

Joint Economic Development Organization Board Minutes
May 13, 2020

ZOOM Meeting, Topeka, Kansas
Wednesday, May 13, 2020.

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

The following nonvoting JEDO Board members were present: City Councilmembers Karen Hiller, Christina Valdivia-Alcala and Sylvia Ortiz. City Councilmembers Neil Dobler and Spencer Duncan joined at 6:05.

The following nonvoting JEDO Board members were absent: City Councilmembers Hannah Naeger.

Others present who presented and/or spoke before the Board: Molly Howey, Senior Vice President of Economic Development for GO Topeka; Matt Pivarnik, President and CEO of Greater Topeka Partnership; James Crawl, Shawnee County Counselor; Glenda Washington, Chief Equity & Opportunity Officer for GO Topeka; Rhiannon Friedman, Business Development Manager for GO Topeka; Brenda Flanagan, CPA, Summers, Spencer & Company, P.A.; Angela Ayala, Controller for Topeka Foundry; Kevin Rake, Chief Financial Officer of HME, Inc.; John Haas, Owner of HME, Inc.; Betty Greiner, Director of Administrator Services for Shawnee County and 2020 Treasurer for JEDO Finance Committee; Barbara Stapleton, VP Business Retention & Talent Initiatives; Katrin Bridges, Senior VP Innovation for GO Topeka; Freddy Mawyin, Research Manager for GO Topeka;

APPROVAL of February 12, 2020 JEDO Board Meeting Minutes was presented:

Commissioner Riphahn moved to approve the Minutes of February 12, 2020. The motion seconded by Mayor De La Isla carried unanimously. (7-0)

APPROVAL of April 1, 2020 JEDO Board Meeting Minutes was presented:

Mayor De La Isla moved to approve the Minutes of April 1, 2020. The motion seconded by Commissioner Mays carried unanimously. (7-0)

APPROVAL of 2019 JEDO Auditor's Report was presented:

Brenda Flanagan, Summers, Spencer & Company, P.A., presented the 2019 JEDO Auditor's Report. She explained how the Audit was conducted and expressed that their findings were that the statements were fairly stated. She said she would stand for questions anyone may have on the Audit. No one had questions.

Commissioner Cook inquired if there were any specific notes they should be aware of.

Ms. Flanagan responded that the most significant note in the financial statements was just the disclosure of the Economic Development Program itself. There is also an addition in the packet that just summarized the Audit and gave more information. She stated there was one adjustment made and posted to the financial statements.

Commissioner Cook inquired if there were any negative notations or any items of concern.

Ms. Flanagan stated that there were no internal control issues identified during the Audit.

Mayor De La Isla moved to approve the 2019 JEDO Auditor's Report. The motion seconded by Commissioner Riphahn carried unanimously. (7-0)

APPROVAL of Project Bond was presented:

Rhiannon Friedman, GO Topeka Business Development Manager, reported that Project Bond, an incentive agreement for a local manufacturing company looking to expand in Shawnee County was approved at the February 12, 2020 JEDO Meeting. She stated the total approved incentive was \$433,500 based on their Capital Investment of \$5 million and an addition of up to 75 new jobs over the next 5 years. With an average wage of \$45,000 annually plus benefits resulting in an Economic Impact of \$208 million over 10 years. She also pointed out that all the incentives are performance based and will be paid out as earned.

Ms. Friedman went on to announce that Project Bond was Topeka Foundry. She stated they had a pre-recorded statement by Angela Yala, a controller for Topeka Foundry. She also stated that Ms. Ayala is dialed in over the telephone if anyone had any questions for her.

Angela Ayala, Controller for Topeka Foundry, through a pre-recorded message wanted to thank JEDO and GO Topeka for approving the incentives. She stated how the incentives will help grow their business and help them to give back to their employees and their community. She explained what changes they would be making throughout their warehouse with the incentive money.

Mayor De La Isla explained how great it is to see this happening in our community right now.

Mayor De La Isla moved to approve Project Bond. The motion seconded by Commissioner Riphahn carried unanimously. (7-0)

APPROVAL of Project Spark was presented:

Rhiannon Friedman, GO Topeka Business Development Manager, reported that Project Spark, an incentive agreement for another local manufacturing company was approved at the

February 12, 2020 JEDO Meeting. She stated the total approved incentive was \$847,000 based on their Capital Investment of \$6 million and an addition of up to 167 new jobs over the next 5 years. With an average wage of \$40,000 annually plus benefits resulting in an Economic Impact of \$400 million over 10 years. She also pointed out that all the incentives are performance based and will be paid out as earned.

Ms. Friedman went on to announce that Project Bond was HME. She stated that Kevin Rake, Chief Financial Officer of HME, Inc. and John Haas, Owner of HME were on the telephone to answer any questions. Ms. Friedman also pointed out there was a pre-recorded statement from Kevin Rake and another short video to play.

Kevin Rake, Chief Financial Officer of HME, Inc., by way of a pre-recorded video, wanted to thank JEDO for the incentive money and gave some background information of HME, Inc. He explained how they want to expand HME by building three new facilities right at their current location and he gave more details about their plans.

Commissioner Cook asked if anyone had any questions for Mr. Rake or if Mr. Rake had anything additional to say.

Kevin Rake, Chief Financial Officer of HME, Inc. stated that he wanted to thank everyone again and it really does make a big difference and they sincerely appreciate the opportunity.

John Haas, Owner of HME, Inc. stated that he wanted to thank everyone for all the support and they are looking forward to expanding. He explained how proud he is to be able to produce jobs and contribute to the community.

Commissioner Cook stated that he is proud that HME started here in Topeka, continues to grow in Topeka, and the Topeka tax dollars are going to help encourage the growth. He explained that this is exactly the purpose of JEDO.

Councilmember Lesser thanked John Haas and congratulated him on the growth of his business.

Councilmember Lesser moved to approve Project Spark. The motion seconded by Councilmember Padilla carried unanimously. (7-0)

PRESENTATION Recap of 2019 Financial Statements was presented:

Betty Greiner, Director of Administrator Services for Shawnee County and Treasurer for JEDO Finance Committee presented, on request of the JEDO Chair, a spreadsheet on sales tax comparison information. She explained how she figured the totals for each year. Ms. Greiner concluded that our sales tax came in at only a very slim increase in 2019 as compared to 2018. The amount that goes to GO Topeka is a fixed amount, with the amount going to Shawnee County and Topeka totally a percentage 0.21% over the prior year. Basically pretty steady from one year

to the next. She also compared what we have so far this year in 2020 (2 months) to last year we have a 6% increase so far. She explained that because GO Topeka's amount is a fixed amount, any increase in sales tax would go to the City and County.

Commissioner Cook wanted to confirm that the GO Topeka portion comes out of the sales tax first, and then any increase or decrease would only affect the City and County. Ms. Greiner confirmed. Commissioner Cook asked how we were figured amount generated from sales tax in the life of the tax.

Ms. Greiner explained that we estimated a 1% increase per year in sales tax over a 15 year period. She believes we were very generous and we should stay on tract from what we estimated.

Commissioner Cook asked if she believes we should worry about the economic downturn we have had recently affecting it.

Ms. Greiner stated that she believes if we look at it over the total 15 years of sales tax all the years will even out.

Mayor De La Isla wanted to publicly acknowledge that Betty Greiner is doing a wonderful job and is great person and thanks her for everything she has done.

PRESENTATION of GO Topeka 1st Quarter Report was presented:

Molly Howey, Senior Vice President of Economic Development, Barbara Stapleton, VP Business Retention & Talent Initiatives and Glenda Washington, Chief Equity & Opportunity Officer for GO Topeka presented. They prepared a power point to recap the highlights of the year that will be sent to JEDO Board members as well as posted to the GO Topeka website.

Barbara Stapleton, VP Business Retention & Talent Initiatives presented some new changes to the GO Topeka Website.

Commissioner Cook thanked everyone for all the hard work.

Katrin Bridges, Senior VP of Innovation presented an overview of Innovation which included an update of the Plug and Play Program as well as Creating Space for the Innovation Campus.

Commissioner Cook asked Ms. Bridges to take a moment to talk more about the impact the event at Security Benefit has on Topeka. He asked it focused on businesses that are here for the long term.

Ms. Bridges explained that the impact the Plug and Play program will have on Topeka is manifold. She stated that they are trying to attract the Bio-science related companies because we are so conveniently located in the animal health corridor. That is something that Topeka has not been able to take advantage of in the past and we would like to develop that now. It also connects the businesses with silicone valley, potential funding and talent that we have here. She also mentioned it is about creating opportunities for our young people that are coming out of our schools and universities. She explained that because of the event they now have 2 corporate partners that are

now in contract stage. They also have 10 additional targets that are in discussions. She went on to talk about the space they are trying to create for the Innovation Campus. Right now they are in the assessment stage. They have proposals from 3 developers that they are considering. She explained how the Downtown Innovation Center would create space for startups/businesses in biosciences and any other sector.

Commissioner Cook thanked everyone for their hard work on the Plug and Play Program and said he is excited to see what comes out of it.

Molly Howey, Senior Vice President of Economic Development, wrapped up the GO Topeka 1st Quarter Report by updating us on the new Walmart Distribution Center. She explained they are going to be breaking dirt any day now. The real estate portion of the deal has been closed and the excavation part of it should be going very quickly.

Councilmember Michael Padilla asked about how the SOTO/NETO Programs were working and how much longer they would be provided.

Barbara Stapleton, VP Business Retention & Talent Initiatives explained that their data projected that with the current funding they should be able to finish out all of 2020 for both routes with a 50/50 match. She explained that how long after that they keep going is up to the JEDO Board. Originally it was designed as a pilot phase and not intended to be long term but the businesses will also have the opportunity to keep it going if it is beneficial to them.

Commissioner Cook asked if we could have a discussion about SOTO/NETO in the September meeting while we are also going over the Draft 2021 Go Topeka Budget.

Councilmember Padilla stated that he would appreciate another discussion about it in the September meeting and feels it is something that JEDO needs to look at extending in order to provide a reliable workforce to these companies that are coming in.

Commissioner Cook asked Molly Howey if she could reach out to our partners/businesses in the SOTO/NETO Program to see what their commitments are and if they would be willing to subsidize anything to keep the programs going.

PRESENTATION of Host Program Update presented:

Deputy Mayor Tony Emerson reported on the Host Program. He reported that there have been a lot of applications submitted during the pandemic. There has been 74 checks issued for a combined total \$249,500. An additional \$114,000 is reserved for the next mail out in July. Also, they will be reviewing an additional 30 applications in the following weeks.

Molly Howey, Senior Vice President of Economic Development reported on the Private Sector of the Host Program. She stated that there have been \$660K raised by donors. It has allowed them to purchase gift cards purchased from 118 businesses, 1,400 Gift Card Packets delivered with a total of \$429,500 total gift card purchases handed out to those whose employment have been affected by COVID.

Barbara Stapleton, VP Business Retention & Talent Initiatives reported how much the gift cards have impacted the employees and how there were over 100 submissions from employers and over 1400 employees impacted.

Commissioner Cook inquired if these gift cards were being distributed evenly throughout the community.

Ms. Stapleton responded that they are at where the need is and where the impact is to make sure they distribute them evenly.

Councilmember Christina Valdivia-Alcala asked if the businesses where the gift cards are purchased are going to be posted anywhere for the public to see.

Molly Howey pointed out that they are privately funded donations but they have been publishing a list each week to the media of the gift cards that were purchased and she can combine those lists for the JEDO members to see.

Glenda Washington, Chief Equity & Opportunity Officer for GO Topeka presented on the HOST Relief part. She touched on how grateful people have been who received the support. There have been a total number of 140 applicants, 74 grants awarded, 1,032 employees impacted and \$249,500 total disbursed. The largest number of applications have been from zip code 66614; 04, 03, and 08 are next in line with the highest number of application. It is not only in the City but in the County as well.

Deputy Mayor Tony Emerson wanted to thank all the following members of the Small Business Incentive Committee for their hard work:

1. Eugene Williams – KTWU
2. Tony Blancas – Fidelity Bank
3. Dana Petrik – CoreFirst Bank
4. Melissa Lackey – US Bank
5. Roger Wilson – Petro Lopez Brand
6. Matt Strathman – Strathman Sales
7. Mary Ann Anderson – GO Topeka
8. Glenda Washington – GO Topeka

Councilmember Sylvia Ortiz stated couldn't believe how many calls she has received about the HOST Program and she believes it is making a huge impact. She also stated that they can't give this money away. They are having a hard time finding people to fill out the applications because they don't even believe it is real and she's been trying to get the word out.

Glenda Washington stated that are doing a lot of outreach and don't seem to be having a hard time finding people who need the money. She went on to explain that they are doing it in 4 stages and will be contributing to the small business until November.

Matt Pivarnik, President and CEO of Greater Topeka Partnership commented that he believes this program is so different that people are thinking it is too good to be true and may have some strings attached. He believes some people may think that they will have to be paying it back so he wants to make sure they are gaining back the trust of the entire community.

Councilmember Michael Padilla asked Ms. Washington if they were keeping records of the types of businesses that are applying and if they are minority owned or women owned and he is interested in seeing that data.

Ms. Washington stated that they do keep all kinds of data and she would be more than willing to share it.

Councilmember Karen Hiller stated she appreciated adding information about the cycles because he said this program was for recovery and she thinks it's a good thing the money will be balanced out along the way.

Ms. Washington wanted to also thank Mayor De La Isla for her input in making sure we are stretching this money for the long run.

PRESENTATION of Economic Status Report Update presented:

Freddy Mawyin, Research Manager for GO Topeka, presented on where Topeka and Shawnee County stand after the recent downturn. The first point was based on what were the most vulnerable in the pandemic. Topeka was ranked 346 out of 382 metro areas, meaning Topeka is not as vulnerable as other metro areas. He stated that Topeka has 12.4% of jobs in Topeka are considered high risk which means that we are at a lower risk than other metro areas. He went on to explain more statistics on unemployment and that once again, Topeka is much less vulnerable than other metros. He believes this is due to the industry mix we have in the region, but at the same time we cannot forget that a significant amount of the population do work in those vulnerable industries.

Commissioner Cook inquired about what businesses we have that may be at higher risk.

Mr. Mawyin explained that the food services, entertainment and tourism sectors will take the biggest toll.

DISCUSSION on Housing:

Commissioner Cook made a motion to defer action on the discussion of housing until the September meeting. The motion seconded by Mayor De La Isla carried unanimously. (7-0)

PUBLIC COMMENT was provided by the following:

Anton Ahrens spoke on behalf of himself and the members of Topeka JUMP on their concern for workforce transportation in Topeka. He stated that he emailed JEDO members a list of 1,262 people who supported the SOTO/NETO program and would like to have it continued long term.

He believes we will need this program to help recover from the pandemic. He is excited to hear there will be further discussion about it in the September JEDO Meeting and he explains why he hopes to see them continue as part of Topeka's Economic Development.

Councilmember Christina Valdivia-Alcala gave a statement that she is thankful that Topeka JUMP members have been pushing for the SOTO/NETO programs to continue, as we bring in these corporations and give them incentives to get Topekans better jobs, that should come with help for those Topekans get to their jobs. She believes there should be a strong push for contracts and obligations with the corporations to keep these programs funded so that JEDO does not have to continue to carry it.

Commissioner Cook asked Mr. Ahrens if he could be present at the September JEDO Meeting and have comments from the riders of the SOTO/NETO programs.

NO FURTHER BUSINESS appearing the meeting was adjourned at 7:43 p.m.