

City of Lawrence Outside Agency Annual Report For Calendar Year 2021

Reports on activity should be submitted electronically to Britt Crum-Cano, at bcano@lawrenceks.org by 5:00pm on Tuesday, February 15, 2022. To answer the following questions please refer to your [2021 application/agreement for funding](#).

Reporting Period: Calendar Year 2021

Agency Name: Bioscience & Technology Business Center

1. Refer to the program in which your agency received funding; provide a participant success story that helps demonstrate the accomplishments of the program.

Program: Economic Development Agency

Participant success story:

The KU Innovation Park continued to build upon its success in calendar year 2021. City funds helped the Park add seven companies to its system. As of year-end 2021, City contributions have supported the creation, attraction, and retention of 62 companies employing a total of 491 jobs with a combined payroll of \$29.5MM. The job growth of Park companies in 2021 has been robust. From 2020 to 2021, job growth has grown 29.5%. This compares to Lawrence (3.3%) and the State of KS (2%).

In order to continue building on the Park's success and further its economic development mission, it has begun construction on Phase III, a 66,000 square foot facility which will enable the Park to support more companies on its West Campus location. It will house an additional 8-12 companies employing 200-250 high quality, high-paying jobs in the Lawrence community. Phase III is the next step in a comprehensive plan to develop a technology park on KU's West Campus.

2. Refer to your 2021 agreement for funding; provide a brief narrative of the activities funded with City funds. See supporting document attached.
3. Refer to your 2021 agreement for funding; report what progress was made toward your proposed outcomes and comment as necessary.

Outcomes	List 2021 outcomes from agreement	Comment as necessary
Outcome #1	Continue Mission to recruit, create, grow companies and jobs	The Park added 7 companies and 112 jobs in 2021, which is over 29% job growth rate in spite of the pandemic.
Outcome #2	Phase III Construction	Phase III construction started in 2021 and will be completed in June 2022
Outcome #3	Execute Strategies for transition to the KU Innovation Park	BTBC officially transitioned to the KU Innovation Park in 2021 including a complete branding and website transition.

4. Refer to the line-item budget provided in your 2021 application for funding; is this accurate to how your allocation was actually spent? If no, what changed and why?

Budget Categories	Requested Amount	Actual Amount	Comment as necessary
Personnel			
Fees & Services	\$75,000	\$75,000	Phase III Construction Contribution

Estimates/Bids			
Travel			
Marketing			
Cost of Materials			
Operating Expenses	\$200,000	\$200,000	Operating funds
Other	\$25,000	\$25,000	Incentive funding - unused funds accrued
Grand Total	\$300,000	\$300,000	



End of Year Report
December 29, 2021

Phase III

Construction of the Phase III project continues on pace for April 2022 completion with a tentative official move-in date of May 1, 2022. The structure is nearly enclosed which should limit the weather risk as we head into the winter months. The project costs are on budget except for some minor build-out expenses of tenant company spaces; subcontractors have increased their costs. The project contractor and architect are managing this situation. The funding relationship with EDA is going well.



We are holding company commitments for approximately 85% of the available space in the new building. We will be finalizing leases in the next 60 days. We are also communicating with several other companies for the additional available space. We expect to be 90% to 92% occupied at the time the building opens in May. The FY22 revenue budget assumption for Phase III is 85%. Phase III will house 12 to 15 companies when fully occupied.

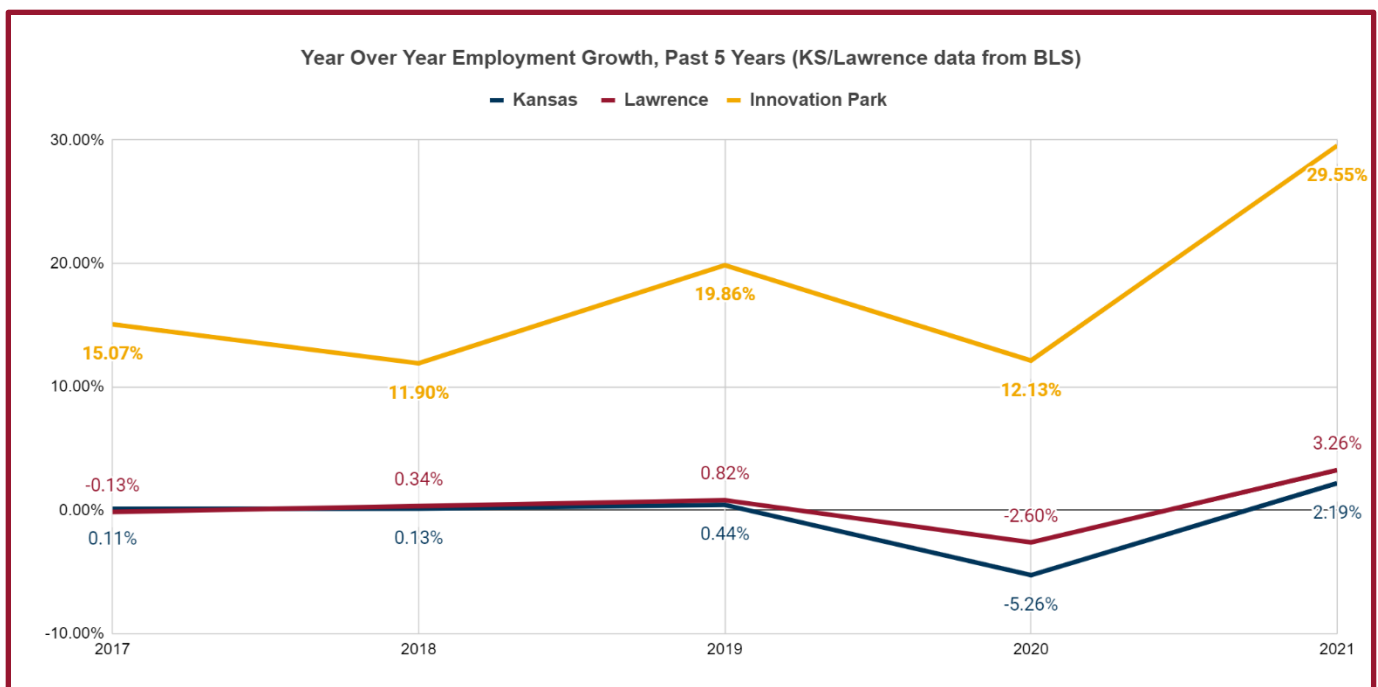


We are providing tours of the new facility as part of the ongoing branding, marketing, and transition to the Innovation Park. Please let any of us know if you have any interest in a tour or know of persons who might benefit from experiencing the new building. A public event celebrating the formal opening of Phase III will be held in late May, following the KU commencement ceremonies. We will be coordinating a specific date with stakeholder leaders and political dignitaries in January.

2021 Metrics and Financial performance

The Park will close 2021 with 62 companies, an increase of seven companies in 2021. Of these seven companies, five are start-up enterprises, two of which are KU spin-outs. These companies have a total of 491 direct employees and are supporting a consolidated direct payroll of \$29.5MM. Park system companies have raised a total of nearly \$3MM in new capital in 2021. We have already identified 2022's first company addition to the Park, Phoreus Biotech. A profile of the company is attached. Phoreus is a bioscience disruptor with two patented nanocarrier technologies. The company, based in Kansas City, is establishing additional operations in Lawrence in an effort to collaborate with KU. It will occupy space in the MRB facility until Phase III is completed.

The job growth of Park companies in 2021 has been robust. From 2020 to 2021, job growth has grown 29.5%. This compares to Lawrence (3.3%) and the State of KS (2%). Please see the following graph for this detail. All these jobs are in the professional, technology, science and management sector which contributes to the Park's goal to create a more balanced and diverse economy.



Regarding budget performance, the Innovation Park will close FY21 with total operating revenue of \$2.78MM against a budget of \$2.71MM. This constitutes a \$68,000 positive variance. Most of the revenue variance is attributable to rent and business services. Total expense at year end is projected to be \$2.93MM compared to the budget plan of \$3.05MM or a \$119,000 positive variance. Depreciation accounts for \$515,000 of the expense. The positive expense variance is due, primarily, to debt service which adjusted mid-year following the recapitalization of the enterprise. On a net income basis, the Park will close the year with -\$148,000 compared to budget of -\$335,00 or a positive variance of \$187,000.

The Park's balance sheet at year end indicates \$25MM in assets. This represents asset growth in 2021 of \$2MM.

Cash is expected to be \$2.2MM on December 31, 2021.

Phase IV & V

The Phase IV & V proposal, adopted by the board in August 2021, is the next major stage of the Park's 2036 development plan. The proposal has been informally presented to the Kansas Department of Commerce and members of the Kansas Strengthening People and Revitalizing Kansas (SPARK) executive committee. SPARK is being funded by the federal CARES act in response to the COVID pandemic. In the first quarter of 2022 a more formal application submission of the proposal will be made to SPARK and members of the Kansas Legislature. We are working on the contents of that application. While we do not expect to receive the full amount of the Phase IV and V proposal (\$88MM) we are optimistic some funding for these infrastructure projects will be received, provided we can make a compelling case with support of Park stakeholders. The application is expected to be fully reviewed in Spring and Summer, 2022.

Commensurate with the planning for the 2036 growth initiative, we are coordinating plans with the KU Endowment Association and its Crossing development planned for the expanded intersection of Iowa and 23rd St. in Lawrence. The Crossing will provide important amenities for the Innovation Park including housing, childcare, retail. A coordinated communication effort among KUEA, KU, and the Park is being pursued as an information and marketing strategy.

Governance

Derek Kwan has been reappointed by the Lawrence Chamber of Commerce as the Park's Chamber stakeholder representative for 2022. Further, Kristin Eldridge, Chamber President in 2022, will serve as the Chamber's observer member.

Board meetings at the Park in 2022 are as follows, start time at 9:00a:

- * Thursday, March 3, 2022
- * Thursday, May 12, 2022
- * Thursday, August 18, 2022 or August 25, 2022 (please hold both dates)
- * Thursday, November 3, 2022, or November 10, 2022 (please hold both dates)

Summary

The coming year will be impactful. The Park will open Phase III, launch an expanded business resources accelerator, and will pursue the next stages of growth and development with Phase IV and V. In the first quarter of the year, the Park will achieve the 500 jobs milestone as companies expand business operations. We will continue to rebrand the enterprise under its new name, KU Innovation Park, and focus on delivering business resources to Park companies making them more profitable and innovative. These activities will be pursued in the spirit of the Park's overarching purpose which is to generate commerce delivering to Lawrence, Douglas County, and to the State a more robust, diverse, and resilient economy.

Two novel peptide nanocarriers:
Branched Amphipathic Peptide Capsules (BAPC™)
& Corraling Amphipathic Peptide Colloids (CAPC™)



COLD CHAIN ELIMINATION

Up to 50% of global vaccines are wasted every year due to cold chain issues. The current carriers of mRNA vaccines are unstable, making them ill-suited for the task of mass, global vaccination.



PRECISION DELIVERY

New nucleic acid (mRNA) vaccines and therapeutics are more effective when they can be directed to specific areas of the body. The high level of customization of our nanocarriers make them the ideal carrier for this task.



REFORMULATE EXISTING PHARMACEUTICALS

Many drugs fail due to issues with delivery. While a new cancer therapeutic might be effective, due to its insoluble nature, it simply can't be delivered where it's needed. Our nanocarriers can make these products completely soluble in water, allowing pharmaceutical researchers to revisit old IP for new drug candidates.

Providing the carriers needed for the delivery of mRNA in new vaccines, therapeutics, and biopesticides.

Phoreus is a bioscience disruptor with two patented nanocarrier technologies that can revolutionize the delivery of mRNA in vaccines, therapeutics, and biopesticides. Our nanotechnology can eliminate cold chain for vaccines, provide precision delivery of nucleic acid (mRNA) vaccines/therapies, and allows repurposing/reformulation of existing pharmaceuticals and agricultural chemicals.

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