

**Joint Economic Development Organization Board Minutes
June 24, 2015**

Law Enforcement Center, 320 S. Kansas Avenue, Classroom A, Topeka, Kansas, Wednesday, June 24, 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, Councilmembers Michelle De La Isla and Jeffrey Coen; and Shawnee County Commissioners Shelly Buhler, Kevin Cook and Bob Archer -6. City of Topeka Mayor Larry Wolgast presided -1.

Nonvoting Members present: Councilmembers Sandra Clear, Jonathan Schumm and Brendan Jensen. Absent: Councilmembers Sylvia Ortiz, Elaine Schwartz and Richard Harmon.

Mayor Wolgast called the meeting to order. He announced the meeting was initially established at the request of Jay Garner for the purpose of discussing the current consulting project and was to be located at Heritage Hall; however, due to the request for a JEDO Board meeting by GO Topeka the two meetings were combined. He reported the JEDO Board meeting was relocated to the Law Enforcement Center so the meeting could be televised as required. He announced the JEDO Board meeting would be conducted first followed by the meeting conducted by Jay Garner; and GO Topeka has requested another JEDO Board meeting be held on July 1, 2015, in the City Council Chambers to consider three incentive projects.

DISCUSSION and possible ACTION on GO Topeka and Federal Home Loan Bank Topeka (Project Cedar), was presented.

Scott Smathers, GO Topeka Interim President and CEO, provided a brief overview of the Federal Home Loan Bank (FHLB) Topeka incentive proposal. He reported GO Topeka representatives have been in discussion with FHLB in regards to building a new 80,000 square foot facility at an estimated cost of \$20 million with an additional \$3.5 million invested in equipment costs. He highlighted the following:

- Estimate 17 new employees over a five year span that will average \$40,000 in annual salaries
- Retain over 220 employees that will average \$80,000 in annual salaries
- Incentive package includes:
 - Up to \$102,000 for new jobs to be paid over five years from the time the job is created requiring no clawback provision; \$4,000 for jobs paying \$40,000 to \$60,000 annually; and \$6,000 for jobs paying over \$60,000 annually
 - \$167,000 for investment includes \$8,000 per million for the building (Class A Office Space) and \$2,000 per million for the equipment
 - \$200,000 for the training of employees including improvement and certifications
 - \$780,000 matching funds from the City of Topeka for infrastructure improvements including \$650,000 for roads and \$130,000 for water
- FHLB has submitted a request for financing through Internal Revenue Bonds from Shawnee County

- FHLB will consider State funding program options

Mr. Smathers stated GO Topeka is requesting approval of the funding commitment for the Federal Home Loan Bank Topeka Project.

Mayor Wolgast clarified the Board is only considering the funding commitment at this time, not the incentive agreement.

Commissioner Cook asked if FHLB plans to utilize local contractors, engineers and architects and stated this would be his preference to keep local tax dollars in the local economy.

Patrick Doran, Senior Vice President and General Counsel, Federal Home Loan Bank Topeka, reported FHLB is a wholesale lender that has been a part of the community for over 80 years occupying a four state region including Kansas, Oklahoma, Colorado and Nebraska. He expressed his appreciation of the efforts made by JEDO as a whole, Scott Smathers of GO Topeka, and City Manager Jim Colson and City staff members for working with FHLB in reaching this point in the process. He stated it would be the goal of FHLB to use local contractors; however, he could not make a commitment at this time because they have not yet reached that point in the process.

Mayor Wolgast stated he looks forward to a successful project and commended FHLB for choosing to remain in the Topeka-Shawnee County area as they provide a great benefit to the overall community. He asked when the project would be complete.

Mr. Doran stated it was their hope to relocate to the new facility in three years.

Councilmember Schumm expressed concern with the City's matching fund requirement for street and infrastructure improvements. He asked what year the City should plan for the funds to be allocated or have the funds already been included in the City's expenditure authority outlined in the budget.

Jim Colson, City of Topeka City Manager, reported the funds outlined in the incentive package will be allocated from utility and half-cent sales tax funds and are projects the City has already planned to complete, specifically street and utility investments at the SW 6th and Wanamaker roundabout and proceeding north. He stated they anticipate the work would be done in late 2016 or early 2017; however, improvements on Wanamaker will not be completed until after the construction phase to avoid the use of heavy equipment on new street improvements.

Deputy Mayor Hiller asked what the new 17 jobs would entail.

Mr. Doran stated the majority of the new jobs would consist of information technology professionals as well as some compliance positions.

Commissioner Archer moved to approve the Federal Home Loan Bank of Topeka funding commitment pending review and approval of the contract at a later date. The motion was seconded by Councilmember De La Isla.

Mayor Wolgast asked if there was anyone present who would like to speak to the matter.

Joseph Ledbetter spoke in support of the project. He expressed his discontent with the public not receiving handouts or information about the project prior to the meeting and questioned why JEDO Board members continue to allow GO Topeka to present projects with no supporting documentation.

Jack Sossoman stated he concurs with Mr. Ledbetter. He expressed concern with having no idea of what would be discussed at the JEDO Board meeting and questioned when the management of the city will become open and transparent with JEDO, GO Topeka and the agendas being distributed.

Carol Marple stated she concurs with Mr. Ledbetter and Mr. Sossoman. She questioned how many members of the JEDO Board truly understand what will be accomplished by Project Cedar. She expressed concern with the Topeka Chamber of Commerce hiring one person to operate both GO Topeka and The Chamber of Commerce.

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 billion corporation that could provide its own funding for expansion and relocation 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. He expressed concern with setting precedence for other large corporations to request the same type of incentives as well as it provides no guarantee the Topeka division of FHLB will remain in Topeka. He stated as a Board they need to discuss the problems in the community relating to taxes and funding cuts for schools and then design the economic development plan to accommodate these issues so it works for the community.

Commissioner Cook reported he was aware of the project details prior to the JEDO Board meeting. He stated he meets with Scott Smathers, GO Topeka, on a regular basis to remain informed on the projects GO Topeka is working on as well as how tax dollars are being managed. He spoke in support of the project and stated it was an excellent investment for the community and would have an immeasurable economic impact.

Commissioner Archer stated he concurs with Commissioner Cook and believes it will be a tremendous win for the community, JEDO and GO Topeka, and noted those individuals that do not agree must be uninformed.

The motion to approve the Federal Home Loan Bank of Topeka funding commitment pending review and approval of the contract at a later date carried unanimously. (7-0-0)

Joseph Ledbetter appeared to speak under public comment. He expressed concern with JEDO Board members not being respectful to citizens regarding their right to express their own opinions. He stated all citizens have the right to question every aspect of any incentive proposal presented by GO Topeka, including how economic development dollars are spent. He stated the problems that evolve from JEDO meetings are directly related to the lack of trust by the public and he believes it is the responsibility of JEDO Board members to gain back public trust. He expressed concern with the

amount of money being paid to GO Topeka and the less than satisfactory services they provide. He asked JEDO Board members to demand better from GO Topeka.

Jack Sossoman appeared to speak under public comment. He stated he concurs with Mr. Ledbetter. He stated it is vital to have information and details on proposals being considered prior to JEDO Board meetings to allow the public to be fully engaged in discussion.

Carol Marple appeared to speak under public comment. She stated she concurs with Mr. Ledbetter and Mr. Sossoman. She expressed the importance of JEDO Board members paying attention during meetings and respectfully listening to citizen input.

Cark Trammell appeared to speak under public comment. He stated he continues to disagree with offering an incentive proposal to FHLB. He reminded JEDO Board members they need to take into consideration the Chief Executive Officer of GO Topeka has resigned and the major changes happening in the tax structure of the State and the funding of schools, all having a negative trickle-down effect on the economic development dynamics of the state of Kansas as a whole. He encouraged JEDO Board members to ask GO Topeka what changes they are making in their business plan, what target markets are being considered and how those target markets differ from before to ensure tax dollars are spent responsibly.

Scott Griffiths thanked JEDO Board members for approving the incentive proposal for FHLB. He stated GO Topeka presents their business plan and a detailed budget to the JEDO Board on an annual basis as well as quarterly reports. He reported GO Topeka makes changes as needed and they continue to evaluate how they conduct business as processes move along.

Mayor Wolgast reported project names are created because the majority of business proposals include a confidentiality agreement.

No further business appearing the meeting was adjourned at 6:38 p.m.