

**APPLICATION FOR RECOVERY ZONE
FACILITY BOND REALLOCATION**



FACILITY BONDS

FOR COMMERCE USE ONLY

Bond Issuer

Name: City of Lawrence
Address: 6th and Mass.
City: Lawrence, Ks.
Zip Code: 66044
County: Douglas
Telephone: 785-832-3400
E-mail: _____

Date Received:

Application No.

Bond Issuer's Spokesperson

Name: Diane Stoddard
Title: Asst. City Mngr.
Address: 6th and Mass.
City: Lawrence, Ks.
Zip Code: 66044
Telephone: 785-832-3400
E-mail: _____

Bond Counsel

Firm: Gilmore & Bell
Attorney: Gina Riekhoff
Address: 2405 Grand Boulevard, Suite 1100
City: Kansas City, Missouri
Zip Code: 64108-2521
Telephone: 816-218-736
E-mail: GRIEKHOF@GilmoreBell.com

Facility Bonds

Qualified Economic Development Purpose:

- ☒ Capital expenditures for property in the zone
☐ Other _____

To be issued as:

- ☒ Industrial Revenue Bonds
☐ Industrial Development Bonds
☐ Other _____

Target Industry:

- ☐ Professional services
☐ Logistics/Distribution
☒ Energy/Alternative energy
☐ Bioscience
☐ Advanced manufacturing/Aerospace
☐ Rural/Ag Processing/manufacturing
☐ Other _____

1.) Amount of allocation requested (Minimum necessary) \$ **\$17,000,000**

2.) Name and location of project (Project Name, Street, P.O. Box, City, State, Zip, Code)

The Bowersock Mills and Power Company North Plant Expansion
The Bowersock Mills & Power Company
Massachusetts Street at the Kansas River Bridge
P. O. Box 66
Lawrence, Kansas 66044

3.) Population of community in issuing jurisdiction 90,000
4.) List the principal beneficiary of the project to be financed with the proceeds of bonds (include parent company and d/b/a where applicable) The Bowersock Mills & Power Company P. O. Box 66 Lawrence, Kansas 66044
5.) Resolution number and date this area was declared a recovery zone or date the governing body is expected to consider this area a recovery zone Douglas County: August 24, 2009; City of Lawrence: August 4th, 2009.
6.) Date inducement resolution or other commitment to issue was adopted December 15, 2009
7.) If the county is issuing within a city, has the city confirmed they are in support of this project? Yes <input type="checkbox"/> No <input type="checkbox"/>
8.) Describe the business activity at the facility with specific details Construction of a new 4.75 megawatt hydroelectric generating plant at the north end of the Bowersock Dam in Lawrence. The new hydro plant will house four turbine generator sets, two rated at 1050 kw. each and two at 1325 kw. each. These four generators will operate in tandem with Bowersock's presently operating 2.35 megawatt plant built in 1905 at the south end of the dam. Licensure from FERC is expected in the fall of 2010 with construction to start immediately upon receipt of license. Project completion and the start of operations is expected during the first half of 2012. Both the new plant and the existing plant will be operated by the same personnel with an increase of one full time employee.
9.) Describe why the location is an area of economic distress In August, 2009 Douglas County as declared a recovery zone, primarily due to the 6.1% unemployment rate and decreasing property values. Douglas County has limited industry, which makes exacerbates the tax revenue impacts of declining property values. ---

10.) Provide any compelling information that should be considered when evaluating this request

The Bowersock Mills and Power Company (BMPC) is a woman/family-owned, historic business located in downtown Lawrence. BMPC has proposed to approximately triple its production capacity by building a new powerhouse on the north end of the Bowersock Dam. The proposed BMPC Expansion is "shovel-ready," as engineering and planning-related aspects of the project are ready to be initiated immediately. The project would bring significant jobs to Northeast Kansas. This is particularly valuable for Lawrence, which has a demonstrated lack of industrial jobs. The largest portion of new jobs would be created through the construction phase, which (should financing requirements be met) would be initiated in late 2010. Ultimately the project would bring an additional 137 construction jobs and 207 project-related jobs, including equipment manufacture and rehabilitation as well as design and engineering. The proposed BMPC Expansion would not only bring an immediate influx of jobs into Northeast Kansas, but would also preserve existing jobs. Construction of the BMPC North Plant will make the existing BMPC South Plant more economically viable through economies of scale, thus sustaining five existing jobs, adding one permanent full-time job, and preserving the only existing commercial hydroelectric generation in the State of Kansas.

The proposed project has a high likelihood of successful completion. The project was recently reviewed by the Department of Energy, for an ARRA Grant and received high marks, such that it was designated as an alternate in a highly competitive national application process. The BMPC project team is highly-qualified, with deep experience in hydro generation, project design, engineering, and heavy civil construction, and includes a hydropower expert recently named one of the 60 most internationally influential people in the hydropower industry.

The BMPC project is non-controversial. The BMPC South Plant was the 15th project in the nation to earn "Low-Impact" certification from the Low Impact Hydropower Institute, and the proposed expansion will not jeopardize this certification. The project has been reviewed and approved by both the U.S. Fish and Wildlife Service and the Kansas Department of Wildlife and Parks. The community of Lawrence has been highly supportive of the project, as have been state and local leadership and key non-governmental organizations, including the Sierra Club and Friends of the Kaw. The continued operation of BMPC ensures a financial and actual partner for the City of Lawrence in the maintenance of the Bowersock Dam, upon which the City of Lawrence depends for 50% of its water supply. The dam is critical to KDOT infrastructure, as well as the upstream impoundment required for the University of Kansas Boathouse.

Receipt of Recovery Bonds would make the project financially viable, and ensure an immediate stimulus to the regional economy as well as a long-term contribution to renewable energy production in the state. BMPC represents both the history and future of renewable energy in Kansas. Receipt of Recovery Bonds would ensure that this important, sustainable piece of energy infrastructure can expand and continue to operate into the next century and beyond.

11.) Is the project facility (check all that apply)

- ☐ New Construction
- ☒ Renovation
- ☒ Expansion

INVESTMENT				
			LEVERAGED PUBLIC INVESTMENT	
	TOTAL INVESTMENT	PRIVATE INVESTMENT	SOURCE	AMOUNT
LAND & SITE PREPARATION	\$600,000	\$600,000		\$
BUILDING	\$7,600,000	\$7,600,000		\$
EQUIPMENT	\$7,800,000	\$7,800,000		\$
OTHER	\$1,000,000	\$1,000,000		\$
TOTAL INVESTMENT	\$17,000,000	\$17,000,000		\$

JOBS & WAGES			
Provide the number of retained jobs for this project: 5		NUMBER OF RETAINED JOBS 5	AVERAGE WAGE OF RETAINED JOBS 54,000 per annum
Estimate the number of permanent new jobs for this project: 1	WITHIN 1 YEAR 1	CUMULATIVE OVER 5 YEARS 1	AVERAGE WAGE OR RETAINED JOBS 46,000 per annum
Provide the number of relevant construction jobs for this project: Construction jobs will total 137 people		NUMBER OF CONSTRUCTION JOBS Project related jobs will total 207 for equipment manufacture and rehabilitation as well as project design and engineering	

CLOSING INFORMATION	
Anticipated date of closing (needs to be as accurate as possible) June 15, 2010	
Describe activities that have occurred to support bond closing on the above date Discussed overview of bond closing process with potential underwriter. Initiated confirmation of City of Lawrence agreement to act as conduit issuer. Discussed assignment of Bond Counsel with City as conduit issuer. Discussed necessary steps to complete closing with Bond Counsel.	

ATTESTATION	
<i>I CERTIFY THAT THE ABOVE INFORMATION IS ACCURATE TO THE BEST OF MY KNOWLEDGE AND THAT I AM AUTHORIZED TO SUBMIT THIS APPLICATION ON BEHALF OF THE BOND ISSUER</i>	
SIGNATURE OF ISSUER'S REPRESENTATIVE 	DATE
Submit to:	Ed Serrano Kansas Department of Commerce 1000 S.W. Jackson Street, Suite 100

	Topeka, KS 66612-1354 Phone: (785) 368-7293
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