

JEDO Board Minutes

May 14, 2008

8:30 a.m.

The Joint Economic Development Organization (JEDO) Board met at 8:30 a.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 Councilman Richard Harmon; Topeka City Councilwoman Deborah Swank, City Councilman Jack Woelfel (non-voting member and City of Topeka Mayor Bill Buntten. The only voting member absent was Deputy Mayor Jeff Preisner.

OTHERS PRESENT: Rich Eckert, Shawnee County Counselor; Braxton Copley, Assistant City Attorney, City of Topeka; Norton Bonaparte, City of Topeka City Manager; Carl Koupal, Community National Bank, Chamber Chair; Ray Irwin, Heartland Park Topeka; Carl Lundquist, Heartland Park Topeka; Martha Bartlett Piland, MB Piland Advertising & Marketing, Chamber Board; Doug Glenn, Mayer Hoffman McCann, Auditors; Brad Owen, Mize Houser; Eric Johnson, Interim President, MTAA; Angela Sharp, Bartlett & West; Matt Gough, Barber Emerson, L. C.; John E. Brown, J & J Development; Tim Hrenchir, Topeka Capital Journal; Doug Kinsinger, Topeka Chamber of Commerce; Steve Jenkins, Topeka Chamber of Commerce; Kathy Moellenberndt; Topeka Chamber of Commerce; Dan Schemm, Topeka Chamber of Commerce; Jo Feldmann, Topeka Chamber of Commerce; Clark Trammell, Topeka Chamber of Commerce.

JEDO Chair County Commissioner Vic Miller called the meeting to order.

ITEM NO. 1: County Commissioner Vic Miller was elected as the 2008 JEDO Presiding Officer.

Commissioner Miller said three people were eligible this year because the presiding officer must come from Shawnee County per the interlocal agreement. Commissioner Ensley moved that Commissioner Miller serve as the presiding officer, seconded by Commissioner Buhler. Motion carried unanimously.

Commissioner Miller handed out a copy of the JEDO Operational Rules, which were adopted last year. He noted that all members of the City Council and County Commission are entitled to engage in discussion of business before the Board. However, only certain members may make motions, second motions or vote. Commissioner Miller said, as he understood it, voting members chosen by the City Council this year are Councilmembers Harmon and Swank. The Mayor and Deputy Mayor are also voting members of the Board, as are the three Commissioners.

City Councilman Woelfel said Commissioner Miller mentioned Councilman Harmon and Councilwoman Swank, and asked if Councilman Preisner was a voting member. Commissioner Miller repeated Councilman Preisner was a voting member because of his status as Deputy Mayor. The voting

membership is designated per interlocal agreement. By that interlocal agreement the Deputy Mayor, Mayor and two people chosen by the Council are the voting members of the City. Mr. Woelfel said Mr. Preisner was out of town and asked Mr. Woelfel to sit in for him. Commissioner Miller noted that Councilman Preisner had not given him the courtesy of informing him that he would not be in attendance. Councilman Woelfel did not need to sit in for Councilman Preisner, as Councilman Woelfel is a member of the Board and could participate in discussion according to the rules. However, he could not make or second motions under those rules. He is not a voting member per the interlocal agreement and, therefore, could not vote.

**ITEM NO. 2: The JEDO meeting minutes of November 26, 2007 were approved.**

A motion was made by Commissioner Ensley to approve the minutes of November 26, 2007. The motion was seconded by Councilman Harmon. The motion carried unanimously.

**ITEM NO. 3: The 2007 GO Topeka audit prepared by Mayer, Hoffman and McCann, P.C. was accepted as presented.**

Doug Kinsinger, President & CEO of the Topeka Chamber of Commerce said in reference to the contract GO Topeka has with JEDO, the Board approved contracting with the auditing firm of Mayer Hoffman McCann a little over a year ago. Audit findings have been presented to the GO Topeka Board. Doug Glenn was present on behalf of the firm to present the findings to JEDO.

Mr. Glenn presented the audited financial statements of GO Topeka. They assessed and evaluated internal controls. As part of the presentation to both the audit committee and also to the full GO Topeka Board, they discussed the findings they might have regarding internal control and were pleased to report to both bodies that as part of the audit they found no significant deficiencies, no material weaknesses in the internal controls of the organization of GO Topeka. That was communicated in writing to the audit committee and also to the full Board.

Mr. Glenn said there was another standard communication given as well regarding their responsibilities and the Board's responsibilities. Mr. Glenn reviewed the 2007 audit in detail. (A copy can be viewed with the original set of minutes.)

Commissioner Miller said Mr. Glenn mentioned the revenue on page 3, and noted they only reported as revenue the amount of JEDO money or sales tax money that was actually spent and asked why. Mr. Glenn said they did receive the cash but they are deferring what they did not spend. They do not recognize the revenue they actually deferred until subsequent years. He referred Commissioner Miller to page 4 showing the approximately full \$5 million coming in as cash but they only

recognized what they are spending. The rest is being deferred as a liability until future years.

Mayor Bunten moved to accept the audit as presented, seconded by Councilman Harmon. The motion carried unanimously.

ITEM NO. 4: The request for \$25,000 from incentive money to cover the cost of expenses related to promoting the Festival of Speed was authorized.

Mr. Jim Parrish, President, Parrish Hotel Corporation, advised of disappointing news that the SCCA will not be extending their contract for the next three-year segment of the Runoffs. A couple of months ago an ADHOC committee formed and decided to help convince the SCCA that we could have a crowd. The decision was made to put on a festival to highlight all racing events in the community.

Mr. Parrish said a Festival of Speed is viable. With Heartland Park's help and cooperation, the cooperation of the SCCA, and cooperation of all the businesses that have agreed to participate, the committee will move forward.

Mr. Parrish said at the GO Topeka meeting the possibility of a GO Topeka convention fund to help pay for the Festival of Speed was discussed. A budget of approximately \$100,000 is proposed for the festival. A motion was passed at the GO Topeka meeting to ask JEDO to fund \$25,000 of this expense.

Mr. Kinsinger said Ray Irwin of Heartland Park Topeka has provided a whole new renaissance of leadership at Heartland Park. Mr. Kinsinger said because of the Sports Car Club of America Headquarters relocating here, growth in the racing industry and the potential for more employment, the group felt in addition to trying to help support the Runoffs, that it would be wise to have a festival somewhat similar to Railroad Days. Martha Bartlett Piland has been working on broad based community support for the Festival of Speed.

Mr. Irwin said Kansas Commerce Secretary David Kerr, Jim Parrish, Doug Kinsinger and Martha Bartlett Piland were at the presentation with the SCCA last week and they all walked out of the meeting confident they would keep the event. Unfortunately the races will move to Michigan.

Mr. Irwin said from 2003 until 2007 two categories of sales increased in our community, accommodations and food and beverage establishments. These categories increased 25%, which translates to \$48 million a year.

Mr. Irwin said the number of events went from 87 in 2003 to almost 280 this year. He said there are so many opportunities for big events at Heartland Park. The Festival of Speed is good not only for us, but certainly for the community.

Mr. Kinsinger clarified the solo and national championship runoffs are the amateur championship of all different kinds of road course racing. The SCCA solo nationals are the individual pylon races where cars race on an asphalt track against another car but not on the road course. That race has been here for 25 to 30 years.

Commissioner Miller asked Ms. Bartlett Piland to explain the Festival of Speed. Ms. Bartlett Piland said they were envisioning a week and a half of activities leading up to and supporting the Runoffs. Events were planned like a carnival, balloon rally and a chili cook off. A day is planned for statewide Chambers of Commerce coming to experience the races and network. A proposed schedule of activities was in the packet. Ms. Bartlett Piland said they have special invitations to the military throughout the state. We have the opportunity to attract all kinds of other high quality events for Topeka and Heartland Park.

Commissioner Miller asked for clarification on how the money is to be spent for the event. Mr. Kinsinger said the money is not going to Heartland Park and he thought part of the funds for the concept of the festival were also going to be used for external media to try to attract more attendance to the community from outside of Topeka and to get a number of sponsors. Approximately \$100,000 in media has been donated locally by the Topeka Capital Journal, TV stations and other media. Ms. Bartlett Piland said she thought the enthusiasm for this project has been pretty amazing.

Commissioner Miller said contributors are listed on page 19. As was noted, the GO Topeka Board already approved the expenditure of this item. They had asked, however, that the JEDO Board also take action and asked for the Board's approval. Commissioner Miller asked if there was further discussion.

Commissioner Ensley moved to authorize \$25,000 from incentive money to the Festival of Speed. Mayor Bunten seconded the motion. The motion carried unanimously.

**ITEM NO. 5: The Economic Development First Quarter 2008 Report to JEDO was reviewed.**

Commissioner Miller asked Steve Jenkins, Senior Vice President of Go Topeka, to outline his duties, in addition to giving the quarterly report.

Mr. Jenkins said his responsibilities involved three functional areas, small business and entrepreneur development of minority business development, the attraction program to bring firms and employment to this community and overseeing the retention and expansion program for our existing employers. All three are extremely important functions in any local economic development effort. There is greater emphasis

on all three of those areas particularly in terms of entrepreneurial development for the potential primary employers.

Mr. Jenkins indicated everyone had the Economic Development 1<sup>st</sup> Quarter 2008 report to JEDO before them and he presented an overview of the report.

Mr. Jenkins referred to a handout that gave an overview of the First Ninety Days progress. He also shared information from the Industrial Asset Management Council's last meeting in Scottsdale Arizona and indicated it contained good information on what the competition looks like and the challenges we face as a community to bring new jobs and investments to our community. The global economy will continue to change dramatically over the next 5-10 years.

Mr. Kinsinger referred to an aerial map regarding a gas line being relocated at the Central Crossing Commerce Park. The Board saw that cost was incurred in the audit. The GO Topeka Board approved the project last year so they could make better use of the land. Construction has started for extension of Wenger Drive to 49<sup>th</sup> Street. \$800,000 was received in federal grants; primarily that Senator Brownback recruited or solicited. The Board approved approximately another \$525,000 for the extension of Wenger Drive to 49<sup>th</sup> street. Between those two projects the cost was approximately \$1,300,000 or right at \$1,800,000. Mr. Kinsinger said there are other infrastructure projects. They're getting very strong interest in both of these areas. Staff believes there will be a need for more infrastructure in this area and there will be projects that will come to the Board as these projects are finalized.

Commissioner Miller asked when the next quarterly report was due. Mr. Kinsinger responded by July 31st. Commissioner Miller said his goal was to have another JEDO meeting shortly after that report was available.

**ITEM NO. 6: The request to dedicate countywide sales tax revenues for the payment of certain redevelopment project costs within the East Gate Redevelopment District at 15<sup>th</sup> and Adams was approved and to be recommended to the Shawnee County Commission.**

Commissioner Miller said by way of background, he thought the City had a public hearing next Tuesday on the same item.

Attorney Matt Goff said he was present on behalf of 15<sup>th</sup> Street Investments LLC. Also present were Angela Sharp with Bartlett and West Engineers and Mr. John Brown. Mr. Goff said at the April 24 Shawnee County Board of Commissioners meeting Commissioner Miller asked what the effect would be if the County did not pledge its one half percent sales tax to the TIF project. Mr. Goff presented a letter from 15<sup>th</sup> Street Investments, LLC. Their response essentially represented a 12% decrease in the potential available revenues that

would have a very material impact as to the attractiveness of the project and its likelihood of success.

Mr. John Brown, President of J&J Development, said he had somewhat of a setback. He asked Washburn to allocate some sales tax. He said he did not get the opportunity to speak to either the Washburn Board or Dr. Farley. Their request was turned down by Mr. Ellis. Mr. Brown said it has been a long process and in that time the cost of the project has gone up almost 25%. He said this is not a normal TIF as far as the developer is concerned. He was not asking for bonds or for the City to do anything other than grant him a TIF. Mr. Brown said he is paying for everything. He is paying for the City's infrastructure and the development.

Mr. Brown said he would like Mayor Bunten to try to get them an audience with Jerry Farley with Washburn University.

Commissioner Miller noted Mr. Brown's letter did not say anything that he saw relative to the City's sales tax. He asked if that had already been taken care of or if it was not a component. Mr. Brown said they have asked the City for sales tax. Mr. Goff said the City's portion of this would be before the City Council on May 20th. He said his understanding going into this meeting was specifically that they were discussing the County's pledge. Commissioner Miller said the letter mentioned Washburn and the County but not the City.

Mayor Bunten advised he did bring this up to the Washburn Board of Regents and they indicated they felt they would actually lose sales tax dollars because the businesses that would go in at 15<sup>th</sup> and Adams would be taking money from other businesses as opposed to new revenues. Mr. Bunten said his understanding was that Mr. Brown was asking for the TIF but that he would be paying the cost associated with that, including interest and the payback. Mr. Brown said those items are reimbursable to the TIF over a 20-year period. He said he was paying for everything up front.

Mr. Goff said unlike College Hill, in this case the developer will use private financing through its own bank or its own equity to build both public and private infrastructure that are eligible for reimbursement under the TIF act. Mr. Goff said only as a matter of relying on and hoping for the increase in taxes, sales and real estate, over a period of 20 years will they possibly be reimbursed for those eligible expenses. If however there is a shortfall, there is no guaranteed backing or other support from the City that would step in the place of the TIF and cause the reimbursement to occur. The only way the developer will have reimbursement is if the project itself performs by building what it's intending to build and having it pay its taxes and generate sales taxes. If that does not occur, there is a shortfall; the entirety of that shortfall will be borne by the developer. The public infrastructure will be constructed and owned by the City.

He built this project based on a 70,000 car count a day on the interstate. Mr. Brown said his business is all predicated on bringing the cars off the interstate to a convenience store and fast food. This was the first exit accessible off the interstate.

Mr. Brown said they were building seven acres of elderly assisted living housing and there were no sales tax on that. He bought property at 21<sup>st</sup> and Adams originally intending to try to build an entire community, a ten block square area, but that idea has been abandoned because of the time that has elapsed.

Commissioner Miller moved to approve the request to dedicate the countywide sales tax. He said he would like the vote of this Board, but again we are asking the JEDO members to look at this as JEDO money and make a recommendation to the Shawnee County Commissioners who will actually be the Board taking formal action. Commissioner Miller made a motion to make that recommendation to the Commission. Commissioner Ensley seconded the motion. The motion carried unanimously.

Commissioner Ensley asked if they were committing through 2016 because the countywide sales tax did not extend beyond that. Commissioner Miller said the tax expires in 2016 and any subsequent tax or increase in taxes would take a subsequent action.

Mr. Harmon appreciated Mr. Brown's willingness to invest in Topeka and particularly in an area of the city that he thought was in desperate need of economic growth. Mr. Harmon said one of his concerns was that the City has yet to act on the request. Braxton Copley, Assistant City Attorney, advised him they did not have a developer agreement. Mr. Brown said there was a developer agreement called for under the plan. Mr. Harmon asked if it wouldn't be prudent that they consider a motion to make it contingent upon passage by the City Council and adoption of a developer agreement. Commissioner Miller said he thought that was inherent. The JEDO Board's action meant nothing unless the City Council ultimately approved all those other steps.

Meeting adjourned.