

**Joint Economic Development Organization Board Minutes
May 10, 2017**

City Council Chambers, 214 SE 8th Street, Topeka, Kansas, Wednesday, May 10, 2017.

The Joint Economic Development Organization (JEDO) Board Members met at 6:00 p.m. with the following voting Board Members present: Deputy Mayor Jeff Coen, Councilmember Michelle De La Isla and Shawnee County Commissioners Shelly Buhler, Kevin Cook and Bob Archer -5. City of Topeka Mayor Larry Wolgast presided -1. Absent: Councilmember Tony Emerson -1.

Nonvoting Board Members Present: Councilmember Karen Hiller

Nonvoting Board Members Absent: Councilmembers Sandra Clear, Sylvia Ortiz, Elaine Schwartz and Richard Harmon

Deputy Mayor Coen announced he would leave the meeting at 7:30 p.m. and Councilmember Karen Hiller would serve as his proxy.

APPROVAL of Minutes from the meeting of March 29, 2017 was presented.

Commissioner Cook moved to approve the Minutes of March 29, 2017. The motion seconded by Deputy Mayor Coen carried unanimously. (6-0-0)

Councilmember Emerson entered the room.

A PRESENTATION on the GO Topeka Annual Audit Report for the year ended December 31, 2016, was presented by Morgan Padget, Mayer Hoffman McCann P.C.

Commissioner Archer moved to approve the audit report. The motion seconded by Councilmember De La Isla carried unanimously (7-0-0)

A PRESENTATION on the 2017 GO Topeka 1st Quarter Report was presented.

Matt Pivarnik, GO Topeka President, thanked JEDO Board members and community leaders for working to find a solution in keeping the St. Francis Hospital in the community. He announced approximately 200 Alorica employees have found new employment and new economic development projects are in the works. He thanked GO Topeka staff members for their hard work to improve economic development in the community.

The following staff members provided 1st Quarter Program highlights:

- Jackie Steele, Vice President of Business Retention and Expansion
- Molly Howey, Vice President of New Business Development and Attraction
- Glenda Washington, Vice President of Entrepreneurial and Minority Business Development

- Karen Lane Christilies, GO Topeka Executive Director, 712 Innovations - Topeka Business Incubator
- Barbara Stapleton, Vice President of Workforce and Education Development

A PRESENTATION on the City of Topeka and Shawnee County Project Priority List and Project Status was presented

Jason Peek, City of Topeka Public Works Director, provided a brief update on the following projects:

Shawnee County

Kansas Expocentre Renovation Project

City of Topeka

Trafficway Improvement Project No. T-701013.00 (SW 6th Avenue - Gage to Fairlawn)
Topeka Zoo Master Plan - Camp Cowabunga

APPROVAL of the 2016 JEDO Audit Report was presented.

Nickie Lee, City of Topeka Finance Director and Treasurer of the JEDO Finance Committee, presented the 2016 JEDO Audit Report dated December 31, 2016 for approval.

Commissioner Archer moved to approve the audit report. The motion seconded by Councilmember De La Isla carried unanimously. (7-0-0)

A PRESENTATION on the JEDO First Quarter Cash Statement was presented

Nickie Lee, Treasurer of the JEDO Finance Committee, presented the First Quarter Cash Statement reflecting a bank balance of \$19,210,387.38 as of March 31, 2017.

APPROVAL of a contract between GO Topeka and Mars Chocolate North America was presented.

Jackie Steele, Vice President of Business Retention and Expansion, stated the proposal would serve as an addendum to the original agreement between MARS and GO Topeka signed on June 27, 2011. She reported the JEDO Board approved a funding commitment of \$124,715 in association with additional capital investment and expansion by MARS (*Project Fairway*) on March 29, 2017.

Brett Spangler, Mars Chocolate North America Site Director, appeared for questions and thanked JEDO Board members and GO Topeka for their support.

Councilmember De La Isla moved to approve the agreement. The motion was seconded by Commissioner Cook.

Commissioner Cook asked Mr. Spangler to provide a brief overview of the social contributions made by MARS to the community.

Brett Spangler reported MARS partners with a number of community organizations including Harvesters, the Community Food Network and Habitat for Humanity; every MARS associate receives eight hours of paid community volunteer service; and they encourage investment in the downtown through annual events such as the Annual Chocolate Festival.

The motion to approve the agreement carried unanimously. (7-0-0)

APPROVAL of funding in the amount of \$229,000 for Project Morris was presented.

Molly Howey, Vice President of New Business Development and Attraction, provided a project overview and proposed incentives for Project Morris. She reported GO Topeka Board of Directors recommended approval of the funding in the amount of \$229,000 on April 24, 2017.

Mayor Wolgast asked when the contract would be presented to the JEDO Board for approval.

Commissioner Cook asked what the timeline would be for the performance base incentives (jobs) as well as the amount of capital investment that would be made and the project timeline involved.

Molly Howey reported they anticipate the contract to be finalized in the coming weeks; the 45 jobs generated over a 5-year period would be paid out annually per job; a total investment of \$4,000 of capital investment would be awarded when proof of investment has been secured.

Councilmember De La Isla moved to approve project funding in the amount of \$229,000. The motion seconded by Councilmember Emersion carried unanimously. (7-0-0)

Deputy Mayor Coen left the meeting.

AN OVERVIEW of the New Markets Tax Credits (NMTC) Program for East Topeka Learning Center was presented.

An overview of the New Markets Tax Credits (NMTC) Program was presented by Jeff White, Columbia Capital Management Company, LLC.

In response, JEDO Board members inquired on the following:

- Has an alternate plan has been created in the event tax credit financing was not approved?
- If they should move forward with approval of an architect for the project and execution of an agreement without securing tax credit financing?
- What is the anticipated amount of tax credits that will be issued?
- In reference to the anticipated amount of tax credits – how much of that amount would be spent; what would be the net benefit; and will there be any sub-costs involved?
- What are the risks related to submitting an application for tax credits?
- If Washburn University does not remain a partner for the entire seven years would this play a role in noncompliance of tax credit requirements?

- Would accepting the tax credits place any restrictions on the project with regards to vendors and contractors ultimately raising the cost of the project?

Jeff White provided the following responses:

- It is important to keep the project moving forward by making sure all essential pieces (architect and agreement) of the project are in place because if approved, investors will want to execute the transaction as soon as possible.
- It is anticipated they will be approved for approximately \$6.7 million in tax credits.
- With an investment of \$4.5 million there would be enough funds to construct the project as currently proposed in terms of scope and size as well as sufficient funds to support the operations subsidy for the next couple of years. A contingency amount was built into the cost for the application process and the only sub-cost associated with the project would be a consulting fee paid to Columbia Capital Management Company, LLC.
- There is zero risk for completing the application process; however, there are some theoretical risks involved in the actual financing - the biggest being securing a sponsor guarantee of tax credit recapture in regards to compliance issues. If over the seven-year period there is an event of noncompliance the gross amount of tax credits would have to be reimbursed.
- The program anticipates that all businesses may not last the entire seven years; therefore, an empty building would not be considered non-compliance.
- No restrictions would be placed on the project other than routine reporting process – processes the City and County are accustomed to performing.

APPROVAL OF AN ARCHITECT for the East Topeka Learning Center was presented.

Dean Ferrell, ETLC Design Selection Committee, reported based upon the Committee’s review of the responses, references and presentations through an evaluation matrix they recommend HTK Architects be selected as the final firm to provide architect services for the project.

UPDATE ON THE WASHBURN UNIVERSITY (Washburn University Technical School) AGREEMENT was presented.

Barbara Stapleton, Vice President of Workforce and Education Development, reported legal counsel for both the City and County have reviewed the drafted agreement and they are awaiting response from Washburn University. She also reported the project workgroup has convened to review the agreement summary and provide feedback as well as discuss community needs related to the project.

Councilmember Hiller stated it was her understanding the intent of the JEDO Board would be that 100% of the cost of the construction of the building would be funded through JEDO funds and tax credits and Washburn University would cover 100% of the operating expenses.

Commissioner Archer asked if the concerns expressed by project working groups would be addressed.

Barbara Stapleton reported the concerns would be addressed and GO Topeka will communicate with the JEDO Board and the working groups as the process moves forward.

Councilmember Emerson moved to approve the selection of the Committee's recommendation and authorize the JEDO chair to execute an agreement contingent upon approval by the JEDO Board of the joint education agreement with Washburn University. The motion was seconded by Councilmember De La Isla.

Wendy Wells, Alonzo Harrison and Glenda Dubois spoke in support of the project.

The motion to approve the selection of the committee's recommendation and authorize the JEDO chair to execute an agreement contingent upon approval by the JEDO Board of the joint education agreement with Washburn University carried unanimously. (7-0-0)

APPROVAL of recommendation from the Broadband Taskforce to award RFP bid for Broadband Consulting Services and APPROVE request to enter into negotiations for a contract was presented.

Gina Milsap, Broadband Taskforce member, provided an overview of the Broadband Task Force Report for Broadband Consulting Services. She reported seven proposals were received from consulting firms, and the Task Force recommends the JEDO Board award a contract to Tilson Technology Management of Greenwood Village, Colorado.

Commissioner Cook questioned if the services Tilson Technology Management plans to provide would include assisting with the endeavor of creating vast private/public partnerships in order to accomplish what was needed and make an impact in the community.

Councilmember Hiller stated the purpose of the project would be to increase availability of advanced broadband services to improve internet access for the entire Shawnee County area in the most affordable way possible.

Commissioner Buhler expressed the importance of establishing private/public partnerships and the role those partnerships will play as they move into the future and work to close the digital divide.

Gina Milsap stated Tilson Technology Management has extensive experience in the field and would provide them with a plan to develop private/public partnerships and move forward.

Marty Stessman, Broadband Taskforce member, reported the demand for broadband access continues to increase and has become a critical issue that must be addressed if they want to move into the future as a connected community. He noted currently approximately one-fourth of the students located in Shawnee County rural areas do not have access to broadband services.

Commissioner Archer expressed the importance of the project and the impact it will have on the community if they want future growth supporting entrepreneurship and economic development.

Commissioner Archer moved to approve the Broadband Task Force's recommendation and authorize contract negotiations. The motion seconded by Councilmember De La Isla carried unanimously. (7-0-0)

DISCUSSION AND POSSIBLE ACTION of independent contractor was presented. (*JEDO Contract No. C-2017-01*)

Mayor Wolgast referenced the proposed GO Topeka service contract and reported the language on lines 24-25 concerning economic development and the language on lines 144-146 relating to inquiries made by JEDO Board members has been expanded.

Commissioner Archer moved to approve the agreement with GO Topeka and authorize the JEDO chair to execute the agreement. The motion was seconded by Commissioner Cook.

Joseph Ledbetter spoke in support of the contract and the commitment to operational change by GO Topeka staff members at this time.

Carol Marple spoke in support of offering a one-year contract at this time.

Scott Griffith spoke in support of the contract and the professionalism displayed by GO Topeka staff members and executive board.

Keith Warta spoke in support of the contract and the economic development incentives and strategies generated by GO Topeka.

Councilmember Hiller recognized and commended those involved in the transition of GO Topeka and their employees and spoke in support of a three-year contract. She reported Deputy Mayor Coen requested she vote "no" on the extension of the contract because he believes the service should be handled through the bid process.

Commissioner Cook stated in time they will need to engage in the Request For Proposal (RFP) process as it supports good business practice.

The motion to approve the agreement with GO Topeka and authorize the JEDO chair to execute the agreement carried. Councilmember Hiller (*proxy vote for Deputy Mayor Coen*) voted "no." (6-1-0)

DISCUSSION to provide an update on the 49th Street Improvement Project was presented.

Molly Howey, Vice President of Business Development and Attraction GO Topeka, provided an update on the 49th Street Improvement Project. She reported the bid documents would be submitted to the City of Topeka by the end of June 2017 and the project construction should be complete by the end of December 2017.

PUBLIC COMMENT

Joseph Ledbetter appeared to speak under public comment. He spoke in support of the East Topeka Learning Center and moving forward with a formal agreement with Washburn University. He stated there seems to be community wide concern regarding lack of code compliance within the city; the need to improve code enforcement efforts and address unfair code compliance processes because it effects overall economic development.

Mayor Wolgast announced it was National Economic Development week and referenced the many economic development successes throughout the community.

No further business appearing the meeting was adjourned 8:12 p.m.