Topeka Development Corporation Board of Directors Meeting Minutes
July 15, 2025.

The Topeka Development Corporation (TDC) Board of Directors met at 5:00 p.m. with the following Board of Directors present: Karen Hiller, Christina Valdiva-Alcala, David Banks, Brett Kell, Neil Dobler, Spencer Duncan and Michelle Hoferer -7. Board President Michael Padilla presided -1. Absent: Sylvia Ortiz and Marcus Miller -2.

Public comment for the meeting was available via Zoom or in-person. Individuals were required to contact the City Clerk's Office at 785-368-3940 or via email at cclerk@topeka.org by no later than 4:00 p.m. on July 15, 2025, after which the City Clerk's Office provided the Zoom link information and protocols prior to the meeting start time. Written public comment was also considered to the extent it was personally submitted at the meeting or to the City Clerk's Office located at 215 SE 7th Street, Room 166, Topeka, Kansas, 66603 or via email at cclerk@topeka.org on or before July 15, 2025.

APPROVAL of July 1, 2025, Minutes.

Board Vice President Dobler moved to approve the minutes. The motion seconded by Director Banks carried unanimously on voice vote. (8-0-0)

DISCUSSION on the potential terms for the sale of the Hotel to a third party.

Braxton Copley, Project Manager, distributed a Letter of Intent from Endeavor Hotel Group, LLC and provided a summary of the terms of the agreement offer. (Attachment A). He stated the letter of intent was structured to guarantee the City will be reimbursed $12.2 million in expenses for operations and the purchase of the Hotel by receiving a $1 million cash payment and accumulating the remaining $11.2 million from a 24-year Transient Guest Tax (TGT) Funds Increment as well as a 22-year Community Improvement District (CID) Funds Increment. The Letter of Intent also includes rehabilitating the existing hotel space as well as flagging the hotel under a Wyndham Brand. Roy Arnold, Chief Executive Officer (CEO) and President of Endeavor Hotel Group, LLC plans to spend close to $6 million for the rehabilitation of the hotel as well as an estimated $2 million to cashflow the hotel until it has stabilized and turns a profit. He reported the City spent approximately $1.2 million supplementing hotel operations in 2024 and approximately $1 million has been spent to date in 2025.

Endeavor Hotel Group, LLC, has made the offer contingent upon the following agreements with Shawnee County:

1. The County agrees to fund the estimated $6.1 million in rehabilitation of Manor Conference Center.
2. The County enters into a long-term management agreement to allow the Hotel to have the rights to market the Manor Property (*i.e.* to rent rooms as well as capture revenue for food and beverage sales inside of the property.)

3. The County enters into a long-term management agreement to allow the Hotel to have the rights to market the Expo-Centre, Agricultural Hall and Heritage Hall. It was noted that the County was currently under contract with a third party until 2028.
4. The City or County issues Industrial Revenue Bonds (IRB) in which three different provisions/benefits can be extended as follows:

   - To issue bonds estimated in the amount of $6 million, which the Endeavor Group, LLC would be solely responsible for paying back the bonds (City or County would only be the issuer)
   - A real property tax exemption for a period of 10 years (statutorily the maximum amount that can be given)
   - A point of purchase retail sales tax exemption to be contemplated to cover the purchase of materials necessary in the rehabilitation.

Director Ortiz entered the room.

Director Kell inquired if the CID would include other areas of the hotel campus.

Project Manager Copley reported there have been discussions with the County regarding establishing a CID on the entire hotel campus with the County capturing CID revenue from the Expo-Centre and Agricultural Hall; and the City capturing CID revenue from the Hotel and Manor Conference Center. The next step would be for the County Commission to act on the CID as the owner of the tracts, followed by the execution of an interlocal agreement between the City and County.

Director Hiller inquired about the percentages guaranteed to the City from the TGT, property tax as well as sales tax and if there would be a dollar cap or a time cap on said percentages.

Project Manager Copley reported there would be a tax exemption of approximately 92% for 10 years for real property, and the City would estimate the average amount of TGT paid by Hotel Topeka over the last three years which would remain at the current rate of 7%, and due to the established charter ordinance the percentage will drop down to 6% in 2028 and 5% in 2029. He stated a charter ordinance amendment would be necessary to continue the TGT at the current percentage. He recommended establishing a dollar amount to provide an incentive if the Developer can make the property generate revenue and pay off the $11.2 million sooner and then the City would be able to capture the remaining CID revenue.

Board Vice President Dobler spoke in support of the proposal and explained the City bought Hotel Topeka to ensure the city would not have another vacant building. He spoke about the many components that went into making the proposal successful including finding non-taxpayer funds for the purchase price of the hotel, funding the rehabilitation of the hotel, and keeping up with current operating costs of over $1 million a year. He shared the positive outcomes of the proposal including a local Developer with plans to flag the hotel as well as creating a Private/City/County partnership - all with the goal to improve the Hotel and Manor Conference Center dramatically. He noted it seemed the County was eager to become part of the partnership. He spoke to the importance of bringing back national conferences to the Topeka area and the faster the Developer can make this deal a success the faster the City will be repaid. He stated it was unreasonable to expect someone to pay the City $7 million for the hotel and then rehabilitate the hotel for an additional $6 million - ultimately this offer will provide financial relief for the hotel from the City.

Director Duncan stated he concurs with Board Vice President Dobler and spoke in support of the offer. He stated the sale upholds the pledge he and many on the Governing Body made when it was purchased, that it would be sold and taxpayers' money would not be used to renovate the hotel, and the Governing Body would make the taxpayers whole. He noted this was the best offer the Governing Body received. There were other offers, however, none made the taxpayers whole. Other offers not only wanted to pay half or less of what had been invested but to also retain the CID. He reported the offer removes expenses from the general fund while guaranteeing all payments are covered with other dollars as well as recoups taxpayer funds that were used to maintain the hotel while under City ownership. He also reported the sale was to a reputable Hotelier with an industry portfolio that provides a brand name flag for the Hotel and ensures a bright future for the City's only large conference center, which was essential for a Capital city. The sale keeps current businesses in Topeka as well as brings businesses back to the Capital city. Supports other hotels, restaurants and retail establishments all of whom were supportive of the City making the initial move to support their businesses in Topeka. It brings in new sales tax revenue and protects the investment made by the County on behalf of taxpayers to the tune of more than $50 million at the Stormont Vail Events Center. He expressed his confidence in the County to work out an agreement with the individual and bring the Manor Conference Center up to the same operational standards as the hotel. He looks forward to the City of Topeka moving forward with the process and having a very profitable facility that will also bring in additional sales tax revenue.

Director Banks stated he was excited about the offer and the information that has been provided. He asked if they have the ability to tour other hotels owned by Endeavor.

Director Kell reminded citizens that TGT was a "user" tax and comes from those individuals staying at the hotel. He stated he looks forward to a great partnership with the County.

Board President Padilla shared he has toured other properties of Endeavor Groups, LLC and does not see any issues. He stated he looks forward to working with the County to enhance the property and provide the opportunity for national conferences to return to the area. He thanked Staff for their work on the project and being mindful of the end goal of the Board.

Director Hiller stated she looks forward to moving forward with the project and thanked City Staff and Shawnee County for their work on the project.

Director Ortiz stated she would abstain from voting because she was not present during the entire discussion.

Director Hoferer inquired about the next steps in the process following the execution of the Letter of Intent.

Project Manager Copley reported they will enter negotiations with the Endeavor Group, LLC to develop an agreement for the purchase of sale of the hotel. The development agreement will then have to be approved by the TDC Board. He recognizes the development agreement will have multiple conditions dependent upon the County entering into a similar agreement for the rehabilitation and management of the Manor Conference Center and if all approved, a closing date will then be scheduled, and they will move through the conditions of closing.

Director Valdivia-Alcala inquired if the payments to the IRB would be made by Endeavor to repay the City or County.

Project Manager Copley stated there would be three components to the IRB (1) the City or County would issue the bond in the estimated amount of $6 million (2) there will be a point of purchase retail tax exemption for the purchase of materials used in the rehabilitation, and (3) there will be a 92% real estate tax exemption granted.

Director Duncan moved to allow the City Manager acting as Executive Director of the Topeka Development Corporation (TDC) to execute the Letter of Intent and to move forward with negotiation terms of the development and purchase agreement. The motion seconded by Director Kell carried. Director Ortiz abstained. (8-0-1)

NO FURTHER BUSINESS appearing the meeting adjourned at 5:41 p.m.