



**JEDO Board of Directors  
Agenda for Wednesday, May 22, 2013  
5:30 p.m.  
Topeka City Council Chambers**

1. Selection of JEDO presiding officer for 2013
2. Approval of Minutes of December 13, 2012 meeting
3. Adoption of JEDO Operational Rules
4. GO Topeka Economic Partnership 2012 Financial Statement Audit Presentation – Morgan Padgett/Mayer Hoffman McCann
5. Request for Approval of Contract for Sale of Land in Central Crossing Commerce Park to Questar, Inc. – Doug Kinsinger/Jeffrey Wietharn
6. Request for Approval of cost for final infrastructure development in Phase 1 of Kanza Fire Commerce Park – Doug Kinsinger/Angela Sharp
7. Overview of current GO Topeka portfolio of active Business Retention and Attraction projects and Entrepreneurial Minority and Small Business Development – Dawn Wright
8. Public Comment
9. Adjournment

**Public Comment Policy:** Requests by the public to speak regarding items listed on the JEDO agenda will be placed on the agenda in the order received. Persons planning to speak must be identified by name and organization represented (if applicable), under the items listed on the agenda. Public comment is allowed on actionable items and must relate to the actionable item as listed on the agenda (Actionable items are those agenda items which require a vote at that scheduled meeting.) Those making public comment are to maintain proper decorum relating to public meetings.

# **AGENDA ITEM #2**

**Joint Economic Development Organization Board Minutes  
December 13, 2012**

City of Topeka Council Chambers, 214 SE 7<sup>th</sup> Street, Topeka, Kansas, Thursday, December 13, 2012.

The Joint Economic Development Organization (JEDO) Board members met at 6:00 p.m. with the following voting Board members present: City of Topeka Council members Larry Wolgast and Karen Hiller; City of Topeka Mayor William W. Bunten; and Shawnee County Commissioners Shelly Buhler, Mary M. Thomas and Ted Ensley – 6. Absent: Councilman Andrew Gray

Also present were nonvoting JEDO Board members: Council members Chad Manspeaker and Sylvia Ortiz. Absent: Council members Bob Archer, John Alcala, Denise Everhart, and Richard Harmon

Others present who presented and/or spoke before the Board: Dawn Wright, Vice-President of Economic Development for GO Topeka; Maynard Oliverius, Board Chair of GO Topeka; Doug Kinsinger, President and CEO of GO Topeka/Greater Topeka Chamber of Commerce; Brad Owen, CPA at Mize Houser & Company, P.A.; Jo Feldmann, Vice-President of Existing Business for GO Topeka; Cyndi Hermocillo Legg, Vice-President of Entrepreneurial and Minority Business Development for GO Topeka; Rich Eckert, Shawnee County Counselor; Jeff Wietharn, Legal Counsel for GO Topeka; Joseph Ledbetter; Matthew W. Gassen, President of Winston/Meriwether, LLC; Carol Marple and Lazon Grays, President and CEO of IBSA, Inc.

Commissioner Buhler called the meeting to order.

**ITEM NO. 1: APPROVAL of the Minutes of the JEDO Board meeting of July 25, 2012.**

Commissioner Buhler asked if there are any changes or corrections to the July 25, 2012 meeting minutes.

*Mayor Bunten indicated after reading the minutes from front to back, he found no issues and moved to approve the minutes of the JEDO Board meeting of July 25, 2012. Commissioner Thomas seconded.*

Councilman Manspeaker questioned if they were going to allow for public comment after each agenda item.

Commissioner Buhler indicated they were going to follow JEDO's public comment policy that was adopted several meetings ago that states that they have public comment on every actionable item, so pretty much everything but Item No. 6 on this agenda is an actionable item.

Councilwoman Hiller indicated she had made a note to ask to have these minutes or some minutes reflect the retreat that was held on November 17, 2012 and she sees that they did get a handout.

Commissioner Buhler indicated there is a summary that has been provided on the JEDO and GO Topeka Economic Partnership workshop that they had and so those will be reflected on the websites.

Councilwoman Hiller just wanted to make sure since that workshop was not a formal business meeting that somehow this was reflected in the JEDO minutes, if somehow that could be done with comments now or later, it was an excellent session and she really appreciated it happening and wanted it to be part of their records. It will be on the websites but how do they make sure there is some reference in the minutes here. The minutes from July indicate that Councilman Manspeaker had indicated doing something like that, people talked about it, but she doesn't want it to disappear as far as their business records.

Commissioner Buhler stated that it wasn't a formal session, they did not take any action at that session. She would ask counsel, Rich Eckert, Shawnee County Counselor for his suggestions.

Mr. Eckert indicated just like the JEDO Board's approval of the minutes from July 25, 2012, he would suggest just simply make a motion to accept the report and then it would actually be in these minutes when they approve tonight's minutes at the next JEDO meeting.

Councilwoman Hiller indicated she would like to do that; move to accept the report, if that would need to be added to the agenda this evening.

Mr. Eckert indicated yes it would need a motion and a second and voted on to add that as an additional item.

***Commissioner Ensley moved to add the summary from the work session held November 17, 2012 to the agenda. Commissioner Thomas seconded. Motion passed unanimously.***

Commissioner Buhler indicated moving back, they do have motions on approving the July 25, 2012 minutes and they will take public comment at this time for that item.

Public Comment: Joseph Ledbetter indicated that the minutes pretty much look accurate as he requested and he is sure as others have. It looks like they are verbatim and he likes that style. His concern is that in the minutes it does talk about public comment at the last meeting, which was the only action meeting they have had this whole year besides this one and he thinks they ought to allow public comment at the end of this meeting like they did at the July 25<sup>th</sup> meeting.

***Motion to approve the July 25, 2012 JEDO meeting minutes passed unanimously.***

Commissioner Buhler indicated that they would now need a motion to approve the summary from the work session held November 17, 2012 since it had been added to the agenda. ***Councilwoman Hiller moved to approve the summary. Mayor Bunten seconded. Motion passed unanimously.***

**ITEM NO. 2: CONSIDERATION of possible Incentive Agreement for Del Monte Corporation – presented by Doug Kinsinger and Dawn Wright.**

Dawn Wright, Vice-President of Economic Development for GO Topeka indicated they are coming before JEDO this evening to ask them to consider this possible incentive for, what they were calling Project Miller, which is in fact, Del Monte Corporation. Del Monte has been located in Topeka for ten years in what was previously the Heinz facility, and continues to grow and expand in Topeka and Shawnee County. Employment at the facility continues to grow and the Del Monte Corporation in Topeka is currently at over 400 employees. Del Monte has been a community partner and major employer that we can all be proud of. They are pleased this evening to have Del Monte officials in the audience tonight as they present this proposal incentive to JEDO. She also would like to mention that this incentive is potentially what gives Topeka a competitive advantage over other locations that are being considered for expansion. Additionally, this incentive would be a portion of the entire incentive package as the state of Kansas will also have some offerings on the table for Del Monte.

*Economic Impact in Topeka and Shawnee County over a 10 Year Period*

• Total Direct Jobs Retained	23
• Total New Jobs	10
• Total Direct and Indirect Jobs	76
• Total Direct and Indirect Salaries	\$42,070,866
• Total Capital Investment by Company	\$12,600,000
• Taxable Sales and Purchases Expected in Shawnee County	\$23,477,406
 Total Net Benefits to City and County	 \$538,826

*Based on Incentive of up to a total of \$140,000 for 23 retained jobs and 10 new jobs created:*

- Average annual rate of return on incentives over each of the next ten years = 38.5%
- Payback period for incentives = 2.4 years

*Incentives to be offered per contract:*

• Capital Investment incentive on \$12.6 M = (to be paid within 3 months of company showing the total new investment)	<b>\$45,500</b>
• Retention of 23 new jobs at average wage of \$48,000 = (\$2,500 per job, payable in 3 annual installments of \$833.33, beginning May 2014)	<b>\$57,500</b>
• Creation of 10 new jobs = (\$3,500 per job (6) at average wage of \$45,000 and \$4,000 per job (4) per average wage of \$65,000, jobs must be added by Dec. 31, 2014, incentives paid in May of following calendar year of jobs added)	<b>\$37,000</b>
 Total incentives offered =	 <b>\$140,000</b>

Ms. Wright would like to add that these jobs must be retained for a period of ten years. This contract, as with all JEDO contract, is a performance based incentive and the company will participate with GO Topeka in an annual review to ensure that they are in compliance with the contract.

Mayor Buntin stated that he recalled in GO Topeka meetings where this has been discussed that this company is very pleased with being in Topeka and appreciates greatly the incentive programs that we have. He thinks that is important because they have had a number of expansions here before this and of course they are a solid company and we will get the money back. Mayor Buntin would like to thank Ms. Wright and her staff for the good work they have done, not only on this instance but on many others as well.

Public Comment: No one sought public comment on this agenda item.

***Councilman Wolgast moved to approve the incentive agreement for Project Miller as presented. Commissioner Ensley seconded. Motion passed unanimously.***

Councilman Manspeaker stated he would like to point out that Del Monte Corporation is a member of the Kanas State Chamber of Commerce and he would encourage them to reconsider that as they have reduced quite a bit of our tax base within our own community by changing some state laws and statutes and that was the State Chamber that specifically endorsed that and pushed that issue. He is happy to help

businesses in our community but he would also like them to help our community as well by not trying to diminish our tax base.

**ITEM NO. 3: DISCUSSION of 2013 Economic Development Business Plan and Budget and 2013 Contract Proposal(s) with possible action – presented by Doug Kinsinger/Brad Owen/Dawn Wright/Jo Feldmann/Cyndi Hermocillo Legg.**

Maynard Oliverius, Board Chair of GO Topeka would like to thank them for letting him open this discussion. Yesterday he sent all of them a communication advising that they are about to conclude a private funding campaign for raising private funds from the private sector business community to help with the funding of the operation of GO Topeka. That funding will allow them to extend more of the public sector dollars for the purpose of land acquisition, infrastructure improvements, incentives and general support of economic development in the community. He would quickly like to touch on three things, the last being the results of that campaign.

First, to summarize a brief history of GO Topeka, talk about the campaign purpose and then talk about the campaign results. As many of them know, GO Topeka was formed in the year 2000 and was created by some of the members of the Chamber of Commerce and leaders in the community, some who are here tonight, for the singular purpose and vision of economic development, to retain and grow existing business and to attract new business to the community. When they started, they had no money, no staff, all volunteers, they did form a corporation and they grew that corporation and the Board membership to 35 members of our community. In 2000, Topeka and Shawnee County passed a ¼ cent sales tax for the purpose of economic development. In 2001, JEDO was formed to oversee those funds. In 2002, Doug Kinsinger was hired by GO Topeka and the Chamber of Commerce and in that same year GO Topeka contracted with JEDO for the purpose of administering those dollars under JEDO's direction and oversight and again focusing on economic development. So it was a partnership really between the private sector and the public sector in the use of those funds. In 2004, again Topeka and Shawnee County voted on a ½ cent sales tax and GO Topeka continues to serve as the administrative arm of those funds. The Board of GO Topeka expanded some of its services in to entrepreneurial development, assisting minorities and women – helping them to achieve ownership of their own business, workforce development – a major initiative, and some of the seed money was used to start Washburn Technical School out at Forbes that just opened a couple of weeks ago – marvelous facility. In addition, they have been involved with working with Goodyear and keeping them in the community, Burlington Northern as they moved facilities from Iowa to here, working with the 190<sup>th</sup> Air Refueling, Industrial Chrome, Home Depot, Bimbo Bakeries and Mars. So a lot of initiative and work towards economic development.

The history and the purpose of the campaign – clearly GO Topeka relies in part on the public sector funding in order to fund their sales and marketing activities. GO Topeka's goal since the beginning is to eventually be self-sufficient. So in 2000, they reached out to some of the business community and they raised some money. In 2003, they went on a five year campaign and raised some more money. In 2008, they went back to the business community and they raised \$1.9 million. So in the current campaign that really starts in January, 2013, they set a goal a number of months ago to raise \$2.5 million. They wanted to double the investment of those that had already been in the campaign in the past. They went to them and asked them to consider doubling their investment. They wanted new investors and they wanted individuals, people in the community who are may be retired, but have worked in this community and have done well. So they went out with that as their thrust.

He would like to close by saying they have been extremely successful. With the \$2.5 million goal, they actually announced last night that they have raised \$4,047,905. Just a profile of those results – they surpassed this year's goal campaign of \$2.5 million by 62%; 111 investors put investment in to

those dollars; 42% of those were first time business investors, 13% were individuals who used their own funds to provide dollars into that campaign for an average across the 111 investors of \$36,490 per investor, pledged over the next five years. As JEDO listens to the rest of the presentation tonight, they hope that this demonstrates to JEDO and the rest of the community a very strong commitment by the private sector and GO Topeka to the economic development and growth of this community, to the leadership that has stepped up to provide funding for this campaign and finally to the partnership that they feel they have, GO Topeka and the Board, with JEDO and that they are acting in JEDO's interests and in the public's interest in the use of the dollars that they expend on economic development.

Councilman Wolgast indicated he would like to, on behalf of the JEDO Board, compliment the leadership in this initiative in this fundraising effort. It speaks so much to the fact that there is integrity here; there is honesty, forthrightness that has to exist in order to raise funds for an organization. He would also like to compliment the volunteers who do this on their own. Going out and raising funds is never easy, but it also shows that we have a good cause that they are successful.

Mr. Oliverius thanked Councilman Wolgast and stated that he is just part of a great team of leaders that did this and they are all a part of this community, they all win or lose together, so we are winning with this campaign and with what you do for them.

Doug Kinsinger, President and CEO of GO Topeka/Greater Topeka Chamber of Commerce thanked JEDO for the opportunity to overview their plan and budget for them this evening. GO Topeka Economic Partnership serves as our community leader in economic growth opportunities for Topeka and Shawnee County. What he would like to do briefly is highlight a few of their unique advantages they have as an organization and then they will have key members of their staff team come forward and outline each of their respective areas of their programs. First of all he would like to emphasize that their primary focus is bringing in new, outside dollars to our community through either the recruitment of jobs or new capital investment, or business creation and also the retention and expansion of existing businesses. But secondly and an equally important function of their efforts is marketing Topeka and Shawnee County on an internationally, nationally, regionally and a locally basis. They use a unique marketing strategy that is a complex mixture of creativity, strategy, relationships and dozens of components that come together that form a comprehensive marketing initiative. They do that by working through key target sector industries, they work to support our existing businesses, and they also work to grow entrepreneurial development. And in 2013, GO Topeka will work to have more of a presence in international markets to develop some of the international prospects that have developed over the last 12 months. The foundation of any successful economic development organization is based on the relationships that it forms, both within and outside our community. Those relationships include groups such as Shawnee County taxpayers, existing employers, companies within our targeted industries, site location consultants, local, state, regional, and national partners; those are all key relationships that they have developed over the years. They are a base of trust and their partners in those areas rely on the expertise that GO Topeka has developed. He wants to emphasize that the GO Topeka team has decades of economic development experience and working in economic development. Their experiences in marketing communities and also in organizational administration, they have those trusting relationships with all the stakeholders, including their professional expertise in economic development. Those relationships include groups like the Kansas City Economic Development Council, Kansas City Smartport, the Kansas Department of Commerce, the Kansas Department of Transportation, other state agencies, local and regional educational institutions and the Governor's office. All of those relationships have been successful in helping them land new company locations and also existing company expansions. As he begins to go through the business plan, he wants to make sure they understand what sets them apart from others. One is that they have a proprietary database that they have developed over the years and that includes information on local demographic data, a lot of detailed information on our quality of life, public infrastructure information, business

assistance programs, real estate taxes, our fees and regulations, our comprehensive sites and buildings database, our own SwiftSite website that highlights all those sites and buildings to the world (<http://gis.bartwest.com/gtcc/#/Home>). And then they strategically try to market that database to their target industries and they use their website, they use recruitment from specific geographically targeted areas, they use electronic, social media and print advertising, they go directly to site consultants, they go to trade shows, they use multi-media presentations and they also use the public relations outreach effort. So all of those efforts combined together, and they try to highlight the best things about our business environment. And they can see, as they talk about some of those areas that are important to them, those areas of our business environment include proximity to their markets and he is happy to say, they are hopefully going to be making strong advances this next year as they work in recruiting air service to our community. They also feel that local labor skills and the availability of labor is important and in recent years they have invested in the robotics program at Highland Park High School and as they heard Mr. Oliverius say, they have also recently invested in the Advance Systems Technology Program of Washburn Tech which has greatly increased their technical training ability, especially in the manufacturing area. They have also worked hard over the years on quality of life issues and he is very appreciative and proud of the decision that the City Council made this past Tuesday evening on progress that we will be making to our downtown. But other things, such as our total infrastructure, cost of doing business, our proximity to major universities and the base of our existing industries here are all components of a strong business climate. He would like to highlight some of their major functions and program areas that they do for JEDO:

- Existing Business, Expansion and Retention of existing primary employers
- Workforce Development focused on developing the future workforce
- New Business Attraction of new primary jobs and investments
- Minority and Women Owned Business Development working to assist and grow minority and women owned businesses
- Entrepreneurial Development focused on cultivating and growing potential primary employers
- Research supporting the overall strategy of economic development

He would also highlight that GO Topeka has been the developer of two commerce parks on behalf of our community – Central Crossing Commerce Park and Kanza Fire Commerce Park. They have also used funds that JEDO has allowed them in their budget to build the infrastructure to serve these parks and also they take the responsibility of maintenance of these parks and would remind them that they use the land in these parks plus the proceeds from the sales tax to jointly offer incentives to companies to locate in our community. So, why do companies chose one community over another? It is a combination of all different things. Everywhere from operating costs, to looking at skilled labor, to maybe perhaps they want to establish a presence in a specific time zone, diversifying risk, they may like the CEO or one of the key executives is moving and they are looking to improve their own quality of life. Their key as economic development professionals is to understand a company's needs and then portray our community in the most positive light and they think that is most effectively done by providing a detailed and accurate data about our community and also providing very detailed comparisons to our competing areas. So how can we make Topeka and Shawnee County more competitive? We must look strategically on how we can improve our infrastructure, our business climate, our educational and workforce development training programs, our quality of life and reminds them that a community is not only judged by where it is today but where it is going. So here in the next few minutes they will see an overview of each of the program areas discussed. To give an overview of the budget, they have used Mize Houser & Company to prepare their budget, so first they will have an overview of the budget presentation.



Brad Owens with Mize Houser & Company wanted to refer the Board to page 5 of Item 3 in the materials. First expenditure items listed are salaries, payroll taxes and benefits – these have been reduced about 25% from the 2012 budget largely due to the use of additional private funds to cover those costs and those expenses represent about 7% of the total expenditures for the year. He will point about that the Minority and Women-Owned Business Development (MWBD) line is 10% of the sales tax funds in accordance with the contract. That does include staff that is dedicated to that function. Other operating expenditures make up about 5% of the budget, they show an increase of about 3%. If they go on down to the incentive and site expenditures – anticipated expenditures on current commitments – the \$2,106,476 figure represents the commitments that have been made under existing incentive contracts. The largest part of that is Mars which makes up about \$1.4 million of that total. Indirect site/incentive expenditures are \$50,000 – that is taxes, maintenance, some legal fees and compliance monitoring cost. New incentives are \$350,000; that is a significant estimate. With incentive agreements, we are never sure how quickly they are going to come in, they pay out over a period of years, so this is just an amount set aside by management for new incentives. 49<sup>th</sup> Street improvements, for several years GO Topeka has been aware that 49<sup>th</sup> Street may need improvements that goes through Central Commerce Park, so they have earmarked about 1/5<sup>th</sup> of the estimated costs of those improvements. Kanza Fire Infrastructure Design – there is some additional design work that needs to be done related to utilities. And the next item, \$1,163,732 is about half of the estimated cost of that work. There is some signage and entryway work that needs to be done and they have set aside \$75,000 for that. So total incentives and site expenditures budgeted is \$4,180,885. That is a quick overview of the budget.

Commissioner Thomas questioned if that includes the item they just approved for the Del Monte incentive.

Mr. Owens indicated yes that the \$350,000 budgeted would cover that. That is under new incentives.

Councilman Wolgast inquired when the Board receives the reports from the different individual departments, will they discuss such things as the changing of new business attraction budget line rather than have Mr. Owen discuss that.

Mr. Owens indicated yes.

Jo Feldmann, Vice-President of Existing Business for GO Topeka gave a presentation on key points related to Existing Business, Expansion and Retention of existing primary employers. About 80% of our growth in jobs comes from our existing industries, so it is vitally important that we continue to serve those businesses in our community. Their goal is to listen, to try to help problem-solve, have face-to-face, one-on-one meetings to build those relationships so that we can start to develop an early warning system if there are problems starting to develop with that business. They also like to talk about resources that are available to businesses in the communities and many times they discuss local and state incentives that are available to companies that are planning or considering growth in our community.

- 140 Business Visits Including 40 Major Employers
- City Council/County Commission Business Visitation
- Corporate Headquarters Visits
- Partner with Entrepreneurial Minority and Women Business Development Program with Small Businesses Support
- Society of Manufacturing Engineers Leadership
- Lean Six Sigma Program Support

She is also responsible for workforce development in Topeka. A lot of folks ask well why do we need workforce development there are of lots of people who are looking for jobs in the market. Well businesses today do not have time to train people as they come through the door, they are really looking for those individuals who have those skill set in hand and can really just hit the ground and run because that is what business is doing today.

- WorkKeys Testing WorkREADY! Certificate. An ACT testing component. They test high school seniors in math, reading and locating information. When completing those three tests, they are available to receive a WorkREADY! Certificate and this certificate can be asked for by employers. This is another credential that candidate can have in their toolbox.
- High School Presentations - Technical Careers
- Human Resource Directors Meetings
- School Counselor Business/Industry Tours
- Employer Surveys to Identify Workforce Needs/Issues
- Partner with Washburn Tech on Identified Skill Gaps

Dawn Wright, Vice-President of Economic Development for GO Topeka gave a presentation on new business attraction of new primary jobs and investments. In January 2011, working with a couple of the premier site consultants, GO Topeka did a targeted industry study of our community so they would have a deep understanding of the types of companies that we should be attracting that would be a good fit for Topeka and Shawnee County.

*Target Industry Sectors:*

- Food Manufacturing
- Advanced Manufacturing
- Logistics and Warehousing
- Biosciences-Animal/Human/Plant Sciences
- Back Office/Financial Services
- Clean Energy

So all of GO Topeka's marketing materials and marketing efforts are towards attracting companies in these target sectors. New business attraction is all about building the brand of Topeka and Shawnee County externally. So the priority for them is to get out in front of site selection consultants, those consultants that are telling the companies where they need to take their business to locate it or expand to and those companies within the target sectors that they have laid out. If they remember when Dr. Morfessis came in and talked to them this year, she said one of the things that GO Topeka really needed to be careful of was making sure they didn't retract on their marketing budget so there is a slight increase in the new business attraction in the marketing budget and that will go specifically and directly towards national and international marketing to companies in our target sector areas. They have already put together their 2013 advertising which will be in publications such as Site Selection Consultant, Business Facilities and several target sector, industry specific magazines, but they have also moved away from print and they now have a much larger presence in electronic media and online. They are seeing more international projects than they have seen in the past. In their portfolio now, they have a large selection of international projects – France, Italy, and China to mention a few. They really feel like next year they need to take a step back and look at how we can penetrate those markets even deeper because they are seeing more companies, foreign companies that want to invest in the United States. They will be doing that, working in conjunction with Kansas Global Trade Services and the Kansas Department of Commerce to focus on some foreign companies. The entire new business attraction program will be marketing through trade associations representing the target industry sectors and again through electronic

marketing. They have found it is extremely helpful, just as the existing business program builds those face-to-face relationships with our internal and existing businesses in our community; GO Topeka has to get Topeka and Shawnee County out in front of the companies who may be considering growth expansion in to our community. So they are out there building those relationships with these site consultants and companies. They do consultant office presentations where they go in, they have a very concise, professional, build the brand of Topeka that they put in front of them so they can see what we have to offer. They also participate with the Kansas Department of Commerce and the Kansas City Area Development Council when those host site consultant visits. They participate in site consultant events so that we can get in front of them. One of their measures that they try to do is make sure they get in front of a minimum of 225 site consultants every year so that they are presenting Topeka and Shawnee County to them face-to-face. That doesn't count the 6,000 that they are constantly in contact with that are in their proprietary database. They host in-community site visits for projects and prospects. They host an in-community event, an extremely successful one; they have had over 30 site consultants in our community over the last 2 years. They host them here in Topeka to familiarize them, again face-to-face, so they can see what we have to offer their potential clients. They also do geo-targeted marketing. They look for companies that are in communities that may lack the assets that Topeka has to offer and they target those companies. They work on prospect public relations and sales to facility future visits and site location in to our community. They work on prospect development with the Kansas City Area Development Council, KC Smartport, Kansas Bio and Kansas Research Nexus. Additionally, they have their website which they are extremely proud of, a lot of information on there that site consultants and companies can go to and learn about Topeka and really drill down to what we have to offer. They do project impact analysis and that is included in the budget. Every project that they would offer incentives to, they look at and make sure they are a good economic impact for our community. They work through a tracking system for all of their projects, called EcoDevo Tracker where they keep all of their proprietary information on their projects and work through every bit of data and material that they have presented to a company is located within this database. They also have their own proprietary database, the GIS SwiftSite, that they have helped develop within their website, where a company or a site consultant can go straight to it and realize all of the different sites and buildings they have available in Shawnee County, which is a huge tool in the economic development world. They work closely with many partner organizations including Kansas Economic Development Association, the International Economic Development Council, Industrial Asset Management Council, Southern Economic Development Council, Society of Office and Industrial Realtors. And then within the budget as well, they have line items for information technology, meeting expense, postage and supplies to round out their total budget of \$506,670.

Cyndi Hermocillo Legg, Vice-President of Entrepreneurial and Minority Business Development for GO Topeka gave a presentation on the Entrepreneurial Minority Business Development program (EMBD). She would like to share with JEDO and the citizens the qualifications that continue to allow them to grow and lead what has become recognized as a national entrepreneurial model and small business development program. As a department of GO Topeka, they have a greater reach locally and the ability to leverage their resources. Our Minority Women Business Development Council, some who are in the audience, we appreciate their time and expertise and their purpose of advising and assisting GO Topeka to provide the most effective economic development programs for the underserved and small business owners of Topeka and Shawnee County. They right now have three that are in the financial profession, three that are small business owners themselves, as well as one entrepreneurial educator, two that are past councilmembers but they are in the legal profession and we tend to call upon their services a lot and they are great about giving it and also one that is current and one that is past that have 8(a) certification experience, that as they continue to build their entrepreneurs that are at that level, we do draw upon some of those experiences as well. Mary Ann Anderson is half time their Administrative Assistant in research and holds an undergraduate degree from KSU and has been with the EMBD program for over 6 ½ years and is essential to their program.

Her personal background and her ability to lead the EMBD program, the Entrepreneurial Development piece as well as the Topeka and Shawnee County First Opportunity fund. She holds an undergraduate degree as well in 2000 she earned her Master's Degree both from Kansas State University that continues to help lead more of the strategic and operation piece and also her past experience of running federal programs and being a steward of taxpayer's dollars at Kansas State University and Wichita State University. She is certified as an economic development and financial professional through the National Development Council (NDC) and complete all core elective course work through the International Economic Development Council and will sit for the exam in 2013. Are certified through Entrepreneurial Learning Initiative, Ewing Kauffman Labs, they are deemed a community partner and instructor. Certified through the Francis Institute as an affiliate partner, director and instructor for how to develop your childcare program. Certified through Kaufmann FastTrac Inc. as an affiliate partner, director and instructor and the only authorized affiliate allowed to instruct programs in Shawnee County. Certified with Operation JumpStart as an affiliate partner, director and instructor. Certified by the U.S. Treasury for the community development financial institution for a micro-loan program. Most of all, she has been a past small business owner. She did own a retail dealer store with \$3 million in retail sales and under her leadership, 70% profits increase and was able to sell her business for a profit. Going through that experience alone, as a woman-owned, minority-owned operation in itself speaks to the very core of the mission that they supply here for Shawnee County entrepreneurs and has allowed her to be sensitive to the reach and opportunities for our local entrepreneurs that we continue to thrive here locally. Knowing that she is able to build the opportunities that would allow our journey to start or grow faster, better, stronger is what she has an opportunity to do for local entrepreneurs daily.

Their program under their leadership has been recognized as a model to follow and here are a few examples, just recently what they have been able to do for others external from Shawnee County. The City of San Antonio, who recently passed \$1 million from their City Council was asked to grow an entrepreneurial leadership program. They picked up the phone and called us. Same with the Houston Community College, who is building their innovation center. And Indianapolis, Indiana who is growing with women's small business development center. The Governor's office has asked them to sit on their panels as a speaker for conferences for the small business and minority ownership. The Kansas Department of Education, they are an organizational partner and have been spokesman for the best practices to follow panel speaker series. And they are always interested in seeing how we are able to share with the State on our best practices for youth entrepreneur ownership and robotics program. They have also been published in the national site selection publication various times for the robotics program and recently have been asked by the American Chamber of Commerce executives on behalf of EMBD to deliver a profile for their chamberpedia which is a best practice accumulation of information for all chambers in the world and they have asked us to deliver navigate to Topeka Shawnee County First Opportunity Fund and the robotics program.

These are just a few examples but what she would like to share here tonight, what they have built here locally is a very unique program to the nation. Their pipeline of dedicated services, incorporating four courses that offer very much the strategic and operational mindset and skills which have graduated 537 and to date 196 business have started or grown under their program, 42% are minority owned, 67% woman owned and 55% low income target market. Workshops and training seminars since 2009, 83 have been delivered where 3,253 professionals and entrepreneurs have been served. One-on-one technical services, 782 clients. Referring them to the packet, starting on pages 57 through 59, starting with D.21 – this line item is for the mentioned course offerings and the workshops/seminars. She would also like to recognize that all course graduates are available to receive scholarships listed under D.11, D.12, D.13 and D.17. They are mentor dollars, trade show dollars, scholarship to navigate partners, market dollars – all which are allowing them to build their

operating skill sets even further, not only during and after their growth with us. EMBD works to offer operational management, profitability, strategic positioning, market research consumer behavior, financial performance to position a business or entrepreneurship as well as getting that small business owner to audit their way of thinking and focus on their next steps. They work with the concept, the start up and the growth phase entrepreneur. GO Topeka EMBD and the Minority Women Business Development Council together in 2013 will continue to grow the opportunities for small business development while sustaining existing efforts of the entrepreneurial programs, the Topeka and Shawnee County First Opportunity Fund and the Industrial Robotics Program mentioned, over at Highland Park but offered to all Shawnee County students. That was part of their contract signing negotiations, so that is open to any Shawnee County student which right now they have serviced 55 students, where 71% are minority and their dollars have been \$138,000 with EMBD but \$366,000 to date is what has been spent on that program. As we know, there are three ways to grow an economy; that is through attraction, existing business retention and entrepreneurship. They have been and continue to be dedicated to building a strong ecosystem for entrepreneurship to flourish here locally. Our entrepreneurs and small business owners depend on it.

Councilwoman Hiller indicated that she has referred a lot of people to their program and she very much appreciates it. She asked if they could give a picture of what a typical travel through the program would look like for someone who wanted to become an entrepreneur and that could include where someone decided not to do it.

Ms. Hermocillo Legg responded that they recognize and they always like to think the best results are those that start a business but they also want to make sure they recognize those that don't go in to debt doing it or don't have their plan efficient enough to start one so that they go back to the drawing board. They also have a lot of boomers in the last two years, that are putting it in their back pocket so that that is going to be their retirement plan so they may not necessarily be starting their business now, but they are getting their education stronger. They get everything under the sun that walks in the door quite literally and in economic development they call it the "Johnson law" – it is just customized and you have to know what are they looking for, where they are at, what phase and again – concept, start up or growth phase? There are different ways in which you are able to help them. And also as they grow through either one of their courses, training and workshop series, or even one-on-one technical assistance. A lot of their professionals – accountants, lawyers, chiropractors – they don't like to go through the courses because they just feel like they know it all until after about four or five different meetings, then they feel a little comfort level to say I was never taught the operating skill set to start my business or to make sure that it is running efficiently. So they get to see not only those professionals, they get the unlikely entrepreneur. She considers herself an unlikely entrepreneur; she didn't have that necessarily in her game plan so they always like to think that they can start at the earliest age possible that is why they do a lot of outreach, right now they start at the high school level but they really look towards growing that here and it is just highly customized.

Councilman Wolgast indicated that he does have some questions on some figures, if those would need to be addressed to Mr. Kinsinger or Mr. Owens or possibly Ms. Feldmann on the workforce development line item in that is has decreased and the one significant decrease of the programs and wondered if she could talk about that change from last year to this year. 2012 was \$60,500 and 2013 is now \$34,600.

Ms. Feldmann responded that workforce development is primarily centered more around staff intensive time rather than the particular dollar investments and so it is real easy to look at that and feel like that budget has been reduced but a lot of their participation and a lot of their involvement with organizations like WashTech. A lot of her business retention program also wraps in to workforce development and so most of her budget and her time is primarily one-on-one, out there assisting businesses and that type of activity rather than actual dollars of investments.

Councilman Wolgast also asked on the anticipated expenditures on current commitments, because that is down 25% and he thinks Mr. Owens said there were some changes that were taking place. Could they just speak to that a little bit because Mars is coming in, but then he assumes some are going out.

Mr. Kinsinger indicated that is really based on what our contractual obligations are that JEDO has approved over the years. Maybe the best way to illustrate this is with a slide from their presentation on results GO Topeka has brought over the last 10 years.

	<b>Companies receiving local incentive funds</b>	<b>Companies assisted, no local incentives</b>	<b>Microloan/TCFOF Recipients</b>	<b>Cumulative Totals</b>
Companies Helped	27	50	46	<b>123</b>
New Jobs	2722	1893	158	<b>4773</b>
Retained Jobs	3693	1396	28	<b>5117</b>
<b>Total Jobs</b>	<b>6415</b>	<b>3289</b>	<b>168</b>	<b>9,872</b>
Investment	\$ 1,018,087,500.00	\$ 163,539,000.00	\$ 935,800.00	<b>\$ 1,182,562,300.00</b>
Audited: November 2012				

The best way to answer his question is that those contracts evolve over time, and so they have a payment schedule, they only get paid as they are performing and some have slightly different schedules as they saw the contract for Del Monte tonight, we are excited that it was approved and expect that they will start their work immediately but it may be up to a year before they are done and we do their first review and pay them. So what happens is that these are all placed in a schedule and they determine, and that figure that he asked about is actually based on what the contractual scheduled obligations are that is not an estimate and over years those change. Last year they had a lot of start up costs for Mars of utility infrastructure and improvements at the end to get that site working. Those are, as you see the building now getting close to completion, the vast majority of those are complete.

Commissioner Ensley questioned about the 10% that goes to minority business development. Over time does he believe that number is adequate funding, underfunded or where it should be and the private funds that are raised - are some of those dollars going in to that area too?

Mr. Kinsinger responded that they have not been able to find a community our size or larger that invests the quantity of funds that we have been in that program. Does he think that is the right or wrong amount, he really can't judge for them, that is their opinion. But he will say he has seen the need. When he first started 10-11 years ago, he thought that was a lot of money for that program but as they heard Ms.

Hermocillo Legg describe and the work that the advisory council has helped evolve there is an endless amount of need and he thinks this body as heard some discussion there are segments of our community who do need extra help, so yes he does think it is warranted and he does think it is making an impact. They have heard the number of jobs that have been created and to give an example, as they heard Dr. Morfessis speak at the last workshop, there are less and less jobs by major corporations and we are trying to help start those start ups, those potential headquarters of the future. Some of these small companies, you never know, may be 100 years from now what Security Benefit and Payless Shoes and Hill's Pet Nutrition is to our community today. And to answer his question about private dollars, yes they have raised private dollars from the business community, he believes it is \$175,000 that they have raised from private business to add to the sales tax dollars and those are being leveraged to help provide more dollars available to the minority and women owned business community.

Mr. Kinsinger also presented figures relating to the economic impact to Topeka/Shawnee County based on GO Topeka results from 2002-2012:

<u>Total Direct Primary Jobs:</u>	
New	4,773
Retained	<u>5,117</u>
Total Direct	9,872

- Total Direct and Indirect Jobs: 17,681
- Salaries to be paid to Direct and Indirect Workers: \$8.48 Billion over 10 years
- Taxable Sales: \$3.24 Billion over 10 years
- Total Salaries to be paid \$8.48 Billion
- Economic Development Sales Tax \$55 Million
- Simple Annualized Return on Investment (ROI) 154:1

Commissioner Buhler indicated that as part of Item 3, the 2013 contract is attached, Item 3(3) and Item 3(4) and she is going to ask County Counselor Rich Eckert, are there any changes from this year to the 2013 contract?

Mr. Eckert responded no, the only thing that they changed were the dates to make it consistent with the 2013 year.

Commissioner Buhler indicated that the difference between the two contracts is that the first contract is for a term of one year and the other is for a term of three years and that came about during the last JEDO meeting and discussion from Dr. Morfessis that said that was an option that she had seen other economic development organizations put forth. She would like to have discussion by the JEDO Board first on this matter before they open it up for public comment.

Commissioner Ensley inquired when the sales tax expires? Is it at the end of 2015?

Commissioner Buhler indicated she believed it expired at the end of 2016.

Commissioner Ensley questioned what the reason for going to a three year contract would be. For continuity? Could someone express why that should be considered.

Commissioner Buhler indicated that was part of the discussion and she cannot remember all the comments that Dr. Morfessis made but it would be continuity with those that are looking to bring their businesses to Shawnee County/City of Topeka. But this is just an option being put out there.

Councilwoman Hiller stated they were looking for stability, long-term, knowing that it is not going to change.

Commissioner Buhler stated that we have had at least one workshop and are looking to have another workshop coming up in February. She thinks there might be some merit to extending the contract for one year in an effort to better understand the function between JEDO and GO Topeka and then possibly entertain a three year next December but that is certainly up for discussion.

Councilman Wolgast stated that he sees the reasoning for it and is supportive but at the same time he thinks JEDO and our organizational City/County relationship with GO Topeka; we have changed a lot in the last couple of years in a sense how we operate. He thinks we are really coming together and functioning better, understanding one another better. So he can see possibly waiting a year and studying it during this year as we develop more and see what directions we want to go.

Councilwoman Hiller stated she was surprised to see the options but understands. She agrees with Councilman Wolgast. She thinks she is open for consideration but the annual review brings us all together, our membership changes every other year and it somehow draws the focus in on how exactly we are doing things, what we are doing and what are the results she thinks that an annual review mid-contract might not do. She thinks that kind of process has encouraged the discussion that we are having now, the retreat that we did last month. Even though there is an appeal, maybe we can think about this the next go around with economic development as we really look these next couple of years at how that should be structured in the future. She is ok with considering but she doesn't feel compelled to change it this year.

Mayor Bunten indicated he doesn't understand why we are considering changing something that works so well. We have an excellent staff that has developed relationships across this nation and clearly the success of the GO Topeka program can't be denied. Everybody can see, Bimbo Bakery Mars, Target, Home Depot, but in addition to that there are many companies that you haven't heard a lot about that have been here a long time that have been retained here because of this group of people that have been working for us for so many years now. The relationships that they have forged with people who are hired by companies to go out and look for places to expand is an excellent one. He isn't sure how many of those folks came back for the races this year but there were more than there were the year before. He doesn't see why we want to fix something that isn't broken, it is going very well. He has heard of another group that wants to establish a company but it isn't a company now. Will there be more people that come and want to have a contract to do the work that we are doing now through the Chamber staff? Perhaps, he doesn't know. But these people who are working for us would like to know if they have a job for just beyond a year and he thinks that is something we should take in to consideration. ***Mayor Bunten made a motion to approve a three year contract with GO Topeka. Commissioner Thomas seconded.***

Commissioner Thomas indicated she had a question for GO Topeka. In lengths of time, whether it is months or years, capturing the business from Mars, from the first conversation to the ink drying on the contract – how long was that and maybe the last two, whether it is Home Depot or Bimbo Bakery, she would like to know how many months or years were invested.

Ms. Wright indicated that Mars first opened their project in 2008; that is the first time we were aware that they were considering our community. As with many of our projects, they can start really hot, we are going to build in four months, we're ready to come and then they pull back and go in to what we call they go black but they are still very active. Every project is different. Some of them we can propose and have the deal done in six months. Some of them, she has active projects in our portfolio that are from 2009 and they are still active.



Mr. Kinsinger would like to add, he thinks a couple members of the JEDO body have actually attended some of our prospects offices and have realized that some of these we have been working with for a couple of years and have understood that either there happens to be a slower demand for their product, which may be a military product, or it may be the fiscal cliff looming that they tend to wait for. But our key is that we need to be able to pounce when the time is right and out of those, he thinks he has mentioned to some of them, we keep trying to emphasize, we have 34 active projects that we are working on now; 24 of those are new attraction projects, 10 of those are existing. None of those are ones that he would expect that they would be done and completed within less than a year. He would say that sometimes it is the relationship process of establishing that trust and confidence, that when they do have a project, that we work on that quite extensively with our existing companies. But that is part of what we do with our site consultants, is that they have trust and confidence and be able to follow up and we can be able to perform in the timeframe they need. They do want sustainability and they do want continuance.

Councilwoman Hiller stated that this is a new concept for all of us to consider. She thinks when the sales tax was passed; she doesn't think anybody really expected us to change vendors or change economic development contractors over the course of that sales tax period. She thinks everybody understood that it takes many years, whether it is to get a major business or whether it is to work with someone who's considering to become an entrepreneur and wants to put their foot in the water and go to class and get consultation. Obviously you need to revisit that contract at some point unless you just do a ten or fifteen year contract. Does the one or three year really make a difference? Does he see it changing the relationship?

Mr. Kinsinger stated it does because it allows them to plan. At this point they only know what resources they will have available on an annual basis and as they are getting in to especially land development and infrastructure, your budget, all of them as elected officials realize how fewer and fewer dollars you have available for infrastructure. They have been taking on more of that responsibility. They have been helping extend water, sewer, and gas mains. They have been the community's developer, especially for major manufacturing sites and those things do not occur overnight and they don't occur with small dollars. They have also tried to work hard to leverage their dollars, with both some State and Federal dollars and have had some success along the way. He doesn't want to give the indication that they want a three year approval and they will never talk to JEDO again. What he does want to emphasize is that they need that partnership and communication to continue because there will be an ongoing thing. As you recall they present to you an annual budget. They have to come back to JEDO to approve any deviation from that. Every time they have had an incentive project, or agreement they have brought that to JEDO for approval. They may have gotten approval to take certain steps but they still have the responsibility to come back to JEDO for authorization at certain levels.

Councilwoman Hiller questioned that we would still expect to have an annual budget process.

Mr. Kinsinger indicated he would think so, yes but they have only submitted an annual budget. And again within that, if they submit any project for approval or any contract; their contract he believes, unless the County Counselor tells him otherwise, authorizes that they can only make financial obligations for one year at a time.

Jeff Wietharn, Legal Counsel for GO Topeka indicated that the three year contract still requires that GO Topeka still come to JEDO every year so there is definitely still an approval process here. Among other things it allows them to tell their prospects, that they are not a one and done group, we are here for three years. So there is still plenty of oversight by JEDO it just changes it to a three year contract, a lot of the processes are basically still there they have just been tweaked to allow for the contract to rollover.

Councilwoman Hiller questioned that is one of the pieces that is still in the one and the three year is that there is a termination clause in there as well.

Mr. Weitharn indicated yes, there is a 120 day notice period.

Councilman Wolgast questioned if there have been any substantive changes to the contract in the last five years, seven years, that they are aware of.

Mr. Weitharn indicated no, they have typically rolled over the dates. He believes there was a reporting issue at one point, they needed a little bit more time to get financial reports to JEDO and it had a shorter deadline, so maybe two or three years ago they went from 30 days to 45 days perhaps, don't quote him on that. But substantively he doesn't remember any significant changes.

Councilman Manspeaker stated that everyone agrees that GO Topeka is doing a great job. He thinks he has heard that from just about everybody up here. So they have done a great job with the year to year contract for the past so many years but now we need a three year contract. Can somebody explain to him why we need a three year contract? Maybe the person who made the motion.

Mayor Bunten indicated that he would be happy to make the motion for four years.

Councilman Manspeaker questioned what is the difference between a one year contract and a three year contract? What is the rationale behind that?

Mayor Bunten stated that we have an excellent staff. That is his impression after seeing them operate over the past eight years and breaking ground with some excellent companies, and keeping a lot more through the incentive programs that we have. This staff has forged relationships with people who make recommendations to companies across this country where it might be a good place for them to expand. He hasn't heard a single critic about the work that has been done by this group of people. So if it is doing well, why do we want to change it? What established company that we can look at to see whether or not they have been successful in what they do, does this work so that they can have confidence that because they were maybe lower in the cost, that we should change from what we have to someone else?

Councilman Manspeaker replied that the two of them must talk to different people because he has heard lots of critics in the community about the way things have been done. He is opposed to this three year contract. One, because we don't use an open bidding process which we can all go round and round about how rational or how effective that is but at the end of the day if the City has to hire somebody to fix a road they put that out to bid and give that to the lowest bidder and award that contract that seems like a pretty rational way to do business, period, end of story. It doesn't matter what services you are seeking. At the end of the day, how many folks work for GO Topeka?

Mr. Kinsinger indicated there are nine.

Councilman Manspeaker stated so these nine folks that Mayor Bunten says he is worried about their year to year life as to whether or not they are going to have jobs because the money is always up in the air come December. He is not worried about their nine jobs; he is more worried about the thousands of jobs that we have in our community that they help maintain, they help to protect but he thinks that should be this body's focus and not the nine people that we employ over at the Chamber of Commerce. We have to be very clear about what our goal and what our aim is here as a body and he thinks JEDO's main objective and main goal is to provide economic development. Now how we provide that or who we provide that through is up to this body. But JEDO is responsible for economic development, not our contractor. They provide us a service but we are at the end of the day the ones that are responsible. This

may also ruffle some feathers, but he also has a serious problem with this body passing a three year contract with three of its voting members being in outgoing offices so next time this would be able to come up to folks it will be a completely new group of people. Three of them are not going to be here next year. There might be a new group of folks next year that might want to do something different but they are going to be left with what was decided here today. Councilman Archer is not here to make that decision; he is going to be on the new County Commission, who knows how he feels about this. He doesn't see why we can't continue to do a year to year contract. It does no disservice to GO Topeka, we have never hamstrung them in the past, they have been successful, and they have gotten things accomplished. Just because there are critics in the community, there is no reason for us to protect them with a three year contract. What we put at risk with a three year contract is that when this sales tax comes back up for a vote, the voters won't trust us because we gave the money away and signed it up in a little box that we can never deal with or tinker with ever again because we have signed a three year contract. If the voters don't trust us this tax money will go away and we won't have economic development in our community and he thinks this is a very dangerous game we are playing here this evening.

Mayor Bunten responded if they start worrying about that we make a decision that can't be changed, and of course it could be changed if the provisions in the contract aren't being made, if we are going to consider that we shouldn't take any action because we may not be here three years from now, we won't be doing anything, we won't make any decisions because people might feel differently about it later. We are in the position right now to make a decision whether it should be one year or three years. He has made his point of view; Councilman Manspeaker has made his point of view. He would be pleased to vote on it as soon as possible because all of us know what they have done, how well they have performed and we don't have any viable alternative. There is no company. Councilman Manspeaker talked about making roads, yes we bid those but there are scores of companies that make roads. But what these folks do in economic development, who does it? What company? Does he know of any companies that do it?

Councilman Manspeaker replied that there are 300+ major metropolitan areas in the United States. All of them do economic development differently. There are lots of different ways to do this. There are lots of professionals that do this. There are a million different opportunities out there. To say that this is the only possible way that we could get this done is very narrow sighted.

Mayor Bunten stated he didn't say it was the only possible way. But does Councilman Manspeaker know of one company, a company not a city or a county, that could take the place of the people, the nine people that are working for us, in a private organization, privately funded. Does he know one company?

Councilman Manspeaker responded that if we put this out to bid then we might find out that there are other companies out there but we have never put it out to bid so we don't know who has wanted to do this work.

Commissioner Buhler stated that at this time they will take a vote but first they will take public comment at this time on this item.

Public Comment: Joseph Ledbetter indicated he needed instruction from the Chair, whether or not this comment is on the three year contract, which is what he would just prefer to just comment on and then he would prefer to comment on all the other items that were raised.

Commissioner Buhler indicated that Item No. 3 is the business plan and budget and the 2013 contract, either the one or three years.

Mr. Ledbetter indicated that he will then talk about all the points. He stands opposed to a three year contract with GO Topeka. He stands opposed to the budget as proposed. He stands opposed to the

contract as it stands. He would declare that they need to put this out for bid and they need to allow other people to have competition in Topeka, Kansas and Shawnee County. He takes exception with one of the comments that was made up here by one of the council members that the people thought that this was all going to go to GO Topeka as long as this tax was in existence. That is not true. He doesn't know anybody, maybe outside of GO Topeka that thought that was going to be the case. People thought there would be economic development. It did not say anywhere in that document GO Topeka. It said it is for economic development but the City could have had it, the County could have taken their share, it could have been done any number of ways. There is nothing in that document that we voted on either in 2000 or 2004 that says that money was earmarked for GO Topeka the organization for "x" number of years, nothing. Have they considered the cash basis law when they are considering these multi-year contracts? That language better be in there. He cannot believe some of what he is hearing tonight but that is fine, we all have free speech and that includes the citizens. First off, this is only the 2<sup>nd</sup> action meeting of JEDO this entire year. That is ridiculous. The contract says that GO Topeka is to submit to JEDO quarterly financial reports and he has had trouble finding those documents. They are not online. Many times he has asked through KORA requests for those documents and only once was he provided actual quarterly financial reports. What you see up here time and again, and it seems like he is the only one that spots it, he doesn't know why, but you have these marketing plans thrown out, you have a quarter plan thrown out, but that is not what the contract says. It talks about that but it also talks about the financials. Transparency of this money, are there good people and organizations that have gotten behind raising private funds? He is sure there are but if you are going to refer to those documents, put them in to the meetings so everybody can look at it, see who the donors are, what was actually donated in that \$4 million over the next five years, let's see who put the money up, what they actually put up or is it just soft cost, is it just advertising, what is it or is it actual hard dollars? If you are going to refer to a document, bring it to the meeting and let the public examine it, put it in to the record. His #1 problem with the way this thing has been structured for several years, and he has been very adamant and public about it for the last two, is the lack of competition and the lack of transparency. And when you cut off competition, you cut off good ideas, other people in the community that may have great ideas and may be extremely intelligent and have a lot of good ideas for what could create jobs in this town, but they are cut off, they are not invited to the table. It could be people from outside the state that have good ideas, but they are not invited unless they come through GO Topeka. Why has there not been competition? Why all of a sudden the concern about competition now? It has been operating this way for the last twelve years, they have had an annual contract, nobody else has been allowed to bid on it so what are they afraid of competition for, why do they need three years? It doesn't look like it is going to change because year after year he seems about the same amount of votes for the contract. He sees a total lack of questions asking where the money is going, asking how many staff they have, asking for the specific salaries of officers, travel expenses, any number of questions that he has and he would like to have answered on the record. Does that mean something is going on wrong? No, but it just means that he has a question. If you are going to get in his pocket, as a taxpayer, he wants to know where the money went. We have had a very successful year this year. We have raised property taxes 8.5% at the City; we have lost a thousand net jobs with Jostens and Hallmark, but we did take a tour to Fort Collins. We had a rezoning fiasco earlier this spring that was totally uncalled for and unnecessary. One of the farmers is right here in the audience tonight.

Commissioner Buhler indicated she would like to remind Mr. Ledbetter that his public comments should be on the actionable items that are listed.

Mr. Ledbetter responded that this about their whole plan and what they have done this year.

Commissioner Buhler replied that his comments are going off on another course, so his comments need to stick to the actionable items.

Mr. Ledbetter questioned what had he just said that was not on the actionable items, because he would like to comply. We had a whole hour of PowerPoint's on this action item and he is responding to the PowerPoint's that what was said on the record.

Commissioner Buhler indicated she appreciated that but she would encourage him to stick to the item.

Mr. Ledbetter stated that over the last ten years we have lost 8,000 jobs according to the U.S. Census, net. Poverty is up 50% in this community over the last ten years. He does not look at that as success in economic development at all. Could it have been different? We don't know because nobody else was allowed to talk. For many years we couldn't even speak at these meetings. He would like to know if this organization is as good as they claim they are; why are they not getting appraisals for land that is being bought? Why do we still have 75 acres of 49<sup>th</sup> Street that is undeveloped that they bought in 2006 without an appraisal? Tonight they shifted, the auditor said that they had to take money out of the 49<sup>th</sup> Street project because – well he thinks he said, he doesn't want to paraphrase – that project probably wasn't going to be done right away. Last year, they had over \$1 million earmarked. He questioned it last year. So why was it going to be developed last year but it is not going to be developed this year? These are questions that a body ought to be asking. Why aren't you developing that 49<sup>th</sup> Street parcel that's got the closest utilities? It doesn't make sense. Utility extensions cost millions of dollars and GO Topeka tonight has claimed they are the land developer; they are the industrial park developer. Ok so why aren't they developing what is closest in to the City and they have had it vacant since 2006? These are good questions that should be asked by the JEDO members. Because what it appears to him is that we are buying a lot of land that we don't need for some future project that may or may not exist and we are spending a lot of taxpayer money and we are justifying our jobs saying “well we are an industrial park developer”. But in the meantime, under that model we have lost 8,000 net private sector jobs. What he is saying on the record is that there has got to be a better way to do this besides just going out and buying a lot of land and extending utilities. There have got to be better ways to operate and the public needs to be allowed to have input, other people need to be allowed to bid on these projects and this economic development money and see if there are better ideas than building a windmill in the glide path of Forbes Field, which was proposed earlier this year with this organization. And he is going to talk about a complaint he has heard from some USD 501 Board members. He has a couple of board members that have told him that they are complaining about GO Topeka's advice to them to buy the state hospital grounds.

Commissioner Buhler indicated that is not for this item. That is a comment but it is not specific to this item. She just wants to make sure in the interest of everyone's time that he makes sure that he keeps his comments to the actionable items. USD 501 is not here to speak for themselves. He does not speak for USD 501.

Councilman Manspeaker raised a point of order and indicated that the gentlemen who made the motion (Mayor Bunten) said that there were no complaints so therefore he thinks it is very valid for Mr. Ledbetter to say that he has heard complaints because he is answering the gentlemen who made the motion.

Mr. Ledbetter stated that Mayor Bunten opened the door so he is just simply commenting on the other side. If they are going to weigh this item and say that this organization hasn't had any flaws or any problems in the last ten years then he is going to challenge that.

Commissioner Buhler asked if Mr. Ledbetter represents Topeka Public Schools.

Mr. Ledbetter indicated no, he does not but he has talked to USD 501 Board members about that project.

Mayor Bunten stated then let's hear who they were.

Mr. Ledbetter indicated he would move on. They had a consultant in here July 25<sup>th</sup> and she said she was an auditor and he asked her questions. He asked if she had seen the transfer of \$1 million a year to the Chamber, those documents. She said she had. He asked if she agreed with that and she wouldn't comment. He was looking at the audit tonight and there used to be footnotes in the older audits that said how much money was being transferred to related organizations, i.e. the Chamber. And for several years, it was about \$1 million a year. He would like to know where that money is in this budget. Are they still getting \$1 million a year transferred from GO Topeka public funds to the Chamber of Commerce? And he is referring to all the audits that have been placed in the records in the past that they have looked at and voted on and he is referring to IRS documents, of the 990's, that are available to this body for them to look at that talk about those very transfers. Where has that money been put in this budget, is it continued being transferred? That is a question and that is a complaint if it is. It shouldn't be. It is a separate organization. Counsel correctly said that the contract hasn't been reviewed in about seven years. It is reviewed in that the dates are changed but it is not changed. He has asked, on the record, for review of that contract. He has asked that this body have a discussion about changes that are needed in the contract after using about the same contract for about the last ten years. Times have changed. We need more accountability, we need more transparency. If the integrity is there and he is not questioning it, then there should be no problem making sure that the contract reflects the public has a right to this information. The public can simply ask for it from GO Topeka and get it, the quarterly financials, the salaries, conflict of interest policies, making sure that people that are on boards or officers are not profiting from this contract, a public contract, by-laws that would protect the public from electioneering, where the Chamber is possibly recruiting and pushing candidates, potentially with public money. Those are concerns he has under this contract.

Mayor Bunten raised a point of order. He stated that Mr. Ledbetter is moving in to things that are of no interest to them here.

Mr. Ledbetter questioned that his comments are of no interest? Free speech?

Mayor Bunten stated that Mr. Ledbetter is starting to say things that he doesn't know anything about. Whether the Chamber of Commerce is involved in the voting for City Council members or others. Where does he get that information?

Mr. Ledbetter responded he is glad Mayor Bunten asked. First off, three council members, in 2009, said they were specifically recruited by Heartland Visioning which is headquartered in GO Topeka and the Chamber of Commerce. If Mayor Bunten would have listened, he said he would like protections in the contract that would keep that potentially from happening. If he said it is happening then he misstated. He wants the contract to say they are not allowed to put any of that money in to the Chamber of Commerce which does involve itself in elections, correct?

Mayor Bunten replied that he has no idea what Mr. Ledbetter is talking about.

Mr. Ledbetter stated that they have involved themselves in the ½ cent sales tax and they have involved themselves in other elections. He wants to make sure that public money is not going in to those processes. And it is just a simple process of putting protections in the contract to make sure it doesn't happen.

Mayor Bunten asked what public funds would be going in to the election of candidates, what ones?

Mr. Ledbetter stated we are talking about \$5 million of public money here tonight in this contract.

Mayor Bunten asked so Mr. Ledbetter is saying that some of that money is used to elect certain candidates?

Mr. Ledbetter indicated that is not what he said.

Mayor Bunten replied that it sounds to him like that is what Mr. Ledbetter is saying.

Mr. Ledbetter stated that is not what he said. He said he would like protections in the contract to make sure that an organization that is headquartered with another organization that is involving itself in that, and has by its own documents, which have been of record, where it says that they have transferred as much as \$1 million a year from GO Topeka public funds, by their own audit statements, to the Chamber of Commerce, he is simply asking that the contract would put protections in there to keep anything like that from potentially happening.

Mayor Bunten stated that Mr. Ledbetter sees subterfuge in everything. He has been listening to Mr. Ledbetter for eight years.

Mr. Ledbetter questioned if Mayor Bunten was engaging in a personal attack on him.

Commissioner Buhler asked for Mr. Ledbetter to just continue with his public comments and to stick to the actionable item.

Mr. Ledbetter stated that for an hour he had to listen to GO Topeka talk about all the great things they have done. Maybe, maybe not. Stand for scrutiny. Stand for questions. Because what he is seeing is a lot of lost jobs in this community and he is not seeing those jobs coming back in to this community in the same number that they are being lost. And they, by their own admissions, say they are in charge of economic development in this community. And there has been no competition allowed. There has never been an RFP taken for this money and he has a concern with that. He definitely has a concern if they were to agree to this for three more years based on these set of facts. Now he is needing some water so he is going to have to quit talking.

Commissioner Buhler indicated she is sure there are others in the public that would like to speak so in the interest of time.

Mr. Ledbetter stated he thinks it is past time that the contract be reviewed and that the public money clearly be separated from any other organization. He thinks that bylaws need to be put in place, he thinks that the public has a right to see all the by-laws and all the minutes of GO Topeka so that we can see actively where this money is going and he thinks we have a right to the financial reports that are asked for in the contract. And he thinks that nobody should have to pull teeth to get them, he thinks it should just be forthcoming and given very easily and quickly. He is absolutely opposed to extending this for three years. They do have new board members coming on, they may or may not agree with that. They have a right for their constituents and for the election that they just went through to present that next year for the public with a lot of ample warning so that the public can discuss it freely. As far as the one year contract, he is not impressed with what he has been seeing, especially the rezoning fiasco that went on earlier this spring in his township, it was ridiculous and there was no need for it. He has one further comment with their maps, he keeps looking at their maps and he knows they put some of them in to the record with their PowerPoint's. There are about 500 acres that they have had under option on the other side of 75 Highway. He would like to know what they intend to do, if they are going to close on that. There are a lot of wetlands in there; he has their own reports that he got through KORA's that show there are about 100 acres of wetlands. He doesn't think it is very good for an industrial park. He would like to know

what they are going to do with that. They keep showing it in their maps of Kwanza, sorry, Kanza Fire Park and he would like to know specifically if they are going to exercise those options and when.

Matthew W. Gassen, President of Winston/Meriwether, LLC stated he was not sure how he was going to follow all of that but he would try to just stick to some facts here. He thinks all of them should have received his notice on his intent to bid specifically on the EMBD funds. Also another fact, he did not receive notice of this meeting formally until this week, should have been the 11<sup>th</sup>, even though he requested notice of that a month prior and received notice by the City Attorney that notice would be sent to him by the Chairwoman of the Board, so he would like the record to reflect that he did not receive notice of the meeting as requested by KOMA.

Commissioner Buhler stated that she is going to check with the County Counselor on this. JEDO requires public notice to JEDO members a week prior to the meeting and so that agenda is released to the public at that time.

Mr. Gassen indicated that he requested notice of the meeting in November and received a notice after asking the County again.

Commissioner Buhler indicated that notice was given at the workshop.

Mr. Gassen responded that he requested notice and by law he is entitled to receive direct notice of the meeting, not through a public channel.

Commissioner Buhler asked who Mr. Gassen submitted that to.

Mr. Gassen indicated that it was submitted to the Council and to the Commission. And he received a reply email back from Mary Feighny at the City indicating that responsibility of notice would fall upon the Chairperson of the Board and that he would be receiving notice of that. And he can provide the emails for her.

Commissioner Buhler indicated that would be helpful.

Mr. Gassen stated that he thinks it is interesting that we are talking about extending this contract for a length of time when even the idea of putting this out for bid, it seems to be problematic for members of the Board. What he thinks a lot of people have trouble with is that the idea of good governance and best practices demand that these kinds of expenditures of taxpayer funds are competitively bid for. And in fact in 2004 this very issue was litigated and in that case the Judge noted that the JEDO, as a body, is controlled by an Interlocal Agreement and he notes in his opinion that State statute:

“...[a]ppears to carry over governmental obligations of the City into the interlocal agreement such that an avoidance of the public bidding requirement cannot so easily be had... [t]he result being that the progeny of the respective public bodies – here JEDO – carries with it the public interest mandate requirements possessed by either parent public agency, the theory being that one cannot do indirectly what it could not do directly.”

Mr. Gassen stated based on that, both the City and the County have competitive bidding requirements. Therefore, following that logic, those competitive bidding requirements are still applicable today because they are attached to the Interlocal Agreement and follow through to the JEDO requiring the JEDO to follow those same procedures. So with that in mind he thinks it would be his company's contention that the JEDO is legally obligated to accept competitive bids. And from a public policy perspective it only makes sense that they would do this; that they would publish notice of the opportunity to bid on these



funds and then to follow through with it with an open and competitive bidding process. Furthermore, State statute defines what a professional service is, so although there may be exceptions carved out with the City and the County procurement requirements, the definition of a professional service is defined by State statute and it lists the qualifications of establishing a professional corporation and those corporations are those entities that typically require licensure by the State to conduct business, those would be attorneys, architects and engineers, where the public has an interest in ensuring that the services being provided are done through licensed professionals. So that would be his take on the issue here on both the legality of operating in a closed way and then also again he would like to highlight the fact that best practices of governance are well excepted across the country and internationally as well that when you are spending taxpayer funds that you would do so in a way that protects the taxpayers' interest by doing so in an open and competitive way. And with that, he also distributed notice to both the City Council and the County Commission, which would encompass the JEDO membership of his company's intention to bid again on the Minority and Business Development funds if the JEDO Board decides to open that up for bidding.

Commissioner Buhler stated that she did receive his email yesterday at 4:32 p.m. of his intent to bid but she does not have an email of him requesting notice of this body. She is going to direct Rich Eckert, Shawnee County Counselor, to answer his question on whether legally is JEDO required to bid this process.

Rich Eckert stated that there has been much debate about what Judge Theis wrote so he simply brought the Judge's *Memorandum Opinion, Entry of Judgment, and Order* with him and he is going to read a paragraph. The Plaintiff in this case (Shawnee County Case No. 02-C-1649) is the International Black Student Alliance, Inc. and the Defendant is JEDO. Earlier in this opinion, the Judge dismissed the lawsuit against Shawnee County and the City of Topeka, so at this point in the case the Judge is only talking about JEDO.

“Here, Plaintiff can not identify any applicable state statute that would require such a contract for services to be bid by either the City of Topeka or Shawnee County. Plaintiff initially cited K.S.A. 19-260b which, when read with K.S.A. 260a, only creates a purchasing agent in Johnson and Sedgwick Counties and thereafter specifies competitive public bidding, but it only applies to the latter counties, the K.S.A. 19-260b section cited being merely the second section of a single act. Subsequently, in response to the Defendants' pleadings, Plaintiff has asserted that K.S.A. 19-214(a) applies, but this statute clearly only applies to the construction of any county courthouse, building or bridge and, if there remains doubt, its section (b) exempts professional services in regard thereto from competitive bidding.”

Mr. Eckert explained that those are the statutory guidelines for both Cities and Counties. The hitch in the lawsuit came when the Plaintiff cited a Topeka City Ordinance 2-387, and for the record he does not know if that ordinance still carries to this day or not, this was a 2004 opinion, and that section was on competitive bids. Judge Theis had the opinion that perhaps this could be used to apply to JEDO. Something that the Defendants did not agree with and we would have appealed it except for what happened next. In this opinion, Judge Theis then said, however, JEDO as its own separate governing entity is free to waive itself from the purchasing guidelines for professional services and that is what JEDO did. JEDO then passed a resolution (JEDO Res. 2004-1) exempting themselves from bidding out professional services. That was voted on and published in the paper and that is the state of the case today.

Commissioner Buhler asked so if there were to be any changes, going back to what Mr. Gassen is speaking about, that would need to be brought before this Board and voted upon, the changes that JEDO adopted exempting professional services from being bid. The members of JEDO have that option to bring that forward to change that.

Mr. Eckert indicated yes that is what would need to happen but to date it has not been done.

Mr. Gassen responded that his caveat to that is although the County Counselor cites the exemptions; he is citing the exemptions as they apply to State law and he did correctly cite the State statute that he also cited that carries both the competitive bidding requirements from the County and the City through. And what they come incorporated to is actually the Interlocal Agreement. So whether or not the JEDO passed an ordinance or not is almost irrelevant because the Interlocal Agreement is the controlling document that was created between the two bodies. Ordinance is subsequent to that, as Judge Theis points out, the JEDO can't exempt itself from that because the JEDO would be doing something that would circumvent the intent of both of the parent bodies when they came together to create the Interlocal Agreement.

Commissioner Buhler questioned if Mr. Gassen was an attorney.

Mr. Gassen replied that he is a graduate of St. Louis University School of Law in 2007. He does not practice law but he did clerk for the Attorney General of Missouri, clerked for the ACLU and is knowledgeable on the subject.

Councilman Wolgast indicated he also had a question for legal counsel pertaining to the contract. It is relating to this discussion but no specifically on whether JEDO has open bidding. And that is actually in Sections 6 and 12 it states, "GO Topeka shall submit to the JEDO and annual Business Plan and budget...[r]eflecting the expenditures to be made during the fiscal year... [S]uch funds to be used..." etc. and then Section 12 states, "Should the JEDO or GO Topeka request changes in the scope of services of GO Topeka to be performed hereunder, such changes shall be mutually agreed upon by both parties..." Is it Mr. Eckert's opinion that whether they have a one year contract or a three year contract, while that contract is in effect, the JEDO Board could have influence on changing direction of the operation of GO Topeka or the expenditure of the funds. How much freedom would this Board still have to have an influence on expenditures, direction, etc. for instance, during the interlude of the contract.

Mr. Eckert replied that this contract makes it clear that GO Topeka is actually the independent contractor and with that you have given them some level of control over this. If you actually exact a day-to-day control over it, they are not really an independent contractor, and then they lose that status. So they do have leeway underneath this contract, as any independent contractor would. Ultimately JEDO cuts the check and he believes it is cut monthly and he who wields the purse, wields a great deal of power. Also you also have a 120 day cancellation clause and that is at your sole discretion, you do not have to have cause.

Councilman Wolgast stated that it seems like where we are going is that if we should go to a three year contract, to what extent would JEDO have influence over the direction of where we would be going?

Mr. Eckert replied it would not be changed from how we have operated in the past. All of the quarterly reports are still due, the budget is still due, nothing substantive changes, it is just the term of the contract.

Councilman Wolgast stated that where it says they submit the annual business plan and budget and JEDO approves that so that is where he is thinking we could have change in that if we so felt, workforce deserves more funding, or something else, perhaps we would have an influence on that.

Mr. Eckert stated that at the very least, much like we are having a year-end meeting now to approve the contract, we would still have that year-ending meeting next year to approve the 2014 budget and the 2014 plan.

Councilman Manspeaker asked that we opted out of this practice that he would say most communities utilize for just about all of their purchases called competitive bidding, that was their choice as a body in 2004?

Mr. Eckert indicated that the JEDO did approve a resolution a resolution that exempted themselves from bidding out professional services.

Councilman Manspeaker asked if folks know why we open bid professional services or contracts in general? It is to protect ourselves against nepotism and cronyism and all of the other "isms" that suck our towns and cities dry. The fact that we have opted out of this thing is a joke, to protect our own best interests, does this protect the citizens, the taxpayers' best interests? If we have nothing to hide, then why couldn't we do it appropriately?

Mr. Gassen indicated he did have one other point. A former County Commissioner stated publicly in the newspaper that in his mind, and he may be paraphrasing here, that this contract was always open for bid it was just that no one ever did, no one has ever tried it. So reading that, in the mind of the public, that is what the public expects and people like himself who read that statement take that as an opportunity to participate in the process. And so to come here and try to participate in the process and then be thwarted by things he thinks are clearly in the disinterest of the public is disappointing. He would implore them to really think about why they all are working in the job that they are and have taken the positions that they have and that is to protect the taxpayer and to work in the public interest and that is their first and foremost duty.

Carol Marple stated she is a citizen and taxpayer and she has sat her tonight and listened and she has read online and she is more than willing to be corrected if she has written something down incorrectly, because there were 99 pages and she could not obviously print them all off. As a taxpayer she does not feel that her money is being well handled. They have \$5 million and they have \$1,962,896 as operating expenses and they have \$448,316 as salaries for eight or nine people. But probably her best example for the reason that she doesn't think this should be given a three year contract is that they approved the minutes tonight from their July meeting and it had to do with the 40 acres in SW Shawnee County which she is familiar with. They said that there were \$425,000 was the total purchase price for this 40 acres and that \$221,500 was for a house and 3 acres. Here question is, what happened to the house, what happened to the building? Her tax dollars bought that. If the people who owned the house and owned the building turned around and sold it, than that is not the total purchase price because they also had those additional funds. She paid for that house. To her if it was going to be auctioned off or if the building was going to be sold, that should come back to the County. That is additional money that we paid the people. And she has no problems with the people who received the money. Her problem is that it was stated that was the total purchase price but yet there were other assets that were sold and it went in somebody's pocket and she would like to know who.

Lazone Grays, President and CEO of IBSA, Inc. indicated that he is speaking against passing this contract. He is not going to speak to the issue of a one year or three year contract. He has been here before. Primarily the reason tonight to object is not just the legal reasons that he has stated in the past where he does not believe that JEDO has the statutory authority of exempting a contract of this nature from competitive bid in its entirety from the part of the professional services. If he is not mistaken it is a contract to provide administrative services and administrative services are not deemed a professional service. But as the Mayor has stated numerous times, if you have a problem with it, take it to Court. And if he had the money to do that, he would have been there. So he is going to move on from that issue now. What he would like to start with is, first, prefacing from the Interlocal Agreement. And he would like to state that everything he has always said and done has always been reflective of the Economic Development Plan for Topeka and Shawnee County Comprehensive Metropolitan Plan that was passed

unanimously by the City and the County in 2002 and as far as the Interlocal Agreement on page 1, “Whereas economic development is defined as the implementation of the economic development priorities established on a yearly basis by the Joint Economic Development Organization (JEDO), guided by the Topeka/Shawnee County Economic Development Plan...” so this is what he is referencing to whenever he speaks.

Commissioner Buhler questioned if Mr. Grays was referencing the contract or the Interlocal Agreement.

Mr. Grays indicated he was referencing the Interlocal Agreement.

Commissioner Buhler responded that the Interlocal Agreement is not an actionable item and they are not discussing that tonight.

Mr. Grays replied that he is just getting the basis of how he believes the decisions are supposed to be made because what it says is that it is economic development is defined as the implementation on a yearly basis by the plan. From his understanding the JEDO was supposed to set the priorities and not have the contractors come and tell them what they are going to do and then they just pass it on. It should just seem that they should have an on-hands approach saying what the priorities are. In the definition of the Interlocal Agreement which is the guiding principle of economic development, workforce training is a part of economic development. Which leads him to really the gist of really why he is here to speak. He has heard the excellent and outstanding job they say that the contractor, GO Topeka, does and he is not going to dispute that they have been accomplished in various areas where they have brought businesses to the City of Topeka. Many of the projects that they mention, he applauds them for doing so, but then again, if he is not mistaken, the sales tax is monies that are paid in by people that are from all over across the City. Most of these projects here are outside of the bus lines so many of the people who actually purchase stuff and pay sales tax, they don't have access to get out to these training programs at Forbes Field, these jobs out at Bimbo Bakeries or some of these other places. He thinks that it does other taxpayers a disservice to say that these are great because they are great for some people but they are not great for others. And these are other people who have actually paid sales taxes to bring these companies here.

And the reason that he is concerned, he is glad that there are accolades for the accomplishments for those activities for Women Minority Disadvantaged Businesses. He has spoken before as to how that 10% came about. It was not the contractor or the Chamber. It was him and his organization that worked to make sure that 10% was made available for the uses of, let him reflect back to the Interlocal Agreement, “endeavor to use an amount not less than 10% of the funds received to support economic development for socially and economically disadvantages individuals and/or business enterprises.” By putting all of the onus that they are going to put all of the money into just business development, he thinks that it goes against exactly what the terms are supposed to be. It's “and/or” business enterprise. If we have gone through ten years so that could be approximately \$50 million, there is a schedule in his packet that says “Topeka Unemployment Rates by Race and Gender from 2000 to 2010.” He has heard it is a great job, if it ain't broke, don't fix it, I don't think you want to fix something unless it is broken. From an article last year – Councilman suggested that the JEDO speak bids and he would like to quote what our honorable Mayor said, he “questioned why JEDO would stop contracting with GO Topeka, which he said has been doing a good job.” And they have been doing a good job in specific areas; he is not going to dispute that. Commissioner Ensley, in the same article seemed like he was open to change, “Ensley said, ‘As we speak, I don't think we need to do that...’” meaning opening up for competitive bid. Again, Mayor Bunten said, “My impression is that GO Topeka has done an outstanding job.” This is where he has a problem on this unemployment rate. Because if he was to just say that, and he did attend their informational meeting across town a couple of Saturdays ago and it was pretty well orchestrated that they were intermingled at tables

sitting amongst the contractor and their members and it was up close and personal and he knows that is a very hard act to follow coming here and speaking to them tonight. If it was open for questions and one of the council members stood up and he mentioned something about the 19.1% unemployment of minorities in Topeka/Shawnee County. And he had to get on him, because he misquoted him on that because when they asked him where did he get that information he said Lazone Grays. He was the only black person in the room and feeling very uncomfortable. He gets his information from the Kansas Department of Labor so he is not making up any information. And if he would have said that it was not for minorities, that was for 19.1% of black men in 2010, in the labor pool looking for work, not deadbeats who aren't looking for work, are unemployed. They make up 4% of the City population. In 2000, they made up 3.3% and their unemployment rate was 8.3%. Every year since then, their unemployment rate has risen, and meaning that over the last ten years, their unemployment rate has risen over 11%. He does not call that outstanding. He thinks that there is something broke.

He believes that by not allowing other people who may have some ideas and abilities to fix targeted problems. And that is why he was the one who fought hard to make sure these monies were available, not to just increase businesses but his focus was to decrease the unemployment rate of black men, black women and anybody who had unemployment rates that were such large and despairing. He can't understand why people want to not say anything about this. At what point when it went from 8.3% unemployment in 2000 to 17% unemployment in 2005 should the body have said "we are concerned about this." That this is a body of our Topeka citizens and that we do care about their economic viability. He wanted to try to make sure that a part of this sales tax could be used not for business but to be utilized in ways that could reduce some long standing problems. New money to do new things to address some long standing problems. So from 2005 to 2009 the unemployment of black men just kept rising until 2009 it was 17.4%. In 2010 it rose to 19.1%. And every year he has come here to speak to this. It is always just been an excellent job, great work, nobody can do anything better. If they are saying that this is the best that their contractors can do, then he disagrees. If they believe that there is no one out there that has any idea on the type of unique target type of programs to address these numbers where, these are not Lawrencians, or Wichitans. These are people from the City of Topeka, they have lived here, they are 2<sup>nd</sup>, 3<sup>rd</sup> generation Topekans. They buy stuff all the time, pay sales tax and to not see any of their monies targeted to help with this type. It's not that there are not any ideas or solutions out there. It's just that they have chosen to reject any other voices or ideas or opinions. He does not believe that this is outstanding work. He believes that it is imperative to change the course. He has sat back and watched as long as you keep telling them it's a great job, outstanding job; there is nothing, why would he want to change. But at the same time they are convincing themselves that this is a great and outstanding job and that is where group thinking starts to fit it. That no matter how wrong things are going, they will not accept that something is wrong.

How high does the unemployment rate for this population have to go before they say this is troubling, that something needs to be done? If he was looking at the other ethnicities, and yes we have a problem with unemployment for a lot of people, but when you look at it, no one fairs worse than the African American men and women in Topeka/Shawnee County. It is not like they are not here and they are not working. It is not like they are not buying stuff and paying in to the sales tax. And regardless of how many PowerPoint's and colorful things that you have, these numbers are only in black and white and they don't lie. \$500,000 is not a lot of money but it should be enough to have been able to be invested in strategically, utilized over a period of time to where they could have shown a reduction of unemployment in this. If he would have been given the opportunity, with his worst program, he probably could have reduced it 5%, 3% in five or seven years. But to have \$5 million over and over again or \$10 million and there has been no reduction, what is that?

Some of the articles that he has put in his packet come straight from the press as far as unemployment for young adults, poverty. He has laid out some programming that his company is doing and has done in other cities. Working on in other states that deal with youth employment and entrepreneurship, skills training. Transitional jobs is a model that cities use to reduce unemployment for people who have barriers to employment. There are people in this city who have barriers to employment. They have not worked for awhile, they may have convictions, felonies which denies them and inhibits them from getting work. They may have disabilities. Many of the meetings that he sits in on at the State level, dealing with employment and entrepreneurship of people with disabilities are not talked about here. The people making these decisions are not in the room. And the reason he shared the information about transitional jobs and the evidence is that there are evidence based practices that are not being used. If there were, he thinks that we would have seen some results by now. He is not going to really belabor the fact here. He thinks these statistics should speak for itself. When he walked in to that room the other day and when he sees that there is no full representation of people in the City, he thinks that this body is missing something when they think that everything is great. Chronically high unemployment over a long period of time creates other types of social problems. And he thinks that Dr. (Morfessis) was about to allude to that until she realized that Councilman Gray was not listening. He wanted her to continue on to that thought because she was about to talk about how they identified 27% chronic unemployment of Latinos somewhere down in the South, but she did not elaborate but she was going to say something that he thinks this body should have listened to. Concentrated high unemployment leads to other types of things such as high crime. This really is to a certain degree about delinquency prevention, crime reduction. He believes that if the right programs would have been launched a decade ago some of the young men who are having problems now in their 20's and 30's would have had their minds channeled on more positive things but there has not been any jobs program, any transitional jobs program. Just because people have barriers to employment doesn't mean that they are totally broke and that they are not buying stuff in this community. And he believes that it should be imperative for this body here to take note that they are citizens too.

The only way that we are going to get there is he believes that they have to open up their ideas and their mind and stop listening to just one side and thinking that is the only way and say let's listen to some. Because to think that everything is ok, and he put some definitions in his packet that he hopes that they look at. He is not delusional, he does not ascribe to group think he is more the very first one – altruistic, that he is caring about the welfare of others and acting to help them any time that he comes and speaks. He is not here asking for money, he is not here asking for anything except for their consideration to realize that there are people out here who are paying taxes and they are citizens of this community, they are raising children, they have to buy stuff to keep their households open, children fed, taking care of their spouses. So it is not like they are not paying in to this system, even though they don't have representation. And he doesn't think that you can consciously believe that a body that is not conscious or a part of this population, they can just by election understand what they think and feel. They know that there is not proper diversity. He is not going to go any further because he is not exactly sure their minds were not already made up before he got here. If the standard of success in economic development is unemployment and unemployment rates and that is what people hold their breath about is what is the unemployment rate going to be, then the unemployment rate for one population is 19.1%. If he had the opportunity of reducing the unemployment rate by 7% he would wipe out all unemployment rate of all other ethnicities and then African Americans would still be 9% unemployment, 3 times the amount of what the population is – he is not good at math but he is in the ballpark. The same with contracting, 94% of all the contracts by the City went to white males.

Last point, are there model programs out there to address that type of disparity – yes there are and he has shared that with them. Has it been approached and tried – no it has not. So there has been no

transitional jobs programs tried to reduce this unemployment and he would like to at least note from his packet on page 5, Goal IV, Strategy 3 in the economic development plan – support welfare-to-work programs to involve unemployed, underemployed, and low-income persons in the economy. So this is a part of the economic development plan. The simple plan is a plan that is produced by the leading construction association in the United States. This is a program that they have used so that it is not about set asides, it's about big corporations the way that they use the process of bringing women and minority businesses in to the mainstream of public funding contracting. He has been trying to hit these things home for years, these ideas that should be tried but he has been ignored. He believes that they have nothing to lose. After ten years and \$50 million they have given carte blanche, non-competing access and these are the numbers that they have gotten. Nothing that has been said tonight is going to change with that.

At the meeting where Councilman Gray mentioned about the 19.1%, someone from the audience stood up and said “well companies need people who have skills for the jobs” and that is right, where are the skilled jobs training for us. And then pointed to the pilot program at Highland Park, well what does a program for young people who are not even old enough to vote have to do with reducing the unemployment of men and women who are old enough to work? We need programs for their parents because they are the ones in charge of paying rent, buying groceries, paying the bills. Instead of reducing money for workforce training he thinks that a better focus should have been put on workforce training. Now he sees that people are upset because he is speaking so long. He just wants to get this on the record; he would like them to and is requesting that they open up the bid for the 10%, that not the contractor or the Chamber fought for to have available. He is glad that they are making successes in being acclaimed around the nation because evidently he was right when he was pushing for it. That was actually the group that was trying to stop the monies from being made available, the 10%. That you gave the monies to them and the responsibilities to them, that is on them. But please do not insult his intelligence telling him this is outstanding work, that nobody can do any better. Because if this is the best work that can be done, call in the scrubs, he is sure that they can do a little bit better.

Councilwoman Hiller stated that she wants to thank Mr. Grays raising those issues now and in the past, all the way through. She would say, and she would like to think she speaks for all of them, that with the session that they did last month, this body is working to be on a learning curve.

Mr. Grays asked after ten years and \$50 million?

Councilwoman Hiller stated they are relooking at how to deliver economic development. People have asked questions, they have had one session but her understanding is there is a commitment to have others. She would encourage him to submit to GO Topeka, and she personally would be interested in seeing a copy, if he has some suggestions of some specific ways to improve programming to address particularly the target group he is talking about, she thinks it should be submitted. At one point, she thought he was actually submitting a proposal as well; she would encourage him to do that and if he did have one so that GO Topeka could consider it. They can work with whoever they want to deliver good programming that is going to achieve goals. She just wanted to lay that out there. Also if there is some formats that he has himself or that he has seen other places, that they could look at similar to the session that they did before, she is interested in that in terms of how economic development and programs are put together that are successful. She is personally interested and she thinks he could also submit those to GO Topeka. He also mentioned at the beginning of his remarks that the Interlocal Agreement said that they would do an annual contract, did she hear him correctly on that?

Mr. Grays stated no, on an annual basis the JEDO is the one that is supposed to set the priorities of what would be covered. Up until this point here, they have been just basically told what is going to happen and

they have rubberstamped it. As far as alluding to the agreement he would have to have Mr. Gassen speak on that. From his perspective it is not actually feasible for them to submit something to the contractor. There are things that are considered trade secrets which are part of things that agencies who do compete against each other do not share. Those types of models, inputs and ideas, those are not things that you share with your competitors. The best way to get these is that they open up bids, and let anyone who understands these types of models submit their wares.

Councilwoman Hiller responded that just as they ask GO Topeka how they are delivering their services and what's working and what's not and that has changed over the years. She can't speak for the whole body but she is looking for as they are progressing and winding down this sales tax and this economic development venture to continue looking at the success that they have done here and then look at other models and other ways to deliver better services or have better success with the people that have been through the programs as well as people that we have not been able to serve or populations that we haven't served as well.

Mr. Grays replied that he has conceded that there are successes. He is here focusing on the facts of the failure over ten years, egregious failures, 11% unemployment for one body is just too much to bear.

Councilwoman Hiller indicated she also had a question for legal counsel. When she looks at the one year contract and the three year contract, Section 6 is exactly the same in each of them. And it does not then provide for an annual review and a vote by JEDO in terms of the business plan and the budget. Is that in there someplace else? Because the language just says, "GO Topeka shall submit to the JEDO an annual Business Plan and budget in substantially the same form as Attachments A and B, reflecting the expenditures to be made... Such funds shall be used during the contract period unless otherwise agreed..." That doesn't provide for an annual review and ok by the JEDO Board of the plan.

Mr. Eckert responded that they as JEDO can order that anyway. He said let's cut out the talk about the three year contract because he doesn't think they can vote on that tonight. When you look at the JEDO Interlocal Agreement between the City of Topeka and Shawnee County there is a paragraph in there that states, "Any such contract shall be limited to one year and subject to an annual review by the JEDO." And so he doesn't think they can vote on a three year contract tonight unless they adjust the Interlocal Agreement.

Mr. Gassen indicated he wanted to respond to Councilwoman Hiller's questions and comments to Mr. Grays because Mr. Grays and Mr. Gassen submitted a bid together and the ideas that Councilwoman Hiller has asked for are contained within their bid. So if it is open, those ideas will be shared.

Mr. Eckert stated following up on that same paragraph, it indicates that there is only going to be one independent contractor and the independent contractor will endeavor 10% of the money on EMDB, so this idea of splitting these up in to two bids, that would also have to be changed inside the Interlocal Agreement.

Commissioner Buhler stated that the three year was an option, but for tonight just approving the one year, possibly having more discussion at future workshops, that we have had better discussion and better communication.

***Commissioner Ensley offered a substitute motion to approve the one year contract. Listening to Mr. Eckert he thinks that is all they are really allowed to do. Councilwoman Hiller seconded. Motion carried 5 to 1, with Mayor Bunten opposed.***



**ITEM NO. 4: DISCUSSION of Carry-over Request, with possible action.**

Mr. Kinsinger indicated this is just a request as the normally have that is required to carry over the balance of funds that they administer that they also have obligated on some of the contracts. This allows them, as it should in the budget, that they would be able to access those for the amount that was in the budget to pay off some of the contracts that JEDO has authorized. This is just a normal process that they have done every year and the contract was reviewed by JEDO's counsel.

*Councilman Wolgast moved for approval for the carry-over request. Councilwoman Hiller seconded.*

Public Comment: Joseph Ledbetter indicated he is not opposed to carrying over the money but he questions why they have so much and why or if they are going to buy the rest of that land, the 500 acres that keeps showing up in their maps, which they took original action on in 2009, if you check the minutes and you actually purchase and option on that. He continues to ask the question what's happened to that and isn't it being answered.

*Motion carried unanimously.*

**ITEM NO. 5: SELECTION of 2013-2015 Auditor, with possible action – presented by Doug Kinsinger.**

Brad Owen indicated that GO Topeka has an audit every year and they have used the firm of Mayer Hoffman McCann, P.C. for the last six years. GO Topeka has an audit committee that reviews the audit process and recommends approval to the Board. Mayer Hoffman has been under a three year contract that expired last year. The audit committee received bids and sent out bids to seven firms and received proposals for another three year contract. He believes in the packet they have a summary of the results of that proposal process. The audit committee and the Board of GO Topeka approved Mayer Hoffman as auditors, with one change. The previous partner has been Doug Glenn. The audit committee and the Board felt like it was good have a new set of eyes on things so they have requested that a different partner be involved. There was no issue with Doug's performance, he thinks they were very pleased with the work he did; it was just part of best practice to have a partner rotation. So they are requesting approval of Mayer Hoffman as auditors for the next three years.

*Commissioner Ensley moved for approval. Commissioner Thomas seconded. Motion carried unanimously.*

Public Comment: Joseph Ledbetter would just like to thank the Mayor for his kind comments.

Commissioner Buhler indicated she did have an announcement. They are going to have their second workshop for JEDO and the GO Topeka Board on February 23, 2013 from 8:00 a.m. to 10:00 a.m. at the Holiday Inn Holidome on I-70 and Fairlawn and so they hope everyone can attend and more information will be made available.

Councilman Wolgast would like to acknowledge the service that Commissioners Ensley and Thomas and Mayor Bunten for the number of years and sitting through interesting meetings. Also they can take pride in the many things that have been accomplished in the economic development area and their service has been very important to the community.

NO FURTHER BUSINESS appearing the meeting was adjourned at 8:43 p.m.

# **AGENDA ITEM #3**

# Joint Economic Development Organization (JEDO) Operational Rules

## BOARD

1 Composition. The JEDO Board shall be comprised of 13 members. Voting members shall  
2 include the three county commissioners, the mayor, the deputy mayor, and two City  
3 Council members selected by the Council. Nonvoting members shall be the remaining 6  
4 Council members.

5 *Alternates:* If the deputy mayor or other voting City Council member cannot be  
6 present at a meeting, an alternate may be selected by the absent member, with full voting  
7 rights. The absent member shall notify the JEDO Chairperson, in writing, of the identity of  
8 the alternate before the meeting.

9 Quorum. Four voting members of the JEDO Board shall constitute a quorum and be  
10 necessary for the transaction of business.

11 Number of Votes Required; Abstentions; Presence. An affirmative vote of at least four  
12 voting members shall be necessary to take any action. Abstentions shall not operate as a  
13 vote in favor of the prevailing side. JEDO voting members must be physically present at the  
14 meeting at the time a vote is called.

## CHAIRPERSON.

15 The JEDO Chairperson shall preside at all Board meetings. The City and the County shall  
16 rotate the position of JEDO Chairperson with the Mayor serving in odd-numbered years  
17 pursuant to Resolution No. 7623 and the Chairperson of the County Commission serving in  
18 even-numbered years commencing on January 1 of the respective year. If a vacancy is  
19 created, the respective governing body shall elect another chairperson from among its  
20 voting members.

21 Alternate. If the Chairperson cannot be present for any meeting, the JEDO Board may elect  
22 an alternate from the voting members of the same governing body as the Chairperson.

23 Duties. In addition to presiding at all Board meetings, the Chairperson shall establish the  
24 date, time, location, and agenda for each meeting.

25 Procedural matters. The JEDO Chairperson shall decide all issues of procedure relative to  
26 the conduct of meetings and the interpretation of the operational rules.

## MEETINGS

27 Meetings to be public; televised. All meetings of the JEDO Board shall be open to the  
28 public, except for executive sessions pursuant to state law. Meetings shall be televised,  
29 subject to budget constraints or technical difficulties.

30 Number. The JEDO Board shall meet at least quarterly during each calendar year. The first  
31 meeting of each year shall be held in January.

32 Notice; Agendas. Notice of JEDO meetings shall be provided in accordance with the Kansas  
33 Open Meetings Act. JEDO meetings shall be conducted in accordance with a written agenda  
34 in order that the JEDO members and the public may be informed as to the matters to be  
35 considered and may have an opportunity to be present. Agendas shall be furnished to  
36 members at least five business days prior to each meeting and posted on the City website in  
37 odd-numbered years and the County website in even-numbered years.

38 Additions to Agenda. Items may be added to the agenda by any voting member, subject to  
39 the approval of at least four voting members.

40 Public Comment. Comment from members of the public shall be entertained on each  
41 actionable agenda item and at the end of each meeting. Comment shall be limited to topics  
42 directly relevant to JEDO business. Members of the public wishing to speak must notify the  
43 City Clerk in odd-numbered years or the County staff person designated by the County  
44 Commission in even-numbered years before 5 p.m. on the date of the meeting. This  
45 requirement shall not apply to items added during the meeting.

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

49 Conduct. Each person addressing the JEDO Board shall provide his/her name in an audible  
50 tone or voice for the record. All remarks shall be addressed to the Board as a body and not  
51 to any specific member. No questions shall be asked of the Chairperson or JEDO members.  
52 The following conduct will not be tolerated: personal and slanderous remarks, fighting  
53 words, unreasonably loud or repetitious speech, speeches disruptive of Board proceedings  
54 to the extent that the proceedings are substantially interrupted. Any person engaging in  
55 any of these actions will be warned once by the chairperson. If the actions continue, the  
56 speaker will be escorted to a seat in the meeting room or escorted outside the meeting  
57 room if such person persists in interfering with the ability of the Board members to  
58 conduct the meeting.

## RULES OF ORDER; MOTIONS

59 General. The purpose of rules of order is to promote the orderly presentation of matters  
60 so that each voting member understands what is being presented and voted upon. The  
61 JEDO Chairperson shall decide all issues of procedure relative to the conduct of meetings  
62 and the interpretation of the operational rules. Board actions shall be taken by a vote of  
63 the voting members present after motions have been made and seconded. The City or  
64 County staff member designated to record the minutes shall call the roll and each voting  
65 member shall respond “yes,” “no,” or “abstain.” The vote of each member shall be recorded  
66 in the minutes. Additionally, the following rules of procedure shall apply:

67  
68 Defer. A matter may be deferred for up to six months.

69 Strike. A matter may be removed from the agenda without prejudice so that it may be  
70 returned to the agenda at any later date.

71 Amend a motion. Only one motion to amend may be considered on an item. If the motion  
72 to amend is successful, it shall be necessary to vote for the item, as amended. If the motion  
73 to amend is not successful, the original motion shall be considered.

74 Reconsider. An item previously voted on cannot be reconsidered until six months has  
75 elapsed from the previous action. However, this rule does not apply to the following:

- 76     ▪ A motion to reconsider a matter that is adopted during the same meeting as the  
77     initial action.
- 78     ▪ Reconsideration is necessary to correct a typographical or legal error in the original  
79     item.
- 80     ▪ The item amends or differs substantively, as determined by the Chairperson, from  
81     the previously adopted item.

82 Call for the Question. A motion to ‘call for the question,’ if successful, ends all discussion on  
83 an item and requires a vote on the original item. However, all members shall have had an  
84 opportunity to speak to the item before the motion to call for the question is in order. A  
85 motion to call for the question must be seconded and passed by at least 5 voting members.

86 Adjourn. The Chairperson may adjourn the meeting if there is no other business to be  
87 conducted. Alternatively, any voting member may move to adjourn upon the conclusion of  
88 business providing the motion shall not be used to foreclose discussion or for any other  
89 purpose other than the orderly termination of the meeting.

**MISCELLANEOUS.**

90 Administrative duties. The City and the County shall rotate the administrative duties with  
91 the City providing those services in odd-numbered years and the County doing so in even-  
92 numbered years. The administrative duties include recording the minutes, providing legal  
93 counsel, maintaining the records created during the year, and any other duties prescribed  
94 by the JEDO Chairperson.

95  
96 Economic development. As required by the interlocal cooperation agreement, on or before  
97 November 1, the City Council, Mayor, and County Commission shall meet to consider the  
98 economic development priorities for the upcoming calendar year. In December of each  
99 year, the JEDO Board shall establish the economic priorities for the coming year based  
100 upon the discussions of the City Council, Mayor, and County Commission. If the JEDO Board  
101 does not establish priorities, the priorities as established for the previous year shall remain  
102 in effect.

103 Temporary suspension of operational rules. Any operational rule can be suspended  
104 temporarily by a vote of at least 5 voting members. The suspension shall take effect only  
105 for the particular rule in question and shall not be considered as a permanent suspension.

106 Amendment of operational rules. Operational rules may be amended or new rules adopted  
107 by a vote of at least 4 voting members.

Adopted on \_\_\_\_\_

\_\_\_\_\_  
JEDO Presiding Officer

## JEDO BOARD MEETING

May 22, 2013

5:30 P.M.

City Council Chambers

214 SE 8<sup>th</sup> Street, 2<sup>nd</sup> Floor

### EXECUTIVE SUMMARY OF AGENDA ITEMS

#### **4. GO Topeka Economic Partnership 2012 Financial Statement Audit Presentation-Morgan Padgett/Mayer Hoffman McCann**

The GO Topeka 2012 financial statement audit presented no significant issues. All accounting procedures were followed with all significant transactions recognized in the financial statements in the proper period. There was no management letter issued by Mayer Hoffman McCann for the 7<sup>th</sup> consecutive year. GO Topeka respectfully requests JEDO approval of the 2012 financial audit findings as presented.

#### **5. Request for approval of contract for sale of land in Central Crossing Commerce Park to Questar, Inc. -Doug Kinsinger/Jeffrey Wietharn**

Questar, Inc. has offered \$275,000.00 for a parcel of land equal to 24.22 acres located at 5625 SW Wenger Street. This narrow site at the entry of Central Crossing Commerce Park includes a creek and some drainage ways that leave the usable land at 9.45 acres. Questar's use fits particularly well within these limitations and will prove to be a good use of the site. The use of this parcel as a Compressed Natural Gas (CNG) card lock facility is compatible with the I-1 zoning and will serve as the CNG fleet facility service station for at least one major manufacturer in south Topeka. As more large manufacturers and logistics companies utilize CNG in their transportation, this facility will be of great benefit to our community now and in the future. An appraisal conducted by Taggart and Associates of Topeka, KS, on April 15, 2013, values the property at \$153,500.00. GO Topeka respectfully requests JEDO approval of this proposed purchase contract.

#### **6. Request for approval of cost for final infrastructure development in Phase 1 of Kanza Fire Commerce Park- Doug Kinsinger/Angela Sharp**

In the 2013 GO Topeka Budget, which was accepted on December 13, 2012, JEDO approved the expenditure of \$1,400,184 for the engineering design and the estimated costs of completion of water and gas main construction in Phase 1 of Kanza Fire Commerce Park.

**EXECUTIVE SUMMARY OF AGENDA ITEMS-page 2**

**6. continued**

Total Project cost for gas, sewer and water:	<b>\$3,149,600</b>
2013 Total Approved Budget:	\$1,400,184
2013 Engineering Design Costs Paid:	\$ 119,000
2013 Budget Balance Remaining:	\$1,281,184
2013 Current Cost Estimates: (water and gas main construction)	<u>\$1,243,500</u>
Balance Remaining in 2013	\$ 37,684
Current Remaining Cost Estimates: (sewer main construction)	\$1,787,100

**Remaining Budget Required** **\$1,749,416**

Revenue from sale of land minus commission (IF APPROVED) \$ 266,750

**Remaining Budget Required (If agenda item 5 approved)** **\$1,482,666**

To achieve cost savings, GO Topeka is requesting JEDO approval of the additional funds of \$ 1,749,416 from the carryover balance of GO Topeka economic development sales tax funds, to complete construction of sewer main infrastructure in Phase 1 in the budget year of 2013. However if agenda item number 5 is approved and the revenues from sale of land in Central Crossing Commerce Park is applied to this balance, then GO Topeka requests JEDO approval of \$1,482,666 from the carryover balance of GO Topeka economic development sales tax funds.

**7. Overview of current GO Topeka portfolio of active Business Retention and Attraction projects and Entrepreneurial Minority and Small Business Development-Dawn Wright**

GO Topeka staff will brief JEDO members on current economic development activities and results.



# **AGENDA ITEM #4**



Mayer Hoffman McCann P.C.

An Independent CPA Firm

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April 26, 2013

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, 2012, and have issued our report thereon dated April 26, 2013. 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 January 16, 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 2012. 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 April 26, 2013.

### *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, 2012 and 2011



Mayer Hoffman McCann P.C.

An Independent CPA Firm

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## 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, 2012 and 2011, 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, 2012 and 2011, 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  
April 26, 2013

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

Statements of Financial Position  
December 31,

Assets

	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and cash equivalents	\$ 2,889,029	\$ 1,125,387
Investments	4,194,557	6,443,158
Pledges receivable, less allowance for uncollectible pledges of \$11,650 in 2012	454,351	
Prepaid expenses	84,016	87,341
Restricted funds	<u>3,869,794</u>	<u>478,903</u>
Total current assets	<u>11,491,747</u>	<u>8,134,789</u>
Property and equipment:		
Equipment	157,778	157,778
Leasehold improvements	<u>8,503</u>	<u>6,320</u>
Total property and equipment	166,281	164,098
Less accumulated depreciation	<u>(136,689)</u>	<u>(117,789)</u>
Net property and equipment	<u>29,592</u>	<u>46,309</u>
Other assets:		
Pledges receivable, less allowance for uncollectible pledges of \$282,375 in 2012	2,489,405	
Restricted funds		647,286
Land held for economic development	<u>7,998,519</u>	<u>7,241,833</u>
Total other assets	<u>10,487,924</u>	<u>7,889,119</u>
Total assets	<u>\$22,009,263</u>	<u>\$16,070,217</u>

Liabilities and Net Assets

Current liabilities:		
Deferred JEDO grant revenue	\$ 5,138,928	\$ 2,984,117
Due to Greater Topeka Chamber of Commerce	8,896	101,253
Due to Greater Topeka Chamber of Commerce Foundation	2,500	
Agency funds	274,953	223,323
Due to Topeka/Shawnee County First Opportunity Fund	196,668	
Improvement and training incentives	<u>3,869,794</u>	<u>478,903</u>
Total current liabilities	<u>9,491,739</u>	<u>3,787,596</u>
Long-term liabilities:		
Improvement and training incentives	<u>481,431</u>	<u>4,142,629</u>
Net assets:		
Unrestricted:		
Undesignated	819,693	898,159
Board designated	<u>8,272,644</u>	<u>7,241,833</u>
Total unrestricted	9,092,337	8,139,992
Temporarily restricted	<u>2,943,756</u>	
Total net assets	<u>12,036,093</u>	<u>8,139,992</u>
Total liabilities and net assets	<u>\$22,009,263</u>	<u>\$16,070,217</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,

	2012		2011			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue:						
JEDO grant	\$ 3,678,523	-	\$ 3,678,523	\$ 10,326,934	-	\$ 10,326,934
Private contributions and pledges	420,780	2,943,756	3,364,536	341,154		341,154
Events and other	42,078		42,078	29,372		29,372
Investment income, net	<u>5,405</u>		<u>5,405</u>	<u>(233)</u>		<u>(233)</u>
Total support and revenue	<u>4,146,786</u>	<u>2,943,756</u>	<u>7,090,542</u>	<u>10,697,227</u>	<u>-</u>	<u>10,697,227</u>
Expenses:						
Program expenses:						
Economic development	<u>2,737,544</u>		<u>2,737,544</u>	<u>11,691,991</u>		<u>11,691,991</u>
Total program expenses	<u>2,737,544</u>	<u>-</u>	<u>2,737,544</u>	<u>11,691,991</u>	<u>-</u>	<u>11,691,991</u>
Supporting services expenses:						
General and administrative	231,962		231,962	241,093		241,093
Fundraising	<u>224,935</u>		<u>224,935</u>			
Total supporting expenses	<u>456,897</u>	<u>-</u>	<u>456,897</u>	<u>241,093</u>	<u>-</u>	<u>241,093</u>
Total expenses	<u>3,194,441</u>	<u>-</u>	<u>3,194,441</u>	<u>11,933,084</u>	<u>-</u>	<u>11,933,084</u>
Change in net assets	952,345	2,943,756	3,896,101	(1,235,857)	-	(1,235,857)
Net assets at beginning of year	<u>8,139,992</u>		<u>8,139,992</u>	<u>9,375,849</u>		<u>9,375,849</u>
Net assets at end 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>

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>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Contributions, grants and other support	\$ 6,296,191	\$ 4,950,194
Cash paid for personnel, vendors and suppliers	(2,325,172)	(2,705,838)
Cash incentive payments	(3,702,514)	(2,620,622)
Interest received	<u>2,487</u>	<u>7,406</u>
Net cash provided by (used in) operating activities	<u>270,992</u>	<u>(368,860)</u>
Cash flows from investing activities:		
Purchase of investments	(3,903,687)	(12,735,183)
Proceeds from sale of investments	6,155,206	13,930,714
Investment in land and improvements	(756,686)	(1,756,872)
Purchase of property and equipment	<u>(2,183)</u>	<u>(15,983)</u>
Net cash provided by (used in) investing activities	<u>1,492,650</u>	<u>(577,324)</u>
Net increase (decrease) in cash	1,763,642	(946,184)
Cash and cash equivalents at beginning of year	<u>1,125,387</u>	<u>2,071,571</u>
Cash and cash equivalents at end of year	\$ <u>2,889,029</u>	\$ <u>1,125,387</u>
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	\$ <u>3,896,101</u>	\$ <u>(1,235,857)</u>
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities:		
Land incentives and improvement expense		2,959,120
Depreciation	18,900	26,501
Change in:		
Market value of investments	(2,918)	4,074
Pledges receivable	(2,943,756)	
Accrued interest receivable		5,000
Prepaid expenses	3,325	10,758
Restricted funds	(2,743,605)	(1,126,189)
Due to Greater Topeka Chamber of Commerce	(92,357)	101,253
Deferred revenue		(5,100)
Deferred JEDO grant revenue	2,154,811	(5,743,601)
Due to Topeka/Shawnee County First Opportunity Fund	196,668	
Agency funds	51,630	13,649
Due to Greater Topeka Chamber of Commerce Foundation	2,500	
Improvement and training incentives payable	<u>(270,307)</u>	<u>4,621,532</u>
Total adjustments	<u>(3,625,109)</u>	<u>866,997</u>
Net cash provided by (used in) operating activities	\$ <u>270,992</u>	\$ <u>(368,860)</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, 2012 and 2011

## 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. JEDO 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.

Temporarily restricted and permanently restricted net assets represent funds that are subject to donor imposed time or purpose restrictions.

### 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, 2012 and 2011

#### 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

Investments consist of 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 is 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.

##### 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.

Management annually reviews property and equipment to determine whether carrying values have been impaired.

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

Notes to Financial Statements  
December 31, 2012 and 2011

### 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.

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 2009. 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, 2012 and 2011

**4. Investments and Fair Value**

Investments consist of the following at December 31:

	<u>2012</u>	<u>2011</u>
U.S. government securities money market funds	\$ 3,230,090	\$ 3,541,791
Certificates of deposit	964,467	1,701,367
U.S. government securities	<u>                    </u>	<u>1,200,000</u>
Total investments	<u>\$ 4,194,557</u>	<u>\$6,443,158</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, 2012:</u>				
Money market funds	<u>\$3,230,090</u>	<u>\$3,230,090</u>	\$ _____	\$ _____
Total	<u>\$3,230,090</u>	<u>\$3,230,090</u>	\$ _____ -	\$ _____ -
<u>As of December 31, 2011:</u>				
U.S. treasury bills	\$1,200,000	\$ -	\$1,200,000	\$ -
Money market funds	<u>3,541,791</u>	<u>3,541,791</u>	<u>                    </u>	<u>                    </u>
Total	<u>\$4,741,791</u>	<u>\$3,541,791</u>	<u>\$1,200,000</u>	\$ _____ -

The fair value of the money market funds is based on the carrying value of the accounts due to their short maturity, high liquidity and low risk of default. U.S. treasury bills, bonds and notes are valued using propriety valuation models incorporating live data from active market makers and inter-dealer brokers as reported on electronic communication network. The valuation models incorporate benchmark yields, reported trades, broker/dealer quotes, bids, offers and other data.

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, 2012 and 2011

**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 totaled \$3,387,005 as of December 31, 2012. The Organization estimates the pledges receivable will be collected as follows:

Receivable in less than one year	\$ 466,001
Receivable in one to five years	<u>2,921,004</u>
	3,387,005
Less allowance for uncollectible pledges	294,025
Less unamortized discount at 2%	<u>149,224</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 holds land for the development of the Kanza Fire and Central Crossing Commerce Parks in southwest Topeka, Kansas. The Organization has the right to transfer the land to companies for economic development. As of December 31, 2012 and 2011, \$7,998,519 and \$7,241,833 of land was held for transfer to third parties for development. The Organization has the option to purchase an additional 569 acres at the Kanza Fire Park location, at prices ranging from \$6,000 – \$8,000 per acre.

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

**7. Restricted Funds**

Restricted funds represent amounts held in an escrow account pursuant to an incentive agreement, pending completion of certain property improvements, training and employment incentives. The following is a summary of restricted fund activity for the years ended December 31:

	<u>2012</u>	<u>2011</u>
Balance, January 1	\$ 1,126,189	\$ 0
Funding by the Organization	3,217,230	1,202,439
Payments for improvements	(478,903)	(76,566)
Interest	<u>5,278</u>	<u>316</u>
Balance, December 31	<u>\$ 3,869,794</u>	<u>\$1,126,189</u>

**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.

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

### Notes to Financial Statements December 31, 2012 and 2011

#### 9. Related Party Transactions

The Greater Topeka Chamber of Commerce furnishes to the Organization certain services and resources, including personnel. Amounts billed to the Organization for reimbursement of such services and resources for the years ended December 31, 2012 and 2011 were approximately \$812,000 and \$848,000, respectively. At December 31, 2012 and 2011, the Organization owed the Greater Topeka Chamber of Commerce \$8,896 and \$101,253, 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, 2012 and 2011 was \$76,304 and \$76,444, respectively.

In 2012, the Organization approved a recommendation by the Minority and 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. At December 31, 2012, the Organization owed the Topeka/Shawnee County First Opportunity Fund, LLC \$196,668 for this contribution.

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.

JEDO approved the carryover of the 2012 and 2011 unexpended grant funds. This carryover is included in the deferred JEDO grant revenue at December 31, 2012 and 2011, and includes approximately \$285,000 and \$202,000 for the minority and women-owned business program at December 31, 2012 and 2011.

#### 11. Concentrations and Major Customers

The Organization received 52% and 97% of their total revenue from a grant with the Joint Economic Development Organization (JEDO) for the years ended December 31, 2012 and 2011, respectively. In the event this grant was discontinued, the activities of the Organization would be curtailed accordingly.

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

Notes to Financial Statements  
December 31, 2012 and 2011

**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.

Contributions to the retirement plan are an amount equal to 7% of an employee's total annual earnings. 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 \$29,951 and \$36,620 for the years ended December 31, 2012 and 2011.

**13. Incentives**

For the years ended December 31, 2012 and 2011, the Organization paid net cash incentives totaling \$3,702,514 and \$2,620,620 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).

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

	<u>2012</u>	<u>2011</u>
Funded and held in escrow (see note 7)	\$ 3,869,794	\$ 1,126,869
Less board designated employment incentive held in escrow	(274,125)	
Unfunded land improvement and training	<u>755,556</u>	<u>3,494,663</u>
Balance, December 31	\$ <u>4,351,225</u>	\$ <u>4,621,532</u>

In 2011, the Organization provided land incentives and improvements at Kanza Fire Commerce Park with costs of \$2,959,120.

At December 31, 2012, the Organization also has outstanding incentive commitments to various companies expected to be payable as follows:

2013	\$1,629,206
Thereafter inc	<u>3,189,261</u>
	<u>\$4,818,467</u>

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

Notes to Financial Statements  
December 31, 2012 and 2011

**14. Conditional Contributions**

The Organization has been notified of promises to give in kind services totaling approximately \$81,422. These promises are considered conditional and have not been recorded in the financial statements.

**15. Reclassifications**

Certain reclassifications have been made to the 2011 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

**16. Subsequent Events**

The Organization has evaluated subsequent events through April 26, 2013, the date which the financial statements were available to be issued.



# **AGENDA ITEM #5**

**CONTRACT TO SELL AND PURCHASE UNIMPROVED REAL ESTATE**

THIS CONTRACT is made on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Growth Organization of Topeka/Shawnee County, Inc., hereinafter referred to as "SELLER", and Questar Fueling Company, a Utah corporation, hereinafter referred to as "PURCHASER."

FOR GOOD AND VALUABLE CONSIDERATION, SELLER and PURCHASER agree as follows:

1. Description of Property. SELLER agrees to sell, transfer and convey, and PURCHASER agrees to purchase, acquire and buy, the real estate located in Shawnee County, Kansas, described on Exhibit "A" which is attached hereto and incorporated by this reference, and commonly referred to as 5625 SW Wenger Street, Topeka, Shawnee County, KS 66609; subject, however, to easements, right of ways, and restrictions of record, and other easements, restrictions, characteristics and features discussed herein. Such real estate is unimproved.

2. Terms of Payment. The purchase price is Two Hundred Seventy-five Thousand Dollars (\$275,000), payable by PURCHASER as follows:

a. One Thousand Dollars (\$1,000) as earnest money, payable in cash to SELLER upon execution of this Contract; and

b. Two Hundred Seventy-Four Thousand Dollars (\$274,000) payable in cash to SELLER at closing.

3. Deed. SELLER shall convey marketable title by special warranty deed, to be delivered to PURCHASER at the time of closing, free and clear of all liens and encumbrances except such imperfections of title which are of public record, encumbrances

created by PURCHASER, and other imperfections of title which do not materially interfere with the present or future use of the property; provided, however, that PURCHASER has had an opportunity to review the preliminary title commitment for the property and PURCHASER acknowledges that the property is subject to a stream buffer, flood way and other easements and characteristics that may make part of the property difficult or impossible to develop. Additionally, a non-exclusive easement shall be granted by PURCHASER and/or reserved by SELLER to allow SELLER (or its successor or assigns) access thereon for purposes of maintaining or reconstructing the commerce park sign, and for the installation, planting and/or maintenance of the grass, groundcover, lighting, landscaping and irrigation within the easement. Such easement includes the 170 feet from the south property line, extending 100 feet north from the sign, as depicted on Exhibits B-1 and B-2, which are attached hereto and incorporated by this reference. Additionally, PURCHASER shall be restricted from development within such Easement. SELLER may include such easement and restriction consistent herewith in the deed.

The most recent engineering drawings showing parcel information including the stream buffer, flood way and area around the sign are attached as Exhibits "B-1" and "B-2." The entire parcel is estimated to be 24 acres, but the estimated usable portion of the property is 9 acres.

4. Title. As soon as reasonably possible after the execution of this Contract, SELLER shall provide PURCHASER a standard owner's preliminary title insurance report for the real estate described in paragraph 1, and, after closing, a standard owner's title insurance policy which will insure PURCHASER against loss or damage to the extent of the total purchase price hereof by reason of defects in the title of SELLER to the real estate described in paragraph 1, subject to the exceptions described in

paragraph 3. Upon delivery of such preliminary title insurance report, PURCHASER shall have a reasonable time, not to exceed ten (10) days, to examine and return the same to SELLER with any written objections concerning the marketability of the title or such objections, if any, shall be deemed waived by PURCHASER. Thereafter, SELLER shall have a reasonable time, not to exceed one hundred twenty (120) days, to satisfy any valid objections and make the title marketable. In the event SELLER is unable to deliver marketable title as herein provided at a cost or effort that is commercially reasonable in light of the purchase price and within such period, PURCHASER may, at its option, either (1) elect to terminate this Contract by delivering written notice to SELLER within ten (10) days after SELLER notifies PURCHASER that SELLER is unable to deliver marketable title, in which case SELLER shall immediately return to PURCHASER all sums paid by PURCHASER toward the purchase price, or (2) take the property with such title defects, in which case this Contract shall continue in full force and effect. The expense of securing such policy shall be borne by SELLER.

5. Closing. Unless additional time is required to perfect marketable title, or unless the parties mutually agree to an extension, this Contract shall be closed on or before July 31, 2013, at the office of the title company issuing the policy referred to above. The closing fee shall be borne equally between SELLER and PURCHASER.

6. Possession and Use. SELLER shall deliver possession of all property being purchased to PURCHASER at closing.

The property's initial use shall be as a compressed natural gas station under plans and design substantially similar to those attached hereto and incorporated herein as Exhibit "C." Any other use, or significant change of plan or design, shall be subject to SELLER's reasonable approval. This requirement shall survive

closing, but shall be deemed satisfied when the described compressed natural gas facility is developed and begins operation.

7. Taxes. SELLER shall pay all taxes and assessments for 2012 and all prior years. SELLER and PURCHASER shall pay all taxes and assessments for 2013 (based on 2012 taxes) prorated as of the date of closing. PURCHASER shall pay all taxes and assessments that may be levied, imposed, or become payable in subsequent tax years. Both parties acknowledge that taxes may be substantially higher or lower than previous years' taxes due to periodic reappraisal.

8. Assignment. PURCHASER shall not sell, assign or transfer this Contract, or any interest thereunder, or any interest in the real estate described in paragraph 1, without the prior written consent of SELLER.

9. Time. Time is of the essence of this Contract. The failure of SELLER to insist upon prompt performance of any condition or provision hereof shall not constitute a waiver of the right of SELLER to insist upon prompt and punctual performance thereafter.

10. Default. In the event PURCHASER fails to comply with any of the terms of this Contract, SELLER has the option to declare this Contract null and void. In the event PURCHASER defaults and SELLER exercises such option, all rights of PURCHASER hereunder shall then terminate, and all monies paid and improvements made hereunder shall be retained by SELLER as rent and liquidated damages for such default by PURCHASER, and SELLER shall be entitled to possession of the real estate described in paragraph 1, free and clear of all right, title and interest of PURCHASER, and all parties shall then be released from all further liability hereunder.

11. Entire Contract. This Contract constitutes the entire agreement between the parties, and there are no representations,

warranties, conditions or agreements, other than those expressly set forth herein. No other agreement, statement, promise, warranty or representation made by any party to this Contract, that is not in writing and signed by both parties hereto, shall be binding. In the construction of this Contract, the use of the singular shall include the plural, and the use of the masculine shall include the feminine.

12. Parties Bound. The terms and provisions of this Contract shall extend to and be binding upon the heirs, executors, administrators, devisees, legatees, trustees, successors and assigns of the respective parties.

13. Counterparts. This Contract may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same contract.

14. Commission. At closing, SELLER shall pay to Randy Goldsmith of CB Richard Ellis, a Three Percent (3%) commission on the sale price, for a total commission of Eight Thousand Two Hundred Fifty Dollars (\$8,250).

15. Right to Terminate. The sale contemplated herein is contingent upon its approval by the Joint Economic Development Organization comprised of representatives of Shawnee County, Kansas, Commissioners, and City of Topeka Council members. If such approval is not provided or obtained for whatever reason, this Contract shall be terminated without further obligation of either party and SELLER shall refund to PURCHASER the earnest money.

The sale is also contingent upon the property being usable by PURCHASER for its intended purpose as a compressed natural gas station, so PURCHASER's obligations are contingent upon inspection of the property and approval of the site plan and use by appropriate government and regulatory authorities. PURCHASER shall make all inquiries, inspections, and assessments and obtain all necessary approvals by July 20, 2013, with notice to SELLER of any

concerns or problems within five (5) business days thereafter. All such inspections and approval efforts shall be at PURCHASER's cost. If issues are identified that may threaten PURCHASER's use of the property, or if the site plans and/or use are not approved, PURCHASER may elect to terminate this Contract without further obligation of either party and SELLER shall refund to PURCHASER the earnest money.

IN WITNESS WHEREOF, the parties have executed this Contract on the day and year first above written.

"SELLER"  
Growth Organization of  
Topeka/Shawnee County, Inc.

"PURCHASER"  
Questar Fueling Company

By: \_\_\_\_\_

By: \_\_\_\_\_

Name/Title: \_\_\_\_\_

Name/Title: \_\_\_\_\_



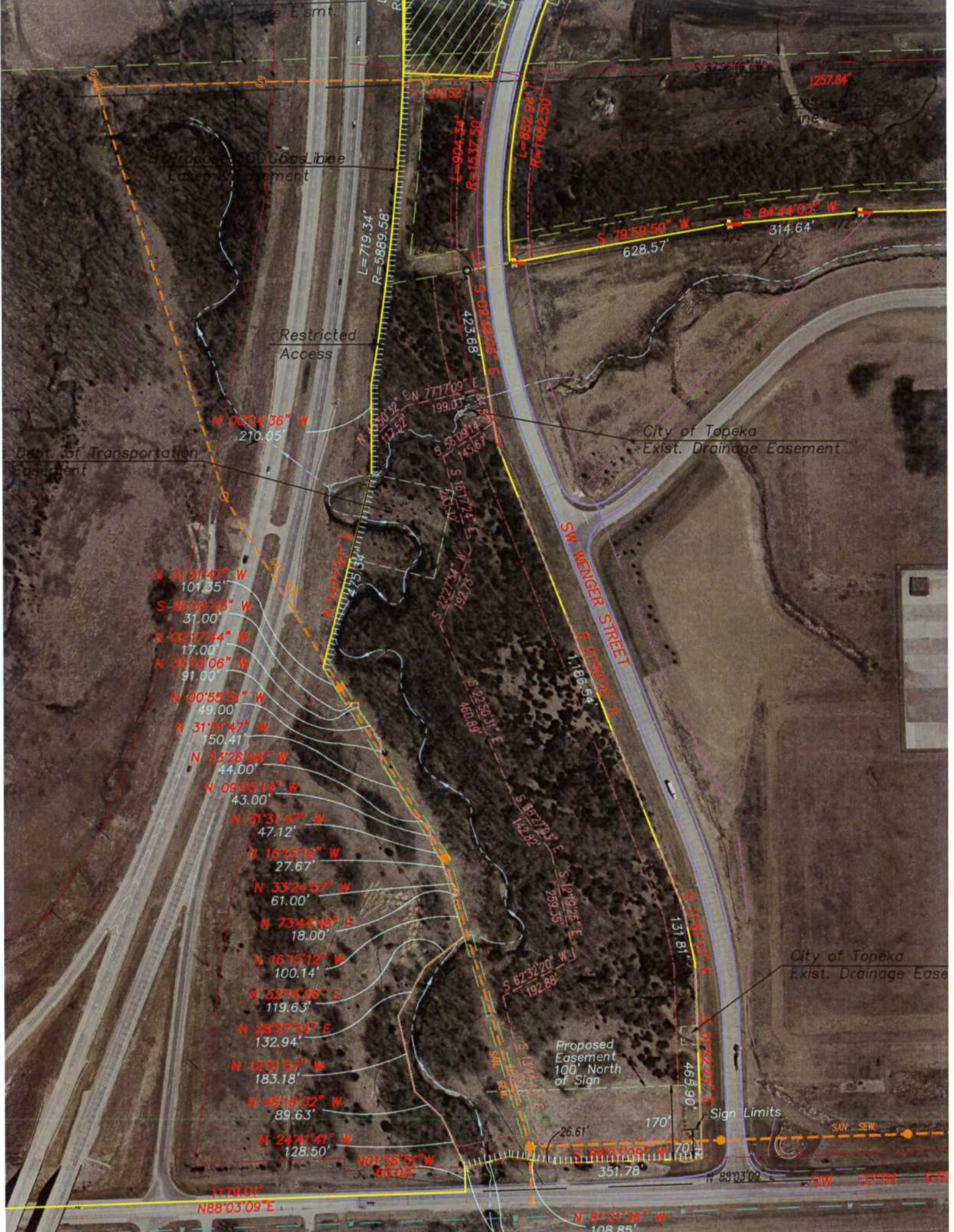
EXHIBIT "A"

PROPERTY DESCRIPTION

A tract of land being a portion of the North One-half of Section 36, Township 12 South, Range 15 East, Shawnee County Kansas, described as follows: Commencing at the Southwest corner of the Northwest Quarter Section 36, Township 12 South, Range 15 East; thence North 88 degrees 03 minutes 09 seconds East on the South line of said Northwest Quarter a distance of 1179.01 feet; thence North 01 degrees 56 minutes 51 seconds West a distance of 60.00 feet to the point of beginning; thence North 24 degrees 41 minutes 41 seconds West a distance of 128.50 feet; thence North 46 degrees 16 minutes 02 seconds West a distance of 89.63 feet; thence North 12 degrees 31 minutes 57 seconds West a distance of 183.18 feet; thence North 28 degrees 27 minutes 34 seconds East a distance of 132.94 feet; thence North 52 degrees 16 minutes 26 seconds East a distance of 119.63 feet; thence North 16 degrees 15 minutes 12 seconds West a distance of 100.14 feet; thence North 73 degrees 44 minutes 48 seconds East a distance 18.00 feet; thence North 33 degrees 24 minutes 57 seconds West a distance of 61.00 feet; thence North 16 degrees 15 minutes 12 seconds West a distance of 27.67 feet; thence North 31 degrees 31 minutes 47 seconds West a distance of 47.12 feet; thence North 9 degrees 05 minutes 14 seconds West a distance of 43.00 feet; thence North 53 degrees 26 minutes 08 seconds West a distance of 44.00 feet; thence North 31 degrees 31 minutes 47 seconds West a distance of 150.41 feet; thence North 00 degrees 55 minutes 51 seconds West a distance of 49.00 feet; thence North 35 degrees 18 minutes 06 seconds West a distance of 91.00 feet; thence North 02 degrees 17 minutes 44 seconds West a distance of 17.00 feet; thence South 86 degrees 54 minutes 45 seconds West a distance of 31.00 feet; thence North 31 degrees 31 minutes 47 seconds West a distance of 101.35 feet to a point on the Easterly Right of Way of US Highway 75; thence North 14 degrees 17 minutes 21 seconds East on said Easterly Right of Way a distance of 475.34 feet; thence continuing on said Easterly Right of Way, North 00 degrees 04 minutes 36 seconds West a distance of 210.05 feet; thence continuing on said Easterly Right of Way, on a curve to the left having a radius of 5889.58 feet, a chord which bears North 08 degrees 36 minutes 48 seconds East a distance of 242.38 feet, an arc distance of 242.40 feet; thence North 79 degrees 59 minutes 50 seconds East a distance of 197.27 feet; thence South 09 degrees 48 minutes 05 seconds East a distance of 423.68 feet; thence South 21 degrees 50 minutes 02 seconds East a distance of 1186.54 feet; thence South 11 degrees 51 minutes 13 seconds East a distance of 131.81 feet; thence South 01 degrees 52 minutes 25 seconds East a distance of 465.90 feet to the North Right of Way of SW 57th Street; thence South 88 degrees 03 minutes 09 seconds West on said North Right of Way a distance of 351.78 feet; thence continuing on said North Right of Way, North 81 degrees 21 minutes 36 seconds West a distance of 108.85 feet; thence continuing on said North Right of Way, South 76 degrees 44 minutes 33 seconds West a distance of 101.98 feet; thence continuing on said North Right of Way, South 88 degrees 03 minutes 09 seconds West a distance of 9.13 feet to the point of beginning.

Containing 24.22 acres of land more or less.





Proposed 60' Coas Libbie Easement

Restricted Access

Dept. of Transportation Easement

City of Topeka Exist. Drainage Easement

City of Topeka Exist. Drainage Easement

Proposed Easement 100' North of Sign

Sign Limits

SAN. SEW.

SW 57TH ST

N 31°31'47" W  
101.35'

S 86°31'45" W  
31.00'

N 03°17'44" W  
17.00'

N 39°28'06" W  
91.00'

N 00°55'31" W  
49.00'

N 31°31'47" W  
150.41'

N 53°26'08" W  
44.00'

N 09°05'14" W  
43.00'

N 31°31'47" W  
47.12'

N 16°25'12" W  
27.67'

N 33°24'57" W  
61.00'

N 73°44'48" E  
18.00'

N 16°15'12" W  
100.14'

N 53°18'28" E  
119.63'

N 28°37'34" E  
132.94'

N 12°31'57" W  
183.18'

N 48°16'02" W  
89.63'

N 24°41'47" W  
128.50'

N 01°38'51" W  
90.40'

N 88°03'09" E  
1179.01'

L=719.34'  
R=5889.58'

L=904.34'  
R=1537.50'

L=852.94'  
R=1482.50'

S 79°59'50" W  
628.57'

S 84°44'03" W  
314.64'

S 09°48'08" E  
423.68'

N 77°09' E  
199.03'

S 35°19'14" W  
45.67'

S 16°17'14" E  
145.37'

N 16°27'34" W  
145.26'

S 22°27'34" E  
400.89'

S 22°50'11" E  
400.89'

S 16°27'03" E  
142.82'

S 10°19'28" E  
298.35'

S 67°32'20" W  
192.88'

S 12°41'41" E  
31.44'

S 12°41'41" E  
31.44'

S 12°41'41" E  
31.44'

S 12°41'41" E  
31.44'

S 12°41'41" E  
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S 12°41'41" E  
31.44'

S 12°41'41" E  
31.44'

S 12°41'41" E  
31.44'

S 12°41'41" E  
31.44'

S 12°41'41" E  
31.44'

SW WENGER STREET

E 21°50'20" E  
1186.54'

S 11°28'13" E  
131.81'

S 07°29'29" E  
465.90'

N 81°31'08" W  
108.85'

1257.84'

26.61'

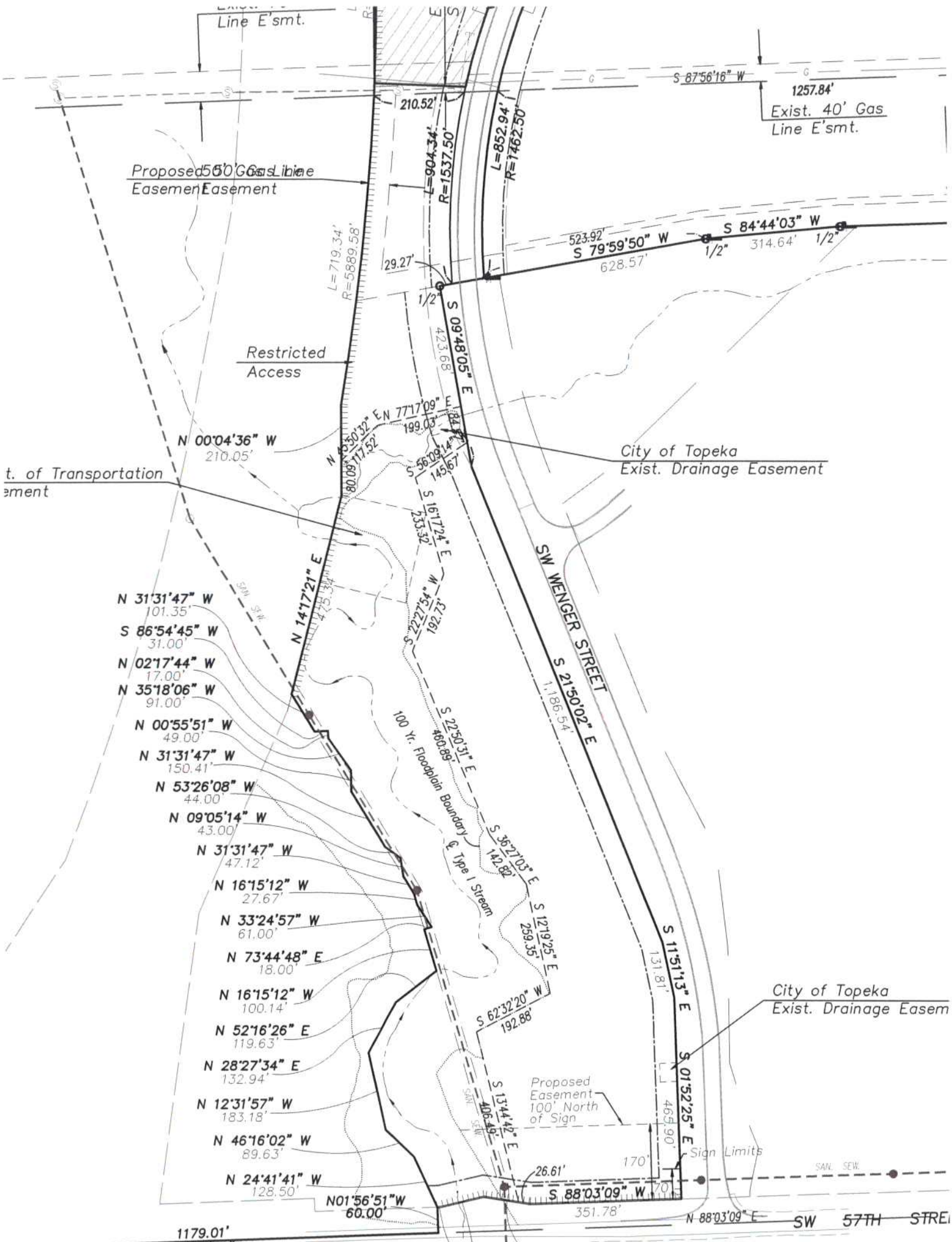
170'

70'

N 89°13'09" W

SW 57TH ST





Line E'smt.

Proposed 50' Gas Line Easement

Restricted Access

t. of Transportation Easement

City of Topeka  
Exist. Drainage Easement

City of Topeka  
Exist. Drainage Easement

Proposed Easement  
100' North of Sign

Sign Limits

SAN. SEW.

- N 31'31'47" W 101.35'
- S 86'54'45" W 31.00'
- N 02'17'44" W 17.00'
- N 35'18'06" W 91.00'
- N 00'55'51" W 49.00'
- N 31'31'47" W 150.41'
- N 53'26'08" W 44.00'
- N 09'05'14" W 43.00'
- N 31'31'47" W 47.12'
- N 16'15'12" W 27.67'
- N 33'24'57" W 61.00'
- N 73'44'48" E 18.00'
- N 16'15'12" W 100.14'
- N 52'16'26" E 119.63'
- N 28'27'34" E 132.94'
- N 12'31'57" W 183.18'
- N 46'16'02" W 89.63'
- N 24'41'41" W 128.50'

SW WENGER STREET  
S 21'50'02" E 1,186.65-4'

SW 57TH STREET

1257.84'  
Exist. 40' Gas Line E'smt.

100 Yr. Floodplain Boundary  
Type I Stream

1179.01'

N 01'56'51" W 60.00'

S 88'03'09" W 351.78'

N 88'03'09" E

S 84'44'03" W 314.64' 1/2"

S 79'59'50" W 628.57'

210.52'

29.27'

423.68'

199.03'

145.67'

233.32'

161.724' E

192.73' W

222.754' W

192.73' W

222.754' W

192.73' W

222.754' W

192.73' W

222.754' W

192.73' W

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192.73' W

222.754' W

192.73' W

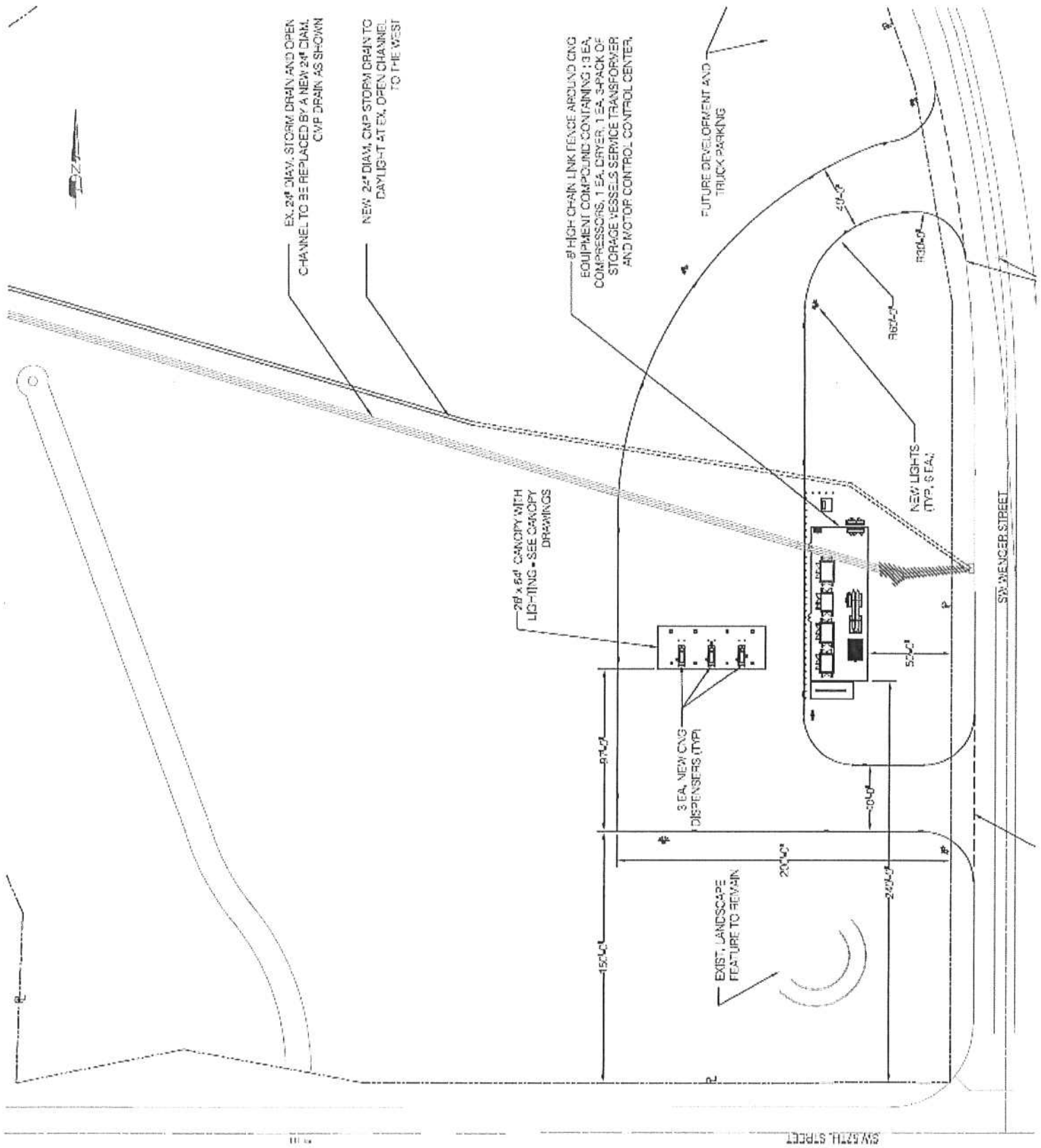
222.754' W

192.73' W

222.754' W

192.73' W

EXHIBIT "C"





# Project CNG



## **Project CNG**

- Site comprised of 24.22 acres, 9.45 acres deemed developable
- Appraised value on April 15, 2013= \$153,500.00
- Purchase price offered of \$275,000.00
- 3% commission to Commercial Broker

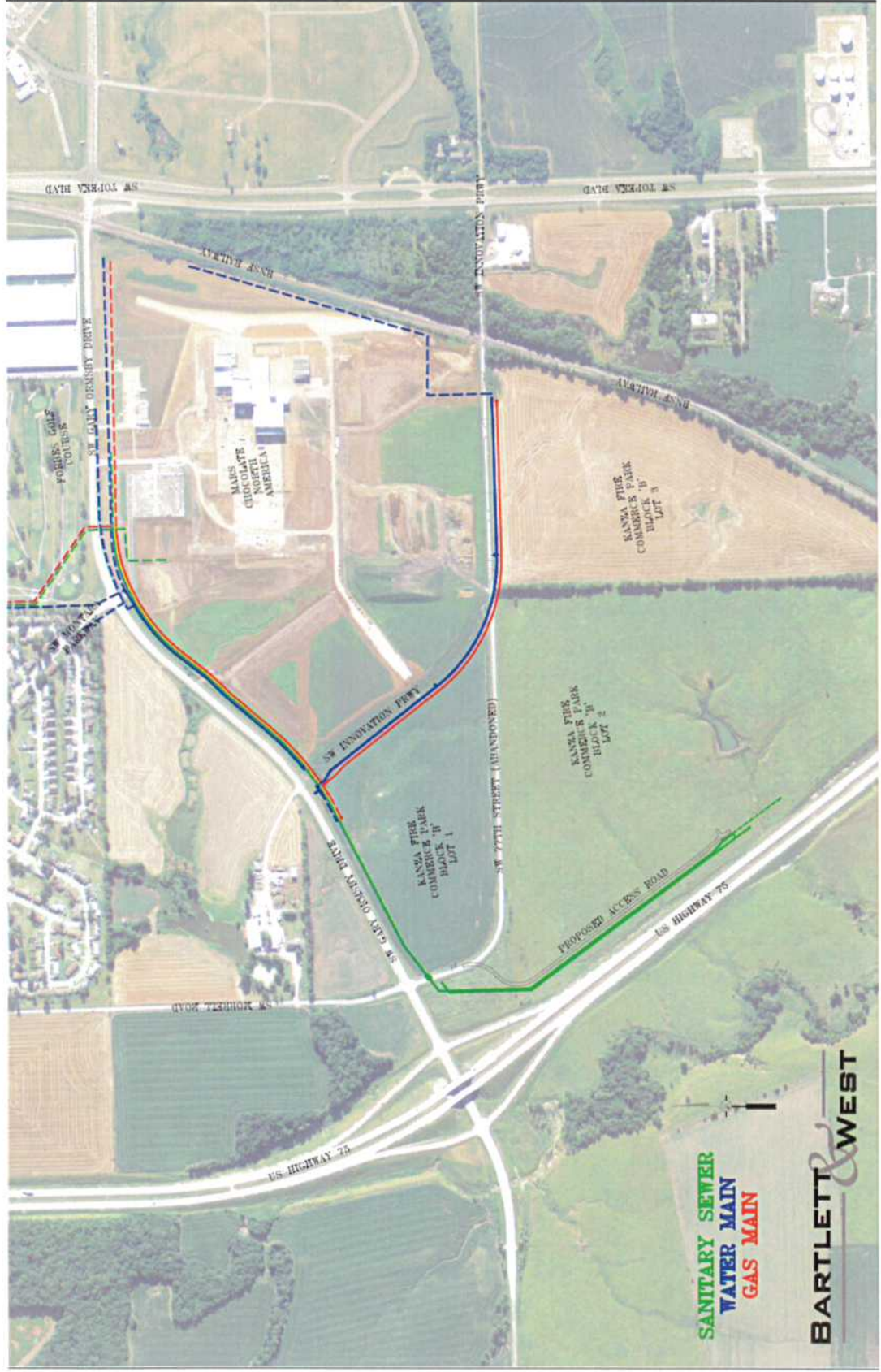


# Project CNG



# **AGENDA ITEM #6**

# Infrastructure Kanza Fire Commerce Park Phase I



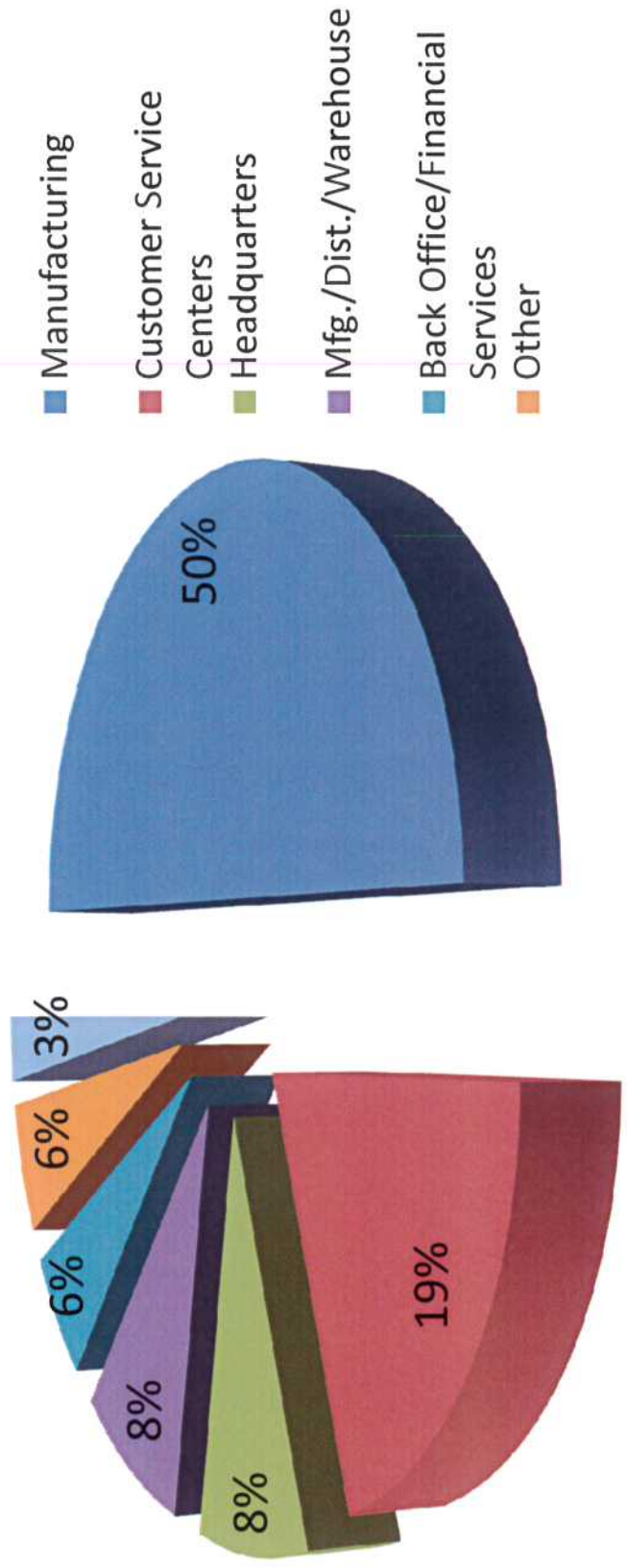


## Infrastructure Kanza Fire Commerce Park Phase I

Total Project cost for gas, sewer, water and engineering:	<b>\$3,149,600</b>
2013 Total Approved Budget:	\$1,400,184
2013 Engineering Design Costs Paid:	\$ 119,000
2013 Budget Balance Remaining:	\$1,281,184
2013 Current Cost Estimates:(water and gas main construction)	<u>\$1,243,500</u>
Balance Remaining in 2013	\$ 37,684
Current Remaining Cost Estimates: (sewer main construction)	\$1,787,100
Remaining Budget Required	<b>\$1,749,416</b>
Revenue from sale of land minus commission (IF APPROVED)	\$ 266,750
Remaining Budget Required (If agenda item 5 approved)	<b>\$1,482,666</b>

# **AGENDA ITEM #7**

GO Topeka Portfolio of New Business Attraction and Existing Business Expansion as of April 30, 2013



- 7336 Potential Jobs
- \$470,250,000 New Investment Potential
- 36 Active Projects in Process (24 new business, 12 existing business)

## **GO Topeka Entrepreneurial Minority Small Business Development current activities and results**

-The Entrepreneurial and Minority Business Development program celebrated an **EMBD graduation** on March 27, 2013; where **(31) graduates** were given their entrepreneurial course certificate. **(18)** of the **(31)** graduates have started or retained their business; creating **(34.5) jobs** and the remainder are continuing their pursuit of knowledge to build a firm foundation for their business in Shawnee County.

-**Number of entrepreneurs/small businesses counseled in First Quarter= (47)-**  
**(57% Minority-Owned, 67% Woman-Owned and 68% LITM).**

-**New Venture Business Plan Course** has started May 15, 2013. This is a 30 hour entrepreneurial course offering.

-Delivered the **33<sup>rd</sup> Annual Small Business/Non Profit Awards** on May 15, 2013.

## Disparity in Unemployment, Poverty & Welfare

### Topeka/Shawnee County, Kansas

#### Disproportionate Unemployment (2011)

<u>Black Men</u>	<u>Black Female</u>	<u>% of Civilian Labor Pool</u>
17.5% (2011)	12.6%	(M) 3.8% (W) 41.9%

(2011)

<u>White Men</u>	<u>White Female</u>	<u>% of Civilian Labor Pool</u>
7.0% (2011)	5.7%	(M) 41.9% (W) 41.9%

Source: Kansas Dept. of Labor[LMIS]

#### Disproportionate Welfare (2011)

Black Women	White Female	<u>% of Kansas Population</u>
32.1% (2012)	63.1% (2012)	(BW) 2.6% (WF) 41.2%

Source: Kansas Dept of Children & Families

#### Disproportionate Poverty - Shawnee County - 2012

Ranked 101st = High School Dropouts

Ranked 96th = Children Raised in Poverty

Ranked 82nd = Parental Unemployment

*\*out of 105 counties*

#### Youth Unemployment

????

Data Compiled by: Lazone Grays (May 2013)

**Inequitable Access to Public Funded Contracts & Procurement**

**Topeka/Shawnee County, Kansas**

**Public-funded Procurement Disparity: City of Topeka**

<u>Black Business</u>	<u>Total Invoice Amounts</u>	<u>Total No. of DBE Invoices</u>	<u>Total No. of Contracts</u>
\$386,000 (2012)	\$91,053,354.37	90	32,921
<b><u>Total Contracts – 33,700</u></b>	<b><u>No. of DBE Contracts – 1,545</u></b>	<b><u>2.97% to all DBEs</u></b>	<b><u>(Jan. 1 – Oct. 2)</u></b>

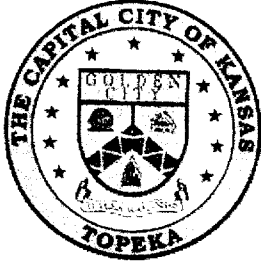
2012

*Source: City of Topeka, Division of Contracts & Procurement*

**Inequity in Sales-tax Distribution: Topeka/Shawnee County,  
Joint Economic Development Organization (JEDO)**

<u>Black Agency Recipients</u>	<u>White Agency Recipients</u>	<u>Amount Received Over 10yr Period</u>
-??- % (2011)	90+ %	\$50 Million

*\$5M in Topeka/Shawnee County Sales-Tax Revenue Distributed Annually  
Over a Ten (10) Year Period (2001 – 2011)*



# Vendor Diversity Report

InvoiceDateFrom 01/01/2012 InvoiceDateTo 12/31/2012

AFRIC	90	\$386,537.57	
ASIAN	11	\$45,524.00	
DIS	12	\$49,358.59	
FEM	694	\$1,425,456.63	
HISP	20	\$10,336.03	
NATIV	1	\$350.00	
NONE	7,756	\$4,529,472.46	
OTHER	14,878	\$56,136,715.64	
SMALL	9,459	\$28,469,603.45	
<b>Total Number of Invoices</b>	<b>32,921</b>	<b>Total Invoice Amount</b>	<b>\$91,053,354.37</b>