

Joint Economic Development Organization Board Minutes
June 1, 2010
3:30 p.m.

The Joint Economic Development Organization (JEDO) Board met at 3:30 p.m. with the following Board members present: Shawnee County Commissioner Ted Ensley, Chair; County Commissioner Shelly Buhler; County Commissioner Vic Miller; City of Topeka Mayor Bill Bunten, Deputy Mayor Deborah Swank, City of Topeka Council Member Sylvia Ortiz and Council Member Jeff Preisner.

OTHERS PRESENT: Council member Larry Wolgast; City Manager Norton Bonaparte; City Attorney Jackie Williams; County Counselor Rich Eckert; Doug Glenn with Mayer, Hoffman, McCann; Brad Owen with Mize Houser; Angela Sharp with Bartlett & West Engineers; Eileen Caspers with Washburn Tech; Jeff Wietharn with Coffman DeFries & Nothern; Glenda Overstreet; Joe Ledbetter; Sandy Lassiter; Lazone Grays; Marcus White with WIBW; Rick Wienckowski, Hills Pet Nutrition; Bill Moore, Westar Energy; Steve Briman, Bartlett & West; Scott Griffith, INTRUST Bank; Lucky DeFries, Coffman, DeFries & Nothern; John Dicus, Capitol Federal; Doug Kinsinger, Chamber of Commerce; Steve Jenkins, Chamber of Commerce; Dan Schemm, Chamber of Commerce; Kathy Moellenberndt, Chamber of Commerce; Cyndi Hermocillo-Legg, Chamber of Commerce; Ande Davis, Chamber of Commerce; Nora Patton Taylor, Chamber of Commerce.

County Commissioner Ted Ensley called roll.

ITEM NO. 1: The JEDO meeting minutes of May 15, 2010 were approved.

Commissioner Miller moved approval of the May 15, 2010 minutes, seconded by Councilman Jeff Preisner. The motion carried unanimously.

ITEM NO. 2: Presentation and acceptance of the GO Topeka audit as of December 31, 2009 and 2008.

Doug Glenn with Mayer, Hoffman, McCann P.C. gave a brief overview of the GO Topeka/Shawnee County, Inc. Financial Statements and Auditors' Report as of December 31, 2009. He indicated the audited financial statements were presented to Go Topeka Board. They visited with the Go Topeka Board about internal controls and noted to that Board there were no internal control findings this year.

Mayor Bunten asked what equipment was depreciating in the amount of \$26,000 to \$27,000 a year. Mr. Glenn said there is office equipment and computers in the name of Go Topeka. Mayor Bunten said if equipment is bought to replace that which is depreciating if that is approved by this Board or the Go Topeka Board. Doug Kinsinger with Go Topeka said that is in the budget submitted to the Board in terms of items for equipment. Mayor Bunten said Government does not pay taxes. The purpose of depreciation is to accrue funds to replace equipment so it's a valid expense. Mr. Glenn said depreciation for an institute like Go Topeka, a

Commissioner Miller asked about the measurement on retention of jobs, if there are more than 50 jobs at Del Monte. Mr. Kinsinger said yes. Commissioner Miller asked if employment is cut how the Board is going to know where they're cut. Mr. Kinsinger said they are under an incentive agreement under a prior contract that requires Del Monte to keep the minimum number of jobs in the range of 220. They would be required to keep the existing number and 50 would be part of their existing number, six would be added. Commissioner Miller said they have 220 jobs now and part of the clawback on this incentive is that they retain 50 jobs. So if they go back to 200 jobs there will be a clawback on this agreement and the prior one. Mr. Kinsinger said that was correct. Part of their other agreement was for the expansion of the distribution center. Steve Jenkins with Go Topeka said the previous incentive was the distribution facility and this is manufacturing. They knew these 50 were going to be eliminated positions that were not put in the claw with any other previous agreement. They were going to eliminate 50 additional employees.

Mr. Jenkins said this is a separate agreement and has nothing to do with anything in which they are covered in an existing incentive agreement. Commissioner Miller said the existing incentive agreement requires they maintain how many jobs. Mr. Jenkins said 220 but they have more than 220 at the facility. Dan Schemm with Go Topeka said there are 285 jobs currently. Those 50 will be given position descriptions and work from that baseline so that 50 jobs in this incentive agreement are the ones they're looking at. Mr. Jenkins said this does not cover or overlap a previous agreement. They have more employees at the facility than covered under the previous agreement. Commissioner Miller said his original question is how we are going to track these 50 jobs. Is it by the total number of employees or as Mr. Schemm just described, specific designated employees. Mr. Jenkins said it was not specific employees, it was employment positions and they will track these employees separate from and exclusive of the previous agreement which is being tracked separately with those employees. There are two agreements that are tracking differently and are being measured exclusive of each other.

Commissioner Miller said he's a little uncomfortable that the provisions are not rock specific then we end up losing. He asked if there was a way to approve this incentive and still reserve the right to approve the language. He wanted the attorneys to review the incentive language to make sure it works like the Board intends. Jeff Wietharn with Coffman DeFries & Nothern said he could get the answers. Mr. Jenkins said the Board could approve the incentive subject to approval of the agreement. **Commissioner Miller made that motion. Councilman Preisner seconded the motion.**

Mr. Kinsinger asked who the Board wanted to approve the agreement before it's executed; City and County legal staff. Commissioner Miller said it

was his preference this Body signs off on the agreement and it could be reviewed at the next JEDO Board meeting. Mr. Kinsinger asked if there would be a way to appoint a group out of this Body to approve it, where they could either consult with the City and County attorney or if there are members of this group that want to work with the City and County to approve it, because he would hate to delay it another month. Mr. Kinsinger said Del Monte doesn't want to go forward without knowing the incentive is in place. He would think this is fairly simple language that they could make sure everybody was comfortable with. Commissioner Miller said we've made that mistake before. We treated it too simply and didn't give it a close enough look and it was very bad for everybody, both the client and Government. Particularly with a situation that's complicated by the fact they have two thresholds.

Councilman Preisner asked for clarification on how they will differentiate between the original agreement with 220 employees and if the 56 employees was going to be by job description. Mr. Kinsinger said it was not by person specific. Mr. Jenkins said it will be the skilled position, not the person. Mr. Kinsinger said typically how they measured was based upon hours worked. It's expected there will be turnover in a facility of any size. It's measured by hours per position at 2,080. Mr. Jenkins said it is audited every year.

Mr. Jenkins said this allows those 50 employees not to be eliminated because of the expansion of the operation not covered by the previous agreement. Commissioner Ensley asked if there was a time frame for the six jobs. Mr. Kinsinger said they have 5 years to perform.

Commissioner Buhler asked who normally approves the agreement with the formal language. Mr. Kinsinger said their policy has been to go before the City and County's legal staff. Deputy Mayor Swank asked if the City and County legal staff had seen this yet. County Counselor Rich Eckert said he reviewed it approximately a week ago. City Attorney Jackie Williams said his staff has seen it. Deputy Mayor Swank said she would be comfortable if the final check would be the legal staff rather than having to come back together. She said with that was a motion to discuss that portion of it. Commissioner Miller said he didn't have a problem with that. He just wanted to keep that aside until they know whether or not they were going to support the incentive.

Commissioner Ensley called for the vote. The motion carried unanimously.

Commissioner Miller said his motion would be to require the approval of clawback language by respective counsel for the City and County and final approval by the Chairman of this Board. Councilman Preisner seconded the motion. The motion carried unanimously.

Review and consideration of proposed incentive offer for Bimbo/Allen Foods.

Steve Jenkins said Bimbo Bakeries USA has a fully owned subsidiary by the name of Allen Foods that is solely focused on bakery products. They will be in this facility baking bread. Mr. Jenkins reviewed the following:



Bimbo Bakeries/ Allen Foods

Type of Industry	Manufacturing
Capital Investment	\$15,000,000 Building \$15,000,000 M & E \$30,000,000
Employment	<ul style="list-style-type: none">▪ Company positions: \$5,500 for each of the 25 company positions or \$137,500<ul style="list-style-type: none">▪ 18 production @ \$19/hr plus benefits▪ 7 management @ \$65,000 plus benefitsThis will be paid out over a 3-5 year period to be negotiated with the company.▪ Contract/Leased Employees (27) paid out over a 3-5 year period to be negotiated with the company:<ul style="list-style-type: none">▪ \$3,500 for positions paying \$15/hr.▪ \$4,000 for positions paying \$16/hr.▪ \$4,500 for positions paying \$17/hr.
Land	GO Topeka will deed 20 acres of land in the Central Crossing Commerce Park at no cost. The value of the land is \$30,000/acre for a total value of \$600,000. Additional land will be available adjacent to the site for possible expansion.
Tax Abatement	Company will request tax abatement from the County



Mr. Jenkins said the building is being built for two lines. They're being told within two years the second line will be installed so the building will be fully operational on two lines and that is all they intend to have in any one plant. Mr. Jenkins said in addition to the 52 positions with a second line they may be looking at an additional 20 to 25 employees. They are not ready to make that commitment and obligation and so this agreement does not take that into account. If they expand and went to a second line they would come before this Body again and ask for additional funding for that line.

Councilman Preisner asked should the company leave Topeka and vacate the property, if the land reverts back to Go Topeka. Mr. Jenkins said typically not because there's a building asset that is marketable sitting on the site. Commissioner Miller said the point is they would already have the land and they would be gone. He asked if there's a clawback for the land. Mr. Jenkins said typically they do not have a clawback for the land. They do on the cash incentive. He said this is typical of economic development organizations to give land, and you have a building asset sitting on that land that is marketable. This would be 135,000 square foot building completely empty, which would be a marketable asset. Commissioner Miller said that did not get the \$600,000 back and asked if they leave how the \$600,000 is recovered. Mr. Jenkins said the point is you have an economic asset to market for another company to fill that building long

term. Typically economic development organizations do not claw the land back because it is a head ache. Commissioner Miller said not the land but the value of the land. Mr. Jenkins said they could certainly do that but he would not recommend it because they have not used that procedure before. Mr. Kinsinger said in prior contracts they required some clawback if they did not develop and if they did not put the building on. There was a period of time where they had to improve the property, where they knew they would have a tax base long term. He said if they own that building and it sits vacant, even if they apply for tax abatement, at the end of that tax abatement clock, it still goes on the tax roll. He said they have not required a clawback on the value of the land.

Councilman Preisner said historically what has been seen on this type of development, that does not transpire. You have a building with asset, a company that's gone that owns the building but we have the land. Mr. Jenkins said they have to be in operation within 12 months of starting construction. Council member Sylvia Ortiz asked if there is room for expansion. Mr. Jenkins said there is room for expansion on the site.

Councilman Preisner made a motion to approve the incentive as presented, seconded by Council member Ortiz. The motion carried unanimously.

ITEM NO. 4: Update on Kanza Fire Commerce Park Infrastructure.

Steve Jenkins reviewed Kanza Fire Commerce Park Engineering Phase 1 below. He said they're going to buy a piece of KDOT land at the Highway 75 and Gary Ormsby Drive interchange. That piece of property is needed in order to make this work well. They propose to buy it for \$32,250.00 for 4.4 acres. A small triangle of land is going to be given back which gives an area for an off ramp. That would leave a land acquisition balance of \$125,205.00.

Mr. Jenkins



**Kanza Fire Commerce Park
Land Acquisition
Phase 1**

	JEDO Approved 10-13-09	Expended	Balance
Options	\$29,625	\$29,625	0
Land Acquisition	\$4,095,977.50	\$3,938,522.50	\$157,455.00
KDOT Acquisition		\$32,250	\$125,205.00



Mr. Jenkins reviewed the Kanza Fire Commerce Park Engineering Phase 1 information below.



Kanza Fire Commerce Park Engineering Phase 1

Total:	\$758,000	
• Platting & Zoning:		\$80,000
• Offsite Utilities:		\$535,000
• Force Main		\$12,000
• 16" Water Line		\$123,000
• 2 Million Gallon Storage Tank		\$400,000
• Entry, 400 ft. of finished street and grading with gravel surface to allow access to the center of the property:		\$50,000
• Pump station and force main:		\$48,000
• Railroad switch and stub out:		\$45,000

Approved by JEDO 10-13-09



Angela Sharp with Bartlett and West reviewed Kanza Fire Commerce Park Phase 1 Engineering and said she took the budget Mr. Jenkins reviewed, made revisions and added information.

KANZA FIRE COMMERCE PARK PHASE I ENGINEERING

ITEM	APPROVED BUDGET	REVISED SCOPE	CURRENT CONTRACT AMOUNT	INVOICED TO DATE	BALANCE IN CURRENT CONTRACT	FUTURE WORK
PLATTING & ZONING	\$80,000		\$50,000	\$48,000	\$2,000	\$30,000
PUMP STATION & FORCEMAIN	\$48,000		\$48,000			
OFF SITE FORCEMAIN	\$12,000	(\$12,000)				
ON SITE GRAVITY SEWER		\$50,000	\$50,000			
TOTAL			\$98,000	\$86,240	\$11,760	
16" WATER LINE	\$123,000	\$7,000	\$130,000			
OFF SITE GRAVITY SEWER		\$67,500	\$67,500			
GRAVITY SEWER TO HPT		\$9,200	\$9,200			
TOTAL			\$206,700	\$59,250	\$147,450	
2 MILLION GAL STORAGE TANK	\$400,000					\$400,000
INNOVATION PARKWAY (ENTRANCE & 400 LF)	\$50,000					\$50,000
RAILROAD SWITCH & STUB	\$45,000					\$45,000
TOTALS	\$758,000	\$121,700	\$354,700	\$193,490	\$161,210	\$525,000



There was originally \$12,000 for an off-site force main extension to provide service just for Kanza Fire for a force main to tie into the Shunga interceptor. Since that time they opted to go with an interceptor sewer that could serve other areas between Kanza Fire and its connection to the Shunga interceptor. Ms. Sharp said initially just the water line was a part of the contract that would provide water service to the north side of Kanza Fire and extend up to north of where the golf course is located. That is a 16 inch water line to provide better service to the area. Since then an extension of the water line was added further to the

East. They also looked at the offsite gravity sewer that would extend on up to the Shunga interceptor.

Ms. Sharp said one other item was an extension of the gravity sewer since they are taking the public service from Kanza Fire up to the Shunga interceptor, with an extension to the East and under Topeka Boulevard so this could be provided to Heartland Park that is currently on a lagoon system. Another advantage to extending it to the East would be that a gravity sewer can be extended along the East edge of Kanza Fire to provide service to the eastern portion of Commerce Park as well.

Ms. Sharp said out of the \$80,000 approved for platting and zoning there's a contract for \$50,000 for the first phase. The zoning is completed and approved through the County and the final plat is in the last stages through the City. The \$30,000 for future work would be the second phase of the Industrial Park that is to the west of Highway 75.

Ms. Sharp said there is a portion of gravity sanitary sewer that will provide service to the southern portion of Kanza Fire that will go down to a pump station located off 85th Street. That will pump into a force main that takes it up to the new Innovation Parkway, the new street through Kanza Fire. There's a gravity sewer that would eventually tie into the other interceptor sewer that would come up to the Shunga interceptor.

Ms. Sharp said the offsite utilities are the sewer and water that extend up to the north side of Kanza Fire. The first portion was only the water line. The other line items were the \$7,000 to extend the design to extend the water line east towards Heartland Park which would eventually be a looping system along Topeka Boulevard that will provide better service to the entire Commerce Park and the additional gravity sewer. The last item is the future work. The 2 million gallon storage tank also includes the upgrading of the water pump station north of the golf course installed in the early 50's that needs upgraded. It also includes extension of water lines between what is currently designed up to where the new water tower would be. The railroad switch and stub has not been designed and probably won't be until there is a user so they know exactly what is needed. Mr. Jenkins said there is a major European prospect looking at a site here.

Ms. Sharp reviewed the Phase I construction cost estimates.

**KANZA FIRE COMMERCE PARK
PHASE I CONSTRUCTION COST ESTIMATES**

ITEM	ESTIMATED CONSTRUCTION COST
PUMP STATION FORCEMAIN & GRAVITY SEWER	\$285,000
SUB-TOTAL	\$655,000
	\$940,000
16" WATER LINE OFF SITE GRAVITY SEWER	\$1,068,000
SUB-TOTAL	\$480,000
	\$1,548,000
	\$2,488,000
EPA GRANT	-\$485,000
TOTAL	\$2,003,000
POSSIBLE ADD ALTERNATIVE GRAVITY SEWER TO HPT	\$990,000



Commissioner Miller asked if the EPA Grant amount was what the Board had to pay. Ms. Sharp said that was the match the EPA would pay. She said the possible add alternate in the amount of \$990,000 is the piece of gravity sewer that would extend from the north end of Commerce Park to the east down slightly under the railroad tracks and underneath Topeka Boulevard, over to Heartland Park. The reason it was chosen to go ahead and design that portion and the reason it would be a good idea to construct that is because that sanitary sewer is quite deep. There is a ridge that runs through the eastern portion of Kanza Fire. They were trying to retain as much land as they possibly could for development. In doing so they have all the utilities and utility corridor along the north side of Kanza Fire. They have the water line, sewer line and gas line compacted in. With the sewer being the deepest, if they do not extend the sanitary sewer over to Heartland Park now, they will in the future have to move it further to the south and into the developable property so they can construct it.

Ms. Sharp said an item not listed is for the portion of the gravity sewer that would serve the south side of Kanza Fire. That portion is \$650,000 and is another alternate in the contract that's under design. Commissioner Miller asked what "not funded as part of Kanza Fire" meant. He asked who was going to fund the \$990,000. Ms. Sharp said that is an alternate on the contract. She assumed that would be a match between the City and Go Topeka but she did not know. Mr. Jenkins said there had been conversation with Heartland Park because they have a severe issue over there with sewer. It also keeps the development of the land at bay. He said they didn't know who was going to pay for it but it was not a part of this project. Mr. Jenkins said with the bids they are receiving right now, if they receive good bids, as Ms. Sharp said, this is the time to put it in. Others have to come to the table to pay for it. Commissioner Miller said the answer was someone else.

Councilman Preisner said the identified revenue source for the debt service of this project is the quarter cent sales tax. Mr. Kinsinger said for everything so far for the economic development portion. He said this

is what was approved in the budget the Board gave them at the end of last year for infrastructure.

Ms. Sharp reviewed the Proposed Schedule for Water and Sanitary Sewer Projects Off-Site and Onsite. She indicated the only caveat to the date for obtaining the easements was there are seven privately owned property owners they are conversing with that if they have to go to condemnation that could take another couple of months to go through the condemnation process. The plan approval on September 3, 2010 is contingent upon the EPA review.

**Proposed Schedule for Water & Sanitary Sewer Projects
North of Kanza Fire**

Task	Target Date
Submit Final Plans to COT, SC, Go Topeka & EPA(?)	7/26/2010
Submit Easements to COT	6/11/2010
Obtain Easements	8/31/2010
Plan Approval	9/3/2010
Advertise for Bids	9/20/2010
Bid Opening	10/20/2010
Begin Construction	12/10/2010
End Construction	5/31/2011



**Proposed Schedule for Sanitary Sewer Projects in Kanza Fire
COT Project No T-401020.00**

Task	Target Date
Submit Plans to City Engineering	5/27/2010
City of Topeka Plan Approval	7/15/2010
KDHE Plan Approval	7/15/2010
Bid Opening	8/16/2010
Start Construction	9/6/2010
End Construction Gravity Sewer	12/6/2010
End Construction Pump Station and Force Main	12/23/2010



Commissioner Ensley asked who approves the bids and signs the contracts. Ms. Sharp said these are going to be City projects.

ITEM NO. 5: The First Quarter 2010 GO Topeka Progress Report was reviewed.

Steve Jenkins briefly reviewed the key accountabilities that JEDO holds them accountable for. Mr. Jenkins said they set an ambitious goal of 1,000 new leads. In the first quarter which ended in March, there were 139. The end of May figures push it above the half way mark. On the new qualified projects they have 2 in the first quarter, out of their goal of 100. They are seeing softening on that because of one factor, the credit market. Companies are not making decisions until they figure out what's going to happen with the credit market. Projects now being funded are being funded out of company's reserves. Mr. Jenkins said the hope is the latter part of this year there will be some positive changes in the credit market. He said they are seeing apprehensions now that if the oil spill is not controlled and there's significant clean up, what kind of impact that's going to have.

Mr. Jenkins said the Capital investment goal was \$100 million and they bid \$64,400,000 million in the first quarter. With the Allen Foods project it's pushing it closer to the \$100 million goal. On the Entrepreneurial/Minority Business Development, they are pursuing the creation of a microloan fund called First Opportunity fund. It will be a Certified Community Development Finance Institution which they received in January from the Department of Treasury. They have capitalized that fund with the combination of DBE funds and the Chamber Foundation at \$403,000 and they have a request into Treasury to match those dollars. He said they anticipate hearing something mid June in terms of the Treasury's infusion of capital. Mr. Jenkins said the goal is modest for private capital, which could be local banks or investors of \$25,000. The goal was to have a microloan revolving fund that's going to range between \$750,000 and \$1 million. If they can do that it's going to be substantial for this community for those disadvantaged small businesses.

Mr. Jenkins made note of having a CDFI, certified by the Department of Treasury allows them also to become a CDE or Community Development Entity. If their requests are successful, it will bring new market tax credits. So that is being pursued. Another goal is to increase the capabilities of the Disadvantaged Business Enterprise population by having four First Step FastTrac and two childcare FastTrac programs. They are working on webinars for small businesses and workshops to continue to support that particular clientele in helping them be successful and create jobs as well as economic activity for that particular sector.

Meeting adjourned.