

**Joint Economic Development Organization Board Minutes  
July 1, 2015**

Holliday Conference Room, 620 SE Madison Avenue, Topeka, Kansas, Wednesday, July 1, 2015.

The Joint Economic Development Organization (JEDO) Board Members met at 6:00 p.m. with the following voting Board Members present: Deputy Mayor Karen Hiller, Councilmember Jeffrey Coen and Councilmember Richard Harmon (proxy for Councilmember De La Isla); and Shawnee County Commissioners Shelly Buhler, Kevin Cook and Bob Archer -6. City of Topeka Mayor Larry Wolgast presided -1.

Nonvoting Members present: Councilmember Brendan Jensen. Absent: Councilmembers Sandra Clear, Sylvia Ortiz, Jonathan Schumm, Michelle De La Isla and Elaine Schwartz.

Mayor Wolgast called the meeting to order. He announced agenda Item No. 5, approval of funding commitment for Project Sand, would be removed from the agenda because the entity has withdrawn from the agreement.

**APPROVAL of Minutes from the meetings of June 3, 2015, and June 24, 2015, was presented.**

Deputy Mayor Hiller moved to approve the Minutes of June 3, 2015. The motion seconded by Commissioner Buhler carried unanimously. (7-0-0)

Deputy Mayor Hiller moved to approve the Minutes of June 24, 2015. The motion was seconded by Commissioner Buhler.

Clark Trammell asked the Assistant City Clerk to read the typographical change to the June 24, 2015 Minutes.

Jennifer Goodrich read the following change to the June 24, 2015 Minutes on page 39, paragraph 5,

“Clark Trammell stated he supports Federal Home Loan Bank of Topeka; however, the proposal being considered has been in the works for approximately 10 years. He questioned if it was the best use of limited economic development dollars to invest in a \$50 ~~million~~ billion corporation that could provide its own funding for expansion and relation compared to using the dollars to bring companies to the area, or to provide relief to companies in serious financial trouble already located in the area.”

The motion to approve the June 24, 2015 Minutes carried. Councilmember Harmon abstained. (6-0-1)

**APPROVAL of funding commitment for Project Door, was presented.**

Scott Smathers, GO Topeka Interim President and CEO and Vice President of Economic Development, stated the project would be located at 1050 SE Republican Avenue and gave a brief summary of the project and benefits offered to employees. He highlighted the following:

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Proposing \$100,000 with a scalable payment range paid out over five (5) years

- \$1,500 per job for jobs paying at least \$10 to \$11.99 per hour
- \$2,000 per job for jobs paying \$12 to \$14.99 per hour
- \$3,000 per job for jobs paying over \$15 per hour

Mr. Smathers stated they were pleased Koch & Company was willing to locate on the east side of Topeka and offer excellent training opportunities. He introduced Jeff Connor, Koch & Company Chief Fiscal Officer.

Jeff Connor, Koch & Company CFO, distributed brochures of Koch Cabinets and Doors and stated Koch & Company reported \$64 million in sales for 2014, and estimate \$72 million in sales for 2015. He noted there are many plants located in the Midwest; however, he was especially proud of the Lag Door Division program, Topeka Correctional Facility, consisting of 450 employees.

Mayor Wolgast asked what type of benefits would be provided to employees and if there was a timeline when the project would be completed.

Jeff Connor stated Koch & Company closed on the property June 30, 2015, and would begin the project on July 13, 2015.

Commissioner Cook questioned how long it would take an employee to increase their salary.

Jeff Connor reported it would depend on job performance of the individual. He reported if the individual's abilities and performance improves then they could receive a raise in pay.

Commissioner Cook spoke in support of the project and stated it would be a great asset to the community and east Topeka.

Commissioner Cook moved to approve the funding commitment for Project Door. The motion was seconded by Commissioner Archer.

Joseph Ledbetter spoke in opposition to the process of how projects are presented to the JEDO Board for consideration, specifically relating to the lack of details presented and the lack of communication with the public. He spoke in support of the company locating in east Topeka; however, he questions why Board members continue to allow very little accountability. He referenced an email he sent to Scott Smathers, GO Topeka, asking how the process works including how businesses request funding; and if companies are required to be a member of GO Topeka and/or the Greater Topeka Chamber of Commerce.

Timothy Zurawski stated he concurs with Mr. Ledbetter and does not understand why every project is considered confidential at this point in the process and includes very little information. He encouraged the JEDO Board to utilize services offered by Mr. Clark Trammell because he believes Mr. Trammell could provide the knowledge needed to guide the JEDO Board in the right direction.

Alan Cobb stated he concurs with Mr. Ledbetter and encouraged the JEDO Board to slow down and review each project closely to ensure all the information has been provided. He suggested a cost analysis be performed on incentives and best practices to gain a better understanding on how projects should be presented. He questioned if Koch & Company would locate a facility in east Topeka if there were no incentives being offered.

Lonnie Williams spoke in support of more growth on the east side of Topeka and providing jobs at a good pay rate. He thanked Koch & Company for considering the area and encouraged the JEDO Board to approve the funding commitment.

Alonzo Harrison spoke in support of Koch & Company locating to east Topeka. He commented on the economic struggle and quality of life in east Topeka and stated the company would contribute to the tax base and improve the economic outlook in the area. He thanked the JEDO Board for their efforts and encouraged them to approve the funding commitment.

Mayor Wolgast noted Mr. Smathers has discussed on numerous occasions the process of how to apply for economic development funding as well as the importance of confidentiality in economic development agreements.

The motion to approve the funding commitment for Project Door carried unanimously. (7-0-0)

**APPROVAL of funding commitment for Project Point, was presented.**

Scott Smathers, GO Topeka Interim President and CEO and Vice President of Economic Development, reported Alorica is an existing business in Topeka that employs 200 employees and has an incentive agreement that expires in 2017. He highlighted the following:

Project

- Facility remodeling
- New employees
- Slightly higher wages with potential for growth
- Benefits (Medical, Vacation, Paid Holidays)
- Maintain the call center

Proposing

- Reduce the minimum employee threshold from 500 jobs to 300 jobs to qualify for payment
- Require slightly higher wages to qualify
- Contract expires in 2017

Keith Lee, Alorica Director of Operations, stated Alorica was a business process outsourcer with a focus on call center service and software development. He reported the facility in Topeka was considered a Tier 1 General Customer Service Center; however, an agreement has been reached with a Fortune 500 company that includes higher pay rates and bonus incentives. He stated Alorica plans to rebrand the facility and expand it to accommodate a larger workforce.

Mayor Wolgast asked if the proposal would revise the current contract and be taken into consideration when the new contract was drafted.

Commission Archer congratulated Alorica and spoke in support of bringing jobs to the USA and the Topeka community.

Mr. Lee stated the proposal would be considered if approved and Alorica operates in 73 different locations with the majority being located in the United States.

Commissioner Cook asked how the proposal would affect the current contract with Alorica; would reducing the threshold from 500 to 300 employees mean Alorica anticipates hitting the 300 employee threshold quickly; and would the funding commitment include any money for remodeling the facility.

Scott Smathers stated the proposal would not impact previous employees; therefore, once Alorica has reached the 300 employee threshold they would start receiving incentives for the previous employees over a ten-year period. He stated Alorica's contract expires in 2017 regardless; therefore, GO Topeka would review the company's performance and if they continue to expand they may be back before the JEDO Board to request additional assistance.

Mayor Wolgast commented on the benefit package for employees and spoke in support of Alorica and the positive attitude they present in the Topeka community.

Keith Lee stated Alorica would provide full healthcare, vision, vacation and holiday pay for employees.

Councilmember Coen questioned if the proposal includes 300 new jobs or 300 jobs based on the current number employed. He asked why the threshold was reduced from 500 to 300 employees.

Scott Smathers reported the numbers are based on current employees plus new positions. He stated the threshold was reduced from 500 to 300 employees so Alorica would qualify for incentives starting in 2015 as well as moving forward in 2016 and 2017. He noted in order for Alorica to qualify for any incentives based on 500 employees, they would have to have all 300 employees hired, meet certain qualifications and conduct a "ramp up" period to fill all 500 positions.

Commissioner Archer moved to approve the funding commitment for Project Point. The motion was seconded by Deputy Mayor Hiller.

Joseph Ledbetter stated he does not believe there was enough information provided to make an educated decision. He stated if Alorica has to downsize because expectations were higher than current operations could handle then he would not oppose the proposal; however, he wants people to give the facts on the issue. He commented on the original contract which he believes was offering \$60,000 to \$70,000 in incentives and a 500 employee requirement.

Timothy Zurawski stated he concurs with Mr. Ledbetter and expressed concern with the lack of information presented and asked for the dollar amounts of the proposal. He noted the JEDO Board has hired Garner Economics, L.L.C. to provide an economic development analysis and recommendations for Topeka and Shawnee County and the Board should give them an opportunity to complete the analysis to make intelligent decisions for the future of the community.

Alan Cobb expressed concern with the proposal handout not including dollar amounts or details. He stated Garner Economics, L.L.C. has commented on the lack of trust by the public and noted this project would serve as a good example.

Councilmember Coen asked what the dollar amount would be for the proposed project.

Scott Smathers reported the estimated dollar amount would be \$150,000 for the proposed project. He noted the maximum amount Alorica qualified for when the initial contract was started was \$880,000; however, it was not paid. He stated if Alorica moved forward in an aggressive manner at this time they could receive an amount ranging from \$50,000 to \$150,000.

Deputy Mayor Hiller asked if \$150,000 would be for a three-year time period.

Scott Smathers confirmed \$150,000 would be for three years.

The motion to approve the funding commitment for Project Door carried unanimously. (7-0-0)

Alan Cobb appeared to speak under public comment. He expressed appreciation to the JEDO Board for allowing the public to speak. He expressed concern with Topeka's employment history over the past ten years and is hopeful Garner Economic, L.L.C. could provide the necessary information to make improvements in economic development. He also expressed concern with the public's lack of trust in GO Topeka and the Greater Topeka Chamber of Commerce because of the lack of information given to the public. He questioned if it would be possible to grow jobs and the local economy without incentives. He distributed a handout from the Bureau of Labor Statistics listing the State and Area Employment Hours and Earnings for Topeka, Kansas, from January to December 2005-2015.

Carol Marple appeared to speak under public comment. She stated she understands the need for confidentiality; however, she has concerns with GO Topeka's economic development program and lack of transparency. She commented on GO Topeka private investors and their contributions to private funds and encouraged the JEDO Board to demand accountability and transparency from GO Topeka and the Greater Topeka Chamber of Commerce.

Scott Griffith appeared to speak under public comment. He thanked the JEDO Board for approving the projects presented and providing training opportunities for individuals in the community. He reported GO Topeka continues to work to improve economic development and have a cohesive relationship with companies. He addressed comments made by the public on the process of receiving funding and suggested people contact the Greater Topeka Chamber of Commerce office and businesses do not have to be a member or investor of GO Topeka to receive funding. He reported

investors have made long-term financial commitments to help support economic development in the community and GO Topeka Board members want to make the community stronger and healthier.

Allan Towle appeared to speak under public comment. He thanked the JEDO Board for their hard work and stated many citizens care about the community; however, attendance at JEDO Board meetings only consist of 0.04% of Topeka's population. He acknowledged the efforts made by the JEDO Board in making the best possible decisions for the City of Topeka and Shawnee County.

Joseph Ledbetter appeared to speak under public comment. He expressed concern with GO Topeka members and conflicts of interest. He stated he requested information long before the JEDO meeting and it was not provided until shortly before the meeting started. He commented on the use of \$5 million for economic development granted to GO Topeka annually and the consistent lack of transparency and accountability. He also expressed concern with Doug Kinsinger, past president and CEO of the Greater Topeka Chamber of Commerce and GO Topeka not having a contract with the Chamber, an organization involved in local elections. He asked the JEDO Board to be objective and consider citizen input. He noted Carol Marple has requested to be a member of the GO Topeka Board because she is concerned about the details. He thanked the Citizens for Accountability in Government group and their efforts in making a difference in the community.

Clark Trammell appeared to speak under public comment. He thanked the JEDO Board for their work on economic development in the community. He stated he tries to present items that make sense to help make decisions; however, the projects just approved should be assessed closely to make intelligent resolutions. He expressed concern with the lack of information being distributed and the importance of honesty and accountability to the community. He commented on the Industrial Revenue Bond application submitted by Federal Home Loan Bank of Topeka who is a good employer and tremendous asset for Topeka; however, all citizens are stakeholders and have the right to know if elected officials are making an informed and economically effective decision for all of Shawnee County.

No further business appearing the meeting was adjourned at 7:04 p.m.