

**Joint Economic Development Organization Board Minutes**  
**Wednesday, December 11, 2024**

City Council Chambers  
214 SE 8<sup>th</sup> Street, 2<sup>nd</sup> Floor  
Topeka, Kansas

The Joint Economic Development Organization (JEDO) Board members met at 6:00 p.m. in-person with the following Board members present: Shawnee County Commissioners Kevin Cook, Aaron Mays and Bill Riphahn; Mayor Michael Padilla, Deputy Mayor Valdivia-Alcala; City of Topeka Councilmembers David Banks, Spencer Duncan and Karen Hiller. Shawnee County Commissioner Kevin Cook presided as JEDO Chair.

The following JEDO Board members were absent: City Councilmembers Sylvia Ortiz, Brett Kell, Marcus Miller, Neil Dobler and Michelle Hoferer.

**APPROVAL of September 11, 2024 JEDO Board Meeting Minutes was presented.**

*Mayor Padilla moved to approve the Minutes of September 11, 2024. The motion seconded by Commissioner Riphahn carried unanimously. (7-0)*

**APPROVAL of 2023 JEDO Audit (*presented at the 09/11/24 meeting*) was presented.**

Commissioner Cook reminded everyone that the 2023 JEDO Audit was presented at the September 11, 2024 JEDO Meeting, however since the item was added after the Agenda had went out, it was deferred for approval so that everyone had time to look it over.

*Commissioner Mays moved to approve the 2023 JEDO Audit. The motion seconded by Mayor Padilla carried unanimously. (7-0)*

**APPROVAL of Incentive Agreement for Project Brick was presented.**

Ashley Lehman, GO Topeka Director of Business Development, presented. She gave a brief recap on JEDO's Incentive Guidelines. She then gave the outline of the Incentive Agreement for Project Brick, which included:

- Local aviation company
- 13 new jobs over the next five years
- Average wages of \$60,000-\$110,000
- Qualified for employment and training incentives based on annual salary
- \$18.9 Million Economic Impact over the next 10 years
- 301% Return on Investments
- Total Requested Incentives of \$112,000

Ms. Lehman announced that Project Brick is Vaerus Aviation. She introduced Patrick Traul, VP & Director of Operations for Vaerus Aviation who was present to speak.

Patrick Traul, VP & Director of Operations for Vaerus Aviation thanked the Committee Members and the GO Topeka team. He explained how aviation can be high risk, and his company helps make aviation safer. He went over a brief overview of the business and explained how this incentive package will help them to grow.

*Mayor Padilla moved to approve the Incentive Agreement for Project Brick. The motion seconded by Commissioner Riphahn carried unanimously. (7-0)*

**APPROVAL of Incentive Agreement for Finish Line was presented.**

Ashley Lehman, GO Topeka Director of Business Development, presented. She gave the outline of the Incentive Agreement for Project Finish line, which included:

- Local manufacturing plant
- Capital Investment of \$57 Million
- 300 new jobs over the next five years
- Average wages of \$50,000 plus
- Qualified for employment and training incentives based on annual salary
- \$1.2 Billion Economic Impact over the next 10 years
- 171% Return on Investments
- Total Requested Incentives of \$2,136,000

Ms. Lehman announced that Project Finish Line was HME. She introduced John Haas, Owner, Kevin Rake, CFO and Angela Ayala, Controller, who were present to speak.

John Haas, Owner HME explained that they are very grateful for this opportunity and it really helps the company grow and create new opportunities for the community.

Kevin Rake, CFO added that diversity in manufacturing is important and it does make a big difference.

Angela Ayala, Controller spoke and just wanted to thank everyone and it is incentives like this one that helps them grow and make Topeka a better place.

Commissioner Cook inquired about some of the timelines they are looking at for the different job openings.

Mr. Haas explained that is a continuous process that keeps going as the new jobs come open. They are also reaching out to local university's to recruit.

*Commissioner Riphahn moved to approve the Incentive Agreement for Project Finish Line. The motion seconded by Councilmember Banks carried unanimously. (7-0)*

**APPROVAL of 2025 GO Topeka Budget and Business Plan was presented.**

Molly Howey, GO Topeka President of Economic Development thanked all the Board Members for going over the budget with them and for all their input. She handed it over to Josh Patterson to present.

Josh Patterson, CFO for GTP and GO Topeka presented. He started by pointing out the page in their packet that shows a more detailed breakdown of the Economic Equity Department. He also went over the report in the packet and the numbers for each department such as:

- New Business & Retention/Expansion – 1.7% (\$7K) decrease, excluding incentives; 9.8% (\$271K) decrease for incentives, based on existing incentive; some changes included shifted some advertising to attendance/sponsorships at events and no major changes in retention/expansion.
- Innovation/Entrepreneurship/Small Business – 5.2% (\$12K) increase, excluding incentives; 12.5% (\$50K) increase for small business incentives; and some changes include adjustments to software platforms, added legal services and added small business council.
- Economic Equity – 64.0% (\$156K) decrease, excluding incentives (reclassified some existing programs to incentives to more accurately reflect their nature); \$875K increase in incentives; and they are tasked with using some of the carryforward set aside for Economic Equity.
- Talent Initiatives – 6.0% decrease; no major changes
- General Economic Development – 0.9% (\$2K) increase; some changes include increase in Violet PR costs and general GO Topeka advertising.
- Operations/Admin Budgets – 1.1% (9K) increase in salaries/benefits; 3.2% (\$8K) decrease in Marketing; 10.4% (\$35K) decrease in Admin/Fin/HR; 4.2% (\$4K) increase in General.
- Special Initiatives – Choose Topeka (\$150K); Innovation Center 1.0 (\$223K); ETLC (\$167K).

*Councilmember Duncan made a Motion to Amend the Motion to Approve the Budget with the exception that the \$575,000 redevelopment incentive remain in the budget, but be set aside and not expended until the February meeting when the staff returns to the Board with a more detailed plan. The motion seconded by Deputy Mayor Valdivia-Alcala carried unanimously. (7-0)*

Commissioner Cook asked if there were any other items in the budget to discuss. Seeing none.

*Commissioner Mays moved to approve the 2025 GO Topeka Budget and Business Plan. The motion seconded by Councilmember Duncan carried unanimously. (7-0)*

#### **APPROVAL of 2024-2025 Cash Carry-Forward Agreement was presented.**

Josh Patterson, CFO for GTP and GO Topeka presented. He stated the total 2025 Cash Carry-forward amount is \$18,500,000. Breakdown includes:

<b>2025 carry-forward amount</b>	<b>\$ 18,500,000</b>
<b>2025 budget transfer to/(from) carry-forward</b>	<b>(1,850,988)</b>

**Restricted uses by contract**

Economic Equity program carryover (793,000)

**Future commitments**

Committed incentives (7,413,998)

**Remaining for future investment**

\$ 8,442,014

Commissioner Cook went over the numbers again for clarification; he then asked if the \$8,442,014 amount would be what they have for a new project or incentive.

Mr. Patterson replied that that number does not include the two incentives that were approved tonight, but otherwise yes, it would be around \$6,400,000.

Councilmember Duncan stated that it is nice to have that money in case a new project comes forward, however, is there a point when we take a look at reallocating some of that money to different uses?

Commissioner Cook states that it would be up to the Board to decide how to spend that money.

Deputy Mayor Valdivia-Alcala explained that she would like to see some of this money go to Jayhawk Theatre.

Ms. Howey stated that JEDO has gave incentives to the Jayhawk Theatre before but has not seen anything come before the Board to react to at this time.

*Councilmember Duncan moved to approve the 2024-2025 Cash Carry-Forward Agreement. The motion seconded by Mayor Padilla carried unanimously. (7-0)*

**APPROVAL of Innovation Center Investment was presented.**

Stephanie Moran, Senior VP of Innovation for GO Topeka introduced two members of the Innovation Advisory Board to speak.

Mark Ruelle, Chair of Innovation Advisory Board explained that one of the goals of the Advisory Board was to identify a tangible place for Innovation within the community. He believes the space they have for it now is reasonably suited in size and cost for this project. He stated they are excited to bring this project to the Board tonight.

Ms. Moran went over the new plan for Innovation Center 2.0. She explained that having the Innovation Center in Downtown Topeka is critical to the success of Topeka becoming a hub of innovation. The AT&T building at 220 SE 6<sup>th</sup> Street has been identified as the best location, ideal infrastructure, quick build out, and options for phasing. It has a smaller initial footprint but has 3x the space for GO Topeka and lab space, as well as provides opportunity for expansion for additional floors. GO Topeka would be the master lease holder and manage the center. She touched on the scope of the project, plans in the packet. This will include a tenant buildout, pitch room, mechanical, restrooms and five labs with casework and hoods. She went on to explain the Financial

Proforma Summary, which is the total revenue they have built in at phase in tenancy. This will build up to full occupancy within the first 5 years. Some of the expenses would be the GO Topeka Master Lease, management expenses, general office expenses and additional lab buildout. The total request would include a buildout of \$6,589,007 and 10-year lease of \$2,910,993 with a total of \$9,500,000. She explained that with Innovation Center 2.0, those dollars would be going back to JEDO, not to an investor. She went over the project timeline:

- December 11, 2024 – JEDO
- December 12, 2024 – Design Notice
- April 2025 – Design and Permitting Completed
- May 2025 – Construction Begins
- Early 2026 – Final Completion/Facility Opens

Kevin Haan, Member Innovation Advisory Board, spoke on how his experience and expertise has shown him how these Innovation Centers can be a great start for many companies. He also believes that in the future we will be having a need to expand. He stated this is a great start for the Topeka community.

Ms. Moran stated that based on the recommendations of the Innovation Advisory Board and GO Topeka Board, they are requesting approval of \$9.5 million for the buildout of the Innovation Center 2.0.

Deputy Mayor Valdivia-Alcala stated that she has questions regarding the redevelopment of downtown Topeka. Her first question was how much is Cody Foster putting into the Innovation Center. Secondly, how much more are they asking for the 2.0 version than the 1.0 version. Thirdly, how many tenants do you have signed up?

Ms. Moran explained that Cody is the owner of the building and we would be leasing from him but we would be paying the building costs. Secondly, the original amount that was approved for 1.0 version was \$5.87 million. Thirdly, they are speaking to several tenants, most of whom are waiting for a construction date. Many of these tenants need space immediately.

Ms. Valdivia-Alcala wanted to mention that this feels like it is being rushed to her. She is also concerned that it is creating a monopoly of property that is owned by the same players. She does not believe the people in her district is on board with this and she will not be able to support this. She went on about talk about how Jim Klausman owns a number of shuttered buildings downtown and her hope as that we can get more small businesses in these buildings and help build downtown. She is also concerned that Jim Klausman owes a lot of money in delinquent taxes and city specials and the people want to know what is really going on here. Finally, she stated that even though she is not able to support this, she thanks GO Topeka for all their hard work on it.

Councilmember Banks asked if we were in a technically time crunch for startup, and why could it not be somewhere else like East Topeka.

Ms. Moran explained that the longer we postpone the project the more start-ups we lose to other places. She stated that we have been working on this for four and a half years and it is time to get

going on it. She also explained that downtown Topeka was identified as a central hub that has everything to make this project successful.

Councilmember Duncan stated that when it comes to economic development projects it is difficult for them to decide when to say no. But he believes based on the data that is a good economic development investment for Topeka and he will be supporting it.

Commissioner Cook stated that in Version 1.0, we partnered with BioRealty because they had experience building these innovation centers all over the Country. He was wondering if there was a reason we were not trying to partner with another company that has experience with these and instead we are doing it on our own.

Ms. Howey explained that there are several partners that we have had conversations with and will continue to partner with such as the multiple University's in the area. Also, we have a lot of corporate partners that we will be able to work with, such as in the animal health corridor. She also believes that 2.0 scales down the project and doing it in phases is a better way.

Commissioner Cook inquired as to why we are doing things differently than other projects we have done in the past such as Version 1.0 or Evergy Plaza?

Ms. Howey explained that one of the biggest differences is that this proforma has an opportunity to earn revenue.

Commissioner Cook asked if the timeline they gave was reasonable.

Ms. Howey explained that the April 2025 deadline was to have the design and permitting completed. Those are already on their way.

Commissioner Cook stated his last question is just to make it clear, that at this present time, we do not have anybody pre-committed as a tenant.

Ms. Moran stated that they do not have anyone pre-committed as tenants but they are in discussions with several entities.

Deputy Mayor Valdivia-Alcala wanted to make one thing very clear, that she believes this project is good, she just does not like the way it is going down.

Councilmember Hiller stated that as District 1 Councilmember, she is grateful for the development of downtown Topeka and to the two gentlemen that stepped up to purchase the properties for future development. She went on to talk about how the AT&T building is actually a much better spot for the Innovation Center than Wolf's Camera Building was. She believes this is the right fit and thank you to everyone for their involvement.

Commissioner Riphahn asked if we had looked at the AT&T building when we were rolling out the Innovation 1.0?

Ms. Howey stated that it was looked at in the group that was considered originally.

Mark Ruelle, Chair of Innovation Advisory Board explained that originally it was in the close running. Ultimately, they choose the Wolf's Building because it was located a little closer to the center of downtown and had a little more nostalgia. But sometimes it is hard to decide. In the end, he believes this is the right building.

Commissioner Riphahn asked if we are new to the rent collecting business and if we have a business plan?

Ms. Howey explained that we do lease farm ground, hold grain at the elevators, and sell that.

Ms. Moran explained that they have developed a proforma.

Ms. Howey also added that the amounts they had assumed for rent rates are in line from the surveys they have seen from around 100 other Innovation Centers in the area.

Commissioner Cook asked what it might change from the plan today if we deferred it to the February JEDO Meeting.

Ms. Moran stated that ultimately it comes down to the pre-leases. People want to get into the spaces right away.

Commissioner Cook asked if this was going to wipe out the entire cash-carry forward fund?

Josh Patterson, CFO for GTP and GO Topeka explained that after going over the numbers again, those two incentives that were approved today were included in the Cash-Carry Forward Agreement, which leaves the \$8,442,014 that would be used for the Innovation Center.

Ms. Howey explained that only the initial \$6,589,007 for the buildout would be spent and then as rent is collected, it would go back in to replenish the revenue.

Commissioner Cook stated that is only if we sign tenants.

Councilmember Duncan explained that it is an important point for people to understand that the rent money will be coming back to JEDO. In addition, that the renters will normally have time constraints and this is why they can't sign a lease until they know the timeframe that the project will be done.

Deputy Mayor Valdivia-Alcala asked if there was an option for short-term financing for the capital improvements.

Ms. Howey explained that they could look into that if it was the pleasure of the Board, however they do have cash sitting in an account for the construction costs.

Deputy Mayor Valdivia-Alcala asked if she could get a spreadsheet that shows exactly how much would be left in this account if this project were approved.

Ms. Howey explains if you take the Carry-forward balance of \$8,442,014 and then subtract the construction costs of the project of \$6,589,007, it would leave a balance of \$1,853,007.

Commissioner Mays stated that he feels like we wasted a lot of time with the investor, but now he likes this plan better than the other one. He would also agree that we might want to look at some possible financing, even if it is included in the lease. He is worried about draining that amount of Incentive dollars in case there was a large company that comes. He feels that it might be good to not have to pay for all the construction cost up front.

Ms. Howey said they can have that discussion with the owner of the building. She also wanted to point out that all the incentives are paid out over a period of 5 years, so not all those incentive dollars are paid out on day one.

Mayor Padilla stated that he thinks we should not focus so much on the “what ifs” right now and it is important for us to not loose focus on what we are trying to do for economic development. He wants to have everyone’s concerns answered, but he does not feel like it is a good idea to keep putting this off for a long time. He stated that he is in support of it today.

Commissioner Riphahn explained that his preference would be to defer the item to the next meeting in February 2025.

Commissioner Cook asked Deputy Mayor Valdivia-Alcala if she thinks it would help her if we waited until the next meeting.

Deputy Mayor Valdivia-Alcala explained that her vote is going to stay the same.

Councilmember Banks stated that he does not see the point in delaying the vote on the project.

Commissioner Mays stated that he is in favor of the project, but he would feel more comfortable voting on it at the next meeting.

Commissioner Cook stated that his concern is how exactly this is going to be financed and how is it going to be structured.

Ms. Howey explained that they do have the rent structured into the proforma and again, with the pre-leasing, that cannot be answered until they have a construction start date.

Commissioner Mays commented that he understands about the pre-leasing problem. He thinks we just need to build it, and then the tenants will come. He is just concerned about our ability to do future projects if we spend all our money.

Councilmember Hiller asked about the two ROI’s pending as far as amounts.



Ms. Moran explained that those are support resources within the building and those exist within the community that want to consolidate at one location.

Councilmember Duncan asked the Board what they are wanting the carry-forward amount to be in regards to those not wanting to spend all the money at once. He believes we need to give them a benchmark amount so they know how to adjust.

Ms. Howey explained that the amount they historically have in carry-forward funds differs greatly from year to year and from the wishes of the Board.

Commissioner Riphahn asked if we were stuck with the full 10-year lease.

Ms. Howey explained that we have not signed the lease yet, but they figured that to be the best return on their investment.

Councilmember Duncan made a motion to approve, seconded by Mayor Padilla.

Commissioner Mays asked for an amended motion or for Councilmember Duncan to retract his motion and to defer the item to the next meeting.

Councilmember Duncan inquired if they were allowed to vote on an item that was previously voted on.

Rich Eckert, County Counselor pointed out in the Operational Rules: An item previously voted on cannot be reconsidered until six months has elapsed from the previous action.

Councilmember Duncan decided to withdraw his motion, as did Mayor Padilla's second.

Commissioner Cook called for a 5-minute recess for everyone to gather their thoughts.

After the break, Mr. Eckert explained that as per the Operational Rules: Any operational rule can be suspended temporarily by a vote of at least 5 voting members.

Deputy Mayor Valdivia-Alcala asked what that means in layman's terms.

Mr. Eckert explained that it means, if the vote does not pass tonight, it can be brought back in 3 months instead of 6 months.

Councilmember Hiller asked if the vote does pass, can it be reversed at the next meeting.

Mr. Eckert explained that no, if the vote passes it is irreversible.

*Councilmember Duncan made a motion to suspend the operation rule as to Line 75 (Reconsider) for Item No. 3G - Innovation Center 2.0. The motion seconded by Mayor Padilla. The motion passes. (6-1)*

Commissioner Cook asks if there is any further discussion.

*Councilmember Duncan made a motion to approve the Innovation Center 2.0 as presented. The motion seconded by Mayor Padilla. The motion passes. (6-1)*

**PUBLIC COMMENT was provided by the following:**

Henry McClure was signed up for public comment but was not present.

The Clerk announced the next JEDO Board meeting dates for 2025, which are:

Wednesday, February 12, 2025

Wednesday, May 14, 2025

Wednesday, September 10, 2025

Wednesday, December 10, 2025

NO FURTHER BUSINESS appearing the meeting was adjourned at 7:50 p.m.