

Dear Mayor and City Commissioners,

June 28, 2017

Please accept this letter as a request to revisit my application to establish an NRA and an IRB for the project known as Vermont Place LLC.

The original vote for this project was taken on 13 December, 2016 and failed by a 2-3 vote. While the project has not changed two important elements affecting this project have changed.

The first change is that the City Commission had not updated its Economic Development policy when my project was considered. At the time of the vote, there seemed to be a "mixed sense" of what the parameters of the policy should be in determining the length of time and the overall percentage rebate applicable to each project. In January of 2017, the City Commission did pass an updated comprehensive Economic Development policy. This policy allows for more flexibility in determining each project on its own merits.

The second change, from the time of the original vote, was that all residential units as well as commercial units were requesting an incentive tax rebate. As of this writing, I would offer that any residential unit that I might live in, would not request a tax rebate, thereby taking away the possibility that I would receive a discounted property tax bill for my personal benefit.

I believe the above two points mark a substantial change from the time of the original application request.

Additionally, there are two concerns I have regarding this request for reconsideration. First, is that this request should be treated under the original schedule of fees for an NRA and an IRB in place at the time of initial application. Noteworthy is the fact that this project has not changed in size or scope but would only be reconsidered because the City Commission has a newly updated Economic Development Incentive policy. In fact several aspects of my project as proposed encouraged the commission to update its ED policy and are included in that policy. I respectfully request that the fee schedule in place at the time of my original application be applied to this project upon this reconsideration review. Second, is the schedule of affordable housing units required under the new ED policy. The policy calls for 10% of the housing units to be in the affordable category for projects between 4 and 49 units. Above that 15% is required. Under my original application, I offered one unit out of 12 total units as affordable housing.

That translated to 8.3% of the total. This situation presents a question of mathematical rounding which is not detailed in the updated policy. Rounding up dictates that I should have to dedicate two units or 16.7% of the total which is greater than the requirement for a project of 50 or more units. I again respectfully request that you allow the original proposal with the dedication of one affordable housing unit for this project to be acceptable in order to conform to your new policy. Of importance here is that this unit will be affordable in perpetuity while others seeking incentives offer only a 15 year life of rented units for affordability. Also this unit includes a dedicated underground parking space and the total subsidy is estimated to be \$154,300. Changes that increase the number of affordable units in this project may require a greater participation by the city in the NRA rebate in order for this project to be feasible.

Regarding my revised application, all of the numerical entries have been reviewed and updated to reflect a current scenario as well as withdrawing any personal residency from the tax rebate total. Your consultant, Mr. Tom Jackson, has conducted this review and it would be necessary for him to be in attendance in order to answer questions and advise you about the project pro-forma. I would ask that you advise staff to establish an appropriate calendar for this project as soon as possible.

Finally I would like to state that I believe my project conforms to the major points of your updated Economic Development Policy which was approved by a 5/0 vote of the City Commission. The project supports the following policy criteria:

- A. Affordable Housing
- B. Sustainability – LEED designation
- C. Primary job creation: Non-primary businesses provide goods and services to local businesses and consumers
- D. In-fill Development
- E. Revitalization of underutilized property
- F. Promotion of downtown density
- G. Tax base growth
- H. Onsite parking

I. Universal design standards – Full accessibility

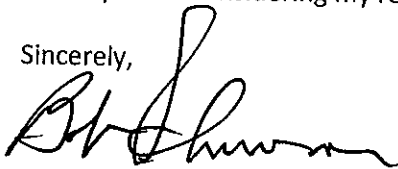
J. Project to attract retirees

K. Above average wages – Hi-tech Office environment will support above average wages and salaries.

Commissioners, I hope the above information along with positive recommendations from your Project Consultant and your City Management Staff present a strong case for additional review for re-consideration. I am always available to visit with each of you at your convenience.

Thank you for considering my request.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bob Schumm', with a stylized, cursive script.

Bob Schumm,

Vermont Place LLC

Copy: Tom Marcus, City Manager

City of Lawrence, Kansas

Application for Economic Development Support/Incentives



The information on this form will be used by the City to consider your request for economic development support and may also be used to prepare a cost-benefit or other analysis of the project. Information provided on this form will be available for public viewing and will be part of compliance benchmarks, if approved for economic development support. Prior to submission, applicant may wish to seek technical assistance from City Staff, the Chamber of Commerce, the Small Business Development Center, or others to address questions and ensure the application is complete.

Please provide data in the cells below. Applicant is encouraged to attach additional pages as necessary to fully explain and support the answers to each question. Note anything additional you wish the City to take into consideration for your request and provide supporting documentation.

Applicant Contact Information	
Name:	Bob and Sandra Schumm (Revised Application)
Title:	Developer/Owner
Organization:	Schumm Property Company
Address 1:	719 Massachusetts Street, Lawrence, Ks. 66044
Address 2:	
Phone:	(785) 766-0888
Email:	schummfoods@gmail.com
Fax:	(785) 842-4025

Application Tips:

Enter contact information for the company representative completing this application.

Economic Development Support Requested		
City Incentives	Amount	Term (in years)
Tax Increment Financing District (TIF)		
Transportation Development District (TDD)		
Neighborhood Revitalization Area (NRA)	75%	10 years
Tax Abatement (TA)		
Industrial Revenue Bonds (IRBs)	\$9,750,000	n/a
Community Improvement District (CID)		
Other (Please Describe):		

Application Tips:

Applicable Terms:

TIF: Up to 20 years
TDD: Up to 22 years
TA: Up to 10 years
CID: Up to 22 years

IRBs: If applying for IRBs, please enter the amount that will cover all construction costs for the project. Enter "n/a" for term.

Examples: City provided water main along ABC Street from 1st Street to 2nd Street, employee training grant for 5 years at \$500/new employee, etc.

Project Information		
Name of Company Seeking Incentive(s):	Schumm Property Company	
Project Type (check one):	Expansion:	
	New Facility:	X
Company Type (check one):	Existing Local Company:	X
	Out-of-Area Company Locating Locally:	
Current Company Address:	719 Massachusetts Street	
Location of Proposed New Facility/Expansion Project:	815 Vermont Street	
Describe the Company's Plans to Develop or Expand in the Community: Five story building to include commercial, office, condos and on site parking.		
Operations Start Date at the Expansion or New Facility:	2019	
Industry NAICS # for the New or Expanded Facility (6-digit code):	531120	
Describe the Primary Industry the New or Expanded Facility Will Support: Expansion and long term stabilization of Downtown Lawrence.		

Application Tips:

Company's Plans: e.g. ABC manufacturing is the nation's largest processors of wind turbine components. The company plans to construct a new 250,000 sf manufacturing plant in Commerce Park, initially employing 150 with an average annual salary of \$35,000 each. Another 50 employees will be hired in Year 5 and 40 in year 7. The firm expects to initially invest \$5 million in land and buildings and anticipates a 50,000 sf, \$2 million expansion in Year 5 and another 50,000 sf expansion in Year 7.

Link for NAICS code lookup:
<http://www.naics.com/search.htm>

Capital Investment Information for New Facility or Expansion			
Estimated Size of New Facility (square feet):	50,463 sq. ft.		
Estimated Size of Land for New Facility (acres):	11,115 sq. ft.		
For the new or expanded facility, enter the amount the company anticipates spending for initial and subsequent investments in land, buildings and improvements (do not include machinery or equipment):			
Year	Buildings & Other Real Property Improvements	Land	Total
1		\$700,000	\$700,000
2	\$8,973,522		\$8,973,522
3			
4			
5			
6			
7			
8			
9			
10			
Total	\$8,973,522	\$700,000	\$9,673,522
Will land be leased from the City or County (Y/N):	No		
If yes, Monthly Lease Rate for Land:	N/A		

Application Tips:

If expansion, only include information on size and values of the new facility, not existing facility.

If land is currently owned, enter current land value from Douglas County property tax records. Otherwise, enter the market value amount the company will pay for land.

Local Utility Expenses		
Utility	Current Local Monthly Expenses	Projected Local Monthly Expenses at New Facility
Gas		\$1819.00
Electricity		\$5439.00
Phone		\$612.00
Cable		\$3138.00
Operating Expenditures		
For Expansion Projects, Current Annual Operating Expenses at Existing Facility:		N/A
Annual Operating Expenses after Expansion/Relocation:		\$424,836.00
% of Additional Operating Expenses Anticipated to be Spent Locally:		100%
Revenues		
% of Revenues at the new Lawrence Facility Anticipated to Come from Non-Local Sources.		35%
Anticipated Annual Gross Profits:		Unknown

Application Tips:

Current Local Monthly Expenses: Enter 0 for an out-of-area relocation or if project involves a separate, new facility.

Projected Local Monthly Expenses: Enter expense amounts anticipated at the new facility.

Existing Facility Annual Operating Expenses: Enter 0 if project is being relocated from out-of-area or if project involves a separate, new facility.

% Additional Operating Expenses Spent Locally: Enter % of operating expenses anticipated to be spent in Lawrence/Douglas County as a result of the project.

Exports: Enter % of revenues (from the sale of goods or services) anticipated to be generated from sources outside of Lawrence/Douglas County.

Anticipated Annual Gross Profits: Please provide an estimate of anticipated Annual Gross Profits (\$). Note: For expansions, please enter anticipated gross annual profits from expansion.

IRB and Tax Abatement Request Information	
If you are seeking an IRB, please list the firm that will be receiving the IRB: Vermont Place L.L.C.	
Will your firm be leasing the building or the land in your expansion or newly constructed facility? (Y/N)	No
If you are leasing the building or land, and you are seeking a tax abatement <u>without</u> an IRB, please list the tenant and owner and the financial relationship between tenant and owner. Not leasing the building or land.	
Total Cost of <u>Initial</u> Construction for the Project:	\$9,673,522
Estimated Cost of Construction Materials for <u>Initial</u> Construction:	\$3,157,210

Note: Applicant may be required to provide additional financial information for the project and company.

Environmental Information		
Will the new facility meet Energy STAR criteria? (Y/N)		Yes
Will the project seek or be designed to LEED certification standards? (Y/N)		Yes
If yes, please indicate level:	Certification	X
	Silver	
	Gold	
	Platinum	
<p>Please describe environmentally friendly features of the project:</p> <p>LED Lighting throughout. Water efficient plant scape on east side and north side of building. Energy efficient heating and air conditioning systems installed. Facility to be built to the 2012 International Energy Conservation Code. Project will achieve a "certified" LEED designation but will not be inspected and verified by the LEED association. Project will strive to get to silver status.</p>		
<p>Please describe anticipated positive environmental impacts resulting from the project:</p> <p>This project is infill development which will use existing city infrastructure ie, Streets, gutters, sidewalks, sewers, water lines, alleyway, electric, gas, phone and cable utilities. Creating more mixed use density for the downtown reduces the City's cost per capita of the maintenance and repair of these infrastructure assets.</p>		
<p>Please describe anticipated negative environmental impacts and planned remediation efforts:</p> <p>There are no apparent negative environmental impacts.</p>		

Application Tips:

Environmentally Friendly Features: e.g.
Low-energy, led lighting used throughout,
pedestrian friendly elements including green
space, bike paths, water saving native
plantings used in landscapes, etc.

Additional Community Benefits

Describe Other Local Economic Benefits Resulting From Project:

Project continues to add critical mass to Downtown Lawrence. It will eliminate a vacant lot. Allows for more than 30 class A office spaces featuring high capacity fiber to be dedicated to entrepreneurship in the community. This facility will attract existing and new high tech personnel to live and work in Lawrence. Additionally, more living units will be available downtown thereby allowing for the long term sustainability of our central business district. The project will add 22 underground parking spaces on site.

Application Tips:

Local Economic Benefits: Include additional benefits not directly related to project capital investment and direct employment (e.g. Project attracting overnight visitors that will spend on lodging, entertainment, food and beverages, shopping, etc.)

Describe Other Quality of Life Benefits Resulting From Project:

Enhanced street scape on Vermont Street, adding to the overall vitality of Downtown Lawrence. The project will help promote the need for a downtown grocery store as well as the need for high speed fiber cable. Project will add ornamental street lights to Vermont Street. Project principles are long term Lawrence citizens who have contributed generously in time and work to our community.

Quality of Life Benefits: Include tangible and intangible benefits; such as how company is/will be a good corporate citizen, community involvement, local philanthropy efforts, and how project /company will contribute to local well being of citizens.

Employment Information									
Construction Employment for New Facility or Expansion									
# Full-Time, Construction Jobs:								100	
Average Annual Salary for Full-Time, Construction Workers (during construction period): \$7,569,413 total construction cost x 60% labor cost = \$4,541,647 / \$45,500 = 99.82 full time construction jobs.								\$45,500	
Construction Period (months): 12 months									
For Expansion, # of Full-Time Employees Currently Working in Lawrence: 0									
New Employment Resulting from Project									
Net New Jobs (full-time, permanent)	Year	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary
	1	.5	15600						
	2	.5	15600						
	3	.5	15600						
	4	.5	16000						
	5	.5	16000						
	6	.5	16500						
	7	.5	16500						
	8	.5	16500						
	9	.5	17000						
	10	.5	17000						
Total	.5	17000							
Anticipated # of Employees to Be Relocated Locally as a Result of the Project									
# of Net New Full-Time Employees Anticipated to be Relocated From Outside of Kansas:								N/A	
# of Net New Full-Time Employees Anticipated to be Relocated from Outside of Lawrence/Douglas County:								N/A	
# of Local, Full-Time Jobs Anticipated At End of Incentives Period: .5									

Application Tips:

Enter 0 if project is new or relocation.

Enter information by major job category (e.g. administrative, support, professional, executive, production, etc.)

For a local expansion, Net New Jobs = number of additional employees to be hired each year, excluding employees that are already employed in Lawrence.)

Average Annual Salary: Only provide wage information. Do not include the value of non-wage benefits such as insurance and time off.

Jobs at End of Incentives Period:
Enter total number of full-time employees (existing & new) anticipated to be employed at the new facility over the term of incentives (e.g. If applying for a 10-year tax abatement, this would be the total number of local Existing (if expanding) + Net New full-time jobs anticipated at the end of that 10-year period.)

Employee Benefits	
Description	After Expansion or Relocation
% of Employees with Company Provided Health Care Insurance	0
% of Health Care Premium Covered by Company	0
% of Employees with Company Provided Retirement Program	0
Will You Provide Job Training for Employees? (Y/N)	N/A
If Yes, Please Describe:	
What is the Lowest Hourly Wage Offered to New Employees?	\$15.00
What Percentage of Your New Employees Will Receive this Wage?	100
Will You Provide Additional Benefits to Employees? (Y/N)	No

If Yes, Please Describe:

NRA Eligibility Statement

If applying for an NRA, please describe how your project meets one of the following state statute requirements for eligibility:

(1) Project is in an area in which there is a predominance of buildings or improvements which by reason of dilapidation, deterioration, obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, the existence of conditions which endanger life or property by fire and other causes or a combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime and which is detrimental to the public health, safety or welfare:

(2) Project is in an area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, defective or inadequate streets, incompatible land use relationships, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the actual value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or a combination of such factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is detrimental to the public health, safety or welfare in its present condition and use:

The proposed project site, being the result of a devastating fire in 1990, leaves the site incompatible with the existing commercial district. The current state renders the site useless and contributes to the overall deterioration of the economic neighborhood thereby substantially impairing the sound growth of the municipality and creating an economic detriment to the public.

(3) Project is in an area in which there is a predominance of buildings or improvements which by reason of age, history, architecture or significance should be preserved or restored to productive use:

This project is located in Downtown Lawrence next to a building listed on the Federal Historic Register. The original buildings, the Lawrence House Hotel and the Miller Print Shop, were lost to a fire on December 24, 1990, thereby leaving this lot vacant and non-productive. Since the fire, this area has lost much vitality. Building on this vacant lot will greatly help to revive this part of our downtown and add definition to the long term sustainability of our downtown.

Disclosures

Company Form of Organization: L.L.C.

Please list the name(s) of each partner (or member) who owns (or will own) 5% or more capital of the company. In the case of businesses owning another business (such as an umbrella LLC that is the owner of several other LLC's), the actual partners' names need to be listed, not just the registrant's name with the Secretary of State.

Company Principals:

Robert J. Schumm

Sandra J. Schumm

List all subsidiaries or affiliates and details of ownership:

Subsidiary : N/A

Principals: Robert J. Schumm

Sandra J. Schumm

Has Company or any of its Directors/Officers been involved in or is the Company presently involved in any type of litigation?	No
---	----

Has the Company, developer or any affiliated party declared bankruptcy?	No
---	----

Has the Company, developer or any affiliated party defaulted on a real estate obligation?	No
---	----

Has the Company, developer or any affiliated party been the defendant in any legal suit or action?	Yes
--	-----

Has the Company, developer or any affiliated party had judgments recorded against them?	No
---	----

If the answer to any of the above question is yes, please explain:

City Commission 1990 – Rezoning case filed by developer J.V.J. of Cleveland, OH. for a cornfield mall. Case decided in favor of defendants in both State and Federal court. The City won big time!

Note: Applicant may be required to provide additional financial information for the project and company.

When you have completed this form to your satisfaction, please sign and send, along with applicable application fee(s) to:

City of Lawrence
Attn: Economic Development Coordinator
6 East 6th Street
Lawrence, KS 66044
Fax: 785-832-3405
Email: bcano@lawrenceks.org

Application Fees	
Tax Abatement	\$500
Industrial Revenue Bonds (IRB)	\$1,000
Community Improvement District (CID)	\$2,500
Neighborhood Revitalization Area (NRA)	n/a
Transportation Development District (TDD)	n/a
Tax Increment Financing (TIF)	n/a
Other	n/a

I hereby certify that the foregoing and attached information contained is true and correct, to the best of my knowledge:

Applicant/Representative: _____

Robert J Schumm
(Please Print)

Signature _____

[Signature]
Sandra J. Schumm

Date: _____

6-28-2017



June 27, 2017

Mr. Robert Schumm
719 Massachusetts Street
Lawrence, KS 66047

RE: Vermont Place, 815 Vermont Street, Lawrence, Kansas

Dear Mr. Schumm:

RCB Bank is interested in providing financing for Vermont Place at 815 Vermont Street. This is not a commitment to lend nor a promise to set an interest rate. It is a discussion using interest rates and terms that RCB Bank has provided on similar projects in Kansas and Oklahoma. A project cost of \$8,750,000.00 is anticipated with an eighteen month construction phase and debt financing of \$3,750,000.00.

A large construction project would be priced at Wall Street Journal Prime Rate plus .75% fixed for 18 months with an origination fee of \$18,750.00 and a document fee of \$295.00. An owner's title insurance policy for \$8,750,000.00 of coverage; a mortgagee title insurance policy for \$3,750,000.00, recording fees, mortgage registration tax and closing fees would be approximately \$18,000.00.

When the project is complete, the construction loan will be refinanced by a long term loan to amortize over 25 years at a variable rate. The rate would be Wall Street Journal Prime Rate plus .75% and adjust every 5 years at .75% above the index rate.

Please contact me if you have any questions or need additional information.

Sincerely,

Chris L. Kollman
Market President
RCB Bank
1201 Wakarusa Drive, Ste. B2
Lawrence, KS 66049



The Lawrence Community Housing Trust Program
2518 Ridge Court, Suite 103, Lawrence, Kansas 66046

842.5494 ♦ FAX 785.842.7570 ♦ lawrencelandtrust@yahoo.com ♦ www.tenants-to-homeowners.org

8/1/17

City Manager's Office
PO Box 178
Lawrence, KS 66044

To the City Commissioners and City Staff,

I am writing this letter at the request of Bob Schumm. In an effort to address the need to increase affordable housing, we as a community are working hard to find creative partnerships to enable developers (for profit and not-for-profit) to build and thus disperse modestly priced units throughout Lawrence. The proposed Vermont Place Project could be an excellent example of this type of needed partnership. As it is proposed currently, it will be developed into 11 ownership condo units. We would consider it creating affordable housing if 1 of these units could be offered at an "affordable price" which would be defined as a price that is affordable for the appropriate household size making 70% of Median Family Income allowing mortgage, interest, taxes, insurance, lease fee and homeowner's association fee to be no more than 30% of monthly gross.

Example: A household of 1 making 70% of MFI in 2017 would make \$34,800. This means they would have a monthly gross of \$2,902, so 30% would be \$870. The total housing cost could not be more than \$870. If Bob sells the unit for \$95,000 that would be a \$538 payment for principal and interest at 4.125%. Our lease fee is \$25 per month. If the HOA fee for this unit is \$150 that would leave \$157 for taxes and insurance. Using a 1.3% (\$102/mo) for taxes and \$480/year (\$40/mo) for condo insurance, that would be 142 for taxes and insurance and an affordable house payment per month of \$855—under the \$870 which is 30% of a household of 1 making 70% of median income at \$34,800.

The city could allow the LCHT Program to approve the "affordable price" using this type of formula. We know there will be variables in income guidelines, property taxes, insurance prices and interest rates. The builder would control price and initial HOA fees to make sure the property was affordable initially. So the builder would insure that the price and HOA fees would allow for someone in this target market. The city may create a policy on when and how that price would be approved, but it makes sense that TTH could help with that process and ensure that sales prices meet targeted incomes. The LCHT Program would find an eligible buyer within their program parameters (no guaranteed timeframe) and would require deed restrictions and covenants that the LCHT Program would steward to ensure the subsidy would be retained and recycled buyer after buyer using the LCHT Program restricted resale formula. In this way, TTH would provide required pre-purchase education and post-purchase support as well as participating



The Lawrence Community Housing Trust Program
2518 Ridge Court, Suite 103, Lawrence, Kansas 66046

842.5494 ♦ FAX 785.842.7570 ♦ lawrencelandtrust@yahoo.com ♦ www.tenants-to-homeowners.org

lenders to help all buyers who purchase the property over time.

In conclusion, if the developer subsidizes the initial price of one condo for \$95,000, TTH would find a buyer and when the developer sells it to the eligible buyer, TTH would simultaneously put on deed restrictions. A \$95,000 purchase price for a downtown condo unit is affordable given the measurements we use. It may not be affordable to all or fit everyone's needs, but we have seen a lot of need for more affordable housing for single people who do not need a large house. We applaud this project for being one of the first to show how affordable housing can be implemented into a development for the benefit of all, and we encourage the city commission to support projects like these that agree to a mixed income development that scatters affordable units among other units and subsidizes that affordability through incentives and some profit donation so that we all give a little bit to this effort. If Bob Schumm is willing to do this in the Vermont Place Project, I reiterate my support for it and believe this would create an affordable downtown unit within a mixed income development.

Sincerely,

Rebecca Buford
Executive Director,
The Lawrence Community Housing Trust