

JEDO

November 21, 2006

3:00 P.M.

The JEDO Board met in the Chamber of Commerce Board Room

with the following voting members present: Shawnee County Commissioner Ted Ensley-Chair; Shawnee County Commissioner Vic Miller; Shawnee County Commissioner Marice Kane; Topeka City Councilman Clark Duffy; Topeka City Councilman Brett Blackburn; Topeka City Councilman Jeff Preisner and City of Topeka Mayor Bill Buntun.

OTHERS PRESENT: Rich Eckert-Shawnee County Counselor, Carl Koupal-GO Topeka, Ken Daniel-Midway Wholesale, Mike Welch-Chamber Board, Bill Haynes-Chamber Board, Brad Owen-Mize, Houser & Company, Terry Neher-US Bank, Henry McClure-McClure Real Estate, Doris Williams-DBE Advisory Council, Susan Mahoney-Downtown Topeka, Inc., Jim Ogle-WIBW-TV, Andy Jetter-Federal Home Loan Bank Topeka, Doug Kinsinger-Go Topeka/Chamber of Commerce, Kathy Moellenberndt-Chamber of Commerce, Brenden Long-City Attorney, Sylvia Ortiz-City Councilmember, Nora Patton-Taylor-Chamber of Commerce, Donna Hill-City of Topeka, Jo Beilman-GO Topeka, Jim Parrish-President Parrish Hotel Corporation Carl Koupal-GO Topeka Chair, David Kerr, Topeka Chamber Chair, Shelly Buhler-County Commissioner Elect-District 1, Christy Caldwell-Chamber of Commerce, David Kerr, Topeka Chamber Chair, Marla Carter Channel 13 News, Tim Hrenchir-The Topeka Capital Journal, and Debbi Childers-Shawnee County Clerk's office.

ITEM NO. 1: The JEDO Meeting Minutes of June 15, 2006 were approved.

A motion was made by Deputy Mayor Jeff Preisner to approve the Minutes of June 15, 2006. The motion was seconded by Mayor Bill Buntun. Motion carried unanimously.

ITEM NO. 2: The three-(3) year option submitted by Mayer, Hoffman, McCann/CBIZ was selected for the 2007 audit.

Mr. Brad Owen with Mize Houser & Company reviewed a spread sheet on page 6 of the packet outlining the responses received for the 2006 audit. (A copy can be viewed with the original set of minutes.)

After a full discussion, a motion was made by City Councilman Jeff Preisner to select the three year option submitted by Mayer, Hoffman, McCann/CBIZ. The motion was seconded by County Commissioner Vic Miller. Motion carried unanimously.

ITEM NO. 3: The 2007 (for fiscal year 2008) federal funding priorities were approved as amended.

- I-70 Viaduct funding for planning and design
- Heartland Park, Central Crossings Commerce Park Infrastructure-sewer and water
- Kansas Riverfront Development Plan
- 190th ARW Squadron Operations Facility
- Great Overland State-Riverfront Park-Greenspaces Replacement of Blighted Industrial Areas
- Constitution Hall

Christy Caldwell with the Chamber of Commerce reviewed the federal projects as outlined on pages 7 and 8 of the packet. (A copy can be viewed with the original set of minutes.)

After discussion, Mayor Bunton made a **motion to amend the Central Crossing Commerce Park Infrastructure (sewer & water) for fiscal year 2008 to add South Topeka sewer and water at Heartland Park.** Following further discussion, Commissioner Ensley clarified it would be Heartland Park, Central Crossings Commerce Park Infrastructure-sewer and water. Deputy Mayor Preisner seconded the motion. After a full discussion, the motion to amend carried unanimously.

Deputy Mayor Preisner moved **to approve the 2007 (for fiscal year 2008) federal funding priorities as amended.** MOTION DIED FOR LACK OF A SECOND.

Following further discussion, Commissioner Miller made a **motion to include Constitution Hall as a priority.** Councilman Clark Duffy seconded the motion. Motion carried unanimously.

Deputy Mayor Preisner made a **motion to approve the 2007 federal funding priorities as amended.** Mayor Bunton seconded the motion. Motion carried unanimously.

ITEM NO. 4: The 2002 - 2007 Strategic Plan Economic Development 2007 Business Plan was adopted as outlined by Ms. Moellenbundt and as presented in the packet.

Ms. Kathy Moellenberndt with the Chamber of Commerce presented a PowerPoint presentation. *(A hard copy of this presentation is attached to the original set of minutes.)*

Ms. Moellenberndt gave an overview of the 2002-2007 Strategic Plan Economic Development 2007 Business Plan (Plan). *(This is attached to the original set of minutes.)*

Councilman Clark Duffy presented City of Topeka Resolution No. 7494 relating to JEDO preparing a report on the status of the implementation of the economic development element of the Topeka/Shawnee County Comprehensive Metropolitan Plan 2025. *(A copy of City of Topeka Resolution No. 7494 is attached to the original set of minutes.)* Councilman Duffy asked if JEDO would respond to the City of Topeka by preparing that document. Mr. Doug Kinsinger explained they provided a report quarterly based upon the strategic plan. He believed in 2004 they provided a different report based upon the outline of the Topeka/Shawnee County Comprehensive Metropolitan Plan.

Following discussion, Commissioner Miller made a **motion to adopt the Plan as outlined by Ms. Moellenberndt and distributed in the packet.** Deputy Mayor Preisner seconded the motion. After a full discussion, Councilman Brett Blackburn stated it was hard for him to vote when he had not seen the plan. He commented that was a problem of not having quarterly meetings. Therefore, he would not be supportive of the motion.

Motion carried with Councilmen Blackburn and Duffy voting no.

ITEM NO. 5: The 2007 GO Topeka Budget was approved. *(A copy of the GO Topeka Summary Budget Analysis of 2006/2007 Cash Basis Operation-Public is attached to the original Minutes.)*

Mr. Brad Owen with Mize, Houser and Company explained the GO Topeka Summary Budget Analysis of 2006/2007 Cash Basis Operation-Public. *(A copy of the GO Topeka Summary Budget Analysis of 2006/2007 Cash Basis Operation-Public is attached to the original Minutes.)*

Councilman Clark Duffy presented City of Topeka Resolution No. 7493 which requests JEDO to do two things: 1) Form a partnership with Downtown Topeka for an incubator in accordance with the document prepared by the City's Economic Development Specialist; and 2) To request JEDO issue requests for proposals to form a partnership with Washburn University for the creation of industry clusters following the guidelines of the 2004 Report Universities and Development of Industry Cluster from the U.S. Department of Commerce. Mr. Duffy stated to his knowledge that had not been done. He asked if the budget contained funding for an RFP to develop an industry cluster partnership with Washburn University as proposed by City of Topeka Resolution No. 7493. Mr. Kinsinger stated GO Topeka had done an RFP late this Fall for a target market assessment. He said not specifically through universities, but with national consultants. There was money in next year's budget to complete that project. Mr. Kinsinger noted that Washburn University President Dr. Jerry Farley chaired a major committee in GO Topeka that was focused on trying to find where they could best leverage their University in terms of economic growth, i.e., what were the programs and/or business groups they could tap into.

After a full discussion, Mayor Bunton moved to approve the budget. Commissioner Marice Kane seconded the motion. Motion carried with Councilmen Blackburn and Duffy voting no.

ITEM NO. 6: JEDO Contract No. C1-2006 with GO Topeka relating to economic development within Topeka and Shawnee County was approved and the Chair was authorized to include \$7.5 million as a maximum (not to exceed) carryover.

County Counselor Rich Eckert explained the only change to the language (other than the dates) was changing City Administrator to City Manager to reflect the City of Topeka's change in managership.

Councilman Clark Duffy explained his no vote to both the budget and the strategic plan was that in reviewing the budget he could not understand how the taxpayer dollars were being spent. Therefore, he would not be able to support those documents.

Councilman Brett Blackburn stated his concerns were similar to Councilman Duffy's. He explained there were some things he would like to have seen changed in the contract, i.e., additional funding for the DBE. Councilman Blackburn stated he was going to abstain.

After a full discussion, Commissioner Miller moved to **approve the Contract with GO Topeka.** Mayor Bunton seconded the motion. Motion carried with Councilman Duffy voting no and Councilman Blackburn abstaining.

Mr. Kinsinger stated there was a clause in the contract that required special approval for carryover of funds. He said they anticipated the carryover to be in the range of \$7 million, but could be a maximum of \$7.5 million. He acknowledged there was about \$5.8 million of contingent liabilities approved by JEDO that as based against that, so there was really about \$1 million to \$1.5 million of cash balance. After a full discussion, Commissioner Miller made the motion to **authorize the Chair to include \$7.5 million as a maximum (not to exceed) carryover.** Mayor Bunton seconded the motion. Motion carried unanimously.

ITEM NO. 7: Incentive Packages to Frito Lay, Gunderson Rail and Security Benefit were approved as presented.

Kathy Moellenberndt reported they had been working with Frito Lay 7 or 8 months about their possible expansion. Ms. Moellenberndt stated they were competing strongly with many other states for this project. She said they presented them a proposal that tied into some of the Kansas Department of Commerce incentive programs and also proposed to them a local incentive and consideration for property tax consideration; if it fit into the perimeter of property tax exemption. In terms of their local incentive offering, GO Topeka proposed \$2,500 for each of the new jobs created as a result of the potential expansion.

Councilman Jeff Preisner made the motion to **approve offering an incentive package to Frito Lay.** Commissioner Miller seconded the motion. Motion carried unanimously.

Ms. Moellenberndt stated the second project was Gunderson Rail. It was proposed to them that they would be provided \$1,000 for each new job created over the next year. She said they would start off with 25 jobs and anticipated by

the end of the year there would be 50 new jobs in their operation.

Mayor Bunton moved **approval of the incentive offer for Gunderson Rail.** Commissioner Kane seconded the motion. Motion Carried unanimously.

Ms. Moellenberndt reported the third project was Security Benefit & SE2. She said about a year ago Security Benefit was successful in being awarded a contract with Golden Sacs. Security Benefit looked to hire an additional 200 people in the next couple years with average wages being \$50,000 yearly including a strong benefit package. SE2 was formed to leverage Security Benefit's information technology infrastructure in the market place with the company's expertise being customer service. Ms. Moellenberndt stated they proposed as a local incentive offering of \$2,500 for each new job created up to a total of \$500,000.

Councilman Preisner made the motion to **approve the incentive package to Security Benefit.** Mayor Bunton seconded the motion. Motion carried unanimously.

Mr. Kinsinger advised they would have performance contracts arranged with each company, which meant they would have to perform and they would be audited before incentives would be paid.

ADDED ITEMS

Midway Wholesale

Commissioner Miller acknowledged receipt of a letter from Ken Daniel addressed to Mr. Kinsinger dated November 15, 2006. *(A copy of this letter is attached to the original Minutes.)* He explained the letter was requesting incentive monies relating to the retention and possible expansion of Mr. Daniel's company, Midway Wholesale. Commissioner Miller made the motion **to add the request from Mr. Ken Daniel, Midway Wholesale to the agenda.** Mayor Bunton seconded the motion. Motion carried unanimously.

Mr. Ken Daniel with Midway Wholesale gave a brief explanation of his request. Mr. Daniel explained they would like to spend about \$1 million at the 3rd and Chandler building a new building. He said after spending the \$1

million they would have a building worth only \$750,000. So, the \$250,000 would come from their equity. Mr. Daniel stated he needed the equity in the business, so he was requesting \$250,000 to build the building and then he and his partners would put that \$250,000 (from their own pockets) back into the business as permanent equity. Mr. Daniel stated the net effect was that he had a project that was not economically feasible standing on its own because of it's location. So, he was asking JEDO to consider a totally different approach than they had ever considered. Mr. Daniel reported they had a history of 36 years of constant growth. He stated he had received offers to sell, but he wanted to stay a Kansas owned and Topeka owned company.

Mr. Kinsinger expressed concern that if they helped Mr. Daniel, every other developer or company in town would be on JEDO's doorstep asking that they be treated the same.

Commissioner Miller made a motion to offer \$250,000 in the fashion requested. Commissioner Ensley seconded the motion.

Councilman Clark Duffy stated he would support the motion, but it was clearly not consistent with policy adopted by this body; it was consistent with economic development strategy.

Councilman Brett Blackburn questioned where this board was going to draw the line. He noted he had a sizeable out-of-pocket investment in his own company. Mr. Blackburn questioned how would they turn down the next request.

Commissioner Miller said having a policy did confine them to a narrow set of thinking; there was case by case. He recalled they experienced that a few months ago when JEDO made exceptions for VENTRIA. Commissioner Miller stated he did not have a problem looking at policy and attempting to adhere to it and making exceptions when appropriate.

After a full discussion, the vote was taken. Motion Carried with Commissioner Marice Kane voting no and Councilman Bret Blackburn abstaining.

A request that JEDO reconsider and reimburse the City of Topeka 75-percent of the \$560,000 used for CIP money for the Wanamaker project.

Councilman Brett Blackburn recalled JEDO had looked at maybe reversing the City of Topeka for money expended on the Wanamaker project from 37th Street to 39th Street. Councilman Blackburn felt this paralleled what this body did as it related to the Croco Road project. Councilman Blackburn made a **motion to add the Wanamaker project to the agenda**. Councilman Jeff Preisner seconded the motion. Motion carried, with Commissioners Kane, Miller and Ensley voting no.

Councilman Blackburn made a motion that **JEDO reconsider and reimburse the City of Topeka 75-percent of the \$560,000 used for CIP money for that project**. Councilman Jeff Preisner seconded the motion.

Councilman Preisner asked the actual amount. Mr. Kinsinger responded it would be \$420,000. Commissioner Ensley asked about funding. Commissioner Miller stated it would come from the sales tax fund.

After a full discussion, the vote was taken. Motion failed: Commissioners Kane, Miller, Ensley and Mayor Bunton voting no.

The addition of \$350,000 to implement Goal 6 of the economic development plan.

Councilman Clark Duffy made a motion to **add to the agenda the addition of \$350,000 to implement Goal 6 of the economic development plan for Downtown Topeka**. Councilman Blackburn seconded the motion. Motion carried, with Mayor Bunton and Commissioner Kane voting no.

After a brief explanation by Councilman Duffy, Commissioner Miller made a motion to **table this until the next JEDO meeting**. Commissioner Ensley seconded the motion. Motion failed 3-4. Commissioners Kane, Ensley, Miller and Mayor Bunton voting no.

Mayor Bunton stated in the last couple weeks, there had been a proposal for \$2,050,000 of JEDO money to be spent on improvements at Heartland Park; he just learned today of \$897,000 regarding a development in Topeka; Councilman Blackburn's proposal was for \$420,000; and Councilman Duffy's proposal was \$350,000. Mayor Bunton said he agreed

with Commissioner Miller that they could look at certain proposals and they did not have to be completely inflexible; but, by and large, this proposal was to change the policy and begin to fund projects rather than keep the money as an incentive to bring businesses or expand businesses in this City. Mayor Bunton stated his opposition and his appreciation that different people had a different view than his. But, he wanted it clear that he believed this money was being well spent. Mayor Bunton stated he did not vote to table this issue because he did not believe that was the right policy and he was prepared to vote against it and that he would continue to do so as a member of this Board.

Councilman Blackburn expressed his support. He said he did not understand why Downtown Topeka would not fit the scope of the ballot question, e.g., how Downtown Topeka could not qualify under that one line of economic development.

Commissioner Miller stated he did not disagree with Councilman Blackburn that the purpose of the expenditure was economic development. He felt the Mayor was trying to say where policy seemed to reflect maximum leverage of their monies, they could spend the \$5 million a year in a single day in various noble enterprises that would all fit the description of economic development. It was the maximization of that limited amount of money that confined them to having to make choices. Commissioner Miller stated he was not prepared to vote for the motion today. He would be voting no simply because he did not feel it got a fair presentation.

After a full discussion, the vote was taken. Motion failed with Commissioners Kane, Ensley, Miller and Mayor Bunton voting no.

Meeting adjourned.