

**Topeka Development Corporation Board of Directors Meeting Minutes
November 14, 2023**

The Topeka Development Corporation (TDC) Board of Directors met at 5:30 p.m. with the following Board of Directors present: Michael Padilla, Neil Dobler, Karen Hiller, Christina Valdivia-Alcala, Tony Emerson and Spencer Duncan -6. Absent: Sylvia Ortiz, Brett Kell, Hannah Naeger and Michelle Hoferer -4.

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 5:00 p.m. on November 14, 2023, 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 November 14, 2023.

APPROVAL of the October 19, 2023 Minutes.

Director Emerson moved to approve the minutes. The motion seconded by Director Duncan carried unanimously on roll call vote. (6-0-0)

The following UPDATES were provided:

FINANCIALS: Freddy Mawyin, TDC Assistant Board Treasurer, provided an overview of the Hotel Topeka purchase price summary statement, property tax, total valuation and financial statement as of September 30, 2023.

Director Hiller thanked Staff for providing detailed financials and summary of the Hotel. She referenced the anticipated Revenue Per Available Room (RevPar) amount of \$35.98 and asked what occupancy level would have to be reached to realize that amount.

Braxton Copley, City Topeka Public Works Director & Hotel Topeka Project Manager, reported the RevPar amount was based on the revenue received minus net expenses. He noted the \$35.98 amount would not be considered a high performing hotel.

Assistant Board Treasurer Mawyin reminded the Board there were a variety of hotels in the Topeka area with a wide range of RevPar values; however, it would not be a fair assessment to compare the Hotel Topeka to others due to its size and poor condition.

HOTEL CONDITION ASSESSMENT: Braxton Copley, City Public Works Director & Hotel Topeka Project Manager, reported the Schwerdt Design Group was performing its condition assessment including all the major systems of the hotel with a final report due December 1, 2023. He stated he has begun to review the over 600 pages of working documents provided by

Schwerdt Design Group and the overall structure of the hotel was good with the exception of one area of the roof that has been addressed. He also reported they have had two meetings with the Hotel Regional Manager; an executive summary was included in the City Manager's November 10, 2023 weekly report along with a list of 20 Capital Expenses that have been identified with the top four being life safety issues to include (1) replacement of the obsolete lock system (2) replacement of 72 nonfunctional sprinkler heads (3) replacement of HVAC actuators and (4) replacement of the main atrium fountain water pump.

ASSEST MANGEMENT SERVICES: Braxton Copley, City Public Works Director & Hotel Topeka Project Manager, reported Revpar International, Inc., has six weeks to perform the Phase 1 Services Assessment consisting of a detailed initial assessment of the Hotel to develop an overall strategy, identify a possible pool of developers and/or buyers to review a potential deal structure as well as management and branding. He stated they will meet with Revpar International and the Hotel management staff next week to allow them the opportunity to tour the hotel and review the proposed 2024 operating budget. He noted the initial report should be received by mid-December 2023.

REVIEW of TOKS Associates, LLC Hotel Management Agreement.

Director Kell entered the room

Braxton Copley, City Public Works Director & Hotel Topeka Project Manager, reported the material terms of the final agreement secured October 31, 2023 have not changed. He highlighted the terms and fees associated with the agreement along with required insurances. He stated all employees are TOKS Associates, LLC employees not TDC employees. He referenced a provision relating to confidentiality; however, Kansas Open Records Act (KORA) regulations would override this provision if an official KORA request is submitted for the document. He also referenced the general authority granted to TOKS Associates to purchase needed items and to manage the hotel; however, there was a strict provision included that would require prior written authority of the owner for entering into an equipment lease, any contract with an affiliate of GF Hotels, a contract term longer than one year or with a value greater than \$20,000, and any loan or credit agreement.

DISCUSSION of property tax exemption.

Braxton Copley, City Public Works Director & Hotel Project Manager, reported it would be a policy decision of the TDC Board to ask for property tax exemption for Hotel Topeka. He referenced the City of Overland Park, Kansas, a City that continues to pay property tax on its hotel to stay competitive in the industry. He stated in his opinion, the payment of property tax should remain so a private developer will clearly understand the true cost of the development. He stated there are provisions in Kansas law that would allow for a tax exemption to be granted for a limited period of time that could be offered as an incentive to attract developers to include benefit districts such as Tax Increment Financing (TIF), Community Improvement District (CID) or issuing Industrial Revenue Bonds (IRBs) to help fund the cost of renovation - all tools that

could be utilized to secure a profitable developer. He referenced the poor performance and condition of the hotel resulting in a current appraised value of \$3 million and \$112,000 in annual property tax.

Director Emerson asked if the exemption would be for property taxes only or if it would include all expenses for the operation of the hotel.

Amanda Stanley, City Attorney, stated because the title was held by the TDC, an instrumentality of the City, it qualifies under State statute for property tax exemption which was separate from sales tax exemption. She reported instrumentalities do qualify for sales tax exemption with limitations.

Director Emerson spoke in support of applying for a property tax exception because the citizens of Topeka have already paid for the Hotel.

Director Duncan stated he agrees with the majority of the statements made by Project Manager Copley. He stated the \$112,000 in property taxes was a minimal payment amount to maintain public trust and help secure the transfer of ownership to a private developer hopefully within the next year.

Director Ortiz entered the room.

Board Vice President Dobler suggested the \$112,000 be made as payment in lieu of taxes to the City.

Directors Duncan and Emerson spoke in support of moving forward with the development of payment in lieu of taxes.

Project Manager Copley suggested the Board direct the City Manager to have Staff seek the exemption of real property tax and development a payment in lieu of taxes to the City.

Director Emerson moved to direct the City Manager and Staff to seek property tax exemption and development of payment in lieu of taxes in an amount equal to the amount of taxes that would be abated. The motion seconded by Director Kell carried unanimously all roll call vote. (7-0-0)

NO FURTHER BUSINESS appearing the meeting adjourned at 5:59 p.m.