

City of Topeka & Shawnee County



**JEDO Board of Directors
Agenda for Wednesday, July 15, 2015
6:00 p.m.**

**City Council Chambers
214 SE 8th Street, 2nd Floor, Topeka, Kansas**

1. Roll Call
2. APPROVAL of Minutes from the meeting of July 1, 2015. (Action Item)
3. APPROVAL of funding commitment for Project Storm. (Action Item)
4. Any other business items that may come before the Board for consideration
5. Public Comment
6. Adjournment

Public Comment Policy: Comment from members of the public shall be entertained on each actionable agenda item and at the end of each meeting. Comment shall be limited to topics relevant to JEDO business. Members of the public wishing to speak must notify the City Clerk before 5:00 p.m. on the date of the meeting via email at cclerk@topeka.org or call 785-368-3940. This requirement shall not apply to items added during the meeting. Members of the public will be given four (4) minutes to speak and must maintain proper decorum relating to public meetings.

Agenda: Agendas are furnished at least five (5) business days prior to each meeting and posted on the City of Topeka web page at www.topeka.org/JEDO and the Shawnee County web page at www.scco.us/jedo.

To make arrangements for special accommodations please call 785-368-3940 or 785-368-3941. A 48-hour advance notice is preferred.



Agenda Item No. 2

**JEDO Board Meeting
July 15, 2015 - 6:00 P.M.**

APPROVAL of minutes from the meeting of July 1, 2015



CITY OF TOPEKA MEMO

City Clerk's Office
215 SE 7th Street, Room 166
Topeka, KS 66603-3914
Tel: (785) 368-3940
Fax: (785) 368-3943

Date: July 15, 2015

RE: JEDO Board Meeting Minutes – July 1, 2015

JEDO Board Members,

Some of the individuals who provide public comment have taken issue with how their comments are reflected in the minutes.

JEDO follows Roberts Rules of Order. Those Rules provide that the purpose of minutes is to record actions taken at a meeting – not what was said by members. Additionally, while the name and subject of a public speaker can be given, Roberts Rules provides that “no effort should be taken to summarize his remarks.”

With these rules in mind, beginning with the July 15 meeting, I have been directed to refrain from summarizing public comment. The attached minutes of the July 1 meeting reflect deletion of an incorrect statement and a clean copy of the minutes you'll be asked to approve.

Thank you,
Brenda Younger, C.M.C. *BY*
City Clerk

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;~~ He noted 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.

**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:

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 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 noted 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.



Agenda Item No. 3

**JEDO Board Meeting
July 15, 2015 - 6:00 P.M.**

APPROVAL of funding commitment for Project Storm

Project Summary

July 15, 2015

Project Storm

- Project: Approximate Investment \$100 million
 - Facility expansion (Approximately \$30 Million)
 - Equipment purchase (Approximately \$55 million)
 - Labor (Approximately \$15 million)
 - New employees: 70
 - Average salary \$42,000 per year

- Proposing: Up to \$260,000 for equipment and building
 - Money for new jobs is already escrowed
 - Training funds is already escrowed
 - \$5000 per million invested in the facility based on Shawnee County Appraiser's value (\$150,000 estimated incentive)
 - \$2000 per million invested for the equipment based on purchase invoices (\$110,000 estimated incentive)
 - Recommending 10 year property tax abatement



JEDO Board Meeting Wednesday, July 15, 2015



MARS

chocolate
north america

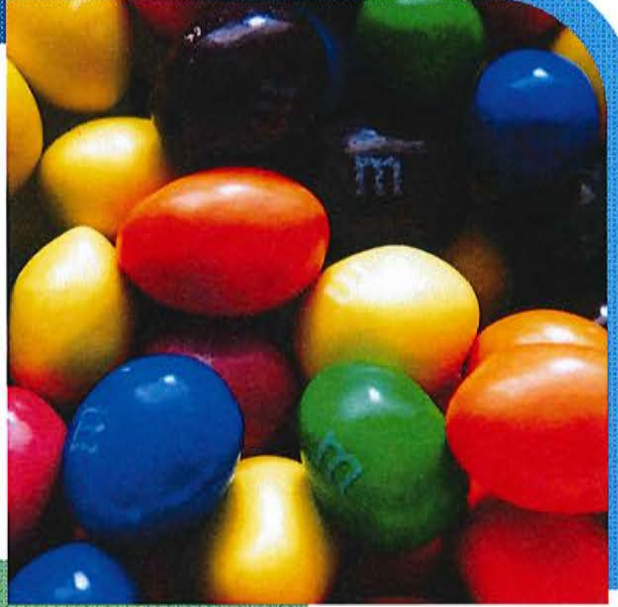
Continuing Our Growth in Topeka

July 2015

MADE IN
TOPEKA



established in 2014



MARS

chocolate
north america

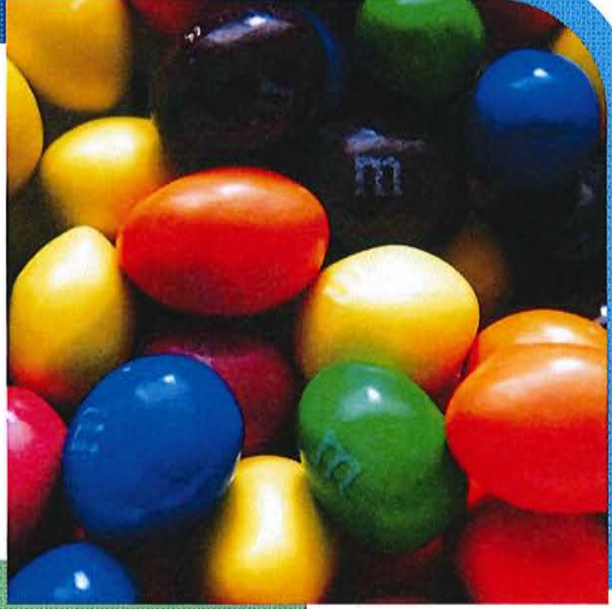
Continuing Our Growth in Topeka

July 2015

MADE IN
TOPEKA



established in 2014



MARS in a MOMENT



Around the world our more than 75,000 Associates are guided by our Five Principles – Quality, Responsibility, Mutuality, Efficiency and Freedom that span across geographies, languages, cultures and generations



Mars Chocolate in the USA



- Employs **3,500+** Associates
- 9** manufacturing locations
- 3** M&M'S® World Retail Stores
- Part of Mars' **\$33 Billion** global net revenue
- 95%** of products sold domestically made in USA

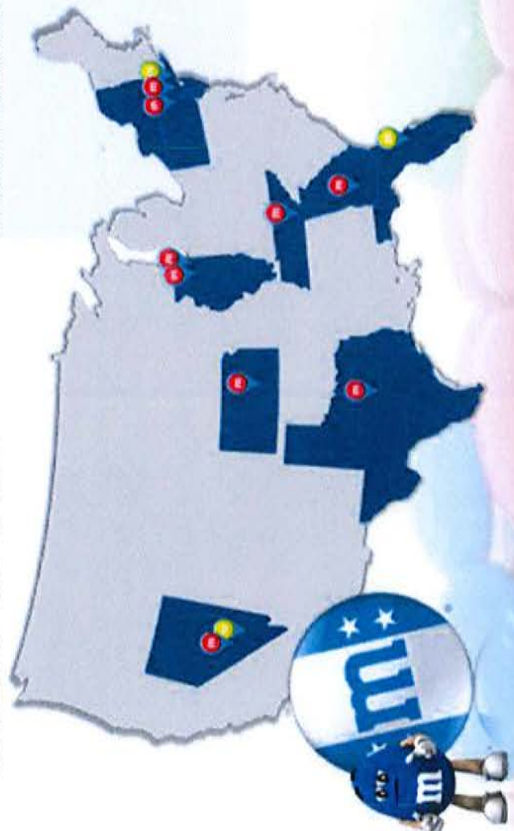
M&M'S® are on-board Air Force One and every space shuttle mission.



SNICKERS® is the world's top selling chocolate bar.

30 MILLION DOVE® Bars are sold each year.

M&M'S® were invented in 1941 for WWII soldiers to enjoy chocolate without it melting.



Mars Kansas Footprint



1986 Mars Petcare Opens Hawk Engineering in Galena



2011 Mars Chocolate selects Kansas as site of its new chocolate facility and starts construction



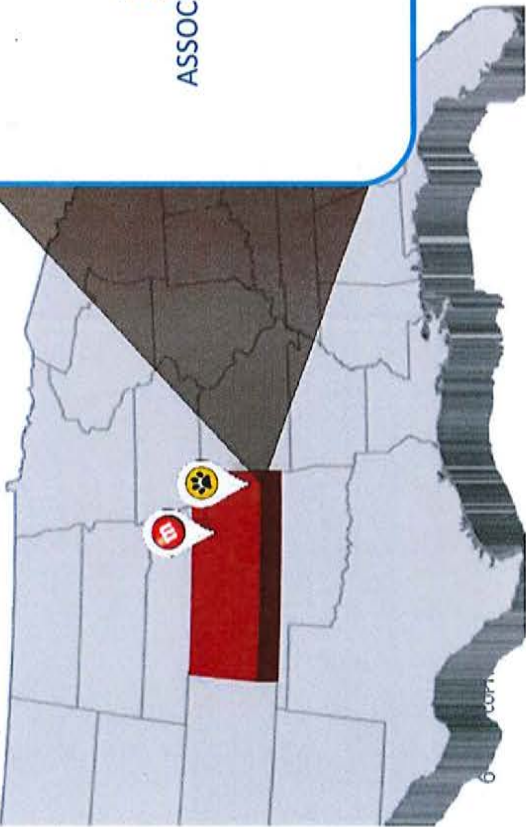
2014 Mars Chocolate Topeka Factory Opening

March

Mars Chocolate celebrates grand opening of Topeka Factory and temporary pop-up store



September Topeka factory achieves LEED Gold Certification



STATE ECONOMIC IMPACT

350+

ASSOCIATES EMPLOYED

\$330M

2010 – 2015 TOTAL INVESTMENT



7 BANFIELD® Pet Hospitals
in KS employ **122** Associates

Mars Chocolate Topeka at 1 Year

Facility Highlights:

- Broke ground in 2012 and opened in 2014
- Employs 200+ associates
- Produces SNICKERS® bars & M&M'S® Peanut candies
- One of the largest investments in Mars' history
- Site has LEED Gold Certification and is ZERO waste to landfill
- Food Engineering magazine's "2015 Plant of the Year"



"TOP" NUMBERS

\$330M
Total Investment

500,000
Square Feet

200+
Total Associates

Production Capacity:

Millions of
SNICKERS® & Individual
M&M'S® Each Day



MARS
incorporated

We're Proud to be Topekans!

Community Partnerships:

- **Greater Topeka Chamber of Commerce**

Mars is a Board Member and collaborates with the chamber to help grow local businesses and jobs in the Topeka community.

- **Harvesters Community Network** provides food and household products to emergency food pantries, community kitchens, homeless shelters and children's homes.

- **Sheltered Living** supports individuals with intellectual disabilities to achieve independence and actively participate in the community.

- **Society of Manufacturing Engineers**

is a student and professional society that promotes manufacturing engineering. The organization aims to enhance progress, prosperity and strong communities through manufacturing.

- **Downtown Topeka Revitalization** works to bridge private and public sectors and to revive the heart and soul of Downtown Topeka.

- **Habitat for Humanity** partners with Mars Chocolate North American to fund home construction across the United States. The initiative encourages fans of the brand to donate 1.5 million minutes of their time and talents at Habitat for Humanity's home construction sites in the U.S.

October 27, 2014
By the Wall Street Journal

At Mars, Inc., 'Fun Size' Chocolate and Right-Size Conglomerate

Maker of M&M's, Snickers and Pet
Food Expands Without Worrying About
Wall Street

By ANNE GAUGHANO
Oct. 29, 2014 1:11 p.m. ET

TOPEKA, KAN.—While many U.S. food companies are closing factories and cutting staff, Mars Inc. recently opened its first new chocolate factory in the country in 35 years to feed Americans' seemingly boundless hunger for sweet.



Continued Growth & Investment in Topeka!

\$100M

Additional Site Investment

70

New Full Time Associates

- New product innovation - offering more **chocolate variety** across a range of format, calorie and price options
- Timeline:
 - Construction & Hiring: July 2015 - Late 2016
 - New Lines Opening: Early 2017
- Investment will:
 - **Increase** capacity & chocolate innovation
 - **Demonstrate** our commitment to continued growth of local & U.S. economy, job market
 - **Provide opportunities** for future growth

MARS
chocolate
north america

Thank You!

**MADE IN
TOPEKA**



established in 2014

Project Storm

- Approximate Investment \$100 million
 - Facility expansion (Approximately \$30 Million)
 - Equipment purchase (Approximately \$55 million)
 - Labor (Approximately \$15 million)
 - New employees: 70
 - Average salary \$42,000 per year

Incentive Proposal

- Proposing
 - Up to \$260,000 for equipment and building
 - \$5000 per million invested in the facility based on Shawnee County Appraiser's value (\$150,000 estimated incentive)
 - \$2000 per million invested for the equipment based on purchase invoices (\$110,000 estimated incentive)
 - Money for new jobs is already escrowed
 - Training funds is already escrowed
 - Recommending 10 year property tax abatement



Agenda Item No. 5

**JEDO Board Meeting
July 15, 2015 - 6:00 P.M.**

Public Comment Handouts

INCENTIVE AGREEMENT

This Incentive Agreement is effective April 16, 2009, and is entered into between the following parties:

GO TOPEKA:

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.
120 SE 6th Avenue, Suite 110
Topeka, KS 66603-3515
Phone: (785) 234-2644
Fax: (785) 234-8656
Contact Person/Title: Kathy Moellenberndt, Vice President-
Business Development

BUSINESS:

Alorica, Inc.
Attn: Gary Kinnach
Director Facilities Management
14726 Ramona Avenue, 3rd Floor, Chino, CA 91710
Phone: 909-606-3657 FAX: _____
Contact Person/Title: Gary Kinnach
Director Facilities Management

WHEREAS, BUSINESS is a California corporation that is qualified to do business in Kansas;

WHEREAS, BUSINESS contemplated an expansion of its operations into Topeka, Kansas including leasing and improving space located at 115 SW 29th Street (the "Topeka Facility"), investing in new machinery and equipment, and creating new full time employment positions; and

WHEREAS, GO TOPEKA desires to encourage BUSINESS to expand its operations into Topeka, Shawnee County, Kansas; and

WHEREAS, BUSINESS, acting in reliance upon the incentives set forth in this Agreement, decided to expand its operations into Topeka, Shawnee County, Kansas; and

WHEREAS, the parties wish to reduce their understanding regarding the details of the incentive package into this legally enforceable writing.

Joseph Ledbetter Handout - Public Comment

WITNESSETH:

NOW, THEREFORE, in consideration of such mutual benefits and of the mutual covenants and agreements expressed herein, the parties covenant and agree as follows:

1. Incentive Payments. Subject to the terms and requirements of this Agreement, for calendar years 2008 through 2017 GO TOPEKA shall pay to BUSINESS incentives for Full Time Employment Positions maintained by BUSINESS at the Topeka Facility consistent with the following chart.

Category	Minimum Hourly Wage	Available Annual Incentive Per Position	Maximum Qualifying Positions	Maximum Annual Incentive	Maximum Incentive under entire Agreement
1	\$9.00 to \$9.99	\$75	Up to 1000 for categories 1 and 2 combined (capped at maximum incentive amounts)	\$75,000	\$750,000
2	\$10 to \$11.99	\$100			
3	\$12 to \$14.99	\$150	53 ²⁰⁰	\$7,950	\$79,500
4	\$15 to \$19.99	\$200	13 ³⁰	\$2,600	\$26,000
5	\$20 and above	\$300	11 ²⁰	\$3,300	\$33,000
			Maximum	\$88,850	\$888,500

To determine what minimum hourly wage category for which a new Full Time Employment Position qualifies, the non-training wage shall be used and a lower wage (and fewer benefits) during a training period may be disregarded; provided, however, that for a position to qualify for an incentive hereunder, the position may not have more than ten (10) weeks of training per position in any one twelve (12) month (January through December) period and the wages paid during training must be at least Eight Dollars (\$8) per hour. Additionally, a training period does not reduce the required annual minimum of 2080 paid hours (discussed below).

If there is a question as to the wage category for which a position qualifies (due to changing wages), the average non-training hourly wage during the twelve (12) month (January to December) period will be used.

Each Full Time Employment Position may qualify for only one incentive. The maximum available Full Time Employment Position incentives for any one year shall be Eighty-Eight Thousand Eight Hundred Fifty Dollars (\$88,850), and the total available incentives available hereunder for the entire ten (10) years is Eight Hundred Eighty-Eight Thousand Five Hundred Dollars (\$888,500). These maximum amounts are further limited and allocated by minimum hourly wage category, as set forth in the foregoing chart.

As used herein, a "Full Time Employment Position" is a position that includes a minimum of 2080 paid hours during the twelve (12) month (January through December) period in Shawnee County, Kansas, at a minimum hourly wage set forth in the foregoing chart (allowing for training periods as permitted herein). The value of benefits shall not be included in the calculation of the minimum hourly wage, but to qualify for an incentive hereunder, a Full Time Employment Position must offer benefits including medical and dental programs, retirement savings plan, vacation and sick leave, and training programs.

Notwithstanding anything to the contrary herein, if in any particular calendar year BUSINESS fails to maintain at least Five Hundred (500) Full Time Employment Positions paying a minimum of \$9.00 per hour (allowing for training periods as permitted herein), BUSINESS shall not be entitled to, and GO TOPEKA shall not be required to make, any incentive payment for such year (and the Eighty-Eight Thousand Eight Hundred Fifty Dollars (\$88,850) in potential incentives for that year shall expire and no longer be available to the BUSINESS). Failure to maintain the aforementioned minimum Five Hundred (500)

Full Time Employment Positions shall not be considered a default under this Agreement.

Nothing herein shall require that a Full Time Employment Position be held by the same person throughout a twelve month period, nor shall this Agreement preclude BUSINESS from changing the title, purpose or utility of position. The maximum number of Full Time Employment Positions qualifying for an incentive hereunder shall be as set forth, by category, in the foregoing chart, but in no event shall the incentive amounts exceed the maximum incentive available as set forth herein.

GO TOPEKA will make incentive payments within three months after the close of the calendar year during which the incentive was earned; provided, however, that BUSINESS provides GO TOPEKA with a detailed schedule of full-time employment positions by category along with reasonable supporting documentation relating to employment levels (as required elsewhere herein) within 45 days after the calendar year.

2. Local Investment. At GO TOPEKA's request, BUSINESS shall demonstrate that by December 31, 2007, it entered into a lease for the Topeka Facility and invested at least One Million Six Hundred Thousand Dollars (\$1,600,000) in machinery and equipment thereat.

3. Project Employment and Calculation. BUSINESS shall provide GO TOPEKA with invoices and state and federal employment, tax return and/or other information reasonably necessary to establish Local Investment and employment levels for purposes of calculating incentives and monitoring BUSINESS's performance hereunder, and GO TOPEKA reserves the right to audit financial documents reasonably necessary to establish that BUSINESS fulfilled its obligations herein at any time during this Agreement. GO TOPEKA reserves the right to reduce payments made

to the BUSINESS by amounts found to be improper, unauthorized or unsubstantiated. GO TOPEKA shall have sole authority in this regard and shall base its decision upon statements submitted or in the alternative, absence of documents to substantiate expenditure. BUSINESS shall reimburse GO TOPEKA one-half (½) of the cost, not to exceed \$1,000 per incentive year, for such calculation, monitoring and/or audit.

4. Use of Funds. The funds borrowed pursuant hereto shall be used for the purpose of purchasing equipment for, or improvement of, the Topeka Facility, or for the relocation or training of new employees in Topeka.

5. Default.

a. A default shall occur if:

i. BUSINESS closes its Topeka Facility or moves (from Topeka) a substantial part of the Topeka Facility business prior to December 31, 2017;

ii. Business fails to enter into a lease for the Topeka Facility by December 31, 2007;

iii. BUSINESS fails to invest, by calendar year end 2007, at least One Million Six Hundred Thousand Dollars (\$1,600,000) of new capital investment in machinery and/or equipment at the Topeka Facility; or

iv. BUSINESS breaches the terms of this Agreement.

b. In the event of a default, GO TOPEKA shall not be required to make any further incentive payments under this Agreement, and BUSINESS shall repay to GO TOPEKA the entire amount of all incentive payments received by BUSINESS hereunder, plus interest at a rate of Eight Percent (8%) per annum from the date such amounts were received by BUSINESS.

6. Notices. Any notices required or permitted to be given pursuant to this Agreement may be delivered in person or mailed, certified mail, return receipt requested, to the addresses identified above.

7. Miscellaneous. The following miscellaneous provisions shall apply to this Agreement:

- a. BUSINESS agrees to make every reasonable commercial effort to use Shawnee County, Kansas-based disadvantaged business enterprises and Shawnee County, Kansas-based contractors in the improvement of, additions to, and operation of the Topeka Facility.
- b. BUSINESS agrees to make every reasonable commercial effort to use Shawnee County, Kansas-based vendors for the purchase or procurement of the machinery and equipment contemplated herein.
- c. BUSINESS agrees to use reasonable commercial efforts to hire, if qualified, Topeka/Shawnee County residents to fill the new Full Time Employment Positions at the Topeka Facility.
- d. BUSINESS shall provide prompt notice to GO TOPEKA of any material change in BUSINESS's ownership, control or management, including issues of insolvency or bankruptcy, or other material changes that could reasonably result in a default by BUSINESS.
- e. BUSINESS agrees to use reasonable commercial efforts to participate in a public event with GO TOPEKA at the Topeka Facility celebrating the expansion contemplated by this Agreement. Such event would include general recognition of GO TOPEKA's involvement in the project.
- f. This writing contains the entire agreement reached between the parties hereto with respect to the subject matter hereof, and may be amended only in writing, duly executed by all parties concerned.

- g. This Agreement shall be interpreted under the laws of the State of Kansas, with venue proper in the District Court of Shawnee County, Kansas. In the event any provision is found to be unenforceable or unconstitutional, all other provisions shall remain in full force and effect.
- h. Time is of the essence of this Agreement.
- i. By signing this Agreement, the parties affirm that they have the authority of their respective corporations to enter into this Agreement and bind their respective corporations.
- j. This Agreement shall bind and inure to the benefit of the parties to this Agreement, their heirs, legal representatives, assignees, transferors and successors.
- k. No failure by GO TOPEKA to insist on prompt performance by BUSINESS of its obligations hereunder shall constitute a waiver by GO TOPEKA of its rights under the Agreement. Similarly, the waiver by a party of any breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of that same or any other provision.
- l. This Agreement may be executed in counterparts, each counterpart shall be deemed an original, and, when taken together with other signed counterparts, shall constitute one agreement, which shall be binding upon and effective as to all parties. The effective date of this Agreement shall be the date of the last signature obtained.
- m. The parties acknowledge and agree that BUSINESS may not assign this Agreement and its rights hereunder, without the prior written approval of GO TOPEKA.

n. Sarbanes-Oxley and similar legislation may have application to, or affect the accounting for, this Agreement.

o. GO TOPEKA makes no representation as to the taxability or tax effect of this Agreement and the incentive payments hereunder.

p. GO TOPEKA's obligations hereunder are contingent upon the continued funding of GO TOPEKA at adequate levels through the Shawnee County, Kansas, sales tax and/or the local Joint Economic Development Organization. GO TOPEKA reserves the right to reduce or eliminate incentive payments in the event that sufficient funds are not available (taking into account GO TOPEKA's other obligations). GO TOPEKA will endeavor to give BUSINESS advance notice of any reduction of funds when practical. BUSINESS agrees and understands that if there are not sufficient funds appropriated or available to GO TOPEKA to continue to make incentive payments hereunder (taking into account GO TOPEKA's other obligations), GO TOPEKA may terminate this Agreement with written notice of termination to BUSINESS, and in such case BUSINESS is released from all of its obligations under this Agreement. The reduction or elimination of incentive payments, and/or termination of this Agreement pursuant to this paragraph, shall not cause any penalty or damages to be charged to GO TOPEKA.

q. In carrying out the terms and provisions of this Agreement, BUSINESS shall not unlawfully discriminate against any employee, applicant for employment, recipient of service or applicant to receive or provide

services because of race, color, religion, sex, age, disability, national origin or any other status protected by applicable federal or state law or local ordinance.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first above written.

"BUSINESS"

ALORICA INC.

By: 

Print Name: JACK POLLOCK

Title: CFO

"GO TOPEKA"

GROWTH ORGANIZATION OF
TOPEKA/SHAWNEE COUNTY, INC.

By: 

Print Name: DOUG KINSINGER

Title: President

Joseph Ledbetter

From: Scott Smathers [ssmathers@gotopeka.com]
Sent: Wednesday, July 08, 2015 5:00 PM
To: Joseph Ledbetter
Subject: KORA Request

Mr. Ledbetter,

By email dated July 2, 2015, you have requested information pertaining to how much GO Topeka has actually have paid Alorica for incentives and dates of those payments, if any. Although GO Topeka does not consider itself to be a public entity that is generally subject to KORA, it does try to respond to inquiries from the public regarding the expenditures of tax dollars.

In regards to your request, our records show the following incentive payments to Alorica:

Original incentive agreement signed in 2009, effective to 2008

- \$56,250 paid in Feb 2010 for 2008 incentive
- \$0 paid in 2011
- \$50,150 paid in August 2012 for 2010 incentive
- \$46,800 paid in August 2012 for 2011 incentive
- \$0 paid in 2012
- \$0 paid in 2013
- \$0 paid in 2014
- \$0 paid thus far in 2015

Regards,
Scott

Scott Smathers, CECD

Vice President
Economic Development
GO Topeka Economic Partnership
120 SE Sixth Avenue, Suite 110
Topeka, KS 66603-3515
P 785.234.2644
C 785.554.8757
ssmathers@GOTOpeka.com
GOTOpeka.com