

DRAFT
City of Lawrence
Public Incentives Review Committee
April 29, 2015 minutes

MEMBERS PRESENT: Mayor Jeremy Farmer, Vice Mayor Leslie Soden, Linda Jalenak, Brian Iverson, County Commissioner Mike Gaughan, Brad Burnside and Shannon Kimball

MEMBERS ABSENT: None.

STAFF PRESENT: Diane Stoddard, Britt Crum-Cano, David Corliss, Scott McCullough

PUBLIC PRESENT: Dr. Blake Hawley, GR Underwood, Brady Pollington, Chad Lawhorn, Bonnie Lowe

Mayor Farmer called the meeting to order at approximately 11:00 am. Shannon Kimball joined the meeting by phone.

A motion was made by Commissioner Gaughan seconded by Linda Jalenak to approve the March 26, 2015 meeting minutes. Motion approved unanimously 7-0.

Integrated Animal Health (IAH):
GR Underwood, BTBC, introduced the company and Dr. Blake Hawley, CEO of Integrated Animal Health (IAH). Dr. Hawley provided background information about the company. IAH helps animal health innovators who have ideas to bring them to market by licensing those products to animal health companies. The company has various animal health product lines. One of their technologies delivers pain medications via the animal's skin, for example. Products are focused on natural solutions. One of their technologies, Udder-Mate, helps reduce the use of antibiotics in dairy cattle by around 50%. The company has announced its global headquarters will be established at the BTBC on the KU campus. The company is doing work with KU, the KU School of Business, Kansas State University, NC State University, University of Missouri, Northwest Missouri State University and the University of Georgia. IAH is also opening an office in Hungary, which enables the company to sell across the EU states in Europe.

Britt Crum-Cano provided an overview of the incentive package, which is a total of a \$215,000 package, to be split equally between the City and Douglas County. The package would include a \$100,000 forgivable loan provided upon signing a 3-year lease with the BTBC. This amount would be split \$50,000 each between the City and County. The remaining \$115,000 would be split between the City and County over a three year period and be paid to the BTBC to defray the lease expenses for the company over the three year period. She pointed out that the jobs to be created, projected at 50 jobs

over a ten year period, would be over double our average community wage. She recommended approval of the incentive package.

Commissioner Gaughan asked about term for the analysis. Jalenak asked about the compliance schedule. Crum-Cano clarified that targets would need to be made for each of the three years. Shannon Kimball stated that related to the school district, she wasn't sure that the cost-benefit figures related to the school district were realistic given the proposed new state budget impacts on school financing. She stated that there would be no impact on the school district. It was clarifying that the school district would not gain nor lose anything related to the incentives.

Brian Iverson recused himself due to a conflict of interest on the IAH item.

Brad Burnside made a motion, Commissioner Gaughan provided a second to the motion to provide the incentive package as requested, along with a performance agreement with the company. Motion was approved unanimously on a vote of 6-0-1.

2014 Annual Economic Development Report:

Britt Crum-Cano provided an overview of the 2014 Annual Economic Development Report, summarizing performance related to the variety of economic development tools and projects. Mayor Farmer asked about the sales tax impact related to the Industrial Revenue Bonds. Crum-Cano responded that she would need to look individually at each project. Mayor Farmer said it would be a good idea to look at the totals, specifically related to the overall sales tax collections. Crum-Cano indicated that she would provide those break-downs when the item comes before the City Commission next week. Mayor Farmer asked about whether we could measure the economic impact. Crum-Cano stated that we could look at impact in comparison with other communities. She stated that with regard to looking at overall impact, we could do an economic impact assessment, and that would be an additional tool that could provide a more detailed picture of the impact of the community's investment.

Brad Burnside asked about the assumptions about impact of projects when they roll off of public investment. Crum-Cano stated that the further additions to appendix B of the report would continue that view of the impact in an ongoing basis.

Mayor Farmer mentioned that the annual, abated property taxes amounted to a relatively small cost per job, which is shared between the taxing jurisdictions. Commissioner Gaughan added that it didn't include the cost of other government services above incentives. Crum-Cano stated that if we compare ourselves to other communities, it is important to understand that other communities have significant funds for economic development projects and we are more "pay-as-you-go". Diane Stoddard added that another issue related to comparing our performance with other communities performance on economic development was challenged by many other communities not keeping the data as comprehensively as we have been keeping it. Stoddard complemented Crum-Cano on the comprehensiveness of her report. Brian Iverson complemented Crum-Cano on the report and the transparency of it. He appreciated the addition of appendix B. Crum-Cano stated the Mayor had the idea of adding appendix B to the report, which was a good addition.

Brian Iverson and Linda Jalenak made comments that there are impacts they are seeing in the community related to the Rock Chalk Park project and the tournaments coming to Lawrence Sports Pavilion.

Commissioner Gaughan made a motion to recommend the 2014 annual economic development report to the City Commission. Brad Burnside seconded the motion. The motion was approved unanimously 7-0.

Linda Jalenak made a motion to adjourn. Commissioner Gaughan seconded the motion. Motion approved unanimously 7-0.

Meeting adjourned at approximately 11:55 am.