

Public Incentives Review Committee Meeting

May 17, 2016

9:30 a.m.

City Commission Room

AGENDA

1. Approve minutes from 12-8-2015 meeting
2. Review *2015 Annual Report: Economic Development Support & Compliance* and vote on recommendation for City Commission to accept.
3. Review draft changes to economic development policies and provide recommendations to City Commission.
4. Adjourn

DRAFT
City of Lawrence
Public Incentives Review Committee
December 8, 2015 minutes

MEMBERS PRESENT: Mayor Mike Amyx, Vice Mayor Leslie Soden, County Commissioner Mike Gaughan, Linda Jalenak, Aron Cromwell, Bradley Burnside, Brian Iverson, and Jill Fincher

MEMBERS ABSENT: None

STAFF PRESENT: Diane Stoddard, Britt Crum-Cano

PUBLIC PRESENT: Scott Nuttleman, Menard, Inc. and approximately five people from the public and media were present.

Mayor Amyx called the meeting to order at approximately 2:00 pm.

Mayor Amyx welcomed Scott Nuttleman, real estate representative from Menard, Inc. The members of the committee introduced themselves.

The minutes were discussed. It was noted that there is one typo in the spelling of Linda's Jalenak's name in one place on the agenda. With that correction, a motion was made by Fincher, seconded by Burnside to approve the August 4, 2015 meeting minutes. Motion approved unanimously.

Commissioner Gaughan joined the meeting.

Mr. Nuttleman reported that Menards is a large retailer and stated that they have several manufacturing and distribution centers that supply materials to the stores for resale. The center here in Lawrence would serve several retail stores in the region. He stated that the campus would contain three main buildings: a building that would manufacture concrete blocks, a truss plant (making trusses for building) and a distribution building that would load trucks to go to the stores. There is a possibility that there would also be a wood recycling facility for wood and pallets coming back from the stores for recycling.

Mr. Nuttleman stated that their philosophy is to under promise and over deliver and that deliberately the investment figures are lower than anticipated for those purposes. Menard, Inc. operates these facilities in a number of facilities and in all cases they have grown. He believes that these manufacturing jobs will be a good career opportunity for the area. He indicated that Menards is a stable company and their goal is to enable employees to have a long-term career with the company, if they desire. He believes that these types of jobs are needed in all communities and is proud to bring this project to Lawrence. He requested the committee's support for the incentives being requested.

He stated that it is expensive and difficult to develop facilities of this type and it is a tribute to the community that Lawrence VenturePark is available for this type of operation and that it is ready for development and designed to handle storm water, traffic, etc. He stated that the way that this project has been put together is the right way to handle the incentives. He stated that Menard's is fronting the money for the project and will get a portion of that back, but only if they perform. Finally, he thanked the City, County and EDC for working to put this project together.

Mayor Amyx thanked him for his comments.

Commissioner Mike Gaughan asked about health insurance. Mr. Nuttleman said that all employees, full or part-time, can get healthcare insurance through the company. The company pays 50% of the premium and Menards takes care of the HSA payment. He said that many employees are able to not go out of pocket through the HSA. Crum-Cano also mentioned that, as per City Policy, companies can also meet the healthcare requirement by paying all covered employees a wage that is at least \$1.50 above the annual wage floor. Mr. Nuttleman restated that every employee is eligible for healthcare insurance and the vast majority of positions with the facility will take the coverage.

Commissioner Gaughan asked about compliance. Crum-Cano stated that there are four performance categories and each company annually provides reporting regarding those categories, subject to a blended rate for an overall calculation of performance.

Mr. Nuttleman showed several visuals related to the project. He pointed out how the campus would lay out on the site and also that the company has room to grow on the site. He pointed out that rail access is a key part of the site for their project. He also showed several photographs from other similar facilities operated by the company. He stated that other facilities include large berms installed that both shield views but also help ensure that unauthorized vehicles cannot access the site. He pointed out that Menards also has larger regional facilities, but this facility here would be a "mini" facility at around 100 acres. He estimates the site here would generate approximately 30 semis per day going to and from the site.

Vice Mayor Soden asked about potential for future expansion. Mr. Nuttleman responded that these possibilities could include new operations and processing related to the Kansas City intermodal facility. He said that at that time, they would come back with another site plan. She also asked about rail. He said that there are generally a few rail loads per week.

Crum-Cano provided an overview of the project and the assistance package. Dimensions of the project include 90+ acres, 100 net new full-time jobs with starting wage of \$14.61/hour, approximately 184,000 of facility built square footage, and an estimated \$15 million in real property capital investment. She points out that based on the information provided, the project meets policy eligibility criteria and would qualify for a 50% property tax abatement for a ten year period. She explained the assumptions used within the cost-benefit analysis and showed that ratios for the taxing jurisdictions exceed the preferred threshold of 1:1.26 cost to benefits for the assistance package

Brad Burnside declared a conflict of interest on the Menards' request and moved to sit in the audience.

Brian Iverson asked about the tax benefit to the city. Crum-Cano pointed out that model results show a 1.28 cost-to-benefit ratio to the City.

Diane Stoddard mentioned her letter of support for the project and that the City is excited to have this project as our first at Lawrence VenturePark.

Mayor Amyx thanked Brady Pollington for his correspondence.

Commissioner Gaughan mentioned that the County will consider its portion of the incentive request tomorrow. He was interested in other discussions with the City regarding other potential projects. Mayor Amyx thanked Commissioner Gaughan and the county for their partnership in this project.

Aron Cromwell stated that he appreciated some of the features that contribute to positive environmental considerations. He stated that one of the biggest environmental factors is that this project is going to be developed on a brownfield site at Lawrence VenturePark. Mr. Nuttleman said that this type of use is one of the uses that work well for this type of site and Menards finds that this is a good future use for the property. He recognized the efforts and foresight of the community to have this ready to go and that the property will work well for their project.

Vice Mayor Soden said that during her campaign she talked a lot about full-time jobs with a living wage and supported the project. Mr. Iverson said that he thought this was a good project and thanked Mr. Nuttleman for this project. Mayor Amyx also thanked him.

Vice Mayor Soden made a motion, seconded by Jelanek, to recommend approval to the City and County for the project as presented. Motion was approved unanimously.

Mayor Amyx made a motion to adjourn, seconded by Vice Mayor Soden. Motion was approved unanimously.

The meeting was adjourned at approximately 2:55 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 11, 2016
RE: 2015 Annual Report: Economic Development Support & Compliance

The City has released its [2015 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 2015, 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.

This year's report includes an expanded section on reimbursements and investment data, as well as information on County participation and recently expired programs.

Highlights from the 2015 report include:

Property Tax Abatements

Four companies had active property tax abatements in 2015, 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 to assisting KU Athletics and drawing visitors from outside the community rather than job creation, no job creation performance or wage requirements were imposed.

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

Real Property Investment:	↑ 52%	(\$5.9+M projected, \$9+M delivered)
Personal Property Investment:	↑ 3%	(\$9.4M projected, \$9.7M delivered)
Full-Time Employment:	↑ 174%	(129 projected, 354 created)
Company Wages:	↑ 20%	(\$31,526 projected, \$37,760 delivered)
Co. Wages vs. Average Private-Sector Wage:	↑ \$7,055	(\$37,760 vs. \$30,705 average private community wage)
Co. Wages vs. 2015 Wage Floor:	↑ \$11,635	(\$37,760 vs. \$26,125 Wage Floor 2015 Rate)

Based on the portion of property receiving an abatement, the three companies receiving a tax abatement paid a combined \$205,570 in property taxes out of a total \$354,879 due in 2015 (approximately \$149,197 abated).

One tax abatement, Prosoco, had expired and was placed fully back on the tax rolls in 2015. At the end of its 10 year abatement period, Prosoco had achieved substantial success, generating 2% more than projected in real property investment and 155% more than projected in personal property investment. The company created 38% more full-time jobs than projected with wages that were 68% higher than projected. At the end of the 10-year incentive period, for every \$1 in public sector assistance, \$8.47 in Prosoco's private capital investment was realized.

Prosoco continued to expand in 2015, purchasing the property directly south of their main facility in East Hills Business Park to support a new product line.

Industrial Revenue Bonds (IRB)

Seven companies had NRAs in 2015, the majority of which were not affiliated with a property tax abatement, but instead used to obtain a sales tax exemption on project construction materials (a.k.a. stand-alone IRBs). Estimated sales tax exemption savings for stand-alone IRB projects completed in 2015 was \$907,477. Of that total, the City contributed an estimated \$214,610, the County contributed an estimated \$36,367, and the State contributed an estimated \$656,500 in sales tax exemption savings.² Note sales tax exemption savings are realized during project construction.

IRBs are a conduit financing tool with the companies being entirely responsible for principal and interest payments on the bonds.

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.

Neighborhood Revitalization Areas (NRA)

Three companies received NRA rebates in 2015 (720 E 9th Street, 1040 Vermont Street, and 810/812 Pennsylvania Street/Cider Building), generating an average of 10.5% 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 three NRA revitalized properties generated an average of 8.7% more real property tax revenues as compared to property tax revenues that would have been realized if the properties were left in original condition.

Four additional NRAs have been authorized, but are not yet due to receive rebates: 1106 Rhode Island Street, 1101/1115 Indiana Street, 900 Delaware Street, and 705 Massachusetts Street.

Tax increment Financing (TIF)

Three TIF districts were active in 2015:

- 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 2015, approximately \$3.37M million remained outstanding on the bond debt (approximately \$8.6 million).
- 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. The district began generating TIF revenues in 2009.
- The 9th & New Hampshire TIF District was created in 2012 and includes two project areas: South and North. During 2015, the South Project area generated both TIF sales and property tax revenues. The North Project area was still under construction in 2015 and did not generate TIF revenues.

Transportation Development Districts (TDD)

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

- 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 2015, TDD revenues were generated by the South Project, but not the North project since it was still under construction.

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 2015 are shown below.

2015 Direct Support Programs	
Program	Description
Operations & Fixed Assets	BTBC
Economic Development Services	EDC, KU-SBDC
Neighborhood Infrastructure/Improvements	9 Del Lofts
Shared Infrastructure, Development/Permit Fee Rebates	Rock Chalk Park
Development Grant	1106 Rhode Island Street
Relocation Assistance	Integrated Animal Health
Workforce Training: Development Grants & Loans	Peaslee Tech Remodel
Workforce Training: Operations	Peaslee Tech Operations
Business Expansion	PROSOCO
Affordable Housing	Cedarwood Sr. Cottages

Historic Assistance and Investments

As a whole, companies participating in pay-as-you-go (PAYGO)³ economic development programs received approximately \$981,400 in assistance for 2015 (\$149,197 in tax abatements, \$69,705 in Neighborhood Revitalization Area rebates, \$553,056 in TIF property and sales tax reimbursements, and \$209,410 in TDD sales tax reimbursements).⁴

In 2015, for every \$1 in public sector assistance provided for these programs, approximately \$5.61 in private sector capital investment was realized.

³ 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.

⁴ 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.

Community Development

It should be noted that in 2015 several City programs provided assistance for projects that fell outside the purview of job creation. In 2015, the City authorized public assistance totaling over \$101,000 in support of Cedarwood Senior Cottages, a 14-unit affordable housing project.

Another affordable housing project supported by public assistance was the 9 Del Lofts project, which received a 15-year, 95% NRA to add affordable housing stock to the revitalized East Lawrence Warehouse District.

Located within the North Rhode Island Street Historic Residential District, the 1106 Rhode Island project was supported by both a \$26,000 City development grant and a 10-year, 85% NRA to preserve and revitalize the property's historic structures.

Recommended Action

City commission to receive the *2015 Annual Report: Economic Development Support & Compliance* and refer to PIRC, JEDC, and the County for review and recommendation.



2015

City of Lawrence, Kansas

Annual Report: Economic Development Support & Compliance

Britt Crum-Cano, Economic Development Coordinator



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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 (Section 1-2107), 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 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. Below is a summary of this year's report highlights:

Property Tax Abatements:

Four Lawrence companies had active property tax abatements in 2015: 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 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 to assisting KU Athletics and drawing visitors from outside the community rather than job creation, no job creation performance or wage requirements were imposed.



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The fifty-five percent (55%) real and personal property tax abatement for Prosoco ended with the 2014 tax year and was fully on the tax rolls in 2015. Over the course of the abatement period, \$361,325 was abated and the Company contributed \$1,308,374 in property taxes.² At the end of the abatement period, PROSOCO had achieved substantial success in meeting its capital investment and job performance targets.

PROSOCO Performance At Tax Abatement Expiration			
PROSOCO, Inc.	Projected	Actual	Comparison (Projected to Actual)
Real Property Investment	\$2,348,000	\$2,397,288	102%
Personal Property Investment	\$260,000	\$662,312	255%
Full-Time Employees	50	69	138%
Average Wages (based on 2014 Dollars)	\$29,937	\$50,309	168%

Investments

- For companies receiving a property tax abatement, real property investment totaled \$9,006,330 in 2015 as compared to \$5,940,000 projected. Real property investment to date was \$7,897,198 for Grandstand and \$1,109,132 for Sunlite. Amarr did not receive a real property tax abatement and their investment numbers are not included.
- Personal property investment totaled \$9,700,000 in 2015 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

² Total tax bill of approximately \$1,670,000 in real and personal property tax.



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abatements on personal property through the City as this was automatically exempted through state law and their investment numbers are not included.³

Employment—

All the companies receiving property tax abatements either met or exceeded required projected employment levels during 2015. Amarr projected 40 net new positions and realized 157, Grandstand projected 78 net new positions and realized 186, and Sunlite projected and met 11 full-time positions in 2015.

Full-Time Wages—

All the companies receiving property tax abatements either met or exceeded required wage levels during 2015. As a whole, the companies achieved an average annual wage of \$37,760 for full-time positions in 2015 compared with just over \$31,526 (inflation adjusted) as originally projected. This is approximately \$7,055 higher than the average full-time, private sector wage in Lawrence (\$30,705 per year) and \$11,635 higher than the annual 2015 wage floor rate of \$26,125. Average 2015 full-time wages was \$36,985 for Amarr, \$36,026 for Grandstand, and \$40,269 for Sunlite.

³ The State of Kansas exempted commercial personal property purchased July 1, 2006 and after from taxation.



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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 \$205,570 in property taxes out of a total \$354,879 due in 2015 (\$149,197 abated).⁴ Amarr paid a total of \$130,853 in personal property tax out of \$159,558 due (\$28,593 abated); Grandstand paid a total of \$53,536 in real property tax out of \$152,958 due (\$99,422 abated); and Sunlite paid a total of \$21,181 in real property tax out of \$42,363 due (\$21,182 abated).

Industrial Revenue Bonds (IRB):

Seven companies had Industrial Revenue Bonds (IRB) in 2015. 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. Two new IRBs were authorized in 2015 via a resolution of intent, but had not closed by the end of the year: Pioneer Ridge and 800 New Hampshire. 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.

⁴ 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 enjoy 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

Neighborhood Revitalization Areas (NRA):

The City of Lawrence has seven active NRAs at the end of 2015, three of which received NRA rebates for the 2015 tax year: 720 E 9th Street, 1040 Vermont Street, and 810/812 Pennsylvania Street.⁵ The remaining NRA projects were not yet eligible for a rebate.

Tax Increment Financing Districts (TIF):

The City currently has three TIF districts: The Downtown 2000 TIF district, The Oread TIF district and the 9th & New Hampshire TIF District.⁶

- 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 2015, approximately \$3.37 million remained outstanding on the bond debt (approximately \$8.6 million).
- 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. The district began generating TIF revenues in 2009.

⁵ Rebates amounts are shown in Appendix B.

⁶ Reimbursement amounts are shown in Appendix B.



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- The 9th & New Hampshire TIF District was created in 2012 and includes two project areas: South and North. The South Project area was fully operational in 2015. At the end of 2015, the North Project area was under construction.

Transportation Development Districts (TDD):

Currently, the City has three authorized TDD districts: The Oread TDD District, Free-State (Bauer Farms) TDD District, and the 9th & New Hampshire TDD District.⁷ In all TDD districts, public improvements are financed initially by the developer and are reimbursed annually via a one percent transportation district sales tax on retail or taxable services occurring within the district.

- 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. The district began generating TDD revenue in 2015 via the South Project. At the end of 2015, the North Project area was under construction.

⁷ Reimbursement amounts are shown in Appendix B.



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 2015 include:

- ***Economic Development Services***—The City, along with various other community stakeholders, provides support for the Bioscience & Technology Business Center (BTBC). City support to the BTBC in 2015 totaled \$396,540 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 \$219,500 in 2014.

- ***Neighborhood Infrastructure***—Improvements were authorized by the City Commission on June 3, 2014 to support the addition of affordable housing in the East Lawrence neighborhood through the 9 Del Lofts project. At the end of 2015, the City had reimbursed all amounts related to the project and its neighborhood improvements (up to \$270,967 authorized, \$269,582 reimbursed).
- ***Shared Infrastructure & Fee Rebates***—At the end of 2015, the City had reimbursed all amounts due for shared infrastructure and development fees associated with the Rock Chalk Park project. Shared infrastructure included improvements that are utilized for both the KU facilities and City facilities at the park. For example, the parking lot can be used to accommodate large events at either the City's recreation center or KU activities at the park.



Executive Summary

- **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 2015, \$23,640 had been reimbursed.
- **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 a \$100,000 forgivable loan. Rent subsidy started with June 2015. At the end of 2015, both the City and County had contributed \$63,969 in loan and rent subsidy. The first full measurement year for calculating compliance on the forgivable loan will be June 1, 2015-May 31, 2016.
- **Workforce Training**—In 2015, the City and County provided support to help establish the Peaslee Technical Training Center. Aimed at helping fill the skills gap in the local workforce, the Center opened August of 2015 with an enrollment of 150 students. Public support included a property tax refund for 2014 and 2015, renovations grant for the training center, renovations loan for the Workforce Center, permit reimbursements, waiver of the IRB application fee, and funding for operations.



Executive Summary

- ***Business Expansion***—PROSOCO is a third generation business headquartered in the East Hills Business Park that produces and sells products for building protection and restoration for historic structures in the United States and around the world. To accommodate a new product line, the company purchased the property located directly south at 3701 Greenway Circle (former Kinedyne building). To aid in the expansion, Douglas County donated the land and the City forgave the special assessments on that property, which amounted to approximately \$44,938.
- ***Affordable Housing***—The City provided neighborhood infrastructure and improvements, valued at approximately \$102,000, to help assist the development of Tenants to Homeowners' 14-unit, senior living townhouse project. The project was under construction in 2015 and is expected to be completed the summer of 2016.



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. Currently, the City has the below active economic development programs and projects.

2015 Major Economic Development Support Programs			
Incentive Program	Description	Location	Map #
Property 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
	PROSOCO	3741 Greenway circle	6
	9th & New Hampshire--South Project ¹	900 New Hampshire	7
	Rock Chalk Park	6100 Rock Chalk Drive	8
	1101/1115 Indiana Street (HERE Kansas)	1101/1115 Indiana Street	9
	9th & New Hampshire--North Project	100 E 9th Street	10
	Peaslee Technical Training Center	2920 Haskell Avenue	11
	Eldridge Hotel expansion	705 Massachusetts Street	12
	Pioneer Ridge	1000 Wakarusa Drive	13
800 New Hampshire redevelopment	800 New Hampshire Street	14	
Neighborhood Revitalization Areas (NRA)	8th and Pennsylvania Street District	720 E 9th Street	15
	1040 Vermont (Trenor Headquarters)	1040 Vermont Street	16
	810/812 Pennsylvania (Cider Building)	810/812 Pennsylvania Street	17
	1106 Rhode Island Street (Hernly Associates)	1106 Rhode Island Street	18
	1101/1115 Indiana Street (HERE Kansas)	1101/1115 Indiana Street	19
	900 Delaware Street (9 Del Lofts)	900 Delaware Street	20
	Eldridge Hotel expansion	705 Massachusetts Street	21
Tax Increment Financing (TIF)	Downtown 2000 District	9th & New Hampshire area	22
	901 New Hampshire (TIF Refund)	901 New Hampshire	23
	Oread Project	1200 Oread Avenue	24
	9th & New Hampshire TIF District	SEC & NEC, 9th & New Hampshire	25

¹ Terminated December 2015.



Introduction

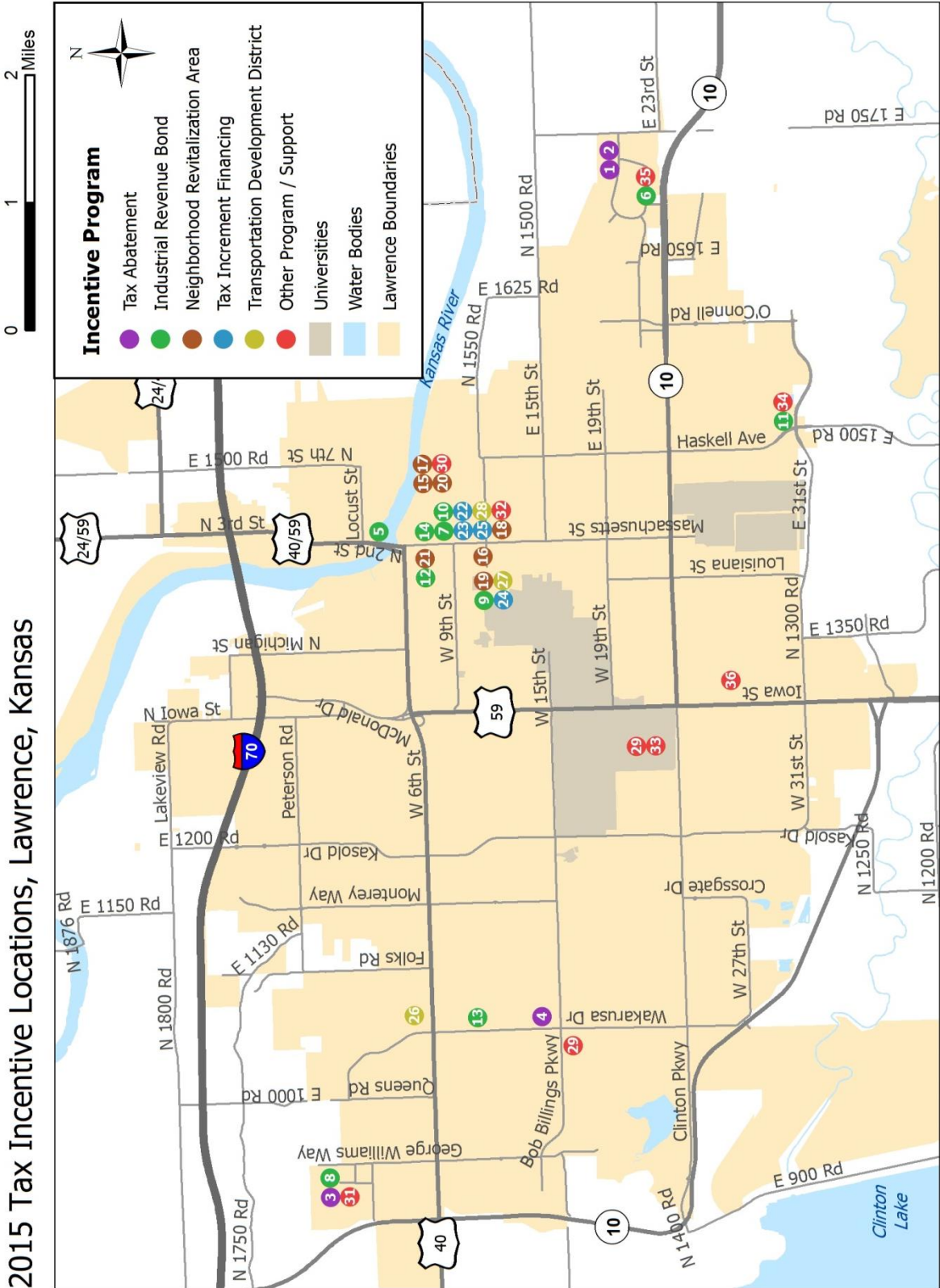
Continued

Transportation Development Districts (TDD)	Free State (Bauer Farm)	NEC 6th & Wakarusa	26
	Oread Project	1200 Oread Avenue	27
	9th & New Hampshire TDD District	SEC & NEC, 9th & New Hampshire	28

2015 Other (Direct Support) Programs			
Support Program	Description	Location	Map #
Operations Grant	BTBC	2029 Becker & 4950 Research Pkwy	29
Infrastructure	9 Del Lofts, Infrastructure/Improvements	900 Delaware Street	30
Shared Infrastructure, Development/Permit Fee Rebates	Rock Chalk Park	6100 Rock Chalk Drive	31
Development Grant	1106 Rhode Island Street Improvements	1106 Rhode Island Street	32
Relocation Assistance	Integrated Animal Health	2029 Becker Drive	33
Workforce Training	Peaslee Technical Training Center	2920 Haskell Avenue	34
Business Expansion	PROSOCO	3700 Greenway Circle	35
Affordable Housing	Cedarwood Sr. Cottages	2575 Cedarwood Avenue	36



Introduction





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 Code (Section 1-2107), which states that businesses receiving property tax abatements must 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. See appendix B for information on recently expired property tax abatements.



Property Tax Abatements

2015 Property 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

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 enjoy 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

Non-Initiated Property Tax Abatements

There were two property tax abatements approved that were not initiated:

- 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.
- 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.



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 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.





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 2015.

2015 Property 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	157	393%
Average Wages (2015 Dollars)	\$32,170	\$36,985	115%

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 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 2015, Amarr reported 696 actual, full-time positions and had realized 157 net new full-time positions (696-539 = 157).



Property Tax Abatements

Grandstand/Screen-It Graphics	Projected	Actual	Comparison (Projected to Actual)
Real Property Investment	\$4,840,000	\$7,897,198	163%
Personal Property Investment	n/a	n/a	n/a
Full-Time Employment ⁹	78	186	238%
Average Wages (2015 Dollars)	\$30,909	\$36,026	117%
Sunlite Science & Technology	Projected	Actual	Comparison (Projected to Actual)
Real Property Investment	\$1,100,000	\$1,109,132	101%
Personal Property Investment	n/a	n/a	n/a
Full-Time Employment ¹⁰	11	11	100%
Average Wages (2015 Dollars)	\$31,500	\$40,269	128%

⁹ 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 2014 will be January 1, 2014 through December 31, 2014. 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.

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



Property Tax Abatements

Performance Summary

2015 Property Tax Abatement Summary			
	Total Projected	Total Actual	Comparison (Projected to Actual)
Real Property Investment	\$5,940,000	\$9,006,330	152%
Personal Property Investment	\$9,400,000	\$9,700,000	103%
Full-Time Employees	129	354	274%
Average Wages (2015 Dollars)	\$31,526	\$37,760	120%

Real Property Investment

Overall, the companies receiving property tax abatements in 2015 achieved one hundred fifty-two percent (152%) of the projected amount for real property investments. Real property investment totaled approximately \$9 million, with company investments ranging from just over \$1.1 million (Sunlite) to approximately \$7.9 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 2015 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 2015 met or exceeded full-time employment projections as per reporting requirements. Amarr Garage Doors exceeded projected employment by three hundred ninety-three percent (393%), Grandstand exceeded projected employment by two hundred thirty-eight percent (238%), and Sunlite met one hundred percent (100%) of their projected employment for the 2015 abatement year. Overall, the three companies receiving a property tax abatement during 2015 met two hundred seventy-four percent (274%) 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 \$37,760 per year. This wage is about \$7.055 higher than the average private sector wage in Lawrence.¹¹ This wage is also substantially above the 2015 community wage floor rate (\$12.56 per hour wage floor rate as compared to \$18.15 per hour average wage rate paid by abatement companies.)

All three companies met or exceeded wage expectations. Overall wages averaged one hundred twenty percent (120%) of projections. (Again, the projections provided in the application have been adjusted for inflation.)

¹¹ Kansas Department of Labor, Kansas Labor Information Center, Average Private Sector Wage in Lawrence, KS (by Industry), Quarterly Census of Employment and Wages, \$30,705, data released fall 2015.



Property Tax Abatements

Employment Summary

Each year, a questionnaire is sent to companies receiving property tax abatements, requesting employment information. Occupation specific information, including full-time or part-time status, the 6-digit Standard Occupation Code (SOC) for each job category, and the hourly or annual wage for each position is collected.¹² The information for each occupation is then compared with a community average (mean) wage for that occupation. In the majority of cases, the community average wage used was the 6-digit SOC Code mean wage as reported in the 2015 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 2015 Edition 6-digit SOC Code mean wage for the state of Kansas was used.

2015 Employment Summary	
Amarr Garage Doors, Inc.	
Total Employment	711
Full-Time Employment	696
% of Full-Time Jobs meeting or exceeding mean wage	99.9%
Average Full-Time Wage	\$17.78
Grandstand/Screen-It Graphics	
Total Employment	186
Full-Time Employment	186
% of Full-Time Jobs meeting or exceeding mean wage	117%
Average Salary	\$17.32
Sunlite Science & Technology	
Total Employment	11
Full-Time Employment	11
% of Full-Time Jobs meeting or exceeding mean wage	128%
Average Salary	\$19.36

¹² 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.



Property Tax Abatements

It should be noted that City agreements for the Amarr property tax abatement was signed prior to the commencement of the new economic development policy and are not subject to that policy or its wage and health premium requirements.



Property Tax Abatements

Employment History

In addition to 2015 employment, the below table presents historical employment records over the past five years for the companies receiving a property tax abatement:

2011-2015 Employment History (year-end)																		
Company	Pre-Abatement		Projected from Abatement		Total Estimated Jobs		2011		2012		2013		2014		2015		2015 Over/Under Estimated Total	
	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT
Amarr (2009) ¹³	499	0	40	0	539	0	453	6	477	4	624	16	697	36	696	15	157	15
Grandstand/Screen-It Graphics ¹⁴	40	0	38	0	78	0	n/a	n/a	45	0	71	0	97	0	186	0	108	0
Sunlite Science & Technology ¹⁵	5	0	6	0	11	0	n/a	n/a	n/a	n/a	n/a	n/a	6	0	11	0	0	0
<i>Total</i>	<i>544</i>	<i>0</i>	<i>84</i>	<i>0</i>	<i>628</i>	<i>0</i>									<i>893</i>	<i>15</i>	<i>265</i>	<i>15</i>

¹³ 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 2015, Amarr reported 696 actual, full-time positions and had realized 157 net new full-time positions (696-539 = 157).

¹⁴ 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 2015 will be January 1, 2015 through December 31, 2015. 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.

¹⁵ Pre-abatement employment as of December 31, 2013 was 5 full-time positions.



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. Only two companies, Grandstand and Sunlite, are subject to current property tax abatement policy requirements. Amarr signed performance agreements before the current policy was in place and is not subject to current compliance provisions. However, Amarr has substantially met their compliance targets for 2015 based on their performance agreements 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 2015. The company met substantial compliance and was eligible for one hundred percent (100%) of their 2015 property tax abatement amount.

2015 Grandstand Compliance Summary						
Compliance Category	Description	Target	Actual	% Compliance (Actual/Target)	Weight	Overall Compliance
Capital Investment	Cumulative Capital Investment (as of Dec 31, 2015)	\$4,840,000	\$7,897,198	163.17%	0.25	40.79%
Job Creation	Full-Time Employment (FTEs)	78	186	238.46%	0.25	59.62%
Wages	2015 Wage Floor (\$12.56/hr) ¹⁶	100% of Employees paid above wage floor	86%	86.00%	0.125	10.75%
	Average Company Hourly Wage	\$14.86	\$17.32	116.55%	0.125	14.57%
Health Benefits	Employer Provided Health Care Coverage (minimum of 70% employer paid premium) ¹⁷	100% of Employees	100%	100.00%	0.25	25.00%

Blended Compliance % 151%

Eligible Incentive % 100%

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

¹⁶ 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.

¹⁷ 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).



Property Tax Abatements

levied/abated. For example, the measurement period for taxes levied in 2015 will be January 1, 2015 through December 31, 2015. 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.

Sunlite was subject to the below performance provisions for 2015. The company met substantial compliance and was eligible for one hundred percent (100%) of their 2015 property tax abatement amount.

2015 Sunlite Compliance Summary						
Compliance Category	Description	Target	Actual	% Compliance (Actual/Target)	Weight	Overall Compliance
Capital Investment	Cumulative Capital Investment (as of Dec 31, 2015)	\$1,100,000	\$1,109,132	100.83%	0.25	25.21%
Job Creation	Full-Time Employment (FTEs)	11	11	100.00%	0.25	25.00%
Wages	Wage Floor (\$12.56/hr) ¹⁸	100% of Employees paid above wage floor	100%	100.00%	0.125	12.50%
	Average Company Hourly Wage	\$15.14	\$19.36	127.84%	0.125	15.98%
Health Benefits	Employer Provided Health Care Coverage (minimum of 70% employer paid premium) ¹⁹	100% of Employees	91%	91.00%	0.25	22.75%

Blended Compliance % 101%

Eligible Incentive % 100%

¹⁸ 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.

¹⁹ 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 current policy was in place and is not subject to the same provisions as indicated in the current policy. However, Amarr has substantially met their compliance measures for 2015 as 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.

2015 Amarr Compliance Summary						
Compliance Category	Description	Target	Actual	% Compliance (Actual/Target)	Weight	Overall Compliance
Cap. Investment	Personal Property ²⁰	\$9,400,000	\$9,700,000	103.19%	0.25	25.80%
Job Creation	Full-Time Employment ²¹	40	157	392.50%	0.25	98.13%
Wages	Wage Floor ²²	100% of Employees paid above wage floor	99.86%	99.86%	0.125	12.48%
	Average Company Hourly Wage ²³	\$15.47	\$17.78	114.97%	0.125	14.37%
Health Benefits	Employer Provided Health Care Coverage ²⁴	100% of Employees	100.00%	100.00%	0.25	25.00%
<i>Blended Compliance %</i>						176%
<i>Eligible Incentive %</i>						100%

²⁰ Per Ord. 8497, Amarr's transfer of real property ownership on 3-27-07 invalidated a tax exemption on real property.

²¹ 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."

²² 2015 Wage floor is \$12.56/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. \$17.65 represents Amarr's average wage for all full-time employees.

²³ Community average wages are provide by occupation through the Kansas Department of Labor, 2015 Edition Wage Survey. Amarr had 99.86% of all full-time positions that met or exceeded the community average wage.

²⁴ 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 2015. (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 4-9 percent (4%-9%), 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.)

2015 Local Expenditures & Outside Sales		
Company	Expenditures Spent Within Lawrence	Sales Generated Outside Lawrence
Amarr Garage Doors Inc.	5%	99%
Grandstand/Screen-It Graphics	4%	99%
Sunlite Science & Technology	9%	99%



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.²⁵

2015 Tax Generation (on portion of property receiving an abatement)			
Company & Abatement %	Total Tax Potential	Abated Tax Amount	Taxes Paid (or to be paid) by Property Owner
Amarr Garage Doors, Inc.			
Personal (55%) ²⁶	\$159,558	\$28,593	\$130,853
Grandstand/Screen-It Graphics			
Real (65%)	\$152,958	\$99,422	\$53,536
Sunlite Science & Technology			
Real (50%)	\$42,363	\$21,182	\$21,181
Total	\$354,879	\$149,197	\$205,570

Source: Douglas County

²⁵ 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.

²⁶ 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.

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.



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 2015 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 has supported a number of community groups, including 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 partners with Lawrence High School and Free State High School to encourage and educate students about Amarr and careers in Manufacturing (LEAP Partners). Amarr Team Members facilitated professional skills training through Junior Achievement at the College and Career Center in Lawrence.



Property Tax Abatements

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 development, and on-the-job machinery equipment operation instruction. Amarr also offers an in-house degree program to all employees designed to improve skill sets for both professional and personal growth.



Property Tax Abatements

Grandstand (Screen-It Graphics), Inc.

Environment

During 2015, 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 2015: Arthritis Foundation, Boys & Girls Club of Lawrence, Ballard Community Services, Corpus Christi Catholic Church, Couture for Cancer, Douglas County Special Olympics, Emerald Gems Foundation, Free State High School, GaDugi Safecenter, Lawrence Art Center, Lawrence Festival of Trees, Leadership Lawrence, March of Dimes, St Jude Children's hospital, Theater Lawrence, The Penn House, and Van Go, Inc. The company also adopted several local families and provided a number of items for Christmas.

Job Training/Benefits

The company hired and trained 96 new employees during 2015. Grandstand completed various safety trainings for all applicable employees and had a number of employees attend continuing education for their respective fields.



Property Tax Abatements

Sunlite Science & Technology, Inc.

Environment

Sunlite has replaced ninety-nine percent (99%) of the light fixtures in the company headquarters with high energy efficient LED light fixtures. The company reduces their energy consumption by carefully monitoring the heating and cooling system. Sunlite is diligent about recycling paper products, metals, and batteries.

Community Engagement

In 2015, Sunlite supported the efforts of Studio 804, Inc. for their Greenwall updates and the creation of a house project. Sunlite donated LED grow lights to KU's Department of Ecology and Evolutionary Biology. The company also donated LED can lights to one of the Peaslee Technical Training Center classrooms and provided RGB color changing lights to the lobby. Sunlite provided space for the Free State High School Homecoming Parade Assembly.

Job Training/Benefits

The company provided on-site and on the job training for all employees. Sunlite also provided job training to a high school graduate in a training program through Cottonwood Incorporation.



Industrial Revenue Bonds

K.S.A. 12-1740 permits cities to issue revenue bonds 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.

Seven companies had Industrial Revenue Bonds (IRBs) in 2015, 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.

2015 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
PROSOCO, Inc: Series 1998A (\$5,800,000) & Series 1998B (\$2,240,000)	1999	7060	2019	\$8,040,000	Manufacturing Facility
Rock Chalk Park	Oct. 2013	8862	2023	\$40,000,000	Commercial Recreational Facility
1101/1115 Indiana Street*	Nov. 2014	9053	2017	\$76,000,000	Mixed-Use, Retail and Student Housing
100 East 9th Street LLC (9th & 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
Eldridge Expansion (705 Massachusetts Street)*	Oct. 2015	9161	n/a	\$12,500,000	Hotel Expansion

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



Industrial Revenue Bonds

Two new IRBs were authorized in 2015, but had not closed by the end of the year.

2015 IRBs: Authorized					
Company	Resolution Date	Res. #	Year Matures	Amount Authorized	Project
Pioneer Ridge*	Feb. 2015	7103	n/a	\$14,500,000	Commercial, Independent Living Facility
800 New Hampshire*	Dec. 2015	7135	n/a	\$7,800,00	Mixed-Use Commercial/Multi-Family Residential

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

2015 IRBs: Matured (no longer outstanding)					
Company	Date of Issue	Issuing Ord #	Terminated	Amount Authorized	Project
DST Systems, Inc: Series 2001	2001	7331	2012	\$9,000, 000	Acquisition & Renovation of Existing Office Building
Neuvant House II*	2013	8901	2014	\$2,500,000	Specialty Healthcare Facility
9th & New Hampshire LLC: Series 2012 (South Project)*	2012	8804	2015	\$17,250,000	Mixed Use Hotel (900 New Hampshire Street: South Project)

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



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 2015, the City of Lawrence had the below approved Neighborhood Revitalization Areas:

2015 Established Neighborhood Revitalization Areas (NRA)					
NRA	District Established	Ord #	% Rebate	Duration	First NRA Tax Year
8th and Pennsylvania District: (720 E 9th Street)	Apr. 2007	8093	95%	Based on amount rebated ¹	2011
1040 Vermont (Treanor Architect's Headquarters)	Apr. 2011	8625	Declining ²	10 years	2013
810/812 Pennsylvania (Cider Building)	Jul. 2012	8753	95%	10 years	2014
1106 Rhode Island (Hernly Architect's)	Aug. 2014	9022	85%	10 years	2016
1101/1115 Indiana (Mixed-Use, Student Housing)	Aug. 2014	9021	85%	10 years	2017
900 Delaware (9 Del Lofts)	Oct. 2014	9040	95%	15 years	2016
705 Massachusetts Street (Eldridge Hotel expansion)	Mar. 2015	9086	85%	15 years	2017

Three properties were eligible for an NRA rebate for the property taxes levied in 2015: 720 E 9th Street, 1040 Vermont Street, and 810/812 Pennsylvania Street. 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.

The 1001 Massachusetts Street NRA was previously authorized (Ordinance 8671, September 2011), but had not proceeded as of the end of the year, due to a change in use.

¹ 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.

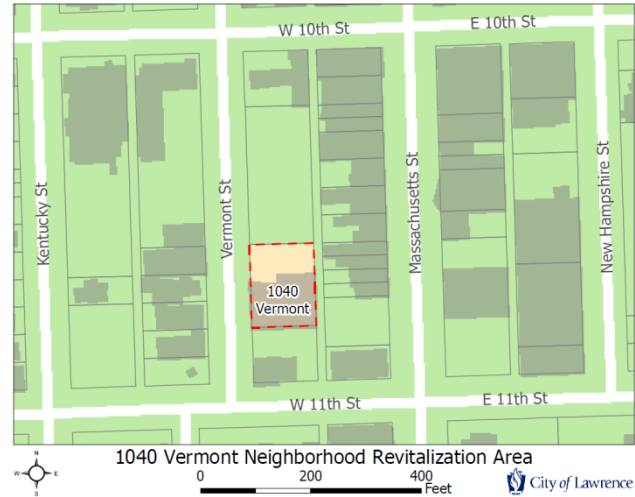
² Yrs 1-4: 95%, Yrs 5-6: 85%, Yr 7: 70%, Yr 8: 50%, Yr 9: 30%, Yr 10: 20%.



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

areas, rooftop garden and recreation space.

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



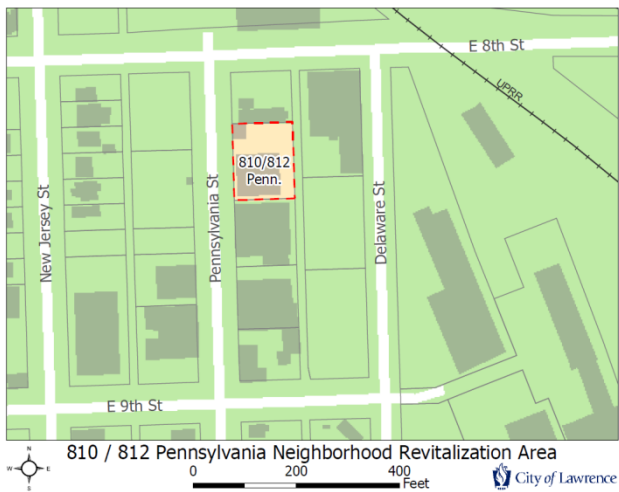
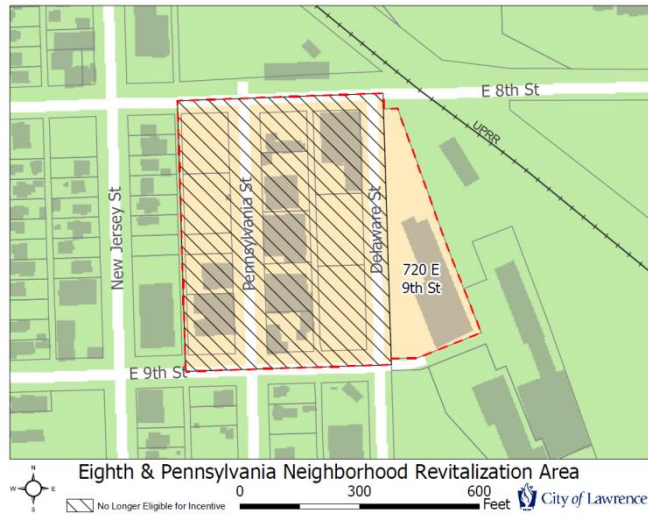
1040 Vermont Street After Renovation



3 Neighborhood Revitalization Areas

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.



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 arts gallery with events space on the lower level and office space on the upper level. The redevelopment opened in 2013 and supports event, art, and entrepreneurial needs of the East Lawrence Historic community.



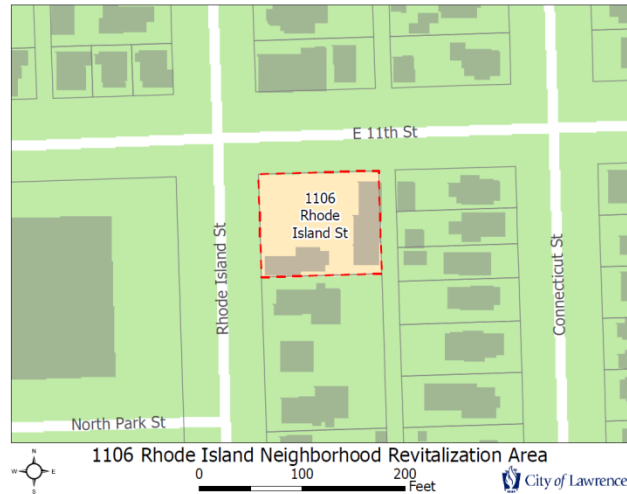
Cider Art Gallery



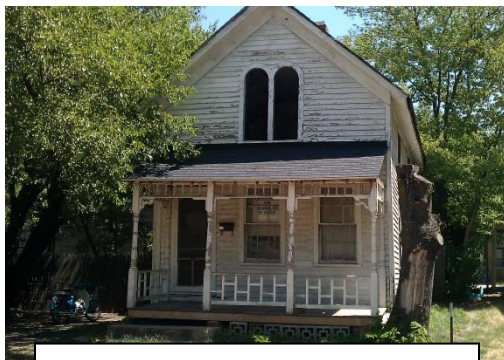
3 Neighborhood Revitalization Areas

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. The first NRA rebate is anticipated to occur for the 2016 tax year.



Property During Rehabilitation



3

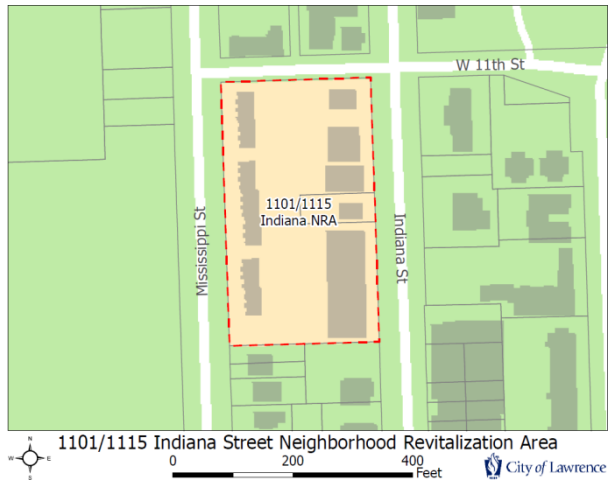
Neighborhood Revitalization Areas

1101/1115 Indiana Street NRA

The 1101/1115 Indiana Street NRA was authorized in 2014 to support redevelopment of the property into an upscale, mixed-use, student housing community.

The estimated \$75.5 million project will include approximately 239 high-end apartment units, approximately 14,051 square feet of first floor retail space, and an automated robotic parking garage.

Currently, the project is under construction, with the first NRA rebate anticipated to occur for the 2017 tax year.



Future Mixed-Use, Student Housing



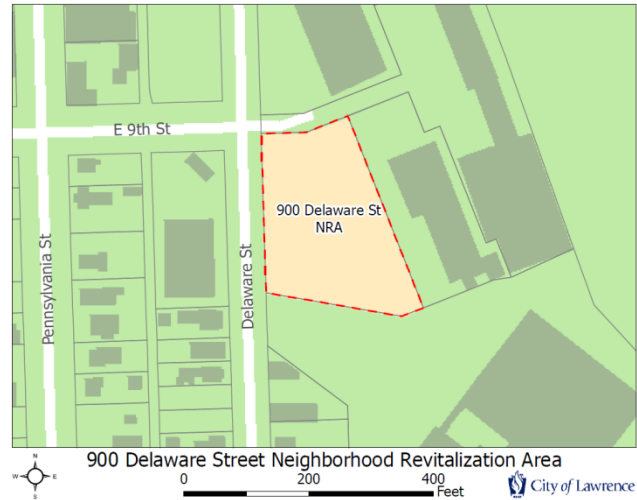
Project Under Construction



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: 18, one-bedroom units; 16, two-bedroom units; and four, three-

bedroom units. NRA rebates are anticipated to start with the 2016 tax year.



9 Del Lofts

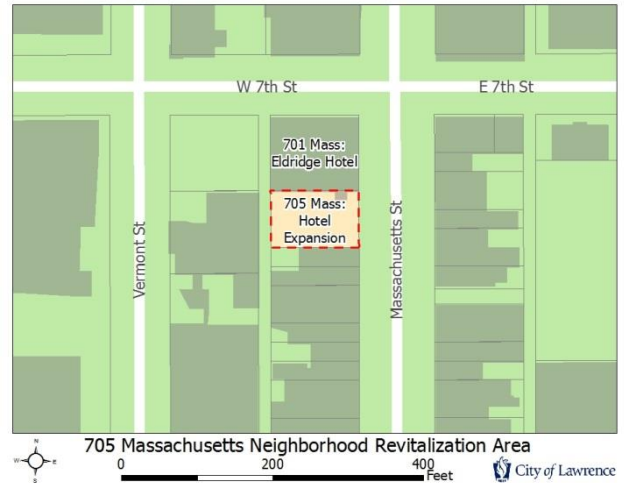


3 Neighborhood Revitalization Areas

705 Massachusetts Street NRA

Located along the historic Downtown Massachusetts Street corridor in Lawrence, Kansas, the Eldridge Hotel has been part of community history and culture since 1855. The hotel underwent a complete restoration in 2005 and features historic accommodations including, 48 guest suites, a full-service restaurant and lounge, and banquet room space.

In 2015, the City authorized an NRA to help the hotel expand into the long vacant parcel, located next to the existing hotel, at 705 Massachusetts Street. The expansion project will add approximately 54 new guest rooms and provide approximate 5,000 feet for additional meeting/banquet room space, hotel kitchen expansion, and restaurant and bar concept.



Current Vacant Lot



Rendering of Future Hotel Expansion

Project construction began in fall 2015. NRA rebates are anticipated to start for the 2017 tax year. Note the NRA and associated rebates are only applicable for the 705 Massachusetts Street expansion and do not apply to the existing hotel.



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 active TIF districts:

2015 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

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

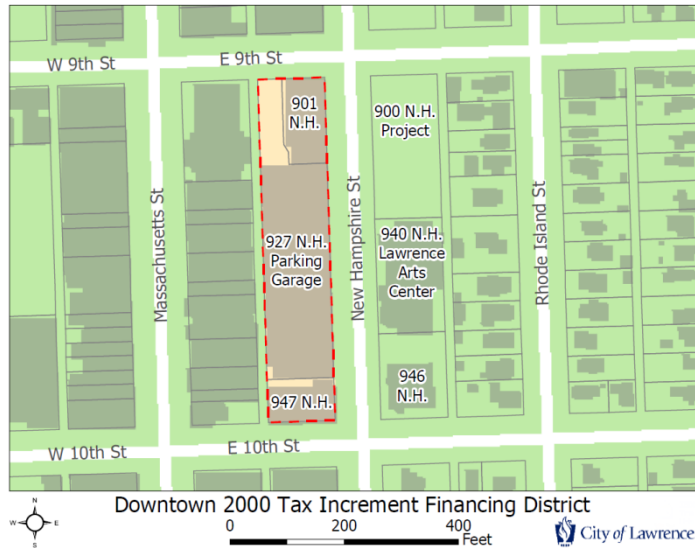
⁴ Amount shown does not include interest. As per the redevelopment agreement, interest is subject to reimbursement from TIF revenues at the Developer's actual interest rate for borrowed funds.



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 2015, approximately \$3.37M⁵ 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 new 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. Reimbursement records are provided in Appendix B.

⁵ At the beginning of 2015, approximately \$3,940,000 remained outstanding on the bond debt. After payments made on 3-1-2015 and 9-1-2015, estimated balance remaining was \$3,370,000.



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. Reimbursement records are provided in Appendix B.



Tax Increment Financing

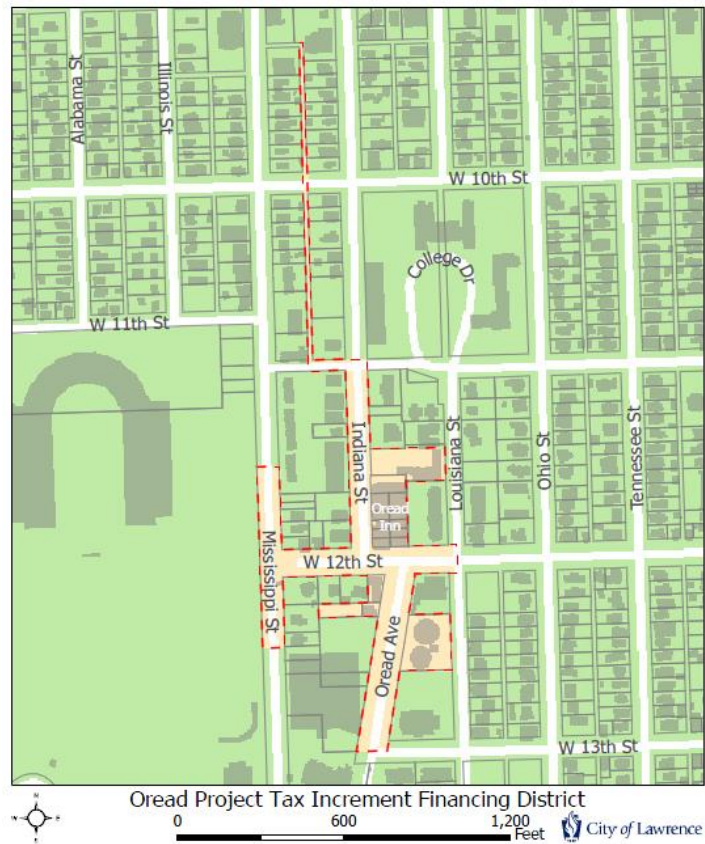
12th and Oread Redevelopment

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. Data related to this TIF cannot be supplied at this time.

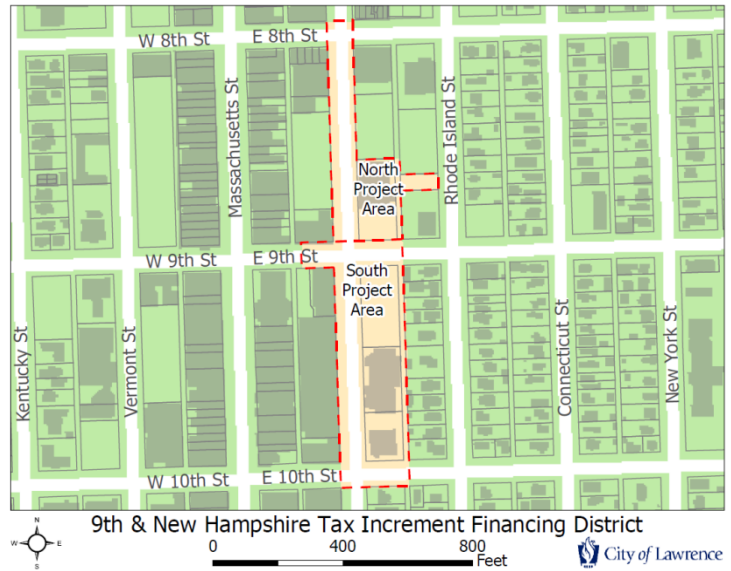




Tax Increment Financing

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. The North Project was still under construction in 2015, so no TIF revenues were generated via that project for the tax year. Reimbursement records are provided in Appendix B.

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.)



Tax Increment Financing

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.



North Project Area

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



9th & New Hampshire District—Concept Rendering



5 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 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.

2015 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

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.

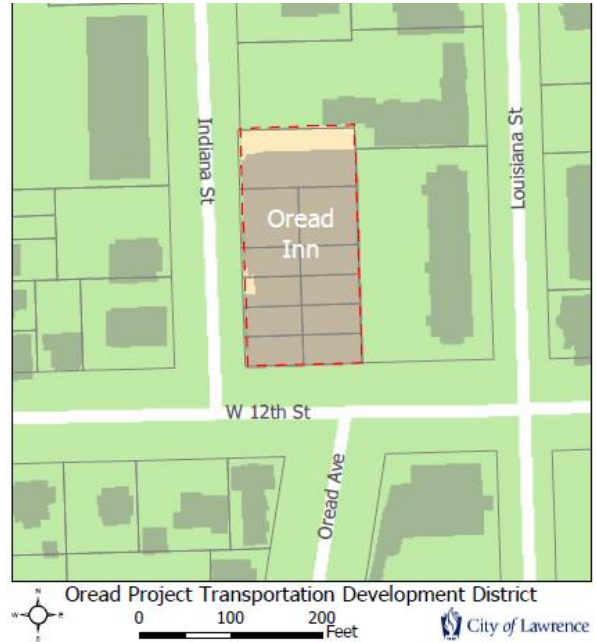
³ Amount shown is the reimbursement cap without interest. As per the redevelopment agreement, interest is subject to reimbursement at the Developer's actual interest rate for borrowed funds.



5 Transportation Development Districts

The Oread TDD

The Oread TDD (located at W. 12th Street & Oread Avenue) began generating sales tax revenues in 2009. Reimbursement records are provided in Appendix B.

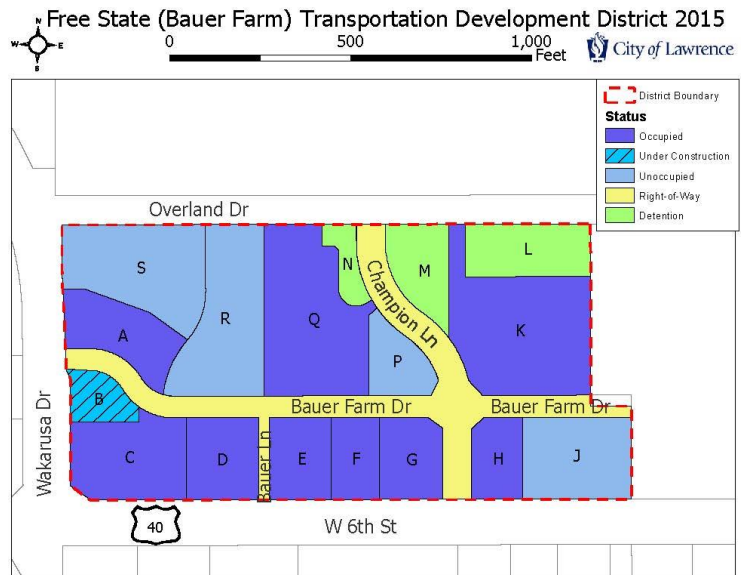




5 Transportation Development Districts

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 2015, approximately sixty-seven percent (66.9%) of the buildable area within the district was occupied. Reimbursement records are provided in Appendix B.

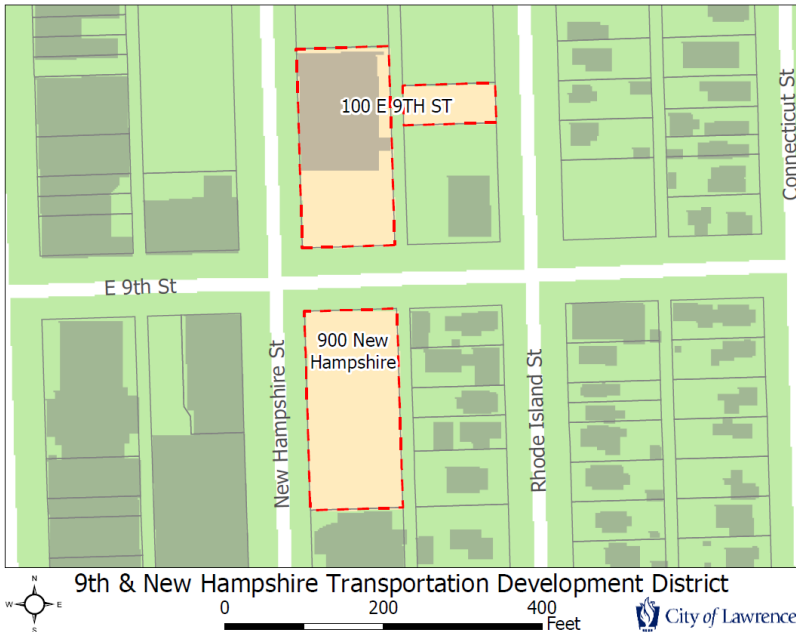




5 Transportation Development Districts

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. Reimbursement records are provided in Appendix B.





6 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.

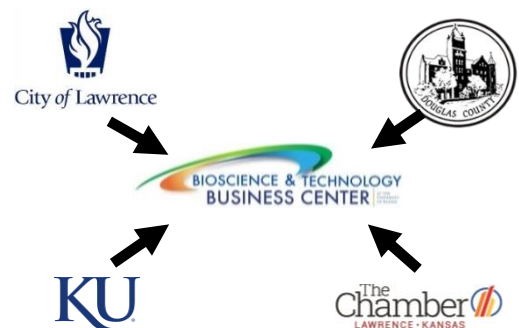
By producing these jobs, the BTBC is able to

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, County, KU, and the local business community via the Lawrence Chamber of Commerce—The first of its kind for Lawrence. As a result of this unique partnership, each

dollar contributed by the City is leveraged by contributions by the other partners.



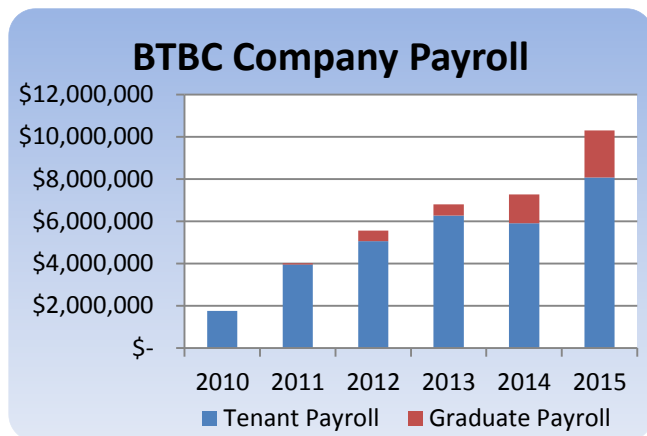
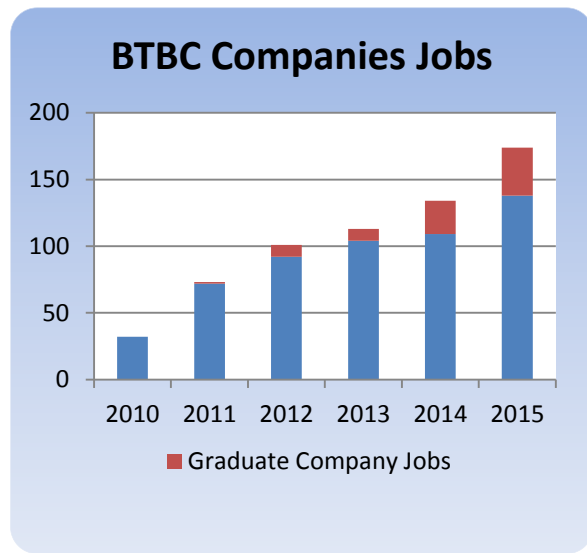
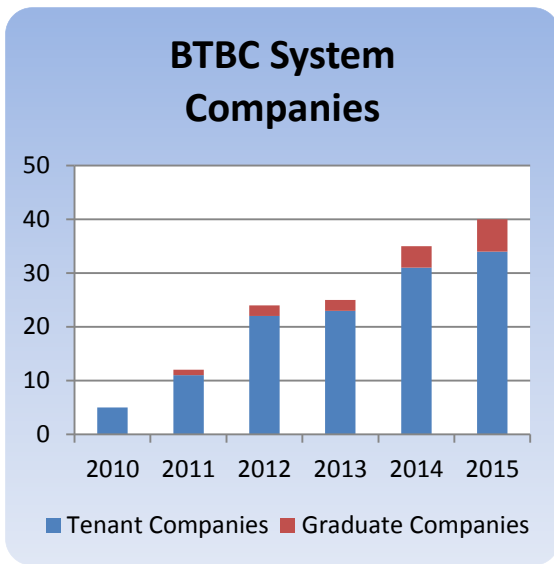


6 Other Support Programs

BTBC Facilities			
Facility	Location	Rentable SF	Description
BTBC Main	KU's West Campus	50,400	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, 2015.

BTBC Economic Development Metrics



Source: Bioscience & Business Technology Center, data current as of 12/31/15.



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	34	6	40
Jobs - Direct	138	37	175
Jobs – Indirect/Induced	91	24	115
Jobs - Total	229	61	290
Annual Payroll	\$13,742,748	\$3,660,732	\$17,403,480

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 seventy-eight percent (78%) 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.



6 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

Source: City Budget Office, City of Lawrence, Kansas

*Denotes city funding for construction of the \$14.5MM BTBC Main Facility, of which the City has a 25% interest.

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.



6 Other Support Programs

Support for Other Economic Development Services

During 2015, the City provided 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
Economic Development Corporation (EDC) of Lawrence & Douglas County	Economic development marketing services	\$199,500	\$199,500	\$199,500	\$199,500
KU Small Business Development Center (KU-KSBDC)	Small business development services	\$20,000	\$20,000	\$20,000	\$20,000
Total		\$219,500	\$219,500	\$219,500	\$219,500

Source: City Budget Office, City of Lawrence, Kansas

Economic Development Corporation (EDC)

The Economic Development Corporation of Lawrence & Douglas County is committed to supporting and enabling economic growth and bringing high quality jobs to the region. The below are some of the many EDC accomplishments in 2015.

Company Attraction				
Company	Estimated Net # Jobs	Real Property Capital Investment	Business Type	Business Location
Integrated Animal Health	50 within 10 years	\$244,000	Animal Health	BTBC, 2029 Becker Drive
USA 800	333 within first year	\$3,400,000	Call Center	1025 N. 3rd St.
Midwest Manufacturing, Inc. (Menards)	100 within first two years of operation	\$25,000,000	Manufacturing	Lawrence VenturePark
DM Bruce Associates	18 Jobs (relocated from KC/Topeka)	n/a	Financial Services, Corporate HQ Relocation	4911 Legends Drive
Iowa EPS	20 Jobs (relocated from Iowa)	n/a	Manufacturing	31st & Haskell
Total	521	\$28,644,000		

Source: EDC of Lawrence and Douglas County



6 Other Support Programs

Workforce Development						
Peaslee Tech Training Center	Opened	# Enrolled Students	# Courses	Description	Education Providers	Industry Engagement & Curriculum
Workforce Training Center, located at 2920 Haskell Avenue	Fall 2015	150	22	17,000 Square Foot Renovation (April-August 2015) : 2 classrooms, 3 labs, break room & admin area	Flint Hills Technical College	Manufacturing
					Johnson County Community College	Construction
					Neosho County Community College	Computer
						HVAC

Source: EDC of Lawrence and Douglas County

The EDC plays an active role in local business retention and routinely reaches out through community visits (10 in 2015) and direct contact (1,000 touches) in 2015.

In addition to the above, the EDC has been a key partner in small business development through the BizFuel and Metropolitan E-Community programs.



Small Business Development			
BizFuel	Date	2015 Programs	Education Providers
Partnership for building and growing the local community entrepreneurial ecosystem	Q2-2015	Sales Tax/Compensating Use Tax Workshop	Kansas Department of Revenue
	Q3-2015	Tales of a Manufacturer	Peaslee Tech, MAMTC/NIST
		Art as a Business	Marc Wilson/KSBDC
	Q4-2015	Affordable Care Act & Your Small Business	Small Business Administration

Source: City and EDC of Lawrence and Douglas County



6 Other Support Programs

BizFuel

BizFuel is a public/private partnership, formed in May 2015, between the City of Lawrence, Douglas County, the EDC of Lawrence, Lawrence Chamber of Commerce, KU Small Business Development Center and the Lawrence Public Library. BizFuel partners work to build and grow local Small to Medium Enterprises (SMEs) and a stronger entrepreneurial ecosystem through a collective impact approach method.

2015 BizFuel Activity



4

Workshops/Seminars
Delivered from
May-December



216

Entrepreneurs/
Small Businesses
Served



4.7

Overall Average BizFuel
Workshop Rating
By Attendees
(Out of 5)

Metropolitan E-Community Partnership

In 2015, the City and EDC established The Metropolitan E-Community program for Lawrence. Available through Network Kansas, this program allows the City to raise seed money for local entrepreneurs by awarding tax credits based on donations from individuals or businesses within the community. The seed money is then used to set up a revolving loan fund to be used for businesses that meet the below guidelines.

- 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



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 2015, the KU-KSBDC provided almost 1900 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 2015, KU-KSBDC’s services provided the below economic impacts:

2014 KU-KSBDC Economic Impact	
Total client companies	367
Reported starting business	57
New access to capital	\$10,650,000
New revenue generated	\$16,820,000
Jobs impact	490

Source: KU-KSBDC



Other Support Programs

Neighborhood Infrastructure

East Lawrence Industrial Historic District: 8th & Pennsylvania Area

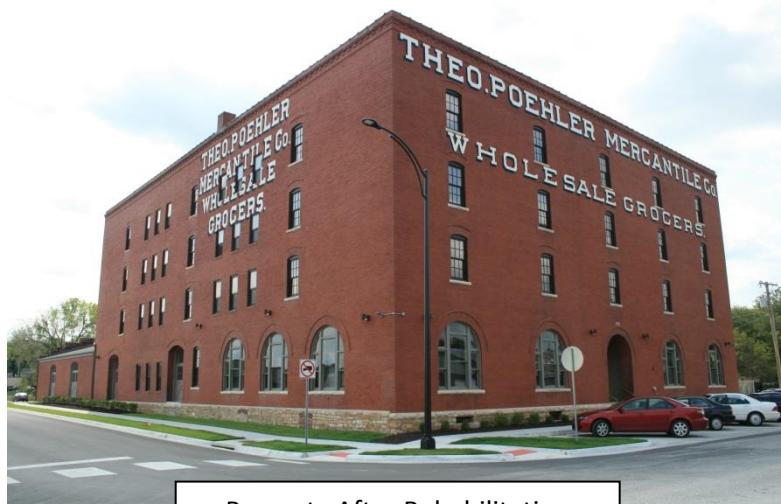
The East Lawrence Industrial Historic District encompasses several existing manufacturing buildings of historic architectural integrity associated with the City's industrial past. Part of what was once a larger assembly

of manufacturing, warehouse, wholesale, distribution, and rail freight-related buildings and structures that historically stretched eastward from

Massachusetts Street along the railroad alignment into East Lawrence, the buildings in the district reflect an important

component in the commercial history of

Lawrence from the late nineteenth century through the mid-twentieth century.



Property After Rehabilitation



Property Prior to Rehabilitation

Redevelopment in the district aims to preserve a historically significant area, restore a dilapidated, non-productive area to productive use, serve as a catalyst for future area improvements and provide quality, affordable housing. The City continues supporting the



6 Other Support Programs

preservation and revitalization of the district by funding several neighborhood improvements.

First Phase improvements were completed in 2012 and included:

- Providing adequate storm water services and improvements to enhance the watersheds 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)



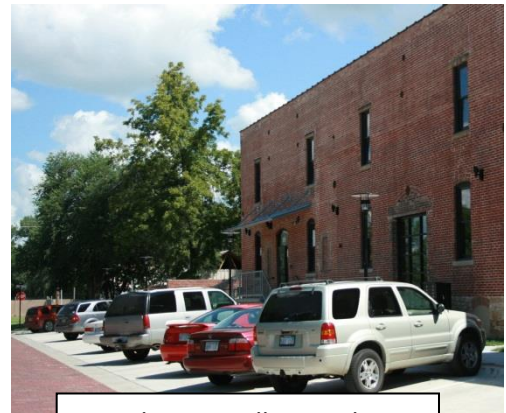
South View of Poehler Building Today

Second Phase improvements were completed in 2013 and included:

- 9th Street reconstruction & intersection improvements
- Pennsylvania Street reconstruction
- 8th Street & Pennsylvania Street parking
- Utility and safety improvements



Cider Building During Rehabilitation



Cider Art Gallery Today



Other Support Programs

Phase Three improvements were authorized by the City Commission on June 3, 2014 to support the on-going revitalization of the area and the addition of affordable housing through the 9 Del Lofts project. Specifically, the City agreed to reimburse up to \$270,967 in improvements for:



9 Del Lofts

- 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

To date, estimated City infrastructure investment in support of area revitalization is just over \$2 million.

Warehouse District: Area Public Support	
City Contribution	Amount (est.)
Poehler/Phase I Infrastructure	\$1,051,577
Cider/Phase II Infrastructure	\$695,430
Cider CID Special Assessments on City-Owned Parking Lot	\$22,432
9 Del/Phase III Infrastructure	\$269,582
Total Estimated Area Support	\$2,039,021



6 Other Support Programs

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 2015, during its first full year of operation, Sports Pavilion Lawrence averaged nearly 40,000 visits monthly.



Additional usage statistics for the recreation center include:

- 27,011 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.
- 15,218 key card holders are women and 11,793 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 9,790 users. Next highest zip code is 66044 with 8,544 users.
- Lawrence Parks and recreation staff estimate that in 2015 Sports Pavilion Lawrence generated over 5 million dollars in economic impact for the City of Lawrence.



Other Support Programs

Sports Pavilion Lawrence: 2015 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

Source: City Parks and Rec Department

2015 Attendance for RCP Softball, Soccer, Track & Field Events		
Year	# Events	# Attendees
2015	39	32,722

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 enjoy 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.



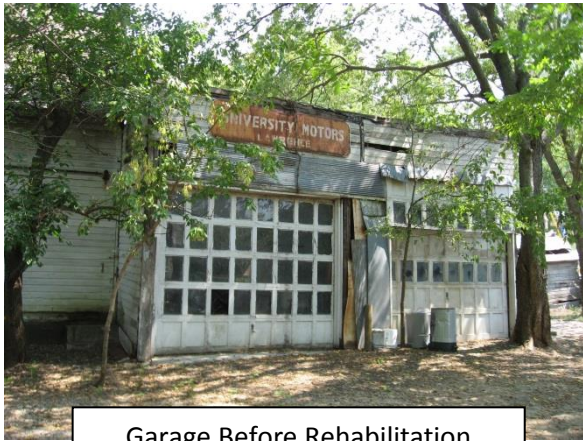
Other Support Programs

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. At the end of 2015, \$23,640 had been reimbursed on the project.



Garage Before Rehabilitation



Garage During Rehabilitation



Barn Before Rehabilitation



Barn During Rehabilitation



6 Other Support Programs

Relocation Assistance

Integrated Animal Health Global Headquarters

2920 Becker Drive, BTBC Lawrence

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 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 will be 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



Other Support Programs

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

The below table summarizes public assistance for IAH, as of the end of year.

2015 Integrated Animal Health		
	City 2015	County 2015
Forgivable Loan	\$50,000.00	\$50,000.00
Rent Subsidy	\$13,969.00	\$13,969.00
Total	\$63,969.00	\$63,969.00



Other Support Programs

Workforce Training Support

Dwayne Peaslee Technical Training Center (Peaslee Tech)

Located at in a former industrial building 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 to fill the technical skills training gap within the Lawrence and Douglas County community.



The Center opened August of 2015 with an enrollment of 150 students. Course focused on technical skills such as Construction, Advanced Manufacturing, HVAC (limited to electrical aspects), Technical Math, Computer Literacy, and supportive areas such as employability skills, resolving conflicts, and problem solving.



Other Support Programs

In 2015, the City and County provided support to help establish the center. City assistance included:

- Refund of \$15,533.20 in 2014 real estate taxes on property and improvements
- Refund of \$11,776.30 in 2015 real estate taxes on the property and improvements
- One time grant of \$500,000 to be used exclusively for renovations and approved infrastructure development of the training center
- City loan of \$143,294.50 for renovations to approximately 5,587 square feet of office space located at the west entrance of the building to be leased to the Lawrence Workforce Center
- Reimbursement of Building Permit Fees associated with the development and renovations to the Peaslee Center to develop classroom, office, training, and laboratory space for the training center and Lawrence Workforce Center
- Waiver of Industrial Revenue Bond application fee of \$1000



In addition to the above, the City provided \$100,000 in 2015 to assist in Peaslee Center operations.



Other Support Programs

In 2015, the County provided:

- Refund of up to \$20,239.45 in 2014 real estate taxes on the property and improvements
- Refund of \$15,370.38 in 2015 real estate taxes on the property and improvements
- One time grant of \$500,000 to be used exclusively for renovations and approved infrastructure development of the training center
- County loan of \$143,294.50 for renovations to approximately 5,587 square feet of office space located at the west entrance of the building to be leased to the Lawrence Workforce Center



In addition to the above, the County provided \$100,000 in 2015 to assist in Peaslee Center operations.



Other Support Programs

Business Expansion Assistance

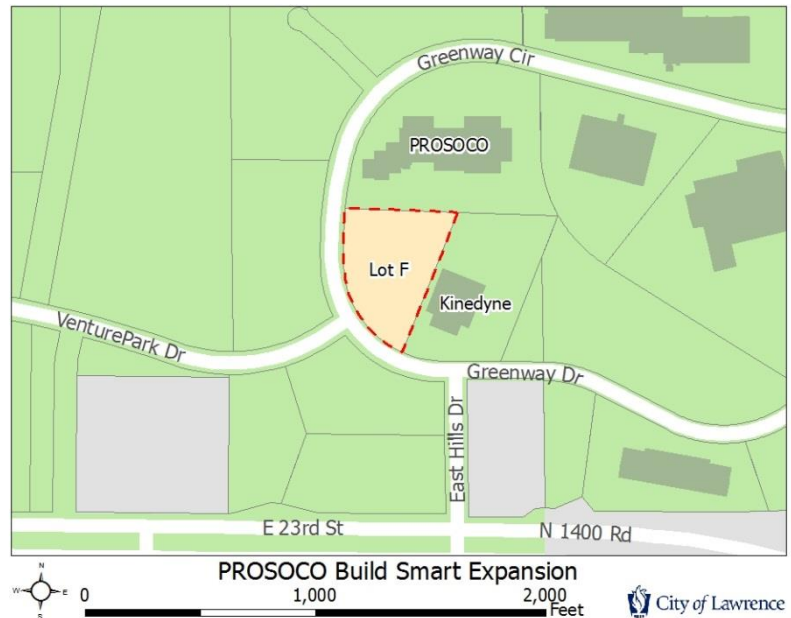
PROSOCO Expansion, 3700 Greenway Circle (Lot F), East Hill Business Park

PROSOCO is a third generation business headquartered in the East Hills Business Park that produces and sells products for building protection and restoration for historic structures in the United States and around the world.

In 2015, the company announced the development of a new business partnership, Build

Smart, to manufacture insulated wall-panel products for the high-performance segment of the construction industry. To support additional space requirements for manufacturing the new product line, the company purchased the Kinedyne property located at 3701 Greenway Circle, directly south of their current facility.

The company will retrofit the Kinedyne property to accommodate production. However, in order to complete the retrofit, it will be necessary to construct a driveway that circles the existing building. The Kinedyne building is constructed almost to the west property line and the site will currently not accommodate this driveway. The driveway can be accommodated however if the site could be expanded slightly to the west onto the easternmost portion of the adjacent lot owned by the County, (3700 Greenway Circle, Lot F).





Other Support Programs

To fully accommodate the expansion, PROSOCO asked Douglas County to donate the land at Lot F within the Park. To accompany the donation, Douglas County asked the City to forgive any outstanding special assessments on that parcel. In 2015, the City Commission authorized forgiveness of special assessments in the amount of \$44,937.81 on Lot F in the East Hills Business Park for the PROSOCO expansion project, contingent upon Douglas County Commission action to donate the lot to PROSOCO for the project.

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 the affordable housing project. 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 project was under construction in 2015 and is expected to be completed in the summer of 2016.



Regulating Documents

2015 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

2015 IRBs			
	Document	Description	Dated
Prosoco	Ordinance No. 7060	IRB Issuance: Series 1998A & Series 1998 B	12/8/1998
Bowersock Dam	Ordinance No. 8607 & 8620	IRB Issuance: Series 2011B, 2011C	12/21/2010 & 3-1-2011
9th & 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
9th & New Hampshire: North	Ordinance No. 8804	IRB Issuance: Series 2012	11/6/2012
Peaslee Technical Center	Ordinance No. 9111	IRB Issuance: Series 2015	5/12/2015
705 Massachusetts Street (Eldridge Hotel expansion)	Ordinance No. 9161	IRB Issuance: Series 2015	10/20/2015

2015 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
705 Massachusetts Street (Eldridge Hotel expansion)	Ordinance No. 9086	Plan	3/24/2015
	Agreement	Performance Agreement	Not executed by end of 2015

2015 TIFs



Regulating Documents

	Document	Description	Dated
Downtown 2000	Ordinance No. 7127	District Established	8/3/1999
	Ordinance No. 7207 & Plan Agreement	Redevelopment Plan	4/25/2000
		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	Ordinance 8768	District Established	8/7/2012
	Ordinance 8865	So Project: Redevelopment Plan	5/21/2013
	South Agreement	So Project: Redevelopment Agreement	11/30/2012
	Ordinance 8971	No Project: Redevelopment Plan	4/15/2014
	North Agreement	No Project: Redevelopment Agreement	4/15/2014

2015 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	Ordinance 8979	District Established	4/15/2014



Historical Assistance & Investment

The below table is a summary of reimbursement totals (as of the December 31, 2015) for currently active, pay-as-you-go (PAYGO) ¹ economic development programs.

Summary: Reimbursement by Year					
Incentive Program	2011 Tax Year	2012 Tax Year	2013 Tax Year	2014 Tax Year	2015 Tax Year
Tax Abatement	\$66,248	\$184,224	\$159,464	\$181,318	\$149,197
NRA	\$12,515	\$11,982	\$38,975	\$65,090	\$69,705
TIF (property and sales tax)	\$626,882	\$515,284	\$480,458	\$460,457	\$553,056
TDD (sales tax)	\$156,334	\$196,516	\$182,282	\$182,177	\$209,410
Total	\$861,979	\$908,006	\$861,179	\$889,042	\$981,368

Source: City of Lawrence, Kansas

Reimbursements Less TDD **\$705,644** **\$711,490** **\$678,896** **\$706,865** **\$771,957**

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.)



Historical Assistance & Investment

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

Reimbursements ² by Year and ED Program							
	Tax Year						
	2009	2010	2011	2012	2013	2014	2015
Tax Abatements							
Amarr: Personal Property	n/a	\$31,880	\$28,686	\$27,525	\$27,876	\$27,876	\$28,593
Prosoco: Real Property	\$35,146	\$36,139	\$36,630	\$36,482	\$36,966	\$36,949	expired
Prosoco: Personal Property	\$1,265	\$919	\$932	\$928	\$940	\$940	expired
Grandstand	n/a	n/a	n/a	\$119,289	\$93,682	\$96,081	\$99,422
Sunlite	n/a	n/a	n/a	n/a	n/a	\$19,472	\$21,182
Tax Abated Subtotal	\$36,411	\$68,938	\$66,248	\$184,224	\$159,464	\$181,318	\$149,197
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
1040 Vermont Street (NRA Tax Yr 1 = 2013)	n/a	n/a	n/a	n/a	\$26,993	\$27,438	\$29,718
810/812 Pennsylvania Street (NRA Tax Yr 1 = 2014)	n/a	n/a	n/a	n/a	n/a	\$25,370	\$26,370
1106 Rhode Island Street (NRA Tax Yr 1 = 2016)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1101/1115 Indiana Street (NRA Tax Yr 1 = 2017)	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
705 Massachusetts Street (NRA Yr 1 = 2017)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NRA Subtotal			\$12,515	\$11,982	\$39,155	\$65,090	\$69,705

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

Reimbursements by Year and ED Program (cont.)							
	Tax Year						
	2009	2010	2011	2012	2013	2014	2015
Tax Increment Financing							
<i>The Oread TIF</i>							
The Oread: TIF Sales Tax, State Distributions to City	\$3,113	\$152,978	\$200,603	\$264,453	\$211,542	\$181,813	\$181,009 ³
The Oread: TIF Property Tax	n/a	n/a	\$426,278	\$222,746	\$240,830	\$250,558	\$270,490 ⁴
901 New Hampshire Street (Downtown 2000 District) ⁵	n/a	n/a	n/a	\$28,085	\$28,085	\$28,085	\$28,085
<i>900 New Hampshire TIF</i>							
TIF Sales Tax: South Project (900 New Hampshire, completed early 2015) ⁶	n/a	n/a	n/a	n/a	n/a	n/a	\$50,786
TIF Property Tax: South Project (900 New Hampshire, completed early 2015) ⁷						n/a	\$22,685
TIF Sales Tax: North Project (under construction in 2015)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TIF Property Tax: North Project (under construction in 2015)							
TIF Subtotal	\$3,113	\$152,978	\$626,882	\$515,284	\$480,458	\$460,457	\$553,056

Continued

³ For 2015, not all distributions collected had been reimbursed due to a contractual dispute.

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

⁵ 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.

⁶ Represents total reimbursement amount to property owner in 2015. Includes TIF property tax reimbursements made in 2015 for 2014 property taxes. City retains 5% for the Arts Common project, up to \$900,000.

⁷ Represents total reimbursement amount to property owner in 2015. Includes TIF property tax reimbursements made in 2015 for 2014 property taxes. City retains 5% for the Arts Common project, up to \$900,000.



B Historical Assistance & Investment

Reimbursements by Year and ED Program (cont.)							
	Tax Year						
	2009	2010	2011	2012	2013	2014	2015
Transportation Development District							
Oread: TDD Sales Tax, State Distributions to City	\$1,609	\$79,087	\$103,774	\$136,867	\$109,474	\$94,024	\$93,559 ⁸
Bauer Farms: TDD Sales Tax (Revenue Generation started in 2009)	\$9,472	\$19,457	\$52,561	\$59,650	\$72,809	\$88,152	\$115,851
9th & New Hampshire TDD							
South Project: TDD ⁹	n/a	n/a	n/a	n/a	n/a	n/a	\$0
North Project: TDD (Under construction in 2015)	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	\$209,410
Total	\$50,605	\$320,461	\$861,979	\$908,006	\$861,179	\$889,042	\$981,368

Source: City of Lawrence, Kansas

⁸ For 2015, not all distributions collected had been reimbursed due to a contractual dispute.

⁹ \$21,622 TDD revenue was distributed in 2015 on behalf of the South Project. The City retains the first \$850,000 as contribution toward the City parking garage at 10th & New Hampshire. The City retained the entire amount of \$21,622.



Historical Assistance & Investment

NRA Property Taxes

Three companies received NRA rebates in 2015 (720 E 9th Street, 1040 Vermont Street, and 810/812 Pennsylvania Street/Cider Building), generating an average of 10.5% 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 three NRA revitalized properties generated an average of 8.7% 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.

NRAs: Cumulative Property Taxes					
NRA	Base Tax	Incremental Tax	Total Tax Potential	NRA Rebated Amount	Net Tax Revenues*
720 E 9th St	\$63,735	\$66,986	\$130,721	\$62,557	\$68,164
1040 Vermont St	\$82,282	\$89,544	\$171,826	\$84,149	\$87,677
810/812 Pennsylvania St.	\$7,789	\$55,310	\$63,100	\$51,741	\$11,359
Total	\$153,806	\$211,841	\$365,647	\$198,447	\$167,200

Estimated property tax revenue if property had not been redeveloped

Amount of property tax attributed to redevelopment improvements

Total property tax on redeveloped property*

Net property tax revenue received after redevelopment

* Includes Douglas County administrative fee



B Historical Assistance & Investment

Below shows property taxes by year for NRA projects.

720 E 9th Street (8th & Pennsylvania Street NRA)							
<i>NRA Year</i>	Tax Year	Base Tax	Incremental Tax	Total Tax Potential	Rebate %	NRA Rebated Amount	Net Tax Revenues*
1	2011	\$12,533	\$13,403	\$25,936	n/a	\$12,515	\$13,421
2	2012	\$12,481	\$12,833	\$25,314	n/a	\$11,982	\$13,333
3	2013	\$12,648	\$13,025	\$25,673	n/a	\$12,162	\$13,511
4	2014	\$12,974	\$13,149	\$26,123	n/a	\$12,282	\$13,841
5	2015	\$13,099	\$14,576	\$27,675	n/a	\$13,617	\$14,059
	Total	\$63,735	\$66,986	\$130,721	n/a	\$62,557	\$68,164

Estimated property tax revenue if property had not been redeveloped
Amount of property tax attributed to redevlopment improvements
Total property tax on redevloped property*
Net property tax revenue received after redevlopment

* Includes Douglas County administrative fee

1040 Vermont Street NRA							
<i>NRA Year</i>	Tax Year	Base Tax	Incremental Tax	Total Tax Potential	Rebate %	NRA Rebated Amount	Net Tax Revenues*
1	2013	\$26,877	\$28,680	\$55,557	95%	\$26,993	\$28,564
2	2014	\$27,569	\$29,220	\$56,789	95%	\$27,438	\$29,351
3	2015	\$27,836	\$31,644	\$59,480	95%	\$29,718	\$29,762
	Total	\$82,282	\$89,544	\$171,826		\$84,149	\$87,677

Estimated property tax revenue if property had not been redeveloped
Amount of property tax attributed to redevlopment improvements
Total property tax on redevloped property*
Net property tax revenue received after redevlopment

* Includes Douglas County administrative fee



Historical Assistance & Investment

810/812 Pennsylvania Street NRA (Cider Building)							
<i>NRA Year</i>	Tax Year	Base Tax	Incremental Tax	Total Tax Potential	Rebate %	NRA Rebated Amount	Net Tax Revenues*
1	2014	\$3,876	\$27,124	\$31,000	95%	\$25,370	\$5,630
2	2015	\$3,913	\$28,186	\$32,100	95%	\$26,370	\$5,729
	Total	\$7,789	\$55,310	\$63,100		\$51,741	\$11,359

<p>Estimated property tax revenue if property had not been redeveloped</p>	<p>Amount of property tax attributed to redev elopment improvements</p>	<p>Total property tax on redev eloped property*</p>	<p>Net property tax revenue received after redev elopment</p>
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* Includes Douglas County administrative fee



Historical Assistance & Investment

9th & New Hampshire South TIF and TDD Reimbursement Splits

900 New Hampshire District: South Project Area										
Total Revenue				Revenue to City			Revenue to Owner			
TDD Sales Tax	TIF Sales Tax	TIF Property Tax	Annual 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

Total TDD sales tax distributed within the district was \$21,622 in 2015. 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 2015, the City received \$21,622 in TDD revenue and the owner received no TDD reimbursements.

Total TIF sales tax revenue distributed was \$53,459 and total TIF property tax distributed was \$23,879 in 2015. 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.¹⁰ The property owner gets ninety-five percent (95%) of the TIF revenue (to reimburse TIF project costs), which amounted to \$50,786 in TIF sales tax and \$22,685 in TIF property tax in 2015.

¹⁰ 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 Lawrence companies had active tax abatements in 2015: 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. ¹¹

2015 Tax Generation (on portion of property receiving an abatement)			
Company & Abatement %	Total Tax Potential	Abated Tax Amount	Taxes Paid (or to be paid) by Property Owner
Amarr Garage Doors, Inc.			
Personal (55%) ¹²	\$159,558	\$28,593	\$130,853
Grandstand/Screen-It Graphics			
Real (65%)	\$152,958	\$99,422	\$53,536
Sunlite Science & Technology			
Real (50%)	\$42,363	\$21,182	\$21,181
Total	\$354,879	\$149,197	\$205,570

Source: Douglas County

¹¹ 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.

¹² 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.

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.



Historical Assistance & Investment

The following table shows amounts abated by year.

Tax Abatements by Year (2005-2015)													Cumulative Total (End of 2015)
Company	Start of Abatement/Ord or Res #	Abated Tax Amounts											
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Amarr Garage Doors, Inc. (Personal Property, 55%)	2010/O-8497	--	--	--	--	--	\$31,880	\$28,686	\$27,525	\$27,876	\$27,876	\$28,593	\$172,436
Grandstand (Real Property, 65%)	2012/R-6948	--	--	--	--	--	--	--	\$119,289	\$93,682	\$96,081	\$99,422	\$408,474
Sunlite Science & Technology (Real Property, 50%)	2014/R-7042	--	--	--	--	--	--	--	--	--	\$19,472	\$21,182	\$40,654
Prosoco, Inc (Real Property, 55%)	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	\$344,468
Prosoco, Inc (Personal Property, 55%)	2005/O-7882	\$3,510	\$3,070	\$2,463	\$1,890	\$1,265	\$919	\$932	\$928	\$940	\$940	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	\$982,889

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. It should further be noted that these are active programs and do not cover projects with expired incentives.

Active Projects: Private Capital Investment				Public Investment (Major ED Programs) ¹³
Active Projects	Private Capital Investment (as of 12-2015)	Incentive Duration in Years	2015 Annual Private Capital Investment	2015
Tax Abatements				
Amarr (Tax Abatement, 2005-2013)	\$9,700,000	10	\$970,000	\$28,593
Grandstand (Tax Abatement, 2011-2013) ¹⁴	\$7,897,198	10	\$789,720	\$99,422
Sunlite (Tax Abatement starts with taxes levied in 2014) ¹⁵	\$1,109,132	10	\$110,913	\$21,182

Continued

¹³ 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.

¹⁴ Private capital investment per Grandstand's 2015 tax abatement questionnaire. Public investment is represented by the tax abatement value.

¹⁵ Private capital investment per Sunlite's 2015 tax abatement questionnaire. Public investment is represented by the tax abatement value.



Historical Assistance & Investment

Active Projects: Private Capital Investment (cont.)				Public Investment (Major ED Programs)
Active Projects	Private Capital Investment (as of 12-2015)	Incentive Duration in Years	2015 Annual Private Capital Investment	2015
NRA				
720 E 9th Street (NRA Tax Yr 1 = 2011) ¹⁶	\$1,700,000	22	\$77,273	\$13,617
1040 Vermont Street (NRA Tax Yr 1 = 2013) ¹⁷	\$2,150,000	10	\$215,000	\$29,718
810/812 Pennsylvania Street (NRA Tax Yr 1 = 2014) ¹⁸	\$1,480,000	10	\$148,000	\$26,370
TIF				
The Oread (TIF) ¹⁹				
TIF Sales Tax	\$8,941,754	20	\$447,088	\$181,009 *
TIF Property Tax				\$270,490 *
901 New Hampshire Street (Downtown 2000 District) ²⁰	\$11,472,000	20	\$573,600	\$28,085
SOUTH: 9th & New Hampshire				
TIF Sales Tax	8,625,000	20	\$431,250	\$50,786
TIF Property Tax				\$22,685
TDD				
Oread: TDD Sales Tax (Revenue generation started in 2009) ²¹	\$8,941,754	22	\$406,443	\$93,559 *
Bauer Farms: TDD Sales Tax (Revenue Generation started in 2009)	\$20,800,000	22	\$945,455	\$115,851
SOUTH: 9th & New Hampshire TDD ²²	8,625,000	22	\$392,045	\$0
Total	\$91,441,838		\$5,506,787	\$981,368

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

¹⁶ Per Developer.

¹⁷ Private capital investment per 2-23-11 CBA. Public investment is represented by NRA rebate value.

¹⁸ Private capital investment per Incentive application dated 6-8-12. Public investment is represented by NRA rebate value.

¹⁹ 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.

²⁰ Private capital investment per Developer. Public investment is represented by project-generated TDD revenues.

²¹ 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 anticipated to be higher. Public investment is represented by project-generated TIF and TDD revenues.

²² Private capital investment is for \$17,250,000 as per IRB Ord 8804. Amount split equally between TIF and TDD = \$8,625,000 each. Public investment is represented by project-generated TIF and TDD revenues.



Historical Assistance & Investment

In 2015, for every \$1 in public sector assistance provided for these programs, approximately \$5.61 in private sector capital investment was realized.

2015 Public Return on Private Capital Investment (by Year)	
Public Assistance:	\$981,368
Private Investment:	\$5,506,787
Private Investment for each Dollar of Public Assistance:	\$5.61



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 (as of 12-2015)				Public Investment (Major ED Programs)
Active Projects	Private Investment (as of 12-2015)	Incentive Duration in Years	2015 Annual Private Capital Investment	2015
TIF				
NORTH: 9th & New Hampshire TIF ²³	12,250,000	20	\$612,500	n/a
TDD				
NORTH: 9th & New Hampshire TDD ²⁴	12,250,000	22	\$556,818	n/a
NRA				
1106 Rhode Island Street (NRA) ²⁵	\$896,585	10	\$89,659	n/a
1101/1115 Indiana Street (NRA) ²⁶	\$76,000,000	10	\$7,600,000	n/a
900 Delaware Street (NRA) ²⁷	\$7,200,000	15	\$480,000	n/a
705 Massachusetts Street NRA ²⁸	\$12,500,000	15	\$833,333	n/a

²³ Project under construction in 2015. IRB for \$24,500,000 as per R7066. Split equally between TIF and TDD = \$12,250,000 each.

²⁴ Project under construction in 2015. IRB for \$24,500,000 as per R7066. Split equally between TIF and TDD = \$12,250,000 each.

²⁵ Project under construction. Private capital investment is per incentive application dated 5-30-14.

²⁶ Project under construction. IRB for \$76,000,000 as per Ord. 9053.

²⁷ Project opened in 2015. NRA rebates anticipated to start with the 2016 tax year. Private capital investment is per incentive application dated 9-19-14.

²⁸ Construction had not yet commenced by the end of the year. NRA rebates anticipated to start with the 2017 tax year. Private capital investment is per incentive application dated 1-14-15.



Historical Assistance & Investment

Direct-Support Programs

The below shows the projects and programs that received assistance in 2015 to directly support economic development programs, services, and projects.

2015 Direct Support Programs	
Program	Description
Operations & Fixed Assets	BTBC
Economic Development Services	EDC, KU-SBDC
Neighborhood Infrastructure/Improvements	9 Del Lofts
Shared Infrastructure, Development/Permit Fee Rebates	Rock Chalk Park*
Development Grant	1106 Rhode Island Street
Relocation Assistance	Integrated Animal Health
Workforce Training: Development Grants & Loans	Peaslee Tech Remodel
Workforce Training: Operations	Peaslee Tech Operations
Business Expansion	PROSOCO
Affordable Housing	Cedarwood Sr. Cottages

* Final payment made in early 2015.



Historical Assistance & Investment

IRB Sales Tax Exemption Savings

Estimated sales tax exemption savings for IRB projects completed in 2015 was \$907,477. Of that total, the City contributed approximately \$214,610, the County contributed approximately \$36,367, and the State contributed approximately \$656,500. Note sales tax exemption savings are realized during project construction.²⁹

Stand-Alone IRB: Sales Tax Exemption Values (est.)								
Project	Estimated Completion	Materials Expense	1.55% City	Countywide 1% (July 2015 Rates)			6.50% State	Total Est Amount
				0.00574847	0.00360074	0.00065079		
				City Portion	County Portion	Other Jurisdictions		
1101/1115 Indiana Street	2017	\$27,616,342	\$428,053	\$158,752	\$99,439	\$2,277	\$1,795,062	\$2,483,584
900 New Hampshire: South	2015	\$6,900,000	\$106,950	\$39,664	\$24,845	\$2,277	\$448,500	\$622,237
900 New Hampshire: North	2016	\$12,958,077	\$200,850	\$74,489	\$46,659	\$2,277	\$842,275	\$1,166,550
Peaslee Tech	2015	\$3,200,000	\$49,600	\$18,395	\$11,522	\$2,277	\$208,000	\$289,795
705 Massachusetts Street	2017	\$5,067,700	\$78,549	\$29,132	\$18,247	\$2,277	\$329,401	\$457,606
800 New Hampshire	2017	\$3,498,982	\$54,234	\$20,114	\$12,599	\$2,277	\$227,434	\$316,658
Pioneer Ridge	2016	\$5,416,977	\$83,963	\$31,139	\$19,505	\$2,277	\$352,104	\$488,988
Total City: Projects Completed in 2015			\$156,550	\$58,060				\$214,610
Total County: Projects Completed in 2015								\$36,367
Total State: Projects Completed in 2015								\$656,500
Total 2015:								\$907,477

²⁹ 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.



Expired Programs

Employee Training Incentives

Argenta: 2029 Becker Drive

Argenta, a global provider of drug development services and contract product manufacturing for the animal health industry, commenced operations at a new lab facility and office in Lawrence in January 2012. Based out of New Zealand, Argenta provides formulations research and development, analytical methods development, and small and commercial-scale manufacturing of animal health products.

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.



Expired Programs

PROSOCO Tax Abatement

Headquartered in East Hills Business Park since 1999, PROSOCO specializes in manufacturing building protection and restoration products. The Company was founded by Albert Boyer in 1939, and is now a third generation family business, selling products nationwide as well as globally.



The City authorized a 10-year, fifty-five percent (55%) tax abatement on real and personal property for the purchase of new equipment, machinery, and building expansion improvements via Ordinance 7882. This abatement expired at the end of 2014, with the property going fully back on the tax rolls in 2015.

PROSOCO Tax Abatement Overview					
Company	Start ¹	Expires ²	Maximum Investment Amount Subject to Abatement ³	Abatement %	Ord.
PROSOCO, Inc.	2005	2014	\$260,000 personal property	55% on personal and real property	O-7882
			\$2,348,000 real property		

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.



Expired Programs

Property Tax Summary

Over the course of the abatement period, \$361,325 was abated out of a total of approximately \$1,670,000 in real and personal property tax. The Company paid the remainder (\$1,308,374) in property taxes.

PROSOCO Property Tax Generation						
	Real Property (55% Abatement) ⁴			Personal Property (55% Abatement) ⁵		
Tax Year	Total Tax Potential	Abated Tax Amount	Taxes Paid by Property Owner	Total Tax Potential	Abated Tax Amount	Taxes Paid by Property Owner
2005	\$57,066	\$31,386	\$25,680	\$36,248	\$3,510	\$32,378
2006	\$59,911	\$32,951	\$26,960	\$35,988	\$3,070	\$32,918
2007	\$60,087	\$33,048	\$27,039	\$28,378	\$2,463	\$25,915
2008	\$66,714	\$33,755	\$32,959	\$21,342	\$1,890	\$19,452
2009	\$193,936	\$33,881	\$160,055	\$16,542	\$1,265	\$15,277
2010	\$201,603	\$35,220	\$166,383	\$14,368	\$919	\$13,449
1011	\$204,341	\$35,698	\$168,642	\$14,132	\$932	\$13,210
2012	\$203,512	\$35,554	\$167,959	\$13,081	\$928	\$12,153
2013	\$206,477	\$36,026	\$170,451	\$12,672	\$940	\$11,731
2014	\$210,981	\$36,949	\$174,032	\$12,672	\$940	\$11,731
Total	\$1,464,628	\$344,468	\$1,120,160	\$205,423	\$16,857	\$188,214

⁴ 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.

⁵ 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.



Expired Programs

Performance Summary

At the end of the abatement period, PROSOCO had achieved substantial success in meeting its capital investment and job performance targets.

PROSOCO Performance At Tax Abatement Expiration			
PROSOCO, Inc.	Projected	Actual	Comparison (Projected to Actual)
Real Property Investment	\$2,348,000	\$2,397,288	102%
Personal Property Investment	\$260,000	\$662,312	255%
Full-Time Employees	50	69	138%
Average Wages (based on 2014 Dollars)	\$29,937	\$50,309	168%

In addition, at the end of the 10-year incentive period, for every \$1 in public sector assistance, \$8.47 in PROSOCO's private sector capital investment was realized.

Prosoco: Public Return on Private Capital Investment (Total over 10-year Incentive Period)	
Public Assistance:	\$361,325
Private Investment:	\$3,059,600
Private Investment for each Dollar of Public Assistance:	\$8.47



County Programs

Barry 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.



Supplemental Information

Amarr Healthcare Benefits: (Letter dated 2-1-2016)

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.

2015		
Claims/Fees Paid	3,246,000	
Claims Reserved for	511,000	
Onsite Health Clinic	<u>136,887</u>	
Net Medical Expenses	<u>3,893,887</u>	
Total Employee Premiums	1,128,000	29%
Total Company Portion	2,765,887	71% Company

Thank you

Nancy Kelley
Mfg Controller / Director of Finance

Memorandum

City of Lawrence

City Manager's Office

TO: Thomas M. Markus, City Manager
FROM: Diane Stoddard, Assistant City Manager
Britt Crum-Cano, Economic Development Coordinator
CC: Casey Toomay, Assistant City Manager
DATE: April 14, 2016
RE: Economic Development Policy Revisions

Background

The City Commission has held two study sessions to discuss City economic development tools and potential policy updates for those tools. At the **June 9, 2015 study session**, the City Commission discussed potential changes to the Neighborhood Revitalization Area (NRA) policy, the use of Industrial Revenue Bonds, and changes to the City's application for public assistance. Follow up information for this study session was provided by staff at the **July 7, 2015 City Commission Meeting**.

The City Commission held a second study session on 1-12-16 to further discuss their ideas for use of the economic development tools and possible policy changes. The below is a summary of cumulative direction given to staff, along with highlighted notes and references:

Overall:

- No changes regarding support for primary job creation

Incentives Application & Application Fees: **Application with Redlined Revisions)**

- Application Fees: Examine application fees in all policies related to fees in neighboring communities. *Staff contacted several neighboring communities and collected their fee information (see **Fees Comparison Table**) so the Commission can consider fee updates within the context of what other communities charge.*

Note that NRA fees were discussed by the City Commission during their 2015 study sessions. The redlined version of the Assistance Application reflects potential NRA application fees, but does not address changes in other program fees.

Staff would suggest the City Commission consider increasing fees when in-house, "but for" analysis is performed. Based on an estimated 35-40 hours of in-house

staff time (pre-authorization) for meetings, data collection, analysis and report generation, Staff would suggest an in-house service fee of \$2000.

Additionally, Staff suggests the applicant be required to cover the costs of third-party services utilized in accessing and processing the request. The redlined version of the application contains suggested language.

- **Public Benefits:** *The redline version of the application also shows a "benefits" checklist coversheet, as was suggested previously.*
- **Ownership Details:** *The redline version of the application incorporates a suggested Commissioner change to capture more detailed ownership data from the applicant. (This change has been incorporated into the existing application and is shown redlined for reference.)*

Tax Abatement:

- **Health Insurance Provision:** Look at language on health insurance requirement to see what other communities require. There was a specific question regarding the City tax abatement policy's ability to add a dollar premium to the wage floor to avoid health insurance requirement. *Staff contacted several neighboring communities and collected information on their healthcare requirements (see [Healthcare Provisions Table](#)).*
- **Affordable Housing Provision:** *In support of the Commission goal to increase community affordable housing, Staff suggests a set-aside requirement for any project requesting public assistance that will have four (4) or more residential units. General language was added to the Overarching policy under Economic Development Objectives, Section 1-2103. Specific language was added within IRB, NRA, TIF, and TDD policies.*

IRBs:

- **But For Analysis:** Require "but-for" analysis related to projects requesting use of IRBs that are non-primary job creators or affordable housing projects (applicable to mixed-use, office/retail development, etc. For example, a manufacturing project seeking industrial revenue bond financing would not have to show the "but-for", but an office development would.) (see [IRB Policy Redline, Section 1-2111](#))
- **Affordable Housing Definition:** Current definition in the policy is requirement that multi-family or senior housing projects have 35% of all housing units set aside

for households making 80% of the Area Median Income, or less. *Staff understands that other advisory boards (i.e. Affordable Housing) may be working on a definition of affordable housing and suggests that economic development policy language be aligned with their adopted definition. Until that time, staff would suggest maintaining current language as per Policy Section 1-2112.*

- Affordable Housing Provision: *Policy language was added under IRB Policy, Section 1-2112.*
- PILOT or Initiation Fees: Add policy language that discusses PILOTs (payments in lieu of taxes). *Staff contacted Gilmore & Bell for legal information. Gilmore & Bell would not suggest adding a PILOT, but rather a fee (sometimes referred to as a service, origination, issuance, or initiation fee). Below are related conversation notes.*
 - *IRB statute specifies that any payment-in-lieu of taxes (PILOT) has to be distributed to all taxing jurisdictions on a pro rata basis. (i.e. The share that each taxing jurisdiction is normally due). It should be noted that City policy currently address PILOTs when a property tax abatement is less than 100%. (See Section 1-2126 of IRB policy.)*
 - *Most communities charge an issuance or administration fee instead of PILOTs. State law requires the fund from these fees be used for "economic development purposes". Although this is typically not challenged, as the term has broad meaning.*
 - *Most communities don't direct the fees to a specific fund, but rather they go into the general fund.*
 - *Suggest City Commission define what "economic development purposes" means prior to charging these fees to avoid any legal challenges.*
 - *City can charge whatever they want for issuance/origination fees, but you don't want fees to be so high that the community isn't competitive. (From a developer perspective, these fees add to the cost of doing business. If the cost of doing business is too high in one community, they will go elsewhere.)*
 - *May want to consider different fees based on cost of project, non-profit project vs. private project, etc.*
 - *Usually deciding fees is a community effort—engage County, PIRC, JEDC, Chamber, building community, etc., for their input.*

Based on the technical definition of PILOTs, Staff would suggest the City charge an IRB "origination" fee rather than PILOTs. Staff contacted neighboring communities for information on their IRB origination fees (see [IRB Fees-Comparison Table](#)). Taking into consideration those rates, and the

desire to remain regionally competitive, Staff would suggest the following IRB policy language.

1-2116 ORIGINATION AND OTHER FEES

At the time the IRBs are issued, the applicant shall pay all fees associated with the issuance of the IRBs, including the City’s origination fee.

The applicant shall pay the City an origination fee of 0.0010 of the par amount of bonds being issued on behalf of a for-profit company, unless the project will create primary jobs or add affordable housing to the community. If the project is anticipated to create primary jobs or add affordable housing to the community, the City will not charge an origination fee.

For IRBs issued on behalf of not-for-profit organizations, the City will not charge an origination fee.

*See **IRB Fees Example**.*

NRA: NRA Policy with Redlined Revisions

- Update application fee to new schedule, depending upon capital investment thresholds. *Staff suggests having a smaller application fee for smaller projects and larger application fee for larger projects.*

NRA Application Fees	
Project Capital Investment	Application Fee
\$1,000,000 and Under	\$1,000
\$1,000,000-\$10,000,000	\$3,500
Over \$10,000,000	\$5,000

Note: Application fees in other communities are typically applied to NRAs used in larger geographic areas. That is not how NRAs have been used in Lawrence, which has targeted individual-tract projects.

- Change policy language to have the maximum rebate level for analysis set at a 50%, ten-year threshold. *The City Commission could direct other analysis be done and the applicant could still request more in appropriate cases. See NRA Policy Redline, Section 4.*

- Affordable Housing Provision: *Policy language was added under NRA Policy, Section 3, paragraph 2B.*

TDD: TDD Policy with Redlined Revisions

- Require updated audit language.
Legal Staff has advised that specific audit language be implemented within agreements¹ and tailored to the project, rather than within policies. A general statement on audit language was added to TDD Policy Section 4, paragraph 4.
- Require “but-for” analysis related to non-primary job creating or affordable housing projects. *See TDD Policy Section 4, paragraph 1 revised.*
- Affordable Housing Provision: *Policy language was added under TDD Policy, Section 2.*

CID: CID Policy with Redlined Revisions

- Require updated audit language.
Legal Staff has advised that specific audit language be implemented within agreements and tailored to the project, rather than within policies. A general statement on audit language was added to CID Policy Section 5, paragraph 3.
- Require “but-for” analysis related to non-primary job creating or affordable housing projects. *See CID Policy Section 5, paragraph 1 revised.*
- Affordable Housing Provision: *Policy language was added under CID Policy, Section 2.*

TIF: TIF Policy with Redlined Revisions

- Require updated audit language.
Legal Staff has advised that specific audit language be implemented within agreements and tailored to the project, rather than within policies. A general statement on audit language was added to TIF Policy Section 4, paragraph 4 revised.

¹ Audit language should be tailored to fit the particular agreement and include:

1. Language granting the City the right to perform discretionary audits and the records to be audited (e.g., invoices in a construction project, sales invoices in a TIF or TDD, etc.).
2. The length of time that the records should be maintained (basically the length of the contract) and that they be maintained in accordance with sound accounting principles.
3. That the right-to-audit language be included in all subcontracts, leases, etc., depending on the nature of the underlying agreement, and be made applicable thereby to the subcontractor, lessee, etc.
4. That the City will bear the costs of any audit, unless the audit identifies that the City has been substantially shorted funds, in which case the developer, contractor, etc., would bear the costs of the audit.
5. General language that the right to audit does not abridge any other rights that the City may have, which may arise out of federal, state, or local law, including the right to audit.

- Require “but-for” analysis related to non-primary job creating or affordable housing projects. *TIF policy already includes “but-for” analysis requirement as part of the required feasibility analysis.*
- Affordable Housing Provision: *Policy language was added under TIF Policy, Section 3, paragraph 7.*

Next Steps

Staff believes that the next steps for these policy items are review and recommendation from the city’s economic development advisory boards, the Public Incentive Review Committee and the Joint Economic Development Council, and Douglas County. Additionally, the City Commission may wish to direct staff to have other boards review the policy changes. Meetings for these reviews will be set soon.

The Commission may also wish to have more focused discussions relating to use of these tools to incent affordable housing in the community. While this has been discussed in relation to several policies, more discussion may be needed.



City of Lawrence, Kansas
Economic & Community Development
Application for Economic Development Public Assistance
Support/Incentives

The City of Lawrence considers support for economic or community development projects that will provide local public benefits. When requesting assistance for projects, please provide a request letter to the City Commission describing the project, details on the local public benefits it provides, a description of the assistance requested, and why this assistance is needed for the project to proceed. If available, project renderings and graphics are encouraged to be included along with your submission materials. Submit request letter along with the below, completed application for assistance, supporting materials, and applicable application fees to:

Lawrence City Commission
Attn: City of Lawrence, Economic Development Coordinator
6 East 6th Street
Lawrence, KS 66044

Request materials can be submitted electronically to the Economic Development Coordinator: at:
bcano@lawrenceks.org

Please indicate which public benefits your project brings to the local community. (Mark all that apply. Please explain and provide further details on the project's public benefits in the request letter.)

- Affordable housing
- Above average wages
- Enhancement of public infrastructure
- In-fill development
- Jobs with employee benefits including healthcare insurance
- Primary job creation:
 - Primary businesses typically serve customers outside of the immediate area, therefore importing dollars into the community through its sales.
 - Non-primary businesses provide goods and services to the local business and consumers, thereby circulating dollars within the community.
- Promotion of downtown density
- Retention or expansion of existing business
- Revitalization of dilapidated, unsafe, underutilized, or historic property
- Sustainability/energy efficiency

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

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

Applicant Contact Information	
Name:	
Title:	
Organization:	
Address 1:	
Address 2:	
Phone:	
Email:	
Fax:	

Application Tips:

Enter contact information for the company representative completing this application.

Economic Development Support Requested		
City Incentives	Amount	Term (in years)
Tax Increment Financing District (TIF)		
Transportation Development District (TDD)		
Neighborhood Revitalization Area (NRA)		
Tax Abatement (TA)		
Industrial Revenue Bonds (IRBs)		
Community Improvement District (CID)		
Other (Please Describe):		

Application Tips:

Applicable Terms:

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

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

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

Project Information		
Name of Company Seeking Incentive(s):		
Project Type (check one):	Expansion:	
	New Facility:	
Company Type (check one):	Existing Local Company:	
	Out-of-Area Company Locating Locally:	
Current Company Address:		
Location of Proposed New Facility/Expansion Project:		
Describe the Company's Plans to Develop or Expand in the Community:		
Operations Start Date at the Expansion or New Facility:		
Industry NAICS # for the New or Expanded Facility (6-digit code):		
Describe the Primary Industry the New or Expanded Facility Will Support:		

Application Tips:

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

Link for NAICS code lookup:

<http://www.naics.com/search.htm>

Capital Investment Information for New Facility or Expansion			
Estimated Size of New Facility (square feet):			
Estimated Size of Land for New Facility (acres):			
For the new or expanded facility, enter the amount the company anticipates spending for initial and subsequent investments in land, buildings and improvements (do not include machinery or equipment):			
Year	Buildings & Other Real Property Improvements	Land	Total
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
Total			
Will land be leased from the City or County (Y/N):			
If yes, Monthly Lease Rate for Land:			

Application Tips:

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

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

Local Utility Expenses		
Utility	Current Local Monthly Expenses	Projected Local Monthly Expenses at New Facility
Gas		
Electricity		
Phone		
Cable		
Operating Expenditures		
For Expansion Projects, Current Annual Operating Expenses at Existing Facility:		
Annual Operating Expenses after Expansion/Relocation:		
% of Additional Operating Expenses Anticipated to be Spent Locally:		
Revenues		
% of Revenues at the new Lawrence Facility Anticipated to Come from Non-Local Sources.		
Anticipated Annual Gross Profits:		
<u>Anticipated Net Operating Income (at stabilization):</u>		
<u>Anticipated Net Operating Expenses (at stabilization):</u>		

Application Tips:

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

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

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

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

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

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

IRB and Tax Abatement Request Information	
If you are seeking an IRB, please list the firm that will be receiving the IRB:	
Will your firm be leasing the building or the land in your expansion or newly constructed facility? (Y/N)	
If you are leasing the building or land, and you are seeking a <u>property</u> tax abatement <u>without</u> an IRB, please list the tenant and owner and the financial relationship between tenant and owner.	
Total Cost of <u>Initial</u> Construction for the Project:	
Estimated Cost of Construction Materials for <u>Initial</u> Construction:	

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

Environmental Information	
Will the new facility meet Energy STAR criteria? (Y/N)	
Will the project seek or be designed to LEED certification <u>or</u> <u>equivalent</u> standards? (Y/N)	
<i>If yes, please indicate level:</i>	Certification
	Silver
	Gold
	Platinum
Please describe environmentally friendly features of the project:	
Please describe anticipated positive environmental impacts resulting from the project:	
Please describe anticipated negative environmental impacts and planned remediation efforts:	

Application Tips:

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

Additional Community Benefits

Describe Other Local Economic Benefits Resulting From Project:

Application Tips:

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

Describe Other Quality of Life Benefits Resulting From Project:

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

Employment Information									
Construction Employment for New Facility or Expansion									
# Full-Time, Construction Jobs:									
Average Annual Salary for Full-Time, Construction Workers (during construction period):									
Construction Period (months):									
For Expansion, # of Full-Time Employees Currently Working in Lawrence:									
New Employment Resulting from Project									
Net New Jobs (full-time, permanent)	Year	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary
	1								
	2								
	3								
	4								
	5								
	6								
	7								
	8								
	9								
	10								
	Total								
Anticipated # of Employees to Be Relocated Locally as a Result of the Project									
# of Net New Full-Time Employees Anticipated to be Relocated From Outside of Kansas:									
# of Net New Full-Time Employees Anticipated to be Relocated from Outside of Lawrence/Douglas County:									
# of Local, Full-Time Jobs Anticipated At End of Incentives Period:									

Application Tips:

Enter 0 if project is new or relocation.

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

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

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

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

Employee Benefits	
Description	After Expansion or Relocation
% of Employees with Company Provided Health Care Insurance	
% of Health Care Premium Covered by Company	
% of Employees with Company Provided Retirement Program	
Will You Provide Job Training for Employees? (Y/N)	
If Yes, Please Describe:	
What is the Lowest Hourly Wage Offered to New Employees?	
What Percentage of Your New Employees Will Receive this Wage?	
Will You Provide Additional Benefits to Employees? (Y/N)	
If Yes, Please Describe:	

NRA Eligibility Statement

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

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

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

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

Disclosures

Company Form of Organization:

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

Company Principals:

List all subsidiaries or affiliates and details of ownership:

Subsidiary :

Principals:

Has Company or any of its Directors/Officers been involved in or is the Company presently involved in any type of litigation?

Has the Company, developer or any affiliated party declared bankruptcy?

Has the Company, developer or any affiliated party defaulted on a real estate obligation?

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

Has the Company, developer or any affiliated party had judgments recorded against them?

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

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

The non-refundable application fee must accompany this application. When you have completed this form to your satisfaction, please sign and send, along with applicable application fee(s) to:

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

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

Application Fees	
<u>Tax Abatement</u>	<u>\$500</u>
<u>Industrial Revenue Bonds (IRB)</u>	<u>\$1,000</u>
<u>Community Improvement District (CID)</u>	<u>\$2,500</u>

<u>Transportation Development District (TDD)</u>	<u>n/a</u>
<u>Tax Increment Financing (TIF)</u>	<u>n/a</u>
<u>NRA Application Fees</u>	
<u>Project Capital Investment</u>	<u>Application Fee</u>
<u>\$1,000,000 and Under</u>	<u>\$1,000</u>
<u>\$1,000,000-\$10,000,000</u>	<u>\$3,500</u>
<u>Over \$10,000,000</u>	<u>\$5,000</u>

Applicant is responsible for paying all expenses incurred by the City for professional services pertaining to the project regardless of whether or not the project is approved. This may include costs associated with research and analytical services, legal publication notices, application fees to the Board of Tax Appeals, bond counsel and legal fees, and all other miscellaneous costs, including, but not limited to, the City's reasonable costs to process any modifications.

If this request proceeds, Applicant may be asked to enter into a funding agreement to cover all costs associated with processing approval for the requested public assistance.

As part of this application, Applicant has included the non-refundable application fee and understands that the Applicant will be required to cover all costs associated with approval processing. I hereby certify that the foregoing and attached information contained is true and correct, to the best of my knowledge:

Applicant/Representative: _____
(Please Print)

Signature: _____ Date: _____

NRA Fees

	Application	Annual/Admin
Lawrence	None	County administrative fees (varies)
Lenexa	\$25 for single family or two family residential, \$100 for commercial (fees refundable with first installment of the rebate)	None
Manhattan	*	*
Olathe	None	2.5% county administrative fee (year one); and Minus 7.5% for the Public NRA Funds if Single and Two Family Residential in year one, and 10% for every year thereafter; -OR- Minus 17.5% for the Public NRA Funds if Commercial/Industrial in year one, and 20% for every year thereafter.
Overland Park	*	*
Shawnee	None	For commercial property, Johnson County retains 30% of applicable County taxes as an administration fee for an incremental increase of \$100,000 or greater.
Go Topeka/Shawnee County	None	5% of the 95% rebate remains in a neighborhood revitalization fund for administrative costs.
Wichita	n/a	n/a
WyCo UG	An application fee of \$1,000 is required for all commercial, industrial, office, retail, historical, and environmentally contaminated projects. If the project is in a Special Projects Area and the construction cost is over \$10 million, the application fee is \$2,000.	None

*Could not locate comparable program.

n/a = data not available

TIF Fees

	Application	Annual	Other
Lawrence	None	None	Funding agreement may be required to reimburse City for additional legal, financial, and out-of-pocket costs associated with consideration of the request.
Lenexa	\$2500 application fee, \$1000 retainer	None	None
Manhattan	*	*	*
Olathe	Initial Application Fee = 5% or \$5,000, whichever is less; Redevelopment Plan Fee = 15% or \$10,000, whichever is less; Ordinance Fee = 80% or \$85,000, whichever is less. Maximum fee = 1% or \$1,000, whichever is less.	Property Tax Increment Projects only = 0.5% of the annual increment; Property Tax, Sales, and other Tax Increment Projects = 2.5% of the annual increment.	Applicant may have additional costs for outside consultant and attorney fees to fully analyze the TIF application--can be reimbursed back through bond proceeds or TIF revenues.
Overland Park	\$10,000, non-refundable	Annual on-going administrative service fee, which amount will be determined on a case by case basis in the development agreement, but not less than \$7,500 or one percent (1%) of the public investment, whichever is greater. The annual administrative fee may be paid from tax increment revenues but shall not increase the TIF cap.	Initial Funding Agreement of not less than \$35,000. City to be reimbursed for all publication costs incurred in consideration of the request, (e.g. For legal publication notices, resolutions, ordinances, and other proceedings) and all costs for City's consultants, financial advisor, bond counsel and legal counsel as a result of the consideration of the requested TIF assistance.
Shawnee	\$5,000	Amount equal to 0.5% of project costs reimbursed to applicant.	Funding agreement may be required to reimburse City for additional legal, financial, and out-of-pocket costs associated with consideration of the request.
Go Topeka/Shawnee County	n/a	n/a	n/a
Wichita	\$8500 Application Fee--TIF Available only for Downtown Development	n/a	n/a
WyCo UG	n/a	n/a	n/a

*Could not locate comparable program.

n/a = data not available

TDD Fees

	Application	Annual	Other
Lawrence	None	None	Funding agreement may be required to reimburse City for additional legal, financial, and out-of-pocket costs associated with consideration of the request.
Lenexa	*	*	*
Manhattan	*	*	*
Olathe	Petition Fee = \$5,000	Annual Administrative fee of 0.5% of the annual TDD revenue generated with the TDD district.	Issuance fee of 25 basis points of the first \$10M in bonds issued, + 20 basis points of the par amount of the second \$10M, + 10 basis points of the par amount in excess of \$10M of bonds being issued. In no event shall the issuance fee be less than \$2,000 or more than \$100,000.
Overland Park	Not specified within TDD Policy (R 3417)	Not specified within TDD Policy (R 3417)	TDD Applicant must front the fees of the City's bond counsel and City financial advisor
Shawnee	\$5,000	Amount equal to 0.5% of project costs reimbursed to applicant.	Funding agreement may be required to reimburse City for additional legal, financial, and out-of-pocket costs associated with consideration of the request.
Go Topeka/Shawnee County	n/a	n/a	n/a
Wichita	n/a	n/a	n/a
WyCo UG	*	*	*

*Could not locate comparable program.

n/a = data not available

Tax Abatement Fees

	Application	Annual	Other
Lawrence	\$500	\$200	
Lenexa	\$2000 application fee, \$8000 retainer	Applicant responsible for all ongoing costs associated with the transaction including, but not limited to professional fees associated with Applicant's requested amendments such as assignments, assumptions or redemptions and additional fees incurred for amendments or extensions.	Applicant responsible for all professional, legal, administrative, and bond counsel fees.
Manhattan	\$1,000	None	None
Olathe	\$4000 for new business, \$2000 for existing business.	None	For projects requesting real property tax abatement that are not warehouse/distribution, or logistics-type project: issuance fee of 0.0025 of the first \$40M par amount of bonds being issued or the amount of EDX being requested, + 0.0020 of the par amount in excess of \$40M of bonds being issued. For projects warehouse/distribution & logistics projects: 0.0030 of par amount of bonds being issued. In no event shall issuance fee be less than \$2,500
Overland Park	\$250	\$100	
Shawnee	\$1,500	Additional Fee due on 1st anniversary date and each anniversary date thereafter for life of issue: 0.04% of bond principal outstanding on 1st \$20M; 0.01% on amounts in excess of \$20M.	Origination fee due at closing .020% of bond principal issued on 1st \$10M; 0.10% on amount in excess of \$20M. Additional fee due at closing an on the 1st & 2nd anniversaries of issuance Date: \$5000 each of the three dates.
Go Topeka/Shawnee County	\$250	\$100	n/a
Wichita	\$660	n/a	n/a
WyCo UG	New Business = \$2000, Existing Business = \$1000	Annual Monitoring : \$1000	0.400 of 1st \$10M par amount of bonds being issued or amount of EDX abatement being requested +0.250 of par amount in excess of \$10M but less than \$25M. 0.125 of par amount in excess of \$25 M of bonds being issued.

*Could not locate comparable program.

n/a = data not available

CID Fees			
	Application	Annual	Other
Lawrence	\$2,500	Administrative Fee = 0.05% of taxes reimbursed, through life of CID	Funding agreement may be required to reimburse City for additional legal, financial, and out-of-pocket costs associated with consideration of the request.
Lenexa	\$2,500 application fee, \$10,000 retainer	Dept. of Revenue shall keep 2% of amount collected up to \$60,000/year for administration.	The City may require the applicant to submit a retainer or enter into a funding agreement to finance costs incurred by the city for additional legal, financial and/or planning consultants, for direct out-of-pocket expenses and for other costs related to services rendered for the City to review, evaluate, process, and consider the CID petition
Manhattan	*	*	*
Olathe	\$5,000 Petition Fee	5% of total cost of CID project less CID Petition Fee	Issuance Fee of 25 basis points for 1st \$10M par amount of CID sales tax revenue bonds issued, 20 basic points for 2nd \$10 + 10 basis points for par amount in excess of \$20M. In no event shall the issuance fee be less than \$2,000 or more than \$150,000.
Overland Park	5000 application, \$1000 petition, \$500/petition amendment	Determined on a case by case basis and specified within the development agreement.	Funding Agreement required whereby applicant will reimburse City for all publication costs incurred in consideration of the request, (e.g. For legal publication notices, resolutions, ordinances, and other proceedings) and all costs for City's consultants, financial advisor, bond counsel and legal counsel as a result of the consideration of the requested CID assistance.
Shawnee	\$5,000	Amount equal to 0.5% of project costs reimbursed to applicant.	Funding agreement may be required to reimburse City for additional legal, financial, and out-of-pocket costs associated with consideration of the request.
Go Topeka/Shawnee County	n/a	n/a	n/a
Wichita	\$5,000	5% minus reimbursement for the \$5000 application fee	n/a
WyCo UG	n/a	n/a	n/a

*Could not locate comparable program.

n/a = data not available

IRB Fees

	Application	Annual	Other
Lawrence	\$1000 City application fee	None, unless a tax abatement is also associated with the IRB. Renewal application fee is \$200/year for tax abatements.	Applicant is responsible for bond counsel and other legal and professional fees associated with bond issuance.
Lenexa	\$2000 application fee	None specified	\$8,000 retainer fee (retainer required only if applicant is requesting a tax abatement) to be applied to the professional fees incurred on behalf of the City in processing the tax abatement request. Applicant must pay for or reimburse City for costs of legal, financial and administrative work performed in connection with bond issue, throughout life of bond. Origination fee on bond issue, to be reduced by the amount of the application fee.
Manhattan	\$1000 application fee	None specified	Applicant is responsible for paying all expenses incurred by the City for professional services pertaining to the project regardless of whether or not the project is approved or a closing on the sale of the contemplated bonds takes place.
Olathe	\$2000 application fee for existing business; \$4000 application fee for new business; all applications for master resolutions of intent where the requested amount of bonds exceeds \$10M shall be charged an additional application fee of \$4000. City can elect to waive any or all City fees in the event the project is deemed to be a targeted industry or in a targeted area.	None specified	Applicant shall reimburse City for all costs associated with the cost-benefit analysis, all legal publication notices, application fees to the Board of Tax Appeals, the City's bond counsel fees and all other miscellaneous costs, including, but not limited to, the City's reasonable costs to process any modifications to existing bond-financed projects (e.g. subordinations and assignments).
Overland Park	\$250 Application	None Specified	Applicant is responsible for cost of cost-benefit analysis report. For Revenue Bond issuance, \$1,500 per million dollars of issue or \$1,500, whichever is greater for first year issue. \$1,500 per year for the remaining years of the repayment period to cover administration and other City costs. Applicant is responsible for all costs of legal, financial or administrative research or work done in reviewing the proposal.
Shawnee	\$1500 application fee	Additional Fee Payable at closing and on the first and 2nd anniversaries of Issuance Date: \$5000 on each of the three dates. Additional Annual Fee Payable on the first Anniversary Date and Each Anniversary Date thereafter for the Life of the Issue: 0.04% of the bond principal on first \$20M; 0.01% of the bond principal outstanding in excess of \$20M.	Applicant must pay all costs of legal fees due to the city Attorney and Bond Counsel associated with the project and exemption.
Go Topeka/Shawnee County	None Specified	None Specified	None Specified

Continued

Wichita	\$660	\$2,500/year + \$1000 redemption	Service Fees: The City of Wichita and Sedgwick County reserve the right to impose on any business receiving tax abatements the payment of services fees through the provisions of the economic development incentive agreements for services provided by the applicable Unified School District and the Sedgwick County Fire District. The amount of service fee shall be based on the tax rate of the applicable USD and/or the Fire District and any service fees thus paid shall be remitted to such School and/or Fire District.
WyCo UG	\$1000 for existing businesses; New business application fee is \$2000	Monitoring Fee: \$1000 annual compliance review of all projects receiving a tax abatement (either IRB or EDX)	Applicant shall reimburse the UG for all costs associated with all legal publication notices, application fees to the Court of Tax Appeals, UG's bond counsel fees, and all other miscellaneous costs.

*Could not locate comparable program.

n/a = data not available

Policy Healthcare Provision

City	Policy	Description
Lawrence	Tax Abatement	The business provides one of the following:
		1) The Availability of covered employees to obtain an employer-sponsored health insurance policy, pursuant to employer guidelines, in which case the employer provides a minimum of 70% of the cos of such policy.
		2) As an alternative to offering an employer-sponsored health insurance policy, the employer shall pay the covered employee a wage which is at least \$1.50 per hour above the amount of the community average wage floor.
Lenexa	Tax Abatement	None specified
Manhattan	Manhattan Economic development fund process and Procedures	Points-based system for % employer pays of HC premium:
		No Health Plan = 0 points
		>0%<25% = 5 points
		>=25% - <50% = 10 points
		>= 50% = 15 points
Olathe	Policy #F5, Industrial Revenue Bond and Property Tax Abatement Policy	None specified
Overland Park		
Shawnee	PS-21: IRB and Property Tax Exemption Policy	None specified
Go Topeka/Shawnee County		n/a
Wichita	Tax Abatement/IRB Policy	For Tax Abatements: Jobs created must include health care benefits. If healthcare benefits are not offered, wages must be 120% of the average wage for that type of business as determined by the most appropriate available NAICS code within the Wichita MSA, or greater than the average wage for all jobs in the Wichita MSA if wages are calculated excluding the wages of the transportation equipment manufacturing sector (NAICS 336)
WyCo UG	Tax Abatement Policy, Adopted 10-21-2010	None specified

n/a = data not available



City of Lawrence

DATE APPROVED:

March 24th, 2009

Updated ~~May 18th, 2010~~ 2016

**City of Lawrence
Economic Development
Goals, Process and
Procedures**

1-2101 INTRODUCTION

The purpose of this document is to establish the official policy and procedures of the City for the granting of economic development incentives, including cash incentives and exclusive infrastructure assistance associated with projects within the City of Lawrence.

1-2102 GENERAL OBJECTIVE

In Horizons 2020, the City identifies three goals for economic development: job growth in excess of population growth; increasing the share of the tax base coming from non-residential growth; and increasing career opportunities by attracting high-skilled jobs in expanding industries.

Various economic incentives are available under Kansas law to help municipalities achieve their public objectives. This ordinance establishes the policy, procedures and requirements to govern the fair, effective and judicious use of these incentives by the City in order to help meet its economic development goals.

Because of Lawrence's assets and the desire of area residents to plan for the future and retain a community that is different from other growing suburban areas, economic incentives may not be offered to every firm that is eligible under state statutes. Instead, incentives will be targeted toward businesses meeting the objectives defined below.

1-2103 ECONOMIC DEVELOPMENT OBJECTIVES

The City works in cooperation with Douglas County and the Lawrence Chamber of Commerce to achieve the general objectives outlined in the section above. This partnership enables the community to maximize its resources and to develop a consensus regarding the kind of economic development that best advances the interests of the entire community.

All of the partners in this effort share a commitment to:

- encourage existing industry to expand,
- assist new business start-ups,
- recruit new companies from out-of-state and internationally,
- encourage high technology and research based-businesses,
- encourage training and development of Lawrence area employees, and
- encourage the location and retention of businesses which are good "corporate citizens" that will add to the quality of life in Lawrence through their leadership and support of local civic and philanthropic organizations.

While it is the new companies from out-of-state that typically generate the most publicity, it is the policy of the City, County, and the Chamber to place a high priority on the retention and expansion of existing businesses.

The City's role in this economic development partnership involves:

- providing the land, zoning and infrastructure that are required to create new jobs and new investment,
- providing policies, processes and procedures for clear standards and timely reviews of applications, and
- providing the personal assistance and in some cases the incentives necessary to achieve the objectives set forth in this document.

All partners believe that Lawrence and Douglas County should be selective as to the kinds of businesses that are recruited and assisted. Horizons 2020 specifies that businesses within the following industries should particularly be a focus of economic development efforts:

- Life Sciences/Research,
- Information Technology,
- Aviation and Aerospace,
- Value-added Agriculture, and
- Light Manufacturing and Distribution.

Affordable Housing:

In support of the City Commission goal to increase affordable housing within the community, projects having four (4) or more residential units seeking public assistance shall only be considered if a portion of those units are set aside as affordable housing.

The units set aside for affordable housing are subject to income and rent parameters defined annually by the U.S. Department of Housing and Urban Development (HUD) for Douglas County, Kansas. Projects shall reserve and maintain the number of dwelling units designated as affordable housing units for a period of not less than fifteen (15) years of any Certificate of Occupancy and must have a suitable management program in place to ensure affordable housing eligibility requirements are met for those units.

1-2104 ECONOMIC DEVELOPMENT INCENTIVES

When appropriate, the City may utilize incentives in order to achieve its economic development goals. One or more incentives may be utilized, depending on the application. These include, but are not necessarily limited to, the following:

- **Loans/Grants:** Provide capital to existing and new businesses for projects related to new growth and expansion, providing job training, assisting with business relocation expenses, and other types of assistance which further the community’s economic development goals.
- **Infrastructure:** Provide infrastructure improvements related to needs of businesses or to assist in making property useable and available for businesses or other designated economic development activities (i.e. infrastructure for industrial property, etc.)

- **Property Tax Abatement:** The City may utilize property tax abatements to spur investments.
- **Tax Increment Financing:** The City may judiciously utilize Tax Increment Financing (TIF) for the purpose of encouraging projects with an emphasis on redevelopment activities. The City has a separate policy regarding tax increment financing.
- **Transportation Development Districts:** The City may utilize transportation development districts to encourage quality transportation-related infrastructure. The City has a separate policy regarding transportation development districts.

1-2105 APPLICATION PROCEDURES

1. Applicant picks up a blank Application form at City Hall (City Manager's Office) or the Application is downloaded from the Internet. Applicant's business/project must be located in the City of Lawrence or near the City of Lawrence such that there will be direct economic benefit to the City.
2. An Application must include a project plan that:
 - (A) summarizes the project,
 - (B) demonstrates the financial and professional capability to complete the project,
 - (C) proposes a timeline for project completion, and
 - (D) provides a summary of project benefits to and assistance requested from the City.
3. When the Application (with an attached Project Plan) is completed, it will be submitted to City Hall (City Manager's Office) along with any application fees that may be required for the particular incentive sought. Applicant may seek technical assistance in ensuring the application is complete from City Staff, the Chamber of Commerce, the Small Business Development Center, or others.
4. City Staff will facilitate the review of all applications before they are considered by the City Commission. In preparing such review, City Staff will utilize the City's resources or other professional assistance as deemed appropriate by the City Manager.

In cases in which sensitive financial information needs to be shared to evaluate an application, the City will utilize a third party to review such information and write a report that summarizes any major concerns with the ability of the applicant to complete the project. The third party will also make recommendations regarding appropriate provisions the City may consider to secure its investment.

The application review will be summarized in writing and presented no later than the time the application is presented to the City Commission. This review may include but not be limited to the following:

- (A) Verification that the applicant is eligible for the incentive sought under the Kansas Constitution, City or County ordinances or any other applicable laws,
- (B) Phone calls to listed references for banking, other financing, major suppliers, and major customers,
- (C) Oral verification of major indebtedness with lender/mortgage holders,
- (D) Review of financial documents for reasonableness,
- (E) cursory reconciliation of future year cash flow projections with current cash status, requested monies, etc.,
- (F) Correlation with other requests from the City (subsidized land costs, property tax abatements, City industrial revenue bonds, utility improvements),
- (G) Adequacy of performance provisions,
- (H) Any significant positive or negative aspects of the application, and
- (I) Benefit/cost analysis (as prepared by City staff).

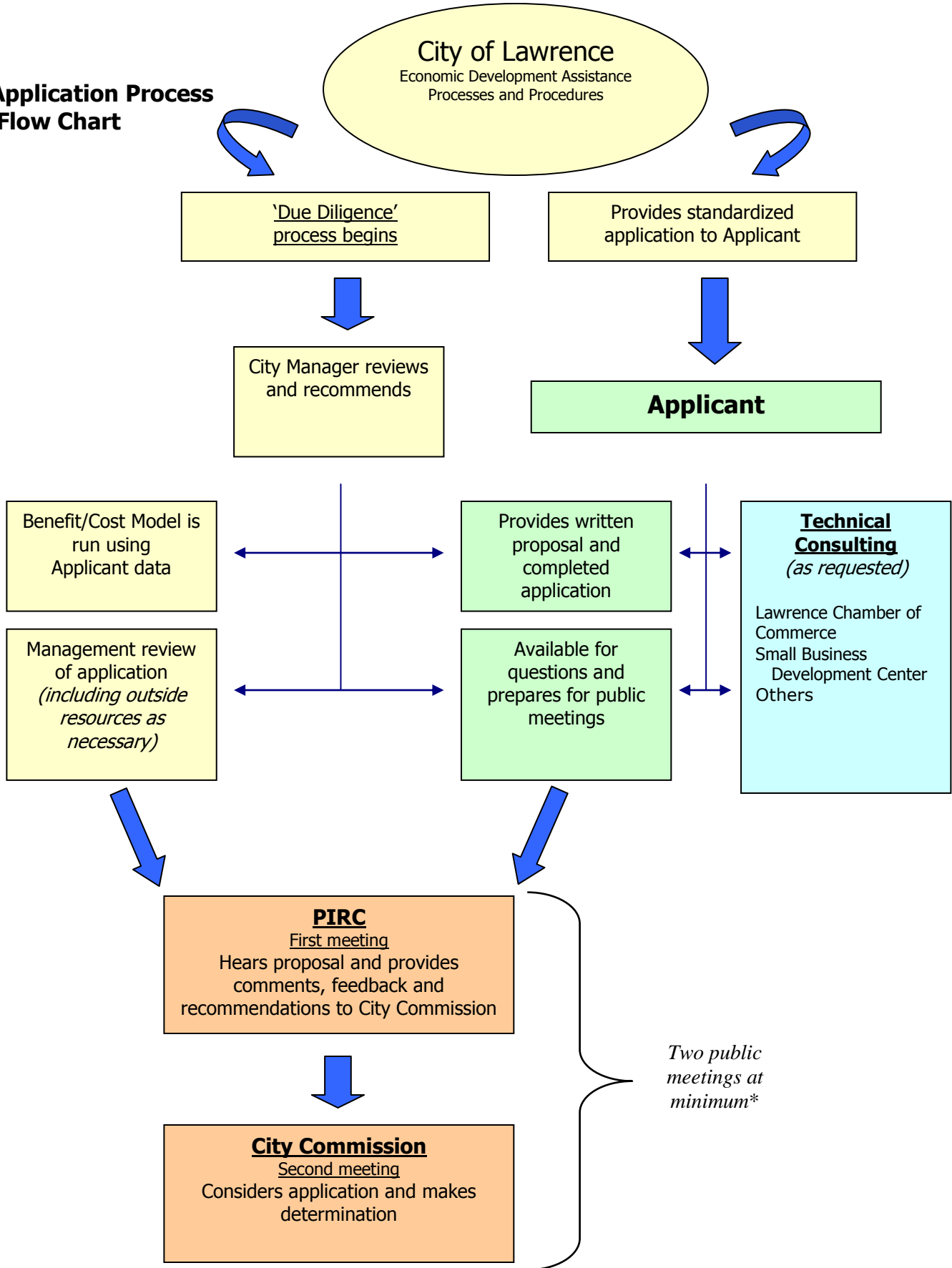
Results of this review will be shared with the applicant as soon as possible to ensure accuracy of the application before its official presentation to the City Commission. This review will not be construed as a "screening" procedure. Each applicant has the privilege to present its application intact and unchanged to the City Commission.

5. The City Manager will provide the information concerning the Application to the members of the City Commission for study. Copies will also be provided to professional staff.
6. The City Manager will determine when the Application will be considered for public hearings with a Review Committee (as established in Section 1-2108, below) and the City Commission.
7. Upon completion of management review, the Review Committee shall conduct a public meeting to hear the proposal from the applicant, receive comments from the public, and seek additional information as necessary. Comments, recommendations, and additional information from the applicant shall be forwarded to the City Commission for consideration along with the original application.
8. The City Commission will then consider the application during a public meeting. At this meeting, the Commission may consider the application and make a

determination. Additional City Commission meetings may be necessary. The City Commission retains the prerogative of rejecting any Application.

9. If the City Commission has approved an Application, it is then turned over to the City Manager for implementation and administration.

Application Process Flow Chart



* Additional City Commission meetings may be necessary

1-2106 BENEFIT/COST MODEL

The City, in determining whether certain incentives should be granted; shall conduct a benefit/cost analysis which will consider various factors including, but not limited to, the following:

- the increase in appraised valuation of the property,
- the sales and income tax revenue which may result,
- the number of new jobs, the earnings and the benefits that will be provided;
- additional jobs created through secondary or “multiplier” effects, as well as the associated tax revenues from these jobs and residents,
- the capital expenditures that local government will need to make to expand public services, for example parks and police stations, to both the company and new residents,
- the operating expenditures that local government will need to make on a regular basis for public services, for example fire protection and street maintenance, to both the company and new residents,
- the expenditures by the local school district to provide the facilities and to educate the students of the new residents associated with the company,
- any expenditures by the State of Kansas, such as per-student funding in local school systems, created by the firm and new residents, and
- other public expenditures associated with attracting the new company.

In addition to the results of the cost-benefit analysis, the following factors may also be considered:

- the degree to which the business improves the diversification of the economy,
- the kinds of jobs created in relation to the types of skills available from the local labor market,
- the degree to which the ultimate market for the business products and services is outside the community, recognizing that outside markets bring “new money” to the local economy,
- the potential of the business for future expansion and additional job creation,
- the beneficial impacts the business may have by creating other new jobs and businesses, including the utilization of local products or other materials and substances in manufacturing and creation of niche businesses, such as those in the bioscience area,
- the benefits and impacts the firm has on environmental quality both to the region or, through its products, nationally, as well as any efforts the firm makes to promote sustainability or mitigate environmental harm, and

- the beneficial economic impact the business will have on a particular area of the City, including designated enterprise zones and areas of needed revitalization or redevelopment, and
- the compatibility of the location of the business with land use and development plans of the City and the availability of existing infrastructure facilities and essential public services.

1-2107 PERFORMANCE PROVISIONS

Each company that receives an incentive from the City will be held accountable to certain performance provisions. These provisions will be included in a performance agreement between the company receiving the incentive and the City. Each performance agreement shall contain annual targets for capital investment, job creation and wage structure. The average of these three targets will be used to create an overall annual percentage of compliance for that year. These annual targets will then determine the amount of annual incentives that the company will receive for that year. Substantial compliance and incentives received will be determined by the following chart:

% compliance with annual target	Amount of incentive to be received
90-100%	100%
80-89%	85%
70-79%	75%
Below 70%	No incentive

Depending upon the funding mechanism utilized and the application, additional performance criteria may be utilized and included in the compliance calculation.

Substantial compliance will be evaluated annually. Failure to fully meet compliance requirements in any one year will result in a reduction in incentives only for the following year. In addition, any firm that does not provide the information required in its annual report may be subject to incentive reductions for the current year.

City Staff shall notify the firm of any adverse finding prior to an incentive reduction being taken. The firm shall have the privilege of appealing an adverse finding to the City Commission as set forth in Section 1-2109 below. The City Commission may override an incentive reduction determination for that year with a majority vote.

Regardless of the funding mechanism used, the City should be mindful to secure its assets and ensure satisfactory performance by the Applicant. A number of tools can be utilized by the City, and be included in the performance agreement, in order to accomplish this.

1-2108 PUBLIC INCENTIVES REVIEW COMMITTEE

The Public Incentives Review Committee (PIRC) has been established to review and comment about City incentives under this policy. Additionally, the committee is charged with annual review and monitoring of compliance for all cashlike incentives issued under this ordinance. The purpose of the Public Incentives Review Committee is to:

- Ensure that the public, the County, and the School District have an opportunity to participate in the application and review procedures for public incentives,
- Receive and review requests for all incentives requested by applicants,
- Gather and review such additional information as may be deemed necessary to determine if the company meets the target objectives set forth in this policy,
- Make recommendations on the application for consideration by the City Commission, especially as related to the factors listed in Section 1-2106 that are in addition to the benefit-cost model,
- Review the City's yearly incentive report and compliance with performance agreements, and
- Review other economic development related matters upon the request of the City Commission.

The Public Incentives Review Committee shall be composed of:

1. the Mayor, or the Mayor's designee, who shall serve as chair,
2. another member of the City Commission appointed by the Mayor with the consent of the City Commission,
3. a member of the Douglas County Commission, as appointed by the County Commission,
4. a member of the Lawrence Public Schools U.S.D. 497 School Board or a School Board representative, appointed by the School Board,
5. a professional financial analyst appointed by the Mayor and City Commission for a three year term,
6. the Chair of the Lawrence/Douglas County Economic Development Board,
7. a resident of Lawrence appointed for a three year term by the Mayor and the City Commission, from a list of not less than three people chosen by the Sustainability Advisory Board (SAB), and
8. a resident of Lawrence appointed for a three year term by the Mayor and the City Commission.

City, County, and School District staff shall provide technical and policy advice to the Committee. The Committee shall meet on call of the Mayor.

Public Incentives Review Committee records, including applications for tax exemptions, may be withheld from public disclosure under the Kansas Open Records Act as provided for under subsections (20) and (31) and other subsections of K.S.A. 45-221, but shall be

available for public inspection when otherwise required by law. The Committee is authorized to issue administrative letters of finding which shall not be binding on the City Commission, and may be superseded by any action by the City Commission.

1-2109 ACCOUNTABILITY

Annually, City Staff will be responsible for reviewing the performance of each recipient of funds for the previous year. The purpose of this review is to check for compliance with the performance agreement and to gather information regarding cumulative job creation, wage structure, and other such information necessary to gauge the performance of the company. The accountability review may include a site visit.

The fund recipient will be required to certify, to the City, compliance with the performance agreement's wage, capital, and job requirements for the preceding year. For the purposes of a property tax abatement, this compliance report shall include information showing how the wage floor, average wages, and health insurance requirements as set forth in Section 1-2112 (2.), (3.), and (4.) have been met. Such certification will be signed and returned to the City by March 1 of the current year. The accountability period will last only as long as required to meet the performance obligations outlined in the performance agreement.

Utilizing the information gathered, City staff will compile an incentives report, showing statistics and other information relative to each recipient of funds, as well as the overall performance of each fund. The report will be provided to the Public Incentives Review Committee by April 1. If either City staff or the Public Incentive Review Committee finds that substantial compliance has not been met by a firm, as calculated in the respective performance agreements, the firm shall be notified of such finding before presenting the incentives report to the City Commission.

The incentives report along with comments and recommendations from the Public Incentives Review Committee shall be submitted by City staff to the City Commission no later than May 1. This submission shall note any firms that wish to appeal a finding of non-compliance. Firms must provide a written request for appeal of such findings to the City no later than May 15 to ensure that any appeals for the current year are addressed in a timely manner. Written requests to appeal a finding must:

1. address the specific targets the firm is not meeting,
2. include reasons for non-compliance with these particular performance targets, and
3. discuss whether the firm believes that substantial compliance can be met in the following year.

INDUSTRIAL REVENUE BONDS

1-2110 PURPOSE

Industrial Revenue Bonds (IRBs) are an incentive established by the State of Kansas to enhance economic development and improve the quality of life. The City may from time to time grant IRBs when the project under consideration helps further the economic and community development objectives as set forth in this Ordinance and Horizon 2020.

1-2111 CRITERIA

The City favors issuing Industrial Revenue Bonds to projects that bring in new revenues from outside the community or enhance the local quality of life over projects that will primarily compete against other local firms. Additionally, a project must meet the following criteria in order to qualify for IRBs:

1. Only those projects which qualify under Kansas law will be eligible for IRB financing. The City shall look more favorably upon projects that support the targeted industries listed in Section 1-2103, above.
2. The proposed project shall achieve one or more of the following public benefits:
 - (A) meet the economic development goals of the City as set forth in this policy and the Comprehensive Plan of Lawrence and Douglas County;
 - (B) enhance Downtown Lawrence;
 - (C) promote infill through the development of vacant lots, the rehabilitation of deteriorated properties or the adaptive reuse of historic properties;
 - (D) incorporate environmentally sustainable elements into the design and operation of the facility; or
 - (E) provide other public benefits to the community, particularly as set forth in the Comprehensive Plan of Lawrence and Douglas County.

(E)-(F) The proposed project results in a combined positive cost-benefit ratio of 1:1.25 or greater over a 15 year period, as determined by the City adopted cost-benefit model.

For Projects unrelated to primary job creation or affordable housing, the applicant shall submit a "but for" analysis to the City demonstrating the need for the IRB and the purpose for which the IRB revenue will be used. The analysis should support that "but for" the IRB, the project will be unable to proceed. The applicant shall provide City Staff with pro forma cash flow analysis and sources and uses of funds in sufficient detail to demonstrate that reasonably available conventional debt and equity financing sources will not fund the entire cost of the project and still provide the applicant a reasonable market rate of return on investment.

- 3. The prospective tenant shall show the financial capacity to complete the proposed project and successfully market the bonds.

1-2112 SPECIAL CONSIDERATION FOR HOUSING AND RETAIL PROJECTS

Except as indicated below, Industrial Revenue Bonds shall not be granted for projects that are principally for retail or residential use.

- 1. Projects requesting IRBs that are primarily retail in nature shall only be considered if the applicant demonstrates that the project is exceptional and unique, and is likely to add to the retail base by attracting new retail sales or capturing sales that are leaking to other markets.

2.

Projects having four (4) or more residential units seeking an IRB shall only be considered if a portion of those units are set aside for households making 80% of the Area Median Income, as defined annually by the U.S. Department of Housing and Urban Development (HUD) for Douglas County, Kansas.

Projects shall reserve and maintain the number of dwelling units designated as affordable housing units for a period of not less than fifteen (15) years of any Certificate of Occupancy and must have a suitable management program in place to ensure affordable housing eligibility requirements are met for those units. The units set aside for affordable housing are subject to the below parameters.

<u>Affordable Housing Parameters</u>			
<u># Residential Units</u>	<u>% of Residential Units Set Aside for Affordable Housing</u>	<u>Income Parameters</u>	<u>Rent Parameters</u>
<u>4-49</u>	<u>Not less than 10%</u>	<u>80% of Area Family Median Income as defined annually by HUD for Douglas County, Kansas</u>	<u>Fair Market Rent as determined annually by HUD for Douglas County, Kansas</u>
<u>50 or more</u>	<u>Not less than 35%</u>		

~~Projects requesting IRBs that are primarily residential in nature shall only be considered if the project is a multi-family or senior living project and fits the criteria herein described.~~

- 2. ~~Infill development or redevelopment is preferred or~~ mMixed-use projects, or Downtown development are more desirable, ~~as are projects in the Downtown area, and viewed more favorably.~~ Multi-family or senior living projects that contain no non-residential uses and are requesting IRBs must have at least 35% of all housing units set aside for households making 80% of the Area Median Income or less. Infill housing

~~projects shall be looked upon more favorably if they are mixed use, located in Downtown, or both.~~

1-2113 PROCEDURES

1. **Formal Application.** An applicant may pick up a formal application either at City Hall in the City Manager's Office, or online. The applicant shall complete the application and file it with the City Manager. An application fee of \$1,000 is due upon filing in order to help defray the City's cost in processing the application. Such fee shall be collected regardless of the City Commission's action on the application or if the bond issue closes.
2. **Preliminary Review.** City staff will provide an initial review of the application to ensure that it meets the requirements in City policy.
3. **Coordination with Bond Counsel:** City staff will coordinate with the applicant and bond counsel a schedule for the issuance of the bonds which meets the needs of all parties involved. During the process, bond counsel will assist with the preparation of other documents needed for filing through the State of Kansas.

Applicants are encouraged to utilize the City's bond counsel. In the event that the applicant selects other bond counsel, the City may require its bond counsel to be involved in the transaction in a review capacity, depending upon the amount of the transaction and the project involved.

4. **Public Notification:** At least seven (7) days prior to consideration, the City shall prepare a Notice of Public Hearing to be published in the official City newspaper, giving notice of hearing on the IRB request, and indicating the purpose, time and place thereof.
5. **Resolution of Intent and Ordinance Provisions:** The City Commission shall conduct a public hearing and consider a Resolution of Intent followed by two readings of an ordinance authorizing the issuance of the bonds.
6. **Documents:** All documents related to Industrial Revenue Bonds will be kept on file with the City Clerk.

1-2114 SALES TAX EXEMPTIONS

Labor and materials used in construction as well as equipment purchased with IRB proceeds are generally exempted from State and local sales tax. ~~Payments in lieu of sales tax may be made as negotiated between the City and the Applicant.~~

1-2115 INDUSTRIAL REVENUE BONDS AND TAX ABATEMENTS

Applicants that request tax abatements in conjunction with IRBs must follow the policies and procedures set forth in the City's Tax Abatement Policy in addition to the procedures for IRBs as provided above.

1-2116 ORIGINATION AND ADDITIONAL-OTHER FEES

~~At the time the IRBs are issued, Each the applicant who receives an issuance of Industrial Revenue Bonds shall pay all fees associated with the issuance of the Industrial Revenue Bonds. IRBs, including the City's origination fee.~~

~~The applicant shall pay the City an origination fee of 0.0010 of the par amount of bonds being issued on behalf of a for-profit company, unless the project will create primary jobs or add affordable housing to the community. If the project is anticipated to create primary jobs or add affordable housing to the community, the City will not charge an origination fee.~~

~~For IRBs issued on behalf of not-for-profit organizations, the City will not charge an origination fee.~~

1-2117 AUTHORITY TO ISSUE INDUSTRIAL REVENUE BONDS

The authority to approve the issuances of IRBs shall be ~~the responsibility discretionary by of the~~ City and shall be the sole responsibility of the City Commission. The Commission's decision for approval or disapproval will be based on the analysis made by the City staff and the recommendations the staff provides to the City Commission from its review of all pertinent data relating to a particular request for bonds.

1-2118 REPEAL OF PREVIOUS RESOLUTION

Resolution 5239, approved May 4th, 1989 to govern the issuance and use of Industrial Revenue Bonds by the City, is hereby repealed.

PROPERTY TAX ABATEMENTS

1-2119 PURPOSE FOR PROPERTY TAX ABATEMENTS

In order to help meet its economic development objectives, the City may from time to time grant tax abatements to firms that meet State Constitutional requirements or have received an Industrial Revenue Bond, and are within the City's targeted industries. It shall be the policy of the City to grant up to a 50% "Baseline" abatement for firms that meet the investment and employment criteria outlined in Sections 1-2112, 1-2113 and 1-

2114. Firms may receive an additional abatement if they meet the additional criteria outlined in these same sections.

1-2120 DEFINITIONS

For the purpose of the Property Tax Abatement section of the Ordinance, in application to the City of Lawrence, the words or phrases as used shall have the following meaning:

1. "Applicant" shall mean and include the business, property owner or owners, and their officers, employees and agents.
2. "Associated therewith" as used with respect to tangible personal property shall mean being located within, upon, or adjacent to buildings or added improvements to buildings.
3. "Commenced operations" shall mean the start of the business activity housed in the building for which a tax exemption is requested.
4. "Economic development purposes" shall mean the expansion or the establishment of a new business enterprise which:
 - (A) is or proposes to be located or principally based in Kansas; and
 - (B) can provide demonstrable evidence that:
 - i) it is or will be primarily engaged in any one or more of the Kansas basic industries,
 - ii) it is or will be primarily engaged in the development or production of goods or the provision of services for out-of-state sale, or
 - iii) it is or will be primarily engaged in the production of raw materials, ingredients or components for other enterprises which export the majority of their products,
 - iv) it is a national or regional enterprise which is primarily engaged in interstate commerce,
 - v) it is or will be primarily engaged in the production of goods or the provision of services which will supplant goods or services which would be imported into the city, or
 - vi) it is the corporate or regional headquarters of a multistate enterprise which is primarily engaged in out-of-state industrial activities that take place outside of Lawrence.
5. "Kansas basic industry" shall mean:

- (A) agriculture,
 - (B) mining,
 - (C) manufacturing,
 - (D) interstate transportation,
 - (E) wholesale trade which is primarily engaged in multistate activity or which has a major import supplanting effect within the state,
 - (F) financial services which are primarily engaged in providing such services for interstate or international transactions,
 - (G) business services which are primarily engaged in providing such services to out-of-town markets,
 - (H) research and development of new products, processes or technologies, or
 - (I) tourism activities which are primarily engaged in for the purpose of attracting out-of-state tourists.
6. As used in these subsections, "primarily engaged" means engagement in an activity by an enterprise to the extent that not less than fifty-one percent (51%) of the gross income of the enterprise is derived from such engagement.
 7. "Expansion" shall mean the enlargement of a building or buildings, construction of a new building, the addition of tangible personal property, or any combination thereof, which is new to the tax rolls and increases the employment capacity of a business eligible for a tax exemption.
 8. "Tangible personal property" shall mean machinery and equipment which is new to the tax rolls and used during the term of the tax exemption which may be granted.

1-2121 REQUIREMENTS FOR CONSIDERATION OF A TAX ABATEMENT

The City shall only grant a tax abatement to a business which meets the legal requirements for a tax abatement and which indicates in their application that they will fully comply with the following requirements:

1. the business is environmentally sound.
2. the business pays all employees in the abated project an average wage per employment category that meets or exceeds the average in the community as determined annually by the Kansas Department of Human Resources Wage Survey.

3. the business pays all covered employees a wage, at or above, an amount which is equal to one hundred thirty percent (130%) of the federal poverty threshold for a family of three (3), as established by the United States Department of Health and Human Services, as further set forth in Section 1-2113 of this ordinance.
4. the business provides one of the following:
 - (A) the availability of covered employees to obtain 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, or
 - (B) as an alternative to offering an employer-sponsored health insurance policy, the employer shall pay the covered employee a wage which is at least \$1.50 per hour above the amount required in (3.) above.
5. the proposed project and tax abatement results in a combined positive cost:benefit ratio of 1:1.25 or greater over a 15 year period as determined by the City adopted benefit-cost model.

1-2122 WAGE FLOOR AND HEALTH INSURANCE REQUIREMENTS

The requirements of Section 1-2112, subsections (3.) and (4.), may be referred to as the wage floor and health insurance requirements of this policy. The wage floor requirements shall be annually adjusted pursuant to the release of statistical information from the federal government, and the City shall notify in writing the businesses receiving a tax abatement, which are affected by the wage floor requirements. For 2009, the wage floor is \$11.43 per hour. These requirements shall apply to all employees of a business receiving a tax abatement at the specific real estate receiving the tax abatement, with the exception of a business that has Lawrence operations prior to the granting of a tax abatement in which case the wage floor and health insurance requirements shall apply to all employees in the abated project.

The wage floor and health insurance requirements for tax abatements shall not apply to the following employees:

1. employees employed in a bona fide or certified job training program for no more than 60 calendar days (once per employee),
2. temporary employees working fewer than 100 hours per calendar year, or
3. employees with the status of student seasonal workers hired for not to exceed ninety calendar days, or
4. employees of not-for-profit organizations.

Covered employees would not include subcontractors whose work is only incidental to plant operations. Suppliers, raw goods/material suppliers, landscape companies, construction contractors, delivery employees shall not be covered employees.

The wage floor and health insurance requirements shall not apply to employees covered by a collective bargaining agreement that provides a wage higher than the requirements of this ordinance.

In order to ensure compliances with the health and wage floor requirements, firms shall maintain payroll records for covered employees and shall preserve them for a period of two (2) years. The records shall contain:

1. the name and address of each covered employee,
2. the job title and classification,
3. the number of hours worked each day,
4. the gross wages earned and deductions made,
5. records of health insurance payments made by the employee and employer, and
6. additional information necessary to establish that an employee is exempt from the wage floor and health insurance requirements established in this section.

A copy of these records shall be provided to a third-party auditor to review and determine compliance with the requirements of this ordinance. Members of the Public Incentive Review Committee, City staff selected by the City Manager, or the City Commission may review these records in the custody of the third-party auditor but may not do anything to remove or destroy their confidential nature.

1-2123 AMOUNT OF TAX EXEMPTION

It shall be the policy of the City to approve a tax abatement for the real property portion of a project if the project meets the requirements set forth in Sections 1-2112, 1-2113 and 1-2114 of this ordinance. In determining the actual amount of tax abatement to be granted to Kansas basic industries that meet the Economic Development Objectives of Section 1-2102 of this Ordinance, the City shall use as a guideline the following basic schedule:

1. up to fifty percent (50%) property tax abatement for ten years on investments greater than \$7 million in adjusted 2009 dollars and a minimum of 30 new jobs that meet the wage requirements as outlined in Section 1-2112 (3. to 5.), or
2. if the firm has been on the Douglas County property tax rolls for more than 3 years, up to fifty percent (50%) property tax abatement for ten years on investments greater than \$5 million in adjusted 2008 dollars and a minimum of 20 new jobs that meet the requirements outlined in Section 1-2112 (3. to 5.),

3. investments that meet one or more of the following criteria, may receive a property tax abatement that exceeds fifty percent (50%):
 - (A) a company that has been on the Douglas County property tax rolls for at least three (3) years may receive up to an additional ten percent (10%) tax abatement,
 - (B) capital investments that exceed \$10 million dollars in adjusted 2009 dollars may receive up to an additional five percent (5%) abatement,
 - (C) projects constructed in compliance with Leadership in Energy and Environmental Design (LEED) criteria may receive up to an additional five percent (5%) abatement for "Certified" or "Silver" certification, and ten percent (10%) for "Gold" or "Platinum" certification,
 - (D) unique site constraints or construction requirements that make development more difficult and costly may receive up to an additional five percent (5%) abatement,
 - (E) a project that is seen as a catalyst for future projects in an economic development area of focus for the community, such as the biosciences, may receive up to an additional five percent (5%) abatement,
 - (F) a project that is located in a targeted development location as defined by the City Commission, or a site that already has infrastructure in place such as an existing business park, may receive up to an additional five percent (5%) abatement, or
 - (G) a project that is seen as providing exceptional wages given current market conditions, industry norms in Douglas County and other relevant business factors, may receive up to an additional ten percent (10%) abatement.

These criteria are additive. For example, a local firm that invested \$15 million in real property and received LEED gold certification on the new facility, may qualify for a property tax abatement of up to 75%. This abatement would include the 50% "Baseline" abatement, plus a 10% adjustment for being a local firm, plus a 5% adjustment for a capital investment exceeding \$10 million, plus a 10% adjustment for a LEED gold certification.

4. the governing body may vary the amount, maximum, and duration of the abatement provided the net abatement to a business shall not reduce the net tax revenues as would be received pursuant to the above schedules to the local taxing units over ten (10) years.

The abatement term for projects considered under authority of Section 13 of Article 11 of the Kansas Constitution shall begin in the calendar year after the calendar year in which the business commences its operations. The abatement term for Industrial Revenue

Bond (IRB) projects considered under authority of K.S.A. 12-1740 et seq. and K.S.A. 79-201a shall begin in the calendar year after the calendar year in which the bonds are issued.

1-2124 APPLICATION AND RENEWAL FEES

Any business requesting a tax abatement pursuant to this ordinance shall pay to the City an application fee of \$500.00 which shall be submitted at the same time the application form required in Section 1-2105 is submitted. In addition, any business which has been granted a tax abatement shall pay an annual renewal fee in the amount of \$200.00. In addition to the application and renewal fees, the business seeking a tax abatement shall be responsible for any City costs associated with the retention of bond counsel, attorney costs, or auditing costs associated with abatement approval and review, auditing or industrial revenue bond issuance.

1-2125 LETTERS OF INTENT

For IRBs, the City Commission may issue a letter of intent, setting forth in general terms its proposed plans for granting a tax abatement and any conditions thereto. Such letters of intent shall be issued only as an expression of good faith intent and shall not in any way bind the City Commission to the granting of an abatement. Such letters of intent shall expire six months after issuance, but may be renewed. A public hearing shall not be required prior to the issuance of letters of intent. No elected or appointed officer, employee or committee of the City, Chamber employee, or other public or private body or individual, shall be authorized to speak for and commit the City Commission to the granting of a tax abatement. Letters of intent issued by the City Commission shall supersede any letters issued by the Public Incentives Review Committee.

1-2126 MINIMUM PAYMENT IN LIEU OF TAXES

Any applicant receiving a tax abatement pursuant to this ordinance shall be required to make a minimum payment in lieu of taxes. The minimum payment shall equal the amount of property tax paid or was payable for the most recent year prior to the acquisition of the property by the new business or the construction of new buildings or added improvements to buildings. The purpose of requiring a minimum payment in lieu of taxes is to provide the City, the County, the School District and any other taxing jurisdictions affected by the abatement with as much tax revenue from the exempted property as was received prior to the abatement.

1-2127 LEGAL AUTHORITY

The governing bodies of Kansas counties and cities may exempt certain property used by Kansas basic industry for economic development purposes from taxes for a maximum of ten (10) years, in accordance with the provisions of Section 13 of Article 11 of the Kansas Constitution and the provisions of K.S.A 12-1740 et seq. and K.S.A 79-201a, subject to such limitations or prohibitions as may be enacted by the legislature. This authority is discretionary with the City, and the City may provide for tax abatements in

an amount and for purposes more restrictive than that authorized by the Constitution or any such legislation. Pursuant to its home rule and statutory powers, the City may:

- require the owners of any property for which an abatement is requested to provide certain information,
- condition the granting of an abatement to an agreement providing for the payment of in lieu charges or taxes, and
- require the payment of initial application and annual renewal fees reasonably necessary to cover the costs of administration.

1-2128 JURISDICTION

The City shall grant tax abatements only as to property located within the City. The City will advise Douglas County and appropriate school districts on all applications. The City encourages the Board of County Commissioners to advise the City as to applications outside the City and within the three-mile area.

1-2129 NOMINAL TAX DETERMINATION

All tangible property of a business receiving a tax abatement under this ordinance shall be annually assessed by the County Appraiser in the same manner as if it were not exempt, but the amount exempted shall not be placed on the assessment rolls. The amount of the property taxes which would be payable shall also be determined annually by the County Clerk and Treasurer, in the same manner as if the property were not exempt. Separate assessment and tax calculations shall be made for the land and the improvements thereon.

The County Clerk and Treasurer are requested to provide the City with this information as early as possible, but not later than November 15 of each year.

1-2130 SPECIAL ASSESSMENTS

Any tax abatement granted for real property under this ordinance shall not affect the liability of such property for any special assessments levied or to be levied against such property.

1-2131 PIRATING

It is the intent of the City, the County and the Chamber to avoid participation in "bidding wars" between Kansas cities or areas competing for the relocation of an existing Kansas business through attempts to offer the largest tax incentive or other public inducement, which is detrimental to the state's economy and the public interest. It is the policy of the City to discourage applications for tax abatements, or to grant tax abatements which deliberately encourage and cause the pirating of business from another Kansas community to this community. This policy does not preclude the providing of information to companies that inquire about Lawrence or are seeking an expansion rather than a

relocation. It also does not preclude the granting of a tax abatement in those situations-where:

- the company has already made a decision to relocate or expand, or
- the company is seriously considering moving out of state.

1-2132 NO UNFAIR ADVANTAGE

A tax abatement will not be granted if the abatement would create, in the judgment of the City Commission, an unfair advantage for one business over another Lawrence business that competes for the same consumer market within the city.

1-2133 TRANSFER OF OWNERSHIP OR USE

No abatement or tax incentive granted by the City shall be transferred as a result of a change in the majority ownership of the business. Any new majority owner shall file a new application for a tax abatement. Further, the City shall be notified by the business of any substantive change in the use of a tax exempt property.

1-2134 DISTRIBUTION OF REVENUE

The granting of tax abatement by the City Commission is hereby declared to be a contract under the provisions of K.S.A. 12-147. The in lieu of taxes payment which may be required of a business granted a tax abatement under this ordinance shall be paid to the County Treasurer, with notice of the amount and date paid provided to the City. The County Treasurer is directed to apportion the payment to the general fund of all taxing subdivisions, excluding the state, which levies taxes on property where the business is situated. The apportionment shall be based on the relative amount of taxes levied, for any and all purposes, by each of the applicable taxing subdivisions.

1-2135 EXEMPTION ORDINANCE

The City Clerk shall provide a copy of the ordinance, as published in the official city newspaper, granting an abatement from taxation to the applicant for use in filing an initial request for tax exemption as required by K.S.A. 79-213, and by K.S.A. 79-210 for subsequent years.

1-2136 EXEMPTION FORMS

A copy of the exemption application required by K.S.A. 79-213 and 79-210, and the statement required by K.S.A. 79-214 for the cessation of an exempt use of property, shall be filed with the City Clerk by the property owner.

1-2137 NO RETROACTIVE APPLICATION

This ordinance shall only apply to tax abatements approved after the adoption of the ordinance, and shall not apply retroactively to previously approved abatements and projects. Tax abatements granted pursuant to earlier City policies and procedures shall

be governed by the City policy and procedures in effect upon the initial granting of the abatement.

IRB Program Fees

City	Application Fees	Renewal/Monitoring Fees	Issuance/Origination Fees	Other Fees
Lawrence	\$1000 City application fee	None, unless a tax abatement is also associated with the IRB. Renewal application fee is \$200/year for tax abatements.	None	Applicant is responsible for bond counsel and other legal and professional fees associated with bond issuance.
Lenexa	\$2000 application fee	None specified	Origination fees are due upon closing of the debt issue and are reduced by the amount of the application fee. Rate varies depending on if the property is commercial, MF, or a tax-exempt organization. Commercial property origination fees are .0025 of par amount for the first \$10M and increase based on debt amount to a maximum of \$100,000 for commercial and MF projects. There is no maximum for tax-exempt organizations.	\$8,000 retainer fee (retainer required only if applicant is requesting a tax abatement) to be applied to the professional fees incurred on behalf of the City in processing the tax abatement request. Applicant must pay for or reimburse City for costs of legal, financial and administrative work performed in connection with bond issue, throughout life of bond. Origination fee on bond issue, to be reduced by the amount of the application fee.
Manhattan	\$1000 application fee	None specified	Payments-in-lieu of sales tax may be made as negotiated between the city and the applicant.	Applicant is responsible for paying all expenses incurred by the City for professional services pertaining to the project regardless of whether or not the project is approved or a closing on the sale of the contemplated bonds takes place.
Olathe	\$2000 application fee for existing business; \$4000 application fee for new business; all applications for master resolutions of intent where the requested amount of bonds exceeds \$10M shall be charged an additional application fee of \$4000. City can elect to waive any or all City fees in the event the project is deemed to be a targeted industry or in a targeted area.	None specified	For projects not requesting a real property tax abatement, the City shall receive an issuance fee of .0010 of the par amount of bonds being issued on behalf of a for-profit company. In no event shall the the issuance fee be less than \$2000. For nonprofit organizations, the City will not charge an issuance fee for bonds issued. The City will not charge an issuance fee for any amount of any bond issue that refunds a prior bond issue for a tax-exempt, nonprofit organization. For projects requesting a real property tax abatement which are not warehouse, distribution or logistics type development project, the City shall receive an issuance fee of .0025 of the first \$40M par amount of bonds being issued or the amount of constitutional tax abatement being requested. For warehouse, distribution or logistics-type development projects, the City shall receive an issuance fee of .0030 of the par amount of bonds being issued or the amount of constitutional tax abatement being requested. In no instance will the issuance fee be less than \$2500.	Applicant shall reimburse City for all costs associated with the cost-benefit analysis, all legal publication notices, application fees to the Board of Tax Appeals, the City's bond counsel fees and all other miscellaneous costs, including, but not limited to, the City's reasonable costs to process any modifications to existing bond-financed projects (e.g. subordinations and assignments).
Overland Park**	\$250 Application	None specified within IRB resolution 2765		Applicant is responsible for cost of cost-benefit analysis report. For Revenue Bond issuance, \$1,500 per million dollars of issue or \$1,500, whichever is greater for first year issue. \$1,500 per year for the remaining years of the repayment period to cover administration and other City costs. Applicant is responsible for all costs of legal, financial or administrative research or work done in reviewing the proposal.
Shawnee	\$1500 application fee	Additional Fee Payable at closing and on the first and 2nd anniversaries of Issuance Date: \$5000 on each of the three dates. Additional Annual Fee Payable on the first Anniversary Date and Each Anniversary Date thereafter for the Life of the Issue: 0.04% of the bond principal on first \$20M; 0.01% of the bond principal outstanding in excess of \$20M.	0.20% of the bond principal issued on the first \$20M; 0.10% of the bond principal issued on amounts in excess of \$20M.	Applicant must pay all costs of legal fees due to the city Attorney and Bond Counsel associated with the project and exemption.
Topeka	None specified	None specified	None specified	None specified
Wichita	\$660	\$2,500/year + \$1000 redemption	Not specified	Service Fees: The City of Wichita and Sedgwick County reserve the right to impose on any business receiving tax abatements the payment of services fees through the provisions of the economic development incentive agreements for services provided by the applicable Unified School District and the Sedgwick County Fire District. The amount of service fee shall be based on the tax rate of the applicable USD and/or the Fire District and any service fees thus paid shall be remitted to such School and/or Fire District.
WyCo UG	\$1000 for existing businesses; New business application fee is \$2000	Monitoring Fee: \$1000 annual compliance review of all projects receiving a tax abatement (either IRB or EDX)	For projects requesting a tax abatement, applicants shall pay an issuance fee of 0.400 of the first \$10M par amount of bonds being issued or the amount of EDX abatement being requested, plus 0.250 of the par amount in excess of \$10M but less than \$25M; 0.125 of the par amount in excess of \$25M of bonds being issued. Fee is payable at the time bonds are issued.	Applicant shall reimburse the UG for all costs associated with all legal publication notices, application fees to the Court of Tax Appeals, UG's bond counsel fees, and all other miscellaneous costs.

Given an 0.01 origination fee rate, IRBs for a \$10 million project (not creating primary jobs or adding affordable housing to the community) would be subject to the below fees:

Origination Fee Calculation

Origination Fee Rate: 0.01
Amount of IRB Bonds: \$10,000,000
Origination Fee: \$100,000

Total IRB Fees (\$10 million bond issuance)	
Application	\$1,000
Origination	\$100,000
	\$0
Bond Counsel	\$35,000
BOTA	\$500
BOTA	\$,1000
Trustee	\$2,500

For-profit company
 Not-for-profit company
 Estimated
 Kansas Board of Tax Appeals Information Statement
 Kansas Board of Tax Appeals Property Tax Exemption (if also requesting a property tax abatement)
 Estimated

In addition to the above, the applicant is responsible for paying all expenses incurred by the City for professional services and publication notices pertaining to the project regardless of whether or not the project is approved or a closing on the sale of the contemplated bonds takes place.

City	Issuance/Origination Fee Rates	Notes
Lawrence	0.01	
Lenexa	0.0025 for 1st \$10M up to \$100,000 max	Origination fees are due upon closing of the debt issue and are reduced by the amount of the application fee. Rate varies depending on if the property is commercial, MF, or a tax-exempt organization. Commercial property origination fees are .0025 of par amount for the first \$10M and increase based on debt amount to a maximum of \$100,000 for commercial and MF projects. There is no maximum for tax-exempt organizations.
Manhattan		Payments-in-lieu of sales tax may be made as negotiated between the city and the applicant.
Olathe	0.0010-0.0030 of par amount of bonds being issued	For projects not requesting a real property tax abatement, the City shall receive an issuance fee of .0010 of the par amount of bonds being issued on behalf of a for-profit company. In no event shall the the issuance fee be less than \$2000. For nonprofit organizations, the City will not charge an issuance fee for bonds issued. The City will not charge an issuance fee for any amount of any bond issue that refunds a prior bond issue for a tax-exempt, nonprofit organization. For projects requesting a real property tax abatement which are not warehouse, distribution or logistics-type development project, the City shall receive an issuance fee of .0025 of the first \$40M par amount of bonds being issued or the amount of constitutional tax abatement being requested. For warehouse, distribution or logistics-type development projects, the City shall receive an issuance fee of .0030 of the par amount of bonds being issued or the amount of constitutional tax abatement being requested. In no instance will the issuance fee be less than \$2500.
Overland Park**		
Shawnee	0.20 up to \$20M, 0.10 for amounts over \$20M	0.20% of the bond principal issued on the first \$20M; 0.10% of the bond principal issued on amounts in excess of \$20M.
Topeka	None specified	
Wichita	Not specified	
WyCo UG	0.400 up to \$10M; plus 0.250 over \$10 to \$25M; 0.125 over \$25M	For projects requesting a tax abatement, applicants shall pay an issuance fee of 0.400 of the first \$10M par amount of bonds being issued or the amount of EDX abatement being requested, plus 0.250 of the par amount in excess of \$10M but less than \$25M; 0.125 of the par amount in excess of \$25M of bonds being issued. Fee is payable at the time bonds are issued.

RESOLUTION NO. ~~6954XXXX~~

A RESOLUTION ESTABLISHING A POLICY OF THE CITY OF LAWRENCE, KANSAS RELATING TO NEIGHBORHOOD REVITALIZATION AREAS.

WHEREAS, the City of Lawrence, Kansas (the “City”) is committed to the high quality and balanced growth and development of the community while preserving the City’s unique character and broadening and diversifying the tax base; and

WHEREAS, the economic development goals of the City include the expansion of existing businesses, development of new businesses, economic development activities which are environmentally sound, diversification of the economy, quality in-fill development, historic preservation, and the creation of quality jobs; and

WHEREAS, neighborhood revitalization areas are an economic development tool established by K.S.A. 12-17,114 et seq. (the “Neighborhood Revitalization Act”) which can assist with spurring reinvestment and revitalization of properties which can benefit a neighborhood and the general public; and

WHEREAS, the City finds it in the best interest of the public to establish certain policies and guidelines for the consideration of requests to utilize the Neighborhood Revitalization Act (“NRA”) within the City of Lawrence.

NOW, THEREFORE, THE GOVERNING BODY OF THE CITY OF LAWRENCE, KANSAS DOES HEREBY RESOLVE;

SECTION ONE: This policy shall be entitled the Neighborhood Revitalization Act Policy of the City of Lawrence.

SECTION TWO: POLICY STATEMENT: It is the policy of the City to consider the establishment of Neighborhood Revitalization areas in order to promote reinvestment and revitalization of properties which in turn have a positive economic effect upon a neighborhood and the City in general. An applicant may request the City consider the establishment of a Neighborhood Revitalization area under the NRA either for a specific property, group of properties or neighborhood area. In considering the establishment of an NRA, the Governing Body shall consider the criteria outlined in Section Three. ~~In determining the amount of a rebate, the Governing Body may balance the desirability of the project versus the amount and duration of the rebate and the requirements set forth in Section Four. It is the policy of the City to only consider the establishment of Neighborhood Revitalization areas which yield a benefit/cost ratio of at least 1.25.~~

SECTION THREE: CRITERIA:

1. ELIGIBLE AREAS: Eligible areas may include a defined geographic area which encompasses more than one property, or it may be a single property/lot.

2. STATUTORY FINDINGS AND OTHER CRITERIA:

A. STATUTORY CRITERIA. It shall be the policy of the City to create a Neighborhood Revitalization area, if, in the opinion of the Governing Body, the rehabilitation, conservation or redevelopment of the area is necessary to protect the public health, safety or welfare of the residents of the City of Lawrence, it is in the best interest of the City to do so, and if, in the opinion of the Governing Body, one of the following findings, set forth in K.S.A. 12-17,115 can be made:

1. An area in which there is a predominance of buildings or improvements which by reason of dilapidation, deterioration, obsolescence, inadequate provision of ventilation, light, air or open spaces, high density of population and overcrowding, the existence of conditions which endanger life or property by fire and other causes or a combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime and which is detrimental to the public health, safety or welfare;
2. an area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, defective or inadequate streets, incompatible land use relationships, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the actual value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or a combination of such factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is detrimental to the public health, safety or welfare in its present condition and use; or
3. an area in which there is a predominance of buildings or improvements which by reason of age, history, architecture or significance should be preserved or restored to productive use.

B. OTHER CRITERIA. Additionally, the Governing Body will consider whether a project meets the Policy Statement outlined in Section Two, and the project meets a majority of the following criteria when considering the establishment of a Neighborhood Revitalization area:

1. the opportunity to promote redevelopment activities which enhance Downtown Lawrence;

2. the opportunity to promote redevelopment activities for properties which have been vacant or significantly underutilized;
3. the opportunity to attract unique retail and/or mixed use development which will enhance the economic climate of the City and diversify the economic base;
4. the opportunity to enhance the vitality of a neighborhood within the City as supported by the City's Comprehensive Plan and/or other sector planning documents;
5. the opportunity to enhance the community's sustainability by supporting projects which embrace energy efficiency, multi-modal transportation options, or other elements of sustainable design.

Affordable Housing:

Projects having four (4) or more residential units seeking a NRA shall only be considered if a portion of those units are set aside for households making 80% of the Area Median Income, as defined annually by the U.S. Department of Housing and Urban Development (HUD) for Douglas County, Kansas.

Projects shall reserve and maintain the number of dwelling units designated as affordable housing units for a period of not less than fifteen (15) years of any Certificate of Occupancy and must have a suitable management program in place to ensure affordable housing eligibility requirements are met for those units. The units set aside for affordable housing are subject to the below parameters.

<u>Affordable Housing Parameters</u>			
<u># Residential Units</u>	<u>% of Residential Units Set Aside for Affordable Housing</u>	<u>Income Parameters</u>	<u>Rent Parameters</u>
<u>4-49</u>	<u>Not less than 10%</u>	<u>80% of Area Family Median Income as defined annually by HUD for Douglas County, Kansas</u>	<u>Fair Market Rent as determined annually by HUD for Douglas County, Kansas</u>
<u>50 or more</u>	<u>Not less than 35%</u>		

5.—

SECTION FOUR: AMOUNT AND DURATION OF REBATE:

As a standard practice it is the policy of the City to provide a 50% NRA rebate percentage for no longer than 10 years for projects that meet statutory and other criteria as specified in Section Three. Staff will only analyze requests at the 10 year, 50% rebate level unless directed otherwise by the Governing Body.

The City Commission can choose to consider a larger rebate percentage and longer duration period, if the applicant can sufficiently prove the project will provide exceptional benefit to the City or extraordinary circumstances prevail that are in the best interests of the City. Any additional analysis the City Commission deems necessary to help make the case for expanding the NRA rebate percentage or duration period shall be provided by City selected third-party consultants, with all related expenses paid by the applicant.

~~, the City will not provide a rebate amount in excess of 50% of the incremental property taxes and will not establish an NRA for a period of time longer than 10 years. The City may consider a greater rebate and/or a longer duration if sufficiently justified in the “but for” analysis required by Section Five. The determination of the rebate amount and duration of the NRA is the sole discretion of the Governing Body.~~

SECTION FIVE: PROCESS:

1. An applicant ~~wishing requesting the to request that the City consideration of a to create a~~ Neighborhood Revitalization Area in the City of Lawrence shall submit a City incentives application and a narrative description of the project explaining its public benefits, the level of assistance requested and why assistance is needed, request to the City.

The applicant shall furnish additional information, as requested by the City, in order to clarify the request or to assist the Governing Body or Staff with the evaluation of the request.

A nonrefundable application shall be due at the time the incentives application is submitted. Fees are based on the amount of project capital investment and should be made payable to the City of Lawrence:

NRA Application Fees	
Project Capital Investment	Application Fee
<u>\$1,000,000 and Under</u>	<u>\$1,000</u>
<u>\$1,000,000-\$10,000,000</u>	<u>\$3,500</u>
<u>Over \$10,000,000</u>	<u>\$5,000</u>

~~The request shall include information that would be required for a revitalization plan. Such requirements are set forth in K.S.A. 12-17,117. The applicant shall also submit a “but for” analysis to the City demonstrating the need for the NRA and the purpose for which the NRA revenue will be used. The analysis should support that “but for” the NRA, the project will be unable to proceed. The applicant shall provide City Staff with pro forma cash flow analysis~~

~~and sources and uses of funds in sufficient detail to demonstrate that reasonably available conventional debt and equity financing sources will not fund the entire cost of the project and still provide the applicant a reasonable market rate of return on investment.~~

~~The applicant shall furnish such additional information as requested by the City in order to clarify the request or to assist staff or the Governing Body with the evaluation of the request.~~

2. The Governing Body shall receive the request and determine whether to consider ~~the request~~ or deny the request.

If the Governing Body wishes to consider the request, the request shall be referred to the City's Public Incentive Review Committee for review and a recommendation. Unless directed otherwise by the Governing Body, Staff will perform analysis for the project at the 50%, 10-year rebate level.

The Governing Body may also set a date for a public hearing to consider the establishment of a revitalization area and a revitalization plan.

3. The applicant shall submit a "but for" analysis to the City demonstrating the need for the NRA and the purpose for which the NRA revenue will be used. The analysis should support that "but for" the NRA, the project will be unable to proceed. The applicant shall provide City Staff with pro forma cash flow analysis and sources and uses of funds in sufficient detail to demonstrate that reasonably available conventional debt and equity financing sources will not fund the entire cost of the project and still provide the applicant a reasonable market rate of return on investment.

4. The applicant shall provide City Staff with information required for a revitalization plan as set forth in K.S.A. 12-17,117.

~~Staff will perform a benefit/cost analysis on the project. The Governing Body may also set a date for a public hearing to consider the establishment of a revitalization area and a revitalization plan.~~

~~3. 5. Douglas County and USD 497 are also important parties related to a NRA request. When an NRA is considered, the City and the applicant will work with Douglas County and USD 497 to seek concurrence from these entities regarding the establishment of an NRA.~~

~~64.~~—The Governing Body will determine whether one of the findings set forth in Section Three can be made regarding the request. Additionally, the Governing Body shall consider the other criteria outlined in Section Three.

~~7. 5.~~—The Governing Body shall hold a public hearing, after the required statutory notice is provided, and consider adoption of the revitalization plan to establish the revitalization area.

~~86.~~ The City will require a performance agreement with the property owner to require adherence to the adopted Neighborhood Revitalization Plan.

~~9. 7.~~—The merits of the proposal under this policy shall guide the decision on the application without regard to the applicant.

SECTION SIX: PUBLIC INCENTIVES REVIEW COMMITTEE AND GOVERNING BODY ANNUAL REVIEW OF THIS POLICY:

~~Annually~~Periodically, the Public Incentives Review Committee and the Governing Body shall review this policy.

SECTION SEVEN: AUTHORITY OF GOVERNING BODY: The Governing Body reserves the right to deviate from any policy, but not any procedure set forth in state law, when it considers such action to be of exceptional benefit to the City or extraordinary circumstances prevail that are in the best interests of the City. Additionally, the Governing Body, by its inherent authority, reserves the right to reject any proposal or petition for creation of a NRA at any time in the review process when it considers such action to be in the best interests of the City.

SECTION EIGHT: REPEAL OF RESOLUTION 69~~5424~~. Resolution 69~~5424~~ is hereby repealed.

SECTION NINE: EFFECTIVE DATE: This Resolution shall take effect immediately.

ADOPTED by the Governing Body this ___the day of _____, 201~~5~~4.

~~Aron E. Cromwell~~Mike Amyx, Mayor

ATTEST:

~~Jonathan M. Douglass~~Brandon McGuire, Acting City Clerk

RESOLUTION NO. ~~6952XXXX~~

A RESOLUTION ESTABLISHING A POLICY OF THE CITY OF LAWRENCE, KANSAS RELATING TO TRANSPORTATION DEVELOPMENT DISTRICTS.

WHEREAS, the City of Lawrence, Kansas (the "City") is committed to the high quality and balanced growth and development of the community while preserving the City's unique character and broadening and diversifying the tax base; and

WHEREAS, the economic development goals of the City include the expansion of existing businesses, development of new businesses, economic development activities which are environmentally sound, diversification of the economy, and the creation of quality jobs; and

WHEREAS, transportation development districts are an economic development tool established by K.S.A. 12-17,140 et seq. (the "TDD Act") which can assist with the development of transportation projects which can benefit a development and the public; and

WHEREAS, the City finds it in the best interest of the public to establish certain policies and guidelines for the consideration of petitions that may be presented to the City by applicants requesting the establishment of a Transportation Development District ("TDD").

NOW, THEREFORE, THE GOVERNING BODY OF THE CITY OF LAWRENCE, KANSAS DOES HEREBY RESOLVE;

SECTION ONE: POLICY STATEMENT: It is the policy of the City to consider the establishment of TDDs in order to promote economic development within the City. An applicant may petition the City to utilize special assessments or a special sales tax to fund the transportation related projects eligible under the TDD statutes. Such projects shall be limited to improvements that are above and beyond what the City would normally require and the use of TDD shall not alter the requirements of the City's Development policy in regard to the requirements of a development to pay for public infrastructure. In considering the establishment of a TDD, the Governing Body shall consider the criteria outlined in Section Two. TDD shall only be used in the following circumstances: 1) pay-as-you-go in situations where the applicant proposes to install all of the public improvements at no cost to the City; or 2) in situations where the City installs all or a portion of the public improvements, and the applicant provides funding through payments to the City or special assessment benefit districts, pursuant to the City's development policy. When establishing a TDD, consideration should be given to pedestrian and public transportation needs.

SECTION TWO: CRITERIA: It shall be the policy of the City to create a TDD, if, in the opinion of the Governing Body, it is:

1. is the best interest of the City to do so, and;
2. it is consistent with the Policy Statement in Section One, and;
3. the creation of such a TDD would meet one or more of the following criteria:
 - a. Promote and support efforts to redevelop sites within the City.
 - b. Attract unique retail and/or mixed use development which will substantially enhance the economic climate of the City and diversify the economic base.

Affordable Housing:
Projects having four (4) or more residential units seeking a TDD shall only be considered if a portion of those units are set aside for households making 80% of the Area Median Income, as defined annually by the U.S. Department of Housing and Urban Development (HUD) for Douglas County, Kansas.

Projects shall reserve and maintain the number of dwelling units designated as affordable housing units for a period of not less than fifteen (15) years of any Certificate of Occupancy and must have a suitable management program in place to ensure affordable housing eligibility requirements are met for those units. The units set aside for affordable housing are subject to the below parameters.

<u>Affordable Housing Parameters</u>			
<u># Residential Units</u>	<u>% of Residential Units Set Aside for Affordable Housing</u>	<u>Income Parameters</u>	<u>Rent Parameters</u>
<u>4-49</u>	<u>Not less than 10%</u>	<u>80% of Area Family Median Income as defined annually by HUD for Douglas County, Kansas</u>	<u>Fair Market Rent as determined annually by HUD for Douglas County, Kansas</u>
<u>50 or more</u>	<u>Not less than 35%</u>		

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SECTION THREE: PROCESS:

1. An applicant wishing to request the City to create a TDD in the City of Lawrence shall first submit a petition to the City. The petition must be signed by the owners of all of the land within the proposed district and shall include all information required by K.S.A. 12-17,142 and amendments thereto;. In addition to the information required by K.S.A. 12-17, 142, the applicant shall provide evidence in a form satisfactory to the City of the applicant's financial ability to

complete the project as proposed. The applicant shall also provide information disclosing the amount of financial commitment the applicant proposes to contribute to the proposed project, and any other analysis as required under Section Four.-

2. The petition must meet all of the requirements of the TDD Act and this policy, and must be submitted in sufficient time for staff to follow established procedures for publication of notice, to review the project's site plans, and to analyze the merits of the proposed TDD in the context of existing economic development and infrastructure projects.

3. The applicant shall furnish such additional information as requested by the City in order to clarify the petition or to assist staff or the Governing Body with the evaluation of the petition.

4. The applicant and the Governing Body shall then follow the process set forth in the TDD Act, as amended, for consideration of the petition to create a TDD and creation of a TDD, if appropriate City staff shall make available to the public in a timely manner information summarizing the TDD Act and the process for evaluating a request to create a TDD. The City's process for considering the request to create a TDD will emphasize transparency, while balancing the potential need for some applicant information to remain confidential. Further, the City's process for considering the request for the creation of a TDD shall encourage public participation and comment.

5. The merits of the proposal under this policy shall guide the decision on the application without regard to the applicant.

SECTION FOUR: APPLICANT REQUIREMENTS:

~~1. The For projects unrelated to primary job creation or affordable housing, the~~ applicant shall provide a "but for" analysis to the City demonstrating the need for the TDD and the purpose for which the TDD revenue will be used. The analysis should support that "but for" the TDD, the project will be unable to proceed. The applicant shall provide City Staff with pro forma cash flow analysis and sources and uses of funds in sufficient detail to demonstrate that reasonably available conventional debt and equity financing sources will not fund the entire cost of the project and still provide the applicant a reasonable market rate of return on investment.

~~2. Projects requesting TDDs that will have four or more residential units, shall only be considered if the project will have at least 35% of the housing units set aside for households making 80% of the Area Median Income or less~~

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2.3. The applicant shall provide evidence in a form acceptable to the City, that the applicant has the financial ability to complete the proposed project in a timely manner.

3. Projects with equity or private financing contributions from the applicant in excess of fifteen percent (15%) of the total TDD-eligible expenses will be viewed more favorably.

In conjunction with an ordinance passed to create a TDD under this resolution, a development or redevelopment agreement with the applicant shall also be considered. ~~Such agreement will outline the responsibilities of the City and the applicant.~~ The agreement will outline the obligations of the parties involved, specify performance targets, and contain audit language based on the parameters of the project.

4.

SECTION FIVE: SIGNAGE REQUIREMENTS:

Upon establishment of a TDD utilizing sales tax as the source of TDD revenue, each business shall have a sign prominently displayed at each public entrance for the duration of time that the TDD sales tax is collected. The sign shall be a minimum size of 8.5 inches by 11 inches with a font size of at least 30. The sign shall at a minimum contain the following:

“This project made possible by Transportation Development District Financing. Additional Transportation Development District sales tax of ___% collected here.”

SECTION SIX: PAYMENT OF CERTAIN COSTS.

The City may require the applicant to enter into a funding agreement to finance costs incurred by the City for additional legal, financial and/or planning consultants, or for director out-of pocket expenses and other costs relating from services rendered to the applicant to review, evaluate, process and consider the petition for a transportation development district.. Such costs and expenses may be deemed costs of the project, to the extent permitted by the TDD Act, as amended..

SECTION SEVEN: AUTHORITY OF GOVERNING BODY.

The Governing Body reserves the right to deviate from any policy, but not any procedure set forth in this Resolution or any other procedural requirements of state law, when it considers such action to be of exceptional benefit to the City or extraordinary circumstances prevail that are in the best interests of the City. Additionally, the Governing Body, by its inherent authority, reserves the right to reject any proposal or petition for creation of a TDD at any time in the review process when it considers such action to be in the best interests of the City.

SECTION EIGHT: REPEAL OF RESOLUTION 67906952. Resolution ~~6790-6952~~ is hereby repealed.

SECTION NINE: EFFECTIVE DATE. This Resolution shall take effect immediately.

ADOPTED by the Governing Body this _____ day of _____, ~~2011~~2016

~~Aron E. Cromwell~~Mike Amyx, Mayor

ATTEST:

~~Jonathan M. Douglass~~Brandon McGuire, Acting City Clerk

RESOLUTION NO. ~~6953XXXX~~

**A RESOLUTION ESTABLISHING A POLICY OF THE CITY OF LAWRENCE,
KANSAS RELATING TO COMMUNITY IMPROVEMENT DISTRICTS.**

WHEREAS, the City of Lawrence, Kansas (the "City") is committed to the high quality and balanced growth and development of the community while preserving the City's unique character and broadening and diversifying the tax base; and

WHEREAS, the economic development goals of the City include the expansion of existing businesses, development of new businesses, economic development activities which are environmentally sound, diversification of the economy, and the creation of quality jobs; and

WHEREAS, quality redevelopment and infill projects are highly desired within the City; and

WHEREAS, community improvement districts are an economic development tool established by K.S.A. 12-6a26 et seq. (the "Act") which can assist with economic development and the promotion of tourism and cultural activities by providing a means to finance certain public and private improvements through the levy of special assessments and/or the imposition of a community improvement district sales tax; and

WHEREAS, community improvement districts can provide public benefits to the community without diverting existing tax revenues; and

WHEREAS, the City finds it in the best interest of the public to establish certain policies and guidelines for the consideration of petitions that may be presented to the City by applicants requesting the establishment of a Community Improvement District ("CID").

**NOW, THEREFORE, THE GOVERNING BODY OF THE CITY OF LAWRENCE,
KANSAS DOES HEREBY RESOLVE:**

SECTION ONE: POLICY STATEMENT

1. It is the policy of the City to consider the establishment of CIDs in order to promote economic development and tourism within the City for redevelopment or infill projects. In considering the establishment of a CID, the Governing Body shall consider the criteria outlined in Section Two.
2. CID revenue shall only be used for redevelopment or infill projects and shall only be used to fund public improvements, with the exception of certain private external building or site improvements which can be shown to benefit the City and are beyond what would normally be required by the City. A CID may finance all or a portion of the public improvements associated with a project. In general, the CID will only finance a portion of private external or site improvements, limited to those improvements above and beyond the City's requirements. Examples include enhanced landscaping or exterior building improvements. The City may consider full

financing of cultural amenities and facilities that support culture and tourism, even if they are private improvements.

3. CIDs shall only be used in situations where the applicant proposes to install all of the improvements at no cost to the City and later be reimbursed for such costs on a pay-as-you-go basis from special assessments levied within the CID or CID sales tax revenues generated within the CID; or in situations where the City installs all or a portion of the improvements by the City's issuance of special obligation CID revenue bonds.

SECTION TWO: CRITERIA

It shall be the policy of the City to create a CID, if, in the opinion of the Governing Body:

1. it is in the best interest of the City to do so, and;
2. the CID proposal meets the Policy Statement outlined in Section One, and;
3. the CID proposal would meet a majority of the following:
 - a) Attract unique commercial, office, industrial, and/or mixed use development which will enhance the economic climate of the City and diversify the economic base.
 - b) Encourage retail projects that enhance the retail base by either attracting new sales or capturing sales that are leaking to other markets.
 - c) Create facilities which promote the cultural, historical, or artistic elements of the region and enhance tourism and the quality of life.
 - d) Assist in the building of infrastructure or new real property beyond what the City can require to be built or would otherwise be built.

Affordable Housing:

Projects having four (4) or more residential units seeking a CID shall only be considered if a portion of those units are set aside for households making 80% of the Area Median Income, as defined annually by the U.S. Department of Housing and Urban Development (HUD) for Douglas County, Kansas.

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Projects shall reserve and maintain the number of dwelling units designated as affordable housing units for a period of not less than fifteen (15) years of any Certificate of Occupancy and must have a suitable management program in place to ensure affordable housing eligibility requirements are met for those units. The units set aside for affordable housing are subject to the below parameters.

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Affordable Housing Parameters			
# Residential	% of Residential Units Set Aside	Income Parameters	Rent Parameters

<u>Units</u>	<u>for Affordable Housing</u>		
<u>4-49</u>	<u>Not less than 10%</u>	<u>80% of Area Family Median Income as defined annually by HUD for Douglas County, Kansas</u>	<u>Fair Market Rent as determined annually by HUD for Douglas County, Kansas</u>
<u>50 or more</u>	<u>Not less than 35%</u>		

SECTION THREE: METHOD OF FINANCING

Community improvement district proposals may be financed in one of the following forms:

1. Pay-as-you-go financing based either on a special assessment within the CID or a CID sales tax within the district,
2. Special Obligation bond financing payable wholly through special assessments within the CID;
3. Special Obligation bond financing payable in part through special assessments within the CID and in part through a CID sales tax; or
4. A combination of the foregoing methods.

Any special CID sales tax within the district must comply with the requirements set forth in the Act. The City will not provide credit enhancements for special obligation bonds; however, credit enhancement provided by the applicant on any bonds will be viewed favorably. Private financing of improvements will be encouraged by the City and viewed more favorably. The City shall not issue general obligation bonds for CID eligible costs, however, the City may consider issuance of general obligation bonds for city-approved public improvements if it deems it appropriate. The proposed method of financing will be clearly shown in the petition requesting creation of a CID. The City has sole determination of the method of financing.

SECTION FOUR: PROCESS FOR CONSIDERING ESTABLISHMENT OF A CID

1. An applicant wishing to request the City to create a CID in the City of Lawrence shall first submit a petition to the City, and any other required documents or analysis, such as that required under Section Five. In addition to the information required by the Act, applicants seeking the issuance of special obligation bonds shall provide evidence in a form satisfactory to the City of the applicant's financial ability to complete the project as proposed. Such applicants shall also provide information disclosing the amount of financial commitment the applicant proposes to contribute to the proposed project.

2. An applicant seeking to finance all or a portion of the CID-eligible expenses with a special sales tax or special assessment must obtain the signatures of one hundred percent (100%) of the property owners within the District.
3. The petition must meet all of the requirements of the Act and this policy, and must be submitted in sufficient time for staff to follow established procedures for publication of notice, to review the project's site plans, and to analyze the merits of the proposed CID in the context of existing economic development and infrastructure projects, and review the applicant's financial submittals.
4. The applicant shall furnish such additional information as requested by the City in order to clarify the petition or to assist staff or the Governing Body with the evaluation of the petition.
5. The applicant and the Governing Body shall then follow the appropriate process set forth in the Community Improvement District Act, for consideration of the petition to create a CID. The City's process for considering the request to create a CID will emphasize transparency, while balancing the potential need for some applicant information to remain confidential. Further, the City's process for considering the request for the creation of a CID shall encourage public participation and comment.
6. The merits of the proposal under this policy shall guide the decision on the application without regard to the applicant.

SECTION FIVE: APPLICANT REQUIREMENTS

1. ~~For projects unrelated to primary job creation or affordable housing, the,~~ The applicant shall provide a "but for" analysis to the City demonstrating the need for the CID and the purpose for which the CID revenue will be used. The analysis should support that "but for" the CID, the project will be unable to proceed. The applicant shall provide City Staff with pro forma cash flow analysis and sources and uses of funds in sufficient detail to demonstrate that reasonably available conventional debt and equity financing sources will not fund the entire cost of the project and still provide the applicant a reasonable market rate of return on investment.
2. The applicant shall provide evidence in a form acceptable to the City, that the applicant has the financial ability to complete the proposed project in a timely manner, and successfully market the bonds, if applicable.
3. For applicants seeking the issuance of special obligation bonds, projects with equity or private financing contributions from the applicant in excess of fifteen percent (15%) of the total CID-eligible expenses will be viewed more favorably.

In conjunction with an ordinance passed to create a CID under this resolution, a development or redevelopment agreement with the applicant shall also be considered.

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"The agreement will outline the obligations of the parties involved, specify performance targets, and contain audit language based on the parameters of the project."

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Such agreement will outline the responsibilities of the City and the applicant.

4.

SECTION SIX: MAXIMUM CID REVENUE, CID TERM AND PERCENTAGE OF CID SALES TAX

1. When a CID is established, a cap shall be set on the maximum dollar amount of revenue that can be reimbursed to the project. The maximum amount will relate to the funding gap identified in the "but for" analysis provided by the applicant. Once the maximum amount of revenue is received, the CID sales tax shall cease, regardless of its term.
2. The term and the percentage of the CID sales tax may vary from project to project. However, the term and percentage shall not exceed the revenue necessary as specified in the "but for" analysis.

SECTION SEVEN: SIGNAGE REQUIREMENT FOR CID SALES TAX

Upon establishment of a CID utilizing sales tax as the source of CID revenue, each business shall have a sign prominently displayed at each public entrance for the duration of time that the CID sales tax is collected. The sign shall be a minimum size of 8.5 inches by 11 inches with a font size of at least 30. The sign shall at a minimum contain the following:

"This project made possible by Community Improvement District Financing. Additional Community Improvement District sales tax of ___% collected here."

SECTION EIGHT: FEES

The applicant shall provide, along with the petition, an application fee of \$2,500 to cover City expenses associated with reviewing and processing a CID request.

The City may also require the applicant to enter into a funding agreement to finance costs incurred by the City for additional legal, financial and/or planning consultants, or for direct out-of-pocket expenses and other costs relating to services rendered to the City to review, evaluate, process and consider the petition for a CID.

For projects seeking only pay-as-you-go financing through a special sales tax, an annual administrative fee may be negotiated between the City and the applicant.

For all other projects, the applicant shall pay 0.5% of the taxes reimbursed to the applicant or the applicant's successor each year for the life of the CID to cover administrative fees associated with monitoring the District.

All fees paid by the applicant may be deemed costs of the project, to the extent permitted by the Act and subject to approval of the City Commission.

SECTION NINE: AUTHORITY OF GOVERNING BODY

The Governing Body reserves the right to deviate from any policy, but not any procedure set forth in this Resolution or any other procedural requirements of state law, when it considers such action to be of exceptional benefit to the City or extraordinary circumstances prevail that are in the best interests of the City. Additionally, the Governing Body, by its inherent authority, reserves the right to reject any petition for creation of a CID at any time in the review process when it considers such action to be in the best interests of the City.

SECTION TEN: REPEAL OF RESOLUTION 6887

Resolution ~~6887-6953~~ is hereby repealed.

SECTION ELEVEN: EFFECTIVE DATE

This Resolution shall take effect upon adoption by the Governing Body.

ADOPTED by the Governing Body this ____ day of ____, 201~~6~~.

~~Aron E. Cromwell~~ Mike Amyx, Mayor

ATTEST:

~~Jonathan M. Douglass~~ Brandon McGuire, Acting City Clerk

RESOLUTION NO. ~~6789~~XXX

A RESOLUTION ESTABLISHING A POLICY OF THE CITY OF LAWRENCE, KANSAS RELATING TO TAX INCREMENT FINANCING DISTRICTS.

WHEREAS, the City of Lawrence, Kansas (the "City") is committed to the high quality and balanced growth and development of the community while preserving the City's unique character and while revitalizing and redeveloping areas of the City; and

WHEREAS, economic development is a joint responsibility of the private and public sectors, working closely together creating a positive business environment and to encourage commercial development and expansion in the City; and

WHEREAS, the economic development goals of the City include the expansion of existing businesses, development of new businesses, economic development activities which are environmentally sound, diversification of the economy, and the creation of quality jobs; and

WHEREAS, to meet these economic development goals, the City recognizes the need to assist in the redevelopment of property located within the City by the creation of redevelopment districts; an economic development tool established by K.S.A. 12-1770 et seq. (the "TIF Act") for the financing of qualified redevelopment projects; and

WHEREAS, redevelopment activities, due to complexities of existing infrastructure and development, often require larger financial investments and meet a larger public goal; and

WHEREAS, the City finds it in the best interest of the public to establish certain policies and guidelines for the consideration of proposals that may be presented to the City by applicants requesting Tax Increment Financing ("TIF") assistance; and

WHEREAS, all projects must demonstrate financial and economic reasons such that they would not otherwise go forward and be viable, but for conditions of blight, extenuating circumstances which exist in the site, location, or other factors related to the proposed development.

NOW, THEREFORE, THE TAX INCREMENT FINANCING POLICY FOR THE CITY OF LAWRENCE, KANSAS, WILL BE AS FOLLOWS:

SECTION ONE: POLICY STATEMENT:

It is the policy of the City to consider the judicious use of TIF for those projects which demonstrate a substantial and significant public benefit by constructing public improvements in support of developments. For the purposes of this policy “a substantial and significant public benefit” may include one or more of the following benefits: creating new jobs and/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. Projects which encourage redevelopment congruent with City goals, plans and/or policies will be considered more favorably. The City Commission also encourages projects that will be sensitive to the environment and contain elements which promote energy efficiency.

SECTION TWO: PROCESS:

1. An applicant wishing to request the City to create a redevelopment district within the City of Lawrence shall first submit a detailed written proposal to the City Manager. The proposal shall include, but is not limited to: (a) a proposed comprehensive plan that identifies all the proposed redevelopment project areas and that identifies in a general manner all of the buildings and facilities that are proposed to be constructed or improved in each redevelopment project area; (b) description and map of the proposed redevelopment district; (c) description of the proposed boundaries of the redevelopment district; (d) information regarding expected capital expenditure by the applicant; and (e) a proposal for development assistance.

2. The applicant shall furnish such additional information as requested by the City Manager in order to clarify and evaluate the submittal.

3. The Governing Body shall then determine whether it desires to commence the statutory process to create a redevelopment district as set forth in the TIF Act. City staff shall make available to the public in a timely manner information summarizing the TIF Act and the process for evaluating a request to create a redevelopment district. The City’s process for considering the request to create a redevelopment district within the City will emphasize transparency, while balancing the potential need for some applicant information to remain confidential. Further, the City’s process for considering a request to create a redevelopment district shall encourage public participation and comment.

4.. The applicant and City will enter into a redevelopment agreement upon satisfactory approval of the redevelopment project plan. The agreement will

outline the obligations of the parties involved, specify performance targets, and contain audit language based on the parameters of the project.

SECTION THREE: POLICY GUIDELINES. The following criteria are to be used by the Governing Body and staff to evaluate TIF Proposals:

1. Each TIF proposal must demonstrate that "but for" the use of TIF, the project would not be completed. Such evaluation may include a review of appropriate market returns for a project that takes into consideration the type of the project, the site and other relevant factors. This evaluation will take place in conjunction with the feasibility study as required by statute.

2. All TIF proposals requesting the issuance of bonds or notes will be required to demonstrate that the incremental taxes and/or the economic activity taxes expected to be generated will be sufficient to provide a debt coverage factor of at least 1.25 times the projected debt service on the tax increment bonds or notes. Debt service coverage greater than 1.25 times may be necessary to market any notes or bonds that are limited to public offerings. At the discretion of the City, applicant or bank purchased bonds may be less than 1.25 times debt service coverage. Alternatively, applicants may provide a guarantee or other credit enhancement to cover any shortfalls in revenue in a manner that is satisfactory to the City.

3. The total amount of TIF assistance provided for projects will be based on the economic payoff expectations of the project and its significance to the community.

4. Each TIF proposal must include evidence in a form acceptable to the City that the applicant has the financial ability to complete and operate the proposed project.

5. Projects that have at least 50% of the total project costs (redevelopment project costs as defined by the TIF Act and costs reasonably related to the project that are not included in the TIF Act's definition of redevelopment project costs) paid by the applicant will be viewed more favorably.

6. The City will require satisfactory assurance that the project will be completed in a timely manner in accordance with the redevelopment project plan and redevelopment agreement.

7. Projects having four (4) or more residential units seeking a TIF shall only be considered if a portion of those units are set aside for households making

80% of the Area Median Income, as defined annually by the U.S. Department of Housing and Urban Development (HUD) for Douglas County, Kansas.

Projects shall reserve and maintain the number of dwelling units designated as affordable housing units for a period of not less than fifteen (15) years of any Certificate of Occupancy and must have a suitable management program in place to ensure affordable housing eligibility requirements are met for those units. The units set aside for affordable housing are subject to the below parameters.

<u>Affordable Housing Parameters</u>			
<u># Residential Units</u>	<u>% of Residential Units Set Aside for Affordable Housing</u>	<u>Income Parameters</u>	<u>Rent Parameters</u>
<u>4-49</u>	<u>Not less than 10%</u>	<u>80% of Area Family Median Income as defined annually by HUD for Douglas County, Kansas</u>	<u>Fair Market Rent as determined annually by HUD for Douglas County, Kansas</u>
<u>50 or more</u>	<u>Not less than 35%</u>		

~~TIF proposals for residential redevelopment projects may be considered for removal of blight and revitalization of older developed neighborhoods, and/or to provide for public improvements to benefit economic development and employment.~~

8. TIF proposals for the redevelopment of existing residential neighborhoods, commercial and industrial areas will be viewed more favorably. Projects to stabilize current residential neighborhoods, commercial, and industrial areas that have or will likely experience deterioration will also be viewed more favorably.

SECTION FOUR: PAYMENT OF CERTAIN COSTS. Upon submission of the proposal to the City Manager, the applicant shall enter into a funding agreement with the City to pay out-of-pocket costs of the City in connection with the evaluation of the applicant's proposal for the creation of the redevelopment district, the redevelopment project plan and the redevelopment agreement, including outside consultant, financial advisor and attorney fees. Consultant and attorney fees may be reimbursed to the applicant from bond proceeds or TIF revenues if a redevelopment district is established and redevelopment project plan approved, to the extent such costs are "redevelopment project costs" as defined by the TIF Act.

SECTION FIVE: REQUEST FOR PROPOSAL. The City may initiate a Request for Proposal for a redevelopment project.

SECTION SIX: METHOD OF FINANCING. TIF proposals may request that TIF assistance be provided in one of the following forms:

1. Special Obligation Bond Financing;
2. Direct Reimbursement to the applicant when improvements are privately financed; or
3. Any combination of the foregoing methods.

In deciding which method of financing to use, the prevailing factor in making the determination will be total costs and the security for the bonds. The City will not provide credit enhancements for the special obligation bonds; however, credit enhancement provided by the applicant on any bonds will be viewed favorably. Private financing of improvements will be encouraged by the City and viewed more favorably. Generally, the City will not issue General Obligation Bonds for TIF eligible costs. The proposed method of financing will be clearly shown in the application and the redevelopment project plan. The City has sole determination of the method of financing.

SECTION SEVEN: CERTAIN ECONOMIC ACTIVITY TAXES. Sales taxes, property taxes, or other applicable taxes may be considered for purposes of the tax increment derived from TIF economic activity taxes. The City may make incremental City Sales Taxes and/or Transient Guest Taxes associated with the redevelopment district available as TIF incentives. Generally, the City will make no more than 50% of the incremental sales and transient guest taxes available for a redevelopment project. For STAR Bond projects that meet state required criteria, additional revenues may be required.

SECTION EIGHT: OTHER CONDITIONS. The City reserves the right to modify or waive any or all of these policies in accordance with the approved redevelopment project plan and/or redevelopment agreement.

SECTION NINE: AUTHORITY OF GOVERNING BODY. The Governing Body reserves the right to deviate from any policy, but not any procedure set forth in this Resolution or any other procedural requirements of state law, when it considers such action to be of exceptional benefit to the City or extraordinary circumstances prevail that are in the best interests of the city.

SECTION TEN: REPEAL OF RESOLUTION 6789. Resolution 6789 is hereby repealed.

SECTION ~~TEN~~ ELEVEN: EFFECTIVE DATE. This Resolution shall take effect immediately.

ADOPTED by the Governing Body this _____ day of
| _____, ~~2008~~2016.

| ~~Michael Dever~~Mike Amyx, Mayor

ATTEST:

| ~~Frank S. Reeb~~Brandon McGuire, Acting City Clerk