORA, we could go to the public meetings, all of them being public and we could make our suggestions, make our pitch

and let everybody compete for any of those subcontracts and actually start generating real economic development in this community instead of losing thousands and thousands of jobs consistently over a period of time.

He did look at their chart of there and a number of those businesses that they helped are now closed so they might want to update that. This is not against them, it is not him against them or them against him, he is concerned about this city and this county and it growing economically, being challenged with extreme poverty and it keeps growing and it not being addressed sufficiently with economic development and the total lack of transparency. Probably that #1 bothers him the most about this contract and about their performance is their refusal to be responsive. And by the way he has talked to two former JEDO members who said when they asked for specific information from GO Topeka, they were denied. And so even private citizens get equal treatment he guesses. And he thinks if he is going to help pay a tax, if his kids are helping pay a tax, if his friends and neighbors and his clients are helping pay a tax, we have a right to know where the money went and they shouldn't have anything to hide and they shouldn't be afraid. He would be happy to answer any questions about the specific language he has provided and he thinks it will make that contract open to the public completely without any question.

Carol Marple stated that she has been reading the proposal from GO Topeka for this contract. She sees details as a big part of this contract also. She is going to comment mainly on page 13 of the proposal. First, she feels like she has to say this and remind everybody that Questar came to GO Topeka, it was not the other way around. GO Topeka also mentions that they lease farm ground, but nowhere does it mention, and she does understand farming, nowhere does it mention that they participate in crop insurance or any of the other government programs. And she does know as a farmer that in some years this can mean the difference in breaking even or not losing quite as much money. She really doesn't know any business person who goes into business not intending to make money. And she feels that owning land you have a responsibility to care for it. You are the steward of that land. GO Topeka has a lot of land that they are the stewards of. She has brought some pictures and it just so happens that she has one from April, 2012. This is land on 49<sup>th</sup> Street behind Home Depot. She points this out to Mr. Kinsinger that this land was not in good shape. This is a picture of the same land taken on Wednesday. They are pretty much taken in the same timeframe; this is also another shot of the same land. That is the responsibility of GO Topeka. They're overseeing this land; they should be responsible to be good stewards.

We also talk about being shovel ready. In December, 2012, GO Topeka purchased a house and three acres on SW 77<sup>th</sup> Street. They paid \$21,000 for this house. To her, GO Topeka is using money that is for our community. It is to benefit our community, it is to help the people in our community. Their deal with the owners of that house was that they could auction it off and GO Topeka would receive half. That was approximately \$3,500. She wants to show them a house that they gave away for \$3,500. This could have gone to Habitat for Humanity, it could have also been torn down and the building materials reused or it could've provided a home for a homeless family. Now you're saying that's not going to be shovel ready. At the same time in December, 2012 they bought 36 acres which adjoins this house. There is a 60 x 120 building on that property. It was sold and it was supposed to be moved. This picture was taken Wednesday and it is still there, it is not looking like it is going to be moved. It is not shovel ready in her opinion, who wants to work around a 60 x 120 building. She then asked for an additional two minutes to speak.

***Councilwoman De La Isla moved to give Ms. Marple an additional two minutes to speak. Councilman Manspecker seconded. Following roll call vote, motion carried unanimously.***

Ms. Marple continued and stated she feels like details are very important and need to be taken care of. The person that bought the house also bought the building and also farms ground around the building. You know you run out of excuses after awhile why you can't take care of something. She also would encourage them to take a road trip and drive on 77<sup>th</sup> Street off of old 75 behind the Williamsport Township building. This is a picture of that road. City dollars, sales tax dollars are being used for that. It looks like there is a big hiccup somewhere, it's been sitting that way for a long, long time and we are not doing anything. This is right behind Mars, this is where the railroad track is.

She wants to move and and if they look at the list of companies assisted by GO Topeka, look at it honestly. Take your pen out and line through the businesses that are not in business anymore or that have a reduced workforce. They have a saying in her house about "Molly Math". She has ready this proposal, she has looked around in the community, she has lived here forever, she has read other articles. "Molly Math" in her house means that her daughter Molly, you might have loaned her money but by the time she applies "Molly Math" to it, you are going to owe her more money. Now she thinks we ought to coin the term "GO Topeka Math" because these numbers, in her opinion, are not reflective of what is going on in our community.

Allan Towle, GO Topeka Board Chair/President, Fidelity State Bank. He was elected Chair in 2013 because he saw the value that GO Topeka was adding to our community. The excitement of what we do, he agreed to serve as Chair for a second term. He looked at the proposal that GO Topeka submitted rather in depth before it was submitted. As a Board member you learn about the program and are involved as an oversight view and what's going on at a 10,000 foot level. When looking at the proposal it amazed him how detailed and what all there really is when you start looking at it all in one package, what GO Topeka provides for economic development for our community. He thinks they will find after they have read it, really that they are second to none on really the broad range of services and trying to impact as much of our community as possible of anybody that could provide such a thing. We work with women and minority owned businesses, we work with entrepreneurs, work with existing businesses to make sure they have an opportunity to stay in Topeka, hopefully have an opportunity to grow and expand in Topeka as fits their business models. In addition to that we try to draw in and attract new businesses.

It has been a pretty exciting week with several different announcements, Mars being a pretty big deal and all the media that was covered for that nationwide and what that did for our community as far as provide publicity. He thinks it has created some great opportunities. One of the things that GO Topeka has done is a collaboration with a lot of different entities and agencies and being able to bring the right people to the table when there is something that needs to be done. If we are really good we are able to bring in the State and some other funds and opportunities and not have to use as much as the incentive money of GO Topeka just to get a deal together or perhaps bring it all together. A lot of workforce development stuff is happening because of what's been going on. He does appreciate everything that JEDO does and appreciates the opportunity to be here today and to work with GO Topeka to bring economic development into our community. It is encouraging to see a three year contract being proposed. The Mars deal that was just announced, those are not one year deals. It takes a long time for these things to develop so a longer contract does help draw and attract business and it does help them to work with businesses and for those businesses to know they are going to be here next year when they have questions.

Maynard Oliverius, former GO Topeka Board Chair/former CEO, Stormont Vail Healthcare. He was on the Board of GO Topeka for the first thirteen years. He is now retired from the Board and is a past Board Chair so he comes to them more as a citizen of the community than any other capacity. He would like to throw his support behind a renewal of the contract as well as the expansion to a three year contract. When you look at GO Topeka and its history you have in addition to themselves as having a fiduciary

responsibility for those tax dollars you also have a 35 member Board of that organization who are also community leaders and community citizens who are doing their share to be responsible for how those dollars are being spent. He thinks that is a very powerful partner that the JEDO has. The organization of GO Topeka has the resources, the national reputation, and he believes the community trust to do the job that they have done for JEDO for a number of years. The staff of GO Topeka has excellent leadership, experience, respect of the community and the Board and they have the bench strength to do the kind of economic development activities that are needed. So he supports the renewal of the contract. He thinks it is important that we recognize that while there are job gains and there are job losses, no one organization in the community can be responsible for all of that. We have a role to play, we try to play that role as best we can, but if there are pluses and minuses, no one organization can be or should be responsible for all of that. He thinks the three year contract they are contemplating is very important because it's really hard to ask anyone to do the job that GO Topeka does on a one-and-done kind of arraignment, so one year contracts are really something that none of us would want to take a job, particularly as massive as this to do, so he is pleased that they are contemplating that and he hopes they will also pass that.

Wendy Wells, GO Topeka Board Treasurer/Market President, U.S. Bank. She is also a private investor through U.S. Bank with GO Topeka. She is here tonight to say thank you for the partnership and for the opportunity that JEDO has given them to provide economic development services for Topeka and Shawnee County. As Maynard (Oliverius) mentioned they have done this for twelve, going on thirteen years. She thinks their expertise and knowledge continues to grow as they provide those services. She wanted to assure that they take this job seriously. It's a big responsibility and they feel accountable to JEDO to do a good job. It's a public/private partnership. Mars is a perfect example of that beautiful partnership and she applauds them for being a part of that. She personally looks forward to working with JEDO in the future so we can create more success similar to what we have done to this day.

Neil Fisher, GO Topeka Board Member/Vice-President, KBS Constructors, Inc. He has been on the GO Topeka Board for a little over ten years. More importantly he has been a citizen of Topeka since 1956 and he has see this town go through that period of time, from a sleepy little town that basically had Goodyear and Dupont as its main center of economic activity. He has seen times when the County and City government just drifted along and just basically went along. He has also seen a time when the government got involved in economic development and had an economic development industrial park north of the river and I think we all know how successful that endeavor was. Upon the advent of GO Topeka being formed, and let's talk about GO Topeka. GO Topeka is businesses and citizens of our town. There's no one that sits on the Board inside that board room during a meeting that has only the best interest of Topeka at heart. He can tell you that over the years the one thing that he has criticized the GO Topeka Board of is we haven't done an adequate job of marketing our success. Because the time and the things that have happened over the last ten years have definitely greatly changed the city. And the people that are involved in GO Topeka, from the staff to the investors, and you know we talk about the Board members being in there, those are businesses that are putting money into that endeavor and they are putting money into our city. With that he would close and reiterate what the other speakers have said and thank you for the opportunity for the members of this partnership and he looks forward to the future.

Councilman Campos stated that he does appreciate the comments that Mr. Fisher made. He hit the nail on the head. We do not highlight what we have retained here. A lot of folks don't understand that we have kept the cellophane factory here. We wouldn't have kept the earth mover tires at Goodyear here if it weren't for GO Topeka. Though he does agree with Mr. Ledbetter that there needs to be more transparency in expenditures he would agree with Mr. Fisher that we do not tout the successes of GO Topeka. Over the last decade we have done a lot of great things in this community and he does appreciate Mr. Fisher's comments, he hit the nail on the head.

Mr. Fisher replied that the only thing he would like to say is, and he doesn't want to get into a big dissertation about it, but when we talk about transparency and confidentiality and the only thing he will say about it is that confidentiality is one of the main corner posts when you are dealing in economic development. That the businesses that look at coming to a community what they demand is confidentiality until the deal is done, until they are ready to go. And he can tell them, he believes it was a state legislator or somebody in the state government who actually slipped and breached that confidentiality during the Mars situation and we almost lost that plant.

Commissioner Cook stated that is the end of the public comments portion of this item. At this time are there any other additions or corrections to the contract. Seeing none, is there a motion regarding the contract.

*Commissioner Archer moved to approve the three-year contract with GO Topeka. Mayor Wolgast seconded. Following roll call vote, motion carried unanimously.*

**ITEM NO. 5: ACTION ITEM: Consideration of Incentive Agreement with Yantra Services – presented by Doug Kinsinger.**

Doug Kinsinger, President/CEO of GO Topeka Partnership/Greater Topeka Chamber of Commerce indicated there is a handout all the Board members should have highlighting the incentive agreement and the full contract was provided in the packet this evening for their review. We talk a lot about manufacturing and big companies; this is also equally exciting because it is a higher tech start-up company that has great potential for the future of our community and also potential for some very high wage jobs.

**Yantra Services:**

Global financial technology firm specializing in designing, developing and managing electronic payment systems. It has done work for companies such as Google and PayPal and other web giants.

**Total Incentive Offered:**

- Total incentive up to \$100,000 for a total of 20 jobs
- 10 year agreement paying up to 1/10 of the proposed amount to the company each year based on performance. And to keep it simple what we are doing is paying for their performance on an annual basis.
- Healthcare and other contractual requirements remain.

**New Proposed Incentive Offer:**

- \$5,000 per job paying \$100,000 or more annually (eligible for 1/10 each year)
- \$4,000 per job paying \$80,000-\$99,999 annually (same)
- \$3,000 per job paying \$60,000-79,999 annually (same)
- \$2,000 per job paying \$40,000-\$59,999 annually (same)
- Positions paying less than \$40,000 annually are not eligible under this agreement.

This is a company that is just starting here and getting going that we think has good growth potential and one we think is worth investing in to make sure that it stays and grows here in Topeka.

Commissioner Archer stated that he just wanted to make sure that the claw back provisions are included in this offer. Can we go over that very quickly. He is not sure the public knows that we expect performance under these incentive agreements and if the performance is not met then we get our money back.

Jeff Wietharn, Legal Counsel for GO Topeka responded that Commissioner Archer is right that these incentive agreement contracts typically have claw back provisions. This particular contract with Yantra Services does not have claw back provisions because they will not receive the money until they perform for that year. And the idea being is that the level of employment on this incentive is that basically if they have three or four jobs filled this year, they will get 1/10<sup>th</sup> of the incentive next year. If they drop a little next year we are not going to claw back that \$500, they just won't earn for the subsequent year so it is really more of a pay-as-you-go mechanism on this particular contract so it is a little different than most of our contracts. And the idea is that they are not getting a whole lot every year. Sometimes we pay the companies the incentive monies upfront so then we definitely need to have a claw back provision. It is a new company so if it ebbs and flows, it isn't going to hurt them, they just won't get that much money the following year. This is a little different for that purpose but there is a method to that madness.

Commissioner Archer asked so the incentive is paid in arrears and not in advance and then every year we look at performance and then we true up with them based on what they have done.

Rich Eckert, Shawnee County Counselor stated that he was just looking at the slide submitted and it looks as if there is a math error. On \$3,000 per job, it goes from \$60,000-\$89,999 but when you look at \$4,000 per job then it starts at \$80,000 so he suspects that the error is that on the \$3,000 per job it should be \$60,000-\$79,999.

Commissioner Cook indicates that the actual contract itself is correct, just the handout is incorrect.

Mr. Wietharn stated that he wanted to point out that they have to at least maintain four jobs to keep this going. If they drop below, at that point we would just terminate the contract. If this company doesn't go anywhere, then we would just close up shop on it. He doesn't mean that in the bad way, it's just it wouldn't be worth them to maintain this contract.

Councilman Schmidt stated that there might be another math error. On the sheet they were handed it says they would get \$5,000 per job paying \$100,000 or more annually and the contract it says a full time employment position receiving compensation of \$100,000 or greater is eligible for a \$500 Employment Incentive

Mr. Weitharn replied that it is stated two different ways. The handout says \$5,000 per job paying \$100,00 or more annually (eligible for 1/10 each year), that is the part that is a little confusing. The top paid position would only get \$500 per year. The way it is written in the contract, in his opinion, is a little more clear. But over the life of the contract a job could get \$5,000. It's stated two different ways (handout vs. contract). But realistically they can get up to \$5,000 over ten years but it is \$500 per year.

Councilman Schmidt asked so if they create a job paying \$100,000 and that job remains for ten years, it would be \$5,000 total or \$500 per year.

Mr. Weitharn replied yes. From time to time we would pay a company the incentive upfront. But that is not the structure of this contract.

Commissioner Buhler asked if she were to look at this contract and the incentives we are offering and then she looks at the contract they have with GO Topeka, these costs would be reflected in the annual

budget and also in the quarterly report and would also be included in the documentation of costs or the documentation of outcomes according to Section 17 of the contract.

Mr. Kinsinger replied that they provide monthly financial statements to JEDO on a quarterly basis and also on the audit that is received annually. This is approved as a line item in the JEDO budget also so it is reported numerous times in terms of the budget and how it is expended.

Mayor Wolgast asked what is the total employment of Yantra Services now.

Mr. Kinsinger stated currently he believes they have right around six, but they are getting ready to hire. The big thing that would be important and what he has provided to their member of the media here for a media release pending what their consideration is tonight, they need to hire some high level software engineers. They are looking for all those skills as they can in our region and they are looking to import those here to reside in Topeka. The higher skill sets they can recruit the better they will be and we will be to help them grow. They have been hiring some of the highest level PhD's and graduates from KState and KU. But we are incentivizing them for up to twenty positions.

Public Comment:

Joseph Ledbetter, Attorney at Law stated that he honestly doesn't have an opinion on this company because he doesn't know anything about it. But he does have a question that he would like answered and that is, is this company currently doing business with GO Topeka?

Commissioner Cook asked Mr. Kinsinger if this company is presently doing business with GO Topeka.

Mr. Kinsinger replied no.

Mr. Ledbetter stated to follow up to that, has this contract been ratified by the GO Topeka Board before being brought here.

Commissioner Cook asked Mr. Kinsinger that before this proposal was brought forth to the JEDO Board, the question from Mr. Ledbetter is whether or not the GO Topeka Board approved it.

Mr. Kinsinger replied yes.

Mr. Ledbetter stated he is sure that they (GO Topeka) would they share those minutes with the public. This is the first one of these he has seen like this since Schendel. As they know, he has attended a number of these meetings. When he says "like this" he is talking about smaller companies. He would like specific answers on the record about how companies approach Doug Kinsinger to get these incentives so that if other people want to participate they know how to do it, are they invited to the GO Topeka meetings, how does this happen, do they have to be Chamber of Commerce members since this is public money. He would like answers to that because the public would like to know how this process works for smaller businesses.

Commissioner Cook asked Mr. Kinsinger if he could detail in brief how businesses contact GO Topeka or how GO Topeka contacts businesses.

Mr. Kinsinger stated first of all there is no requirement for them to be a member of the Chamber, that would be nice but it is not required. Basically GO Topeka hears about these companies from a variety of sources. Sometimes businesses approach GO Topeka, sometimes GO Topeka approaches them. GO Topeka is primarily looking for primary employers, as we try to educate everyone about the importance

of a company who sells their product or service far beyond our traditional retail market area or they are bringing in new dollars to help grow our economy. So GO Topeka's criteria is to look for companies who are going to bring new dollars to our community and will also be paying wages that will help raise our average wage. There is no magical way. GO Topeka tries to look for projects that will commit; basically you need to understand these are incentives based on performance. We have had a number of companies who have approached GO Topeka and say "provide us this and then we will go and do that", but they don't want to make a commitment or obligation. We try to make sure that they only receive their incentive after they have performed.

Mr. Ledbetter stated thank you, that is all that he has.

Councilman Campos asked Mr. Kinsinger would it be correct to say that there is no formal application process which businesses based in Shawnee County can apply for these incentive packages.

Mr. Kinsinger replied there is not a set required process. GO Topeka tries to negotiate and speak with almost any company who has an interest. They want to talk to every company that they think has potential. But there is not an application to be filled out.

Councilman Campos replied that in light of the comments that Mr. Fisher just made, how do we inform local businesses that they could receive potentially receive incentives from GO Topeka?

Mr. Kinsinger stated that GO Topeka has sponsored a number of incentive workshops for large and small companies and they also make calls on a variety of companies, both large and small sizes trying to make sure they are aware of all the tools they have available to them and they try to publicize those workshops. They will do that to the extent that the media will assist.

Councilman Campos asked would it be outside of the realm of possibility for them to establish a formal application process.

Mr. Kinsinger replied that they could but they are trying to make it easy for the company and each situation is slightly different. So they are trying to understand the needs, quite often they try to adjust. As they heard in the contract tonight, that GO Topeka tries to adjust to remove the risk for the public dollars, so they have tried to have some flexibility on how they structure each incentive so that they try to create the biggest performance for the community with the lowest amount of risk.

*Commissioner Archer moved to approve the incentive agreement with Yantra Services. Councilmember De La Isla seconded. Following roll call vote, motion carried unanimously.*

#### **ITEM NO. 6: Public Comment**

Joseph Ledbetter, Attorney at Law stated that he is disappointed that there was not transparency language adopted into the contract tonight even though GO Topeka had agreed that under the RFP they would submit to KORA, so that is an interesting legal argument now. He will make sure that he provides the Attorney General's opinion about economic development organizations and how they are subject to KORA, so he will make sure that everybody here has that, probably in the next few days. No one that he knows cares about secret or confidential information, and he being an attorney understands confidentiality, that any company might give GO Topeka. And he says might because based on what he has seen we are not getting a lot of activity for any types of new plants and he is talking about three of them over twelve years that GO Topeka was actually involved in. And if you bracket the years they were involved, and he has talked to Steve Jenkins who was actually the one who helped bring those in before he left, he said those were built, finished out, Home Depot and Bimbo in 2008 and by 2011 the Mars deal.



By 2009 we were being told they were out of land even though they still had 300 acres still at Commerce or Central Crossings by their own admissions.

He gets a lot of misinformation out of GO Topeka and he doesn't appreciate it being a citizen and being someone who is concerned about transparency. On Goodyear, that was almost entirely a state action. GO Topeka was involved on the fringes but they did not lead that charge. That had to go through the legislature and the State gave a lot of incentives to Goodyear in 2010 with a lot of tax money to keep them here. And he is not saying that was a bad thing. He is saying we have got to get the record straight as to who really did what. Why do you think the governor was out there at the groundbreaking and also making the comments at Mars? Because the State was heavily involved in that action and that plan. It doesn't mean that GO Topeka didn't participate but you really have to look at the Department of Commerce where a lot of these deals come from. They are not top secret, they come from the State, the corporations approach them and they work through them.

As for smaller businesses, at least we have clarified on the record on how those can be approached to GO Topeka now because he has never heard before tonight even how somebody could bring a request before GO Topeka so he is glad that has been clarified. And he would like to see those minutes of GO Topeka's approval of that and he is sure there is nothing to hide and nothing top secret that the public would be offended by or would offend anybody requesting the money.

There was talk about pledges. It is nice to get pledges from people, they don't always work out. Some of those corporations go under, some of those people leave and they don't fulfill their pledges, so a pledge is still just a pledge. He is always curious about if they have \$5 million, do we get some of that back since they raised some money? Not a bad idea. Could we put that into affordable housing, could we put that into Parks and Recreation you know where you can at least file a KORA and see where the money went or at least make requests where the money went. He then asked for an additional two minutes to speak.

***Councilman De La Isla moved to give Mr. Ledbetter an additional two minutes to speak. Councilman Manspeaker seconded. Following roll call vote, motion carried 5-0-2 with Commissioner Cook and Commissioner Archer dissenting.***

He wants to make it very clear that he does not want any confidential information on any business that might think about coming to this town. He doesn't care about it. He does care about public money. He cares about the salaries that are being paid. He wants to see comparable data as to why those people are getting those salaries based on this region, based on their experience and based on productivity. He wants to know that land is bought with actual appraisals and that we don't buy land we don't need. He doesn't want to buy wetlands, he doesn't want to buy houses and all of those things have been bought by GO Topeka with our money. He does not think there is enough accountability and he said so when he was debating one of the GO Topeka Board members a number of years ago. In fact it was the first time they had this up for debate and up for election and he said we will not get accountability for where this money is going. And he unfortunately has been correct. We do not have transparency for this public money and it is unfortunate because what it has done is it has given people an attitude that "I don't have to tell anybody". And according to some JEDO members he has talked to, it even included them and that to him was shocking because he just believes if you are handling a lot of public money for economic development which is a state acting type of position you should be very above board with all that money and tell the public exactly dollar-for-dollar where it went when the public requests that information. It's not Area 51.

Carol Marple stated that she truly wishes she could say she is surprised by this vote but she is not. She thinks that JEDO needs to rethink how they put the contracts up for bid if it is done in the future. They need to ask themselves is thirty days enough time, are we using the right sources in which to advertise. She finds it very disheartening that we only had one response and that was from the organization that has had this contract since the year 2001. She has been asking herself what is wrong with her community that there are no other organizations that interested in coming here to help make her community better. She personally thinks that our community has a lot to offer. She would also ask that JEDO consider making it part of their policies that all people receiving a salary from GO Topeka work only for that organization. She herself thinks that it would be very hard to wear two different hats and working an eighty hour work week. This does not allow a person to do well in either position. She knows we as farmers work long hours when we are planting and harvesting and it takes a toll on a person. She cannot imagine doing it every week for 52 weeks per year. She thinks your productivity would rapidly decrease. She hopes they will consider her suggestions.

Lazone Grays, President & CEO, IBSA, Inc. presents a handout to pass around for the voting JEDO members.

Councilman Campos stated that for anyone who comes to public discussion or anyone who has handouts, there are thirteen people who are Board members of JEDO so make sure you have copies for everyone.

Mr. Grays thanks the JEDO members for the opportunity. We don't always receive funds to make enough copies for everyone but the voting members are the people who really need to read this information. He would ask if they could share it with the people next to them so they can see. He is glad that the information is posted on both websites and just for the general public to know what is being shared. The information that he is sharing is really just sort of a follow up based off of information he has shared before so that no one is caught blindsided. The unemployment data for target population, he just wants to make sure that they know what those numbers are. And as you look at it year after year, you can see if it is changing and if it is not.

The front page is information that he received from the Kansas Department of Labor it is their Affirmative Action, this is the most recent one that they have which came out and they are always about a year shy. And the second page is the Topeka MSA (Metropolitan Statistical Areas) and following is the Shawnee County and he has circled the numbers in the areas that have always been a part of this concern when he comes forward. Within this new 2012 report he can say that this is the first year that unemployment for the particular population that he has come and spoke about has actually gone below 17% since 2004. So there is some progress there. On another note there, unfortunately the total population of that population within the workforce dropped from 3.8% to 2.7% so those are numbers that they can look into. And he is mentioning all of this because as the JEDO who has to set the priorities over the next two or three years, that these are numbers they will look at and consider when they are setting these priorities. Behind Shawnee County is Wyandotte County and he has also identified those numbers just as well. And he works in that area too and you can see that those numbers there are more daunting than they are here. And so this is not just a discussion that is happening here, these are discussions that are happening in other places that are facing these high disparities, unemployment numbers and trying to put their minds around how you address this. He still remains optimistic about the ability of working with GO Topeka and their staff on addressing these numbers here. Because it really doesn't matter how many companies you bring in, or powerpoints and all that, if the numbers don't get any better than we are really sort of playing three-card Monty you know with the public and their intelligence. Let's just call it as it is.

Following the other page there that starts with the “Play: Digital Inclusion”, even though Google did not choose Topeka to come here they did choose Kansas City and he has been working on the ground there all along. And technology is something that is on the forefront and it has transformed the conversation on what’s going on there with a lot of the foundations, the bigger companies. And this is a playbook that was put together by the Bistate that was going to guide the direction on what does that mean for high-speed, ultra high-speed coming to Kansas City and what did it mean for the community, who was best to make sure there was a build out of technology that deals with the communities that could be left behind as well as those upper crusts entities and research institutions and hospitals. And so his role has been in the part of digital inclusion. How do you bring connectivity to those low to moderate, underserved communities and his project is probably the largest project on the Kansas City, Kansas side for the largest and oldest public housing development in the state of Kansas in Northeast Wyandotte County that houses the most highest unemployed and lowest income per capita within the State. It is a project that covers five city blocks and it provides wireless to every resident in the Juniper Gardens housing development. He then asked for an additional three minutes to speak.

***Councilman De La Isla moved to give Mr. Ledbetter an additional two minutes to speak. Councilman Manspeaker seconded. Following roll call vote, motion carried unanimously.***

This is a playbook that had numerous pages, maybe 40-50, and he just looked at the things that his organization could do to roll out these plays where other bigger agencies were looking at the bigger picture. There was no one really focusing on the small populations that are just as important as the big picture. Digital inclusion, making sure that low income people did not get left behind. Part of it was mesh wi-fi networks, that we put together, the large wi-fi networks and that sort of speaks for itself. Access to capital, these are the things that were put to the mayors on both Kansas City, Kansas and Kansas City, Missouri side passed and approved by all the major foundations and companies that work with Google fiber.

But it’s not just about Google fiber, not everyone needs a gigabyte of speed. What it highlights is the importance of connectivity for all persons, especially those who are in communities where they are not being targeted and that broadband is being built up. In the future, over the next three years he hopes that the JEDO and GO Topeka even would start looking at this technological infrastructure and how it has to be rolled out in these particular neighborhoods. And this information here he things would already provide a good guide post on what to do. He tries to go and find things that work and see if it could work here. If he thinks so, he is going to come up and advocate for it. The build-off off of the wi-fi lead to other people thinking outside the box and innovation which lead to the housing authority purchasing property, rehabilitating it right across the street from this low income housing project and putting in a neighborhood computer technology center. Very state-of-the-art, people who would never come into the community at all and would want to leave before 5:00 pm, they were there and they were just in awe and amazed just by what happened. Now it is about moving in certain types of tech programs, not just basic digital literacy, but other things because as he has said, kids in Topeka are competing with the kids sitting next door. They are competing with the kids sitting in another country and if the community doesn’t do something, and he thinks that local government has an ability and responsibility, kids do not have access to connectivity once they leave their school doors. And there were some bills come up that tried to stop local governments from being a part of bringing connectivity to these underserved markets. He hopes that connectivity becomes a part of the discussion, anything that can be done to work together to make it happen, he is down with that.

The last page is just something that Mayor Sly James had put together about the reasons why fast internet benefits students. Again just to reiterate how technology is going to play a big role in the forming of young people being able to take jobs on not just in their community but in the State, in the nation and in other parts of the world. He looks forward to trying to do a large project in the City of Topeka and have a team outside the people from Kansas City that can do such. He thanks them for their time and looks forward to hopefully working with GO Topeka to continue some of the great things that they are doing and keeping JEDO informed of the numbers so they don't forget that there are some numbers that still need to be addressed.

NO FURTHER BUSINESS appearing the meeting was adjourned at 7:30 p.m.

DRAFT

# **AGENDA**

## **ITEM #4**

**Joint Economic Development Organization  
Cash Statement  
As of March 31, 2014**

**Sales Tax Receipts:**

City of Topeka	\$	2,204,341.57
Shawnee County		1,864,866.98
Interest Income		175.79
<b>Total Receipts</b>		<u><b>4,069,384.34</b></u>

**Payments :**

City of Topeka		
Topeka Blvd Bridge Debt Service	\$ 3,240,650.00	
		3,240,650.00
Shawnee County		
County Bridges	1,500,000.00	
SE 45th St - Adams to California	790,965.50	
		2,290,965.50
GO Topeka		1,249,999.98
Publication Expense for RFP		378.72
Bank Charges		29.13
<b>Total Payments</b>		<u><b>6,782,023.33</b></u>
Difference		<u>(2,712,638.99)</u>
Bank Balance - January 1, 2014		<u>6,897,910.67</u>
<b>Bank Balance - March 31, 2014</b>	<b>\$</b>	<u><u><b>4,185,271.68</b></u></u>

Note: This is a cash basis report  
Prepared by Betty Greiner

**JOINT ECONOMIC DEVELOPMENT ORGANIZATION**

Sales Tax Projects Cashflow (as of 3/20/14)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	TOTAL	TOTAL
COUNTY PROJECTS														
<b>Wanamaker Road &amp; 41st Intersection (70001-01) - B&amp;W</b>														
County Share	\$122,395	\$249,300						\$6,304					\$377,999	
2% Admin Fee							\$7,560						\$7,560	
														\$385,559
<b>Wanamaker Road: County - 39th to 41st (70001-03)</b>														
County Share	\$85,360	\$233,200											\$318,560	
2% Admin Fee							\$6,371						\$6,371	
														\$324,931
<b>Wanamaker Road &amp; 53rd Intersection (70001-02) - B&amp;W</b>														
Design	\$148,710	\$24,000											\$172,710	
ROW	\$86,890	\$70,800											\$157,690	
Utility Adj		\$212,144											\$212,144	
Construction		\$406,000											\$408,555	
Const Engr													\$0	
Contingencies		\$723	\$4,012										\$4,735	
2% Admin Fee							\$19,117						\$19,117	
														\$974,951
<b>Wanamaker Road: 53rd - 41st (70001-05) - B&amp;W</b>														
Design	\$113,400	\$92,640	\$126,000	\$54,960									\$387,000	
ROW		\$303,645	\$48,266										\$351,911	
Utility Adj													\$0	
Pt A: 53rd to 47th				\$166,370									\$166,370	
Pt B: 47th to 41st					\$408,250								\$408,250	
Construction													\$0	
Pt A: 53rd to 47th				\$1,460,713									\$1,460,713	
Pt B: 47th to 41st					\$2,328,354								\$2,328,354	
Const Engr													\$0	
Pt A: 53rd to 47th				\$275,000									\$275,000	
Pt B: 47th to 41st					\$392,000								\$392,000	
Contingencies			\$681	\$180									\$861	
2% Admin Fee							\$115,409						\$115,409	
														\$5,885,868
<b>Wanamaker Road &amp; 61st Intersection (70001-06) - B&amp;W</b>														
Design	\$31,500	\$12,050	\$22,050	\$10,350	\$1,800	\$2,250							\$80,000	
ROW			\$25,225	\$19,120									\$44,345	
Utility Adj					\$183,697	\$11,871							\$195,568	
Construction						\$876,615							\$876,615	
Const Engr						\$196,303							\$196,303	
Contingencies					\$60	\$162							\$222	
2% Admin Fee							\$27,861						\$27,861	
														\$1,420,914
<b>Wanamaker Road: 61st - 53rd (70001-07) - B&amp;W</b>														
Design	\$53,600	\$29,460	\$40,800	\$30,600	\$15,300	\$12,240							\$182,000	
ROW			\$130,310	\$5,775									\$136,085	
Utility Adj					\$146,839								\$146,839	
Construction							\$1,785,024						\$1,785,024	
Const Engr							\$278,000						\$278,000	
Contingencies					\$60	\$60	\$8,595						\$8,715	
2% Admin Fee							\$50,733						\$50,733	
														\$2,587,396
<b>N. Topeka &amp; 46th Intersection (70005-01) - B&amp;W</b>														
Design						\$85,000	\$19,550	\$9,350	\$56,100				\$170,000	
ROW							\$34,715	\$557	\$350				\$35,622	
Utility Adj								\$0	\$128,575				\$128,575	
Construction							\$2,849		\$7,000	\$1,649,533			\$1,659,382	
Const Engr										\$280,000			\$280,000	
Contingencies									\$250	\$100,000			\$100,250	
2% Admin Fee										\$47,477			\$47,477	
														\$2,421,306

**JOINT ECONOMIC DEVELOPMENT ORGANIZATION**

Sales Tax Projects Cashflow (as of 3/20/14)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	TOTAL	TOTAL
<b>45th: Topeka - Adams (70004-01) - PEC</b>														
Design		\$60,660	\$169,530	\$40,854	\$36,946	\$73,622	\$49,324	\$0	-\$115,056				\$315,880	
ROW			\$79,560	\$155,574	\$2,645								\$237,779	
Utility Adj								\$682,847					\$682,847	
Construction									\$3,166,366				\$3,166,366	
Const Engr								\$15,000	\$460,000				\$475,000	
Contingencies				\$388				\$281	\$60				\$729	
2% Admin Fee									\$97,572				\$97,572	
												<b>Final "As Const" Amount</b>		\$4,976,173
<b>SE 45th: Adams to California (70004-02) - PEC</b>														
Design		\$49,896	\$148,108	\$8,316		\$99,490	\$39,360	\$0	\$16,158				\$361,328	
ROW				\$187,106	\$82,708								\$269,814	
Utility Adj								\$425,923					\$425,923	
Construction									\$383,636	\$3,980,355			\$4,363,991	
Const Engr									\$50,000	\$475,000			\$525,000	
Contingencies					\$499					\$200,000			\$200,499	
2% Admin Fee										\$122,931			\$122,931	
														\$6,269,486
<b>Croco Rd: 29th - 21st (70003-01) - B&amp;W</b>														
Design	\$44,396	\$188,044	\$117,460	\$4,396	\$10,729								\$365,025	
ROW		\$153,603		\$1,000									\$154,603	
Utility Adj				\$6,175									\$6,175	
Construction				\$2,173,902	\$182,856								\$2,356,758	
Const Engr			\$1,880	\$374,120									\$376,000	
Contingencies		\$114	\$159	\$60									\$333	
2% Admin Fee							\$65,178						\$65,178	
														\$3,324,072
<b>Croco Rd: 6th - Sycamore (70003-02) - B&amp;W</b>														
Design	\$19,025	\$48,540	\$33,566	\$58,978	\$1,141								\$161,250	
ROW			\$51,695										\$51,695	
Utility Adj													\$0	
Construction						\$988,983							\$988,983	
Const Engr						\$168,000							\$168,000	
Contingencies				\$173									\$173	
2% Admin Fee							\$27,402						\$27,402	
														\$1,397,503
<b>SE 29th &amp; Croco Rd Intersection (70003-03) - B&amp;W</b>														
Design	\$68,641	\$153,359											\$222,000	
ROW		\$155,695											\$155,695	
Utility Adj			\$659										\$659	
Construction		\$29,994	\$2,554,659										\$2,584,653	
Const Engr		\$26,130	\$363,870										\$390,000	
Contingencies		\$364											\$364	
2% Admin Fee							\$67,067						\$67,067	
														\$3,420,439



**JOINT ECONOMIC DEVELOPMENT ORGANIZATION**

Sales Tax Projects Cashflow (as of 3/20/14)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	TOTAL	TOTAL
<b>CITY PROJECTS</b>														
<b>SW 21st &amp; Urish Rd Intersection (City: 70198-01) - Poe / PB</b>														
Design		\$88,656	\$31,205	\$24,729	\$4,737	\$4,287							\$153,614	
ROW			\$97,035	\$162,492	\$32,039								\$291,566	
Utility Adj				\$47,797	\$16,705								\$64,502	
Construction				\$2,064,153	\$55,412								\$2,119,565	
Const Engr					\$94,835								\$94,835	
Contingencies				\$57,335	\$24,982	\$1,576							\$83,893	
												<b>Final "As Const" Amount</b>		\$2,807,975
<b>SW 21st: City Limits - Urish Rd (City: 70198-02) - CFS</b>														
Design			\$36,940	\$6,910	\$24,185	\$5,874	\$6,491	\$102,200					\$182,600	
ROW							\$0	\$200,000					\$200,000	
Utility Adj								\$200,000					\$200,000	
Construction									\$2,203,283				\$2,203,283	
Const Engr									\$150,000				\$150,000	
Contingencies				\$30			\$0	\$50,000	\$200,000				\$250,030	
														\$3,185,913
<b>SW 21st: Urish Rd - Indian Hills (City: 70198-03) - CFS</b>														
Design			\$39,360	\$5,940	\$20,790	\$5,643	\$6,267		\$125,000	\$97,000			\$300,000	
ROW										\$200,000			\$200,000	
Utility Adj										\$0	\$200,000		\$200,000	
Construction											\$4,000,000	\$400,000	\$4,400,000	
Const Engr											\$400,000		\$400,000	
Contingencies				\$28						\$0	\$300,000	\$50,000	\$350,028	
														\$5,850,028
<b>SW 29th: Wanamaker Road - Urish Road (City: 70204-01) - PEC</b>														
Design		\$78,936	\$81,049	\$101,170	\$229,819	\$182,826	\$4,000						\$677,800	
ROW					\$554,000	\$237,000							\$791,000	
Utility Adj						\$765,174							\$765,174	
Construction						\$3,885,171	\$3,410,785						\$7,295,956	
Const Engr						\$378,048	\$406,952						\$785,000	
Contingencies				\$26	\$100,000	\$68,691	\$176,950						\$345,667	
														\$10,660,597
<b>Total</b>	<b>\$773,917</b>	<b>\$2,667,953</b>	<b>\$4,204,079</b>	<b>\$7,504,720</b>	<b>\$6,108,371</b>	<b>\$6,891,903</b>	<b>\$6,615,561</b>	<b>\$1,692,462</b>	<b>\$6,929,294</b>	<b>\$7,152,296</b>	<b>\$4,900,000</b>	<b>\$450,000</b>	<b>\$55,893,111</b>	<b>\$55,893,111</b>

# **AGENDA**

## **ITEM #5**



# **Economic Development**

## **1<sup>st</sup> Quarter 2014**

## **Report to JEDO**





## **1st Quarter- 2014**

GO Topeka staff worked in the first quarter of 2014 to achieve the annual goals set and to ensure continued economic development success for Topeka and Shawnee County.

The New Business Attraction program during the first quarter met with 14 site location consultants and corporate real estate professionals in face to face meetings. Additionally, staff hosted three in-community site visits. During the first quarter, staff worked with 4 new prospects; however none of them have reached the stage for a formal proposal yet. The current portfolio of New Business Attraction projects, at the end of the first quarter includes 29 Projects, capturing potential for 4,502 new direct jobs and \$270,900,000 in new capital investment. Leads and prospects are being developed on an ongoing daily basis.

The Existing Business and Retention program made 57 company visits during the 1st Quarter of 2014, and is currently working on 14 active projects, which based on data received to date, represents \$85,010,000 in new capital investment, and 992 direct new and retained jobs. Work continues toward meeting with, and educating local businesses of resources available within the community.

Workforce Development initiatives continues to build strong relationships with area primary employers and training partners. In the 1<sup>st</sup> Quarter, leading food manufacturers, educational partners, and staff finalized the skill requirements for the Food Manufacturers (M-TECH) class. Washburn Tech was awarded the grant from the Workforce AID program. The money provided through the AID program provides scholarships to students interested in attending the course. Students completing the course provide area food manufacturers with a trained and ready workforce that can immediately begin working on the manufacturing floor with little training by the company. Currently the course is somewhat flexible (depending on previous work experience) and lasts approximately 5 weeks.

Work has also begun in the development of a high school education program where manufacturers go into the classroom and present to students about careers in manufacturing. This program is under development with plans to present the materials to principals and counselors. Presentations will begin early in the 2<sup>nd</sup> Quarter.

The Entrepreneurial and Minority Business Development Department (EMBD) provided educational seminars, workshops and technical assistance to 127 individuals during the First Quarter. Shawnee County is a regional leader in small businesses starts. We continue to see more individuals making the decision to start, grow or expand their businesses. In April, GO Topeka will host a graduation of 33 individuals who have completed the Ice House, Fast Trac and the Childcare Business Builders Series.

Throughout the year, EMBD will continue to develop programs that address the needs of small businesses.

The following report gives much more detail as to all of the accomplishments and results of GO Topeka staff for the first quarter 2014.

**New Business Attraction**  
**Team Leader: Molly Howey**

**GOAL 1:**        **Create substantial prospect activity through suspect lead generation and servicing new qualified projects that have a high level of interest in Topeka/Shawnee County.**

**Goal 1.1:**     Development of 55 new prospects (viable project generation, sites/buildings proposal submitted)

Progress 1<sup>st</sup> Quarter

- 4 new prospects

**Goal 1.2:**     12 new qualified projects (formal incentive proposals submitted to company)

Progress 1<sup>st</sup> Quarter

- No formal incentive proposals

**Goal 1.3:**     235 personal contacts with Site Consultants and National Corporate Realtors over course of year (face to face meetings)

Progress 1<sup>st</sup> Quarter

- Face to face meetings with 14 site location consultants and national corporate realtors at Industry Week Roundtable, KC SmartPort and one-on-one meetings.

**GOAL 2:**        **Generate new community and individual wealth and prosperity through new capital investments and new/retained primary jobs that pay the average wage or higher for Shawnee County and provide health insurance for the employees.**

**Goal 2.1:**     Attract new capital investment (new and expanding primary employers)

Progress 1<sup>st</sup> Quarter

- As of March 31, 2014 Current GO Topeka Portfolio of New Business Attraction Prospects/Projects includes:  
29 Projects  
\$270,900,000 Potential capital investment
  
- As of March 31, 2014 Current GO Topeka Portfolio of Existing Business Expansion Prospects/Projects Includes:  
14 Projects  
\$85,010,000 Potential capital investment

**Goal 2.2:** Attract new primary jobs (new and expanding primary employers)

Progress 1<sup>st</sup> Quarter

- Current GO Topeka Portfolio of New Business Attraction Prospects/Projects includes:  
4,502 potential direct jobs
- Current GO Topeka Portfolio of Existing Business Expansion Prospects/Projects Includes:  
241 potential direct jobs

**Goal 2.3:** Increase the per capita income in Shawnee County over time by adding new jobs to the community that pay at least the Shawnee County average or their specific industry average wage.

Current average: \$39,988 (2013 Third quarter, most recent available  
Source: Kansas Department of Labor, Bureau of Labor Statistics)

Progress 1<sup>st</sup> Quarter

- Current GO Topeka Portfolio of New Business Attraction and Existing Business Expansion Prospects/Projects includes:  
Average projected wage of \$41,772 based on data received from Prospects/Projects to date

**Additional Attraction Actions Implemented in 1<sup>st</sup> Quarter 2014**

- All marketing materials updated for 2014
- All ads placed in national publications and online sources for direct contact with target markets for 2014
- Sales and marketing plan calendar for 2014 developed
- Hosted three in-community site visits
- Continued development of Regional Partnership with Lawrence and Manhattan- Strategic planning session held to further develop the marketing mission and outcomes for the region
- Continued revisions and updating of SwiftSite –Sites and Buildings database
- Attended Industry Week Roundtable in the Rockies and met with eight site consultants in on-on-one meetings
- Attended KC SmartPort board meeting

**Existing Business and Workforce Development**

**Team Leader: Jo Feldmann**

**Goal 3:** Increase contact with existing businesses and top employers and provide support for primary employers to retain and/or add jobs. Provide education and training for workforce to support existing business, with an emphasis on primary employers that will enhance their operations and sustainability in Topeka/Shawnee County.

**Goal 3.1:** At Least 140 business visits including top 40 employers (mandatory to qualify). Visit inputs will be recorded on a consistent format and reported to the CEO and VP on a quarterly basis.

Progress 1<sup>st</sup> Quarter

- 57 business visits were conducted in the first quarter of 2014. Of those visits, 28 consisted of major employers.

**Goal 3.2:** Provided assistance to companies needing help. Assistance includes providing resources, referrals, problem solving, and expansion assistance.

Progress 1<sup>st</sup> Quarter

- Staff is currently working to assist 14 companies of which 5 were opened in the first quarter of 2014.

**Goal 3.3:** Continue WorkKeys testing of high school seniors and produce a report that measures skills attainment against the previous year's testing.

Progress 1<sup>st</sup> Quarter

- WorkKeys testing has been completed for 2013-2014 school year. Testing scores are being compiled and will be presented to each school district in late May at the post WorkKeys Counselor Meeting.

**Additional Existing Business and Workforce Development Activities Implemented in 1<sup>st</sup> Quarter 2013:**

Progress 1<sup>st</sup> Quarter:

**Existing Business:**

- Staff continues meeting with Athene in order to facilitate both the Rapid Response Team meetings, as well as connect existing businesses to the planned job fair in order to hire exiting employees. The company is still determining its exit strategy for the Topeka site.

- The KEDA Legislative Day was held in Topeka during the first quarter. Staff was able to hear possible changes to the incentive programs offered by the State.

**Workforce Development:**

- Staff attended a two day Workforce Summit in January. This workshop is focused on workforce issues in Kansas/nation. During the summit staff is able to network with other communities providing assistance in workforce development.
- The Society of Manufacturing Engineers chapter was closed in January. The group was not able to build membership to the levels needed in order to support the manufacturing community. The existing board will continue to meet and determine if they can develop an educational program in the classroom to educated students about careers in manufacturing.
- The food manufacturers group worked hard in the first quarter to finalize the components of the training course. The RFP was released with Washburn Tech winning the contract. The course allows students the opportunity to hear from the companies in the class, and then allows the student to shadow in the company before interviewing for open positions.
- Staff continues to attend monthly Society of Human Resource Managers (SHRM) meetings. During these meetings staff is able to learn more about issues HR Directors face when hiring new employees. This group also allows staff to educate individuals about possible programs/resources to assist them in their hiring efforts.
- Washburn Tech and GO Topeka began discussions regarding a scholarship fund for students interested in pursuing high demand career training. Work will continue in the second quarter to finalize details of the scholarship.



## Entrepreneurial and Minority Business Development

Team Leader: Glenda Washington

**Goal 4:** Increase the knowledge and capacity of minority- and women-owned businesses as well as starting or growing Shawnee County entrepreneurs through education, training, development and support services. Entrepreneurial & Minority Business Development (EMBD) and Topeka Shawnee County First Opportunity Fund (TSCFOF) will work to build capital led and educational strategies to fill critical gaps for the underserved entrepreneur, by increasing the number of loans made, providing entrepreneurial education and assisting creation of entrepreneurial jobs.

**Goal 4.1** Increase training/educational/entrepreneurial opportunities annually for minority, women-owned businesses, entrepreneurs and small businesses.

Progress 1<sup>st</sup> Quarter

Attendees received direct advice from two Tax Professionals at the **Small Business Tax Facts Workshop: What Small Business Owners Should Know When Filing 2013 Small Business Income Taxes**. This workshop provided insight to business owners on the new tax laws and offered an opportunity for questions and answers.

**The Quarterly Breakfast Buzz** introduced growth strategies for new and existing businesses owners.

**Who Owns the Ice House** empowers the individual participant to embrace the entrepreneurial experiences of others and begin the emersion process of developing the necessary skills to grow his/her business. This class will graduate eight participants in April 2014.

The **Childcare Business Builder Series** kicked off in February. This course provides the business foundation classes for owners or potential owners of the Childcare Facilities. The classes conducted, by Childcare Aware, covers Record Keeping, Money Management, Marketing Contracts and Policies and Legal Issues and Insurance. There are 10 individuals graduating in this class during the Second Quarter.

We are working to create a stronger entrepreneurial eco system. Collaboration with our partners has allowed us to aggressively plan outreach some excellent outreach programs for Second Quarter events. **These programs include –**

- 2014 Small Business Awards Recognition
- Women’s Initiative – Women Making A Difference
- Leadership/Lunch and Learn – Three Part Leadership Series
- Small Business Legal Clinic with Washburn, Washburn SBDC and the EMBD
- Expanding the Robotics Program for adult training opportunities

**Goal 4.2      Increase the number of applications received by TSCFOF during FY-2014 year.**

Progress 1<sup>st</sup> Quarter

The TSCFOF met in February. At this meeting the committee revisited the current loan structure and identified strategies to incorporate an enhanced outreach plan. As a result of this meeting the loan committee agreed, that in order to be a competitive lender and provide the necessary support to the targeted population, they would eliminate the current loan cap of \$10,000. All future requests will be reviewed and the loan amount would be approved (up to \$100,000) based on credit and other lending criteria being met. The line of credit has also been increased to a \$15,000 limit. This approach will make the Loan Fund more attractive to Shawnee County Entrepreneurs. There have been several loan inquiries; however, only five individuals have been given applications.

**Goal 4.3      Collaborate with local and state agencies and corporations to host a Purchasing and Procurement Conference.**

Progress 1<sup>st</sup> Quarter

Co hosted at Procurement Workshop with Washburn Small Business Development Center entitled Procurement Basics. The workshop was presented by Jason Porch, Director, the Procurement and Technical Assistance Center. We are currently working with the Department of Commerce to coordinate a larger procurement event that offers more insight and education on doing business with the government.

**Business Starts/Jobs Created**

**Four new businesses started** during First Quarter 2014 (two retail and two service companies). These business starts resulted in the creation of 5.5 FTEs.

**Outreach & New Initiatives**

**Social media play** has been a tremendous help ensuring that the entrepreneurs felt connected. Year to date, we have seen an annual growth of 27%.

A **CoWork/Maker Space** is currently being planned for Shawnee County. A planning committee is currently identifying space, soliciting funds and donations and developing the business plan.

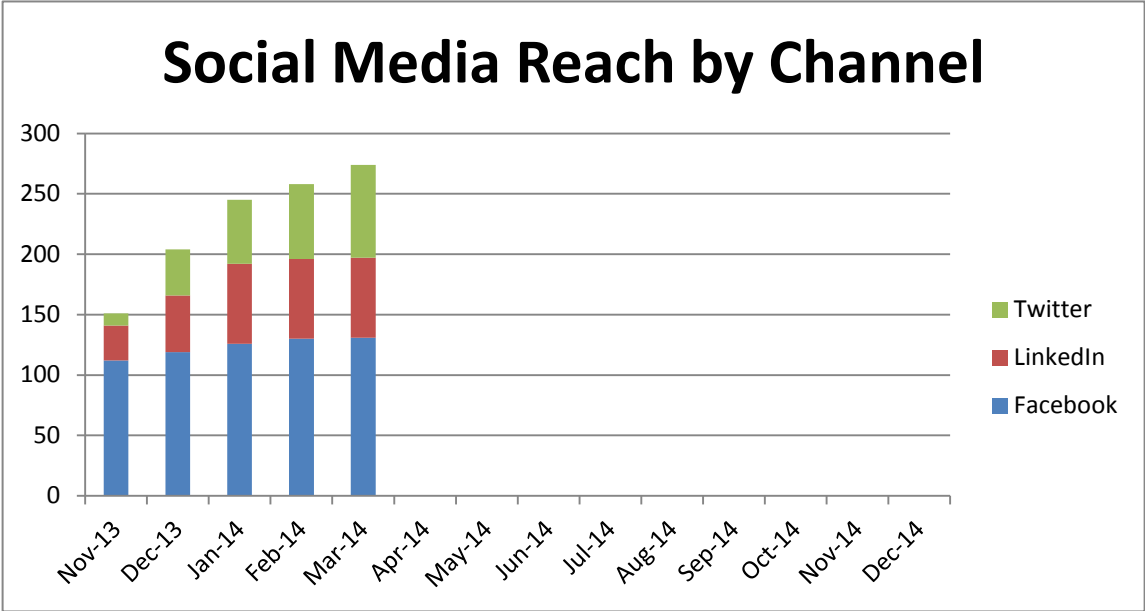
## 2014 Year to Date Reports

Seminars, Workshops, and Events		
Markers	Current Year	Total Impact
# Small Business Events	2	81
Total Entrepreneurs Served	64	3478

Technical Assistance		
Markers	Current Year	Total Impact
Total Clients Assisted	63	941
% Clients Priority Population	78%	75%

Jobs and Growth		
Markers	Current Year	Total Impact
Total Business Starts/Growths	4	27
Total Jobs Created/Retained (FTE)	5.5	333

Robotics Program		
Markers	Current Year	Total Impact
Students Served	19	72
% Minority	79%	22%
% LITM	85%	89%



**Social Media Yearly Growth**                      27%

**GROWTH ORGANIZATION OF TOPEKA /  
SHAWNEE COUNTY, INC. - PUBLIC**

**Financial Statements & Accountant's  
Compilation Report**

**January 31, 2014**



**MIZE HOUSER**  
**COMPANY P.A.**

Growth Organization of Topeka / Shawnee County, Inc.  
120 S.E. 6<sup>th</sup> – Suite 110  
Topeka, Kansas 66603

We have compiled the accompanying financial statements and supplemental information of Growth Organization of Topeka / Shawnee County, Inc.–Public (a division of Growth Organization of Topeka/Shawnee County, Inc., consisting primarily of activities related to the City of Topeka and Shawnee County Joint Economic Development Organization grant), (Go Topeka), as scheduled below. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide assurance about whether the financial statements are in accordance with the modified cash basis accounting. The budgeted revenue and expense information is presented for supplementary analysis purposes only.

Statement of Assets, Liabilities and Change in Funds–Public – Modified Cash Basis as of January 31, 2014.

Statement of Income and Expense–Comparison to Budget–Public – Modified Cash Basis for the one month period ended January 31, 2014.

Supplemental Schedule of Committed/Pending Incentive Offers and Site Expenditures as of January 31, 2014.

Management is responsible for the preparation and fair presentation of the financial statements and supplemental schedule prepared in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the modified cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position and results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The supplementary information referenced above is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

We are not independent with respect to Growth Organization of Topeka / Shawnee County, Inc.–Public.

*Mize Houser & Company P.A.*

**Mize Houser & Company P.A.**  
Certified Public Accountants

May 7, 2014  
BNO:rb:sc  
Enclosures

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Go Topeka, Inc.  
Statement of Assets, Liabilities, &  
Change In Funds-Public - Modified Cash Basis  
January 31, 2014

Assets

Current Assets		
Cash-Sales Tax		3,579,220
Investments-Reserved for incentive/site improvements		2,801,354
Other Receivables - Net		<u>12,784</u>
Total Current Assets		<u>6,393,358</u>
Other Assets		
Land Held for Development	<u>7,740,731</u>	
Total Other Assets		<u>7,740,731</u>
Total Assets		<u><u>14,134,089</u></u>

Liabilities and Fund Balance

Current Liabilities		
DBE Carryover	539,470	
Total Current Liabilities		539,470
Fund Balances		
Opening Fund Balance	13,350,637	
Excess-Current Year	<u>243,982</u>	
		<u>13,594,619</u>
Total Liabilities and Fund Balance		<u><u>14,134,089</u></u>

See Accountant's Compilation Report

Go Topeka, Inc.  
Statement of Income and Expense - Public  
Modified Cash Basis  
January 31, 2014

	Current Period			Year to Date		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b>Revenue</b>						
Sales Tax	416,667	416,667	(0)	416,667	416,667	(0)
Net Investment Income (Fees)	(84)	25	(109)	(84)	25	(109)
Other Program Revenue	22,492	825	21,667	22,492	825	21,667
Total Revenues	<u>439,074</u>	<u>417,517</u>	<u>21,558</u>	<u>439,074</u>	<u>417,517</u>	<u>21,558</u>
<b>Expenses</b>						
<b>Program Expenses</b>						
Business Retention	3,422	6,626	3,204	3,422	6,626	3,204
New Business Attraction	24,900	56,993	32,093	24,900	56,993	32,093
Workforce Development	5,550	16,964	11,414	5,550	16,964	11,414
Government Relations Consultant	1,500	2,000	500	1,500	2,000	500
Research & Governmt'l Relations	6,202	19,250	13,048	6,202	19,250	13,048
Entrepreneurial & Minority Bus Dev	17,848	57,360	39,512	17,848	57,360	39,512
Small Business Innovation Center	833	9,470	8,637	833	9,470	8,637
Site/Prospect Support	3,063	2,961	(102)	3,063	2,961	(102)
* Incentives & Site Expend - Direct	119,247	119,247	-	119,247	119,247	-
* Less: Site Expenditures Capitalized	(1,050)	(1,050)	-	(1,050)	(1,050)	-
Total Program Expenses	<u>181,514</u>	<u>289,821</u>	<u>108,306</u>	<u>181,514</u>	<u>289,821</u>	<u>108,306</u>
General & Administrative Expenses	13,578	20,204	6,627	13,578	20,204	6,627
Total Expenses	<u>195,092</u>	<u>310,025</u>	<u>114,933</u>	<u>195,092</u>	<u>310,025</u>	<u>114,933</u>
Transfer to Visioning	0	0	0	0	0	0
Revenues over (under) Expenses	<u>243,982</u>	<u>107,491</u>	<u>136,491</u>	<u>243,982</u>	<u>107,491</u>	<u>136,491</u>

See Accountant's Compilation Report



**Go Topeka, Inc.**  
**Committed/Pending Incentive Offers and Site Expenditures**  
**January 31, 2014**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Totals</u>
<b>Cash:</b>							
Committed - Performance Based:							
Alorica	90,000	90,000	90,000	90,000	90,000		450,000
Del Monte	42,000	42,000					84,000
Del Monte 2	77,000	31,500	31,500				140,000
LB Steel	71,786						71,786
PTMW	255,500						255,500
Allen Foods							0
Schendel Pest	41,400	21,600	6000	3600	1800		74,400
Goodyear	44,000						44,000
Mars Escrow - Employment Incentive	637,500	637,500					1,275,000
<b>Total Committed - Performance Based</b>	<b>1,259,186</b>	<b>822,600</b>	<b>127,500</b>	<b>93,600</b>	<b>91,800</b>	<b>0</b>	<b>2,394,686</b>
<b>Expected:</b>							
Site Improvements	940,000						940,000
Confidential Pending Cash Incentives							0
Dev. & Maintenance	55,000	100,000	100,000	100,000	100,000		455,000
<b>Total Expected</b>	<b>995,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>0</b>	<b>1,395,000</b>
<b>Total Committed and Expected</b>	<b>2,254,186</b>	<b>922,600</b>	<b>227,500</b>	<b>193,600</b>	<b>191,800</b>	<b>0</b>	<b>3,789,686</b>
<b>Under Consideration:</b>							
Land Acquisitions	2,550,000						2,550,000
Confidential Pending Cash Incentives	143,333	343,333	343,334	310,000	260,000	200,000	1,600,000
<b>Total Under Consideration</b>	<b>2,693,333</b>	<b>343,333</b>	<b>343,334</b>	<b>310,000</b>	<b>260,000</b>	<b>200,000</b>	<b>4,150,000</b>
<b>Total Cash</b>	<b>4,947,519</b>	<b>1,265,933</b>	<b>570,834</b>	<b>503,600</b>	<b>451,800</b>	<b>200,000</b>	<b>7,939,686</b>

See Accountant's Compilation Report

**GROWTH ORGANIZATION OF TOPEKA /  
SHAWNEE COUNTY, INC. - PUBLIC**

**Financial Statements & Accountant's  
Compilation Report**

**February 28, 2014**



**MIZE HOUSER**  
**& COMPANY P.A.**

Growth Organization of Topeka / Shawnee County, Inc.  
120 S.E. 6<sup>th</sup> – Suite 110  
Topeka, Kansas 66603

We have compiled the accompanying financial statements and supplemental information of Growth Organization of Topeka / Shawnee County, Inc.–Public (a division of Growth Organization of Topeka/Shawnee County, Inc., consisting primarily of activities related to the City of Topeka and Shawnee County Joint Economic Development Organization grant), (Go Topeka), as scheduled below. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide assurance about whether the financial statements are in accordance with the modified cash basis accounting. The budgeted revenue and expense information is presented for supplementary analysis purposes only.

Statement of Assets, Liabilities and Change in Funds–Public – Modified Cash Basis as of February 28, 2014.

Statement of Income and Expense–Comparison to Budget–Public – Modified Cash Basis for the one month and two month periods ended February 28, 2014.

Supplemental Schedule of Committed/Pending Incentive Offers and Site Expenditures as of February 28, 2014.

Management is responsible for the preparation and fair presentation of the financial statements and supplemental schedule prepared in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the modified cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position and results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The supplementary information referenced above is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

We are not independent with respect to Growth Organization of Topeka / Shawnee County, Inc.–Public.

*Mize Houser & Company P.A.*

**Mize Houser & Company P.A.**  
Certified Public Accountants

May 7, 2014  
BNO:rb:sc  
Enclosures

[www.mizehouser.com](http://www.mizehouser.com) ■ [mhco@mizehouser.com](mailto:mhco@mizehouser.com)

534 S Kansas Ave, Suite 700 ■ Topeka, KS 66603-3465 ■ 785.233.0536 p ■ 785.233.1078 f  
534 S Kansas Ave, Suite 400 ■ Topeka, KS 66603-3454 ■ 785.234.5573 p ■ 785.234.1037 f  
7101 College Blvd, Suite 900 ■ Overland Park, KS 66210-1984 ■ 913.451.1882 p ■ 913.451.2211 f  
211 E Eighth St, Suite A ■ Lawrence, KS 66044-2771 ■ 785.842.8844 p ■ 785.842.9049 f

Go Topeka, Inc.  
Statement of Assets, Liabilities, &  
Change In Funds-Public - Modified Cash Basis  
February 28, 2014

Assets

Current Assets		
Cash-Sales Tax		3,864,663
Investments-Reserved for incentive/site improvements		2,642,392
Other Receivables - Net		<u>45,566</u>
Total Current Assets		<u>6,552,621</u>
Other Assets		
Land Held for Development	<u>7,740,731</u>	
Total Other Assets		<u>7,740,731</u>
Total Assets		<u><u>14,293,352</u></u>

Liabilities and Fund Balance

Current Liabilities		
DBE Carryover	539,470	
Total Current Liabilities		539,470
Fund Balances		
Opening Fund Balance	13,350,637	
Excess-Current Year	<u>403,245</u>	
		<u>13,753,882</u>
Total Liabilities and Fund Balance		<u><u>14,293,352</u></u>

See Accountant's Compilation Report

Go Topeka, Inc.  
Statement of Income and Expense - Public  
Modified Cash Basis  
February 28, 2014

	Current Period			Year to Date		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b>Revenue</b>						
Sales Tax	416,667	416,667	(0)	833,333	833,333	(0)
Net Investment Income (Fees)	443	25	418	359	50	309
Other Program Revenue	1,272	1,125	147	23,764	1,950	21,814
<b>Total Revenues</b>	<b>418,382</b>	<b>417,817</b>	<b>565</b>	<b>857,456</b>	<b>835,333</b>	<b>22,123</b>
<b>Expenses</b>						
<b>Program Expenses</b>						
Business Retention	2,860	7,331	4,471	6,281	13,957	7,676
New Business Attraction	46,090	56,997	10,907	70,989	113,990	43,001
Workforce Development	9,398	6,869	(2,529)	14,948	23,833	8,885
Government Relations Consultant	1,500	1,500	-	3,000	3,500	500
Research & Governmt'l Relations	6,041	8,845	2,804	12,243	28,095	15,852
Entrepreneurial & Minority Bus Dev	17,352	65,855	48,503	35,201	123,215	88,014
Small Business Innovation Center	-	9,370	9,370	833	18,841	18,007
Site/Prospect Support	945	2,961	2,016	4,007	5,922	1,915
* Incentives & Site Expend - Direct	162,863	162,863	-	282,110	282,110	-
* Less: Site Expenditures Capitalized	-	-	-	(1,050)	(1,050)	-
<b>Total Program Expenses</b>	<b>247,048</b>	<b>322,591</b>	<b>75,543</b>	<b>428,563</b>	<b>612,412</b>	<b>183,849</b>
<b>General &amp; Administrative Expenses</b>	<b>12,071</b>	<b>14,198</b>	<b>2,128</b>	<b>25,648</b>	<b>34,403</b>	<b>8,754</b>
<b>Total Expenses</b>	<b>259,119</b>	<b>336,790</b>	<b>77,671</b>	<b>454,211</b>	<b>646,815</b>	<b>192,604</b>
Transfer to Visioning	0	0	0	0	0	0
<b>Revenues over (under) Expenses</b>	<b>159,263</b>	<b>81,027</b>	<b>78,236</b>	<b>403,245</b>	<b>188,518</b>	<b>214,727</b>

See Accountant's Compilation Report

**Go Topeka, Inc.**  
**Committed/Pending Incentive Offers and Site Expenditures**  
**February 28, 2014**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Totals</u>
<b>Cash:</b>							
Committed - Performance Based:							
Alorica	90,000	90,000	90,000	90,000	90,000		450,000
Del Monte	42,000	42,000					84,000
Del Monte 2	77,000	31,500	31,500				140,000
LB Steel	71,786						71,786
PTMW	255,500						255,500
Allen Foods							0
Schendel Pest	41,400	21,600	6000	3600	1800		74,400
Goodyear	44,000						44,000
Mars Escrow - Employment Incentive	637,500	637,500					1,275,000
<b>Total Committed - Performance Based</b>	<b>1,259,186</b>	<b>822,600</b>	<b>127,500</b>	<b>93,600</b>	<b>91,800</b>	<b>0</b>	<b>2,394,686</b>
<b>Expected:</b>							
Site Improvements	770,000						770,000
Confidential Pending Cash Incentives							0
Dev. & Maintenance	55,000	100,000	100,000	100,000	100,000		455,000
<b>Total Expected</b>	<b>825,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>0</b>	<b>1,225,000</b>
<b>Total Committed and Expected</b>	<b>2,084,186</b>	<b>922,600</b>	<b>227,500</b>	<b>193,600</b>	<b>191,800</b>	<b>0</b>	<b>3,619,686</b>
<b>Under Consideration:</b>							
Land Acquisitions	2,550,000						2,550,000
Confidential Pending Cash Incentives	143,333	343,333	343,334	310,000	260,000	200,000	1,600,000
<b>Total Under Consideration</b>	<b>2,693,333</b>	<b>343,333</b>	<b>343,334</b>	<b>310,000</b>	<b>260,000</b>	<b>200,000</b>	<b>4,150,000</b>
<b>Total Cash</b>	<b>4,777,519</b>	<b>1,265,933</b>	<b>570,834</b>	<b>503,600</b>	<b>451,800</b>	<b>200,000</b>	<b>7,769,686</b>

See Accountant's Compilation Report

**GROWTH ORGANIZATION OF TOPEKA /  
SHAWNEE COUNTY, INC. - PUBLIC**

**Financial Statements & Accountant's  
Compilation Report**

**March 31, 2014**



**MIZE HOUSER**  
**COMPANY P.A.**

Growth Organization of Topeka / Shawnee County, Inc.  
120 S.E. 6<sup>th</sup> – Suite 110  
Topeka, Kansas 66603

We have compiled the accompanying financial statements and supplemental information of Growth Organization of Topeka / Shawnee County, Inc.–Public (a division of Growth Organization of Topeka/Shawnee County, Inc., consisting primarily of activities related to the City of Topeka and Shawnee County Joint Economic Development Organization grant), (Go Topeka), as scheduled below. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide assurance about whether the financial statements are in accordance with the modified cash basis accounting. The budgeted revenue and expense information is presented for supplementary analysis purposes only.

Statement of Assets, Liabilities and Change in Funds–Public – Modified Cash Basis as of  
March 31, 2014.

Statement of Income and Expense–Comparison to Budget–Public – Modified Cash Basis for the  
one month and three month periods ended March 31, 2014.

Supplemental Schedule of Committed/Pending Incentive Offers and Site Expenditures as of  
March 31, 2014.

Management is responsible for the preparation and fair presentation of the financial statements and supplemental schedule prepared in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

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We are not independent with respect to Growth Organization of Topeka / Shawnee County, Inc.–Public.

*Mize Houser & Company P.A.*

**Mize Houser & Company P.A.**  
Certified Public Accountants

May 7, 2014  
BNO:rb:sc  
Enclosures

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Go Topeka, Inc.  
Statement of Assets, Liabilities, &  
Change In Funds-Public - Modified Cash Basis  
March 31, 2014

Assets

Current Assets		
Cash-Sales Tax		3,995,746
Investments-Reserved for incentive/site improvements		<u>2,642,282</u>
Total Current Assets		6,638,028
Other Assets		
Land Held for Development	<u>7,740,731</u>	
Total Other Assets		<u>7,740,731</u>
Total Assets		<u><u>14,378,759</u></u>

Liabilities and Fund Balance

Current Liabilities		
DBE Carryover	539,470	
Due to Chamber	22,933	
Other	<u>3,542</u>	
Total Current Liabilities		565,945
Fund Balances		
Opening Fund Balance	13,350,637	
Excess-Current Year	<u>462,177</u>	
		<u>13,812,814</u>
Total Liabilities and Fund Balance		<u><u>14,378,759</u></u>

See Accountant's Compilation Report

Go Topeka, Inc.  
Statement of Income and Expense - Public  
Modified Cash Basis  
March 31, 2014

	Current Period			Year to Date		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b>Revenue</b>						
Sales Tax	416,667	416,667	(0)	1,250,000	1,250,000	(0)
Net Investment Income (Fees)	(74)	25	(99)	285	75	210
Other Program Revenue	1,654	3,925	(2,271)	25,418	5,875	19,543
Total Revenues	<u>418,246</u>	<u>420,617</u>	<u>(2,371)</u>	<u>1,275,702</u>	<u>1,255,950</u>	<u>19,752</u>
<b>Expenses</b>						
Program Expenses						
Business Retention	5,454	9,125	3,671	11,735	23,082	11,347
New Business Attraction	32,218	56,994	24,776	103,208	170,984	67,776
Workforce Development	9,778	59,963	50,185	24,726	83,796	59,070
Government Relations Consultant	1,500	2,000	500	4,500	5,500	1,000
Research & Governmt'l Relations	7,548	8,849	1,301	19,792	36,944	17,153
Entrepreneurial & Minority Bus Dev	18,844	56,609	37,765	54,045	179,824	125,779
Small Business Innovation Center	1,682	9,495	7,814	2,515	28,336	25,821
Site/Prospect Support	5,182	2,961	(2,221)	9,190	8,883	(307)
* Incentives & Site Expend - Direct	262,377	262,377	-	544,487	544,487	-
* Less: Site Expenditures Capitalized	-	-	-	(1,050)	(1,050)	-
Total Program Expenses	<u>344,584</u>	<u>468,373</u>	<u>123,790</u>	<u>773,147</u>	<u>1,080,786</u>	<u>307,639</u>
General & Administrative Expenses	14,731	14,203	(528)	40,379	48,606	8,227
Total Expenses	<u>359,315</u>	<u>482,577</u>	<u>123,262</u>	<u>813,526</u>	<u>1,129,392</u>	<u>315,866</u>
Transfer to Visioning	0	0	0	0	0	0
Revenues over (under) Expenses	<u>58,931</u>	<u>(61,960)</u>	<u>120,891</u>	<u>462,177</u>	<u>126,558</u>	<u>335,618</u>

See Accountant's Compilation Report

**Go Topeka, Inc.**  
**Committed/Pending Incentive Offers and Site Expenditures**  
**March 31, 2014**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>THEREAFTER</u>	<u>Totals</u>
Cash:							
Committed - Performance Based:							
Alorica	90,000	90,000	90,000	90,000	90,000		450,000
Del Monte	42,000	42,000					84,000
Del Monte 2	77,000	31,500	31,500				140,000
LB Steel	71,786						71,786
PTMW	255,500						255,500
Yantra	0	10,000	10,000	10,000	10,000	60,000	100,000
Schendel Pest	41,400	21,600	6,000	3,600	1,800		74,400
Goodyear	44,000						44,000
Mars Escrow - Employment Incentive	478,125	637,500					1,115,625
<b>Total Committed - Performance Based</b>	<b>1,099,811</b>	<b>832,600</b>	<b>137,500</b>	<b>103,600</b>	<b>101,800</b>	<b>60,000</b>	<b>2,335,311</b>
Expected:							
Site Improvements	670,000						670,000
Confidential Pending Cash Incentives							0
Dev. & Maintenance	55,000	100,000	100,000	100,000	100,000		455,000
<b>Total Expected</b>	<b>725,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>0</b>	<b>1,125,000</b>
<b>Total Committed and Expected</b>	<b>1,824,811</b>	<b>932,600</b>	<b>237,500</b>	<b>203,600</b>	<b>201,800</b>	<b>60,000</b>	<b>3,460,311</b>
Under Consideration:							
Land Acquisitions	2,550,000						2,550,000
Confidential Pending Cash Incentives	110,000	310,000	310,000	310,000	260,000	200,000	1,500,000
<b>Total Under Consideration</b>	<b>2,660,000</b>	<b>310,000</b>	<b>310,000</b>	<b>310,000</b>	<b>260,000</b>	<b>200,000</b>	<b>4,050,000</b>
<b>Total Cash</b>	<b>4,484,811</b>	<b>1,242,600</b>	<b>547,500</b>	<b>513,600</b>	<b>461,800</b>	<b>260,000</b>	<b>7,510,311</b>

# **AGENDA**

## **ITEM #6**



May 1, 2014

To the Board of Directors  
Growth Organization of Topeka/Shawnee County, Inc.

We have audited the financial statements of Growth Organization of Topeka/Shawnee County, Inc. for the year ended December 31, 2013, and have issued our report thereon dated May 1, 2014. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated September 30, 2013. Professional standards also require that we communicate to you the following information related to our audit.

### **SIGNIFICANT FINDINGS FROM THE AUDIT**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Growth Organization of Topeka/Shawnee County, Inc. are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the value of pledge receivables. The determination of amounts potentially uncollectable and the present value discount is based on information, judgment and experience. We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.





### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated May 1, 2014.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Growth Organization of Topeka/Shawnee County, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Mayer Hoffman McCann P.C.*

Mayer Hoffman McCann P.C.

**GROWTH ORGANIZATION  
OF TOPEKA/SHAWNEE COUNTY, INC.**

Financial Statements and Auditors' Report

December 31, 2013 and 2012

**GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.**

Financial Statements  
December 31, 2013 and 2012

Table of Contents

	<u>Page</u>
Independent auditors' report	1
Financial statements:	
Statements of financial position	2
Statements of activities	3
Statements of cash flows	4
Notes to financial statements	5 – 12





Independent Auditors' Report

Board of Directors  
Growth Organization of Topeka/Shawnee County, Inc.  
Topeka, Kansas

We have audited the accompanying statements of financial position of Growth Organization of Topeka/Shawnee County, Inc., as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Growth Organization of Topeka/Shawnee County, Inc. as of December 31, 2013 and 2012, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Mayer Hoffman McCann P.C.*

Mayer Hoffman McCann P.C.  
Topeka, Kansas  
May 1, 2014

**GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.**

Statements of Financial Position  
December 31,

Assets

	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 4,638,640	\$ 2,889,029
Investments	2,801,471	4,194,557
Pledges receivable, less allowance for uncollectible pledges of \$27,000 in 2013 and \$11,650 in 2012	653,010	454,351
Prepaid expenses	57,989	84,016
Restricted funds	<u>5,712,309</u>	<u>3,869,794</u>
Total current assets	<u>13,863,419</u>	<u>11,491,747</u>
Property and equipment:		
Equipment	157,778	157,778
Leasehold improvements	<u>8,503</u>	<u>8,503</u>
Total property and equipment	166,281	166,281
Less accumulated depreciation	<u>(147,786)</u>	<u>(136,689)</u>
Net property and equipment	<u>18,495</u>	<u>29,592</u>
Other assets:		
Pledges receivable, less allowance for uncollectible pledges of \$200,951 in 2013 and \$282,375 in 2012	1,977,925	2,489,405
Land held for economic development	<u>7,740,731</u>	<u>7,998,519</u>
Total other assets	<u>9,718,656</u>	<u>10,487,924</u>
Total assets	<u>\$23,600,570</u>	<u>\$22,009,263</u>

Liabilities and Net Assets

Current liabilities:		
Deferred JEDO grant revenue	\$ 5,909,921	\$ 5,138,928
Deferred air service grant revenue	1,233,396	
Accounts payable	257,098	
Due to Greater Topeka Chamber of Commerce	84,636	8,896
Due to Greater Topeka Chamber of Commerce Foundation	3,000	2,500
Agency funds	379,693	274,953
Due to Topeka/Shawnee County First Opportunity Fund		196,668
Improvement and training incentives	<u>4,253,913</u>	<u>3,869,794</u>
Total current liabilities	<u>12,121,657</u>	<u>9,491,739</u>
Long-term liabilities:		
Improvement and training incentives	<u>-</u>	<u>481,431</u>
Net assets:		
Unrestricted:		
Undesignated	882,247	819,693
Board designated	<u>7,965,731</u>	<u>8,272,644</u>
Total unrestricted	8,847,978	9,092,337
Temporarily restricted	<u>2,630,935</u>	<u>2,943,756</u>
Total net assets	<u>11,478,913</u>	<u>12,036,093</u>
Total liabilities and net assets	<u>\$23,600,570</u>	<u>\$22,009,263</u>

The accompanying notes are an integral part of these financial statements

**GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.**

Statements of Activities  
Years Ended December 31,

	2013		2012			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:						
JEDO grant revenue	\$ 4,229,007	-	\$ 4,229,007	\$ 3,678,523	-	\$ 3,678,523
Private contributions and pledges	49,700	196,670	246,370	420,780	2,943,756	3,364,536
Events and other	29,361		29,361	47,483		47,483
Net assets released from restriction	<u>509,491</u>	<u>(509,491)</u>				
Total support and revenue	<u>4,817,559</u>	<u>(312,821)</u>	<u>4,504,738</u>	<u>4,146,786</u>	<u>2,943,756</u>	<u>7,090,542</u>
Expenses:						
Program expenses:						
Economic development	4,813,217		4,813,217	2,737,544		2,737,544
Total program expenses	<u>4,813,217</u>	<u>-</u>	<u>4,813,217</u>	<u>2,737,544</u>	<u>-</u>	<u>2,737,544</u>
Supporting services expenses:						
General and administrative	237,699		237,699	231,962		231,962
Fundraising	11,002		11,002	224,935		224,935
Total supporting expenses	<u>248,701</u>	<u>-</u>	<u>248,701</u>	<u>456,897</u>	<u>-</u>	<u>456,897</u>
Total expenses	<u>5,061,918</u>	<u>-</u>	<u>5,061,918</u>	<u>3,194,441</u>	<u>-</u>	<u>3,194,441</u>
Change in net assets	(244,359)	(312,821)	(557,180)	952,345	2,943,756	3,896,101
Net assets at beginning of year	<u>9,092,337</u>	<u>2,943,756</u>	<u>12,036,093</u>	<u>8,139,992</u>	<u>-</u>	<u>8,139,992</u>
Net assets at end of year	<u>\$ 8,847,978</u>	<u>\$ 2,630,935</u>	<u>\$ 11,478,913</u>	<u>\$ 9,092,337</u>	<u>\$ 2,943,756</u>	<u>\$ 12,036,093</u>

**GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.**

Statements of Cash Flows  
Years Ended December 31,

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Contributions, grants and other support	\$ 5,578,185	\$ 6,296,191
Cash paid for personnel, vendors and suppliers	(3,701,749)	(2,325,172)
Cash incentive payments	(1,738,004)	(3,702,514)
Interest received	<u>2,867</u>	<u>2,487</u>
Net cash provided by operating activities	<u>141,299</u>	<u>270,992</u>
Cash flows from investing activities:		
Purchase of investments		(3,903,687)
Proceeds from sale of investments	1,393,086	6,155,206
Investment in land and improvements	(49,455)	(756,686)
Proceeds from the sale of land	264,681	
Purchase of property and equipment		<u>(2,183)</u>
Net cash provided by investing activities	<u>1,608,312</u>	<u>1,492,650</u>
Net increase in cash	1,749,611	1,763,642
Cash and cash equivalents at beginning of year	<u>2,889,029</u>	<u>1,125,387</u>
Cash and cash equivalents at end of year	<u>\$ 4,638,640</u>	<u>\$ 2,889,029</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ <u>(557,180)</u>	\$ <u>3,896,101</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Discount on pledges	(66,074)	
Uncollectible pledge recovery	(41,096)	
Land expense	42,562	
Depreciation	11,097	18,900
Change in:		
Market value of investments		(2,918)
Pledges receivable	419,991	(2,943,756)
Prepaid expenses	26,027	3,325
Restricted funds	(609,119)	(2,743,605)
Due to Greater Topeka Chamber of Commerce	75,740	(92,357)
Accounts payable	257,098	
Deferred JEDO grant revenue	770,993	2,154,811
Due to Topeka/Shawnee First Opportunity Fund	(196,668)	196,668
Agency funds	104,740	51,630
Due to Greater Topeka Chamber of Commerce Foundation	500	2,500
Improvement and training incentives payable	<u>(97,312)</u>	<u>(270,307)</u>
Total adjustments	<u>698,479</u>	<u>(3,625,109)</u>
Net cash provided by operating activities	<u>\$ 141,299</u>	<u>\$ 270,992</u>

The accompanying notes are an integral part of these financial statements

# GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.

## Notes to Financial Statements December 31, 2013 and 2012

### 1. History and Organization

The Growth Organization of Topeka/Shawnee County, Inc. was organized to encourage business and industry to locate and develop within the greater Topeka area and to otherwise promote the common economic interest of greater Topeka. The Organization receives funding through a grant from the Joint Economic Development Organization (JEDO) and by donations from the business community.

### 2. Summary of Significant Accounting Policies

This summary of significant accounting policies is presented to assist in understanding the accompanying financial statements.

#### Basis of Reporting

Assets, liabilities, net assets, revenues and expenses are recognized on the accrual basis of accounting. Grant revenue is recognized at the time the funds are expended or are accrued for expenditure. Revenue from private contributions is recognized at the time the funds are received. Revenue from pledges is recognized in the period the pledge commitment is made by the donor.

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets represent the portion of funds currently available to support of the Organization's operations. The Organization's Board of Directors may designate a portion of unrestricted net assets to be used for certain purposes. At December 31, 2013 and 2012, the Board has designated net assets for future incentives related to land held for economic development and certain amounts funded to restricted escrow accounts.

Temporarily restricted and permanently restricted net assets represent funds that are subject to donor imposed time or purpose restrictions. At December 31, 2013 and 2012, temporarily restricted net assets are recorded for outstanding pledges receivable due to implied time restrictions as amounts are to be collected in future periods.

#### Fair Value Measurement

Assets recorded at fair value on the statement of financial position are categorized based upon the level of observability associated with the inputs used to measure their fair value. Fair value is defined as the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The availability of observable inputs is affected by a variety of factors, including the type of asset and the transparency of market transactions. To the extent that fair value is based on inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment.

The three-level hierarchy for fair value measurements is defined as follows:

- Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets at the measurement date.
- Level 2 – Inputs are other than quoted prices in active markets that are observable for the asset, either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 – Inputs are unobservable and significant to the asset, and include situations where there is little, if any, market activity.

Management endeavors to utilize the best available information in measuring fair value.

# GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.

## Notes to Financial Statements December 31, 2013 and 2012

### 2. Summary of Significant Accounting Policies (Continued)

#### Management Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Investments

The Organization invests in U.S. government securities money market funds, certificates of deposit and U.S. government securities. Investments are stated at fair value. Realized and unrealized gains and losses, dividends and interest on investments are reflected in the statement of activities.

Investment securities are exposed to various risks, such as interest rate, market fluctuation and credit risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in risks in the near term could materially affect investments and the amounts reported in the statements of financial position.

#### Pledges Receivable

Unconditional promises to give that are expected to be received within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on those amounts are determined using rates applicable to the years in which the promises are received.

Conditional promises to give are not recorded until such time as the conditions are substantially met.

#### Land Held for Economic Development

The Organization holds land for the development of the Kanza Fire and Central Crossing Commerce Parks in southwest Topeka, Kansas. The acquisition cost of the land and certain types of improvements are recorded as an asset on the Statement of Financial Position. Maintenance costs and utility extension costs that result in benefits beyond the park development are expensed as incurred. Management annually reviews the land held for economic development to determine whether carrying values have been impaired.

Land held for economic development is a board designated net asset.

# GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.

## Notes to Financial Statements December 31, 2013 and 2012

### 2. Summary of Significant Accounting Policies (Continued)

#### Property and Equipment

The Organization capitalizes all expenditures in excess of \$2,000 for property and equipment at cost. Depreciation is determined on the straight-line basis, with estimated useful lives as follows:

Equipment	3 - 5 years
Leasehold improvements	5-10 years

Maintenance and repairs which neither materially add to the value of the property nor appreciably prolong its life are charged to expenses as incurred.

#### Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code, is exempt from federal income taxes pursuant to Section 501(a) of the Code, and has been classified as other than a private foundation.

The Organization's present accounting policy for the evaluation of uncertain tax positions is to review those positions on an annual basis. A liability would be recorded in the financial statements during the period which, based on all available evidence, management believes it is more likely than not that the tax position would not be sustained upon examination by taxing authorities and the liability would be incurred by the Organization.

The Organization files income tax returns in the U.S. federal and Kansas jurisdictions. The Organization is generally no longer subject to federal and state income tax examinations by taxing authorities for years before 2010. There are currently no examinations of the Organization's income tax returns in progress.

#### Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and services benefited.

#### Cash Defined For Statement of Cash Flows

For purposes of the statement of cash flows, the Organization considers cash held in commercial banks with original maturities of three months or less to be cash and cash equivalents.

### 3. Cash

Cash and cash equivalents include repurchase agreements with a local bank. The repurchase agreements represent ownership interests in Federal Agency securities. Other bank deposits are generally maintained within FDIC-insured limits.

**GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.**

Notes to Financial Statements  
December 31, 2013 and 2012

**4. Investments and Fair Value**

Investments consist of the following at December 31:

	<u>2013</u>	<u>2012</u>
U.S. government securities money market fund	\$1,834,942	\$3,230,090
Certificates of deposit	<u>966,529</u>	<u>964,467</u>
 Total investments	 <u>\$2,801,471</u>	 <u>\$4,194,557</u>

The following table summarizes the investments recorded at fair value based on valuation hierarchy:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>As of December 31, 2013:</u>				
Money market fund	\$1,834,942	\$1,834,942	\$ _____ -	\$ _____ -
 Total	 <u>\$1,834,942</u>	 <u>\$1,834,942</u>	 <u>\$ _____ -</u>	 <u>\$ _____ -</u>
<u>As of December 31, 2012:</u>				
Money market fund	\$3,230,090	\$3,230,090	\$ _____	\$ _____
 Total	 <u>\$3,230,090</u>	 <u>\$3,230,090</u>	 <u>\$ _____ -</u>	 <u>\$ _____ -</u>

The fair value of the money market fund is based on the carrying value of the accounts due to its short maturity, high liquidity, and low risk of default.

Certificates of deposit are carried at cost plus interest credited to date.



**GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.**

Notes to Financial Statements  
December 31, 2013 and 2012

**5. Pledges Receivable**

During 2012, the Organization commenced a campaign to raise funds in support of its ongoing economic development activities. Pledges receivable from donors as of December 31 are as follows:

	<u>2013</u>	<u>2012</u>
Receivable in less than one year	\$ 680,010	\$ 466,001
Receivable in one to five years	<u>2,277,504</u>	<u>2,921,004</u>
	2,957,514	3,387,005
Less allowance for uncollectible pledges	227,951	294,025
Less unamortized discount at 2%	<u>98,628</u>	<u>149,224</u>
	<u>\$2,630,935</u>	<u>\$2,943,756</u>

Pledges receivable are classified as Level 3 under the fair value hierarchy since the amount recognized is based on estimated future cash flows.

**6. Land Held for Economic Development**

The Organization owns a portion of land at the Kanza Fire and Central Crossing Commerce Parks in southwest Topeka, Kansas. The land is available for the Organization to transfer to companies for economic development. The Organization also has an option to purchase an additional 569 acres at the Kanza Fire Park location, at prices ranging from \$6,000 – \$8,000 per acre.

During 2013, the Organization sold 24 acres of land in the Central Crossing Commerce Park. Proceeds from the sale totaled \$264,681, and were recorded as a reduction in the carrying value of the land held for economic development.

**7. Restricted Funds**

Restricted funds represent amounts held in two escrow accounts for specific purposes. One escrow account is maintained for certain property improvements, training, and employment incentives. The other escrow account was established in 2013 as part of a grant agreement to bring commercial air service to Topeka. The air service escrow account was funded with \$1,000,000 from the Kansas Department of Commerce and \$250,000 from the Metropolitan Topeka Airport Authority. The following is a summary of funds held in escrow:

	<u>2013</u>			<u>2012</u>
	<u>Incentives</u>	<u>Air Service</u>	<u>Total</u>	<u>Total</u>
Balance, January 1	\$3,869,794	\$ -	\$3,869,794	\$1,126,189
Funding by the Organization	1,552,431		1,552,431	3,217,230
Funding by granting organizations		1,250,000	1,250,000	
Payments	(950,270)	(16,380)	(966,650)	(478,903)
Interest and other	<u>6,958</u>	<u>(224)</u>	<u>6,734</u>	<u>5,278</u>
Balance, December 31	<u>\$4,478,913</u>	<u>\$1,233,396</u>	<u>\$5,712,309</u>	<u>\$3,869,794</u>

**GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.**

Notes to Financial Statements  
December 31, 2013 and 2012

**8. Agency Funds**

The Organization acts as an agent on behalf of the Governor's Military Council. Cash held on behalf of the Governor's Military Council is classified as both cash and a corresponding liability.

**9. Related Party Transactions**

The Organization reimburses The Greater Topeka Chamber of Commerce for certain services incurred on behalf of the Organization. The reimbursements are primarily for salary and benefit costs of GO Topeka personnel. Amounts billed to the Organization for reimbursement of such services for the years ended December 31, 2013 and 2012, which are funded by the JEDO grant, were approximately \$456,000 and \$578,000, respectively. Amounts billed to the Organization for reimbursement of such services for the years ended December 31, 2013 and 2012, which are funded by private contributions, were approximately \$359,000 and \$234,000, respectively. At December 31, 2013 and 2012, the Organization owed the Greater Topeka Chamber of Commerce \$84,636 and \$8,896, respectively, under this reimbursement arrangement.

The Organization also makes lease payments based on its proportionate share of space under a lease agreement between Security National Properties and the Greater Topeka Chamber of Commerce. Total lease expense for the years ended December 31, 2013 and 2012 was \$77,625 and \$76,304, respectively.

In 2012, the Organization approved a recommendation by the Minority Women Business Development Council to contribute funds to the Topeka/Shawnee County First Opportunity Fund, L.L.C. The contribution totals \$196,668 and is to be used 75% for loans and 25% for training and operational expenses.

The Topeka/Shawnee First County Opportunity Fund, L.L.C., a subsidiary of the Greater Topeka Chamber of Commerce Foundation, is a Community Development Financial Institution (CDFI) having a primary mission of promoting community development, predominately serving eligible target markets.

**10. JEDO Grant**

JEDO is a separate legal entity authorized by Kansas Statute 12-2904(a) which was created by an interlocal agreement between the Board of Commissioners of Shawnee County and the City of Topeka. The Organization has an agreement with JEDO that provides for a grant to the Organization for the purpose of providing economic development services, including research, target marketing, existing business retention and expansion, new business recruitment, minority and women-owned businesses, infrastructure development, site acquisition and development, incentive funds, workforce training and expansion, and other such activities deemed necessary and appropriate. The term of the agreement is for one year and can be extended for successive periods of one year each unless either party terminates the agreement.

**GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.**

Notes to Financial Statements  
December 31, 2013 and 2012

**10. JEDO Grant (Continued)**

JEDO approved the carryover of the 2013 and 2012 unexpended grant funds. This carryover is included in the deferred JEDO grant revenue at December 31, 2013 and 2012, and includes approximately \$540,000 and \$285,000 for the minority and women-owned business program at December 31, 2013 and 2012.

On April 2, 2014, JEDO approved a new grant agreement with the Organization for a three-year period commencing January 1, 2015.

**11. Concentrations and Major Customers**

The Organization received 94% and 52% of their total revenue from a grant with the Joint Economic Development Organization (JEDO) for the years ended December 31, 2013 and 2012, respectively. In the event this grant was discontinued, the activities of the Organization would be curtailed accordingly.

**12. 401(k) Retirement Plan**

The Organization established a 401(k) retirement plan through a common paymaster agreement with the Greater Topeka Chamber of Commerce in which eligibility is reached when an employee has 1,000 hours of services, is age 21, and has completed 12 months of service. The 401(k) retirement plan is sponsored by the American Chamber of Commerce Executives.

The Organization's 401(k) retirement plan expense was \$36,129 and \$29,951 for the years ended December 31, 2013 and 2012.

**13. Incentives**

For the years ended December 31, 2013 and 2012, the Organization paid net cash incentives totaling \$1,738,004 and \$3,702,514 under incentive agreements covering several years and generally requiring maintenance of employment levels and other obligations. These payments include payment into restricted funds (see Note 7).

Improvements and training incentive liability includes the following at December 31:

	<u>2013</u>	<u>2012</u>
Funded and held in escrow (see Note 7)	\$4,478,913	\$3,869,794
Less board designated employment incentive held in escrow	(225,000)	(274,125)
Unfunded land improvement and training	<u>                    </u>	<u>755,556</u>
Balance, December 31	<u>\$4,253,913</u>	<u>\$4,351,225</u>

**GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.**

Notes to Financial Statements  
December 31, 2013 and 2012

**13. Incentives (Continued)**

At December 31, 2013, the Organization also has outstanding incentive commitments to various companies expected to be payable as follows:

2014	\$1,099,811
Thereafter	<u>1,294,875</u>
	<u>\$2,394,686</u>

**14. Utility Extension**

During 2013, the Organization commenced extending water, sewer, and gas utilities around Kanza Fire Park. The total estimated cost of the project is approximately \$2,740,000, of which approximately \$2,076,000 was incurred through December 31, 2013.

The Organization has recorded the cost of the utility extensions as an economic development expense as incurred.

**15. Conditional Contributions**

The Organization has been notified of promises to give in kind services totaling approximately \$73,000. These promises are considered conditional and have not been recorded in the financial statements.

**16. Subsequent Events**

The Organization has evaluated subsequent events through May 1, 2014, the date which the financial statements were available to be issued.