

**Joint Economic Development Organization Board Minutes
December 11, 2019**

City Council Chambers, 214 SE 8th Street, Topeka, Kansas, Wednesday, December 11, 2019.

The Joint Economic Development Organization (JEDO) Board Members met at 6:00 p.m. with the following voting Board Members present: Deputy Mayor Sandra Clear and Councilmembers Tony Emerson and Michael Lesser; and Shawnee County Commissioners Bill Riphahn, Kevin Cook and Aaron Mays -6. City of Topeka Mayor Michelle De La Isla presided -1.

Nonvoting Board Members Present: Councilmembers Sylvia Ortiz, Mike Padilla, Brendan Jensen, Neil Dobler and Jeff Coen. Absent: Councilmember Karen Hiller.

Matt Pivarnik, President and CEO of Greater Topeka Partnership, thanked GO Topeka staff members, Greater Topeka Partnership staff members, community and private sector leaders, Board members as well as elected and appointed leaders for their hard work and time invested in the community. He stated they have many new strategies to undertake as they plan to accelerate in 2020.

APPROVAL of Minutes from the meeting of September 11, 2019, was presented.

Commissioner Mays moved to approve the Minutes of September 11, 2019. The motion seconded by Deputy Mayor Clear carried unanimously. (7-0-0)

APPROVAL of Project Cay (Bimini Pet Health Manufacturing Company) Incentive Agreement in the amount of \$1,100,000 was presented.

Barbara Stapleton, GO Topeka Business Retention and Talent Initiatives Vice President, reported the JEDO Board approved incentive funding in the amount of \$1.1 million for Project Cay (Bimini Pet Health Manufacturing Company), at the September 11, 2019, meeting. She stated incentives include \$1.1 Million in capital investments; up to four new jobs over the next five years with an average annual wage of \$52,000 plus benefits; and they are expected to produce \$17.7 Million in economic impact to Shawnee County over the next 10 years.

Sam Al-Murani, CEO of Bimini Pet Health Manufacturing Company, thanked JEDO Board Members for considering the funding incentive agreement. He reported the business started as a home-grown company in animal health and they are continuing to grow through added facility space and jobs. He stated he looks forward to continued growth and partnership with the community.

Commissioner Cook moved to approve the Project Cay (Bimini Pet Health Manufacturing Company) Incentive Agreement in the amount of \$1.1 million. The motion seconded by Councilmember Emerson (7-0-0)

APPROVAL of Project Oyster incentive funding in the amount of \$96,000 was presented.

Barbara Stapleton, GO Topeka Business Retention and Talent Initiatives Vice President, reported Project Oyster was a manufacturing company seeking to expand in the community with a \$3.5 million capital investment over the next five years, up to 17 new jobs with an average wage of \$43,000 annually with an expectation of \$69 million in economic impact for Shawnee County over the next 10 years. She stated the company was requesting up to \$96,000 of performance based incentives with details of a formal contract presented at a future JEDO Board meeting for consideration.

Councilmember Emerson moved to approve Project Oyster incentive funding in the amount of \$96,000. The motion seconded by Commissioner Riphahn carried unanimously. (7-0-0)

APPROVAL of Project Emerald incentive funding in the amount of \$1,222,000 was presented.

Rhiannon Friedman, GO Topeka Business Development Manager, reported Project Emerald was a new business, seeking to build an 85,000 square foot facility to accommodate a meat processing and distribution facility. She stated the project would generate 150 new jobs with an average annual wage of \$45,000, and \$68 million capital investment with an anticipated economic impact of \$884 million over the next 10 years. She stated the proposed incentives total 50% cost match to make the site “shovel ready” and noted Project Arrow (FedEx) land proceeds, in the amount of \$180,000 would be used for utility extensions in Commerce Park covering the \$160,000 Infrastructure Incentive being offered. The following incentives were recommended:

- Up to 45 acres of free land in Central Crossing Commerce Park
- \$150,000 Training Grant
- \$675,000 Employment Incentive (\$4,500 per employee)
- \$237,000 Investment Incentive (\$2,000 per million on equipment and \$5,000 per million on real property)
- \$160,000 Infrastructure Incentive

Commissioner Cook asked if the proposed company would be considered a similar use for the industrial park and if it would co-exist with other companies currently located in the park.

Rhiannon Friedman reported the proposed use was similar to existing uses, one of the major reasons the Park was being considered by the company.

Deputy Mayor Clear inquired on the appraised value of the 45 acres of land being offered.

Molly Howey, GO Topeka Senior Vice President of Economic Development, reported the most recent sale of land to FedEx was \$10,000 per acre.

Councilmember Emerson inquired on the details of the proposed operation.

Rhiannon Friedman stated the location would consist of the processing and distribution of meat only, there would be no animals slaughtered.

Deputy Mayor Clear moved to approve Project Emerald incentive funding in the amount of \$1,222,000. The motion seconded by Councilmember Emerson carried unanimously. (7-0-0)

APPROVAL of Project Lightning (Wal-Mart) Incentive Agreement was presented.

Molly Howey, GO Topeka Senior Vice President of Economic Development, reported the new 1.8 million square-foot distribution center will have a \$200 million capital investment generating 300 new jobs with an average annual wage of \$34,000. She noted a new wage study was being conducted and when it was complete she would report back to the JEDO Board. The following incentives were recommended:

- 236 Acres of free land in Kanza Fire Commerce Park
- \$150,000 Training Grant
- \$900,00 Employment Incentives
- \$420,000 Broker Commission (This will be separate from the incentive contract.)
- \$300,000 Investment Incentive
- \$100,000 Infrastructure Incentive
- \$1.45 million Cash Incentives
- \$631 million Economic Impact over 10 Years with a 74% Return on Investment

Ryan Irsik, State of Kansas Wal-Mart Public Affairs and Government Relations Director, thanked the JEDO Board and GO Topeka staff members for working with them and making the project happen. He reported the following:

- Wal-Mart employs over 20,000 Kansans
- Wal-Mart operates more than 80 stores and 3 distribution centers in Kansas
- In FY 2019 Walmart collected on behalf of the State of Kansas more than \$378.5 million in sales tax and paid more than \$70.7 million in state and local taxes which supported schools, police, fire and other critical services to local communities; and spent more than \$699.5 million for merchandise and services with over 640 suppliers in Kansas, resulting in 56,953 supplier jobs in the state
- Wal-Mart Stores, Sams Club, local distribution centers and the Wal-Mart Foundation gave more than \$8.3 million in cash and in-kind donations to local organizations and communities they serve in Kansas
- Wal-Mart plans to spend \$49.7 million in Kansas through the remodeling of 10 stores and the launch and continued expansion of several customer focused innovations

Mayor De La Isla thanked the Wal-Mart Corporation for choosing Topeka and continuing to engage with their employees and consumers.

Commissioner Cook inquired on the project timeline; when employees would begin working at the facility; and if Wal-Mart plans to commit to hiring local contractors and laborers.

Ryan Irsik reported it would be a multi-year process so he does not have specific dates at this time and it was too early in the process to commit to hiring local contractors or laborers. He stated they would share details as they come available with the JEDO Board.

Commissioner Mays move to approve the Project Lightning (Wal-Mart) Incentive Agreement. The motion was seconded by Commission Riphahn. (7-0-0)

APPROVAL of reallocation of Mars incentive funds originally allocated for construction of a fire house and authorizing JEDO Chair to execute amendment to original agreement dated July 27, 2011, was presented.

Molly Howey, GO Topeka Senior Vice President of Economic Development, reported Brett Spangler, Mars Facility Site Director, was unable to attend the JEDO Board meeting due to a scheduling conflict. She referenced the presentation made by Mr. Spangler at the May 2019 JEDO Board meeting, and noted Mr. Spangler has requested she highlight a few talking points. She reported Mars representatives appreciate the patience and thoroughness of the JEDO Board in regards to how the funds are expended and reinvested back into the community. The Mars Team proposed an allocation of the funds be distributed between the following areas:

- Kanza Fire Future Development with the intent to help maintain the Kanza Industrial Park and be a good neighbor to Wal-Mart
- Workforce Development with the intent of STEM focused support in technical colleges and/or high schools
- Quality of Life investments for associates such as Downtown Development, SOTO Ride-to-Work Program and Momentum 2022

Deputy Mayor Clear moved to approve reallocation of Mars incentive funds originally allocated for construction of a fire house and authorizing the JEDO Chair to execute amendment to original agreement dated July 27, 2011. The motion was seconded by Councilmember Emerson.

Councilmember Padilla commended Mars for their wiliness to contribute to the SOTO Ride-to-Work Program.

Councilmember Emerson thanked Mars for being a great community partner and reinvesting in the community.

Carol Marple expressed her disappointment in JEDO Board members for their delay in the reallocation of funds. She commended Mars for being a great community partner and suggested the funds slated for Downtown Development be used to improve the Montara neighborhood.

Deputy Mayor Clear apologized to Mars for the delay in the process and thanked them for being a great community partner.

The motion to approve the reallocation of Mars incentive funds originally allocated for construction of a fire house and authorizing the JEDO Chair to execute amendment to original agreement dated July 27, 2011, carried unanimously. (7-0-0)

APPROVAL to provide liquidated damages reimbursement in the amount of \$12,045 to HTK Architects was presented.

Barbara Stapleton, GO Topeka Business Retention and Talent Initiatives Vice President, reported Washburn Tech and HTK Architects were asked to document their liquidated damages due to the delay of the completion of the project. She stated Washburn Tech's damages were reimbursed in May of 2019 in the amount of \$50,043 and GO Topeka was requesting the JEDO Board authorize \$12,045 to HTK Architects for liquidated damages (\$8,707 from the project account and \$3,338 from GO Topeka's contingency account).

Councilmember Lesser asked for clarification of "liquidated damages."

Barbara Stapleton stated liquidated damages were the result of delaying the project by almost six months.

Commissioner Cook moved to approve the request to provide liquidated damages reimbursement in the amount of \$12,045 to HTK Architect. The motion seconded by Deputy Mayor Clear carried unanimously. (7-0-0)

APPROVAL of Agreement of Services between the Growth Organization of Topeka/Shawnee County, Inc. (GO Topeka) and the Joint Economic Development Organization (JEDO) was presented. (JEDO Contract No. C-2019-01)

Keith Warta, GO Topeka Board Chair, reported the substantive changes to the contract include (1) the term of the agreement shall be three (3) years, commencing January 1, 2020, and on January 1, 2021; and (2) each subsequent January 1st, the Agreement will automatically renew for a new three-year term. He stated the agreement also includes a termination clause that requires a 180-day termination notice creating consistency in operations giving existing staff the confidence in their future careers, projects stability in the industry and allows GO Topeka to attract new talent to GTP and GO Topeka; supports consistency in new prospect relationships and existing businesses within the community as well as continuity of brand.

Deputy Mayor Clear moved to approve the agreement of services. The motion seconded by Commissioner Mays carried unanimously. (7-0-0)

APPROVAL of 2020 GO Topeka Public Budget and Business Plan was presented.

Natalie Zeller, Senior Vice President of Finance provided an overview of the budget process, expenditure and revenue summaries as well as an overview of budgeted statement of activities for the year ended December 31, 2020.

Molly Howey, Senior Vice President of Economic Development provided program overviews for Business Attraction and Retention; Small Business Development and Entrepreneurial Ecosystem; Women and Minority-Owned Business Development and Workforce and Talent Initiatives.

In conclusion, Natalie Zeller provided an overview of General Economic Development Activities and Special Initiatives. She reported the total on-going program operating budget for 2020 is \$2.652 million compared to \$2.356 million in 2019.

Deputy Mayor Clear moved to approve the 2020 GO Topeka Public Budget and Business Plan. The motion was seconded by Councilmember Lesser.

Reverend Meredith Kemp-Pappan spoke in support of the SOTO and NETO Ride-to-Work Programs. She encouraged JEDO Board members to create a long-term plan and collaborate with local community organizations and noted JUMP will continue to advocate for these types of programs.

Deborah Vance spoke in support of the SOTO Ride-to-Work Program and expressed the importance of continuing the long-term program plan.

Commissioner Cook asked Molly Howey to elaborate on the SOTO Ride-to-Work Program and questioned if Mars was willing to use a portion of the funding earmarked for a new fire station for the SOTO Ride-to-Work Program.

Molly Howey, Senior Vice President of Economic Development reported \$40,000 has been set aside in the Talent Initiatives budget for workforce barrier support programs, however; these funds have not been earmarked for the SOTO Ride-to-Work Program specifically. She reported conversations need to continue with Topeka Metro as well as participating companies to determine a long-term plan moving forward and noted Mars plans to allocate some of the fire station funding towards the SOTO Ride-to-Work Program.

Councilmember Emerson inquired on the timing of program renewal and noted the SOTO Ride-to-Work Program was slated to end in December, 2019.

Molly Howey reported GO Topeka remains committed to the program and will continue their portion of the funding; however, conversations need to continue with Topeka Metro.

The motion to approve the 2020 GO Topeka Public Budget and Business Plan carried unanimously. (7-0-0)

APPROVAL of the 2019-2020 Cash Carry-Forward Agreement between the Growth Organization of Topeka, Inc. (GO Topeka) and Joint Economic Development Organization (JEDO) was presented. (JEDO Contract No. C-2019-02)

Molly Howey, Senior Vice President of Economic Development provided an overview of the agreement. She reported the 2020 carry-forward amount being requested was \$14.5 million which includes a number of items that are encumbered and/or committed as well as reserve funds.

Commissioner Cook moved to approve the 2019-2020 Cash Carry-Forward Agreement in the amount of \$14.5 million. The motion seconded by Councilmember Emerson carried unanimously. (7-0-0)

APPROVAL of Choose Topeka funding in the amount of \$300,000 was presented.

Barbara Stapleton, Vice President of Business Retention and Talent Initiatives provided an overview of the GO Topeka Talent Attraction Initiative “Choose Topeka” a program intended to grow the population. She highlighted eligibility requirements, benefits being offered, employer guidelines as well as matching fund requirements by JEDO and participating employers.

Kelly Dugan, Bartlett & West Engineers, spoke in support of the program and stated the biggest challenge companies face is the recruitment and retention of employees. She expressed her appreciation for the commitment by GO Topeka to grow the community and think outside the box.

David Kellen, Advisors Excel, spoke in support of the program and stated they do not just create jobs they work to get people to invest in the community to build a legacy. He stated local companies continue to struggle to find qualified candidates for specialty positions due to the limited talent pool – a common issue in many communities.

Barbara Stapleton reported they have already received approval from the GO Topeka Board to encumber \$300,000 to fund “Choose Topeka” incentives for the 2021 budget and they are requesting the same from the JEDO Board with the launch of the promotion beginning in 2020. She stated it would provide incentive funds for 40 to 60 new resident workers and could allow for the population growth to double with families and trailing partners in the community.

Councilmember Hiller entered the room.

Deputy Mayor Clear asked if there was a commitment requirement for how long the employee must stay in the community. She expressed concern with overlooking local talent.

Commissioner Cook questioned why the funds are not being utilized to provide sufficient transportation options for local people to commute to jobs that are available and need to be filled in the Topeka/Shawnee County area as opposed to recruiting outside talent.

Barbara Stapleton stated GO Topeka would require a minimum employment of one-year before a company could seek reimbursement; however, each company will make their own decision regarding their employment requirements. She noted the program will be offered to existing employees as well as outside recruitments. She reported in terms of return on investment to recruit to the community over a ten-year period, it has the potential to generate approximately \$11 million for a \$300,000 investment. She noted all program incentives including existing SOTO and NETO Transportation programs are intertwined to support successful economic development.

Mayor De La Isla stated she concurs with Ms. Stapleton. She expressed the importance of making solid return on investments and providing opportunity for existing residents as well as outside talent

needed for specialty jobs. She stated she believes it will be an innovative approach to bringing new people into the community.

Councilmember Jensen spoke in support of the program. He stated the traditional ways of recruiting are beginning to sunset and they must find new and innovative ways to attract people to the community.

Councilmember Lesser stated he understands the concerns expressed by Commissioner Cook; however, he believes it is a great idea that will appeal to young professionals.

Deputy Mayor Clear stated she would not support the proposal as presented and believes only the employer should be involved in the program and not GO Topeka.

Barbara Stapleton stated the investment for the pilot program will provide an additional tool to attract qualified people to fill jobs in the area while marketing the Topeka/Shawnee County area.

Freddy Mawyin, GO Topeka Research Manager, referenced population change over time and noted Topeka must find a solution to reverse the negative trend of its decreasing population while trying to fill increasing job vacancies. He stated he believes the “Choose Topeka” program will support these efforts and generate a substantial return on investment to enhancing overall economic development.

Commissioner Cook stated he believes the program was not a solid marketing campaign; therefore he will not support the proposal. He suggested the \$300,000 be used to help reduce crime, improve the Topeka Public School system and improve aging infrastructure.

Mayor De La Isla stated economic development directly ties to attracting people and filling jobs and the “Choose Topeka” program supports those efforts.

Matt Pivarnik, President and CEO of Greater Topeka Partnership, reported the program will be an “earned media” marketing campaign as opposed to a “purchased media” marketing campaign with a huge return on investment.

Councilmember Padilla referenced the Topeka Police Department and their efforts in finding innovative ways to recruit officers. He commended GO Topeka for doing the same and providing the opportunity to market the community as a good place to live.

Commissioner Mays spoke in support of the program and stated it is about people not jobs. He reported local employers need additional workforce and he welcomes the willingness of local companies contributing private dollars to incentivize people to move to the Topeka/Shawnee County area.

Councilmember Emerson stated he concurs with Commissioner Mays. He spoke in support of the program and noted population growth remains the key to a thriving community.

Councilmember Hiller noted GO Topeka continues to improve incentive agreements by adding requirements that promote the Topeka/Shawnee County area. She spoke in support of the program and commended GO Topeka for adding language that would allow for the purchase, rehabilitation or lease of a home - encompassing all that Topeka has to offer in regards to its housing market.

Commissioner Cook called the question. The motion died due to a lack of a second.

Approval of the request by GO Topeka to encumber \$300,000 to fund “Choose Topeka” incentives for the 2021 budget with the launch of the promotion beginning in 2020 carried. Commissioner Cook voted “no.” (6-1-0)

Deputy Mayor Clear and Councilmembers Lesser and Dobler left the meeting.

PRESENTATION on the GO Topeka 3rd Quarter Report was presented by Molly Howey, Senior Vice President of Economic Development. She stated GO Topeka staff has prepared a few short videos to recap the highlights of the year that she will send to JEDO Board members as well as post to the GO Topeka website.

PUBLIC COMMENT was provided by the following:

Carol Marple expressed concern with the need for more JEDO Board meetings. She stated the City of Topeka and Shawnee County need to take care of infrastructure and their residents. She questioned if the “Choose Topeka” program would be made available to all income levels. She expressed the importance of addressing the need for more transportation options to allow residents to commute to jobs.

No further business appearing the meeting was adjourned at 8:18 p.m.