

JEDO Board Minutes
November 20, 2008
3:00 p.m.

The Joint Economic Development Organization (JEDO) Board met at 3:00 P.M. with the following Board Members present: Shawnee County Commissioner Vic Miller, Chair; Shawnee County Commissioner Shelly Buhler; Shawnee County Commissioner Ted Ensley; City of Topeka Mayor Bill Bunten; City of Topeka Councilman Jeff Preisner; City of Topeka Councilwoman Deborah Swank. City of Topeka Councilman Richard Harmon was not present at the beginning of the meeting but arrived later.

OTHERS PRESENT: Jackie Williams, City of Topeka; Andrea Coker, MB Piland; Martha Bartlett Piland, MB Piland; Sarah Strydom, Single Source, Chamber Board; Councilman Jack Woelfel, City of Topeka; Rick Wienckowski, Hill's Pet Nutrition, Chamber Board; Norton Bonaparte, City of Topeka; Jim Parrish, Parrish Hotel Corp, Chamber Board; Rick Jackson, Capitol Federal, GO Topeka Board; Ken Daniel, Midway Wholesale; Jim Ogle, WIBW, Chamber Board; Scott Griffith, INTRUST Bank, GO Topeka Board; Brad Owen, Mize Houser; Angie Thomas; Mike Wilson, Architect 1, GO Topeka Board; Kathleen Urbom, QuVis, GO Topeka Board; Lucky DeFries, Coffman, DeFries & Nothern, Chamber and GO Topeka Boards; Marty Leisinger, Shawnee County; Rich Eckert, Counselor, Shawnee County; Cindy Harper, County Clerk's Office, Shawnee County; Brian Quick, WIBW; Josh Mabry, WIBW; Amy Wall, KSNT-TV; Glenn Bartlett, KSNT-TV; Chamber and GO Topeka staff: Doug Kinsinger, Steve Jenkins, Kathy Moellenberndt, Christy Caldwell, Jo Feldmann, Nora Patton Taylor.

JEDO Chairman County Commissioner Vic Miller called the meeting to order. He said Councilman Harmon indicated he might be late to the meeting and noted all other members were present.

ITEM No. 1: **The JEDO meeting minutes of August 20, 2008 were approved.**

Councilman Preisner moved approval of the minutes as presented, seconded by Commissioner Ensley. Motion carried unanimously.

ITEM No. 2: **Update on Wenger Drive extension and other infrastructure needs.**

Doug Kinsinger, Topeka Chamber of Commerce, referred to the aerial map regarding work on the extension of Wenger Drive to Target was completed with federal grants. An RFP was issued and bids submitted for the extension of Wenger Drive that would take it up to 49th Street. Mr. Kinsinger advised staff learned from City Public Works Department

that standards at 49th Street were going to be set at the same width and asphalt standards as 57th Street. Mr. Kinsinger said they thought they were going to have enough money from the funds that were allocated, which was \$500,000.00 to extend Wenger Drive to 49th Street. Mr. Kinsinger pointed out as they worked on the platting for the Commerce Park for selling and separation of lots, once there is enough development in this area, 49th is going to have to be improved.

ITEM No. 3: Update on Company A

Steve Jenkins with Topeka Chamber of Commerce stated they had been in negotiations with Company A for several months. Topeka is the only site in Kansas. Due to possible future expansion plans, the site has been shifted to the area directly behind Target.

Mr. Jenkins said they moved to a site directly behind Target (north of Target) encompassing 70-75 acres. Company A is still in the process of doing a final site plan. Mr. Jenkins said a 12-inch gas line would need to be relocated to serve the new site near the edge of Target. The sewer and water line will also be extended at a cost of approximately \$400,000 to \$450,000. Jobs are expected to be 400 with an incentive of \$1,500.00 per job up to a maximum of \$600,000.00. Mr. Kinsinger advised staff would need JEDO approval for up to \$450,000.00 for site infrastructure costs.

Mr. Jenkins said they did an impact analysis before putting together an incentive type of schedule to determine what is suitable for this company

Commissioner Miller advised JEDO would need to take action on the extension of utilities. Commissioner Miller asked if there were questions or discussion. Councilman Jeff Preisner said at their August meeting Mr. Jenkins had provided information outlining the incentive package. Councilman Preisner questioned the amount of the tax abatement. Mr. Jenkins said they would be going after an IRB and associated with that was a 10-year tax abatement.

Mr. Kinsinger said he believed they were planning to go through the county for their industrial revenue bond. Commissioner Miller asked about the cost of construction of just the building. Mr. Jenkins said not more than \$25 million. He said it was going to be between \$22 and \$25 million depending on what the site cost.

Councilman Preisner asked if the footprint of the building was the same as originally planned. Mr. Kinsinger said 450,000 square feet with the possible expansion for another 200,000 up to 650,000 square feet. Commissioner Miller said that was a change from the last meeting, it did not contemplate the growth that this one does.

Commissioner Miller entertained a motion to extend beyond what JEDO had already acted upon, covering the extension of the service, the utilities that were discussed in the amount estimated at \$450,000.00.

Commissioner Ensley moved approval, seconded by Mayor Buntten. Motion carried unanimously.

ITEM No. 4: The Economic Development 3rd Quarter 2008 Report to JEDO was reviewed.

Steve Jenkins reviewed highlights and presented an overview of the 3rd quarter report. He said they found their caseload was pretty steady, even in this economic time.

Mr. Jenkins stated staff went through marketing documents provided by a previous consultant study and looked at the targets, better defined those targets, eliminated some targets, and added some targets. He said staff has identified about 1,000 companies within those targets that have plans for growth and expansion.

Mr. Jenkins said they continue to send out email blasts to consultants called "The Edge" telling them the good story about this community, and things they need to know that affect site location. There were five site visits from consultants in the 3rd quarter. Mr. Jenkins said an RFP was issued for the biosciences study and there were six respondents. The Committee, made up of volunteers and staff, narrowed it down and selected NES, which was a really good company. Mr. Jenkins said it was dealing with economic strategies and NES has a lot of experience in biosciences as well as experience in Kansas.

Mr. Jenkins said staff has initiated a rural outreach program with Commissioner Buhler's assistance. The program will be fine-tuned next year and presented on a quarterly basis, if possible; so rural communities also have access and understand what is available to them in terms of business development.

Mr. Jenkins said the DBE counseled 36 small businesses, referred 87 and materially assisted eight in moving forward with their businesses. An application process was initiated with a community development finance institution and he expects that to be filed in the first quarter of 2009.

There were 37 participants and three orientations for the First Step FastTrac program. The 3rd quarter First Step FastTrac program started with 18 participants, overlapping with the 4th quarter. A contract for a childcare First Step FastTrac program has been issued.

Commissioner Buhler moved to accept the 3rd Quarter JEDO Report, seconded by Mayor Buntten. Motion carried unanimously.

ITEM No. 5: Discussion of Federal Funding Priorities.

Christy Caldwell with Topeka Chamber of Commerce discussed five projects submitted for 2009 to the Congressional delegation; the river front development and Great Overland Station property acquisition for \$1,605,000. Staff requested \$1,000,000 for I-70 downtown viaduct planning dollars. The state asked for \$2,000,000 for this project. Ms. Caldwell said \$1.5 million was requested for the South Topeka sewer and water infrastructure; Discovery Center for \$2 million; and \$834,000 for Constitution Hall. Ms. Caldwell recommended the same projects for 2010 be recommended to the Congressional delegation with the approval of the JEDO Board,

Ms. Caldwell said staff would propose the following projects to the Congressional delegation for 2010 unless there was objection.

1. Riverfront and Great Overland Station property acquisition. The property acquisition is for the Overland Station and the Riverfront is for the plan and design.
2. I-70 viaduct realignment
3. South Topeka Sewer and Water Infrastructure
4. Discovery Center
5. Constitution Hall

Commissioner Miller said those were currently the federal priorities that the board listed and adopted last year. Commissioner Miller said he would entertain discussion as to whether or not there was interest in expanding, contracting, or affirming those projects the Federal priorities.

Councilman Richard Harmon said he hoped they would leave the list as it is because if they start adding additional projects, although worthy, the effectiveness when it comes to their Congressional delegation would be diminished if they have a longer list.

Commissioner Miller said Councilman Harmon suggested the list remain the same. He asked if there was anyone that differed with that and if not he would entertain a motion that their priorities remain the same.

Councilman Jeff Preisner moved that the funding priorities remain the same as they were last year, seconded by Councilman Richard Harmon.

Commissioner Miller asked if there was discussion on the motion. Motion carried unanimously. Commissioner Miller said the record would reflect Mr. Harmon was present and now the unanimous votes reflect seven and not six.

Commissioner Miller asked if there was interest by members of the body to prioritize the five priorities. Ms. Caldwell said the

Congressional delegation appreciates all information provided on the priorities.

Commissioner Miller said if there was no objection he would appoint a committee to visit with Congresswoman-elect Jenkins including Councilman Harmon, Commissioner Buhler, Mayor Buntin, Christy Caldwell and Doug Kinsinger. Commissioner Miller asked Ms. Caldwell to contact Ms. Jenkins as soon as possible to get time on her calendar.

ITEM No. 6: Discussion of 2009 Economic Development Priorities/Strategic Plan.

Doug Kinsinger referred the Board to the GO Topeka 2009 Business Plan. He said they all recognize the economy and conditions have changed dramatically in the last year and even more so in the last three or four months. Footnotes throughout the business plan correlate to the community-wide visioning plan.

Steve Jenkins recently attended the International Economic Development Council. Site selector consultants gave a perspective about the economy. Mr. Jenkins said there was one statement he thought was an eye opener: "Now is the time for states and communities to intensify job development efforts, both in retention and attraction; economic slowdowns and recessions do not stop companies from planning for when the economy recovers...if you pull back and don't pursue leads and projects, you will lose!"

Mr. Jenkins advised the DBE (Disadvantaged Business Enterprises) worked tirelessly to create a strategic plan and that a lot of the components also came from the Visioning plan. He thanked Kathleen Urbom, QuVis, GO Topeka Board member, for her leadership.

Commissioner Buhler moved approval of the Greater Topeka Chamber Go Topeka 2009 Business Plan Priorities/Strategic Plan, seconded by Councilman Harmon. Motion carried unanimously.

ITEM No. 7: 2009 GO Topeka Budget and Consideration of Carry-over Request

Doug Kinsinger related the budget to the strategic plan. The budget shows 2 FTE's less than there were last year. One and one-half positions were from the Disadvantaged Business Enterprise program and one-half position from the GO Topeka staffing side. Mr. Kinsinger advised Brad Owen with Mize Houser would present the budget

Brad Owen referred to a budget handout. Mr. Owen noted the three columns: the estimate of 2008; the budget for 2008; and the proposed budget for 2009. He said some of them would recall last year the initial budget was \$5 million with two modifications to the revenue side. One was to withhold \$60,000 for the visioning project, \$30,000

for the city and \$30,000 for the county. The other adjustment was \$500,000 for the extension of Wenger Drive. He said that was why they see \$4,440,000 for 2008 and \$5,000,000 for 2009.

Mr. Owen said the next category was salaries, payroll taxes and benefits. He said there was a slight reduction from the budget of 2008. The 2008 actual numbers do not include filled positions. All the 2008 budgeted positions were not filled during the year so that was why that was a little over the budget. Payroll taxes and benefits are up from the estimate of 2008 to the budget of 2009. He said part of that relates to expected health care cost increases.

Mr. Owen pointed out estimated revenues for the Disadvantaged Business Enterprises compared to budget. He said they were estimating about \$370,000 compared to a budget of \$670,000. That was due primarily to the retail incubator closing in 2008. Mr. Owen also said loan monies budgeted did not occur pending the transition to the new CDFI.

Mr. Owen referred to Incentives and Site Expenditures. Staff expects \$592,000 in incentives will have paid out. There was a \$527,000 additional item for 2008, the gas line relocation and another \$750,000 will probably roll into 2009. Staff estimates a payout of \$1,500,000 in new incentives. There is often a time lag between the award and the payout as incentives are paid out over several years.

Mr. Owen advised site option/acquisition are estimated at \$3.5 million. A transfer of approximately \$4.6 million from existing funds would be necessary. DBE salaries are in the Disadvantaged Business Enterprises line to segregate those to be sure they are tracking the expenditures for the 10% contract requirement.

Mr. Jenkins advised of a substantial increase in new business attraction and marketing and promotion budgets. For tracking purposes the budgets are tracked in different ways. New business attraction is actually working with prospecting trips, site consultants, etc. along with the biosciences study being done to identify additional targets. Mr. Jenkins said it also includes regional marketing expenses and the relationship with their KCADC, a very important partner for Topeka/Shawnee County.

Mr. Jenkins advised target marketing is necessary to go after the 1,000 companies mentioned earlier. It includes electronic communications, printed communications, and a variety of other support mechanisms. Mr. Jenkins said the Small Business Innovation Center budget of \$16,580 was involved with an entrepreneurial program to support that effort. It is a good investment for the community.

Councilman Preisner asked Mr. Owen if the investment income was interest-bearing accounts. Mr. Kinsinger clarified that staff has adopted an investment policy almost identical, if not more conservative, to municipal accounts. Mr. Kinsinger and Brad Owen are

closely watching all investments. They did not want to have anything that was not covered by FDIC insurance or that was subject at all to equity loss.

Commissioner Ensley asked if the agreement for services is approved and budgeted if GO Topeka could spend up to \$60,000 for Heartland Visioning. Mr. Kinsinger said if the JEDO Board approved the expenditure, it would be their contribution on behalf of the city and the county. Commissioner Miller said the County approved one year's allocation. He said while he did not have any problem budgeting for the money, he said he did believe it would necessitate, at least on the county's side of things, a reaffirmation of their commitment. Commissioner Miller asked if the city made a three-year commitment. Councilman Preisner said a one-year, one time payment of \$30,000. Commissioner Miller said he thought it would be the same for the City that they would have to reaffirm their support before the funds were expended.

Commissioner Miller asked if there was a motion on the budget as proposed. Councilman Preisner said so moved. Commissioner Miller requested striking that because he thought they wanted to take up the next item at the same time they authorize the budget.

Commissioner Miller presented the Cash Carry-Forward Agreement. Mr. Kinsinger said their contracts in the past have required the JEDO Board approve what amount was carried over. Many incentive projects and much of the infrastructure development needs for projects go beyond a one-year time frame. However they do not want to spend those dollars until they are needed, a company earns them, or until the infrastructure is actually needed. Mr. Kinsinger said he believed their request was for \$12.5 million approval for carry forward for the next year.

Mr. Owen said the incentives were broken out as cash and land incentives. He noted specific company names as a part of this and those incentives have been announced and awarded. There is also a line item that says Confidential Pending Incentives, those are where they have deals in the works that have not been announced. Mr. Owen said it spreads over the years from 2008 to 2019. Mr. Owen said the schedule gives them some idea of the potential future cash output as related to incentives and site expenditures.

Commissioner Ensley asked what happens if the Cash Carry-Forward Agreement is not approved. Mr. Kinsinger said he believed the funds would be returned to a holding account at the City and County for the purpose of economic development for the future.

Commissioner Miller said they needed to approve agenda item 8 before item 7. He said they were going to hold in abeyance action on Item 7 and 7a until after discussion and action on Item 8 because if they did not contract with GO Topeka, there was no need to establish a budget.

Councilman Preisner asked if there was any other unencumbered cash. Mr. Owen discussed cash investments. Councilman Preisner said the way he read it, it sounds like the \$12.5 million is totally committed. Mr. Kinsinger said staff doesn't know if the funds to finish 49th Street would be necessary. Councilman Preisner said it has been approved.

Mr. Kinsinger advised that if the 75 acres is developed, 49th Street will have to be paved. When the master plan on the Commerce Park was originally developed, the estimate was roughly for \$10 million in infrastructure for the whole area. Approximately \$2 million of that \$10 million has been spent. Mr. Kinsinger said if there were only one or two other users, there might not as much need for more utilities. Approximately a million might be saved if a company does not need a rail spur but this was one of the few sites in the area that has rail access.

Commissioner Miller told Councilman Preisner he did not necessarily agree with him and asked where he was reading language that indicates it is committed. Councilman Preisner said he is not an attorney but item number one (in the Cash Carry-Forward Agreement) says services as set forth or referred to in the parties' current Agreement for Services. Commissioner Miller said he did not read that as obligated and said that allows them to operate as though that money is available but that is not committed. Mr. Kinsinger said he would like to clarify only what they feel they are authorized is what the Board approved in the \$5 million budget; anything beyond that they have to seek Board approval to expend. Commissioner Miller said this lets them look at it as though the money is still within their ability to plan and potentially to expend. He said as Mr. Kinsinger gave the example, they want to find another site, if he doesn't have any money carried over to purchase that site for a new park, then they do not know where they would get it and how they would go about it. Commissioner Miller said this continues the commitment, basically the commitment they have of \$5 million a year, not pushing them to spend it every year knowing they can carry it over and utilize it.

Mr. Jenkins said one thing that was important to understand was that the move to this site has triggered some additional pressure on the infrastructure.

Commissioner Miller asked if they wanted to hold the questions on the budget and said they would get back to the budget once they discussed and approved the GO Topeka contract.

Commissioner Ensley asked if the \$4.6 million transferred from cash investments and land held for development where that came from. Mr. Kinsinger said currently Go Topeka has roughly \$11 million that it has been carrying over from prior years that they have not expended. He said part of that was obligated for these contracts and incentives.

The JEDO board had only authorized GO Topeka to spend \$5 million per year and that was all they were going to spend. He said they were showing JEDO there was an anticipated potential need beyond that. Commissioner Ensley said that would come from the cash carryover, which was what he wanted to verify. Mr. Kinsinger said that was correct.

Commissioner Miller asked the Board to turn their attention to discussion of agenda item number 8. He said should there be action taken on item 8 they will turn to item 7. Councilman Preisner said he had one question and asked if there was any difference between this contract other than the dates from last year. Mr. Kinsinger said no.

Councilman Preisner moved approval Item No. 8, renewal of the GO Topeka Contract, seconded by Commissioner Ensley. Motion carried unanimously.

Commissioner Miller said they would return to discussion and possible action on Item No. 7, the budget and discussion on the carry-forward. Commissioner Ensley asked if they needed to do the carryover before the budget. Commissioner Miller said he thought they should be handled in one motion. Commissioner Miller asked if there was further discussion. Councilman Harmon said the Agreement for Services reflects in the last paragraph that this agreement represents the entire agreement between the parties and may be amended only by written agreement signed by both parties. He said then in the Cash Carry-Forward contract, the same paragraph, says this agreement represents the entire agreement between the parties and may be amended only by written agreement signed by both parties. Councilman Harmon said he did not believe it was the intent that these be mutually explicit and asked if he was correct.

County Counselor Rich Eckert referred to paragraph 8 of the original JEDO Contract and said it specifically calls for a written agreement. Paragraph 8 calls for the cash carry-forward. Counselor Eckert said paragraph 8 requires a separate written agreement. Commissioner Miller said this was the complete agreement and part of this complete agreement calls for this agreement. Commissioner Miller asked if there were questions or further discussion. He asked if there was a motion on the budget and the Carry-forward Agreement.

Councilman Harmon moved approval of the 2009 GO Topeka Budget and Cash Carry-Forward Agreement, seconded by Councilman Preisner. Motion carried unanimously.

Commissioner Miller asked if there were other items to come before the body before he declared adjournment. Hearing none the meeting was adjourned.

Commissioner Miller thanked everyone for their participation.

Go Topeka
Proposed 2009 Budget - Public

	Proposed Budget 2009	Budget 2008	Estimated 2008
Revenues:			
Sales tax	5,000,000	4,440,000	4,440,000
Investment income & other	250,000	250,000	313,224
Total Revenues	<u>5,250,000</u>	<u>4,690,000</u>	<u>4,753,224</u>
Expenses:			
Salaries	531,818	537,858	490,632
Payroll taxes and benefits	121,811	126,164	102,679
Total Staffing ⁽³⁾	<u>653,629</u>	<u>664,022</u>	<u>593,311</u>
Departmental activities:			
Existing Business	48,507	67,120	35,066
New business attraction	473,964	289,000	218,925
Marketing and promotion	513,800	450,000	429,456
Workforce development	123,960	124,000	42,114
Government relations	66,100	66,000	53,277
Small Business Innovation Center	16,580		
Research	46,800	20,200	27,784
Disadvantaged Business Enterprises ⁽¹⁾⁽²⁾	578,251	670,038	371,418
Total Departmental	<u>1,867,962</u>	<u>1,686,358</u>	<u>1,178,040</u>
Other operating expenses	329,300	327,846	329,088
Total Operating Expenses	<u>2,850,891</u>	<u>2,678,226</u>	<u>2,100,439</u>
Total Revenues over Operating Expenses	2,399,109	2,011,774	2,652,785
Heartland Visioning ⁽⁴⁾	60,000		
Incentives and Site Expenditures:			
Anticipated expenditures on current commitments	429,720	2,640,000	592,000
New incentives	1,500,000	1,500,000	750,000
Site improvements - 49th St	1,500,000		
Site option/acquisition	3,500,000	5,000,000	527,000
Total Incentives and Site Expenditures	<u>6,929,720</u>	<u>9,140,000</u>	<u>1,869,000</u>
Transfer from (to) cash, investments and land held for development	4,590,611	7,128,226	(783,785)
Net revenues over expenses and incentives	<u>0</u>	<u>0</u>	<u>0</u>

(1) Includes salaries and benefits budgeted on 2.5 and 4 FTEs of \$171,010 in 2009 and \$250,168 in 2008, respectively.

(2) Amount exceeds 10% of budgeted revenues; excess will be charged against any remaining carryover funds.

(3) Budget for 2009 is based on 7.5 FTEs and 2008 is based on 8 FTEs.

(4) Equal contributions on behalf of the City and County

081120-10

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

**Financial Statements and
Independent Auditors' Report**

December 31, 2008 and 2007

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.

Financial Statements
December 31, 2008 and 2007

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Independent Auditors' Report

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

We have audited the statements of financial position of the Growth Organization of Topeka/Shawnee County, Inc. as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our 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, 2008 and 2007, and the related statements of activities and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Mayer Hoffman McCann P.C.

Mayer Hoffman McCann P.C.
Topeka, Kansas
April 29, 2009

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.

Statements of Financial Position
December 31,

Assets

	<u>2008</u>	<u>2007</u>
Current assets:		
Cash and cash equivalents	\$ 2,223,318	\$ 1,238,101
Investments	10,069,066	8,756,829
Pledges receivable, net of allowance of \$7,000 in 2007	2,000	4,500
Accrued interest receivable	35,000	37,035
Prepaid expenses	<u>28,236</u>	<u>36,281</u>
Total current assets	<u>12,357,620</u>	<u>10,072,746</u>
Property and equipment:		
Equipment	160,653	138,716
Leasehold improvements	<u>49,680</u>	<u>49,680</u>
Total property and equipment	210,333	188,396
Less accumulated depreciation	<u>(112,680)</u>	<u>(86,302)</u>
Net property and equipment	<u>97,653</u>	<u>102,094</u>
Other assets:		
Land held for economic development	3,244,243	2,717,243
Deferred compensation investment	<u>36,336</u>	<u>109,074</u>
Total other assets	<u>3,280,579</u>	<u>2,826,317</u>
 Total assets	 <u>\$15,735,852</u>	 <u>\$13,001,157</u>

Liabilities and Net Assets

Current liabilities:		
Deferred revenue	\$ 300	\$ 36,890
Deferred JEDO grant revenue	11,262,515	9,116,516
Due to Greater Topeka Chamber of Commerce	57,815	8,091
Due to Governor's Military Council - agency fund	<u>364,234</u>	<u>300,236</u>
Total current liabilities	11,684,864	9,461,733
Long-term liabilities:		
Deferred compensation payable	<u>36,336</u>	<u>109,074</u>
Total liabilities	<u>11,721,200</u>	<u>9,570,807</u>
Net assets:		
Undesignated	770,409	713,107
Board designated	<u>3,244,243</u>	<u>2,717,243</u>
Total net assets	<u>4,014,652</u>	<u>3,430,350</u>
 Total liabilities and net assets	 <u>\$15,735,852</u>	 <u>\$13,001,157</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,

	<u>2008</u>	<u>2007</u>
Revenue:		
JEDO grant	\$2,791,966	\$2,025,992
Private contributions	419,084	293,754
Small business awards	8,084	9,250
Investment income	334,467	402,028
Other	<u>21,538</u>	<u>21,915</u>
Total revenue	<u>3,575,139</u>	<u>2,752,939</u>
Expenses:		
Program expenses:		
Economic development	<u>2,765,179</u>	<u>2,692,850</u>
Total program expenses	<u>2,765,179</u>	<u>2,692,850</u>
Support services expenses:		
General and administrative	<u>225,658</u>	<u>173,854</u>
Total support expenses	<u>225,658</u>	<u>173,854</u>
Total program and support expenses	<u>2,990,837</u>	<u>2,866,704</u>
Change in net assets	584,302	(113,765)
Net assets at beginning of year	<u>3,430,350</u>	<u>3,544,115</u>
Net assets at end of year	<u>\$4,014,652</u>	<u>\$3,430,350</u>

The accompanying notes are an integral part of these financial statements

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.

Statements of Cash Flows
Years Ended December 31,

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Contributions, grants and other support	\$ 5,359,581	\$ 4,941,343
Cash paid to employees and suppliers	(2,849,692)	(2,597,493)
Interest received	<u>220,261</u>	<u>340,469</u>
Net cash provided by operating activities	<u>2,730,150</u>	<u>2,684,319</u>
Cash flows from investing activities:		
Purchase of investments	(15,837,958)	(20,749,253)
Proceeds from sale of investments	14,641,962	17,991,204
Decrease (increase) in deferred compensation investment	72,738	(24,775)
Purchase of land for economic development	(527,000)	
Purchase of property and equipment	<u>(21,937)</u>	<u>(29,688)</u>
Net cash used in investing activities	<u>(1,672,195)</u>	<u>(2,812,512)</u>
Cash flows from financing activities:		
(Decrease) increase in deferred compensation payable	<u>(72,738)</u>	<u>24,775</u>
Net cash (used in) provided by financing activities	<u>(72,738)</u>	<u>24,775</u>
Net increase (decrease) in cash	985,217	(103,418)
Cash at beginning of year	<u>1,238,101</u>	<u>1,341,519</u>
Cash at end of year	\$ <u>2,223,318</u>	\$ <u>1,238,101</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ <u>584,302</u>	\$ <u>(113,765)</u>
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	26,378	21,027
Unrealized gains on investments	(81,074)	190
Realized gains on investments	(35,167)	(60,848)
Change in allowance for uncollectible receivables	(7,000)	2,000
Change in pledges receivable	9,500	(2,100)
Change in accrued interest receivable	2,035	(901)
Change in prepaid expenses	8,045	(7,699)
Change in due to/from Greater Topeka Chamber of Commerce	49,724	16,727
Change in deferred revenue	(36,590)	
Change in deferred JEDO grant revenue	2,145,999	2,592,532
Change in due to Governor's Military Council agency fund	<u>63,998</u>	<u>237,156</u>
Total adjustments	<u>2,145,848</u>	<u>2,798,084</u>
Net cash provided by operating activities	\$ <u>2,730,150</u>	\$ <u>2,684,319</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, 2008 and 2007

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.

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.

The Organization is required to report 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.

The unrestricted operating fund represents the portion of expendable funds that is available for support of the Organization's operations.

The temporarily restricted fund and the permanently restricted fund represent funds that are subject to restrictions of the donated instruments, if any. These funds require either that the principal be invested in perpetuity and the income only be used by the Organization or are restricted by the donor's intent as to usage.

Investments

Investments are recorded at fair market value based on quoted prices in active markets. These are considered Level 1 inputs in accordance with Statement of Financial Accounting Standards No. 157, effective January 1, 2008. Investments are generally held to maturity.

Pledges Receivable

Pledges receivable represent legally enforceable pledges and are recorded as receivable in the year made. Pledges are carried at their original amount less an allowance for uncollectible amounts.

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.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.

Notes to Financial Statements
December 31, 2008 and 2007

2. Summary of Significant Accounting Policies (Continued)

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.

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 in the bank with original maturities of three months or less to be cash.

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.

3. Investments

Investments consist of the following at December 31, 2008:

	<u>Cost</u>	<u>Fair Value</u>
Money market	\$3,017,021	\$ 3,017,021
U.S. government securities	<u>6,942,955</u>	<u>7,052,045</u>
Total investments	<u>\$9,959,976</u>	<u>\$10,069,066</u>

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.

Notes to Financial Statements
December 31, 2008 and 2007

3. Investments (Continued)

	<u>2008</u>	<u>2007</u>
Interest income	\$ 415,541	\$ 402,451
Change in market value	<u>(81,074)</u>	<u>(423)</u>
Total investment income	<u>\$ 334,467</u>	<u>\$ 402,028</u>

4. Land Held for Economic Development

The Organization purchased land for the development of the Central Crossing Commerce Park in southwest Topeka, Kansas. The Organization has the right to transfer the land to companies for economic development. As of December 31, 2008 and 2007, \$3,244,243 and \$2,717,243 of owned land was held for transfer to third parties for development.

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

5. Deferred Compensation Plan

The Growth Organization of Topeka/Shawnee County, Inc. sponsors a deferred compensation plan that allows certain salaried employees to defer a portion of their salaries by having the Organization remit such amounts for investment in a mutual fund. Upon request for payoff, the Organization authorizes the remittance of the deferred amount plus interest to the employee. The Organization reflects the amount as a noncurrent asset and the amount of the withheld deferred compensation as a noncurrent liability.

As of December 31, 2008 and 2007, funds have been set aside in the amount of \$36,336 and \$109,074, respectively. The employees are fully vested and, therefore, these amounts are shown as deferred compensation payable on the statements of financial position.

6. Operating Lease Obligations

The Organization leases a facility for an economic development program under an operating lease arrangement which expired during 2008.

Rent expense for the Organization on leases was \$12,019 and \$36,380 for the years ended December 31, 2008 and 2007.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.

Notes to Financial Statements December 31, 2008 and 2007

7. 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.

8. Board Designated Net Assets

As of December 31, 2008 and 2007, the board of directors designated net assets of \$3,244,243 and \$2,717,243 related to land held for economic development.

9. Related Party Transactions

The Organization has a service agreement with the Greater Topeka Chamber of Commerce in which the Chamber furnishes certain services and resources, including personnel, office space and equipment to the Organization. The Chamber pays the costs and then bills the Organization.

Total expenses billed to the Organization for the years ended December 31, 2008 and 2007 were approximately \$905,000 and \$695,000. This includes reimbursement for a portion of the Chamber's office building and equipment leases. Payments made by the Organization on a month-to-month basis on these Chamber leases for the years ended December 31, 2008 and 2007 were \$67,878 and \$60,878.

At December 31, 2008 and 2007, the Organization owed the Greater Topeka Chamber of Commerce \$57,815 and \$8,091.

10. JEDO Grant

The Organization entered into an agreement with JEDO in January 2002. 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 agreement provided 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, disadvantaged business enterprises, 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 was for one year and could be extended for successive periods of one year each unless either party terminates the agreement.

JEDO approved the carryover of the 2008 and 2007 unexpended grant funds. This carryover is included in the deferred JEDO grant revenue at December 31, 2008 and 2007, and includes approximately \$240,000 and \$25,000 for the disadvantaged business enterprises program at December 31, 2008 and 2007.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.

Notes to Financial Statements
December 31, 2008 and 2007

11. Concentrations and Major Customers

The Organization received 78% and 74%, respectively, of their total revenue from a grant with the Joint Economic Development Organization (JEDO) for the years ended December 31, 2008 and 2007. 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.

GTCC contributes to the retirement plan an amount equal to 7% of an employee's total annual earnings. The employees may contribute up to 15% of their annual earnings with no minimum contribution required. Employer contributions are vested at a rate of 20% for two years of service to 100% for six years of service.

The Organization's contributions to the 401(k) retirement plan were \$38,559 and \$33,328 for the years ended December 31, 2008 and 2007.

13. Incentives

For the years ended December 31, 2008 and 2007, performance-based incentives totaling \$331,316 and \$715,653 were paid to various organizations. These incentives are paid under agreements generally covering several years and requiring maintenance of employment levels and other benchmarks. In 2008, the Organization received \$50,000 as repayment from a company that did not fulfill its incentive obligation. In addition, in 2008, the Organization expended \$1,027,000 for site improvements at Central Crossing Commerce Park.

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.

Notes to Financial Statements
December 31, 2008 and 2007

14. Commitments and Contingencies

At December 31, 2008, the Organization has approved outstanding performance-based incentive commitments to various companies expected to be payable as follows:

2009	\$ 614,500
2010	413,500
2011 and thereafter	<u>1,364,000</u>
	<u>\$ 2,392,000</u>

In addition, at December 31, 2008, the Organization was negotiating potential new cash and land commitments in the approximate amount of \$7,500,000. These commitments will be paid from deferred JEDO grant revenue if conditions are met.

15. Subsequent Event

Subsequent to year end the Organization transferred 75 acres of land at Central Crossing Commerce Park to Home Depot as part of an approved incentive package. This incentive was included in the pending incentives at December 31, 2008.