

Public Incentives Review Committee Meeting

Date: April 17, 2017

Time: 9:30-10:30 AM

City Commission Room

AGENDA

1. Approve minutes from 11-1-2016 meeting
2. Review *2016 Annual Report: Economic Development Support & Compliance* and vote on recommendation for City Commission to accept.
3. Adjourn

DRAFT Minutes

City of Lawrence Public Incentives Review Committee November 1, 2016 minutes

MEMBERS PRESENT: Mayor Mike Amyx, Vice Mayor Leslie Soden Linda Jalenak, Aron Cromwell, Bradley Burnside, and Kris Adair

MEMBERS ABSENT: County Commissioner Mike Gaughan, Brian Iverson

STAFF PRESENT: Tom Markus, Diane Stoddard, Britt Crum-Cano

PUBLIC PRESENT: Several other interested citizens

Mayor Amyx called the meeting to order at approximately 3:00 pm.

The minutes were reviewed. Ms. Jalenak made a motion to approve the minutes from the August 22, 2016 meeting; Mr. Cromwell seconded the motion. The motion was unanimously approved.

Matt Gough, representing the 826 Pennsylvania Street Project, provided details about the project.

Britt Crum-Cano summarized the request for a 10-year, 85% NRA and Industrial Revenue Bond financing in order to access a sales tax exemption on construction materials. She mentioned that the project also included two affordable housing units as part of the project. She coordinated assumptions on the analysis with Tom Jackson from National Development Council (NDC) who worked on the gap analysis. She reported that the current base property tax is approximately \$11,000 per year. The cost benefit results were 1.36 for the City, 2.05 for the County and 10.17 for the School District. She did mention that the model likely over inflated the school district return due to the way the state funding formula for schools works. During the NRA period, the improved property would generate 1.88 times the property tax revenues over the current base and this amount grows to 8.26 times the current base once the NRA expires (average over years 11-15).

Mr. Jackson (NDC), briefed the group on the National Development Council, its mission, and explained NDC's approach in evaluating gap financing need for a project. The financing gap is the total project costs minus equity and debt. In cases where project costs are greater than fair market value, it may be a project that justifies the use of

incentives. He stated that often the public will question the gap if a developer has cash that could be put into a project. He said that the following questions should be asked 1) Does the developer and partnered investors have the necessary resources to close the gap? 2) Is it reasonable for the Developer to invest enough to close the gap? In the second question, developers must look at cash flow, tax benefits and appreciation while taking into account risk, inflation and opportunity costs. A developer identifies a desired Internal Rate of Return (IRR) and if the projected IRR of the project is less than the desired rate, a gap is created. A gap can be closed through value engineering, public assumption of some project costs (infrastructure, etc.), or other incentives. For the 826 Pennsylvania Project, Mr. Jackson projected an IRR of 9.85% with both NRA and IRB incentives, 8.51% with just NRA incentives, 7.99% with just IRB incentives and 6.98% with no incentives.

Vice Mayor Soden asked about the 6.98% return with no incentives and asked whether that is a reasonable return. Mr. Jackson responded that for some investors, a 6.98% return is acceptable, as in the case with non-profits with certain missions, etc. He stated that he had estimated that now the bank loan is 4%+ and that is projected to increase in the future based on his assumptions. In the future, this makes the return to the developer less. He said that in this case, the property is not in the main part of downtown and based on his review of the real estate in the area, a 10%-12% rate for developers for at-risk capital is not an unreasonable return. Again, the risk associated with the project is key. He stated that there is a reasonableness related to the incentives being requested. Vice Mayor Soden asked when is there a point at which the City does not provide incentives for these projects. Mr. Jackson responded that he imagined there will be projects that will be built without incentives, with those being projects that don't respond as carefully with the built environment and untested product types. He stated that when affordability requirements are added to a project, they can increase the gap, but also meet a community goal.

Mayor Amyx clarified that Mr. Jackson only looked at the 85% level that was in the request. Mr. Jackson confirmed that is what he looked at. He later clarified that he also looked at 50% in his report. He also added that the bank terms were very favorable. He stated that he did a lot of modeling on the project.

Ms. Crum-Cano added several other project considerations that are difficult to quantify in the models. These include the fact that the project provides an opportunity to redevelop an unproductive, dilapidated structure with productive space and infill development. She also mentioned that the Affordable Housing Advisory Board unanimously recommended favorable approval related to the affordable housing units that the project would add.

Mr. Jackson added that a 50% would be 9.03% IRR.

Vice Mayor Soden asked about the 11 full-time positions to be created with the project and whether they would have coverage. Matt Gough responded that a bit over 40% would have benefits. She also asked about the future standards for the affordable units. Mr. Gough responded that the State has a low income tax credit program and their

numbers would be utilized to determine annual affordability. He stated that low income housing tax credit reporting could be assisted by a non-profit.

Chuck Magerl, owner of Free State Brewing Company, and Wheatfields Bakery, spoke to the policy issue of whether the project would diversify the economic base or attract unique retail operation and whether the project competes with existing businesses.

Mr Burnside asked if the competing business question was considered on past projects. Cromwell mentioned that was part of the review when the Olive Garden project was being considered. Ms. Stoddard also responded that many of the past projects approved for incentives that included retail were also mixed use and including housing, etc.

There was a question about the internal rate of return of other projects that had been approved for NRAs and if they were around 8%?Crum-Cano mentioned she would need to reference the pro forma analysis for those projects to check the return rate. She stated that for those projects, a return threshold test was applied of two times the risk free rate (10 year Treasury Bonds). Over the past year, the City has subscribed to the quarterly Price Waterhouse Cooper Real Estate Investor Survey and that data was also referenced for return rates other investors were demanding for similar types of projects. Ms. Adair stated she thought that the state's share of the school district's levy can't be overlooked. Ms. Crum-Cano stated that gets to the "but-for test" because it is only if the project proceeds that the revenues and rebates come into play. Mr. Cromwell mentioned that if the project doesn't proceed, both the State and School District continue to get very small tax revenues. Developed, the State and School District will both realize greater tax revenues compared to what the property is currently producing.

Vice Mayor Soden asked what the internal rate of return would be at the 50% level. Mr Jackson stated that gap analysis showed a 9.03% return at the 50% level.

Mayor Amyx stated that he thought that the project brought more than double the existing tax base than the current situation and also provided affordable housing in the area.

Mr. Cromwell stated that the returns need to be considered in terms of the risk associated with getting that return. He stated that investment in an infill project in this manner has risk associated with it and needed to be taken into consideration. Mr. Cromwell stated that the project does meet the policy parameters based on the numbers of the project.

Ms. Jalenak stated that the affordable housing and mixed use aspects of the project were in line and desirable.

Mr. Magerl asked for clarification about the criteria. It was stated in the Technical Report that staff believed that the eligibility criteria was met but that these items were open for some amount of interpretation.

Mr. Gough stated that the project does create mixed use development, will add to the economic climate and enhance the neighborhood as outlined in the policy.

Raymond Hall, 800 New York Street, Apartment 1, suggested offering homeless people a free Greyhound bus ticket to any destination.

Mr. Cromwell made a motion to recommend a 10 year 85% NRA and IRB financing for the 826 Pennsylvania Project and stated that it meets eligibility as outlined in city policy and the staff report. Ms. Jalenak seconded the motion. The motion was approved 4-2, with Kris Adair and Vice Mayor Soden voting against. Vice Mayor Soden wished to add to the minutes that her vote was due to it being more than 50% on the NRA.

Bob Schumm presented his project, Vermont Place, on behalf of himself and his wife Sandra, the applicants. He stated that the project would be on a lot that had been vacant for a long time. It will be a mixed unit project, which has been a goal of the downtown area. He also stated that a goal going back to the 1980s was to add housing units in the downtown area as well. He stated that the project provides for 30 new high tech office spaces, commercial space, residential units, and parking. The project would include one affordable unit. It would be built to a LEED certified silver level. This project will encourage attraction of entrepreneurs and provide justification for a downtown grocery store project.

Ms. Crum-Cano added remarks about the project. The request, based on the gap analysis is for a 75% NRA for 10 years and IRB financing for a sales tax exemption. Staff does believe that the project meets both NRA and IRB eligibility. The current base property taxes are a bit over \$7,000 per year. Over the NRA rebate period, the improved property would result in over 6 times that property tax base amount. After the rebate period, the taxing revenues would be greater than 27 times the base amount (average over years 11-15). The City would realize a 1.78 cost-benefit analysis, the County a 2.56 cost-benefit ratio and the school district and the state ratios were not calculated in this case due to no anticipation that the project will result in new students to the community.

Mr. Jackson presented the gap analysis. The projected internal rate of return with NRA and IRB incentives is at 7.94%, with just NRA incentives at 7.23%, with just IRB incentives at 6.36%, and with no incentives at 5.78%. 7.39% would be the internal rate of return for the NRA and IRB incentives at the 50% NRA level. He added that the County appraiser did a very good job to ensure properties are close to market value. He stated that office space brings a good lease rate return to the project and adds to the returns to the developer. He stated that in this area based on his review of vacancy rates, etc. that he would expect a return of 8-10% for a project of this type.

Ms. Crum-Cano added that the project would redevelop long-time vacant lots to productive use, promote density and vibrancy in the downtown, provide an opportunity to support infill development, and add to property tax generation.

Mayor Amyx stated that an important consideration was parking under the building as part of the project. He stated that currently parking is not required at that location. He stated that based on these items, he would look favorably on the project.

Mr. Cromwell stated that designing to LEED silver level is much more expensive and is an important policy goal. He stated that with the incentives there will be a much better project than without the incentives to include the parking. He stated that an 8% return sounded reasonable. He also mentioned the downtown goals this project supports.

Vice Mayor Soden thanked Bob Schumm for looking at the affordable housing and stated that when she votes it will be related to the 50% rebate level but she believes that everything else is great. Bob Schumm added that the 75% rate was determined by the consultant because it makes the project work from a return standpoint.

Mr. Burnside made a motion to recommend the City Commission authorize a 10-year, 75% NRA and IRB financing. Jalenak seconded the motion. The motion passed 4-2 (Adair and Soden against.)

Motion was made to adjourn by Vice Mayor Soden and seconded by Ms. Jalenak. Meeting adjourned at 5:01 pm.

Memorandum

City of Lawrence

City Manager's Office

TO: Thomas M. Markus, City Manager
CC: Diane Stoddard, Assistant City Manager
Casey Toomay, Assistant City Manager
FROM: Britt Crum-Cano, Economic Development Coordinator
DATE: April 4, 2017
RE: 2016 Annual Report: Economic Development Support & Compliance

The City has released its *2016 Annual Report: Economic Support & Compliance*. The report covers public assistance to aid economic and community development efforts, providing details on the project, public assistance provided, and applicable compliance performance measures.

For 2016, the City, along with its economic development partners, supported a variety of assistance programs for both large and small businesses, ranging from pay-as-you-go programs such as property tax abatements, tax increment financing, neighborhood revitalization, and transportation development districts to providing direct support for relocation, infrastructure, historic rehab., business expansion, affordable housing, workforce development, and small business assistance services. In addition to City contributions, a summary of County-only economic development programs is also included.

New this year, the report presents a brief overview of the economic climate for the community, profiling jobs, wages, and the balance between commercial and non-commercial community assets. Data on additional economic indicators is also included.

Highlights from the 2016 report include:

Property Tax Abatements

Four (4) companies had active property tax abatements in 2016, with all meeting substantial compliance measures: Amarr Garage Doors, Grandstand Sportswear and Glassware (Screen-It Graphics), Sunlite Science & Technology, and Rock Chalk Park¹.

¹ KU would normally enjoy a 100% property tax abatement on their property for the duration of ownership. However, given the structure of the Rock Chalk Park project with KU Athletics entering into a long term lease with a private developer to construct the facilities, an automatic property tax exemption was not possible. A property tax abatement was utilized to assist KU in pursuing this project. Due to the unique nature of the project and its primary benefits related

Overall, the properties receiving a tax abatement substantially outperformed projections for the year.

Real Property Investment:	↑ 72%	(\$6M projected, \$10.3M delivered)
Personal Property Investment:	↑ 3%	(\$9.4M projected, \$9.7M delivered)
Full-Time Employment:	↑ 162%	(142 projected, 372 created)
Company Wages:	↑ 24%	(\$32,094 projected, \$39,802 delivered)
Co. Wages vs. Average Private-Sector Wage:	↑ \$8,480	(\$39,802 vs. \$31,322 average private community wage)
Co. Wages vs. 2016 Wage Floor:	↑ \$13,594	(\$39,802 vs. \$26,208 Wage Floor 2016 Rate)

Based on the portion of property receiving an abatement, the three companies receiving a tax abatement paid a combined \$194,837 in property taxes out of a total \$341,955 due in 2016 (\$147,117 abated).

Industrial Revenue Bonds (IRB)

Nine (9) companies had Industrial Revenue Bonds (IRB) in 2016. IRBs are a conduit financing tool with the companies being entirely responsible for principal and interest payments on the bonds.

The majority of IRBs were not affiliated with a property tax abatement, but rather used to obtain a sales tax exemption on project construction materials. Estimated sales tax exemption savings for stand-alone IRB projects completed in 2016 was \$1,164,140. Of that total, the City contributed an estimated \$275,086, the County contributed an estimated \$46,779, and the State contributed an estimated \$842,275 in sales tax exemption savings.² Note sales tax exemption savings are realized throughout project construction.

Neighborhood Revitalization Areas (NRA)

Of the City's seven (7) authorized Neighborhood Revitalization Areas (NRA), five (5) were eligible for rebates, with rebates totaling \$110,300 for 2016. After rebates, taxing jurisdictions realized an average of 18.6% more real property tax revenues in 2016 compared to if these properties had been left in original condition.

to assisting KU Athletics and drawing visitors from outside the community rather than job creation, no job creation performance or wage requirements were imposed.

² Amounts shown were estimated based on project cost assumptions provided by applicant, 50% materials cost for new construction projects and 100% materials and labor costs for remodeling projects. IRB sales tax exemption savings are realized during project construction with the State administering and monitoring the program.

Overall (for all years in which a NRA rebate was given), the NRA revitalized properties generated an average of 12.8% more real property tax revenues as compared to property tax revenues that would have been realized if the properties were left in original condition.

Two additional NRAs have been authorized, but are not yet due to receive rebates: 1101/1115 Indiana Street and 826 Pennsylvania Street.

Tax increment Financing (TIF)

The City continues to support three (3) Tax Increment Financing (TIF) districts.

- The Downtown 2000 Redevelopment TIF District was created to support the development of the City parking garage at 10th and New Hampshire and other cultural, commercial, office, and apartment developments. At the end of 2016, approximately \$2.77 million remained outstanding on the \$8.6 million bond debt.
- The Oread TIF District was created to help fund public improvements supporting the multi-level lodging, hospitality, and business venues at 12th and Oread. Public improvements to streets and infrastructure, including a parking garage, were financed initially by the developer and are reimbursed annually through both TIF and TDD revenues generated within the district. The district began generating TIF revenues in 2009.
- The 9th & New Hampshire TIF District was created in 2012 and includes two project areas: South (900 New Hampshire Street) and North (888 New Hampshire Street). During 2016, the South Project area generated both TIF sales and property tax revenues, but the North Project was finishing construction and did not have reimbursements.

TIFs distributions were approximately \$788, 600 in 2016. ³

Transportation Development Districts (TDD)

Currently, the City has three (3) authorized TDD districts. In all TDD districts, public improvements are financed initially by the developer and are reimbursed annually via a one percent (1%) transportation district sales tax on retail or taxable services occurring within the district.

³ Not all amounts distributed for The Oread project had been reimbursed in 2015 and 2016 due to a contractual dispute.

- The Oread TDD District (located at W. 12th Street & Oread Avenue) began generating sales tax revenues in 2009.
- The Free-State (Bauer Farm) TDD District (located at West 6th Street and Wakarusa Drive) began generating sales tax revenues in 2009.
- The 9th & New Hampshire TDD District was created in 2012 and includes two project areas: South and North. During 2016, TDD revenues were generated by the South Project, but the North Project was finishing construction and did not have reimbursements.

TDD distributions totaled approximately \$278,700 in 2016. ⁴

Direct Support Economic Development Programs

The City also participates in other programs which directly assist economic development services and projects. The programs and projects supported in 2016 are shown below.

2016 Direct Support Programs		
Support Program	Description	Location
Economic Development Services	BTBC	2029 Becker & 4950 Research Pkwy
Economic Development Services	EDC/Chamber and KU-SBDC	718 New Hampshire
Shared Infrastructure	Rock Chalk Park	6100 Rock Chalk Drive
Development Grant	1106 Rhode Island Street Improvements	1106 Rhode Island Street
Relocation Assistance	Integrated Animal Health	2029 Becker Drive
Workforce Training	Peaslee Technical Training Center	2920 Haskell Avenue
Affordable Housing	Cedarwood Sr. Cottages	2575 Cedarwood Avenue

Historic Assistance and Investments

As a whole, companies participating in pay-as-you-go (PAYGO)⁵ economic development programs received approximately \$1,324,596 in assistance for 2016 (\$147,035 in tax abatements, \$110,304 in Neighborhood Revitalization Area rebates, \$788,562 in TIF

⁴ Not all amounts distributed for The Oread project had been reimbursed in 2015 and 2016 due to a contractual dispute.

⁵ PAYGO programs require the property developer/owner to front expenses for project improvements. Once the project is completed and begins to generate new tax revenues, a portion of project-generated tax revenues is reimbursed back over a specified period of time to the developer/owner to help offset the costs of these improvements.

property and sales tax reimbursements, and \$278,695 in TDD sales tax reimbursements).⁶

In 2016, for every \$1 in public sector assistance provided for these programs, approximately \$4.69 in private sector capital investment was realized.

Recommended Actions

4-4-17: City Commission to receive the *2016 Annual Report: Economic Development Support & Compliance* and refer to the Public Incentives Review Committee (PIRC) for review and recommendation.

4-17-17: PIRC to review *2016 Annual Report: Economic Development Support & Compliance* and vote on recommendation for City Commission to accept.

4-26-17: County Commission to review the *2016 Annual Report: Economic Development Support & Compliance*.

5-2-17: City Commission to receive the Public Incentives Review Committee recommendations for the *2016 Annual Report: Economic Development Support & Compliance*. Review and accept the report, if appropriate.

⁶ Amounts shown include all revenues distributed by the state and county. However, at the end of 2015, the City had not reimbursed all Oread TIF and TDD distributions due to a contractual dispute.



2016

City of Lawrence, Kansas

Annual Report: Economic Development Support & Compliance

Britt Crum-Cano, Economic Development Coordinator



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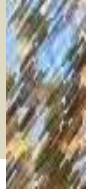


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Executive Summary

Each year, the City of Lawrence compiles information on the firms receiving property tax abatements in order to assess the effectiveness of program goals, including making good investments and providing quality wages and jobs for the community. This information is required by City Code which states that businesses receiving property tax abatements must provide certain information until their property tax abatement expires.

The report also includes information on other active incentive programs currently sponsored by the City, including Industrial Revenue Bonds (IRB), Neighborhood Revitalization Areas (NRA), Tax Increment Financing districts (TIF), Transportation Development Districts (TDD), and other support programs.

The annual report contains information on active programs for the report year. Historical information is included in the Appendices. Below is a summary of this year's report highlights:

Property Tax Abatements:

Four (4) Lawrence companies had active property tax abatements in 2016: Amarr Garage Doors, Grandstand Sportswear and Glassware (Screen-It Graphics), Sunlite Science & Technology, and Rock Chalk Park (KU facility portion). All met their compliance measures as per performance agreements signed with the City.¹

¹ KU would normally receive a 100% property tax abatement on their property for the duration of ownership. However, given the structure of the Rock Chalk Park project with KU Athletics entering into a long term lease with a private developer to construct the facilities, an automatic property tax exemption was not possible. A property tax abatement was utilized to assist KU in pursuing this project. Due to the unique nature of the project and its primary benefits related to assisting KU Athletics and drawing visitors from outside the community rather than job creation, no job creation performance or wage requirements were imposed.



Executive Summary

Investments

- For companies receiving a property tax abatement, real property investment totaled \$10.3 million in 2016 as compared to \$6 million projected. Real property investment to date was \$9,183,997 for Grandstand and \$1,158,155 for Sunlite. Amarr did not receive a real property tax abatement and their investment numbers are not included.

Real Property Investment			
Company	Total Projected (in 2016 dollars)	Total 2016	Comparison (Projected to Actual)
Amarr	n/a	n/a	n/a
Grandstand	\$4,890,000	\$9,183,997	188%
Sunlite	\$1,130,000	\$1,158,155	102%
Total (2016)	\$6,020,000	\$10,342,152	172%

- Personal property investment totaled \$9,700,000 in 2016 as compared to \$9,400,000 projected. Personal property investment to date for Amarr was \$9,700,000. Grandstand and Sunlite did not receive personal property tax abatements on personal property through the City as this was automatically exempted through state law and their investment numbers are not included.²

Personal Property Investment			
Company	Total Projected (in 2016 dollars)	Total 2016	Comparison (Projected to Actual)
Amarr	\$9,400,000	\$9,700,000	103%
Grandstand	n/a	n/a	n/a
Sunlite	n/a	n/a	n/a
Total (2016)	\$9,400,000	\$9,700,000	103%

² The State of Kansas exempted commercial personal property purchased July 1, 2006 and after from taxation.



Executive Summary

Employment

Amarr projected 40 net new positions and realized 183, Grandstand projected 86 net new positions and realized 189, and Sunlite projected 16 and met 9 full-time positions in 2016.

Full-Time Employment			
Company	Total Projected	Total 2016	Comparison (Projected to Actual)
Amarr ³	40	183	458%
Grandstand	86	189	220%
Sunlite	16	9 ⁴	56%
Total (2016)	142	372	262%

³ The number of jobs projected from abatement was 40, as per COTA orders (Docket # 2010-5589-EDX, received 8-12-2010) granting the tax abatement on personal property. According to the COTA orders, "Applicant is using the subject property for manufacturing articles of commerce and its expansion has resulted in or will result in the creation of 40 new positions." During the year prior to submission of the COTA application (2009), Amarr had a total full-time workforce of 499. From the COTA orders, the company projected 40 net new full-time positions would be added during the abatement period for a total of 539 full-time jobs (499 + 40 = 539). In 2016, Amarr reported 722 actual, full-time positions and had realized 183 net new full-time positions (722-539 = 183).

⁴ FTE count does not include the company owner, who works full-time at the company, but has elected to not take a salary.



Executive Summary

Full-Time Wages

All the companies receiving property tax abatements either met or exceeded required wage levels during 2016. As a whole, the companies achieved an average annual wage of \$39,802 for full-time positions in 2016 compared with just over \$32,094 (inflation adjusted) as originally projected. This is \$8,480 higher than the average full-time, private sector wage in Lawrence (\$31,322 per year) and \$13,594 higher than the annual 2016 wage floor rate of \$26,208. Average 2016 full-time wages was \$39,004 for Amarr, \$40,206 for Grandstand, and \$40,196 for Sunlite.

Average Wage Comparison			
Company	Total Projected (in 2016 dollars)	Total 2016	Comparison (Projected to Actual)
Amarr	\$32,770	\$39,004	119%
Grandstand	\$31,512	\$40,206	128%
Sunlite	\$32,000	\$40,196	126%
Total (2016)	\$32,094	\$39,802	124%

Wage Comparisons		
2016 Wage Comparison	Hourly	Annual
Lawrence Avg. Private Wage	\$15.06	\$31,322
Lawrence Wage Floor	\$12.60	\$26,208
Company Average Wage	\$19.14	\$39,802

*Wage
Difference*
\$8,480
\$13,594



Executive Summary

Tax Generation

Based on the portion of property receiving an abatement, the companies receiving a property tax abatement for economic development purposes paid a combined \$194,837 in property taxes out of a total \$341,955 due in 2016 (\$147,117 abated).⁵ Amarr paid a total of \$120,134 in personal property tax out of \$146,666 due (\$26,533 abated); Grandstand paid a total of \$53,526 in real property tax out of \$152,933 due (\$99,407 abated); and Sunlite paid a total of \$21,178 in real property tax out of \$42,356 due (\$21,178 abated).

2016 Tax Generation (on portion of property receiving an abatement)				
Company	Taxes Paid	Tax Abated	Total Taxes	Abated % of Total
Amarr	\$120,134	\$26,533	\$146,666	18%
Grandstand	\$53,526	\$99,407	\$152,933	65%
Sunlite	\$21,178	\$21,178	\$42,356	50%
Total	\$194,837	\$147,117	\$341,955	43%

⁵ Rock Chalk Park was not subject to economic development measures due to the unique nature of the project and taxes are not reported for that project. KU would normally receive a 100% property tax abatement on their property for the duration of ownership. However, given the deal structure of the Rock Chalk Park project with KU Athletics entering into a long term lease with a private developer to construct the facilities, an automatic property tax exemption was not possible. A property tax abatement was utilized to assist KU in pursuing this project. Due to the unique nature of the project and its primary benefits related to assisting KU Athletics and drawing visitors from outside the community rather than job creation, no job creation performance or wage requirements were imposed.



Executive Summary

Industrial Revenue Bonds (IRB):

Nine (9) companies had Industrial Revenue Bonds (IRB) in 2016. The majority of the authorized IRBs were not affiliated with a property tax abatement, but rather were utilized to obtain a sales tax exemption on construction materials for the project. It should be noted that IRBs are backed by private sources, with no obligation on the part of the City for repayment of principal or interest.

2016 Industrial Revenue Bonds (IRB)					
Company	Date of Issue	Issuing Ord. #	Year Matures	Amount Authorized	Project
Bowersock: Series 2011B & 2011C	2010/2011	8607 & 8620	2037	\$27,000,000	Hydro-Electric Facility
Rock Chalk Park	Oct. 2013	8862	2023	\$40,000,000	Commercial Recreational Facility
1101 Indiana Street (HERE KS)*	Nov. 2014	9053	2017	\$76,000,000	Mixed-Use, Retail and Student Housing
100 East 9th Street LLC (888 New Hampshire, North Project): Series 2015*	Mar. 2015	9093	2017	\$23,000,000	Mixed-Use Commercial/Residential
Dwayne Peaslee Technical Training Center, Inc.: Series 2015*	May 2015	9111	2017	\$1,600,000	Technical Training Center
800 New Hampshire: Series 2016*	April 2016	9210	2018	\$7,800,000	Mixed-Use Commercial/Multi-Family Residential
Pioneer Ridge*	Feb. 2016	9184	2018	\$14,500,000	Commercial, Independent Living Facility
826 Pennsylvania Street*	Dec. 2016	9316	2018	\$3,200,000	Mixed-Use Commercial/Multi-Family Residential
Dwayne Peaslee Technical Training Center, Inc.: Series 2016*	Dec. 2016	9321	2019	\$2,000,000	Technical Training Center

* Stand-Alone IRB used for a sales tax exemption on construction materials

Executive Summary

Neighborhood Revitalization Areas (NRA):

Five (5) companies received NRA rebates in 2016. Rebates were not yet due for the 1101 Indiana Street and 826 Pennsylvania Street NRAs. ⁶

2016 NRA Distributions	
Neighborhood Revitalization Areas	Amount
720 E 9th Street	\$13,537
1040 Vermont Street	\$29,568
810/812 Pennsylvania Street	\$26,286
1106 Rhode Island Street	\$11,037
900 Delaware Street	\$29,876
NRA Total	\$110,304

These five NRAs generated an average of 18.6% more real property tax revenues as compared to property tax revenues that would have been realized if the properties were left in original condition. Overall (for all years in which a NRA rebate was given), the five NRA revitalized properties generated an average of 12.8% more real property tax revenues as compared to property tax revenues that would have been realized if the properties were left in original condition.

Tax Revenue Comparison: All NRAs			
NRA	Base	Retained	% Gain (Loss)
720 E 9th St	\$12,949	\$14,052	8.5%
1040 Vermont St	\$27,514	\$29,748	8.1%
810/812 Pennsylvania St	\$3,870	\$5,723	47.9%
900 Delaware St	\$1,171	\$2,879	145.8%
1106 Rhode Island St	\$1,160	\$2,920	151.8%
Total	\$46,664	\$55,321	18.6%

*Unimproved
Property*

*Improved
Property*

Return

⁶ Distribution details are shown in Appendix B.



Executive Summary

Tax Increment Financing Districts (TIF):

The City currently has three (3) TIF districts: Downtown 2000, Oread, and 9th & New Hampshire (includes 900 New Hampshire and 888 New Hampshire).⁷

2016 TIF Distributions	
Tax Increment Financing	Amount
901 New Hampshire Street (Downtown 2000 District)	\$28,085
<i>The Oread TIF*</i>	
TIF Sales Tax	\$63,493
TIF Property Tax	\$283,002
<i>900 New Hampshire TIF (South Project)**</i>	
TIF Sales Tax	\$116,652
TIF Property Tax	\$297,330
<i>888 New Hampshire TIF (North Project)</i>	
TIF Sales Tax (under construction in 2016)	n/a
TIF Property Tax (under construction in 2016)	n/a
TIF Total	\$788,562

\$122,791 total generated in 2016

\$312,979 total generated in 2016

* For 2016, not all distributions collected had been reimbursed due to a contractual dispute.

**City retains 5%, up to \$900,000 for "Arts Common" project.

⁷ Distribution details are shown in Appendix B.



Executive Summary

- The Downtown 2000 Redevelopment TIF District was created to support the development of the parking garage at 10th and New Hampshire and other cultural, commercial, office, and apartment developments. At the end of 2016, approximately \$2.77M remained outstanding on the bond debt (originally \$8.6M).⁸
- The Oread TIF District was created to help fund public improvements supporting the multi-level lodging, hospitality, and business venue at 12th and Oread. Public improvements to streets and infrastructure, including a parking garage, were financed initially by the developer and are reimbursed annually through both TIF and TDD revenues generated within the district. In 2016, the District generated \$346,495 in reimbursable sales and property tax TIF revenues.⁹
- The 9th & New Hampshire TIF District was created in 2012 and includes two project areas: 900 New Hampshire (South Project) and 888 New Hampshire (North Project).
 - In 2016, 900 New Hampshire (South Project) generated \$435,771 in reimbursable sales and property tax TIF revenues, \$413,982 of which was reimbursed back to the property owner.¹⁰
 - At the end of 2016, 888 New Hampshire (North Project) was finishing construction and had not received any TIF reimbursements.

⁸ The Downtown 2000 TIF does not pay out to private entities except for a ~\$28,085/year reimbursement that was authorized via agreement. This amount is shown as the 901 New Hampshire Street TIF refund.

⁹ For 2016, not all distributions collected had been reimbursed due to a contractual dispute.

¹⁰ The City retains 5%, up to \$900,000, for the Arts Common project.



Executive Summary

Transportation Development Districts (TDD):

Currently, the City has three (3) authorized TDD districts: The Oread TDD District, Free-State/Bauer Farms TDD District, and the 9th & New Hampshire TDD District.¹¹ In all TDD districts, public improvements are financed initially by the developer and are reimbursed annually via a one percent (1%) transportation district sales tax on retail or taxable services occurring within the district.

2016 TDD Distributions	
Transportation Development District	Amount
Oread: TDD Sales Tax, State Distributions to City*	\$32,831
Bauer Farms: TDD Sales Tax	\$245,863
9th & New Hampshire TDD**	
900 New Hampshire (South Project)	\$0
888 New Hampshire (North Project)	n/a
TDD Total	\$278,695

\$49,424 generated in 2016

* For 2016, not all distributions collected had been reimbursed due to a contractual dispute.

**City retains first \$850,000 in TDD as contribution toward City parking garage at 10th & New Hampshire.

¹¹ Distribution details are shown in Appendix B.



Executive Summary

- In 2016, the Oread TDD District (located at W. 12th Street & Oread Avenue) generated \$32,831 in TDD reimbursable revenue.¹²
- In 2016, the Free-State (Bauer Farm) TDD District (located at West 6th Street and Wakarusa Drive) generated \$245,863 in TDD reimbursable revenue.
- The 9th & New Hampshire TDD District was created in 2014 and includes two project areas: 900 New Hampshire (South Project) and 888 New Hampshire (North Project).
 - In 2016, 900 New Hampshire (South Project) generated \$49,434 in TDD reimbursable revenue. The City retains the first \$850,000 of TDD Revenue as contribution toward City parking garage at 10th & New Hampshire. As of December 31, 2016, the City has retained the entire amount of distributed TDD tax revenue (2015 = \$21,622; 2016 = \$49,434; Total to Date = \$71,056).
 - At the end of 2016, 888 New Hampshire (North Project) was finishing construction and had not received any TDD reimbursements.

¹² For 2016, not all distributions collected had been reimbursed due to a contractual dispute.



Executive Summary

Other Economic Development Programs (Direct-Support):

The City also participates in direct-support programs to help initiate and support economic development within the community. The programs supported in 2016 include:

2016 Direct Support Programs		
Support Program	Description	Type of Assistance
Economic Development Services	BTBC	Capital Investment & Operations
Economic Development Services	EDC/Chamber and KU-SBDC	Operations
Development Grant	1106 Rhode Island Street Improvements	Grant
Relocation Assistance	Integrated Animal Health	Rent Subsidy
Workforce Training	Peaslee Technical Training Center	Operations
Affordable Housing	Cedarwood Sr. Cottages	Grant

- ***Economic Development Services***—The City, along with other community stakeholders, provides support for the Bioscience & Technology Business Center (BTBC). City support to the BTBC in 2016 totaled \$393,790 for various economic development services and facilities.

City support for economic development services provided by the Lawrence Chamber of Commerce and KU Small Business Development Center totaled \$220,000 in 2016.

- ***Development Grant***—The City authorized up to \$26,100 in development assistance, primarily in the form of rebated fees, to aid the rehabilitation of historic structures and revitalization at 1106 Rhode Island Street. By the end of 2016, all of the grant had been reimbursed.



Executive Summary

- **Relocation Assistance**—Based out of Queensland, Australia, Integrated Animal Health (IAH) is a privately owned and funded company that uses patented technology to help increase the absorption of medicine in animals, either given orally or through the skin. To help establish IAH’s global headquarters in Lawrence, the City and Douglas County agreed to share equally in providing a 3-year lease subsidy for space at the BTBC main facility and provide a \$100,000 forgivable loan. The first full measurement year for calculating compliance was June 1, 2015-May 31, 2016. During this measurement period, IAH met compliance, resulting in one-third of the loan forgiven (\$33,333.10). Also during this period, the City and County contributed \$22,266 each toward the lease subsidy.
- **Workforce Training**—Aimed at helping fill the skills gap in the local workforce, the Peaslee Technical Training Center opened August of 2015 with an enrollment of 150 students. Three semesters later, the Center had attracted 300 students. For 2016, the City and County provided operational assistance of \$100,000 each. In addition, the City waived a \$1,000 IRB application fee for additional expansion of the Center.
- **Affordable Housing**—To assist in the development of Tenants to Homeowners’ 14-unit, senior living townhouse project, the City provided neighborhood infrastructure and improvements during the construction period valued at approximately \$102,000. The project was completed at the end of 2016 and had twelve seniors living in the one and two bedroom cottages.



Introduction

The City of Lawrence provides multiple support programs for economic development opportunities designed to enhance the local economy and quality of life. As these programs involve public funding for current and future community assets, projects are viewed as an investment in which the City analyzes the risks and returns, selecting economic projects that best balance the goal of growing the local economy with the required amount of investment. The City has the below active economic development programs and projects.

2016 Major Economic Development Support Programs			
Incentive Program	Description	Location	Map #
Tax Abatements	Amarr	3800 Greenway circle	1
	Screen-It Graphics/Grandstand	3840 Greenway Circle	2
	Rock Chalk Park	6100 Rock Chalk Drive	3
	Sunlite Science & Technology, Inc.	4811 Quail Crest Place	4
Industrial Revenue Bonds (IRB)	Bowersock (Hydro-Electric Plant)	Kansas River, east of N 2nd Street	5
	Rock Chalk Park	6100 Rock Chalk Drive	6
	1101 Indiana Street (HERE Kansas)	1101/1115 Indiana Street	7
	9th & New Hampshire--North Project	100 E 9th Street	8
	Peaslee Technical Training Center-2015 & 2016	2920 Haskell Avenue	9
	Pioneer Ridge	1000 Wakarusa Drive	10
	800 New Hampshire	800 New Hampshire Street	11
	826 Pennsylvania Street	826 Pennsylvania Street	12
Neighborhood Revitalization Areas (NRA)	8th and Pennsylvania Street District	720 E 9th Street	13
	1040 Vermont (Treanor Headquarters)	1040 Vermont Street	14
	810/812 Pennsylvania (Cider Building)	810/812 Pennsylvania Street	15
	1106 Rhode Island Street (Hernly Associates)	1106 Rhode Island Street	16
	1101 Indiana Street (HERE Kansas)	1101/1115 Indiana Street	17
	900 Delaware Street (9 Del Lofts)	900 Delaware Street	18
	826 Pennsylvania Street	826 Pennsylvania Street	19
Tax Increment Financing (TIF)	Downtown 2000 District	9th & New Hampshire area	20
	901 New Hampshire (TIF Refund)	901 New Hampshire	21
	Oread Project	1200 Oread Avenue	22
	9th & New Hampshire TIF District	900 New Hampshire, 888 New Hampshire	23
Transportation Development Districts (TDD)	Free State (Bauer Farm)	NEC 6th & Wakarusa	24
	Oread Project	1200 Oread Avenue	25
	9th & New Hampshire TDD District	900 New Hampshire, 888 New Hampshire	26



Introduction

2016 Other Support Programs			
Support Program	Description	Location	Map #
Economic Development Services	BTBC	2029 Becker & 4950 Research Pkwy	27
Economic Development Services	Chamber and KU-SBDC	718 New Hampshire	28
Shared Infrastructure	Rock Chalk Park	6100 Rock Chalk Drive	29
Development Grant	1106 Rhode Island Street Improvements	1106 Rhode Island Street	30
Relocation Assistance	Integrated Animal Health	2029 Becker Drive	31
Workforce Training	Peaslee Technical Training Center	2920 Haskell Avenue	32
Affordable Housing	Cedarwood Sr. Cottages	2575 Cedarwood Avenue	33



Property Tax Abatements

Overview

Property tax abatements are authorized by the State of Kansas to allow municipalities and other taxing jurisdictions to reduce property taxes for a limited period of time in order to spur additional investment within a community. Currently, the state automatically grants a property tax abatement on personal property (i.e. machinery and equipment), purchased July 1, 2006 and after, that is used for commercial purposes. A property tax abatement on real property applies only to land and building(s).

Each year, the City of Lawrence compiles information on the firms receiving property tax abatements in order to assess the effectiveness of the abatements at providing investments, quality jobs and good wages for the community. This information is required by City policy which requires businesses receiving property tax abatements to provide certain information until their property tax abatement expires. The information presented in this section provides profile and performance information for the companies currently receiving property tax abatements.



Property Tax Abatements

2016 Tax Abatements: Active						
Company	Start ¹	Expires ²	Maximum Investment Amount Subject to Abatement ³	Abatement %	Ord/Res	COTA Docket #
Amarr Garage Doors, Inc.	2010	2019	\$9,400,000 personal property	55% personal property	O-8497	2010-5589-EDX
3840 Greenway Circle LLC/Screen-It Graphics (Grandstand)	2012	2021	\$4,990,000 real property ⁴	65% on real property	R-6948	2012-9459-EDX
Sunlite Science & Technology, Inc.	2014	2023	\$2,300,000 real property ⁵	50% on real property	R-7042	2013-5409-EDX
Rock Chalk Park ⁶	2014	2023	\$40,000,000	100% on real property	R-7014	2014-7320-IRBX

For information on matured and non-initiated property tax abatements, see Appendix C.

¹ Exemption from ad valorem taxation starts with the taxes levied in the calendar year shown.

² Exemption from ad valorem taxation expires with the taxes levied in the calendar year shown.

³ Amounts that appear in the City Ordinance authorizing the abatement.

⁴ Estimated cumulative capital investment over 10-year term as per agreement dated October, 11, 2011 between City, 3840 Greenway Circle LLC, and Screen-It Graphics of Lawrence, Inc.

⁵ Estimated cumulative capital investment over 10-year term as per agreement dated August 30, 2013 between City and Sunlite Science & Technology, Inc.

⁶ KU would normally receive a 100% property tax abatement on their property for the duration of ownership. However, given the structure of the project with KU Athletics entering into a long term lease with a private developer to construct the facilities, an automatic property tax exemption was not possible. A property tax abatement was utilized to assist KU in pursuing this project. Due to the unique nature of the project and its primary benefits related to assisting KU Athletics and drawing visitors from outside the community rather than job creation, no job creation performance requirements were imposed.



Property Tax Abatements

Company Profiles

Amarr Garage Doors

Amarr was established in 1951 by the Brenner family in Winston-Salem, NC, and has grown to have sales in excess of \$300 million, 1,200 employees, and 76 locations in the United States, Mexico, and Canada.



Amarr Garage Doors: 3800 Greenway Circle

They are one of the world's leading designers, manufacturers, and distributors of door access systems for residential garages, warehouses, commercial buildings, shopping malls and other commercial applications. Amarr has over 17 products to offer residential customers as well a wide array of commercial doors



such as sectional steel doors and rolling steel doors. Designs are inspired by some of America's leading brands and sold by over 3,000 professional independent garage door dealers worldwide.

Amarr produces garage doors in two locations: Lawrence, Kansas and North Carolina. The company came to Lawrence in 1989 as the first occupant of East Hills Business Park and currently produces the majority of their garage doors at this location. Amarr provides jobs for over 600 people, making it one of the largest private employers in the City.



Property Tax Abatements

Grandstand Sportswear & Glassware (Screen-It Graphics)

Based in Lawrence, Kansas, Grandstand is a custom screen printer specializing in sportswear, glassware and promotional items. Beginning operations as an apparel



Grandstand: 3840 Greenway Circle

company with seven employees in 1988, this local business has experienced rapid expansion, now selling products throughout the U.S., Canada, and Australia.

Company growth necessitated a move in late 2011/early 2012 from its Lawrence location at 2920 Haskell, where it occupied 30,000 square feet of space, to its new 155,000 square foot building in East Hills Business Park. The move into the larger facility gives the company the opportunity to grow and expand as it continues to respond to increasing market demand.





Property Tax Abatements

Sunlite Sciene & Technology

Sunlite Science & Technology, Inc. designs and manufactures high-efficiency LED lighting fixtures for residential and commercial uses. This home-grown company has been headquartered out of Lawrence, Kansas since 1997 and was the first graduate from the Lawrence Bioscience and Technology Business Center (BTBC) incubator. In 2013, the company purchased the property at 4811 Quail Quest Place in order to consolidate business operations and grow to the next business phase.



Topeka Pocket Park Lighting

Sunlite provides innovative products both locally and nationally. In 2016, a Sunlite research and technology proposal was one of 134 SBIR Phase II General proposals (out of 323 total) selected by NASA to support the development of technologies in

the areas of aeronautics, science, human exploration and operations, and space technology. Proposals were selected according to their

technical merit and feasibility, in addition to the experience, qualifications and facilities of the submitting business.



Lighting for Dragon Ceiling Exhibit, Nelson-Atkins Museum, Kansas City, MO



Lighting for Lydia's Restaurant, Kansas City, MO



Property Tax Abatements

Abatement Performance

The table below compares projected investment, employment and wage milestones⁷ to actual achievement for each of the companies receiving a property tax abatement during 2016.

2016 Tax Abatement Performance by Company			
Amarr Garage Doors, Inc.	Projected	Actual	Comparison (Projected to Actual)
Real Property Investment	n/a	n/a	n/a
Personal Property Investment	\$9,400,000	\$9,700,000	103%
Full-Time Employees ⁸	40	183	458%
Average Wages (2016 Dollars)	\$32,770	\$39,004	119%

Continued

⁷ Each firm was required to provide projections of real property investments, personal property investments, new jobs and wages for those jobs in order to do a cost-benefit analysis. The cost-benefit analysis is required by state law in order for the Kansas Court of Tax Appeals (COTA) to grant a tax abatement.

⁸ The number of jobs projected to be added during the abatement period was 40, as per the Kansas Court of Tax Appeals orders (COTA Docket # 2010-5589-EDX, received 8-12-2010) granting the tax abatement on personal property. According to the COTA orders, "Applicant is using the subject property for manufacturing articles of commerce and its expansion has resulted in or will result in the creation of 40 new positions."

During the year prior to submission of the COTA application (2009), Amarr had a total full-time workforce of 499. From the COTA orders, the company projected 40 net new full-time positions would be added during the abatement period for a total of 539 full-time jobs (499 + 40 = 539). In 2016, Amarr reported 722 actual, full-time positions and had realized 183 net new full-time positions (722-539 = 183).



Property Tax Abatements

2016 Tax Abatement Performance by Company			
Grandstand/Screen-It Graphics	Projected	Actual	Comparison (Projected to Actual)
Real Property Investment	\$4,890,000	\$9,183,997	188%
Personal Property Investment	n/a	n/a	n/a
Full-Time Employment ⁹	86	189	220%
Average Wages (2016 Dollars)	\$31,512	\$40,206	128%
Sunlite Science & Technology	Projected	Actual	Comparison (Projected to Actual)
Real Property Investment	\$1,130,000	\$1,158,155	102%
Personal Property Investment	n/a	n/a	n/a
Full-Time Employment ¹⁰	16	9 ¹¹	56%
Average Wages (2016 Dollars)	\$32,000	\$40,196	126%

⁹ Pre-abatement employment as of December 31, 2010 was 40 full-time positions. Per the agreement between the City and Screen-It Graphics of Lawrence, Inc./3840 Greenway Circle LLC, employment for purposes of abatement compliance is measured for the year preceding the current tax abatement calendar year. For example, for the 2013 calendar year, employment is measured from January-December 2012.

¹⁰ Pre-abatement employment as of December 31, 2013 was 5 full-time positions.

¹¹ FTE count does not include the company owner, who works full-time at the company, but has elected to not take a salary.



Property Tax Abatements

Performance Summary

2016 Tax Abatement Summary			
	Total Projected	Total Actual	Comparison (Projected to Actual)
Real Property Investment	\$6,020,000	\$10,342,152	172%
Personal Property Investment	\$9,400,000	\$9,700,000	103%
Full-Time Employees	142	381	268%
Average Wages (2016 Dollars)	\$32,094	\$39,802	124%

Real Property Investment

Overall, the companies receiving property tax abatements in 2016 achieved one hundred seventy-two percent (172%) of the projected amount for real property investments. Real property investment totaled approximately \$10.3 million, with company investments ranging from over \$1.15 million (Sunlite) to approximately \$9.2 million (Grandstand). Amarr did not receive a property tax abatement on real property and those investment amounts were not included.

Personal Property Investment

Overall, the companies receiving property tax abatements in 2016 achieved one hundred three percent (103%) of the projected amount for personal property investments. Personal property investment totaled approximately \$9.7 million. Grandstand and Sunlite did not receive a personal property tax abatement and those amounts were not included.



Property Tax Abatements

Job Creation:

All of the companies receiving a property tax abatement in 2016 met or exceeded full-time employment projections as per reporting requirements. Amarr Garage Doors exceeded projected employment by four hundred fifty-eight percent (458%), Grandstand exceeded projected employment by two hundred twenty percent (220%). Sunlite achieved fifty-six percent (56%) of their projected employment for the 2016 abatement year.¹² Overall, the three companies receiving a property tax abatement during 2016 met two hundred sixty-eight (268%) of new, full-time job projections.

Wages:

Employee pay is an important element for both the quality of life and for promoting other businesses indirectly. Adjusting for inflation, average wages from the companies receiving property tax abatements is approximately \$39,802 per year. This wage is about \$8,480 higher than the average private sector wage in Lawrence.¹³ This wage is also substantially above the 2016 community wage floor rate (\$12.60 per hour wage floor rate as compared to \$19.14 per hour average wage rate paid by abatement companies.)

All three companies met or exceeded wage expectations. Overall wages averaged one hundred twenty-four percent (124%) of projections. (Again, the projections provided in the application have been adjusted for inflation.)

¹² FTE count does not include the company owner, who works full-time at the company, but has elected to not take a salary.

¹³ Kansas Department of Labor, Kansas Labor Information Center, Average Private Sector Wage in Lawrence, KS (by Industry), Quarterly Census of Employment and Wages, \$31,322, data released 2016.



Property Tax Abatements

Employment Summary

Each year, a questionnaire is sent to property tax abatement companies requesting employment information such as the number of full-time and/or part-time jobs, the hourly or annual wage for each position, and 6-digit Standard Occupation Code (SOC) ¹⁴ for each job category. Employment information is then compared to targets as specified within the company's performance agreement.

2016 Employment Summary	
Amarr Garage Doors, Inc.	
Total Employment	745
Total Full-Time Employment	722
% of Full-Time Jobs meeting or exceeding mean wage	98%
Average Full-Time Wage	\$18.75
Grandstand/Screen-It Graphics	
Total Employment	189
Total Full-Time Employment	189
% of Full-Time Jobs meeting or exceeding mean wage	128%
Average Full-Time Wage	\$19.33
Sunlite Science & Technology	
Total Employment	10
Total Full-Time Employment	9 ¹⁵
% of Full-Time Jobs meeting or exceeding mean wage	133%
Average Full-Time Wage	\$19.33

¹⁴ The community average wage used was the 6-digit SOC Code mean wage as reported in the 2016 Edition of the Kansas Wage Survey for the Lawrence Metropolitan Statistical Area (MSA). Whenever a 6-digit SOC Code mean wage was not available for Lawrence, the 2016 Edition 6-digit SOC Code mean wage for the state of Kansas was used. Due to confidentiality, companies were not required to provide wage data on job categories with only one employee. For purposes of calculating the company average wage, jobs indicated as below the average wage were estimated at 10% less than the SOC community average wage for that job category. Jobs indicated as above the average wage were estimated at 3% more than the SOC Community average wage for that job category.

¹⁵ FTE count does not include the company owner, who works full-time at the company, but has elected to not take a salary.



Property Tax Abatements

Employment History

In addition to 2016 employment, the below table presents historical employment records over the past five years for the companies receiving a property tax abatement:

2012-2016 Employment History (year-end)																		
Company	Pre-Abatement		Projected from Abatement		Total Estimated Jobs		2012		2013		2014		2015		2016		2016 Over/Under Estimated Total	
	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT
Amarr (2009) ¹⁶	499	0	40	0	539	0	477	4	624	16	697	36	696	15	722	23	183	23
Grandstand/Screenot Graphics ¹⁷	40	0	46	0	86	0	45	0	71	0	97	0	186	0	189	0	103	0
Sunlite Science & Technology ¹⁸	5	0	11	0	16	0	n/a	n/a	n/a	n/a	6	0	11	0	9 ¹⁹	0	(7)	0
<i>Total</i>	<i>544</i>	<i>0</i>	<i>97</i>	<i>0</i>	<i>641</i>	<i>0</i>									<i>911</i>	<i>23</i>	<i>279</i>	<i>23</i>

¹⁶ The number of jobs projected to be added during the abatement period was 40, as per the Kansas Court of Tax Appeals orders (COTA Docket # 2010-5589-EDX, received 8-12-2010) granting the tax abatement on personal property. According to the COTA orders, "Applicant is using the subject property for manufacturing articles of commerce and its expansion has resulted in or will result in the creation of 40 new positions." During the year prior to submission of the COTA application (2009), Amarr had a total full-time workforce of 499. From the COTA orders, the company projected 40 net new full-time positions would be added during the abatement period for a total of 539 full-time jobs (499 + 40 = 539). In 2016, Amarr reported 722 actual, full-time positions and had realized 183 net new full-time positions (722 - 539 = 183).

¹⁷ Pre-abatement employment as of December 31, 2010 was 40 full-time positions. Per the agreement between the City and Screen-It Graphics of Lawrence, Inc./3840 Greenway Circle LLC, employment for purposes of abatement compliance is measured for the year preceding the current tax abatement calendar year. For example, for the 2013 calendar year, employment is measured from January-December 2012.

¹⁸ Pre-abatement employment as of December 31, 2013 was 5 full-time positions.

¹⁹ FTE count does not include the company owner, who works full-time at the company, but has elected to not take a salary.



Property Tax Abatements

Abatement Compliance Summary

In order to annually qualify for a property tax abatement, each company is subject to provisions as specified within a performance agreement signed with the City and the property tax abatement policy that was in place at the time of agreement signing. Grandstand and Sunlite, are subject to the May 2010 property tax abatement policy requirements. City agreements for the Amarr property tax abatement were signed prior to the commencement of the 2010 economic development policy. However, Amarr has substantially met their compliance targets for 2016 based on their performance agreement and referenced property tax abatement policy.

Current policy is based on the below compliance schedule:

Compliance Schedule	
Blended Range %	Amount of Incentive to be Received
90-100%	100%
80-89%	85%
70-79%	75%
Below 70%	0%



Property Tax Abatements

Grandstand was subject to the below performance provisions for 2016.²⁰ The company met substantial compliance and was eligible for one hundred percent (100%) of their 2016 property tax abatement amount.

2016 Grandstand Compliance Summary						
Compliance Category	Description	Target	Actual	% Compliance (Actual/Target)	Weight	Overall Compliance
Capital Investment	Cumulative Capital Investment (as of Dec 31, 2015)	\$4,890,000	\$9,183,997	188%	0.25	46.95%
Job Creation	Full-Time Employment (FTEs)	86	189	220%	0.25	54.94%
Wages	2016 Wage Floor (\$12.60/hr.) ²¹	100% of Employees paid above wage floor	97%	97%	0.125	12.13%
	Average Company Hourly Wage	\$15.15	\$19.33	128%	0.125	15.95%
Health Benefits	Employer Provided Health Care Coverage (minimum of 70% employer paid premium) ²²	100%	100%	100%	0.25	25.00%
<i>Blended Compliance %</i>						155%
<i>Eligible Incentive %</i>						100%

²⁰ Note that as per the performance agreement between Grandstand and the City, the measurement period for job creation was specified as January 1 through December 31 of the immediately preceding year. Under mutual agreement, the City and Grandstand agreed to a clarification of the measurement period that would align it to the year taxes are being levied/abated. For example, the measurement period for taxes levied in 2016 will be January 1, 2016 through December 31, 2016. This does not change targets or total job creation numbers, but rather makes compliance calculation and reporting more efficient and straightforward for both the City and Grandstand.

²¹ As per agreement (dated 10-11-11, Section 5c), Grandstand shall maintain a wage structure for its FTEs such that 100% of its regular full-time employees are paid above the annual wage floor. Wages for employees serving their initial training period of 90 days will not be included in this calculation.

²² As per agreement (dated 10-11-11, Section 5d), Grandstand shall provide a minimum of 70% of the premiums for an employer-sponsored health insurance policy for covered employees (or provide employees with a wage which is \$1.50/hr. above the wage floor). Grandstand submitted a letter stating that the company paid 100% of the healthcare premium for all covered employees in 2016. (See Appendix E.)



Property Tax Abatements

Sunlite was subject to the below performance provisions for 2016. The company met substantial compliance and was eligible for one hundred percent (100%) of their 2016 property tax abatement amount.

2016 Sunlite Compliance Summary						
Compliance Category	Description	Target	Actual	% Compliance (Actual/Target)	Weight	Overall Compliance
Capital Investment	Cumulative Capital Investment (as of Dec 31, 2016)	\$1,130,000	\$1,158,155	102%	0.25	25.62%
Job Creation	Full-Time Employment (FTEs)	16	9 ²³	56%	0.25	14.06%
Wages	Wage Floor (\$12.60/hr) ²⁴	100% of Employees paid above wage floor	100%	100%	0.125	12.50%
	Average Company Hourly Wage	\$15.38	\$19.33	126%	0.125	15.70%
Health Benefits	Employer Provided Health Care Coverage (minimum of 70% employer paid premium) ²⁵	100%	80%	100%	0.25	25.00%

Blended Compliance % 93%

Eligible Incentive % 100%

²³ FTE count does not include the company owner, who works full-time at the company, but has elected to not take a salary.

²⁴ As per performance agreement (dated 8-30-13, Section 4-C), Sunlite shall maintain a wage structure for its FTEs such that 100% of its regular full-time employees are paid above the annual wage floor. Wages for employees serving their initial training period of 90 days will not be included in this calculation.

²⁵ As per performance agreement (dated 8-30-13, Section 4-D), Sunlite shall provide a minimum of 70% of the premiums for an employer-sponsored health insurance policy for covered employees (or provide employees with a wage which is \$1.50/hr. above the wage floor).



Property Tax Abatements

Amarr signed their performance agreement before the 2010 policy was in place and is not subject to the same provisions as indicated in the current policy. However, Amarr substantially met 2016 compliance measures per their performance agreement and is eligible for one hundred percent (100%) of their annual incentive amount. Performance measures for Amarr, in light of current standards, are shown below for comparison.

2016 Amarr Compliance Summary						
Compliance Category	Description	Target	Actual	% Compliance (Actual/Target)	Weight	Overall Compliance
Capital Investment	Personal Property	\$9,400,000	\$9,700,000	103%	0.25	25.80%
Job Creation	Full-Time Employment ²⁶	40	183	458%	0.25	114.38%
Wages	Wage Floor ²⁷	100% of Employees	100.00%	100%	0.125	12.50%
	Average Company Hourly Wage ²⁸	\$15.75	\$18.75	119%	0.125	14.88%
Health Benefits	Employer Health Care Coverage ²⁹	100%	100.00%	100%	0.25	25.00%
<i>Blended Compliance %</i>						193%
<i>Eligible Incentive %</i>						100%

²⁶ Amarr was originally granted a fifty-five percent (55%) tax abatement on real and personal property via Ordinance 8470 (adopted 10-27-2009). Requirements under the performance agreement (signed 12-17-2003), referenced by Ordinance 8470 states "The approval of the tax abatement by the governing body of the City was in reliance upon the application submitted by Amarr. Specifically, the application and the approved tax abatement provided that Amarr would 1) construct a facility, new construction and modification to existing facility in the capital amount of \$7,700,000; 2) expend \$9,400,000 in the purchase of new machinery and equipment; and 3) employ eighty (80) full-time employees as the result of the project." Ordinance 8497 (authorized 4-6-2010) later repealed Ordinance 8470, and specified a fifty-five (55%) tax abatement on personal property only. In association, with this tax abatement, the COTA application submitted June 28, 2010 specified "The applicant is using the subject property exclusively for manufacturing articles of commerce and its expansion has resulted in or will result in the creation of 40 new positions."

²⁷ 2016 Wage floor is \$12.60/hour. The wage floor hourly wage is adjusted annually based upon an annual wage equal to one hundred thirty percent (130% of the Federal poverty threshold for a family of three, as established by the U.S. Department of Health and Human Services.

²⁸ \$18.75 represents Amarr's average wage for all full-time employees. Community average wages are provide by occupation through the Kansas Department of Labor, 2016 Edition Wage Survey. Amarr had 98% of all full-time positions that met or exceeded the community average wage.

²⁹ Ordinance 7706 states that the company shall make available to covered employees, an employer-sponsored health insurance policy, pursuant to employer guidelines, in which case the employer provides a minimum of seventy percent (70%) of the cost of such policy. Amarr submitted a letter stating that the company is self-insured and paid 71% of all healthcare expenses in 2016. (See Appendix E.)



Property Tax Abatements

Additional Community Benefits

Businesses provide many important benefits to the communities in which they reside. In addition to direct job creation and generation of wages, companies increase purchases within the local economy, contribute to the local tax base and bring capital into the community. They also generate a substantial social impact, including providing training and benefits to the work force, supporting community organizations, and employing environmental stewardship.

Local Expenditures & Non-Local Sales

A key objective of economic development is to bring new money into the community, and then have that money stay in the community. Firms bring new money to the community when they sell products to other geographic markets. The money then remains in the community to the extent that it is distributed in wages to local residents, paid in dividends to local owners and shareholders, or spent locally. The below table shows the share of sales made outside of Lawrence and the local expenditures made directly by the firms.

Almost all local revenue generated by products sold by the three companies is imported into the community from outside sales. Local expenditures were low, ranging from 3-14 percent (3%-14%), a likely result of the nature of manufacturing production at these facilities. (e.g. These companies create products using materials that are not produced locally, requiring larger expenditures from outside the community.)

2016 Local Expenditures & Outside Sales		
Company	Expenditures Spent Within Lawrence	Sales Generated Outside Lawrence
Amarr Garage Doors Inc.	5%	99%
Grandstand/Screen-It Graphics	3%	99%
Sunlite Science & Technology	14%	92%



Property Tax Abatements

Property Tax Generation

Since none of the three companies received a one hundred percent (100%) property tax abatement, all of the abated property are currently generating some level of property taxes.³⁰

2016 Tax Generation (on portion of property receiving an abatement)				
Company & Abatement %	Total Tax Potential	Abated Tax Amount	State Exemption ³¹	Taxes Paid (or to be paid) by Property Owner
Amarr Garage Doors, Inc.				
Personal (55%) ³²	\$146,666	\$26,450	\$83	\$120,134
Grandstand/Screen-It Graphics				
Real (65%)	\$152,933	\$99,407	n/a	\$53,526
Sunlite Science & Technology				
Real (50%)	\$42,356	\$21,178	n/a	\$21,178
Total	\$341,955	\$147,035	\$83	\$194,837

Source: Douglas County

³⁰ The amounts shown for real property values are only for the portion of real property that received the abatement and may not reflect values for the entire parcel.

³¹ The state granted an additional exemption for personal property items listed that are valued for \$1,500 or less. This is not a part of the EDX exemption. The amount shown under "Abated Tax Amount" for Amarr Garage Door reflects the abated taxes attributable to the EDX. The amount under "Taxes Paid..." reflects the actual tax bill.

³² Personal property amount may not reflect the percentage of abatement, as some personal property is not included in the exemption. The State of Kansas exempted commercial personal property purchased July 1, 2006 and after from taxation. However, personal property purchased prior to that date is still taxed at a depreciated rate. Each company is required to submit an annual claim for a personal property tax abatement, listing out the equipment, value and date purchased. The County then determines the amount of personal property exempted and taxes due.



Property Tax Abatements

Social Impacts

Companies also contribute to the community by providing career enhancement for their employees and by giving to local charities. The three firms receiving abatements in 2016 have obtained substantial achievements in the areas of the environment, community engagement, and environmental practices.

Amarr Garage Doors, Inc.

Environment

Amarr participates in recycling programs that include steel, aluminum, cardboard, pallets, and paper. Over sixty-five percent (65%) of Amarr's Finished Good Product is manufactured from recycled steel.

Community Engagement

Amarr is committed to being the best corporate citizen possible and has contributed to the following organizations: Member of the Lawrence Chamber of Commerce, Tenants to Homeowners, United Way, Habitat for Humanity, Just Foods, Stroke Detention Plus, Lawrence Memorial Hospital (Breast Cancer "Pink It Up" and Catch a Break campaigns), Truity Credit Union, Meritrust Credit Union, Lawrence Parks and Recreation, Prompt Care, Lawrence Vein Center, Willow Domestic Violence Center, GaDugi Safe Center, Recovery and Hope Network, Independence, Inc, Catholic Charities, and Headquarters Counseling Center. Amarr also sponsors Softball and Basketball teams.

Amarr partners with Lawrence High School and Free State High School to encourage and educate students about Amarr and careers in manufacturing (LEAP Partners).



Property Tax Abatements

Amarr Team Members facilitated professional skills training through Junior Achievement at the College and Career Center in Lawrence. Amarr assisted with the grant process to bring the Peaslee Technical Center to the Lawrence area and donated garage doors to the both the Center and College and Career Center.

Job Training/Benefits

During the course of the year, Amarr continually offered a wide range of training, including new employee orientation, harassment training, safety training, leadership skills, on-the-job machinery equipment operation instruction, and many other general training for Amarr Team Members.



Property Tax Abatements

Grandstand (Screen-It Graphics), Inc.

Environment

During 2016, Grandstand continued to employ an aggressive environmental program to reduce, reuse, and recycle as much waste as possible. The company has an over/under policy with customers, which reduces scrap glass output substantially every year. The company worked closely with their suppliers to put branding on their boxes to allow Grandstand to ship out in the same boxes the product arrived in. Currently, Grandstand is able to cover ninety-eight percent (98%) of outbound shipping in reused boxes. The company continues to recycle scrap glass, corrugate, office paper, aluminum, and plastic waste.

Community Engagement

Grandstand sponsored the following local organizations in 2016: Arthritis Foundation, Boys & Girls Club of Lawrence, Ballard Community Services, Corpus Christi Catholic Church, Douglas County CASA, Emerald Gems Foundation, Free State High School, Lawrence Art Center, Lawrence Chamber of Commerce, Festival of Trees, Habitat for Humanity, Humane Society, Lawrence area schools, March of Dimes, University of Kansas, and Van Go, Inc. The company also adopted several local families and provided a number of gifts for Christmas.

Job Training/Benefits

The company hired and trained 60 new employees during 2016. Grandstand completed various safety trainings for all applicable employees and several employees attended continuing education for their respective fields.



Property Tax Abatements

Sunlite Science & Technology, Inc.

Environment

Sunlite installed 45 pcs of 6.5W LED security light fixtures along the side of their building to replace the six 175W HID outdoor lights. Total power consumption was reduced from 1,050W to 292W.

In 2016, Sunlite released their UV LED exposure unit and UV LED curing unit for flexography printing. Compared to the traditional mercury UV curing unit, Sunlite's UV LED does not contain mercury, does not produce ozone, consumes less energy, and reduces odors and noises at customers' working space.

Community Engagement

Over the past year, Sunlite donated and supported Douglas County Special Olympics, Free State High School Robotics Team, and Just Food of Douglas County. In addition, the company supported Civil, Environmental, and Architectural Engineering Departments by providing Smart-Controlled Light System to professors to teach lighting design courses. The system features five groups of individually controlled RGB lights, color temperature changing lights, dimming can lights arranged in a circular and other patterns, and decorative pendant lights. Sunlight supported the KU Architecture Department by donating to its prototype senior housing unit featuring high-tech devices such as dehydration sensing toilets and fall-detecting motion sensors. Sunlite provided space for Free State High School Homecoming Parade Assembly and is a sponsor of the KU Lied Center.



Property Tax Abatements

Job Training/Benefits

The company provided on-site and on the job training for all employees. Sunlite also provides job training to a KU student intern.

2

Industrial Revenue Bonds

K.S.A. 12-1740 permits cities to issue Industrial Revenue Bonds (IRB) for the purpose of paying the costs of purchasing, acquiring, constructing or equipping facilities for “agricultural, commercial, hospital, industrial, natural resources, recreational development and manufacturing purposes”. IRBs can be beneficial in obtaining a sales tax exemption on project construction materials, machinery and equipment and may also support favorable rate financing.

Nine (9) companies had Industrial Revenue Bonds in 2016, the majority of which were not affiliated with a tax abatement, but rather utilized for a sales tax exemption on project construction materials. The table below details the date of issue as well as the maturity date. Note that outstanding IRBs are payable solely from private sources and not backed by the City. In addition, those companies that had IRBs issued after 1995 are required to provide arbitrage and secondary disclosures.

2016 IRBs: Outstanding					
Company	Date of Issue	Issuing Ord. #	Year Matures	Amount Authorized	Project
Bowersock: Series 2011B & 2011C	2010/2011	8607 & 8620	2037	\$27,000,000	Hydro-Electric Facility
Rock Chalk Park	Oct. 2013	8862	2023	\$40,000,000	Commercial Recreational Facility
1101 Indiana Street (HERE KS)*	Nov. 2014	9053	2017	\$76,000,000	Mixed-Use, Retail and Student Housing
100 East 9th Street LLC (888 New Hampshire, North Project): Series 2015*	Mar. 2015	9093	2017	\$23,000,000	Mixed-Use Commercial/Residential
Dwayne Peaslee Technical Training Center, Inc.: Series 2015*	May 2015	9111	2017	\$1,600,000	Technical Training Center
800 New Hampshire: Series 2016*	April 2016	9210	2018	\$7,800,000	Mixed-Use Commercial/Multi-Family Residential
Pioneer Ridge*	Feb. 2016	9184	2018	\$14,500,000	Commercial, Independent Living Facility
826 Pennsylvania Street*	Dec. 2016	9316	2018	\$3,200,000	Mixed-Use Commercial/Multi-Family Residential
Dwayne Peaslee Technical Training Center, Inc.: Series 2016*	Dec. 2016	9321	2019	\$2,000,000	Technical Training Center

* Stand-Alone IRB used for a Sales Tax Exemption on Construction Materials

For information on matured and non-initiated IRBs, see Appendix C.

3

Neighborhood Revitalization Areas

Neighborhood Revitalization Areas (NRA) are an economic development tool established by the Kansas Neighborhood Revitalization Act (K.S.A. 12-17,114 et seq.) to promote reinvestment and revitalization of properties, which in turn have a positive economic effect upon a neighborhood and the City in general.

During 2016, the City of Lawrence had seven (7) approved Neighborhood Revitalization Areas:

2016 NRAs: Active						
NRA	Project	District Established	Ord #	% Rebate	Duration	First NRA Tax Year
8th and Pennsylvania District	(720 E 9th Street) ¹	Apr. 2007	8093	95%	Based on amount rebated ²	2011
1040 Vermont	Treanor Architect's Headquarters	Apr. 2011	8625	Declining ³	10 years	2013
810/812 Pennsylvania	Cider Building Art Gallery	Jul. 2012	8753	95%	10 years	2014
1106 Rhode Island	Hernly Architect's Office	Aug. 2014	9022	85%	10 years	2016
1101 Indiana	Mixed-Use, Student Housing	Aug. 2014	9021	85%	10 years	2017 ⁴
900 Delaware	9 Del Lofts	Oct. 2014	9040	95%	15 years	2016
826 Pennsylvania Street	826 Pennsylvania Street	Nov. 2016	9304	85% County, 50% City and USD	10 years	*

*NRA Rebate starts with the first full tax year after project completion.

See Appendix B for distribution information.

¹ Although the 8th & Pennsylvania Street NRA district expired in April 2012, the 720 E 9th Street parcel within that District remains eligible for NRA refunds.

² The 8th & Pennsylvania NRA district allows for up to 20 years of NRA rebates (subject to a capped amount correlating with costs). As per agreement with the City, rebates are due until the maximum amount of \$324,673.18 has been rebated or 12-31-2032, whichever comes first.

³ Yrs 1-4: 95%, Yrs 5-6: 85%, Yr 7: 70%, Yr 8: 50%, Yr 9:30%, Yr 10:20%.

⁴ Agreement amended for NRA rebate starts on the first full tax year after project is 100% complete. Project completion is anticipated in 2017.

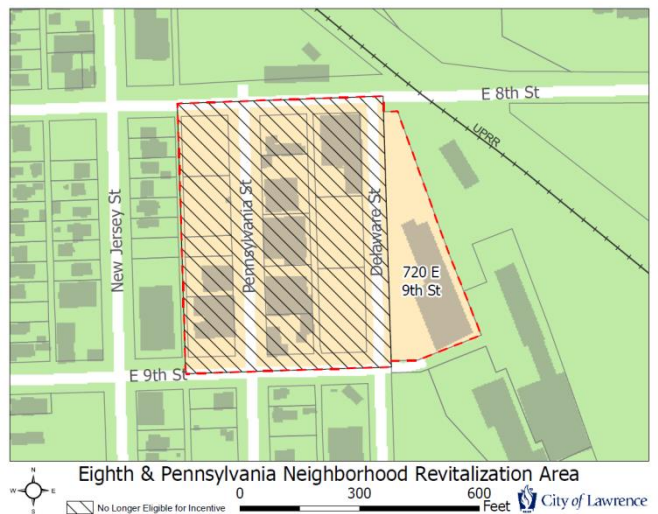
3

Neighborhood Revitalization Areas

Five (5) properties were eligible for an NRA rebate for the property taxes levied in 2016: The remaining NRA projects were either under construction or had not commenced construction by the end of the year, and were not eligible for a rebate. Rebate amounts are shown in Appendix B.

8th & Pennsylvania Street NRA

The 8th & Pennsylvania Street NRA was established in 2007, although the only property redeveloped was the parcel located at 720 E 9th Street. The district expired in April 2012. However, this parcel remains eligible for NRA refunds.

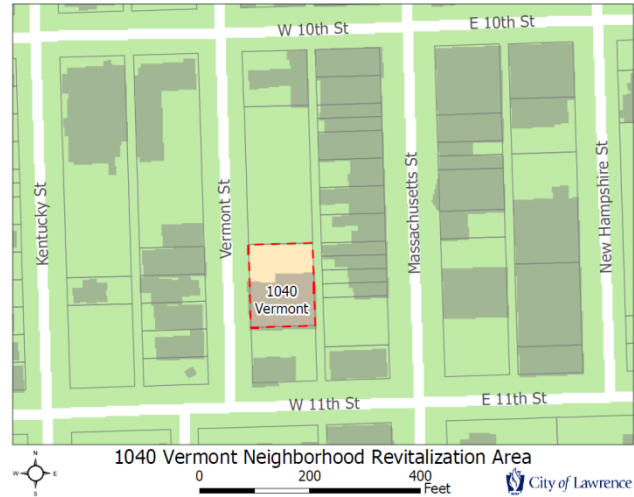


3

Neighborhood Revitalization Areas

1040 Vermont Street NRA

Treanor Architects received an NRA in order to design and build an 18,000 square foot office to relocate their associates to downtown Lawrence. The project involved renovation of a former car dealership built in 1953, which had also previously housed a grocery store and office supply company.



1040 Vermont Street Before Renovation

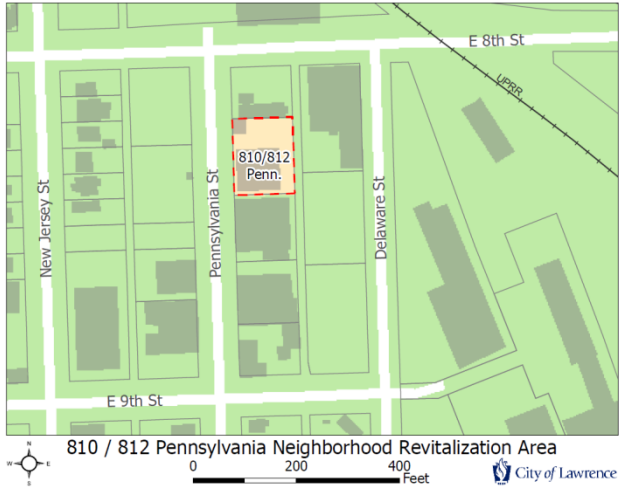
The new design reused the back half of the building to create a partial two-story space featuring an open floor plan, reception area, offices, multiple conference rooms, break areas, rooftop garden and recreation space.



1040 Vermont Street After Renovation

3

Neighborhood Revitalization Areas



810/812 Pennsylvania Street NRA

The 810/812 Pennsylvania Street NRA was approved in 2012 to redevelop the historic Cider building as part of an overall renovation of the East Lawrence Historic Neighborhood District. The abandoned

building was converted into an art gallery with event space on the lower level and office space on the upper level. The redevelopment opened in 2013 and supports art, event, and entrepreneurial needs of the East Lawrence Historic community.



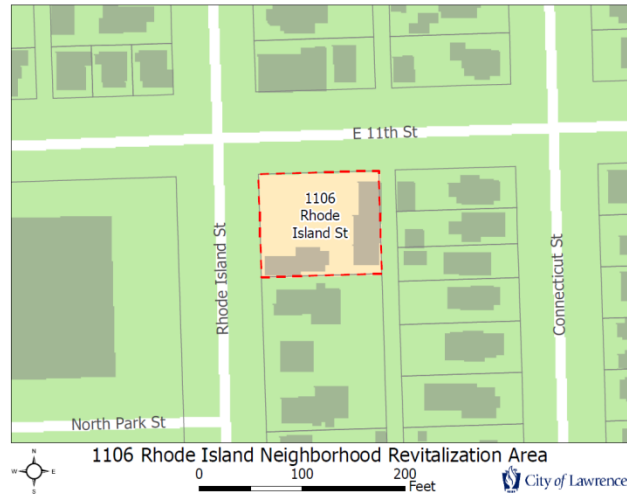
Cider Art Gallery

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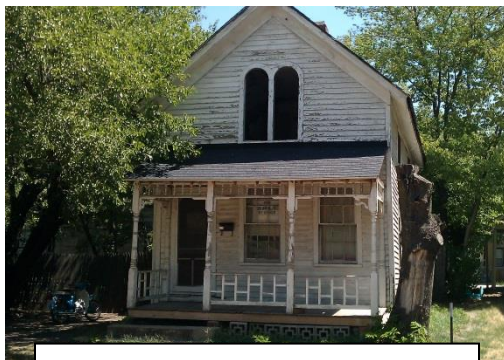
Neighborhood Revitalization Areas

1106 Rhode Island Street NRA

The 1106 Rhode Island Street NRA district was established in 2014 to help redevelop the property and its historic structures to productive use. As a vacant, dilapidated, and blighted property, it presented safety, health, environmental, and economic concerns for the community. However, the existing house, large barn, and garage



were contributing structures to the North Rhode Island Street Historic Residential District and it was determined they retained sufficient integrity to be rehabilitated.



Property Before Rehabilitation

Currently, the property is under rehabilitation, converting the on-site, historic structures to productive use and adding new space to enhance the usefulness of the property. 2016 was the first NRA rebate year for the 1106 Rhode Island project.



Property After Rehabilitation

3

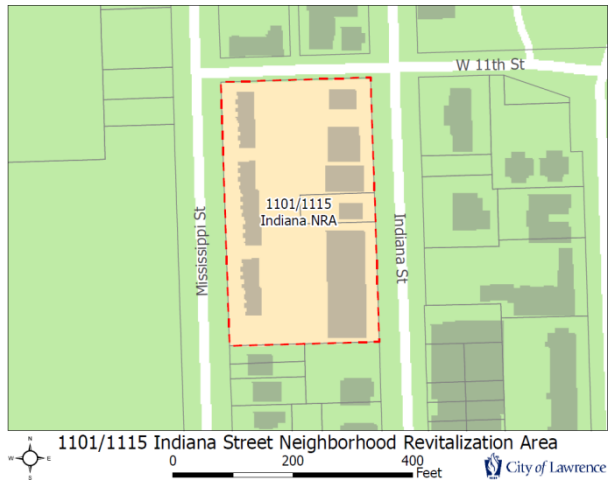
Neighborhood Revitalization Areas

1101 Indiana Street NRA (HERE KS)

The 1101 Indiana Street NRA was authorized in 2014 to support redevelopment of the property into an upscale, mixed-use, student housing community.

In 2016 a Memorandum of Understanding was executed, redefining project completion.⁵

As of the end of 2016, the project was not entirely completed due to pending development of additional parking, so an NRA rebate was not due. However, a number of units were occupied in the fall of 2016.



Future Mixed-Use, Student Housing

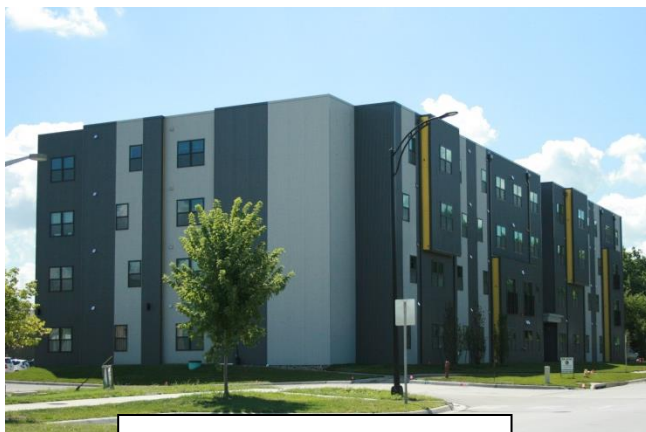
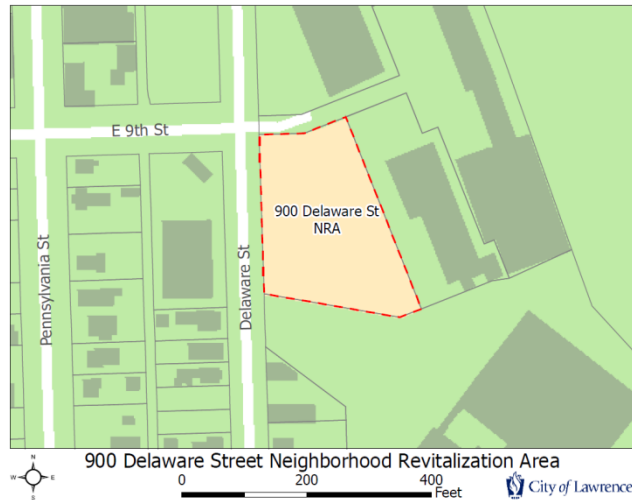
⁵ Paragraph 5: The Neighborhood Revitalization Act Performance Agreement provides that HERE shall not be entitled to receive any incentive under that agreement or the NRA until such time as it substantially completes construction. The parties acknowledge and understand that the term "substantially complete" shall mean that construction is 90% completed and HERE has provided, within its interior warehouse and/or on-site and off-site self parking that meets City Code, for 100% occupancy of the residential and commercial components of the mixed-use redevelopment of the HERE Property. HERE acknowledges and agrees that it shall not be entitled to receive any incentive under the Neighborhood Revitalization Act Performance Agreement or the NRA until the January following the time that it achieves approval by the City for 100% occupancy of the residential and commercial components of the mixed-use redevelopment of the HERE Property. Nothing in the Memorandum of Understanding shall be construed to extend the term of the NRA

3

Neighborhood Revitalization Areas

900 Delaware Street NRA

Located on the southeast corner of 9th Street and Delaware Street, adjacent to the East Lawrence Historic Warehouse District, the 9 Del Lofts project converted vacant land into a multi-family, affordable housing complex. The 900 Delaware NRA was authorized in 2014 to help support the project and add affordable housing to the community. The complex opened in 2015 with 43 apartment units:



9 Del Lofts

18, one-bedroom units; 16, two-bedroom units; and four, three-bedroom units. 2016 was the first NRA rebate year for the 900 Delaware project.

3

Neighborhood Revitalization Areas

826 Pennsylvania Street NRA

In 2016, the City, County and School district voted to participate in an NRA to support the redevelopment of the property at 826 Pennsylvania Street into a mixed-use commercial and residential project. The project is anticipated to add:

- Over 28,000 square feet of finished commercial and residential space (3 floors + basement)
- 14 residential rental units, two of which will be set aside for affordable housing over a 30-year period
- 33 new on-street angled parking spaces in front of the building
- 11 full-time, permanent positions at an annual average salary of just under \$32,500 to support commercial and residential operations



At the end of 2016, the City and School District authorized a 10-year, 50% NRA rebate and the County authorized a 10-year, 85% rebate to support the project. The first NRA rebate will be for the first full tax year after project completion.

4

Tax Increment Financing

Tax Increment Financing (TIF) Districts are an economic development tool established by the Kansas TIF Act (K.S.A. 12-1770 et seq.) to aid in financing projects for substantial public benefit. Public benefits can include creating jobs or retaining existing employment, eliminating blight, strengthening the employment and economic base of the City, increasing property values and tax revenues, reducing poverty, creating economic stability, upgrading older neighborhoods, facilitating economic self-sufficiency, promoting projects that are of community wide importance, or implementing the Comprehensive Plan and economic development goals of the City.

The City currently has three (3) active TIF districts:

2016 TIF: Active						
TIF	District Established	District Ord. #	Plan Established	Expires ¹	Plan Ord. #	Estimated Eligible Expenses
Downtown 2000 Redevelopment (<i>Original 9th and New Hampshire</i>)	Aug. 1999	7127	April 2000	April 2020	7207	\$8,645,000
The Oread	Feb. 2008	8234	April 2008	April 2028	8253	\$11,000,000 ²
9th & New Hampshire: South Project	Aug. 2012	8768	May 2013	May 2032	8865	\$4,000,000 ³
9th & New Hampshire: North Project			April 2014	April 2034	8971	\$4,750,000 ⁴

See Appendix B for distribution information.

¹ The 20-year TIF clock for the reimbursement period starts when the *redevelopment plan* is approved.

² Amount shown is the total reimbursement cap, which is to be reimbursed from both TIF and TDD revenues. The reimbursement cap shown does not include interest.

³ Amount amended from \$3,500,000 to \$4,000,000 on May 13, 2013. Amount shown is the reimbursement cap without interest. As per the redevelopment agreement, interest is subject to reimbursement from TIF revenues at the Developer's actual interest rate for borrowed funds

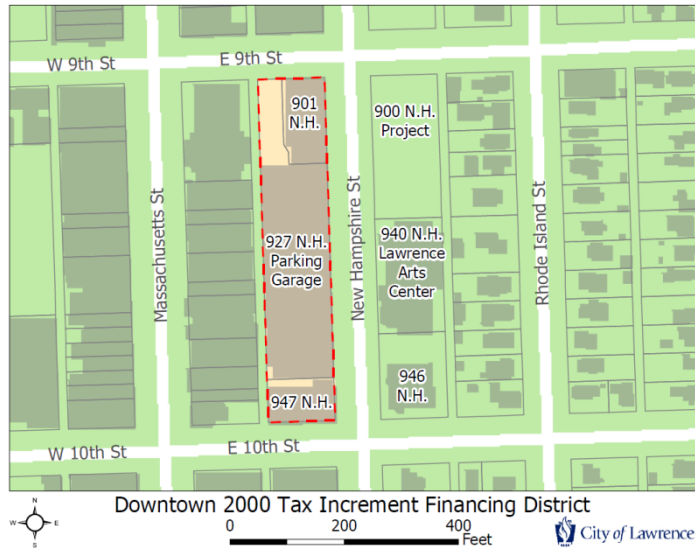
⁴ Amount shown does not include interest. As per the redevelopment agreement, interest is subject to reimbursement from TIF revenues at the Developer's actual interest rate for borrowed funds.

4

Tax Increment Financing

Downtown 2000 Redevelopment District

The Downtown 2000 Redevelopment TIF District was created to support the development of the parking garage at 10th and New Hampshire and other cultural, commercial, office, and apartment developments. At the end of 2016, approximately \$2.77M⁵ remained outstanding on the bond debt (approximately \$8.6M).



In 2012 the 900 New Hampshire parcel was removed from the Downtown 2000 district and is now part of the 9th & New Hampshire Redevelopment district. In exchange for removal of this parcel from the Downtown 2000 district, the first \$850,000 of project generated TDD proceeds from the 9th & New Hampshire district will be contributed to bond payoffs on the parking garage.

⁵ At the beginning of 2016, approximately \$3,370,000 remained outstanding on the bond debt. After payments made on 3-1-2016 and 9-1-2016, estimated balance remaining was \$2,765,000.



4

Tax Increment Financing

901 New Hampshire Reimbursements:

In January 2012, the City Commission authorized the City Manager to execute a performance agreement allowing a reimbursement of TIF revenues generated from the original Downtown 2000 Redevelopment District to be paid for developer-paid public improvements made to 901 New Hampshire, a mixed-use retail/office/apartment project located within the district. The agreement calls for a total of \$280,852 to be paid by the City to the Developer over a 10 year period in ten equal, annual installments of \$28,085.20. The first annual reimbursement was for taxes levied in 2012.

Tax Increment Financing

12th and Oread Redevelopment

District: 1200 Oread Avenue

The Oread is a multi-level lodging, hospitality, and business venue with 10 above-ground floors and five below ground levels. Located on top of Mount Oread at the north gate of The University of Kansas, the center features 99 guest rooms and suites, two large banquet rooms, a state of the art audio/video theater, tanning salon and fitness center, and a variety of restaurants.

Public improvements to streets and infrastructure, including a parking

garage, were financed initially by the Developer and are reimbursed annually through TIF revenues generated within the district. The district began generating TIF revenues in 2009. Reimbursements related to this TIF were under review at the time of this report due to a contractual dispute between the City and developer. Data related to this TIF cannot be supplied at this time.

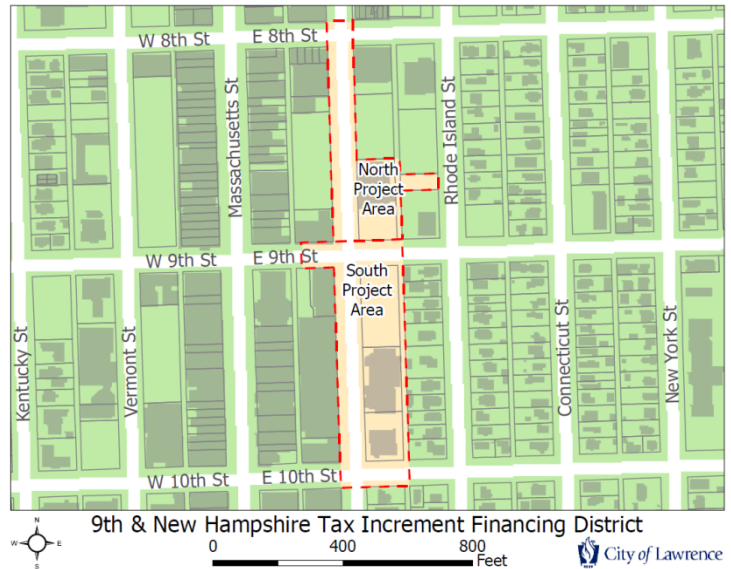


Tax Increment Financing

9th & New Hampshire

Redevelopment District

Created in 2012, this district includes two project areas: South Project Area and North Project Area. Public infrastructure for both areas is to be funded initially by the developer and reimbursed on a “pay-as-you-go” basis by project generated TIF revenues. In addition, TIF revenues will be split between the City and



Developer to fund both a public “Arts Commons” project and public infrastructure within the district, with five percent (5%) of the proceeds reserved for the “Arts Commons” project (up to a total of \$900,000) and ninety-five percent (95%) of proceeds going to reimburse the Developer for public infrastructure expenses.⁶

The district began generating TIF revenues in 2014 through the South Project (900 New Hampshire). The North Project (888 New Hampshire) was still under construction in 2016, so no TIF revenues were reimbursed for the tax year.

⁶ As per the South Area Development Agreement, if “Art Common” project does not proceed within 60 months of the date of the filing of the Certificate of Substantial Completion, 5% TIF revenues will go toward reimbursement of the property owner’s TIF project expenses. (Certificate filed December 31, 2014. City “Arts Common” project must proceed by December 31, 2019 for City to retain the 5% TIF revenues.)

4

Tax Increment Financing

900 New Hampshire–South Project Area

The South Project Area includes a mixed-use hotel with retail space and hotel lobby on the first floor, underground parking and related public and private infrastructure. The proposed public project is affiliated with the Lawrence Arts Center. This “Arts Commons” space is planned to be a venue for public art exhibitions, theatrical productions, music, film and art-making activities and include green space for children attending the arts-based preschool and other educational programs to work and play outside.



888 New Hampshire–North Project Area

The North Project Area is a mixed-use apartment and banking center with underground parking, water line improvements along New Hampshire Street, and related public and private infrastructure.



Transportation Development Districts

Transportation Development Districts (TDD) are an economic development tool established by the Kansas TDD Act (K.S.A. 12-17,140 et seq.) to assist with the development of transportation projects which can benefit a development and the public.

Currently, the City has three (3) authorized TDDs. In all districts, public improvements were financed initially by the developer and are reimbursed annually via a one percent (1%) transportation district sales tax on retail or taxable services occurring within the district.

2016 TDDs: Active					
TDD	Ordinance #, Date Authorized	TDD Sales Tax	TDD Sales Tax Commences	TDD Sales Tax Expires	Estimated Eligible Expenses
The Oread	#8254, April 2008	1%	Oct. 2009	Oct. 2031	\$11,000,000 ¹
Free-State (Bauer Farms)	#8339, October 2008	1%	April 2009	April 2031	\$5,000,000
9th & New Hampshire	#8979, April 2014 ²	1%	Jan. 2015	Jan. 2037	\$3,000,000 ³

See Appendix B for distribution information.

¹ Amount shown is the total reimbursement cap, which is to be reimbursed from both TIF and TDD revenues. The reimbursement cap shown does not include interest.

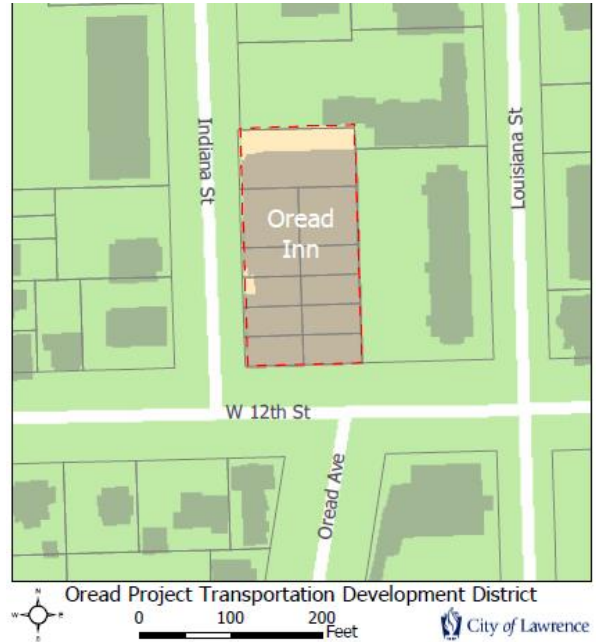
² Ordinance 8803 which originally established the TDD district was repealed due to a technicality and replaced with Ordinance 8979.

³ Amount shown is the reimbursement cap without interest. As per the redevelopment agreement, interest is subject to reimbursement at the Developer's actual interest rate for borrowed funds.

Transportation Development Districts

The Oread TDD

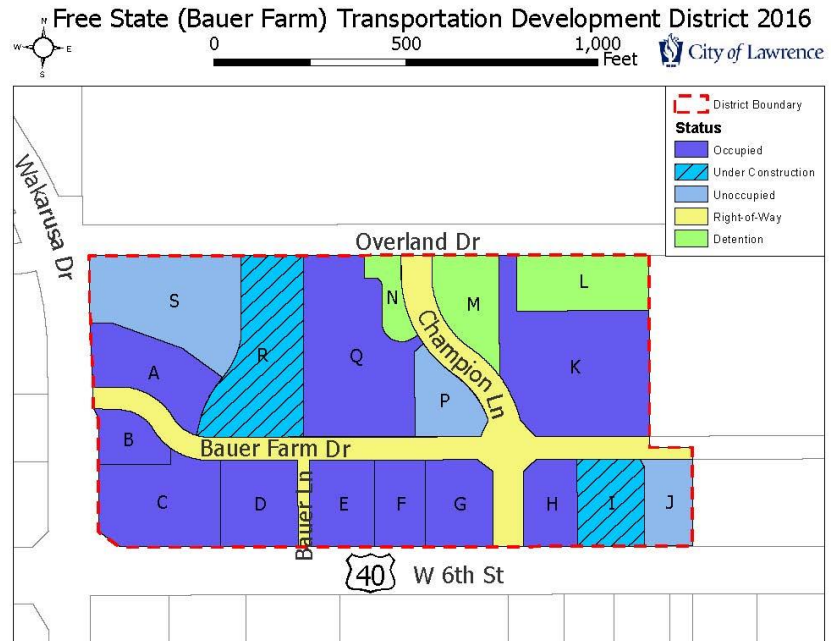
The Oread TDD (located at W. 12th Street & Oread Avenue) began generating sales tax revenues in 2009. Reimbursements related to this TDD were under review at the time of this report due to a contractual dispute between the City and developer.



Transportation Development Districts

Free-State TDD

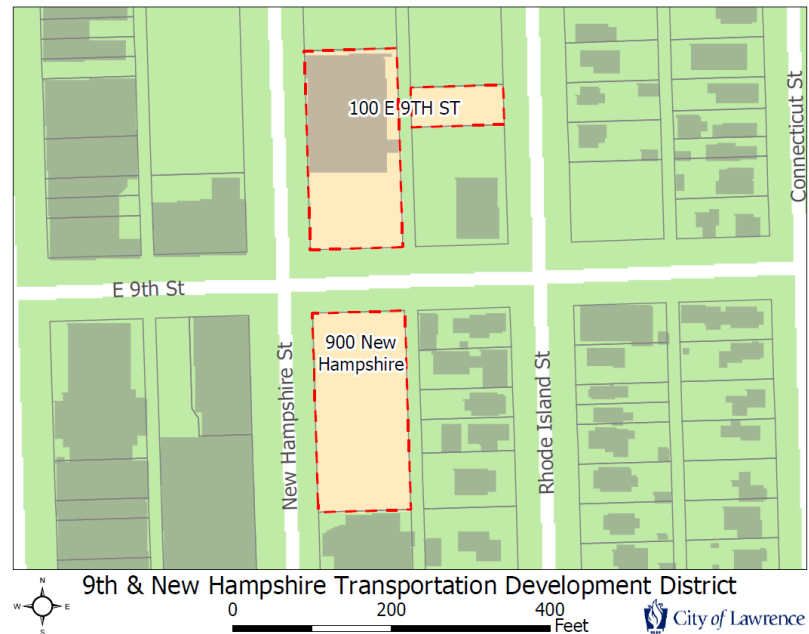
The Free-State (Bauer Farm) TDD (located at W. 6th Street and Wakarusa Drive) began generating sales tax revenues in 2009. At the end of 2016, approximately eighty-two percent (81.9%) of the buildable area within the district was either occupied or under construction.



Transportation Development Districts

9th & New Hampshire TDD

The 9th & New Hampshire TDD was approved in July 2012. The district began generating TDD sales tax in 2015. The first \$850,000 of district TDD revenues will go toward paying back bonds for the 10th & New Hampshire parking garage. After reaching that threshold, additional TDD revenues will reimburse Developer-paid public infrastructure expenses.



Other Support Programs

Economic Development Services

The City of Lawrence annually contracts with the agencies below to provide services related to economic development in order to foster job growth within the community.



Bioscience & Technology Business Center

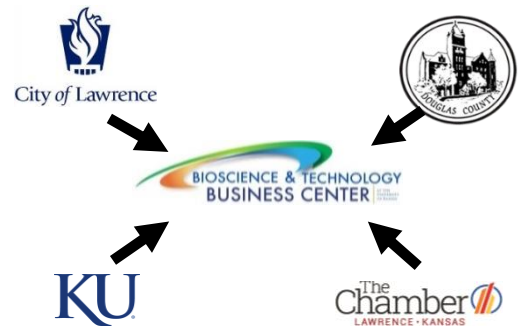
The BTBC creates, recruits, grows, and retains companies that produce high quality, high-paying jobs by supporting growth of the bioscience and technology industries in Lawrence, Douglas County, and Kansas City.

By producing these jobs, the BTBC is able to

increase the local tax base and create wealth in the community. To help its tenant companies grow and succeed, the BTBC provides:

- Customized office and laboratory space
- Access to the BTBC's network of business and industry contacts
- Access to KU resources
- High bandwidth, low latency fiber internet connection
- Business services and support

The BTBC is a unique coalition consisting of the City, Douglas County, University of Kansas, and the local business community via the Lawrence Chamber of Commerce—the first of its kind for Lawrence. As a result



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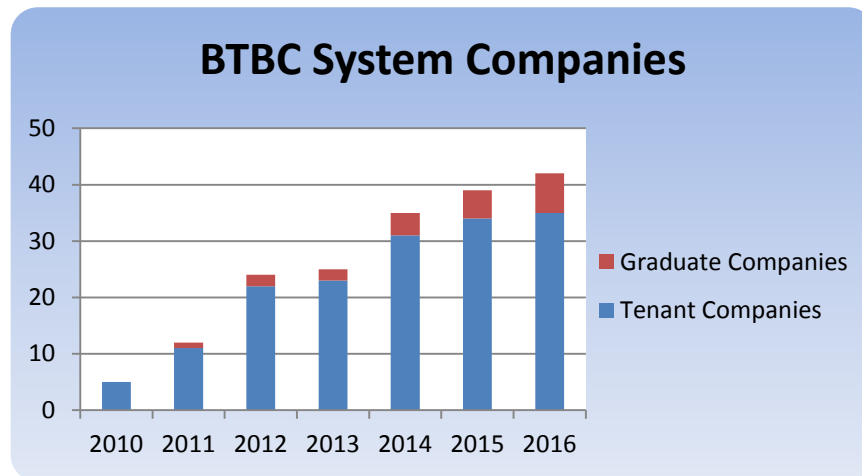
Other Support Programs

of this unique partnership, each dollar contributed by the City is leveraged by contributions by the other partners.

BTBC Facilities			
Facility	Location	Rentable SF	Description
BTBC Main	KU's West Campus	51,400	Office and lab space situated near several prominent KU research buildings.
BTBC West	15 th Street and Wakarusa	17,500	Suited for incubator graduates, tenants with unique space requirements, and companies seeking GMP-ready space.
BTBC-KUMC	KU Medical Center Campus, KCK	21,000	Office and wet lab space adjacent to the KUMC and the KU Hospital.

Source: Bioscience & Business Technology Center, data as of December 31, 2016.

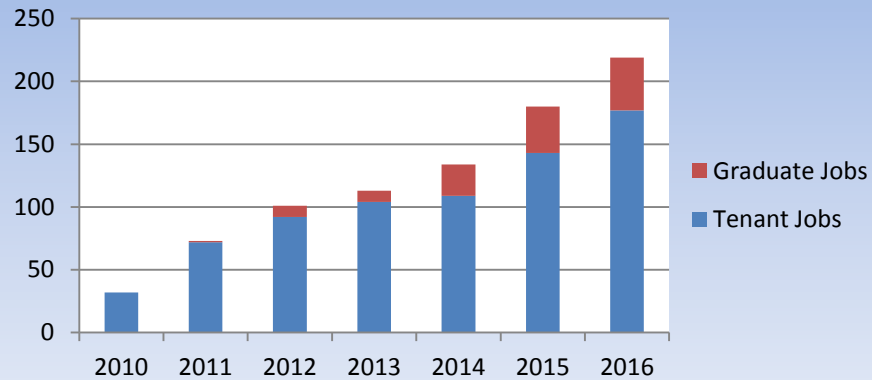
BTBC Economic Development Metrics



Source: Bioscience & Business Technology Center, data current as of 12/31/16.

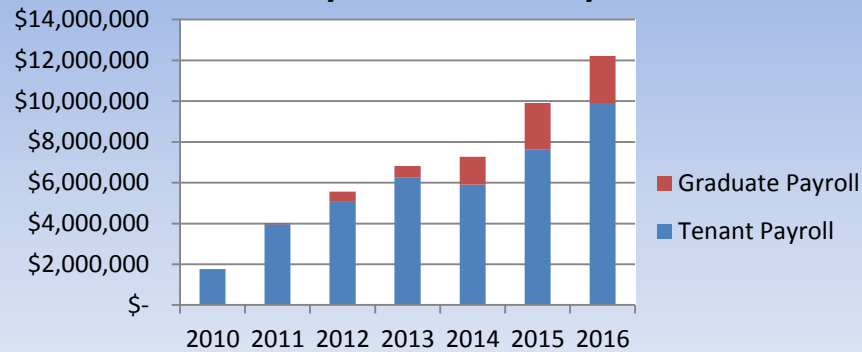
Other Support Programs

BTBC System Jobs



Source: Bioscience & Business Technology Center, data current as of 12/31/16.

BTBC System Annual Payroll



Source: Bioscience & Business Technology Center, data current as of 12/31/16.

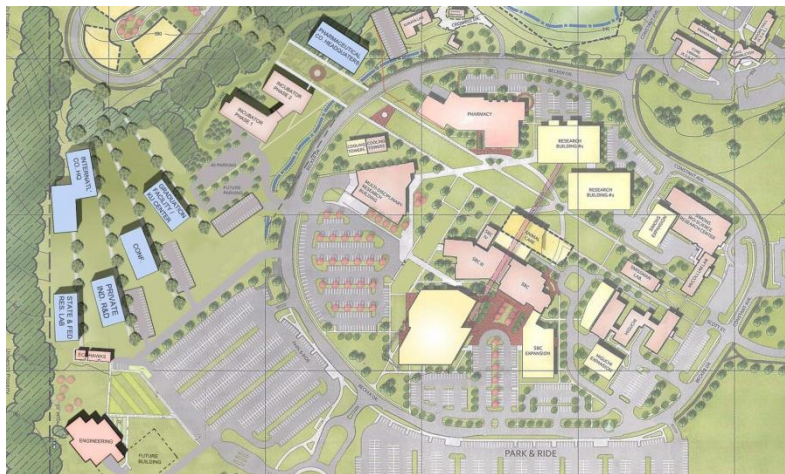
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Other Support Programs

By locating in Lawrence, the BTBC companies also create an indirect economic benefit to the local economy consisting of money paid to local vendors as well as take-home pay spent by tenant company employees on housing, utilities, food, child care, entertainment, etc. The following chart shows the total direct and indirect economic impact of BTBC companies:

Metric	BTBC Companies	BTBC Graduates	BTBC System Total
Companies	35	7	42
Jobs - Direct	161	58	219
Jobs – Indirect/Induced	106	38	144
Jobs - Total	267	96	363
Annual Payroll	\$16,742,748	\$5,761,152	\$21,784,356

Analysis produced using EMSI Developer Economic Development software



Construction of Phase II, an additional 30,000 square feet of office and lab space, was completed in August of 2014. The BTBC Main Facility has since reached approximately ninety-four percent (94%) occupancy, which is about two years ahead of projections. The BTBC has begun

planning for Phase III, which will likely include an anchor tenant or tenants. The BTBC’s long term goal is the development of a technology park on KU’s West Campus.

Other Support Programs

Overview of City Support for BTBC Services

The City of Lawrence has provided the below funding support for BTBC operations:

Bioscience & Technology Business Center Support			
Year	Capital Investment – Fixed Assets*	Operations	Total
2006	--	\$200,000	\$200,000
2007 ¹	--	\$192,000	\$192,000
2008	--	\$200,000	\$200,000
2009	\$75,000	\$200,000	\$275,000
2010	\$75,000	\$200,000	\$275,000
2011	\$141,540	\$200,000	\$341,540
2012	\$641,540	\$200,000	\$841,540
2013	\$641,540	\$200,000	\$841,540
2014 ²	\$141,540	\$200,000	\$341,540
2015	\$196,540	\$200,000	\$396,540
2016	\$193,790	\$200,000	\$393,790

Source: City Budget Office, City of Lawrence, Kansas

*Includes city funding for construction of the \$14.5MM BTBC Main Facility, of which the City has a 25% interest, and bond payments on the BTBC West facility.

¹ A 4% reduction was imposed on support for all outside agencies in 2007.

² In addition to operations support, the City and County jointly agreed to split expenses related to the roof replacement for the BTBC West (Expansion) Facility. The City's portion of the expense was \$122,855.40, which was paid in 2014.

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Other Support Programs

Support for Other Economic Development Services

During 2016, the City provided approximately the same amount of financial support to local agencies for economic development services as in the previous year.

Other Support for Economic Development Services						
Organization	Description	2012	2013	2014	2015	2016
Chamber of Commerce	Economic development marketing services	\$199,500	\$199,500	\$199,500	\$199,500	\$200,000
KU Small Business Development Center	Small business development services	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Total		\$219,500	\$219,500	\$219,500	\$219,500	\$220,000

Source: City Budget Office, City of Lawrence, Kansas

Economic Development Corporation (EDC)

The Economic Development Corporation of Lawrence & Douglas County contracts with the City of Lawrence and Douglas County for the provision of economic development services throughout all of Douglas County. The EDC's mission to "...*Promote economic development in Lawrence and Douglas County through the retention of existing businesses and industries, the support and expansion of existing and new entrepreneurial business opportunities, and the attraction of new high-wage business and industry,*" goes hand in hand with that of the Chamber of Lawrence, Kansas, with which it shares office space and staff.

In 2015 alone, EDC efforts resulted in the relocation of five new businesses to the community, representing the creation of more than 500 new jobs and more than \$28.6 million in capital investment. In 2016, the EDC shepherded dozens of relocation requests and conducted several site visits with out-of-town businesses. Of these, Lawrence is actively being considered for five projects (four relocations and one local expansion), representing a combined total of more than \$150 million in capital investment and the creation of roughly 560 new jobs.

Other Support Programs



Small Business Support & Services

The EDC also supports local business growth on a smaller scale through its partnership with the Chamber. Over the course of 2016, the Chamber conducted nearly 50 ribbon cuttings, with 18 of these representing celebrations for wholly new businesses to the community.

Metropolitan E-Community Partnership

Another small business support mechanism available through the EDC is the Network Kansas Metropolitan Entrepreneurial Community program. Based on the successful Network Kansas Rural E-Community program, which spurs development in rural communities, the Metro E-Community was launched in early-2016 as one of two pilot programs to promote business growth in urban communities (the other being Wichita).

The Metro E-Community allows the EDC to directly support new and existing business through the creation of a revolving loan program. Qualifying businesses may receive up to \$45,000 in gap financing for start-up capital, business renovations, hiring staff, equipment, and construction.

To qualify for funding, a business must meet just one of five criteria below and file an application for review by the program's finance committee:

- Businesses located in a distressed area (20%+ live below poverty level)
- Owned by woman, minority, or someone of disadvantaged status
- Businesses that currently employ or will employ low-income employees
- Businesses whose products/service supports disadvantaged/underserved populations
- Businesses whose mission is to serve disadvantaged/underserved populations

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Other Support Programs

Dwayne Peaslee Technical Training Center

In addition to the above, the EDC and Chamber have been key partners in the continued development of the Dwayne Peaslee Technical Training Center. Now in its second year, Peaslee Tech represents an integral piece of the workforce development plan of both organizations. In 2016, the EDC:

- Assisted with new tenant lease negotiation
- Facilitated grants totaling \$475,000
- Assisted with fundraising and development efforts for a new auto lab
- Provided strategic planning and advocacy assistance to Peaslee leadership and board.



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Other Support Programs

KU-KSBDC (Small Business Development Center)

The KU-KSBDC is one of 17 Centers in Kansas and one of approximately 1100 Centers in the America’s SBDC network that provides free and confidential consulting services to entrepreneurs



who are starting and growing small businesses. Staffed by professionals certified in areas such as business continuity planning, business valuation, and exit planning, the center focuses on providing services for business planning, access to capital, marketplace/industry analysis, and financial benchmarking.



In 2016, the KU-KSBDC provided almost 2100 hours of one-to-one consulting and 500 hours of other community engagement. While the Center provides services throughout a 6 county area, approximately eighty-five (85%) of measured activity takes place locally.



As part of the cooperative model, economic impact is measured annually by The Docking Institute in cooperation with the Kansas Small Business Development Center. As reported in April of 2016, KU-KSBDC’s services provided the below economic impacts:

2016 KU-KSBDC Economic Impact	
Total client companies	373
Reported starting business	88
New access to capital	\$17,470,000
New revenue generated	\$16,720,000
Jobs impact	473

Source: KU-KSBDC

Shared Infrastructure

Rock Chalk Park

Opening in the fall of 2014, Rock Chalk Park, is an 89 acre sports campus located at the northwest corner of Rock Chalk Drive and George Williams Way. Rock Chalk Park is home to the 181,000 square foot City recreation center (Sports Pavilion Lawrence) and University of Kansas (KU) athletic facilities.



In 2016, during its second full year of operation, Sports Pavilion Lawrence averaged nearly 50,000 visits monthly.

Additional usage statistics for the recreation center include:

- Over 58,000 people have registered/received key cards for use since opening. Lawrence and Douglas County residents using the facility need the free key card to use the facility and assists with determining usage at the center.
- 56% of registered card holders are women, 44% are men.
- The average age for key card holders is 40 years-old.
- The Lawrence zip code that uses the center the most is 66049 with 21,284 users, followed by 66044 with 18,427 users.
- Lawrence Parks and recreation staff estimate that in 2016 Sports Pavilion Lawrence generated over 5 million dollars in economic impact for the City of Lawrence.



Other Support Programs

Sports Pavilion Lawrence: 2016 Attendance						
Year	Avg Monthly Visits	Key Card Holders				Estimated Annual Economic Impact
		# Key Card Holders	Avg Age	% Female	% Male	
2015	40,000	27,011	40	56.3%	43.7%	\$5,000,000
2016	58,843	29,080	40	56%	44%	\$5,000,000

Source: City Parks and Rec Department

RCP Softball, Soccer, Track & Field Events		
Year	# Events	# Attendees
2015	39	32,722
2016	47	52,308

Source: Kansas Athletics

Traditional economic development tools utilized for the project included a property tax abatement and issuance of industrial revenue bonds for the property containing the KU Athletic facilities.³ (Refer to Sections 1 and 2 for additional information.) In addition, the City authorized support for the shared infrastructure within the park (e.g. parking, walking trails, all necessary sanitary sewer, potable water, storm sewer, water detention facilities, public and private streets, sidewalk and related improvements) and a rebate of City permit and development fees. By the end of 2015, the City had reimbursed all amounts due for shared infrastructure and development fees.

³ KU would normally receive a 100% property tax abatement on their property for the duration of ownership. However, given the structure of the project with KU Athletics entering into a long term lease with a private developer to construct the facilities, an automatic property tax exemption was not possible. A property tax abatement was utilized to assist KU in pursuing this project. Due to the unique nature of the project and its primary benefits related to assisting KU Athletics and drawing visitors from outside the community rather than job creation, no job creation performance requirements were imposed.

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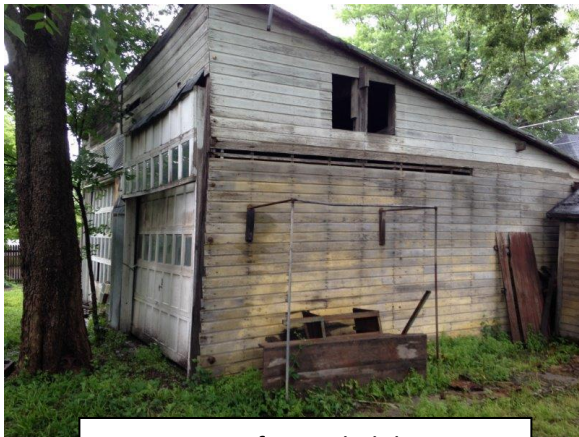
Other Support Programs

Development Grant

1106 Rhode Island Street Historic Rehabilitation

In support of the commercial rehabilitation of historic properties at 1106 Rhode Island Street, the City authorized a development grant estimated at \$26,100 to assist with City fees and permit expenses.

The grant was authorized in July 2014 with the final grant payment made in 2016.



Garage Before Rehabilitation



Garage After Rehabilitation



Kitchen Before Rehabilitation



Kitchen After Rehabilitation

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Other Support Programs

Relocation Assistance

Integrated Animal Health Global Headquarters

2920 Becker Drive, BTBC Lawrence

Originally based out of Queensland, Australia, Integrated Animal Health (IAH) is a privately owned and funded company that identifies novel, transformative technologies, tests and commercializes them, before licensing out or putting into global distribution. To aid in establishing IAH’s global headquarters in Lawrence, the City and Douglas County agreed to share equally in providing a 3-year lease subsidy for space at the BTBC main facility and a \$100,000 forgivable loan.

- The rent subsidy was contingent on IAH signing a 3-year lease at the BTBC main facility. The lease was executed in April 2015, with the first lease subsidy paid for June 2015 rent.
- The forgivable loan is tied to performance and subject to the below employment targets and compliance schedule. The first full measurement year for calculating compliance on the forgivable loan was June 1, 2015-May 31, 2016.

Job Performance Targets & Loan Forgiveness Schedule

Year	Measurement Period	Cumulative, Net New Full-Time Jobs	Average Annual Salary	Maximum Amount of Loan to be Forgiven
1	Jun 2015-May 2016	2	\$113,167	\$33,333.33
2	Jun 2016-May 2017	5	\$113,167	\$33,333.33
3	Jun 2017-May 2018	9	\$113,167	\$33,333.34
Total				\$100,000.00

Compliance % Schedule

Year	Maximum Amount of Loan to be Forgiven
90-100%	100%
80-89%	85%
70-79%	75%
Below 70%	0%

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Other Support Programs

Compliance Performance: Year 1

As shown below, IAH met performance requirements as specified in the performance agreement executed May 27, 2015 between the City of Lawrence, Douglas County, and Integrated Animal Health (IAH) for the June 2015-May 2016 measurement period. Consequently, \$33,333.33 of the total loan amount is eligible to be forgiven.

Year 1: IAH Compliance Summary (Period June 2015-May 2016)						
Compliance Category	Description	Target	Actual	% Compliance (Actual/Target)	Weight	Overall Compliance
Job Creation	Full-Time Employment (FTEs)	2	2.3	115.00%	0.5	57.50%
Wages	Average Company Annual Salary	\$113,167	\$198,515	175.42%	0.5	87.71%
<i>Blended Compliance %</i>						145%
<i>Eligible Incentive %</i>						100%

The below table summarizes public assistance for IAH, as of the end of the first measurement period.

Integrated Animal Health (Period June 2015-May 2016)		
	City	County
Forgivable Loan	\$50,000.00	\$50,000.00
Rent Subsidy	\$22,266.00	\$22,266.00
Total	\$72,266.00	\$72,266.00

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Other Support Programs

Company Accomplishments:

IAH moved its headquarters to Lawrence in 2015, and has now officially moved all the shareholdings from Australia to the U.S. company, making the Lawrence company the “parent” company.

Over the past year, the IAH has made great strides in establishing its business, adding distribution in ten countries and launching five new products.

Products launched by Integrated Animal Health in the past year



The company added multiple technologies into its portfolio, including two from KU in which the company has been working to test and develop for FDA or USDA approval within the next three years. IAH now has 33 separate technologies in the company’s portfolio.

TRIAL SUCCESS STORY



In this photo, you can see a deer in the 40 acre breeding pen that never carried a tick load. Flies are also not present after 3 weeks on the Repellion deer cookie product.

The deer to the right had a clear and massive tick burden (see the scarring), but the ticks began falling off after several weeks on Repellion. This deer carried hundreds of ticks on its ears.



Besides marketable products, the company has near stage and long term projects. One significant near term venture involves a product that naturally repels ticks from deer – deer ticks carry Lyme Disease to humans, so the answer may come from right here in Lawrence and the testing is being done in Kansas. (See images at left.)

IAH’s CEO was selected for the Pipeline



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Other Support Programs

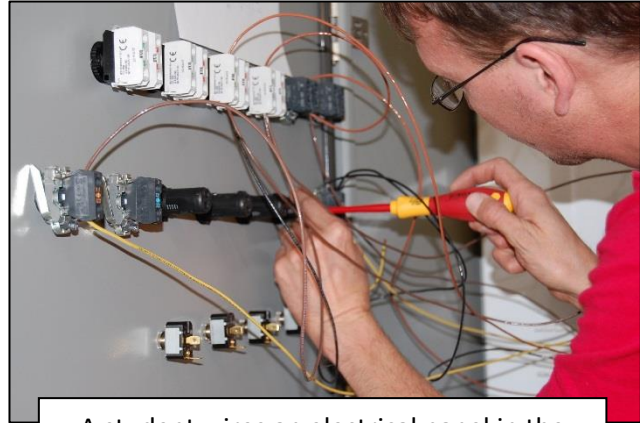
Entrepreneur program (one of only 3 in Kansas) and has been elected to the Economic Development Counsel of Lawrence and Douglas County. He is a high profile advocate of Lawrence in the Animal Health Corridor and was recently featured in the Animal Health Corridor newsletter and is a finalist for a newly established “Entrepreneur Board of Advisors Seat”.

As with any early stage company, IAH has encountered challenges, including significant delays in European approval of products for sale. (IAH did receive approval for the sale of three products in Europe in July 2016.) The company continues to pursue a major US distributor or partner and is currently in discussions with several. (IAH has five ongoing trials in place with these potential partners.) The company is also challenged with raising a Series B round of funding.

Workforce Training Support

Dwayne Peaslee Technical Training Center (Peaslee Tech)

Located at 2920 Haskell Avenue in Lawrence, Peaslee Tech was established by a consortium of partners, including the Economic Development Corporation of Lawrence and Douglas County, the City of Lawrence, Douglas County, the Chamber, local industry, and private donors. Peaslee Tech's mission is to grow a workforce, rich with technically skilled individuals, within the Lawrence and Douglas County communities.



A student wires an electrical panel in the Engineering Technology Program course.

The center opened August 2015 with an enrollment of 150 students in credit and noncredit courses. It has now completed three semesters, attracting 300 student enrollments in fall 2016. Technical programs from three area community colleges include Construction Technology, Industrial Engineering Technology, and HVAC Technology. Other courses are regularly offered in technical and business math, reading, writing, and computer literacy. Contracted education providers include Neosho County Community College, Flint Hills Technical College, and Johnson County Community College.

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Other Support Programs

Workforce Development: Peaslee Technical Training Center				
Year	# Enrolled	Education Provider	Industry Area	Program Name
2015	150	Flint Hills Technical College	Manufacturing	Industrial Engineering Technology
		Johnson County Community College	Varied	Computer courses, writing courses, math courses
		Neosho County Community College	Heating/Cooling	HVAC Technology
		Neosho County Community College	Construction	Construction Technology
		Neosho County Community College	Varied	Welding
		Peaslee Technical Training Center	Career Development	Building My Career (offered Free due to Emprise Bank sponsorship)
		Peaslee Technical Training Center	Custom Courses	Computer Training, Hydraulics, Accountability
2016	300	Flint Hills Technical College	Manufacturing	Industrial Engineering Technology
		Johnson County Community College	Varied	Computer courses, writing courses, math courses
		Neosho County Community College	Heating/Cooling	HVAC Technology
		Neosho County Community College	Construction	Construction Technology
		Neosho County Community College	Varied	Welding and Allied Health
		Peaslee Technical Training Center	Career Development	Building My Career (offered Free due to Emprise Bank sponsorship)
		Peaslee Technical Training Center	Custom Courses	Supervision for Front Line Managers, Programmable Logic, OSHA courses, Technical Instructor Training, Entrepreneurial Training
		Pittsburg State University	Noncredit courses	Technical Instructor Training in technical and instructional areas, and business training

Peaslee Tech offers custom courses in a wide variety of areas, and have included Supervision for Front Line Managers, Accountability, Hydraulics, Electric Motor Drives, and Programmable Logic Control. These non-credit, short-course offerings are based on industry's expressed needs.

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Other Support Programs



Trainees from Troubleshooting Electric Motor Drives Course, August 2016

Peaslee Tech offers *Building My Career*, a sequence including four course modules: Financial Literacy, Career Development (teamwork, work ethic, communication, interviewing, resume writing, career pathway decision making), Creative Problem

Solving, and Resolving Workplace Conflicts. These are offered free through a donation by Emprise Bank and support includes all course materials.

The new Belcher Family HVAC Lab was developed in Spring 2016 through a generous gift from the Smitty Belcher Family. This new facility provides students hands-on experience with furnaces, air-conditioners, roof top units, and more.

Peaslee Tech's plans include the development of an Automotive Technology Training Program, through JCCC. This certificate program will offer high school and community trainees with opportunities

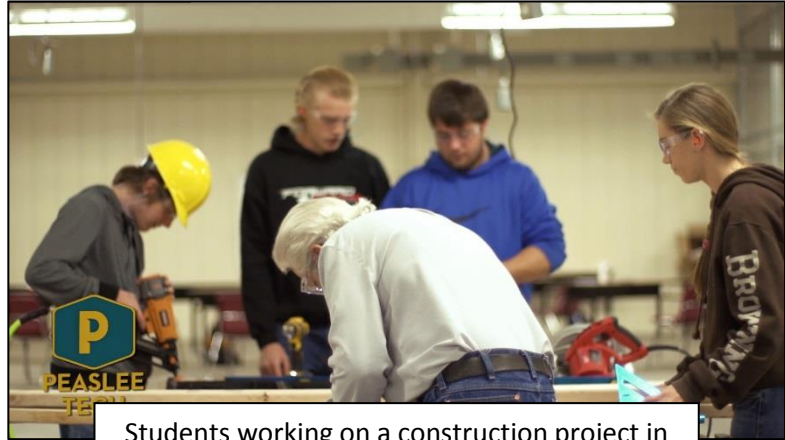


The Belcher Family HVAC Lab, December 2016

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Other Support Programs

for entry-level careers. This effort is supported by area car dealers and independent auto-industry-related shops. A soft opening goal for the program is fall 2017. Other programs under consideration for the future include Electrical Technology, Plumbing Technology, and Power Plant Technology.



Students working on a construction project in the Construction Technology Program course.

Public support for the Center has included:

Peaslee Center Support			
Year	Assistance Type	City Amount	County Amount
2015	2014 real estate tax refund on property and improvements	\$15,533	\$20,239
	2015 real estate tax refund on property and improvements	\$11,776	\$15,370
	One time grant for training center renovations and infrastructure	\$500,000	\$500,000
	City loan for Lawrence Workforce Center renovations	\$143,295	\$143,295
	Reimbursement of building permit fees for Peaslee Center	\$7,556	--
	Waiver of IRB application fee	\$1,000	--
	Peaslee Center Operations	\$100,000	\$100,000
Total 2015		\$779,160	\$778,904
Year	Assistance Type	City Amount	County Amount
2016	Peaslee Center Operations	\$100,000	\$100,000
	Waiver of IRB application fee	\$1,000	--
Total 2016		\$101,000	\$100,000

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Other Support Programs

Affordable Housing Development

Cedarwood Sr. Cottages, 2525 Cedarwood Avenue

In support of a 14-unit, senior living townhouse project, Tenants to Homeowners requested and received City assistance to cover a finance gap of up to \$101,975 for development of Cedarwood Senior Cottages.

Assistance provided was for neighborhood infrastructure and



improvements, including adding sidewalks, making storm sewer improvements, adding fire hydrants, detention pond assistance, and rebates on service development installation fees.

The \$2.3 million project was under construction in 2015 and was completed at the end of 2016. The one and two bedroom cottages are rented at below fair market rent (\$545-\$795) to eligible seniors who make under 50%, 60% and 80% Median Family Income by household size. By the end of 2016, twelve seniors were able to call Cedarwood Senior Cottages home.

Along with affordable rents, energy efficient systems and smart technology that provides medication reminders and security features, these units have a community garden house, an interior walkway, easy access to conveniences, a telehealth kiosk that can take vitals, an Amazon Echo in each unit that controls a monitoring system, rain gardens and a plan for raised bed gardens to be installed next spring.



Regulating Documents

2016 Tax Abatements			
	Document	Description	Dated
Amarr Garage Doors	Ordinance No. 8497	Tax Abatement	10/27/2009
	Agreement	Performance Agreement	12/17/2003
	Ordinance No. 7706	Policy	10/28/2003
	Overarching ED Policy (O-8522)		5/18/2010
Grandstand/Screen-It Graphics	Resolution 6948	Tax Abatement	10/11/2011
	Agreement	Performance Agreement	9/2/2011
	Overarching ED Policy (O-8522)	Policy	5/18/2010
Sunlite Science & Technology, Inc.	Resolution 7042	Tax Abatement	8/27/2013
	Agreement	Performance Agreement	8/30/2013
	Overarching ED Policy (O-8522)	Policy	5/18/2010
Rock Chalk Park	Resolution 7014	Tax Abatement	3/5/2013
	Agreement	Development Agreement	7/30/2013
	Overarching ED Policy (O-8522)	Policy	5/18/2010



Regulating Documents

2016 IRBs			
Document	Description	Dated	
Prosoco	Ordinance No. 7060	IRB Issuance: Series 1998A & 1998 B	12/8/1998
Bowersock Dam	Ordinance No. 8607 & 8620	IRB Issuance: Series 2011B, 2011C	12/21/2010 & 3/1/2011
900 New Hampshire (South)	Ordinance No. 8804	IRB Issuance: Series 2012	11/6/2012
Rock Chalk Park	Ordinance No. 8862	IRB Issuance: Series 2013	1/22/2013
1101/1115 Indiana Street	Ordinance No. 9053	IRB Issuance: Series 2014	11/18/2014
888 New Hampshire (North)	Ordinance No. 8804	IRB Issuance: Series 2012	11/6/2012
Peaslee Tech. Center (2015)	Ordinance No. 9111	IRB Issuance: Series 2015	5/12/2015
800 New Hampshire	Ordinance No. 9210	IRB Issuance: Series 2016	4/30/2016
Pioneer Ridge	Ordinance No. 9184	IRB Issuance: Series 2016	2/2/2016
826 Pennsylvania Street	Ordinance No. 9316	IRB Issuance: Series 2016	12/13/2016
Peaslee Tech. Center (2016)	Ordinance No. 9321	IRB Issuance: Series 2016	12/13/2016

2016 Active NRAs			
Document	Description	Dated	
8th & Pennsylvania	Ordinance No. 8093	Plan	4/3/2007
	Agreement	Tax Rebate Agreement for 720 E 9th Street	4/17/2012
1040 Vermont Street	Ordinance No. 8625	Plan	4/12/2011
	Agreement	Performance Agreement	11/1/2011
810/812 Pennsylvania	Ordinance No. 8753	Plan	7/3/2012
1106 Rhode Island Street	Ordinance No. 9022	Plan	8/5/2014
	Agreement	Performance Agreement	10/21/2014
1101/1115 Indiana Street	Ordinance 9021	Plan	8/5/2014
	Agreement	Performance Agreement	8/12/2014
900 Delaware Street	Ordinance No. 9040	Plan	10/21/2014
	Agreement	Performance Agreement	10/21/2014
826 Pennsylvania Street	Ordinance No. 9304	Plan & Agreement	11/15/2016



Regulating Documents

2016 TIFs			
	Document	Description	Dated
Downtown 2000	Ordinance No. 7127	District Established	8/3/1999
	Ordinance No. 7207 & Plan	Redevelopment Plan	4/25/2000
	Agreement	Construction Agreement	9/18/2000
The Oread	Ordinance No. 8234	District Established	2/19/2008
	Ordinance 8253	Redevelopment Plan	4/8/2008
	Agreement	Redevelopment Agreement	4/8/2008
9th & New Hampshire TIF	Ordinance 8768	District Established	8/7/2012
900 New Hampshire (South)	Ordinance 8865	So Project: Redevelopment Plan	5/21/2013
	South Agreement	So Project: Redevelopment Agreement	11/30/2012
888 New Hampshire (North)	Ordinance 8971	No Project: Redevelopment Plan	4/15/2014
	North Agreement	No Project: Redevelopment Agreement	4/15/2014

2016 TDDs			
	Document	Description	Dated
The Oread	Ordinance No. 8254	District Established	4/8/2008
Free-State (Bauer Farm)	Ordinance No. 8339	District Established	10/14/2008
	Agreement	Development Agreement	10/14/2008
9th & New Hampshire TDD	Ordinance 8979	District Established	4/15/2014

B

Historical Assistance & Investment

The below table is a summary of distribution totals (as of the December 31, 2016) for currently active, pay-as-you-go (PAYGO) ¹ economic development programs.

Summary: Distributions by Year						
Incentive Program	2011 Tax Year	2012 Tax Year	2013 Tax Year	2014 Tax Year	2015 Tax Year	2016 Tax Year
Tax Abatement	\$66,248	\$184,224	\$159,464	\$181,318	\$149,197	\$147,035
NRA	\$12,515	\$11,982	\$38,975	\$65,090	\$68,955	\$110,304
TIF (property and sales tax)	\$626,882	\$515,284	\$480,458	\$460,457	\$524,971	\$788,562
TDD (sales tax)	\$156,334	\$196,516	\$182,282	\$182,177	\$231,312	\$278,695
Total	\$861,979	\$908,006	\$861,179	\$889,042	\$974,434	\$1,324,596

Source: City of Lawrence, Kansas

Reimbursements Less TDD **\$705,644** **\$711,490** **\$678,896** **\$706,865** **\$743,122** **\$1,045,901**

¹ PAYGO programs require the property developer/owner to front expenses for project improvements. Once the project is completed and begins to generate new tax revenues, a portion of project-generated tax revenues is reimbursed back over a specified period of time, to the developer/owner to help offset the costs of improvements.

Certain PAYGO programs have restrictions on the type of improvement expenses that are eligible for reimbursement. For example, the TDD program only allows reimbursements to be made on a project's transportation related improvements. (e.g. TDD eligible improvements can be related to a bridge, street, road, highway access road, interchange, intersection, signing, signalization, parking lot, bus stop, station, garage, terminal, hangar, shelter, rest area, dock, wharf, lake or river port, airport, railroad, light rail or other mass transit facility, streetscape or any other transportation related project or infrastructure including, utility relocation; sanitary and storm sewers and lift stations; drainage conduits, channels and levees; street light fixtures, connection and facilities; underground gas, water, heating and electrical services and connections located within or without the public right-of-way; sidewalks and pedestrian underpasses or overpasses; and water main and extensions.)

B

Historical Assistance & Investment

Data by year is further broken down by project and economic development program, as shown below:

Distributions ² by Year and ED Program								
	Tax Year							
	2009	2010	2011	2012	2013	2014	2015	2016
Tax Abatements								
Amarr: Personal Property	n/a	\$31,880	\$28,686	\$27,525	\$27,876	\$27,876	\$28,593	\$26,450
Prosoco: Real Property	\$35,146	\$36,139	\$36,630	\$36,482	\$36,966	\$36,949	expired	expired
Prosoco: Personal Property	\$1,265	\$919	\$932	\$928	\$940	\$940	expired	expired
Grandstand	n/a	n/a	n/a	\$119,289	\$93,682	\$96,081	\$99,422	\$99,407
Sunlite	n/a	n/a	n/a	n/a	n/a	\$19,472	\$21,182	\$21,178
Tax Abated Subtotal	\$36,411	\$68,938	\$66,248	\$184,224	\$159,464	\$181,318	\$149,197	\$147,035
Neighborhood Revitalization Areas								
720 E 9th Street (NRA Tax Yr 1 = 2011)	n/a	n/a	\$12,515	\$11,982	\$12,162	\$12,282	\$13,617	\$13,537
1040 Vermont Street (NRA Tax Yr 1 = 2013)	n/a	n/a	n/a	n/a	\$26,993	\$27,438	\$29,718	\$29,568
810/812 Pennsylvania Street (NRA Tax Yr 1 = 2014)	n/a	n/a	n/a	n/a	n/a	\$25,370	\$25,620	\$26,286
1106 Rhode Island Street (NRA Tax Yr 1 = 2016)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$11,037
1101/1115 Indiana Street (NRA Tax Yr 1 = 2017)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
900 Delaware Street (NRA Yr 1 = 2016)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$29,876
NRA Subtotal			\$12,515	\$11,982	\$39,155	\$65,090	\$68,955	\$110,304

Continued

² Reimbursements are based on when distributions are received from the County and State and do not reflect when revenues were generated.



Historical Assistance & Investment

Distributions by Year and ED Program (cont.)								
	Tax Year							
	2009	2010	2011	2012	2013	2014	2015	2016
Tax Increment Financing								
901 New Hampshire Street (Downtown 2000 District) ³	n/a	n/a	n/a	\$28,085	\$28,085	\$28,085	\$28,085	\$28,085
<i>The Oread TIF</i> ⁴								
TIF Sales Tax	\$3,113	\$152,978	\$200,603	\$264,453	\$211,542	\$181,813	\$181,009	\$63,493
TIF Property Tax	n/a	n/a	\$426,278	\$222,746	\$240,830	\$250,558	\$270,490	\$283,002
<i>900 New Hampshire TIF (South Project)</i> ⁵								
TIF Sales Tax	n/a	n/a	n/a	n/a	n/a	n/a	\$50,786	\$116,652
TIF Property Tax							\$22,685	\$297,330
<i>888 New Hampshire TIF (North Project)</i>								
TIF Sales Tax (under construction in 2016)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TIF Property Tax (under construction in 2016)								
TIF Subtotal	\$3,113	\$152,978	\$626,882	\$515,284	\$480,458	\$460,457	\$524,971	\$788,562

Source: City of Lawrence, Kansas

Continued

³ The Downtown 2000 TIF does not pay out to private entities except for a ~\$28,085/year reimbursement that was authorized via agreement. This amount is captured in the above table under 901 New Hampshire Street.

⁴ For 2015 & 2016, not all distributions collected had been reimbursed due to a contractual dispute.

⁵ Represents reimbursement amount to property owner. Total 900 New Hampshire TIF revenues generated in 2016 from sales and property taxes was \$485,205. The City retains 5% for the Arts Common project, up to \$900,000.



Historical Assistance & Investment

Distributions by Year and ED Program (cont.)								
	Tax Year							
	2009	2010	2011	2012	2013	2014	2015	2016
Transportation Development District								
Oread: TDD Sales Tax, State Distributions to City ⁶	\$1,609	\$79,087	\$103,774	\$136,867	\$109,474	\$94,024	\$93,559	\$32,831
Bauer Farms: TDD Sales Tax (Revenue Generation started in 2009)	\$9,472	\$19,457	\$52,561	\$59,650	\$72,809	\$88,152	\$137,753	\$245,863
9th & New Hampshire TDD								
900 New Hampshire (South Project) ⁷	n/a	n/a	n/a	n/a	n/a	n/a	\$0	\$0
888 New Hampshire (North Project, under construction in 2016)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TDD Subtotal	\$11,082	\$98,545	\$156,334	\$196,516	\$182,282	\$182,177	\$231,312	\$278,695
Total	\$50,606	\$320,461	\$861,979	\$908,006	\$861,359	\$889,042	\$974,434	\$1,324,596

Source: City of Lawrence, Kansas

⁶ For 2015 & 2016, not all distributions collected had been reimbursed due to a contractual dispute.

⁷ The City retains the first \$850,000 of TDD Revenue as contribution toward the City parking garage at 10th & New Hampshire. As of December 31, 2016, the City has retained the entire amount of distributed TDD tax revenue (2015 = \$21,622; 2016 = \$49,434; Total to Date = \$71,056).

B

Historical Assistance & Investment

NRA Property Taxes

Five (5) companies received NRA rebates in 2016 (720 E 9th Street, 1040 Vermont Street, 810/812 Pennsylvania Street/Cider Building, 900 Delaware Street, 9 Del Lofts, and 1106 Rhode Island Street), generating an average of 18.6% more real property tax revenues as compared to property tax revenues that would have been realized if the properties were left in original condition. Overall (for all years in which a NRA rebate was given), the five NRA revitalized properties generated an average of 12.8% more real property tax revenues as compared to property tax revenues that would have been realized if the properties were left in original condition.

Once the NRA expires, revenues realized by the taxing jurisdictions will be substantially greater than if the property had not been redeveloped. At that time, the incremental value resulting from NRA improvements will be fully on the tax rolls.

All NRAs: 2016 Property Taxes				
NRA	Tax Revenues After Development			Tax Revenues No Development
	Total Taxes Paid	NRA Rebate	Retained Tax	Base Tax
720 E 9th St	\$27,599	\$13,547	\$14,052	\$12,949
1040 Vermont St	\$59,316	\$29,568	\$29,748	\$27,514
810/812 Pennsylvania St	\$32,009	\$26,286	\$5,723	\$3,870
900 Delaware St	\$32,755	\$29,876	\$2,879	\$1,171
1106 Rhode Island St	\$13,957	\$11,037	\$2,920	\$1,160
Total	\$165,636	\$110,315	\$55,321	\$46,664

Tax Revenue Comparison: All NRAs		
Base	Retained	% Gain (Loss)
\$46,664	\$55,321	18.6%

Unimproved
Property

Improved
Property

Return

B

Historical Assistance & Investment

All NRAs: To-Date Property Taxes

NRA	Tax Revenues After Development			Tax Revenues No Development
	Total Taxes Paid	NRA Rebate	Retained Tax	Base Tax
720 E 9th St	\$158,368	\$76,104	\$82,263	\$75,967
1040 Vermont St	\$231,142	\$112,974	\$118,169	\$108,846
810/812 Pennsylvania St	\$95,155	\$77,276	\$17,879	\$11,574
900 Delaware St	\$32,755	\$29,876	\$2,879	\$1,171
1106 Rhode Island St	\$13,957	\$11,037	\$2,920	\$1,160
Total	\$531,377	\$307,268	\$224,110	\$198,718

Tax Revenue Comparison: All NRAs

	Base	Retained	% Gain (Loss)
To Date	\$198,718	\$224,110	12.8%

Unimproved Property

Improved Property

Return

NRA Tax Revenues by Project:

720 E 9th Street NRA

NRA Year	Tax Revenues After Development			Tax Revenues No Development
	Total Taxes Paid	NRA Rebate	Retained Tax	Base Tax
6	\$27,599	\$13,547	\$14,052	\$12,949
5	\$27,675	\$13,617	\$14,059	\$12,951
4	\$26,171	\$12,282	\$13,889	\$12,832
3	\$25,673	\$12,162	\$13,511	\$12,506
2	\$25,314	\$11,982	\$13,333	\$12,339
1	\$25,936	\$12,515	\$13,421	\$12,390
	\$158,368	\$76,104	\$82,263	\$75,967

Tax Revenue Comparison: 720 E 9th

	Base	Retained	% Gain (Loss)
2016	\$12,949	\$14,052	8.5%
To Date	\$75,967	\$82,263	8.3%

Unimproved Property

Improved Property

Return

B

Historical Assistance & Investment

1040 Vermont Street NRA

NRA
Year

Tax Revenues After Development			Tax Revenues No Development	
Total Taxes Paid	NRA Rebate	Retained Tax	Base Tax	
4	\$59,316	\$29,568	\$29,748	\$27,514
3	\$59,480	\$29,718	\$29,762	\$27,519
2	\$56,789	\$27,438	\$29,351	\$27,252
1	\$55,557	\$26,250	\$29,308	\$26,561
	\$231,142	\$112,974	\$118,169	\$108,846

Tax Revenue Comparison: 1040 Vermont

2016
To Date

Base	Retained	% Gain (Loss)
\$27,514	\$29,748	8.1%
\$108,846	\$118,169	8.6%

Unimproved
Property

Improved
Property

Return

810/812 Pennsylvania Street NRA

NRA
Year

Tax Revenues After Development			Tax Revenues No Development	
Total Taxes Paid	NRA Rebate	Retained Tax	Base Tax	
3	\$32,009	\$26,286	\$5,723	\$3,870
2	\$32,100	\$25,620	\$6,480	\$3,871
1	\$31,046	\$25,370	\$5,676	\$3,833
	\$95,155	\$77,276	\$17,879	\$11,574

Tax Revenue Comparison: 810/812 Penn

2016
To Date

Base	Retained	% Gain (Loss)
\$3,870	\$5,723	47.9%
\$11,574	\$17,879	54.5%

Unimproved
Property

Improved
Property

Return

B

Historical Assistance & Investment

NRA
Year

1

900 Delaware NRA			
Tax Revenues After Development			Tax Revenues No Development
Total Taxes Paid	NRA Rebate	Retained Tax	Base Tax
\$32,755	\$29,876	\$2,879	\$1,171
\$32,755	\$29,876	\$2,879	\$1,171

Tax Revenue Comparison: 900 Delaware			
	Base	Retained	% Gain (Loss)
2016	\$1,171	\$2,879	145.8%
To Date	\$1,171	\$2,879	145.8%
	<i>Unimproved Property</i>	<i>Improved Property</i>	<i>Return</i>

NRA
Year

1

1106 Rhode Island St. NRA			
Tax Revenues After Development			Tax Revenues No Development
Total Taxes Paid	NRA Rebate	Retained Tax	Base Tax
\$13,957	\$11,037	\$2,920	\$1,160
\$13,957	\$11,037	\$2,920	\$1,160

Tax Revenue Comparison: 1106 Rhode Island			
	Base	Retained	% Gain (Loss)
2016	\$1,160	\$2,920	151.8%
To Date	\$1,160	\$2,920	151.8%
	<i>Unimproved Property</i>	<i>Improved Property</i>	<i>Return</i>

B

Historical Assistance & Investment

9th & New Hampshire South TIF and TDD Reimbursement Splits

900 New Hampshire District (South Project)										
Total Revenue				Revenue to City			Revenue to Owner			
	TDD Sales Tax	TIF Sales Tax	TIF Property Tax	Total	TDD Sales Tax	TIF Sales Tax	TIF Property Tax	TDD Sales Tax	TIF Sales Tax	TIF Property Tax
2015	\$21,622	\$53,459	\$23,879	\$98,961	\$21,622	\$2,673	\$1,194	\$0	\$50,786	\$22,685
2016	\$49,434	\$122,791	\$312,979	\$485,205	\$49,434	\$6,140	\$15,649	\$0	\$116,652	\$297,330
Total to Date	\$71,056	\$176,250	\$336,858	\$584,166	\$71,056	\$8,813	\$16,843	\$0	\$167,438	\$320,015

Total TDD sales tax distributed within the district was \$49,434 in 2016 (\$71,056 to-date).

As per the South Area development agreement, the first \$850,000 of district TDD revenues will go toward paying back bonds for the 10th & New Hampshire parking garage. For 2016, the City received \$49,434 in TDD revenue and the owner received no TDD reimbursements.

Total TIF sales tax revenue distributed was \$122,291 (\$176,250 to-date) and total TIF property tax distributed was \$312,979 (\$336,859 to-date) in 2016. As per the South Area development agreement, the City retains five percent (5%) of the TIF revenue, up to \$900,000, to go toward a City “Arts Common” project.⁸ The property owner gets ninety-five percent (95%) of the TIF revenue (to reimburse TIF project costs), which amounted to \$116,652 in TIF sales tax (\$167,438 to-date) and \$297,330 in TIF property tax (\$320,015 to-date) in 2016.

⁸ As per the South Area Development Agreement, if “Art Common” project does not proceed within 60 months of the date of the filing of the Certificate of Substantial Completion, 5% TIF revenues will go toward reimbursement of the property owner’s TIF project expenses. (Certificate filed December 31, 2014. City “Arts Common” project must proceed by December 31, 2019 for City to retain the 5% TIF revenues.)



Historical Assistance & Investment

Tax Abatement Amounts

Three (3) Lawrence companies had active tax abatements in 2016: Amarr Garage Doors, Grandstand Sportswear and Glassware (Screen-It Graphics), and Sunlite Science & Technology. Since none of the three companies received a one hundred percent (100%) tax abatement, all of the abated property are currently generating some level of property taxes.⁹

2016 Tax Generation (on portion of property receiving an abatement)				
Company & Abatement %	Total Tax Potential	Abated Tax Amount	State Exemption ¹⁰	Taxes Paid (or to be paid) by Property Owner
Amarr Garage Doors, Inc.				
Personal (55%) ¹¹	\$146,666	\$26,450	\$83	\$120,134
Grandstand/Screen-It Graphics				
Real (65%)	\$152,933	\$99,407	n/a	\$53,526
Sunlite Science & Technology				
Real (50%)	\$42,356	\$21,178	n/a	\$21,178
Total	\$341,955	\$147,035	\$83	\$194,837

Source: Douglas County

⁹ The amounts shown for real property values are only for the portion of real property that received the abatement and may not reflect values for the entire parcel.

¹⁰ The state granted an additional exemption for personal property items listed that are valued for \$1,500 or less. This is not a part of the EDX exemption. The amount shown under "Abated Tax Amount" for Amarr Garage Door reflects the abated taxes attributable to the EDX. The amount under "Taxes Paid..." reflects the actual tax bill.

¹¹ Personal property amount may not reflect the percentage of abatement, as some personal property is not included in the exemption. The State of Kansas exempted commercial personal property purchased July 1, 2006 and after from taxation. However, personal property purchased prior to that date is still taxed at a depreciated rate. Each company is required to submit an annual claim for a personal property tax abatement, listing out the equipment, value and date purchased. The County then determines the amount of personal property exempted and taxes due.



Historical Assistance & Investment

The following table shows amounts abated by year.

Tax Abatements by Year (2005-2016)														Cumulative Total (End of 2016)
Company	Abatement Start - Ord/Res #	Abated Tax Amounts												
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
Amarr (55% Personal)	2010/O-8497	--	--	--	--	--	\$31,880	\$28,686	\$27,525	\$27,876	\$27,876	\$28,593	\$26,450	\$198,886
Grandstand (65% Real)	2012/R-6948	--	--	--	--	--	--	--	\$119,289	\$93,682	\$96,081	\$99,422	\$99,407	\$507,881
Sunlite (50% Real)	2014/R-7042	--	--	--	--	--	--	--	--	--	\$19,472	\$21,182	\$21,178	\$61,832
Prosoco (55% Real)	2005/O-7882	\$31,386	\$32,951	\$33,048	\$33,755	\$33,881	\$35,220	\$35,698	\$35,554	\$36,026	\$36,949	Expired 2014	Expired 2014	\$344,468
Prosoco (55% Personal)	2005/O-7882	\$3,510	\$3,070	\$2,463	\$1,890	\$1,265	\$919	\$932	\$928	\$940	\$940	Expired 2014	Expired 2014	\$16,857
Total		\$34,896	\$36,021	\$35,511	\$35,645	\$35,146	\$68,019	\$65,316	\$183,296	\$158,524	\$181,318	\$149,197	\$147,035	\$1,129,924

Note: Above does not include personal property that became exempt by State in 2006.



Historical Assistance & Investment

Private-Public Investment

The below table presents the amount of private and public investment made for the projects currently participating in the City’s pay-as-you-go (PAYGO) economic development programs. It should be noted that private capital investment represents direct investments and does not include employment or income multiplier effects on the community. Additionally, these are active programs and do not cover projects with expired incentives.

Active Projects: Pay-As-You-Go Private Capital Investment				Public Investment (Major ED Programs) ¹²
Active Projects	Private Capital Investment (as of 12-2016)	Incentive Duration in Years	2016 Annual Private Capital Investment	2016
Tax Abatements*				
Amarr (Tax Abatement, 2005-2013)	\$9,700,000	10	\$970,000	\$26,450
Grandstand (Tax Abatement, 2011-2013) ¹³	\$9,183,997	10	\$918,400	\$99,407
Sunlite (Tax Abatement, 2014-2023) ¹⁴	\$1,158,155	10	\$115,816	\$21,178

* Public investment is represented by tax abatement value.

Continued

¹² Assistance information for other programs is covered in other sections of the report. IRB sales tax exemption on project construction materials are part of a state-exemption program and tracked by the state. The state monitors compliance with this exemption, which is dependent on construction schedules.

¹³ Private capital investment per Grandstand’s 2016 tax abatement questionnaire.

¹⁴ Private capital investment per Sunlite’s 2016 tax abatement questionnaire. Public investment is represented by the tax abatement value.

Historical Assistance & Investment

Active Pay-As-You-Go Projects: Private Capital Investment (cont.)				Public Investment (Major ED Programs)
Active Projects	Private Capital Investment (as of 12-2016)	Incentive Duration in Years	2016 Annual Private Capital Investment	2016
NRA*				
720 E 9th Street ¹⁵	\$1,700,000	20	\$85,000	\$13,537
1040 Vermont Street ¹⁶	\$2,150,000	10	\$215,000	\$29,568
810/812 Pennsylvania Street ¹⁷	\$1,480,000	10	\$148,000	\$26,286
1106 Rhode Island Street ¹⁸	\$896,585	10	\$89,659	\$11,037
900 Delaware Street ¹⁹	\$7,200,000	15	\$480,000	\$29,876
TIF**				
The Oread (TIF) ²⁰				
TIF Sales Tax	\$8,941,754	20	\$447,088	\$63,493
TIF Property Tax				\$283,002
901 New Hampshire Street (Downtown 2000) ²¹	\$11,472,000	20	\$573,600	\$28,085
900 New Hampshire (South Project) ²²				
TIF Sales Tax	8,625,000	20	\$431,250	\$116,652
TIF Property Tax				\$297,330

* Public investment is represented by NRA rebate value.

** Public investment is represented by TIF reimbursement value.

¹⁵ Private capital investment per developer.

¹⁶ Private capital investment per 2-23-11 CBA.

¹⁷ Private capital investment per Cider incentive application dated 6-8-12.

¹⁸ Private capital investment per 1106 Rhode Island Street incentive application dated 5-30-2014.

¹⁹ Private capital investment per 9 Del Lofts incentive application dated 8-19-2014.

²⁰ OREAD original permit valuation for the construction of the hotel was \$17,883,508 (value split equally between TIF and TIDD) (per Planning/Dev Services Department 1-28-15). Actual capital investment amounts are expected to be higher. For 2015 & 2016, not all distributions collected had been reimbursed due to a contractual dispute.

²¹ Private capital investment per Developer.

²² Private capital investment per Developer's PEC form (\$17,250,000) split evenly between TIF and TDD (\$8,625,000 each). City retains 5% of TIF Revenue as contribution toward a City "Arts Common" project.



Historical Assistance & Investment

Active Pay-As-You-Go Projects: Private Capital Investment (cont.)				Public Investment (Major ED Programs)
Active Projects	Private Capital Investment (as of 12-2016)	Incentive Duration in Years	2016 Annual Private Capital Investment	2016
TDD*				
Oread: TDD Sales Tax ²³	\$8,941,754	22	\$406,443	\$32,831
Bauer Farms	\$20,800,000	22	\$945,455	\$245,863
900 New Hampshire (South Project) ²⁴	8,625,000	22	\$392,045	\$0
Total	\$100,874,245		\$6,217,755	\$1,324,596

* Public investment is represented by project-generated TDD revenues.

In 2016, for every \$1 in public sector assistance provided for these programs, approximately \$4.69 in private sector capital investment was realized.

2016 Public Return on Private Capital Investment (by Year)	
Public Assistance:	\$1,324,596
Private Investment:	\$6,217,755
Private Investment for each Dollar of Public Assistance:	\$4.69

²³ OREAD original permit valuation for the construction of the hotel was \$17,883,508 (value split equally between TIF and TIDD) (per Planning/Dev Services Department 1-28-15). Actual capital investment amounts are expected to be higher. For 2015 & 2016, not all distributions collected had been reimbursed due to a contractual dispute.

²⁴ Private capital investment per Developer's PEC form (\$17,250,000) split evenly between TIF and TDD (\$8,625,000 each). City retains first \$850,000 of TDD Revenue as contribution toward City parking garage at 10th & New Hampshire.



Historical Assistance & Investment

New/Future Investments

All of the below projects were under construction, had not commenced construction by the end of the year, or were not yet eligible for incentives payment. Therefore, no public reimbursements were made on these projects.

Future Projects: Private Capital Investment				Public Investment (Major ED Programs)
Active Projects	Private Investment (as of 12-2016)	Incentive Duration in Years	2016 Annual Private Capital Investment	2016
TIF & TDD ²⁵				
888 New Hampshire TIF (North Project)	\$11,500,000	20	\$575,000	n/a
888 New Hampshire TDD (North Project)	\$11,500,000	22	\$522,727	n/a
NRA				
1101/1115 Indiana Street (NRA) ²⁶	\$76,000,000	10	\$7,600,000	n/a
826 Pennsylvania Street NRA ²⁷	\$3,200,000	10	\$320,000	n/a

²⁵ Capital investment is per IRB Ord. No. 9093 (\$23,000,000 total, split evenly between TIF and TDD).

²⁶ Capital Investment is per IRB Ord. No. 9053.

²⁷ Capital Investment is per IRB Ord. No. 9316. Project under construction in 2016. NRA rebate starts with the first full tax year after project completion.

B

Historical Assistance & Investment

Direct-Support Programs

The below shows the projects and programs that received assistance in 2016 to directly support economic development programs, services, and projects.

2016 Other Support Programs		
Support Program	Description	Location
Economic Development Services	BTBC	2029 Becker & 4950 Research Pkwy
Economic Development Services	EDC/Chamber and KU-SBDC	718 New Hampshire
Shared Infrastructure	Rock Chalk Park	6100 Rock Chalk Drive
Development Grant	1106 Rhode Island Street Improvements	1106 Rhode Island Street
Relocation Assistance	Integrated Animal Health	2029 Becker Drive
Workforce Training	Peaslee Technical Training Center	2920 Haskell Avenue
Affordable Housing	Cedarwood Sr. Cottages	2575 Cedarwood Avenue



Historical Assistance & Investment

IRB Sales Tax Exemption Savings

Estimated sales tax exemption savings for IRB projects completed in 2016 was \$1,164,140.

Of that total, the City contributed approximately \$275,086, the County contributed approximately \$46,779, and the State contributed approximately \$842,275. Note sales tax exemption savings are realized throughout project construction. ²⁸

Stand-Alone IRB: Sales Tax Exemption Values (est.)							
Project	Estimated Completion	Materials Expense ²⁹	1.55% City	Countywide 1% (July 2016 Rates)		6.5% State	Total Est Amount
				0.00572895	0.00361		
				City Portion	County Portion		
1101/1115 Indiana Street	2017	\$27,616,342	\$428,053	\$158,213	\$99,695	\$1,795,062	\$2,481,023
900 New Hampshire (South Project)	2015	\$6,755,030	\$104,703	\$38,699	\$24,386	\$439,077	\$606,865
888 New Hampshire (North Project)	2016	\$12,958,077	\$200,850	\$74,236	\$46,779	\$842,275	\$1,164,140
Peaslee Tech-2015	2015	\$3,200,000	\$49,600	\$18,333	\$11,552	\$208,000	\$287,485
Peaslee Tech-2016	2017	\$1,000,000	\$15,500	\$5,729	\$3,610	\$65,000	\$89,839
800 New Hampshire	2017	\$3,498,982	\$54,234	\$20,045	\$12,631	\$227,434	\$314,345
Pioneer Ridge	2017	\$5,416,977	\$83,963	\$31,034	\$19,555	\$352,104	\$486,656
826 Pennsylvania Street	2018	\$2,053,090	\$31,823	\$11,762	\$7,412	\$133,451	\$184,447
Projects Completed in 2016			\$200,850	\$74,236	\$46,779	\$842,275	\$1,164,140
City Total 2016							\$275,086

²⁸ IRB sales tax exemption on new construction materials (& labor for remodeling projects) is part of a state-exemption program and tracked by the state. The state monitors compliance with this exemption, which is dependent on construction schedules.

²⁹ Materials expense is estimated at 50% of total project construction costs for new construction projects. The amount for the Peaslee Tech project reflects an estimated sales tax exemption on both labor and construction materials since it was a remodeling project. Project construction cost estimates provided by applicant/property owner.



Matured or Non-Initiated Projects

Matured or Non-Initiated Property Tax Abatements

Tax Abatement Projects			
Tax Abatement	Description	Location	Status
Menards ¹	50% on real property	Lawrence VenturePark	Approved 2016. Project currently on hold.
PROSOCO	55% on personal and real property	3741 Greenway circle	Matured end of 2014
Allen Press	50% on personal and real property	810 E 10th Street	Matured End of 2011
Reuter Organ	50% on personal and real property	1220 Timberidge Road	Matured End of 2011
DST Systems	100% existing personal property 50% new personal and	2000 Bluffs Drive	Matured End of 2011
Berry Plastics ²	90% real property		Approved 2006. Did not proceed.
API Foils ³	55% real property		Approved 2008. Did not proceed.

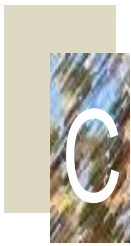
¹ To assist Menards, a nationally known home-improvement retailer, in developing a manufacturing campus with multiple production facilities on a little over 90 acres at Lawrence VenturePark, the City authorized an assistance package in 2016 valued at a little over \$2.29 million. The package included a 10-year, 50% property tax abatement. City and County assistance with defraying partial special assessment expenses, and the former Farmland Industries bulk warehouse building located on the parcel site.

In exchange, Menards proposed a cash transaction to purchase the land at market value and pay the total of 10 years of special assessments at the time of purchase. Anticipated capital investment for real property improvements was valued at over \$15 million (including land and building), with an estimated 100 new, full-time, permanent positions to be created.

Due to national political concerns, Menards paused the VenturePark campus, along with several other projects located throughout the U.S. As of the end of 2016, the project had not yet proceeded.

² In 2006, the City approved a ninety percent (90%) real property tax abatement for Berry Plastics for a three stage expansion at their existing plant. At this stage, two of the three phases have been completed, but there has been no material change to Berry's real property value. Berry has therefore elected not to initiate this abatement yet.

³ The City Commission approved a fifty-five percent (55%) real property tax abatement for API Foils in 2008. API Foils has not yet begun construction on this project.



Matured or Non-Initiated Projects

Matured or Non-Initiated IRBs

IRB Projects			
IRB	Description	Location	Status
DST Systems, Inc: Series 2001	Acquisition & Renovation of Existing Office Building	2000 Bluffs Drive	Matured
Neuvant House II*	Specialty Healthcare Facility	1216 Biltmore Drive	Matured
9th & New Hampshire LLC: Series 2012 (South Project)*	Mixed Use Hotel (South Project)	900 New Hampshire Street	Matured
PROSOCO, Inc: Series 1998A (\$5,800,000) & Series 1998B (\$2,240,000)	Manufacturing Facility	3461 Greenway Circle	Matured
705 Massachusetts Street*	Eldridge Hotel Expansion	705 Massachusetts Street	Terminated by Applicant 2016

* = Stand-alone IRB used for a sales tax exemption on construction materials.

Matured or Non-Initiated NRAs

NRA Projects			
NRA	Description	Location	Status
705 Massachusetts Street NRA	Eldridge Hotel Expansion	705 Massachusetts Street	Terminated by Applicant 2016
1001 Massachusetts Street NRA	Masonic Temple Redevelopment	1001 Massachusetts Street	Authorized in 2011. Did not proceed due to change in use.



Matured or Non-Initiated Projects

Other Assistance: Matured, Terminated, or Non-Initiated

Other Projects			
Other	Description	Location	Status
Business Expansion	PROSOCO: Special Assessment Forgiveness ⁴	3700 Greenway Circle	Completed 2015
Employee Training Incentives	Argenta ⁵	2029 Becker Drive	Terminated 2014
Neighborhood Infrastructure	East Lawrence Historic Warehouse District	Associated with Poehler Building	Phase I Completed in 2012 ⁶
		Associated with Cider Art Gallery Building	Phase II Completed in 2013 ⁷
		Associated with 9 Del Lofts	Phase III Completed in 2015 ⁸

⁴ To fully accommodate the PROSOCO's 2015 expansion, Douglas County donated the land at Lot F within East Hills Business Park. In conjunction with the land donation, the City Commission authorized forgiveness of special assessments in the amount of \$44,937.81 on the lot.

⁵ To support their operations in Lawrence, the City of Lawrence partnered with Douglas County to provide a job creation/employee training package totaling \$10,500, to be disbursed over a four year period. In 2012, the City and County each paid \$2,750 of the total to assist with up front expenses, providing support for 2012 and 2013. The company did not certify for 2014 or 2015 and no grant was given for either year.

⁶ First Phase improvements totaled \$1,051,577 and included: Providing adequate storm water services and improvements to enhance the watershed's ability to manage storm water runoff more effectively and efficiently; Replacing a 100-year old, inadequately sized waterline with the correct capacity line, completing the loop and upgrading to current design standards; Providing Complete Street aspects (e.g. pedestrian lighting, landscaping, sidewalks, and on-street parking).

⁷ Second Phase improvements total \$695,430 (plus \$22,432 of CID Special Assessments on the City-Owned Parking Lot) and included: 9th Street reconstruction & intersection improvements; Pennsylvania Street reconstruction; 8th Street & Pennsylvania Street parking; Utility and safety improvements.

⁸ Phase Three improvements total \$270,967 and included: Relocation and connection of sanitary sewer main, water line; Public street improvement plans; 9th Street drive extension and 10' public trail installation; Burying of area utility lines.

D

County Programs

County Property Tax Abatement & Infrastructure Assistance

Berry Plastics, a global manufacturer and marketer of plastic packaging products, is one of the largest private employers in Lawrence with 600 employed at its manufacturing facility located at 2330 Packer Road. In 2011, the company built a 600,000 square foot distribution center just outside of Lawrence at E. 700 Road in Lecompton Township to free up space at the manufacturing facility and consolidate storage operations to one location. The distribution center supports an additional 125 employees, as well as allows the company to continue to grow employment at the local manufacturing facility.

To assist with the establishment of the new distribution center, Douglas County authorized a 10-year, ninety percent (90%) property tax abatement, industrial revenue bond (IRB) financing of up to \$21 million, and contributed \$600,000 in for infrastructure improvements. The tax abatement started with the 2013 tax year and will expire with the 2022 tax year.



County Programs

Douglas County E-Community

Established in 2011 in cooperation with NetWork Kansas, the Douglas County E-Community is comprised of Douglas County, Baldwin City, the City of Eudora, and the City of Lecompton.

The program aims to identify and develop resources to assist local entrepreneurs in starting or growing a business within the E-Community.

One of the resources offered by the program is a locally administered revolving loan fund used to provide gap financing to entrepreneurs within the E-Community. The first loan was made in 2012. As of 2016, the County had processed a total of eight (8) loans through the program.

Douglas County E-Community Revolving Loan Program						
Recipient	Location	Loan Year	Business Description	Loan Amount	Loan Used For	Loan Status
Amanda's Dance Academy	Eudora	2012	Dance Studio	\$7,000	Expansion into new location	Paid off
Kansas Belle Dinner Train	Baldwin City	2012	Dinner Train	\$25,000	Relocation of business from Nebraska to Baldwin City.	Open
The Lodge of Baldwin City	Baldwin City	2012	RV Park	\$25,000	Develop RV park	Open
Heartland Perma Column	Baldwin City	2013	Concrete Foundation Manufacturing	\$13,500	Purchase forklift and flatbed trailer	Paid off
Aunt Netters	Lecompton	2013	Restaurant	\$25,000	Renovation of building to open café	Open
Indie Olive	Eudora	2014	Letterpress & Design Studio	\$25,000	Fund real estate acquisition and building improvements	Open
Wakarusa Brewing	Eudora	2016	Brewery	\$26,800	Purchase of equipment and capital improvements	Open
Homestead Kitchen and Bakery, LLC	Baldwin City	2016	Bakery/café	\$8,000	Purchase of equipment and capital improvements	Open



D

County Programs

The following resources are also offered by NetWork Kansas through the E-Community program:

- Priority access to NetWork Kansas opportunities for youth entrepreneurship, networking, funding, high-powered technical assistance for second-stage businesses, and more;
- The opportunity to attend a statewide conference to participate in peer-to-peer discussion with other E-Communities focused on developing strong entrepreneurial environments;
- Materials and support for fostering the E-Community, including marketing materials, training opportunities, leadership team guidance, and more;
- Opportunities to engage with entrepreneurship experts for consulting including Kansas Entrepreneurial Communities Initiative (KECI) representatives and the national economic gardening team.



Supplemental Information

Amarr Healthcare Benefits: (Letter dated 2-2-2017)

Amarr is a Self-Insured Company. Below is the breakdown of Medical Expenses – company vs employee.

One Medical Benefit that I have added to our cost is the Expense of having an onsite Medical Clinic available for all 3 shifts. This reduces the out of pocket expense for our team members in that they can make an appointment at the clinic for a variety of treatments at no expense to them. We provide blood draws, basic everyday treatments, and a wide array of treatments that you could get with a regular visit to a physician. This reduces the amount of time an employee has to miss work and sometimes gets employees to seek treatment where if they had to miss work – they may not.

When we add all of this together – the Company paid portion is 71% as you can see from the chart below.

Please let me know if you have further questions.

2016		
Claims/Fees Paid	3,915,702	
Claims Reserved for	504,412	
Onsite Health Clinic	137,595	
Net Medical Expenses	<u>4,557,709</u>	
Total Employee Premiums	1,303,164	29%
Total Company Portion	3,254,545	71% Company

Thank you

Nancy Kelley
Mfg Controller / Director of Finance
785-312-6334

Supplemental Information



February 10, 2017

Britt Crum-Cano, Economic Develop Coordinator
City of Lawrence – City Manager's Office
PO Box 708
Lawrence, Kansas 66044

RE: 2016 Annual Tax Abatement Report Questionnaire – Health Benefits Compliance Category

Dear Ms. Crum-Cano:

This letter is in response to your inquiry related to Grandstand's Employer Provided Health Care Coverage.

Grandstand's health insurance plan offers medical and dental benefits to all employees, who average thirty (30) or more hours per work week, and their dependents. Employees are eligible for health/dental insurance coverage on the first of the month following the successful completion of sixty (60) days of employment.

During the calendar year 2016, Grandstand paid 100% towards the health insurance premium for the employee only coverage.

If you have any further inquiries, please do not hesitate to contact me at 785-312-7009.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Petz', is written over a light blue horizontal line.

Brandon Petz
Chief Financial Officer

F

Economic Snapshot

Horizon 2020, the Comprehensive Plan for Lawrence and Douglas County, identifies three broad, economic development goals: employment growth, income growth, and tax base growth. Below shows economic data for the most recently available year that addresses those goals.

Information on other economic indicators is also included at the end of this section. Note the Lawrence MSA includes all of Douglas County.

Employment Growth

Annual Labor Force, Employment and Unemployment¹ (Lawrence MSA)				
Period	Labor Force	Employed	Unemployed	Unemployment Rate
2015	65,273	62,862	2,411	3.7%
2014	64,740	62,080	2,660	4.1%
2013	63,512	60,443	3,069	4.8%
2012	63,425	60,164	3,261	5.1%
2011	63,747	60,141	3,606	5.7%
2010	64,379	60,574	3,805	5.9%
2009	63,191	59,579	3,612	5.7%
2008	61,712	59,114	2,598	4.2%
2007	62,110	59,692	2,418	3.9%
2006	62,560	60,180	2,380	3.8%
2005	63,186	60,679	2,507	4.0%

¹ Source: Labor Market Information Services, Kansas Dept. of Labor in cooperation with BLS, U.S. Dept. of Labor. Annual, not seasonally adjusted Labor Force, Employment and Unemployment data for Lawrence, KS Metropolitan Statistical Area in Multiple Time Periods.

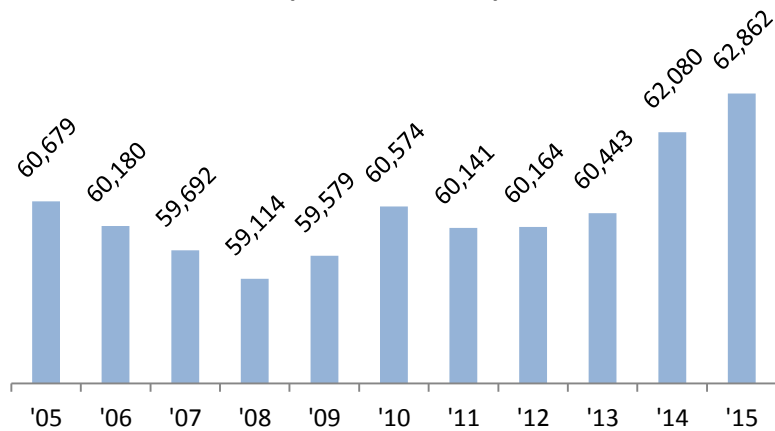


Economic Snapshot

2015 job growth was up 1.3% compared to the previous year, and up 4.5% compared to five and 10 years ago (2011).

Annual Employment Growth (Lawrence MSA)

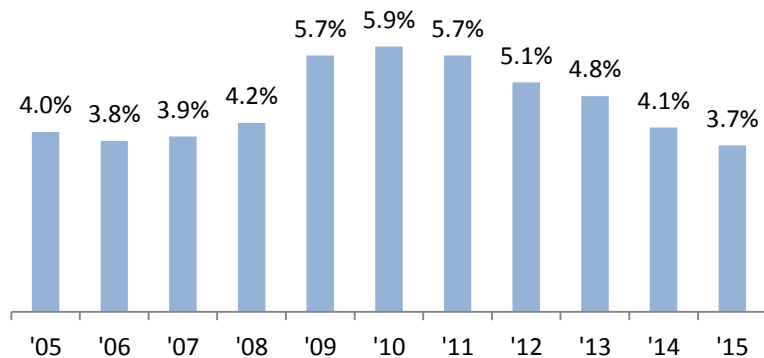
Employment Growth (Lawrence MSA)		
Period	Change	% Change
1Y (2014-2015)	782	1.3%
5Y (2011-2015)	2,721	4.5%
10Y (2006-2015)	2,682	4.5%



Unemployment has been on a downward trend, steadily declining since 2010. Unemployment dropped 0.40% in 2015 from the previous year, 2% over the past 5 years (since 2011), and minimally over the past 10 years (since 2006).

Annual Unemployment Rate (Lawrence MSA)

Unemployment Rate (Lawrence MSA)	
Period	Absolute Change
1Y (2014-2015)	-0.40%
5Y (2011-2015)	-2.00%
10Y (2006-2015)	-0.10%





Economic Snapshot

Commuting Workforce:

Considering all jobs, the City of Lawrence has approximately 22,000 commuting into the City for jobs as compared to 16,600 that commute out of the City for jobs. For Primary jobs, approximately 20,000 workers commute into the City for jobs as compared to 15,200 that commute to other communities for jobs.

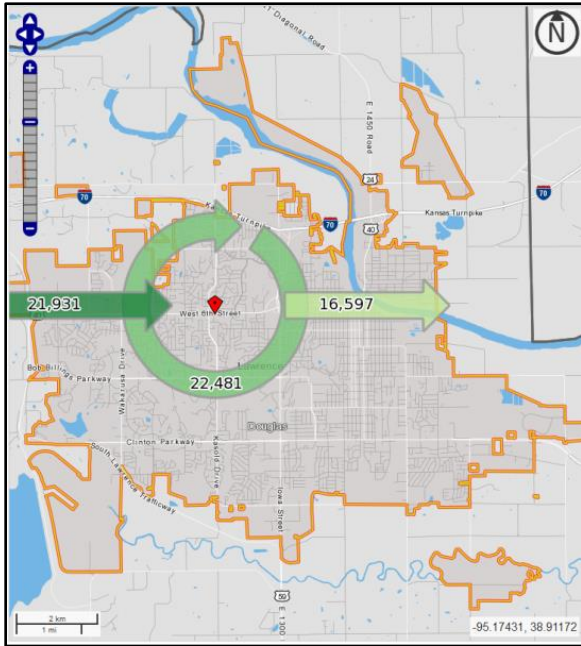
For all job types, the County has approximately 20,200 that commute into the County for jobs as compared to approximately 22,000 that commute to communities outside the County for jobs. For Primary jobs, approximately 18,300 workers commute into the County for jobs as compared to 20,200 that commute to communities outside the County for jobs.

Commuting Workforce ²								
Lawrence, City					Douglas County, KS			
All Jobs		Primary Jobs		All Jobs		Primary Jobs		
Count	%	Count	%	Count	%	Count	%	
21,931	57%	20,024	57%	20,162	48%	18,255	47%	
16,597	43%	15,244	43%	21,926	52%	20,216	53%	
38,528	100%	35,268	100%	42,088	100%	38,471	100%	

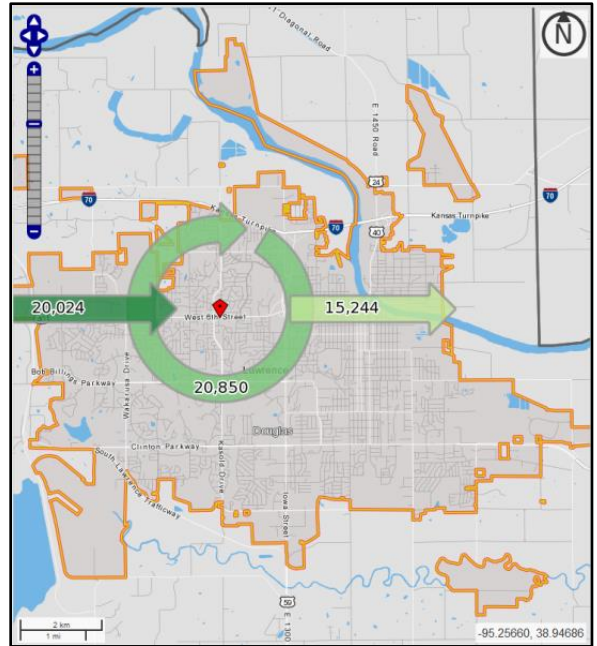
Commuting In
Commuting Out
Total Commuting Workforce

² Source: Longitudinal Employer-Household Dynamics: Inflow/Outflow Analysis.

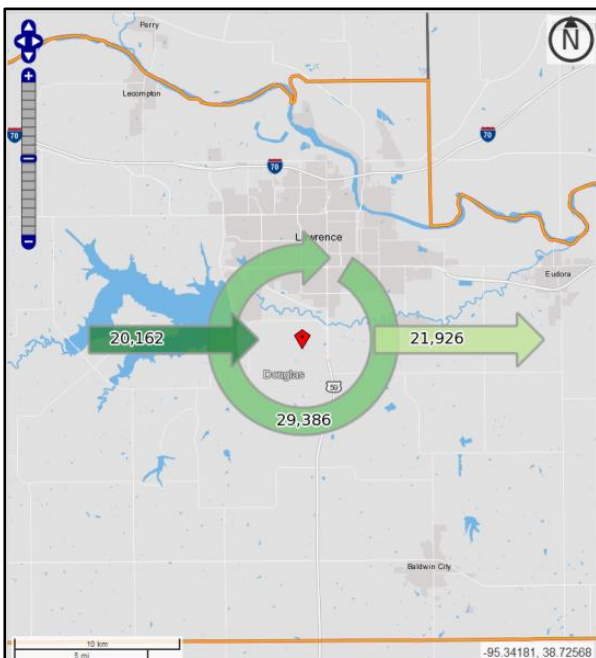
Lawrence City—All Jobs



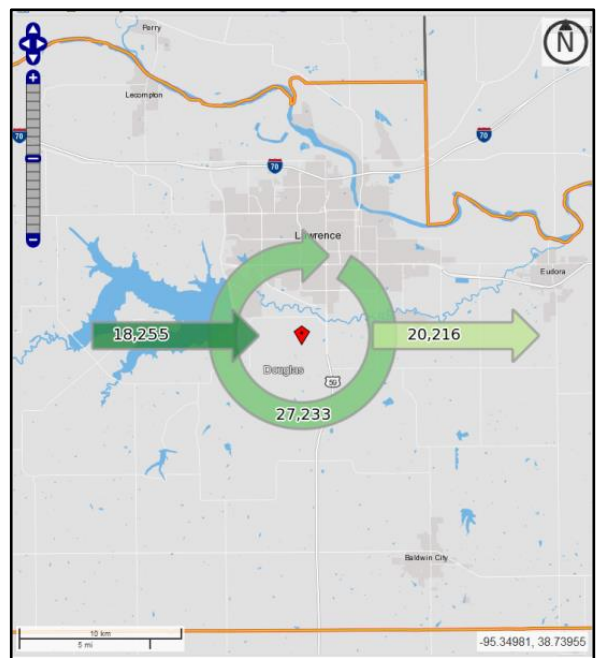
Lawrence City—Primary Jobs



Douglas County, KS—All Jobs



Douglas County, KS—Primary Jobs





Economic Snapshot

Income Growth

Personal Income:

Personal income of an area represents the income received by or on behalf of the persons residing in that area.

Personal Income & Population³ (Lawrence MSA)			
Period	Population ⁴	Personal income (\$1000s) ⁵	Per capita personal income ⁶
2006	107,187	\$3,317,890	\$30,954
2007	107,892	\$3,444,422	\$31,925
2008	109,010	\$3,690,036	\$33,850
2009	110,039	\$3,682,641	\$33,467
2010	111,242	\$3,702,809	\$33,286
2011	112,415	\$3,882,165	\$34,534
2012	113,255	\$4,018,514	\$35,482
2013	114,651	\$4,141,910	\$36,126
2014	116,463	\$4,296,239	\$36,889
2015	118,053	\$4,567,016	\$38,686

³ Source: Bureau of Economic Bureau of Economic Analysis, U.S. Department of Commerce, Tables CA30 Economic Profile for Lawrence, KS (Metropolitan Statistical Area). Note: All dollar estimates are in current dollars (not adjusted for inflation).

⁴ Census Bureau midyear population estimates. Estimates for 2010-2015 reflect county population estimates available as of March 2016.

⁵ Income that persons receive in return for their provision of labor, land, and capital used in current production as well as other income, such as personal current transfer receipts. In the state and local personal income accounts the personal income of an area represents the income received by or on behalf of the persons residing in that area. It is calculated as the sum of wages and salaries, supplements to wages and salaries, proprietors' income with inventory valuation (IVA) and capital consumption adjustments (CCAAdj), rental income of persons with capital consumption adjustment (CCAAdj), personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance plus the adjustment for residence.

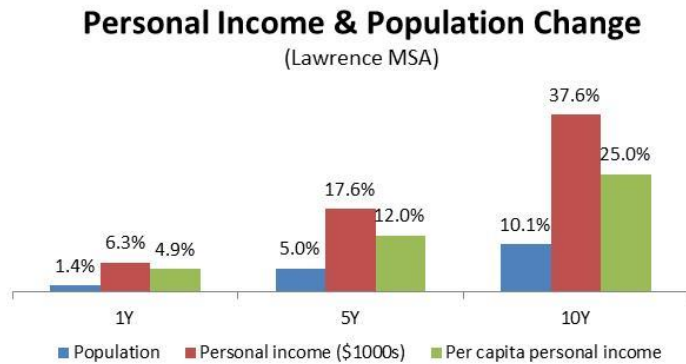
⁶ Per capita personal income = Personal income divided by population.



Economic Snapshot

Over a one year period (2014-2015), personal income grew 6.3% and per capital income increased 4.9%. Over a 5 year period (2011-2015) personal income grew 17.6% and per capital income increased 12%. Over a 10 year period (2006-2015) personal income grew 37.6% and per capital income increased 25%. Note that estimates are in current dollars and not adjusted for inflation.

Personal Income & Population Change			
Description	1Y (‘14-‘15)	5Y (‘11-‘15)	10Y (‘06-‘15)
Population	1.4%	5.0%	10.1%
Personal income (\$1000s)	6.3%	17.6%	37.6%
Per capita personal income	4.9%	12.0%	25.0%



Employment Income:

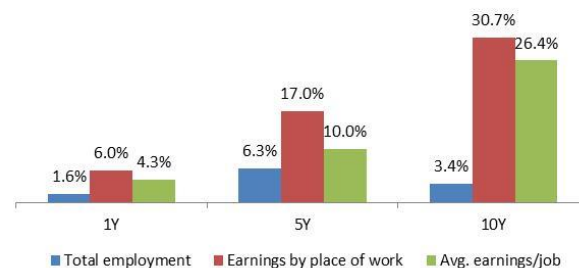
Employment Income ⁷ (Lawrence MSA)			
Period	Total employment ⁸	Earnings by place of work ⁹	Avg. earnings/job ¹⁰
2006	68,285	\$2,178,437	\$31,902
2007	69,280	\$2,224,290	\$32,106
2008	68,170	\$2,387,936	\$35,029
2009	67,683	\$2,396,589	\$35,409
2010	66,768	\$2,386,495	\$35,743
2011	66,414	\$2,434,707	\$36,660
2012	66,231	\$2,462,675	\$37,183
2013	67,825	\$2,590,279	\$38,191
2014	69,503	\$2,688,328	\$38,679
2015	70,620	\$2,848,293	\$40,333

Employment income increased 6% over a one year period (2014-2015) with average earnings per job increasing 4.3%. Over a 5 year period (2011-2015), employment income increased 17% with average earnings per job increasing 10%. Over a 10 year period (2006-2015), employment income increased 30.7%, with average earnings per job increasing 26.4%.

Employment Income Change			
Description	1Y ('14-'15)	5Y ('11-'15)	10Y ('06-'15)
Total employment	1.6%	6.3%	3.4%
Earnings by place of work	6.0%	17.0%	30.7%
Avg. earnings/job	4.3%	10.0%	26.4%

Employment Income Change

(Lawrence MSA)



⁷ Source: Bureau of Economic Bureau of Economic Analysis, U.S. Department of Commerce, Tables CA30 Economic Profile for Lawrence MSA. Note: All dollar estimates are in current dollars (not adjusted for inflation).

⁸ Total employment includes wage and salary employment plus proprietors employment.

⁹ Earnings by place of work includes compensation of employees and proprietors' income.

¹⁰ Average earnings per job = Earnings by place of work/ total employment.



Economic Snapshot

Wage & Salary Employment:

Wage and salary employment, also referred to as wage and salary jobs, measures the average annual number of full-time and part-time jobs in each area by place of work. All jobs for which wages and salaries are paid are counted.

Wages & Salary (Lawrence MSA)¹¹			
Period	Wage & salary employment	Total wages and salaries¹²	Avg. wages & salaries/job¹³
2015	55,130	\$1,975,250	\$35,829
2014	54,448	\$1,894,101	\$34,787
2013	53,127	\$1,820,086	\$34,259
2012	51,978	\$1,757,202	\$33,807
2011	52,117	\$1,712,994	\$32,868
2010	52,745	\$1,698,934	\$32,210
2009	53,804	\$1,715,038	\$31,876
2008	54,356	\$1,699,898	\$31,273
2007	55,589	\$1,658,157	\$29,829
2006	55,418	\$1,608,075	\$29,017

Total wages and salaries for the Lawrence MSA increased 4.3% over a one year period (2014-2015) with average wages/salaries per job increasing 3.0%. Over a 5 year period (2011-2015), total wages and salaries increased 15.3% with average wages/salaries per job increasing 9%. Over a 10 year period (2006-2015), total wages and salaries increased 22.8%, with average wages/salaries per job increasing 23.5%.

¹¹Source: Bureau of Economic Bureau of Economic Analysis, U.S. Department of Commerce, Tables CA30 Economic Profile for Lawrence, KS (Metropolitan Statistical Area). All dollar estimates in current dollars (not adjusted for inflation).

¹² The remuneration receivable by employees (including corporate officers) from employers for the provision of labor services. Includes commissions, tips, and bonuses; employee gains from exercising stock options; and pay-in-kind. Judicial fees paid to jurors and witnesses are classified as wages and salaries. Measured before deductions, such as social security contributions, union dues, and voluntary employee contributions to defined contribution pension plans.

¹³ Average wages and salaries per job = Total wages and salaries / Wage and salary employment.

Wage & Salary Change			
Description	1Y ('14-'15)	5Y ('11-'15)	10Y ('06-'15)
Wage & salary employment	1.3%	5.8%	-0.5%
Total wages and salaries	4.3%	15.3%	22.8%
Avg. wages & salaries/job	3.0%	9.0%	23.5%





Economic Snapshot

Tax Base Growth

To lighten taxes on home owners, the County assigns a higher assessed value to commercial/industrial property (25% of appraised value) compared to residential property (11.5% of appraised value). While the City welcomes residential development, the use of local incentives is focused on growing the tax base by focusing on commercial and industrial sectors.

The below table shows the annual percentage of commercial/industrial assessed valuation to total for Lawrence and other neighboring communities.

Commercial Real Estate Assessed Valuation (shown as percent of total)					
	2013	2014	2015	2016	2017
Lawrence	29.81%	29.82%	30.04%	30.31%	30.63%
Lenexa	48.83%	47.73%	48.12%	49.00%	47.70%
Manhattan	25.90%	26.10%	26.00%	25.40%	25.50%
Olathe	28.07%	28.25%	28.60%	31.51%	31.99%
Overland Park	36.94%	37.13%	37.19%	38.51%	38.08%
Shawnee	22.66%	23.49%	24.11%	26.41%	25.74%
Topeka	40.99%	40.98%	41.65%	42.57%	42.76%

Sources: County Appraisers

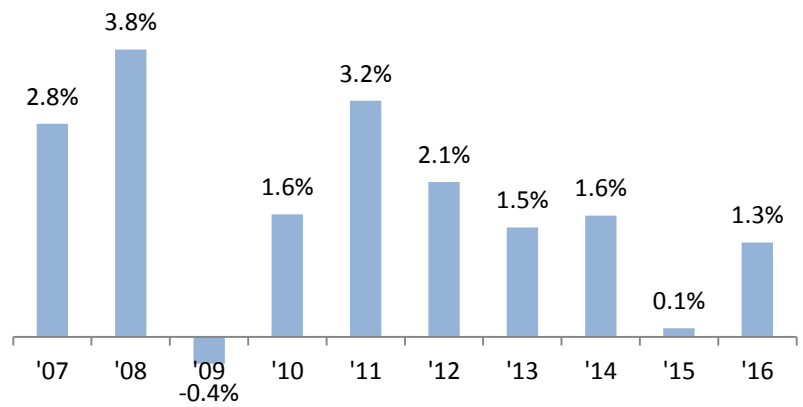


Economic Snapshot

Additional Economic Indicators

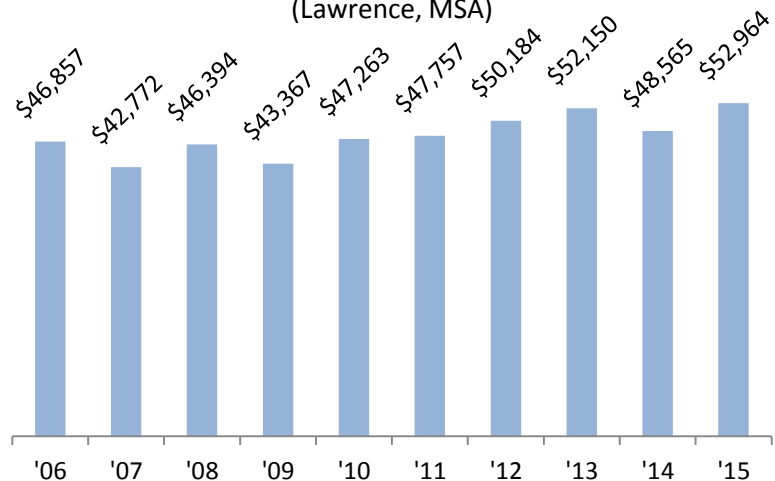
Consumer Price Index ¹⁴ U.S. City Average, All Urban Consumers		
Year	CPI*	Y-Y % Change
2016	240.007	1.3%
2015	237.017	0.1%
2014	236.736	1.6%
2013	232.957	1.5%
2012	229.594	2.1%
2011	224.939	3.2%
2010	218.056	1.6%
2009	214.537	-0.4%
2008	215.303	3.8%
2007	207.342	2.8%

Annual Inflation
(U.S. City Average, All Urban Consumers)



Median Household Income ¹⁵ (Lawrence MSA)		
Period	Amount	Y-Y Change
2015	\$52,964	9.06%
2014	\$48,565	-6.87%
2013	\$52,150	3.92%
2012	\$50,184	5.08%
2011	\$47,757	1.05%
2010	\$47,263	8.98%
2009	\$43,367	-6.52%
2008	\$46,394	8.47%
2007	\$42,772	-8.72%
2006	\$46,857	19.56%

Median Household Income
(Lawrence, MSA)



¹⁴ Source: U.S. Bureau of Labor Statistics. Consumer Price Index - All Urban Consumers, U.S. City Average, Not Seasonally Adjusted.

¹⁵ Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, Table B19013: Median Household Income in the Past 12 Months (in Inflation-Adjusted Dollars).

Economic Snapshot

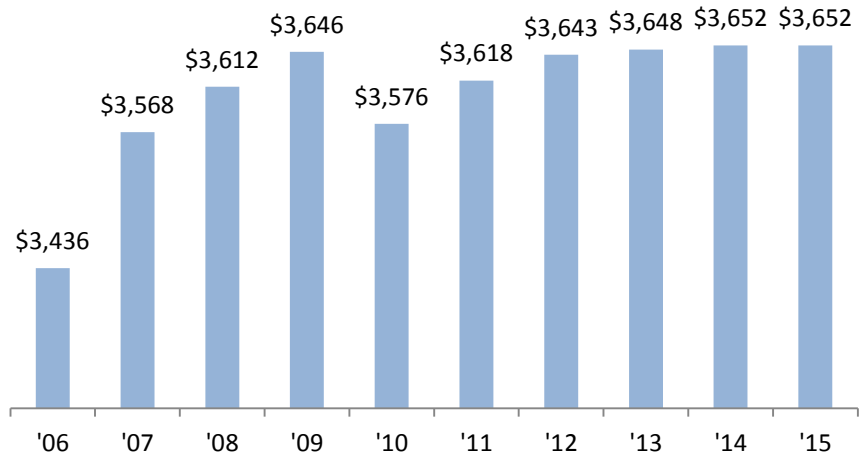
Real GDP¹⁶: Lawrence MSA

All Industries, Millions of Chained 2009 Dollars

Year	GDP	Y-Y % Change
2015	3,652	0.0%
2014	3,652	0.1%
2013	3,648	0.1%
2012	3,643	0.7%
2011	3,618	1.2%
2010	3,576	-1.9%
2009	3,646	0.9%
2008	3,612	1.2%
2007	3,568	3.8%

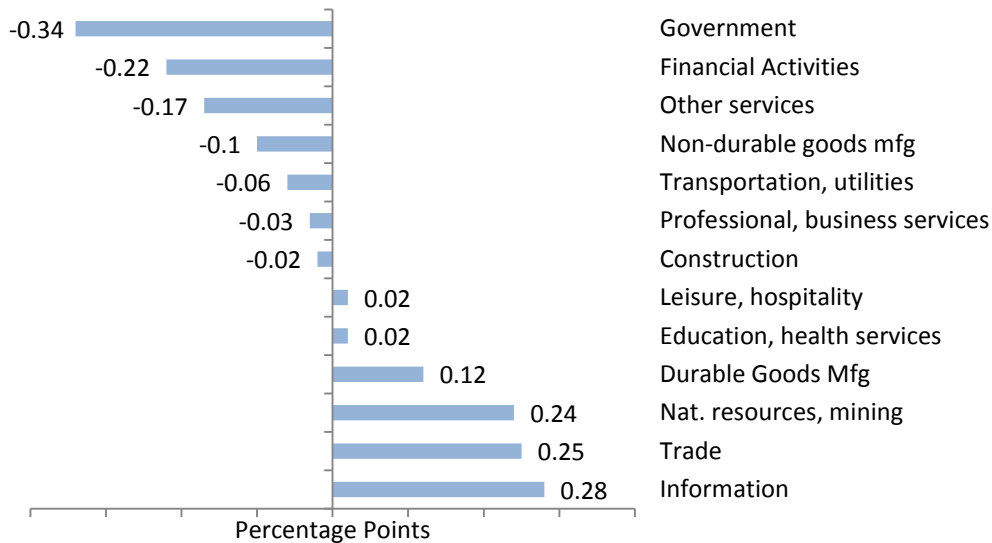
Real GDP: All Industries

(Lawrence MSA, Millions of chained (2009) Dollars)



2015 Contributors to Real GDP Change

(Lawrence MSA)

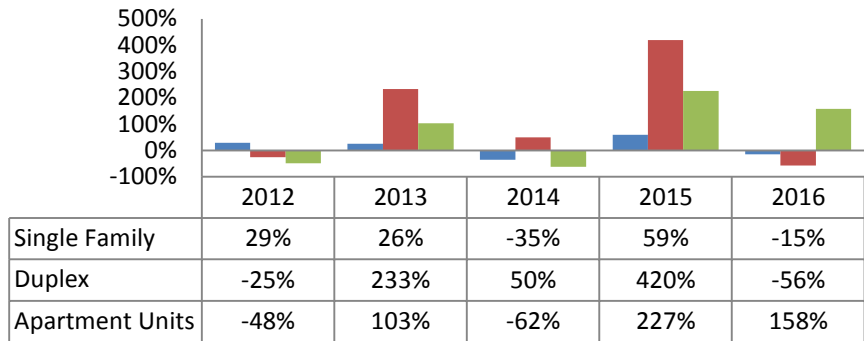


¹⁶ Source: U.S. Department of Commerce, Bureau of Economic Analysis, Table 1. Current-Dollar Gross Domestic Product (GDP) by Metropolitan Area, Table 3. Contributions to Percent Change in Real Gross Domestic Product (GDP) by Metropolitan Area, 2015. Real GDP by metropolitan area is an inflation-adjusted measure of each area's gross product that is based on national prices for the goods and services produced within the metropolitan area.

New Construction Building Permits¹⁷

Period	Single Family	Duplex	Multi-Family (apartment units)
2016	137	34	1,205
2015	161	78	467
2014	101	15	143
2013	155	10	374
2012	123	3	184

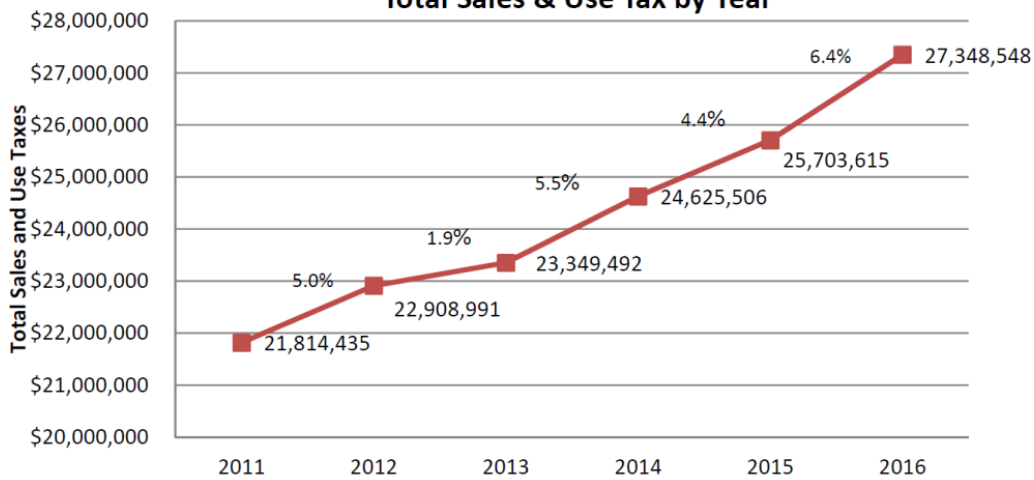
Annual Change in New Construction Building Permits



■ Single Family ■ Duplex ■ Apartment Units

City of Lawrence, Kansas

Total Sales & Use Tax by Year



Source: City of Lawrence, Kansas, Finance Department.

¹⁷ Source: City of Lawrence, Kansas. Neighborhood Resources Department, Valuation of Building Permits.

2016 Annual Report

Economic Development Support & Compliance

City of Lawrence, Kansas



2016

City of Lawrence, Kansas

Annual Report: Economic Development Support & Compliance
Britt Crum-Cano, Economic Development Coordinator



Overview

- Annual, Comprehensive Review of Participating Economic Development Projects:
 - Pay-As-You-Go (PAYGO)
 - Direct Support

- Key Information:
 - Project
 - Type of ED Support Received
 - Applicable Compliance Performance Measures
 - Annual Assistance Amounts

- Continually evolving:
 - New for 2017: Economic Snapshot



Community Support

- PAYGO Programs:
 - Property Tax Abatements
 - Industrial Revenue Bonds (IRB)
 - Neighborhood Revitalization Area (NRA)
 - Tax Increment Financing (TIF)
 - Transportation Development District (TDD)

- Direct Support:
 - ED Services
 - Relocation Assistance
 - Infrastructure
 - Historic Rehab
 - Workforce Development
 - Small Business Assistance
 - Affordable Housing



Property Tax Abatements


2016 Tax Abatements: Active


Company	Start	Expires	Abatement %	Ord/Res
Amarr Garage Doors, Inc.	2010	2019	55% personal property	O-8497
Screen-It Graphics (Grandstand)	2012	2021	65% on real property	R-6948
Sunlite Science & Technology, Inc.	2014	2023	50% on real property	R-7042
Rock Chalk Park	2014	2023	100% on real property	R-7014





Property Tax Abatements


- All companies with active tax abatements met substantial compliance measures for 2016.
- Tax abatement companies substantially outperformed projections for the year.


Real Property Investment:  72% (\$6M projected, \$10.3M delivered)

Personal Property Investment:  3% (\$9.4M projected, \$9.7M delivered)

Full-Time Employment:  162% (142 projected, 372 created)

Company Wages:  24% (\$32,094 projected, \$39,802 delivered)

Co. Wages vs. Average Private-Sector Wage:  \$8,480 (\$39,802 vs. \$31,322 average private community wage)

Co. Wages vs. 2016 Wage Floor:  \$13,594 (\$39,802 vs. \$26,208 Wage Floor 2016 Rate)

Property Tax Abatements

2016 Tax Generation (on portion of property receiving an abatement)				
Company & Abatement %	Total Tax Potential	Abated Tax Amount	State Exemption (1)	Taxes Paid (or to be paid) by Property Owner
Amarr Garage Doors, Inc.				
Personal (55%) (2)	\$146,666	\$26,450	\$83	\$120,134
Grandstand/Screen-It Graphics				
Real (65%)	\$152,933	\$99,407	n/a	\$53,526
Sunlite Science & Technology				
Real (50%)	\$42,356	\$21,178	n/a	\$21,178
Total	\$341,955	\$147,035	\$83	\$194,837

Source: Douglas County



Property Tax Abatements

2016 Local Expenditures & Outside Sales

Company	Expenditures Spent Within Lawrence	Sales Generated Outside Lawrence
Amarr Garage Doors Inc.	5%	99%
Grandstand/Screen-It Graphics	3%	99%
Sunlite Science & Technology	14%	92%



Industrial Revenue Bonds (IRB)

Conduit financing mechanism used in association with a property tax abatement or to obtain a sales tax exemption on project construction materials (aka stand-alone IRB)

- No liability on part of City to purchase or pay back bonds
- No obligation on the part of the city to finance the project.

Industrial Revenue Bond (IRB)

- IRBs authorized: 9
- Stand-Alone IRBs (no tax abatement): 7

2016 IRBs: Outstanding					
Company	Date of Issue	Issuing Ord. #	Year Matures	Amount Authorized	Project
Bowersock: Series 2011B & 2011C	2010/2011	8607 & 8620	2037	\$27,000,000	Hydro-Electric Facility
Rock Chalk Park	Oct. 2013	8862	2023	\$40,000,000	Commercial Recreational Facility
1101 Indiana Street (HERE KS)*	Nov. 2014	9053	2017	\$76,000,000	Mixed-Use, Retail and Student Housing
100 East 9th Street LLC (888 New Hampshire, North Project): Series 2015*	Mar. 2015	9093	2017	\$23,000,000	Mixed-Use Commercial/Residential
Dwayne Peaslee Technical Training Center, Inc.: Series 2015*	May 2015	9111	2017	\$1,600,000	Technical Training Center
800 New Hampshire: Series 2016*	April 2016	9210	2018	\$7,800,000	Mixed-Use Commercial/Multi-Family Residential
Pioneer Ridge*	Feb. 2016	9184	2018	\$14,500,000	Commercial, Independent Living Facility
826 Pennsylvania Street*	Dec. 2016	9316	2018	\$3,200,000	Mixed-Use Commercial/Multi-Family Residential
Dwayne Peaslee Technical Training Center, Inc.: Series 2016*	Dec. 2016	9321	2019	\$2,000,000	Technical Training Center

* Stand-Alone IRB used for a Sales Tax Exemption on Construction Materials

Industrial Revenue Bond (IRB)

Stand-Alone IRB: Sales Tax Exemption Values (est.)							
Project	Estimated Completion	Materials Expense (1)	1.55% City	Countywide 1% (July 2016 Rates)		6.5% State	Total Est Amount
				0.00572895	0.00361		
				City Portion	County Portion		
1101/1115 Indiana Street	2017	\$27,616,342	\$428,053	\$158,213	\$99,695	\$1,795,062	\$2,481,023
900 New Hampshire (South Project)	2015	\$6,755,030	\$104,703	\$38,699	\$24,386	\$439,077	\$606,865
888 New Hampshire (North Project)	2016	\$12,958,077	\$200,850	\$74,236	\$46,779	\$842,275	\$1,164,140
Peaslee Tech-2015	2015	\$3,200,000	\$49,600	\$18,333	\$11,552	\$208,000	\$287,485
Peaslee Tech-2016	2017	\$1,000,000	\$15,500	\$5,729	\$3,610	\$65,000	\$89,839
800 New Hampshire	2017	\$3,498,982	\$54,234	\$20,045	\$12,631	\$227,434	\$314,345
Pioneer Ridge	2017	\$5,416,977	\$83,963	\$31,034	\$19,555	\$352,104	\$486,656
826 Pennsylvania Street	2018	\$2,053,090	\$31,823	\$11,762	\$7,412	\$133,451	\$184,447

City Total 2016

\$275,086

County Total 2016

\$46,779

State Total 2016

\$842,275

Total Est. Sales Tax Savings 2016

\$1,164,140



Neighborhood Revitalization Area (NRA)

Property tax rebate given as a percentage of the incremental increase in property value, resulting from improvements

- Incremental Increase in property value is subject to NRA
- Base property value is shielded from NRA rebate
- City, County, and USD each decide their participation

Neighborhood Revitalization Area (NRA)

- Active NRAs: 7
- # NRA rebates provided: 5
- NRA rebate total: \$110,300

2016 NRAs: Active				
NRA	Project	% Rebate	Duration	First NRA Tax Year
8th and Pennsylvania District*	720 E 9th Street	95%	Based on amount rebated	2011
1040 Vermont*	Treanor Architect's Headquarters	Declining	10 years	2013
810/812 Pennsylvania*	Cider Building Art Gallery	95%	10 years	2014
1106 Rhode Island*	Hernly Architect's Office	85%	10 years	2016
1101 Indiana	Mixed-Use, Student Housing	85%	10 years	2017
900 Delaware*	9 Del Lofts	95%	15 years	2016
826 Pennsylvania Street	826 Pennsylvania Street	85% County, 50% City and USD	10 years	1st Tax Year after Completion

* Rebate received in 2016.



Neighborhood Revitalization Area (NRA)

Real Property Tax Revenues Realized:

- NRA property taxes up 18.6% in 2016
- NRA property taxes up 12.8% for all rebated years

Tax Revenue Comparison: All NRAs			
	Base	Retained	% Gain (Loss)
2016	\$46,664	\$55,321	18.6%
To Date	\$198,718	\$224,110	12.8%

Unimproved Property *Improved Property* *Return*



Tax Increment Financing (TIF)

Pledges future gains in sales and/or property taxes generated within the district, to finance improvements which will result in tax gains.

- Incremental Increase in property value subject to TIF
- Base property value shielded from TIF reimbursement
- Used to reduce higher costs associated with redevelopment in blighted or challenging development areas



Tax Increment Financing (TIF)

- Active TIF districts: 3
- TIF distribution total: \$778,600

2016 TIF: Active

TIF	Established	Expires	Eligible Expenses
Downtown 2000 Redevelopment (<i>Original 9th and New Hampshire</i>)	Aug. 1999	April 2020	\$8,645,000
The Oread	Feb. 2008	April 2028	\$11,000,000
9th & New Hampshire: South Project	Aug. 2012	May 2032	\$4,000,000
9th & New Hampshire: North Project		April 2034	\$4,750,000



Transportation Development District (TDD)

- A special taxing district in which a transportation sales tax or special property assessment tax is charged
 - Additional 1% sales tax applicable in all local TDDs
- Promotes economic development by encouraging quality, transportation-related infrastructure that benefits a development and the public



Transportation Development District (TDD)

- Active TDD districts: 3
- TDD distribution total: \$278,700

2016 TDDs: Active				
TDD	TDD Sales Tax	Starts	Expires	Eligible Expenses
The Oread	1%	Oct. 2009	Oct. 2031	\$11,000,000
Free-State (Bauer Farms)	1%	April 2009	April 2031	\$5,000,000
9th & New Hampshire	1%	Jan. 2015	Jan. 2037	\$3,000,000



Direct Support Programs

2016 Direct Support Programs

Support Program	Description	Type of Assistance
Economic Development Services	BTBC	Capital Investment & Operations
Economic Development Services	EDC/Chamber and KU-SBDC	Operations
Development Grant	1106 Rhode Island Street Improvements	Grant
Relocation Assistance	Integrated Animal Health	Rent Subsidy
Workforce Training	Peaslee Technical Training Center	Operations
Affordable Housing	Cedarwood Sr. Cottages	Grant



Other Information

- Appendix A: Regulating Documents
- Appendix B: Historical Assistance & Investment Data
 - In 2016, for every \$1 in public sector assistance given to PAYGO projects, \$4.69 in private sector capital investment was realized.

2016 Public Return on Private Capital Investment (by Year)

Public Assistance:	\$1,324,596
Private Investment:	\$6,217,755
Private Investment for each Dollar of Public Assistance:	\$4.69



Other Information

- Appendix C: Matured, Non-Initiated, or Expired Programs
- Appendix D: County-Specific Programs
- Appendix E: Supplemental Information
- Appendix F: Economic Snapshot



Economic Snapshot

- Employment Growth
- Income Growth
- Tax Base
- Economic Indicators

Economic Snapshot

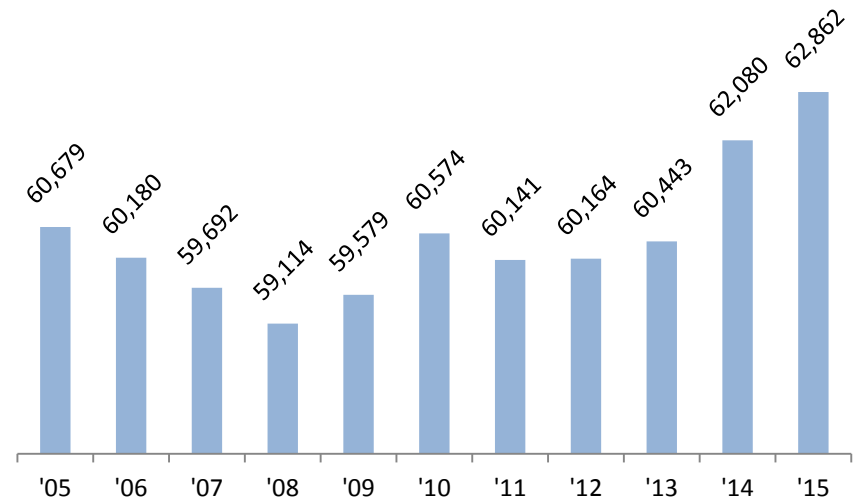
➤ Employment Growth: Lawrence MSA

- 2015 job growth was up 1.3% compared to the previous year, and up 4.5% compared to five and 10 years ago (2011).

Employment Growth (Lawrence MSA)		
Period	Change	% Change
1Y (2014-2015)	782	1.3%
5Y (2011-2015)	2,721	4.5%
10Y (2006-2015)	2,682	4.5%

Labor Market Information Services, Kansas Dept. of Labor in cooperation with BLS, U.S. Dept. of Labor. Annual, not seasonally adjusted Labor Force.

Annual Employment Growth
(Lawrence MSA)



Economic Snapshot

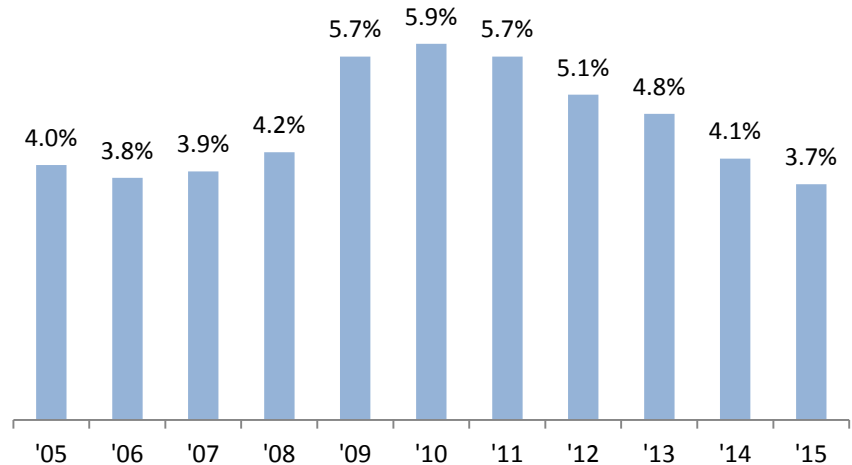
➤ Employment Growth: Lawrence MSA

- Unemployment has been on a downward trend, steadily declining since 2010. Unemployment dropped 0.40% in 2015 from the previous year, 2% over the past 5 years (since 2011), and minimally over the past 10 years (since 2006).

Unemployment Rate (Lawrence MSA)	
Period	Absolute Change
1Y (2014-2015)	-0.40%
5Y (2011-2015)	-2.00%
10Y (2006-2015)	-0.10%

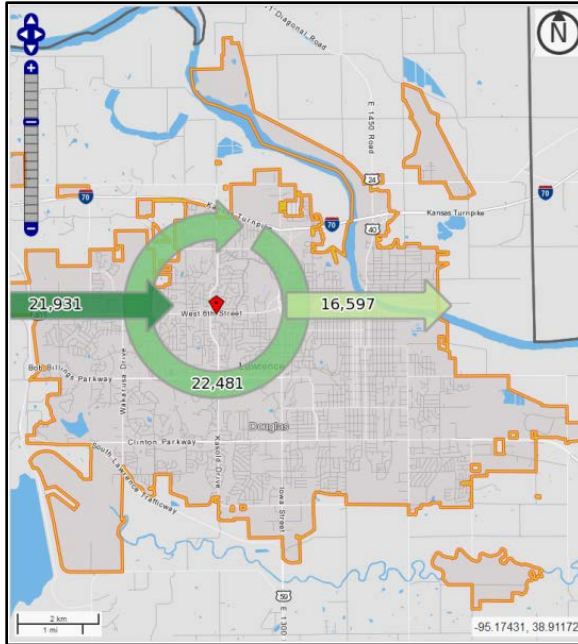
Labor Market Information Services, Kansas Dept. of Labor in cooperation with BLS, U.S. Dept. of Labor. Annual, not seasonally adjusted Labor Force.

Annual Unemployment Rate
(Lawrence MSA)

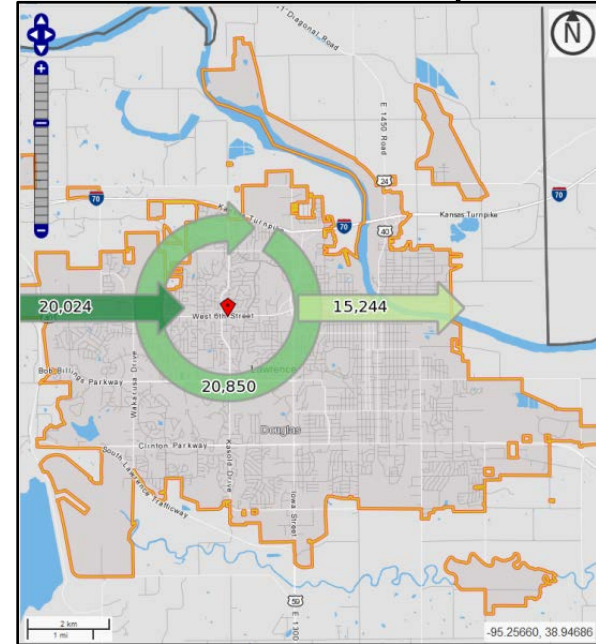


Economic Snapshot

Lawrence: All Jobs



Lawrence: Primary Jobs



Commuting Workforce								
Lawrence, City					Douglas County, KS			
All Jobs		Primary Jobs		All Jobs		Primary Jobs		
Count	%	Count	%	Count	%	Count	%	
21,931	57%	20,024	57%	20,162	48%	18,255	47%	
16,597	43%	15,244	43%	21,926	52%	20,216	53%	
38,528	100%	35,268	100%	42,088	100%	38,471	100%	

Commuting In
Commuting Out
Total Commuting Workforce

U.S. Census Bureau, Longitudinal Employer-Household Dynamics: Inflow/Outflow Analysis.

Economic Snapshot

➤ Income Growth: Lawrence MSA

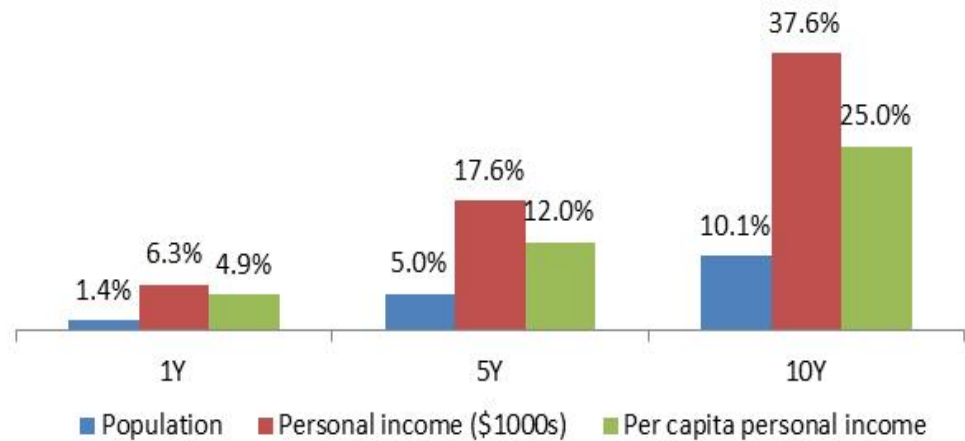
Personal Income & Population Change			
Description	1Y ('14-'15)	5Y ('11-'15)	10Y ('06-'15)
Population	1.4%	5.0%	10.1%
Personal income (\$1000s)	6.3%	17.6%	37.6%
Per capita personal income	4.9%	12.0%	25.0%

Population = Census Bureau midyear population estimates.

Personal Income = Income received by persons residing in that area (wages + salaries + other income – gov social insurance + adjustment for residence)

Per Capita Personal Income = Personal income divided by population.

Personal Income & Population Change
(Lawrence MSA)



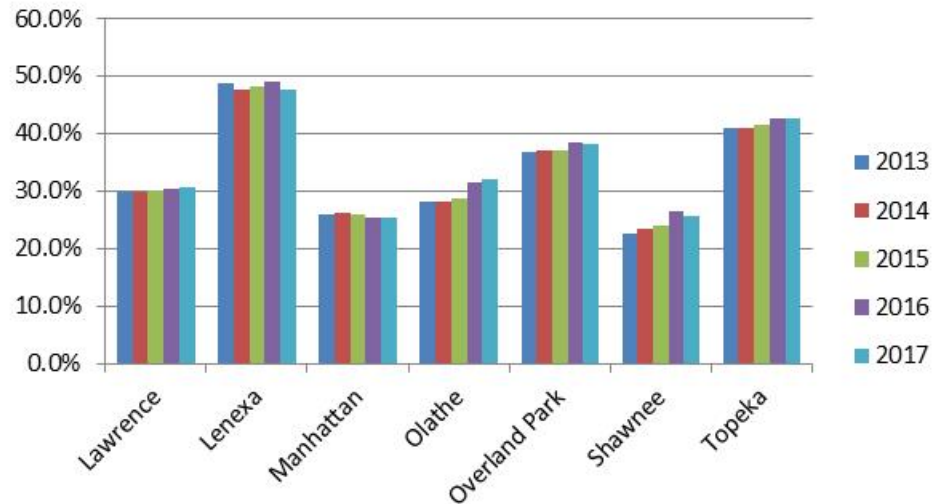
Economic Snapshot

➤ Tax Base

- Commercial Property: 25% assessment rate
- Residential Property: 11.5% assessment rate

Commercial Real Estate Assessed Valuation (shown as percent of total)					
	2013	2014	2015	2016	2017
Lawrence	29.8%	29.8%	30.0%	30.3%	30.6%
Lenexa	48.8%	47.7%	48.1%	49.0%	47.7%
Manhattan	25.9%	26.1%	26.0%	25.4%	25.5%
Olathe	28.1%	28.3%	28.6%	31.5%	32.0%
Overland Park	36.9%	37.1%	37.2%	38.5%	38.1%
Shawnee	22.7%	23.5%	24.1%	26.4%	25.7%
Topeka	41.0%	41.0%	41.7%	42.6%	42.8%

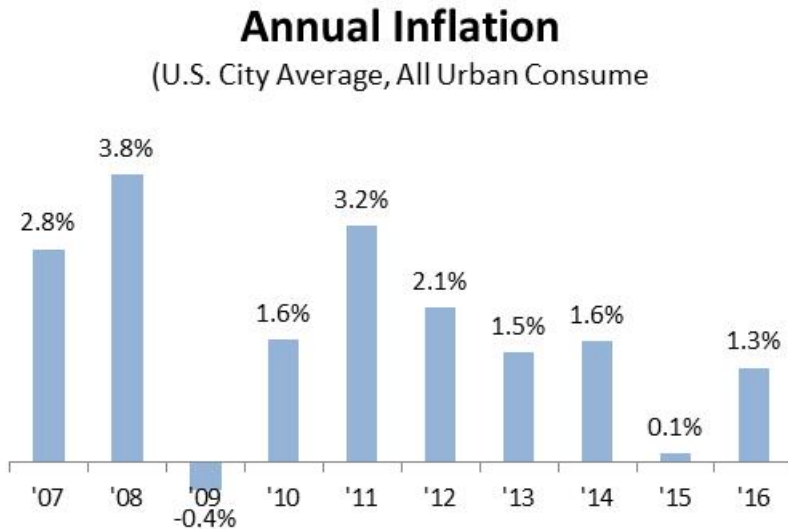
Commercial Real Estate Assessed Valuation (% of Total)



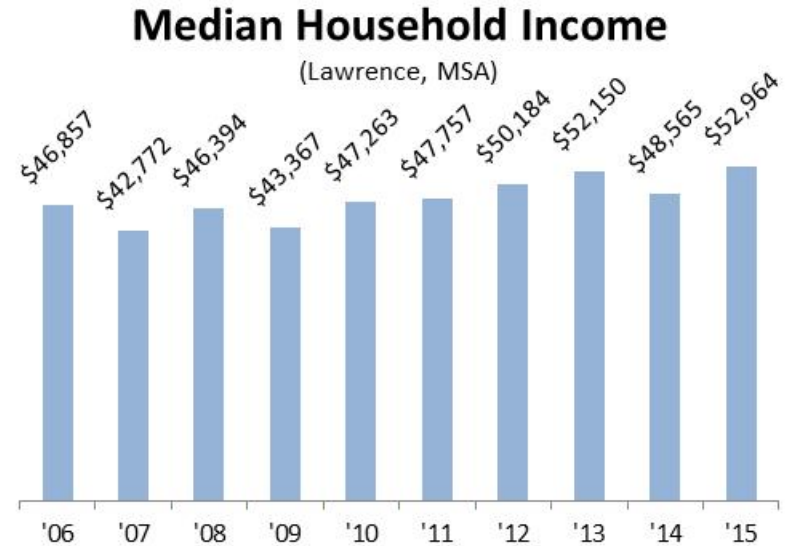
County Appraisers

Economic Snapshot

- Economic Indicators: U.S. Inflation & Lawrence MSA Median Income



U.S. Bureau of Labor Statistics. Consumer Price Index - All Urban Consumers, U.S. City Average, Not Seasonally Adjusted.



U.S. Census Bureau, American Community Survey 1-Year Estimates, Table B19013: Median Household Income in the Past 12 Months (in Inflation-Adjusted Dollars).

Economic Snapshot

➤ Economic Indicators: Lawrence MSA

Real GDP: All Industries

(Lawrence MSA, Millions of chained (2009) Dollars)

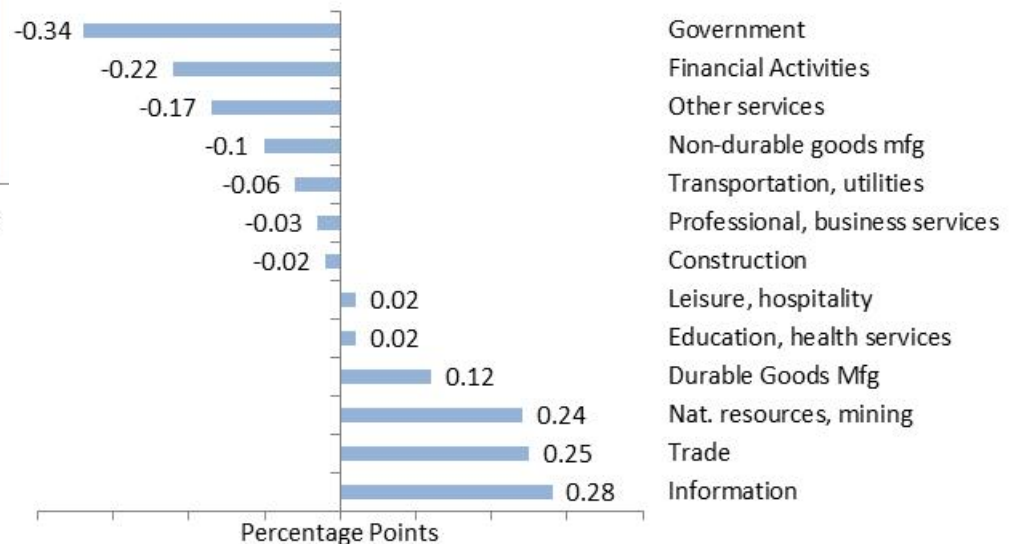


U.S. Department of Commerce, Bureau of Economic Analysis.

Real GDP by metropolitan area is an inflation-adjusted measure of each area's gross product that is based on national prices for the goods and services produced within the metropolitan area.

2015 Contributors to Real GDP Change

(Lawrence MSA)

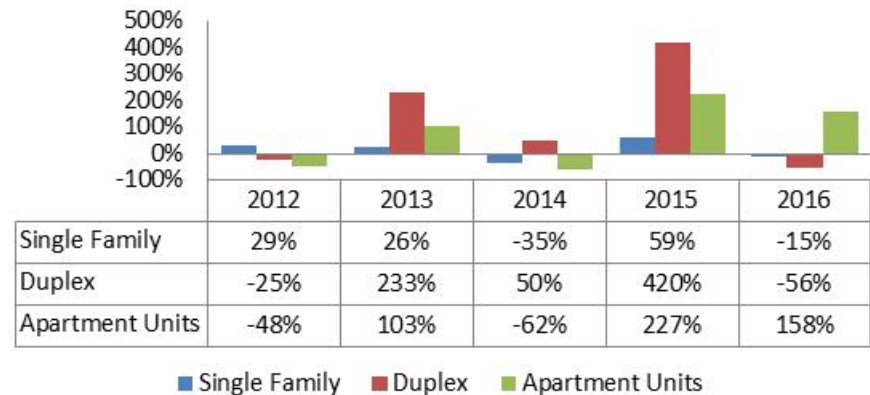


Economic Snapshot

➤ Economic Indicators: Lawrence MSA

New Construction Building Permits			
Period	Single Family	Duplex	Multi-Family (apartment units)
2016	137	34	1,205
2015	161	78	467
2014	101	15	143
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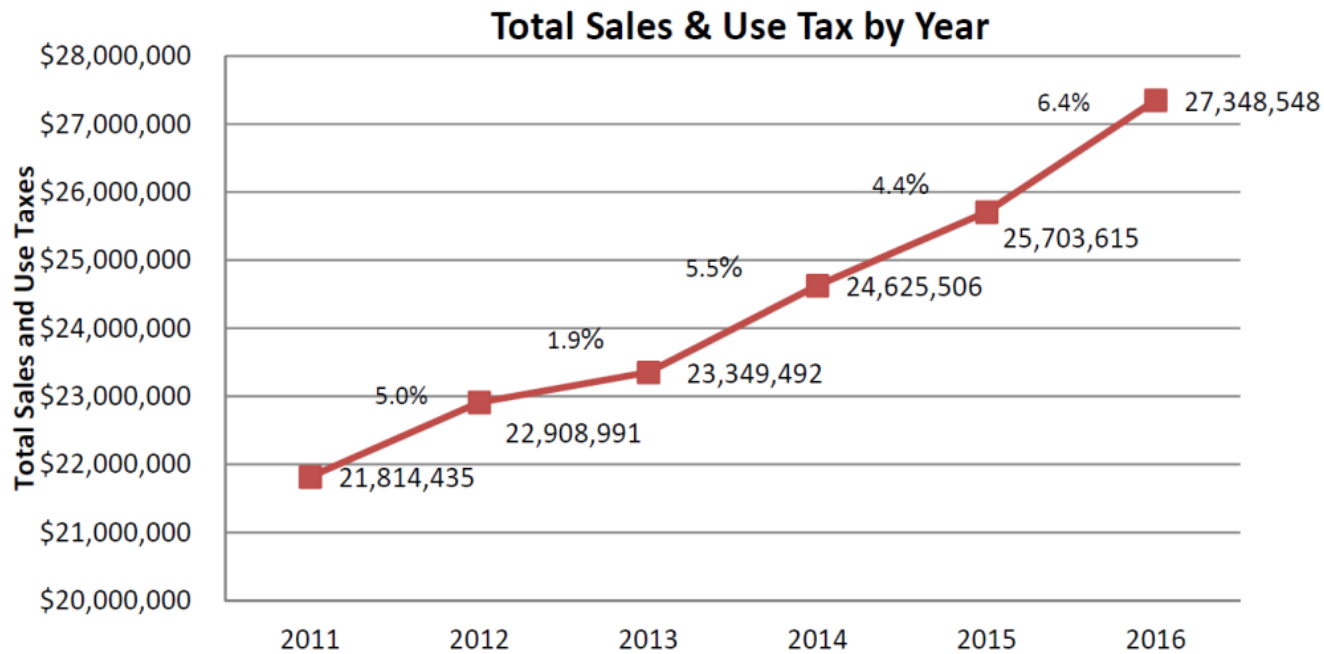
Annual Change in New Construction Building Permits



City of Lawrence, Kansas. Neighborhood Resources Department, Valuation of Building Permits.

Economic Snapshot

➤ Economic Indicators: Lawrence MSA



City of Lawrence, Kansas, Finance Department.



Requested Actions

- PIRC & JEDC:
 - Review report and provide recommendation to the City and County Commissions

- City & County Commissions:
 - Receive PIRC Recommendations
 - Vote to accept the Report, if appropriate



Thank you!