



2018

City of Lawrence, KS

Annual Economic Development Report

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Executive Summary

Each year, the City of Lawrence reviews and reports information on performance and compliance for active economic development programs, including participation in property tax abatements, Industrial Revenue Bonds (IRB), Neighborhood Revitalization Areas (NRA), Tax Increment Financing districts (TIF), Transportation Development Districts (TDD), and other supported programs. This information is summarized within an annual economic development report, published by the City, as required by City Code.

In 2018, the City supported a variety of economic development projects that utilized one or more economic development programs. Following is a summary of the active projects for the year. Historical information is included in the report's appendices.

Property Tax Abatements:

In addition to providing traditional property tax abatements in 2018, the City supported three projects via the "Catalyst" program, a temporary incentive program for providing real property tax abatements to help spur industrial development.

- VanTrust's Phase I development, part of a three-phase development project in Lawrence VenturePark, was substantially completed at the end of 2018, delivering more than 153,000 square feet in new industrial space and \$10.2 million in capital investment. Its 70%, 10-year abatement is anticipated to begin with the 2019 tax year.
- Plastikon substantially completed a Phase I & II expansion project at its facility in East Hills Business Park in November 2018, providing approximately 50,000 square feet of additional space at \$3.2 million in building capital investment. The 70%, 10-year abatement is anticipated to start with the 2019 tax year.



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- In 2018, Grandstand received authorization to participate in the Catalyst program for a 112,000 square feet expansion to their main facility in East Hills Business Park. Construction is anticipated to start in 2019 and be completed by the end of the year.

Four (4) Lawrence companies had traditional (non-Catalyst) property tax abatements in 2018: 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

Investments

- Real property (land and building) investment was just under \$13.4 million in 2018 as compared to \$6 million projected. To date, real property investments included over \$12.2 million for Grandstand and approximately \$1.16 million for Sunlite. Amarr did not receive a real property tax abatement.

| Real Property Investment | | | |
|--------------------------|--------------------------------------|---------------------|-------------------------------------|
| Company | Total Projected (in 2018 dollars) | Total 2018 | Comparison (Projected to Actual) |
| Amarr | n/a | n/a | n/a |
| Grandstand | \$4,890,000 | \$12,218,889 | 250% |
| Sunlite | \$1,130,000 | \$1,158,155 | 102% |
| Total (2018) | \$6,020,000 | \$13,377,044 | 222% |

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



Executive Summary

- In 2018, personal property (machinery and equipment) investment totaled \$9.7 million compared to \$9.4 million projected. Amarr was the only company receiving a personal property abatement since the other two companies received automatic personal property tax exemptions through state law.²

| Personal Property Investment | | | |
|------------------------------|--------------------------------------|--------------------|-------------------------------------|
| Company | Total Projected (in 2018 dollars) | Total 2018 | Comparison (Projected to Actual) |
| Amarr | \$9,400,000 | \$9,700,000 | 103% |
| Grandstand | n/a | n/a | n/a |
| Sunlite | n/a | n/a | n/a |
| Total (2018) | \$9,400,000 | \$9,700,000 | 103% |

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



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Employment

In 2018, Amarr had 264 full-time positions (40 projected), Grandstand had 195 full-time positions (102 projected), and Sunlite had 9 full-time positions (31 projected)³.

| Full-Time Employment | | | |
|----------------------|--------------------------------------|------------|-------------------------------------|
| Company | Total Projected (in 2018 dollars) | Total 2018 | Comparison (Projected to Actual) |
| Amarr ⁴ | 40 | 264 | 660% |
| Grandstand | 102 | 195 | 191% |
| Sunlite | 31 | 9 | 30% |
| Total (2018) | 173 | 468 | 271% |

³ Per 2018 Sunlite application, the original prediction of number of employees was based on manufacturing LED lamps for general lighting areas. In the past two years, general lighting was no longer profitable for Sunlite. Sunlite is now focusing on special LED lighting products such as LED curing lamps and ED fixtures for vertical gardens. Sunlite has increased activity on research and development for new products in 2018, so the average wage is higher than expected, but number of FTE is lower than expected.

⁴ The number of jobs projected from abatement was 40, as per Kansas Court of Tax Abatement (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 2018, Amarr reported 803 actual, full-time positions and had realized 264 net new full-time positions (803-539 = 264).



Executive Summary

Full-Time Wages

All companies receiving property tax abatements met or exceeded required wage levels during 2018. Average 2018 full-time wages were \$39,879 for Amarr, \$47,050 for Grandstand, and \$54,330 for Sunlite.

As a whole, the companies achieved an average annual wage of more than \$47,000 for full-time positions in 2018 compared to approximately \$33,500 projected (inflation adjusted). This is approximately \$13,500 higher than the average full-time, private sector wage in Lawrence (\$33,599 per year) and approximately \$20,000 higher than the 2018 wage floor rate (\$27,019 per year).

| Average Wage Comparison | | | |
|----------------------------------|--------------------------------------|-----------------|-------------------------------------|
| Company | Total Projected (in 2018 dollars) | Total 2018 | Comparison (Projected to Actual) |
| Amarr | \$34,083 | \$39,879 | 117% |
| Grandstand | \$32,802 | \$47,050 | 143% |
| Sunlite | \$33,500 | \$54,330 | 162% |
| Total Average Wage (2018) | \$33,461 | \$47,086 | 141% |

| Wage Comparisons | | | Wage Difference |
|-------------------------------|---------|----------|-----------------|
| 2018 Wage Comparison | Hourly | Annual | |
| Lawrence Average Private Wage | \$16.15 | \$33,599 | \$13,487 |
| Lawrence Wage Floor | \$12.99 | \$27,019 | \$20,067 |
| Company Average Wage | \$22.64 | \$47,086 | |



Executive Summary

Tax Generation

In 2018, companies receiving traditional property tax abatements paid a combined \$190,921 in property taxes out of a total of \$341,191 due (\$150,269 abated).⁵ Amarr paid a total of \$113,291 in personal property tax out of \$138,588 due (\$25,297 abated); Grandstand paid a total of \$55,232 in real property tax out of \$157,807 due (\$102,575 abated); and Sunlite paid a total of \$22,398 in real property tax out of \$44,796 due (\$22,398 abated).

| 2018 Tax Generation | | | | |
|---|------------------|------------------|------------------|-------------------|
| (on portion of property receiving an abatement) | | | | |
| Company | Taxes Paid | Tax Abated | Total Taxes | Abated % of Total |
| Amarr | \$113,291 | \$25,238 | \$138,588 | 18% |
| Grandstand | \$55,232 | \$102,575 | \$157,807 | 65% |
| Sunlite | \$22,398 | \$22,398 | \$44,796 | 50% |
| Total | \$190,921 | \$150,210 | \$341,191 | 44% |

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



Executive Summary

Industrial Revenue Bonds (IRB):

Nine (9) companies had Industrial Revenue Bonds (IRB) outstanding in 2018.⁶ 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. It should be noted that IRBs are backed by private sources, with no obligation on the part of the City for repayment.

| 2018 IRBs: Outstanding | | | | | |
|--|---------------|----------------|--------------|-------------------|--|
| Company | Date of Issue | Issuing Ord. # | Year Matures | Amount Authorized | Project |
| Bowersock: Series 2011A | Dec. 2010 | 8607 | 2037 | \$14,060,000 | Hydro-Electric Facility |
| Bowersock: Series 2011B | Mar. 2011 | 8620 | 2025 | \$8,720,000 | Hydro-Electric Facility |
| Bowersock: Series 2011C | Mar. 2011 | 8620 | 2016 | \$1,035,000 | Hydro-Electric Facility |
| Rock Chalk Park | Oct. 2013 | 8862 | 2023 | \$40,000,000 | Commercial Recreational Facility |
| 826 Pennsylvania Street* | Dec. 2016 | 9316 | 2018 | \$3,200,000 | Mixed-Use Commercial/Multi-Family Residential |
| Dwayne Peaslee Technical Training Center, Inc.: Series 2016* | Dec. 2016 | 9321 | 2019 | \$2,000,000 | Technical Training Center |
| Boys & Girls Club* | Dec. 2017 | 9431 | 2019 | \$5,000,000 | Teen Facility Addition to College & Career Center |
| Lawrence Memorial Hospital-Series 2018* | Apr. 2018 | 9441 | 2048 | \$90,000,000 | Existing Facility Improvements & New Hospital in West Lawrence |
| Lawrence Humane Society* | Jun. 2018 | 9447 | 2019 | \$7,500,000 | New Animal Shelter |
| Heritage Tractor* | Dec. 2018 | 9572 | 2019 | \$3,000,000 | Commercial Facility (rebuild) |
| VanTrust-Phase I | Dec. 2018 | 9573 | 2028 | \$10,200,000 | Industrial Building |

* IRB used for a sales tax exemption on construction materials and not affiliated with a tax abatement.

⁶ IRBs for Vermont Place were authorized in 2017 but had not been issued by the end of 2018.



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Neighborhood Revitalization Areas (NRA):

The below six (6) companies received NRA rebates for the 2018 tax year.⁷ Rebates were not yet due for the 1101 Indiana Street NRA or Vermont Place NRA.⁸

| 2018 NRA Rebates | |
|-----------------------------------|------------------|
| Neighborhood Revitalization Areas | Amount |
| 720 E 9th Street | \$14,117 |
| 1040 Vermont Street | \$26,512 |
| 810/812 Pennsylvania Street | \$26,460 |
| 1106 Rhode Island Street | \$11,753 |
| 900 Delaware Street | \$32,416 |
| 826 Pennsylvania Street | \$60,791 |
| NRA Subtotal | \$172,048 |

⁷ Distribution details are shown in Appendix B.

⁸ 1101 Indiana Street had not met substantial project completion by the end of 2018 and was not eligible for a 2018 tax year rebate. The Vermont Place project had not proceeded by the end of 2018 and was not eligible for a 2018 tax year rebate.



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In 2018, NRAs generated just under eighty-two percent (82%) more real property tax revenue as compared to property tax revenues that would have been realized if the properties were left in original condition.

| 2018 Tax Revenue Comparison: All NRAs | | | |
|---------------------------------------|-----------------|------------------|---------------|
| NRA | Base | Retained | % Gain (Loss) |
| 720 E 9th St | \$13,522 | \$14,515 | 7.3% |
| 1040 Vermont St | \$28,734 | \$34,256 | 19.2% |
| 810/812 Pennsylvania St | \$4,040 | \$8,529 | 111.1% |
| 900 Delaware St | \$2,655 | \$3,371 | 27.0% |
| 1106 Rhode Island St | \$2,836 | \$3,607 | 27.2% |
| 826 Pennsylvania St | \$11,196 | \$50,299 | 349.3% |
| Total | \$62,983 | \$114,576 | 81.9% |

*Unimproved
Property*

*Improved
Property*

Return

Overall (for all years in which an NRA rebate was given), the six NRA revitalized properties generated an average of fifteen percent (15%) more real property tax revenues as compared to property tax revenues that would have been realized if the properties were left in original condition.



Executive Summary

Tax Increment Financing Districts (TIF):

The City has three (3) active TIF districts: Downtown 2000, Oread, and the 9th & New Hampshire district, which includes 900 New Hampshire (South project) and 888 New Hampshire (North project).⁹

| 2018 TIF Distributions | | |
|---|---|-------------|
| TIF District | Description | Total |
| Downtown 2000 | 901 New Hampshire | \$28,085 |
| Oread | TIF Sales Tax \$168,467 | \$530,455 |
| | TIF Property Tax \$361,989 | |
| 9th & New Hampshire: South Project ¹⁰ | 900 New Hampshire: TIF Sales Tax \$112,208 | \$477,739 |
| | 900 New Hampshire: TIF Property Tax \$341,644 | |
| | City Retained TIF (5%) \$23,887 | |
| 9th & New Hampshire: North Project ¹⁰ | 888 New Hampshire: TIF Sales Tax \$329 | \$240,665 |
| | 888 New Hampshire: TIF Property Tax \$228,303 | |
| | City Retained TIF (5%) \$12,033 | |
| TIF Total | | \$1,276,944 |

- 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. The District does not pay out to private entities except for the 901 New Hampshire Street property which receives an annual reimbursement of \$28,085 that was authorized via agreement.

⁹ Distribution details are shown in Appendix B.

¹⁰ The City retains 5% of 9th & New Hampshire TIF revenue for the Arts Common project, up to \$900,000.



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- The Oread TIF District was created to help fund public improvements supporting the multi-level lodging, hospitality, and business venue at 12th and Oread. Public improvements to streets and infrastructure, including a parking garage, were financed initially by the developer and are reimbursed annually through both TIF and TDD revenues generated within the district. In 2018, the District generated \$530,455 in reimbursable sales and property tax TIF revenues.
- The 9th & New Hampshire TIF District was created in 2012 and includes two project areas: 900 New Hampshire (South Project) and 888 New Hampshire (North Project).
 - In 2018, 900 New Hampshire Street (South Project) generated \$477,738 in reimbursable sales and property tax TIF revenues (\$453,851 reimbursed to the property owner, \$23,887 retained by the City.¹¹)
 - In 2018, 888 New Hampshire Street (North Project) generated \$240,665 in reimbursable sales and property tax TIF revenues (\$228,632 reimbursed to the property owner, \$12,033 retained by the City.¹²)

¹¹ The City retains 5% for the Arts Common project, up to \$900,000.

¹² The City retains 5% for the Arts Common project, up to \$900,000.



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At the end of 2018, the City had retained approximately \$86,000 in 9th & New Hampshire TIF revenues generated to date.¹³

| Annual City Retained 5% TIF Distribution | |
|--|-----------------|
| Year | City 5% TIF |
| 2015 | \$3,880 |
| 2016 | \$21,789 |
| 2017 | \$24,386 |
| 2018 | \$35,920 |
| Total | \$85,975 |

¹³ The City retains 5% for the Arts Common project, up to \$900,000.



Executive Summary

Transportation Development Districts (TDD):

The City has three (3) active TDDs: The Oread TDD, Free-State/Bauer Farms TDD, and the 9th & New Hampshire TDD.¹⁴ In all TDDs, public improvements are financed initially by the developer and reimbursed annually via a one percent (1%) transportation district sales tax on retail or taxable services occurring within the district.

| 2018 TDD Distributions | |
|-----------------------------------|------------------|
| Oread: TDD Sales Tax | \$87,049 |
| Bauer Farms: TDD Sales Tax | \$248,184 |
| 9th & New Hampshire TDD | |
| 900 New Hampshire (South Project) | \$0 |
| 888 New Hampshire (North Project) | \$0 |
| TDD Total | \$335,234 |

At the end of 2018, the City had retained all 9th & New Hampshire TDD revenues generated to date.¹⁵

| Annual City Retained TDD Distributions | |
|--|------------------|
| Year | TDD Revenues |
| 2015 | \$21,622 |
| 2016 | \$49,434 |
| 2017 | \$50,829 |
| 2018 | \$47,664 |
| Total | \$169,550 |

¹⁴ Distribution details are shown in Appendix B.

¹⁵ The City retains the first \$850,000 of TDD revenues from the 9th & New Hampshire district as a contribution toward the 10th & New Hampshire City parking garage.



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 2018 include:

| 2018 Other Support Programs | | | 2018 Assistance | |
|-------------------------------|--|---|-----------------|-----------|
| Support Program | Description | Location | City | County |
| Economic Development Services | Bioscience & Technology Business Center (BTBC) | 2029 Becker & 4950 Research Pkwy | \$418,540 | \$568,540 |
| Economic Development Services | Chamber and KU-SBDC | 718 New Hampshire | \$220,000 | \$220,000 |
| Workforce Training | Peaslee Technical Training Center | 2920 Haskell Avenue | \$150,000 | \$195,105 |
| Expansion Assistance | Hilary's Expansion | 2205 Haskell Avenue & 2151 Haskell Avenue | \$10,000 | \$10,000 |



Introduction

The City of Lawrence provides multiple support programs for economic development opportunities designed to enhance the local economy and quality of life. Local economic development programs available include:

- Industrial Revenue Bonds (IRB)
- Property Tax Abatement
- Neighborhood Revitalization Area (NRA)
- Tax Increment Financing (TIF)
- Transportation Development District (TDD)
- Community Improvement District (CID)
- Loans or Grants
- Creation of Benefit Districts
- Construction or Installation of Infrastructure

Guiding Documents:

Economic development programs are guided by the City's comprehensive plan and economic development policy.

Horizon 2020 Comprehensive Plan

Economic development goals are outlined in Chapter 13 of *Horizon 2020, The Comprehensive Plan for Lawrence and Unincorporated Douglas County* and include: 1) Employment Growth, 2) Tax Base Growth, and 3) Income Growth.¹

¹ During 2018, the City was in the process of reviewing and updating the Comprehensive Plan, but it was not finalized by the end of the year.



Introduction

Economic Development Policy

Eligibility and requirements for program participation are detailed within the City's economic development policy. It should be noted that in January 2017, the City adopted a revised economic development policy (Resolution 7184) that outlines local economic development tools that the City, County and School District can utilize to assist economic development projects. The revised policy is not retroactive and states, "Any existing economic development incentive shall be governed by the policy and procedures in existence at the time of the inception of that particular economic development incentive."

Compliance & Reporting:

As economic development programs involve public funding for current and future community assets, projects participating in these programs are viewed as an investment. The City analyzes the risks and returns of potential projects, selecting ones that best balance the City's economic development goals (stated in the comprehensive plan and policy) of growing the local economy with the required amount of investment.

To monitor the success of local economic development assistance programs, the City conducts an annual review of all projects participating in these programs. Information on participating projects, public investment provided, and compliance is published each year in the City's *Annual Economic Development Report*.



Introduction

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

| 2018 Major Economic Development Support Programs | | | |
|--|---|--|-------|
| Incentive Program | Description | Location | Map # |
| Tax Abatements | Amarr | 3800 Greenway circle | 1 |
| | Screen-It Graphics/Grandstand | 3840 Greenway Circle | 2 |
| | Rock Chalk Park | 6100 Rock Chalk Drive | 3 |
| | Sunlite Science & Technology, Inc. | 4811 Quail Crest Place | 4 |
| Catalyst Tax Abatements | VanTrust Phase I | Lawrence Venture Park, Lot B1 | 5 |
| | Plastikon Healthcare Phase I & II Expansion | 3780 Greenway Circle | 6 |
| | Grandstand Phase I Expansion | 3840 Greenway Circle | 7 |
| Industrial Revenue Bonds (IRB) | Bowersock (Hydro-Electric Plant) | Kansas River, east of N 2nd Street | 8 |
| | Rock Chalk Park | 6100 Rock Chalk Drive | 9 |
| | 826 Pennsylvania Street | 826 Pennsylvania Street | 10 |
| | Peaslee Technical Center-2016 | 2920 Haskell Avenue | 11 |
| | Boys & Girls Club | 2910 Haskell Avenue | 12 |
| | Lawrence Memorial Hospital-2018 | 325 Maine Street, 6th Street & Kansas Hwy 10 | 13 |
| | Lawrence Humane Society | 1805 E 19th Street | 14 |
| | Heritage Tractor | 1110 E. 23rd Street | 15 |
| | VanTrust-Phase I | 1110 E. 23rd Street | 16 |
| Neighborhood Revitalization Areas (NRA) | 8th and Pennsylvania Street District | 720 E 9th Street | 17 |
| | 1040 Vermont (Treanor Headquarters) | 1040 Vermont Street | 18 |
| | 810/812 Pennsylvania (Cider Building) | 810/812 Pennsylvania Street | 19 |
| | 1106 Rhode Island Street (Hernly Assocs.) | 1106 Rhode Island Street | 20 |
| | 1101 Indiana Street (HERE Kansas) | 1101/1115 Indiana Street | 21 |
| | 900 Delaware Street (9 Del Lofts) | 900 Delaware Street | 22 |
| | 826 Pennsylvania Street | 826 Pennsylvania Street | 23 |
| Tax Increment Financing (TIF) | Downtown 2000 District | 9th & New Hampshire area | 24 |
| | 901 New Hampshire (TIF Refund) | 901 New Hampshire | 25 |
| | Oread Project | 1200 Oread Avenue | 26 |
| | 9th & New Hampshire TIF District | 900 New Hampshire, 888 New Hampshire | 27 |

Continued

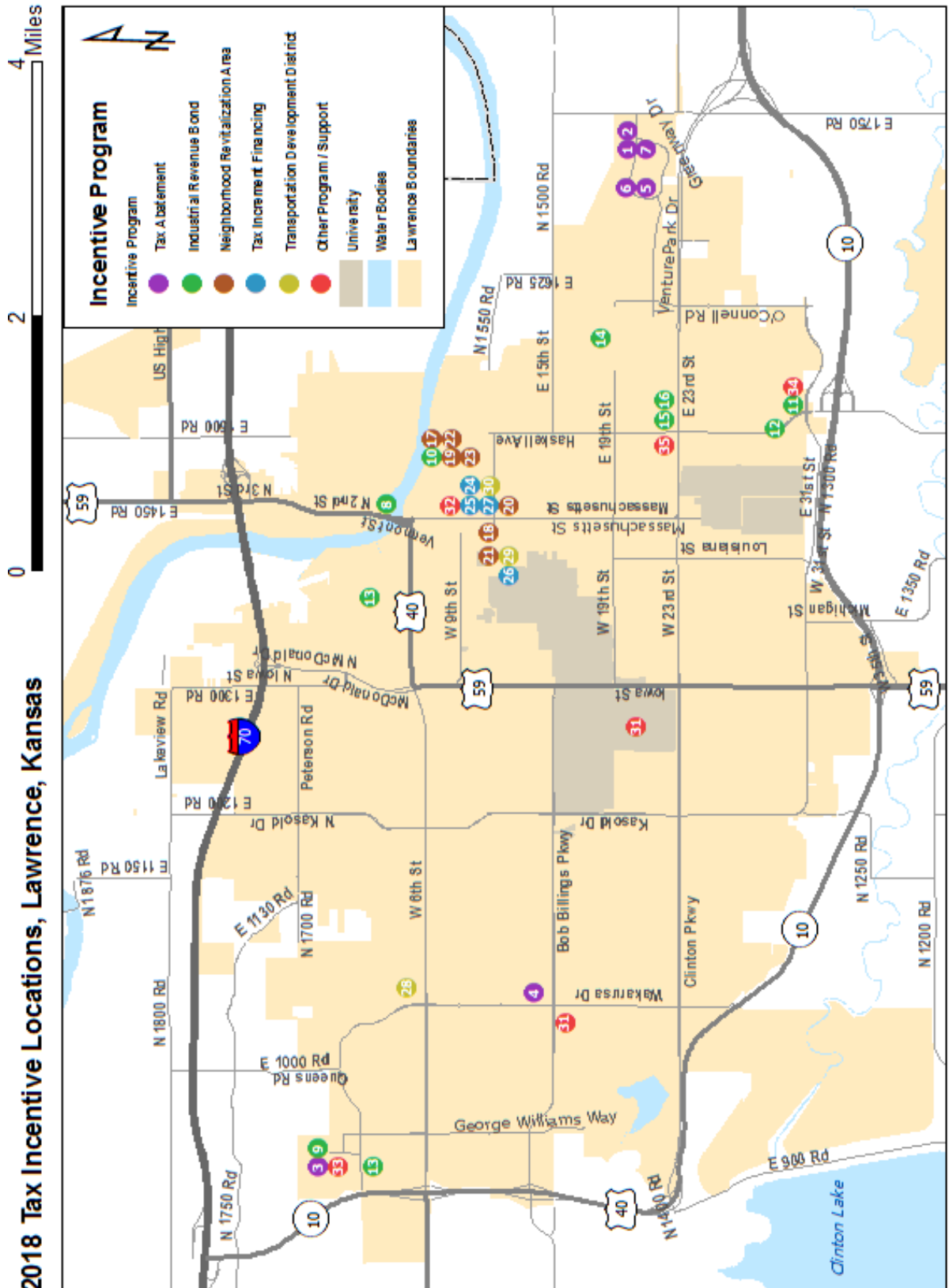


Introduction

| | | | |
|---|-----------------------------------|--------------------------------------|--------------|
| Transportation Development Districts (TDD) | Free State (Bauer Farm) | NEC 6th & Wakarusa | 28 |
| | Oread Project | 1200 Oread Avenue | 29 |
| | 9th & New Hampshire TDD District | 900 New Hampshire, 888 New Hampshire | 30 |
| 2018 Other Support Programs | | | |
| Support Program | Description | Location | Map # |
| Economic Development Services | BTBC | 2029 Becker & 4950 Research Pkwy | 31 |
| Economic Development Services | Chamber and KU-SBDC | 718 New Hampshire | 32 |
| Shared Infrastructure | Rock Chalk Park | 6100 Rock Chalk Drive | 33 |
| Workforce Training | Peaslee Technical Training Center | 2920 Haskell Avenue | 34 |
| Expansion Assistance | Hilary's Eat Well | 2151 Haskell Avenue | 35 |



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 to spur 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 buildings and can be authorized for up to 10 years by state statute.

The City has two paths for seeking approval of a real property tax abatement¹:

1. **Traditional Property Tax Abatement**—Eligibility and other criteria for seeking a tax abatement through the traditional process is outlined within the City's economic development policy. Projects granted a traditional tax abatement are subject to annual reporting and compliance requirements throughout the duration of the incentive period. This information is used by the City to assess the effectiveness of the projects in bringing capital investment, quality jobs and wages, and other benefits to the community. The majority of projects presented in this section had property tax abatements authorized via the traditional approval process.

¹ Note all property tax abatements are subject to final approval by the Kansas Board of Tax Appeals.



Property Tax Abatements

2. **Catalyst Property Tax Abatement**—Beginning spring of 2017, a real property tax abatement for industrial development projects could be processed through the Catalyst program, a special, temporary incentive program designed to spur economic development activity within the community. Originally authorized in April 2017 for new industrial projects constructed in Lawrence VenturePark or East Hills Business Park, the program was further expanded in June 2017 to include industrial development throughout the City of Lawrence.

Because this is a special program, the regular provisions and processes associated with the City's economic development policy do not apply. Expedited approval is granted directly through the City Commission for projects that meet the program's eligibility requirements.

| Catalyst Program | |
|---|--|
| Offers | Requires |
| No cost City-owned land in VenturePark County-owned land subject to County approval. | When City or County-owned land provided, applicant to cover special assessments on applicable parcel(s). |
| Real Property Tax Abatement: | Minimum Building Size (sf): |
| * 10-year, 50%. | * 75,000 for new construction in VenturePark |
| * 10-year, 70% if constructed to LEED silver equivalent | * 25,000 for new construction or 15,000 for building expansion in East Hills Business Park |
| IRB sales tax exemption on project construction materials | * 25,000 for new construction on IG zoned land within the City |
| Waiving of City IRB application & bond origination fees | Applicant to pay for bond counsel and bond issuance costs |
| Waiving of City tax abatement application fee and annual City tax abatement renewal fees. | Applicant to pay for State application fees |

Originally set to expire in April 2019, the City Commission extended the Catalyst program until April 2022 and added a minimum investment level for real property. Note this requirement was not in place at the time the following Catalyst projects were approved. See Appendix E for additional Catalyst program information applicable to the projects below.

1 Property Tax Abatements

Catalyst Property Tax Abatements

As of the end of 2018, the City had approved three projects for participation in the Catalyst program.

| 2018 Catalyst Tax Abatements: Authorized | | | | | |
|---|-------|---------|---|-------------|---------|
| Company | Start | Expires | Maximum Investment Amount Subject to Abatement | Abatement % | Ord/Res |
| VanTrust (Phase I) ² | 2019 | 2028 | \$10,200,000 | 70% | 9573 |
| Plastikon (Phase I & II Expansion) ³ | 2019 | 2028 | \$3,200,000 | 70% | 9430 |
| Grandstand (Phase I Expansion) ⁴ | 2020 | 2029 | \$5,000,000 | 50% or 70% | 9608 |

² Project completed in 2018 earning 51 LEED equivalent points, qualifying it for the 70% abatement level.

³ Project completed in 2018 earning 51 LEED equivalent points, qualifying it for the 70% abatement level.

⁴ Tax abatement to start the first full year after project completion. Project completion anticipated in 2019.

1 Property Tax Abatements

VanTrust Catalyst Development: Lawrence VenturePark

In August 2017, the City authorized a request from VanTrust Real Estate, LLC to participate in the Catalyst program for a three-phase development project in Lawrence VenturePark.



Phase I

At the end of 2018, the company had just finished construction on the first phase, delivering over 153,000 square feet in a new industrial space located at the Park entrance. The building was finished as a warm-shell, to accommodate custom finishes for future tenants, with a capital investment of \$10.2 million. The project met LEED Silver equivalency, qualifying it for the 70% tax abatement level.



Future development phases include:

- Phase II: 152,250 square foot spec building on Lot B2
- Phase III: 250,784 square foot spec building on Lots A1, A4, A5, & A6.

Once completed, the three phases will provide over 555,000 square feet of industrial space within the park at an estimated capital investment of \$31 million.



1 Property Tax Abatements

Plastikon Expansion, Phases I & II: East Hills Business Park

In December 2017, the City authorized a request from Plastikon Healthcare, LLC to participate in the Catalyst program for a two-phase expansion project in East Hills Business Park.

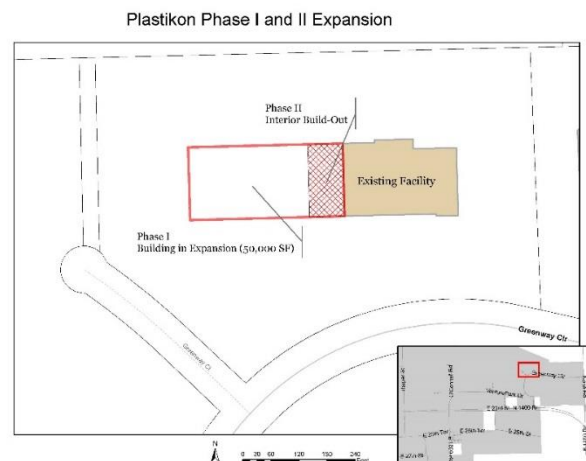


Plastikon is a contract manufacturing organization that specializes in the formulation and packaging of liquid medical devices and pharmaceuticals. The Company acquired and initiated



operations at its current facility in East Hills Business Park in 2011.

At the end of 2018, the project was more than 90% complete and received a temporary certificate of occupancy. The building earned LEED Silver equivalency, qualifying it for the 70% tax abatement level. Total capital investment for buildings, machinery, and equipment will be approximately \$7.3 million when the project is fully completed.





Property Tax Abatements

Grandstand Expansion, Phase I: East Hills Business Park

In December 2018, the City authorized a request from Grandstand

Glassware + Apparel (Screen-It Graphics of Lawrence, Inc.) for participation

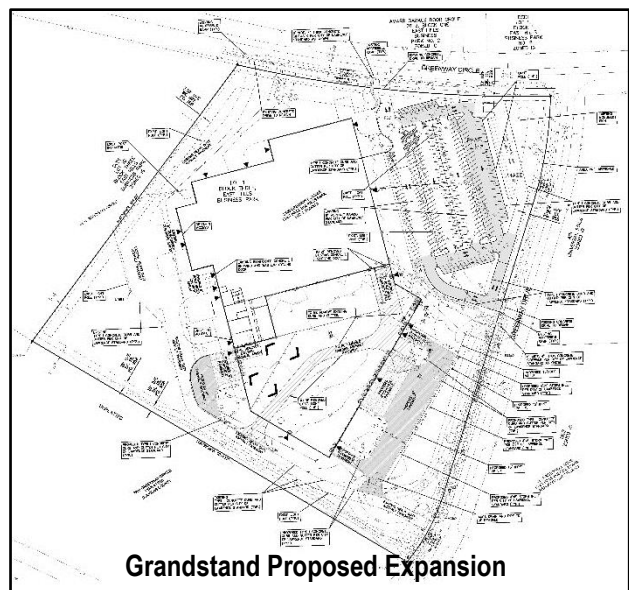
in the City's Catalyst incentive program for a 112,000 square foot expansion to their existing facility in East Hills Business Park.



Started in 1988 in Lawrence, Grandstand manufactures and distributes decorated glassware, apparel, and promotional products nationwide and in 12 countries. Today, the company has grown to 218 full-time employees with an annual payroll of more than \$9 million, which is driving the need for additional manufacturing and warehousing space.

Participation in the program will allow the expansion to be eligible for a 10-year, 50% property tax abatement (70% if built to LEED Silver equivalency). The building addition will be built on company-owned land, so there was no land component included in the Catalyst package. In addition, the Company obtained a sales tax exemption for project construction materials through a state incentive program, so they did not pursue Internal Revenue Bonds (IRB) through the Catalyst program.

Construction on the expansion is anticipated to start in 2019 and be completed by the end of the year.





Property Tax Abatements

Traditional (non-Catalyst) Property Tax Abatements

The City did not add any new abatements under its traditional tax abatement program in 2018. Four previously approved companies continued to receive property tax abatements for the 2018 tax year.

| 2018 Traditional Tax Abatements: Active | | | | | | BOTA Docket # |
|--|--------------------|----------------------|---|-----------------------|---------|----------------|
| Company | Start ⁵ | Expires ⁶ | Maximum Investment Amount Subject to Abatement ⁷ | Abatement % | Ord/Res | |
| 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 ⁸ | 65% on real property | R-6948 | 2012-9459-EDX |
| Sunlite Science & Technology, Inc. | 2014 | 2023 | \$2,300,000 real property ⁹ | 50% on real property | R-7042 | 2013-5409-EDX |
| Rock Chalk Park ¹⁰ | 2014 | 2023 | \$40,000,000 | 100% on real property | R-7014 | 2014-7320-IRBX |

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

⁵ Exemption from ad valorem taxation starts with the taxes levied in the calendar year shown.

⁶ Exemption from ad valorem taxation expires with the taxes levied in the calendar year shown.

⁷ Amounts that appear in the City Ordinance authorizing the abatement.

⁸ 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.

⁹ Estimated cumulative capital investment over 10-year term as per agreement dated August 30, 2013 between City and Sunlite Science & Technology, Inc.

¹⁰ KU would normally receive a 100% property tax abatement on their property for the duration of ownership. However, given the structure of the project with KU Athletics entering into a long term lease with a private developer to construct the facilities, an automatic property tax exemption was not possible. A property tax abatement was utilized to assist KU in pursuing this project. Due to the unique nature of the project and its primary benefits related to assisting KU Athletics and drawing visitors from outside the community rather than job creation, no job creation performance requirements were imposed.



Property Tax Abatements

Company Profiles

Amarr Garage Doors

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



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



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

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



Property Tax Abatements

Grandstand Sportswear & Glassware (Screen-It Graphics)

Based in Lawrence, Kansas, Grandstand is a screen printing company that specializes in serving the craft beverage industry with



custom decorated glassware, apparel, promotional items and creative services from their in-house design agency, 88 Design Group. Launched in 1988 as a t-shirt and sports bottle printing shop with seven employees, this local business has experienced rapid expansion, now selling products throughout the U.S., Canada and internationally. It is the #1 provider of printed amber growlers in North America.

In 2012, company growth necessitated a move from its 30,000 square foot location at 2920 Haskell to its present 155,000 square foot building in East Hills Business Park. Moving into the larger facility allowed Grandstand to grow and expand to meet rising market demand. This growth also resulted in increased job creation, and Grandstand currently employs more than 200 area people. Grandstand's position as an industry leader and innovator of decoration methods, sustainable processes and retail and marketing solutions has once again led to the need for additional space. A 112,000 square foot expansion project is planned for the main facility, with construction anticipated to start in 2019.



1 Property Tax Abatements

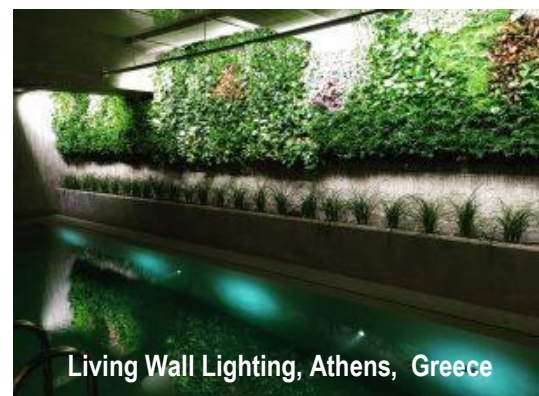
Sunlite Science & Technology

Sunlite Science & Technology, Inc. designs and manufactures high-efficiency LED UV curing systems and LED lighting fixtures for residential and commercial uses. Sunlite 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 to consolidate and grow business operations.



In 2016, a Sunlite research and technology proposal was one of 134 SBIR Phase II General proposals (out of 323 total) selected by NASA to support development of aeronautics, science, human exploration and operations, and space technologies.

Proposals were selected according to their technical merit and feasibility, in addition to the experience, qualifications and facilities of the submitting business. The NASA Phase II project was successfully completed in 2018. The CPARS rating of the project was "exceptional".





Property Tax Abatements

Abatement Performance

The table below compares projected investment, employment and wage milestones¹¹ to actual achievement for each of the companies receiving a property tax abatement during 2018.

| 2018 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 ¹² | 40 | 264 | 660% |
| Average Wages (2018 Dollars) | \$34,083 | \$39,879 | 117% |

Continued

¹¹ 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.

¹² The number of jobs projected to be added during the abatement period was 40, as per the Kansas Court of Tax Appeals orders (COTA Docket # 2010-5589-EDX, received 8-12-2010) granting the tax abatement on personal property. According to the COTA orders, "Applicant is using the subject property for manufacturing articles of commerce and its expansion has resulted in or will result in the creation of 40 new positions." During the year prior to submission of the COTA application (2009), Amarr had a total full-time workforce of 499. From the COTA orders, the company projected 40 net new full-time positions would be added during the abatement period for a total of 539 full-time jobs (499 + 40 = 539). In 2018, Amarr reported 803 actual, full-time positions and had realized 264 net new full-time positions (803-539 = 264).



Property Tax Abatements

| 2018 Tax Abatement Performance by Company | | | |
|---|-------------|--------------|-------------------------------------|
| Grandstand/Screen-It Graphics | Projected | Actual | Comparison (Projected to Actual) |
| Real Property Investment | \$4,890,000 | \$12,218,889 | 250% |
| Personal Property Investment | n/a | n/a | n/a |
| Full-Time Employment ¹³ | 102 | 195 | 191% |
| Average Wages (2018 Dollars) | \$32,802 | \$47,050 | 143% |
| Sunlite Science & Technology | Projected | Actual | Comparison (Projected to Actual) |
| Real Property Investment | \$1,130,000 | \$1,158,155 | 102% |
| Personal Property Investment | n/a | n/a | n/a |
| Full-Time Employment ¹⁴ | 31 | 9 | 30% |
| Average Wages (2018 Dollars) | \$33,500 | \$54,330 | 162% |

¹³ Pre-abatement employment as of December 31, 2010 was 40 full-time positions. Per the agreement between the City and Screen-It Graphics of Lawrence, Inc./3840 Greenway Circle LLC, employment for purposes of abatement compliance is measured for the year proceeding the current tax abatement calendar year. For example, for the 2013 calendar year, employment is measured from January-December 2012.

¹⁴ Pre-abatement employment as of December 31, 2013 was 5 full-time positions. Per 2018 Sunlite application, the original prediction of number of employees was based on manufacturing LED lamps for general lighting areas. In the past two years, general lighting was no longer profitable for Sunlite. Sunlite is now focusing on special LED lighting products such as LED curing lamps and ED fixtures for vertical gardens. Sunlite has increased activity on research and development for new products in 2018, so the average wage is higher than expected, but number of FTE is lower than expected.



Property Tax Abatements

Performance Summary

| 2018 Tax Abatement Summary | | | |
|------------------------------|-----------------|--------------|-------------------------------------|
| | Total Projected | Total Actual | Comparison (Projected to Actual) |
| Real Property Investment | \$6,020,000 | \$13,377,044 | 222% |
| Personal Property Investment | \$9,400,000 | \$9,700,000 | 103% |
| Full-Time Employees | 173 | 468 | 271% |
| Average Wages (2018 Dollars) | \$33,461 | \$47,086 | 141% |

Real Property Investment

Overall, the companies receiving property tax abatements in 2018 achieved two hundred twenty-two percent (222%) of the projected amount for real property investments. Real property investment totaled approximately \$13.4 million, with company investments ranging from approximately \$1.16 million (Sunlite) to over \$12.2 million (Grandstand). Amarr did not receive a property tax abatement on real property and those investment amounts were not included.

Personal Property Investment

Overall, the companies receiving property tax abatements in 2018 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:

Amarr Garage Doors exceeded projected employment by six hundred sixty percent (660%), Grandstand exceeded projected employment by one hundred ninety-one percent (191%). Sunlite achieved thirty percent (30%) of their projected employment for the 2018 abatement year. Sunlite transitioned into new markets, requiring fewer, lower paying production jobs than projected and more higher paying professional jobs, which resulted in lower FTE compliance (30%), but higher average wage compliance (162%).¹⁵ Overall, the three companies receiving a property tax abatement during 2018 met two hundred seventy-one percent (271%) 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, annual average wages for the companies receiving property tax abatements is approximately \$47,086 per year. This wage is about \$13,500 higher than the annual average private sector wage in Lawrence of \$33,599¹⁶ and approximately \$20,067 higher than the annual 2018 community wage floor rate of \$27,019 per year.

All three companies met or exceeded wage expectations. Overall wages averaged one hundred forty-one percent (141%) of projections (inflation adjusted).

¹⁵ Per 2018 Sunlite application, the original prediction of number of employees was based on manufacturing LED lamps for general lighting areas. In the past two years, general lighting was no longer profitable for Sunlite. Sunlite is now focusing on special LED lighting products such as LED curing lamps and ED fixtures for vertical gardens. Sunlite has increased activity on research and development for new products in 2018, so the average wage is higher than expected, but number of FTE is lower than expected.

¹⁶ Kansas Department of Labor, Kansas Labor Information Center, Average Private Sector Wage in Lawrence, KS (by Industry), Quarterly Census of Employment and Wages, \$33,599, data released 2017.



Property Tax Abatements

Employment Summary

Each year, a questionnaire is sent to property tax abatement companies to gather information, including employment data (number of FTEs, wage & occupational information). Employment information is then compared to targets as specified within the company's performance agreement.

| 2018 Employment Summary | |
|--|---------|
| Amarr Garage Doors, Inc. | |
| Total Employment | 821 |
| Full-Time Employment | 803 |
| % of Full-Time Jobs (meeting or exceeding target wage) ¹⁷ | 117% |
| Average Full-Time Wage | \$19.17 |
| Grandstand/Screen-It Graphics | |
| Total Employment | 195 |
| Full-Time Employment | 195 |
| % of Full-Time Jobs (meeting or exceeding target wage) | 143% |
| Average Salary | \$22.62 |
| Sunlite Science & Technology | |
| Total Employment | 9 |
| Full-Time Employment | 9 |
| % of Full-Time Jobs (meeting or exceeding target wage) | 162% |
| Average Salary | \$26.12 |

¹⁷ Amarr's 2018 inflation adjusted target wage was \$17.54. Amarr's average company hourly wage reported for all 803 full-time employees was \$19.17 in 2018, or 109% of the inflation adjusted target wage. For the 40 jobs to be created as a result of the current abatement (specified in COTA Docket #210-5589-EDX), Amarr reported each based on SOC code per the Kansas Department of Labor, 2018 Edition Wage Survey. All 40 jobs met or exceeded the community average wage based on SOC code.



Property Tax Abatements

Employment History

In addition to 2018 employment, the below table presents historical employment records over the past five years for the companies receiving a property tax abatement:

| 2014-2018 Employment History (year-end) | | | | | | | | | | | | | | | | | | |
|---|---------------|----------|----------------------------|----------|----------------------|----------|------|----|------|----|------|----|------|----|--------------|-----------|---------------------------------|-----------|
| Company | Pre-Abatement | | Projected Due to Abatement | | Total Estimated Jobs | | 2014 | | 2015 | | 2016 | | 2017 | | 2018 | | 2018 Over/Under Estimated Total | |
| | FT | PT | FT | PT | FT | PT | FT | PT | FT | PT | FT | PT | FT | PT | FT | PT | FT | PT |
| Amarr (2009) ¹⁸ | 499 | 0 | 40 | 0 | 539 | 0 | 697 | 36 | 696 | 15 | 722 | 23 | 749 | 22 | 803 | 18 | 264 | 18 |
| Grandstand/Screen-it Graphics ¹⁹ | 40 | 0 | 62 | 0 | 102 | 0 | 97 | 0 | 186 | 0 | 189 | 0 | 190 | 0 | 195 | 0 | 93 | 0 |
| Sunlite Science & Technology ²⁰ | 5 | 0 | 26 | 0 | 31 | 0 | 6 | 0 | 11 | 0 | 9 | 0 | 9 | 0 | 9.3 | 0 | (22) | 0 |
| <i>Total</i> | <i>544</i> | <i>0</i> | <i>128</i> | <i>0</i> | <i>672</i> | <i>0</i> | | | | | | | | | <i>1,007</i> | <i>18</i> | <i>335</i> | <i>18</i> |

¹⁸ The number of jobs projected to be added during the abatement period was 40, as per the Kansas Court of Tax Appeals orders (COTA Docket # 2010-5589-EDX, received 8-12-2010) granting the tax abatement on personal property. According to the COTA orders, "Applicant is using the subject property for manufacturing articles of commerce and its expansion has resulted in or will result in the creation of 40 new positions." During the year prior to submission of the COTA application (2009), Amarr had a total full-time workforce of 499. From the COTA orders, the company projected 40 net new full-time positions would be added during the abatement period for a total of 539 full-time jobs (499 + 40 = 539). In 2018, Amarr reported 803 actual, full-time positions and had realized 264 net new full-time positions (803-539 = 264).

¹⁹ Pre-abatement employment as of December 31, 2010 was 40 full-time positions. Per the agreement between the City and Screen-It Graphics of Lawrence, Inc./3840 Greenway Circle LLC, employment for purposes of abatement compliance is measured for the year preceding the current tax abatement calendar year. For example, for the 2013 calendar year, employment is measured from January-December 2012.

²⁰ 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. Grandstand and Sunlite, are subject to the May 2010 property tax abatement policy requirements. City agreements for the Amarr property tax abatement were signed prior to the commencement of the 2010 economic development policy. However, Amarr has substantially met their compliance targets for 2018 based on their performance agreement and referenced property tax abatement policy.

Current policy is based on the below compliance schedule:

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



Property Tax Abatements

Grandstand was subject to the below performance provisions for 2018.²¹ The company met substantial compliance and was eligible for one hundred percent (100%) of their 2018 property tax abatement amount.

| 2018 Grandstand Compliance Summary | | | | | | |
|------------------------------------|---|---|--------------|------------------------------|--------|--------------------|
| Compliance Category | Description | Target | Actual | % Compliance (Actual/Target) | Weight | Overall Compliance |
| Capital Investment | Cumulative Capital Investment (as of Dec 31, 2018) | \$4,915,000 | \$12,218,889 | 249% | 0.25 | 62.15% |
| Job Creation | Full-Time Employment (FTEs) | 102 | 195 | 191% | 0.25 | 47.79% |
| Wages | 2018 Wage Floor (\$12.99/hr) ²² | 100% of Employees paid above wage floor | 203 | 96% | 0.125 | 12.03% |
| | Average Company Hourly Wage | \$15.77 | \$22.62 | 143% | 0.125 | 17.93% |
| Health Benefits | Employer Provided Health Care Coverage (minimum of 70% employer paid premium) ²³ | 100% of Employees | 100% | 100% | 0.25 | 25.00% |

Blended Compliance % 165%

Eligible Incentive % 100%

²¹ Note that as per the performance agreement between Grandstand and the City, the measurement period for job creation was specified as January 1 through December 31 of the immediately preceding year. Under mutual agreement, the City and Grandstand agreed to a clarification of the measurement period that would align it to the year taxes are being levied/abated. For example, the measurement period for taxes levied in 2018 will be January 1, 2018 through December 31, 2018. 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.

²² 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.

²³ As per agreement (dated 10-11-11, Section 5d), Grandstand shall provide a minimum of 70% of the premiums for an employer-sponsored health insurance policy for covered employees (or provide employees with a wage which is \$1.50/hr. above the wage floor). Grandstand submitted a letter stating that the company paid 97% of the healthcare premium for all covered employees in 2018. (See Appendix E.)



Property Tax Abatements

Sunlite was subject to the below performance provisions for 2018. The company met substantial compliance and was eligible for one hundred percent (100%) of their 2018 property tax abatement amount.

| 2018 Sunlite Compliance Summary | | | | | | |
|---------------------------------|---|-------------|-------------|------------------------------|--------|--------------------|
| Compliance Category | Description | Target | Actual | % Compliance (Actual/Target) | Weight | Overall Compliance |
| Capital Investment | Cumulative Capital Investment (as of Dec 31, 2018) | \$1,130,000 | \$1,158,155 | 102.49% | 0.25 | 25.62% |
| Job Creation | Full-Time Employment (FTEs) ²⁴ | 31 | 9.3 | 30.00% | 0.25 | 7.50% |
| Wages | 2018 Wage Floor (\$12.99/hr) ²⁵ | 100% | 100% | 100.00% | 0.125 | 12.50% |
| | Average Company Hourly Wage | \$16.11 | \$26.12 | 162.18% | 0.125 | 20.27% |
| Health Benefits | Employer Provided Health Care Coverage (minimum of 70% employer paid premium) ²⁶ | 100% | 100% | 100.00% | 0.25 | 25.00% |

Blended Compliance % 91%

Eligible Incentive % 100%

²⁴ Per 2018 Sunlite application, the original prediction of number of employees was based on manufacturing LED lamps for general lighting areas. In the past two years, general lighting was no longer profitable for Sunlite. Sunlite is now focusing on special LED lighting products such as LED curing lamps and ED fixtures for vertical gardens. Sunlite has increased activity on research and development for new products in 2018, so the average wage is higher than expected, but number of FTE is lower than expected.

²⁵ 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.

²⁶ Per performance agreement (dated 8-30-13, Section 4-D), Sunlite shall provide a minimum of 70% of the premiums for an employer-sponsored health insurance policy for covered employees (or provide employees with a wage which is \$1.50/hr. above the wage floor).



Property Tax Abatements

Amarr signed their performance agreement before the 2010 policy was in place and is not subject to the same provisions as indicated in the current policy. However, Amarr substantially met 2018 compliance measures per their performance agreement and is eligible for one hundred percent (100%) of their annual incentive amount. Performance measures for Amarr, considering current standards, are shown below for comparison.

| 2018 Amarr Compliance Summary | | | | | | |
|-------------------------------|--|---|-------------|------------------------------|--------|--------------------|
| Compliance Category | Description | Target | Actual | % Compliance (Actual/Target) | Weight | Overall Compliance |
| Capital Investment | Personal Property | \$9,400,000 | \$9,700,000 | 103.19% | 0.25 | 25.80% |
| Job Creation | Full-Time Employment ²⁷ | 40 | 210 | 525.00% | 0.25 | 131.25% |
| Wages | 2018 Wage Floor (\$12.99/hr) | 100% of Employees paid above wage floor | 100.00% | 100.00% | 0.125 | 12.50% |
| | Average Company Hourly Wage ²⁸ | \$16.39 | \$19.17 | 117.01% | 0.125 | 14.63% |
| Health Benefits | Employer Provided Health Care Coverage ²⁹ | 100% of Employees | 100.00% | 100.00% | 0.25 | 25.00% |
| Blended Compliance % | | | | | | 209% |
| Eligible Incentive % | | | | | | 100% |

²⁷ Amarr was originally granted a 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."

²⁸ \$19.17 represents Amarr's average wage for all 803 full-time employees. \$16.39 represents Amarr's inflation adjusted wage target for 2018. Currently, Amarr has 40 abated jobs, all of which exceed the community average wage based on SOC code per the Kansas Department of Labor, 2018 Edition Wage Survey.

²⁹ Ordinance 7706 states that the company shall make available to covered employees, an employer-sponsored health insurance policy, pursuant to employer guidelines, in which case the employer provides a minimum of 70% of the cost of such policy. Amarr submitted a letter stating that the company is self-insured and paid 73% of all healthcare expenses in 2018. (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 1-13 percent (1%-13%), 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.)

| 2018 Local Expenditures & Outside Sales | | |
|---|------------------------------------|----------------------------------|
| Company | Expenditures Spent Within Lawrence | Sales Generated Outside Lawrence |
| Amarr Garage Doors Inc. | 5% | 99% |
| Grandstand/Screen-It Graphics | 1% | 99% |
| Sunlite Science & Technology | 15% | 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.³⁰

| 2018 Tax Generation (on portion of property receiving an abatement) | | | | |
|---|---------------------|-------------------|-------------------------------|--|
| Company & Abatement % | Total Tax Potential | Abated Tax Amount | State Exemption ³¹ | Taxes Paid (or to be paid) by Property Owner |
| Amarr Garage Doors, Inc. | | | | |
| Personal (55%) ³² | \$138,588 | \$25,238 | \$59 | \$113,291 |
| Grandstand/Screen-It Graphics | | | | |
| Real (65%) | \$157,807 | \$102,575 | n/a | \$55,232 |
| Sunlite Science & Technology | | | | |
| Real (50%) | \$44,796 | \$22,398 | n/a | \$22,398 |
| Total | \$341,191 | \$150,210 | \$59 | \$190,921 |

Source: Douglas County

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

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

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



Property Tax Abatements

Social Impacts

Companies also contribute to the community by providing career enhancement for their employees and by giving to local charities. The three firms receiving abatements in 2018 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. Amarr also participates in several "green" initiatives throughout the company worldwide.

Community Engagement

Amarr is committed to being the best corporate citizen possible and has contributed to the following organizations: Member of the Lawrence Chamber of Commerce, Tenants to Homeowners, Toys 4 Tots, United Way, Big Brothers, Big Sisters, Meals on Wheels, Boys & Girls Clubs, Habitat for Humanity, Lawrence Memorial Hospital (Breast Cancer "Pink It Up" and Catch a Break campaigns), Just Food, Stroke Detention Plus, Truity Credit Union, Meritrust Credit Union, Willow Domestic Violence Center, GaDugi Safe Center, Recovery and Hope Network, Independence, Inc, Catholic Charities, and Headquarters Counseling Center. Amarr also sponsors local softball and basketball teams and 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



Property Tax Abatements

Achievement at the College and Career Center and assisted with the grant process to bring the Peaslee Technical Training Center to Lawrence. Amarr donated garage doors to the both organizations.

Job Training/Benefits

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



Property Tax Abatements

Grandstand (Screen-It Graphics), Inc.

Environment

Grandstand employs 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 works closely with its suppliers to put branding on their boxes, allowing Grandstand to ship out in the same boxes the product arrived in. Currently, Grandstand can 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, and utilize sustainable packing material.

Community Engagement

Grandstand sponsored the following local organizations in 2018: Arthritis Foundation, Boys & Girls Club of Lawrence, Corpus Christi Catholic Church, Douglas County CASA, Free State High School, Festival of Trees, Habitat for Humanity, Lawrence Humane Society, Kansas Big Brothers Big Sisters, Lawrence Chamber of Commerce, Lawrence Memorial Hospital, March of Dimes, The Sexual Trauma & Abuse Care Center, University of Kansas, and Van Go, Inc. The company also adopted several local families and provided gifts for Christmas.

Job Training/Benefits

The company hired and trained 45 new employees during 2018. Grandstand completed various safety trainings for all applicable employees and several employees attended continuing education for their respective fields.



Property Tax Abatements

Sunlite Science & Technology, Inc.

Environment

Sunlite's patent "UV LED Systems and Methods" was issued in 2018. The claimed UV LED systems were manufactured and installed on multiple flexo, offset and screen-printing presses. Compared to traditional UV lamps, Sunlite's UL LED curing systems provide approximately ninety percent (90%) in energy savings. Sunlite continuously supplies energy efficient and environmentally friendly LED lighting for growing vertical plants. Sunlite successfully completed phase II SBIR research project to design a High Voltage (HV) switch array to drive deformable mirrors used for space-based telescopes. The patent "ISOLATED BIDIRECTIONAL HIGH-VOLTAGE ANALOG SWITCH" was issued in 2018.

Community Engagement

In 2018, Sunlite donated to Lawrence Robot Team and the Lawrence Aquahawks Swim Team. Sunlite also provided support for a University of Kansas' architectural engineering professor's research work and the Dirtwork Studio project.

Job Training/Benefits

The company provided training for two KU student interns. Sunlite also provided onsite and on-the-job training for all its employees.



Industrial Revenue Bonds (IRB)

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

The City had the following Industrial Revenue Bonds outstanding at the end of 2018. 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.

| 2018 IRBs: Outstanding | | | | | |
|--|---------------|----------------|--------------|-------------------|--|
| Company | Date of Issue | Issuing Ord. # | Year Matures | Amount Authorized | Project |
| Bowersock: Series 2011A | Dec. 2010 | 8607 | 2037 | \$14,060,000 | Hydro-Electric Facility |
| Bowersock: Series 2011B | Mar. 2011 | 8620 | 2025 | \$8,720,000 | Hydro-Electric Facility |
| Bowersock: Series 2011C | Mar. 2011 | 8620 | 2016 | \$1,035,000 | Hydro-Electric Facility |
| Rock Chalk Park | Oct. 2013 | 8862 | 2023 | \$40,000,000 | Commercial Recreational Facility |
| 826 Pennsylvania Street* | Dec. 2016 | 9316 | 2018 | \$3,200,000 | Mixed-Use Commercial/Multi-Family Residential |
| Dwayne Peaslee Technical Training Center, Inc.: Series 2016* | Dec. 2016 | 9321 | 2019 | \$2,000,000 | Technical Training Center |
| Boys & Girls Club* | Dec. 2017 | 9431 | 2019 | \$5,000,000 | Teen Facility Addition to College & Career Center |
| Lawrence Memorial Hospital-Series 2018* | Apr. 2018 | 9441 | 2048 | \$90,000,000 | Existing Facility Improvements & New Hospital in West Lawrence |
| Lawrence Humane Society* | Jun. 2018 | 9447 | 2019 | \$7,500,000 | New Animal Shelter |
| Heritage Tractor* | Dec. 2018 | 9572 | 2019 | \$3,000,000 | Commercial Facility (rebuild) |
| VanTrust-Phase I | Dec. 2018 | 9573 | 2028 | \$10,200,000 | Industrial Building |

* IRB used for a sales tax exemption on construction materials and not affiliated with a tax abatement.

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



Neighborhood Revitalization Area (NRA)

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.

The NRA tool provides an annual property tax rebate (during a specified NRA rebate period) to the property owner based on a percentage of the incremental increase in property value resulting from improvements. The base property value (property valuation prior to improvements) is shielded from the rebate so during the NRA rebate period, taxing jurisdictions receive at least the same amount of property tax that would have been generated by the property had it not been improved.

As most NRAs are not approved at the one hundred percent (100%) level, typically taxing jurisdictions enjoy an increase in property tax revenues during the NRA period. After NRA expiration, taxing jurisdictions receive property tax revenues based on total property valuation, and consequently enjoy significantly more revenue as a result of property improvement.



Neighborhood Revitalization Area (NRA)

During 2018, the City had eight (8) approved Neighborhood Revitalization Areas. Six (6) properties were eligible for an NRA rebate for the property taxes levied in 2018. See Appendix B, page 2 for NRA distribution information.

| 2018 NRAs: Active | | | | | | |
|-------------------------------|----------------------------------|----------------------|-------|------------------------------|--------------------------------------|--------------------|
| NRA | Project | District Established | Ord # | % Rebate | Duration | First NRA Tax Year |
| 8th and Pennsylvania District | (720 E 9th Street) ¹ | Apr. 2007 | 8093 | 95% | Based on amount rebated ² | 2011 |
| 1040 Vermont | Treanor Architect's Headquarters | Apr. 2011 | 8625 | Declining ³ | 10 years | 2013 |
| 810/812 Pennsylvania | Cider Building Art Gallery | Jul. 2012 | 8753 | 95% | 10 years | 2014 |
| 1106 Rhode Island | Hernly Architect's Office | Aug. 2014 | 9022 | 85% | 10 years | 2016 |
| 1101 Indiana | Mixed-Use, Student Housing | Aug. 2014 | 9021 | 85% | 10 years | 2019 ⁴ |
| 900 Delaware | 9 Del Lofts | Oct. 2014 | 9040 | 95% | 15 years | 2016 |
| 826 Pennsylvania Street | 826 Pennsylvania Street | Nov. 2016 | 9304 | 85% County, 50% City and USD | 10 years | 2018 |
| 800-815 Vermont Street | Vermont Place | Nov. 2017 | 9303 | 75% | 10 years | ⁵ |

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

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

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

⁴ Agreement amended for NRA rebate starts on the first full tax year after project is 100% complete. Project completion is anticipated in 2018.

⁵ NRA rebate starts with the first full tax year after project completion. Project had not proceeded by the end of the year.



Neighborhood Revitalization Area (NRA)

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.

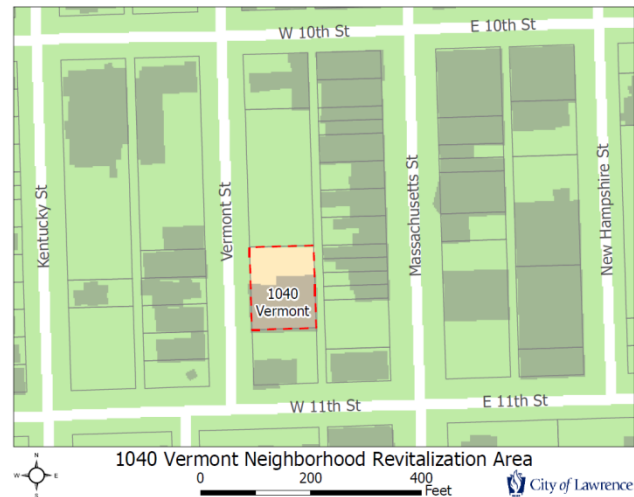




Neighborhood Revitalization Area (NRA)

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.

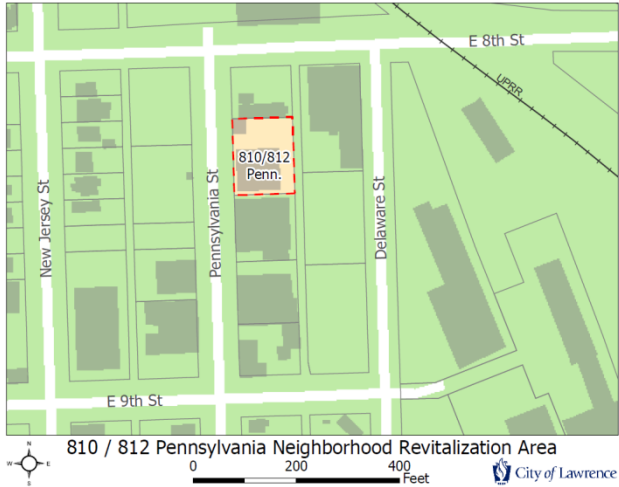


The new design reused the back half of the building to create a partial two-story space featuring an open floor plan, reception area, offices, multiple conference rooms, break areas, rooftop garden and recreation space.



3

Neighborhood Revitalization Area (NRA)



810/812 Pennsylvania Street NRA

The 810/812 Pennsylvania Street NRA was approved in 2012 to redevelop the historic Cider building as part of an overall renovation of the East Lawrence Historic Neighborhood District. The abandoned building was converted into an art gallery with event space on the lower level and office space on the upper level. The

redevelopment opened in 2013 and supports art, event, and entrepreneurial needs of the East Lawrence Historic community.



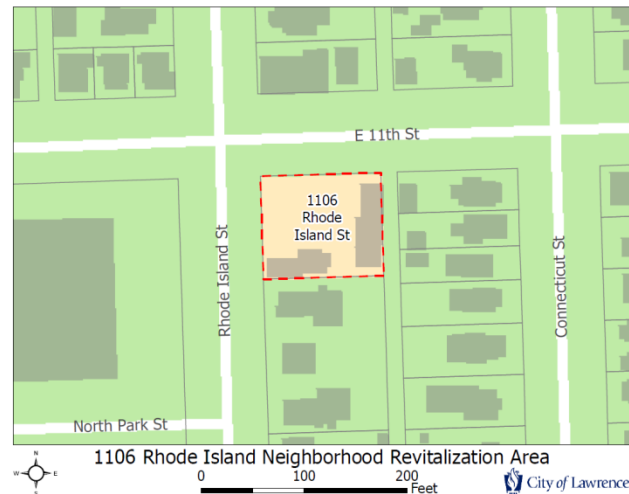
Cider Art Gallery & Offices

3

Neighborhood Revitalization Area (NRA)

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.



2016 was the first NRA rebate year for the 1106 Rhode Island project.





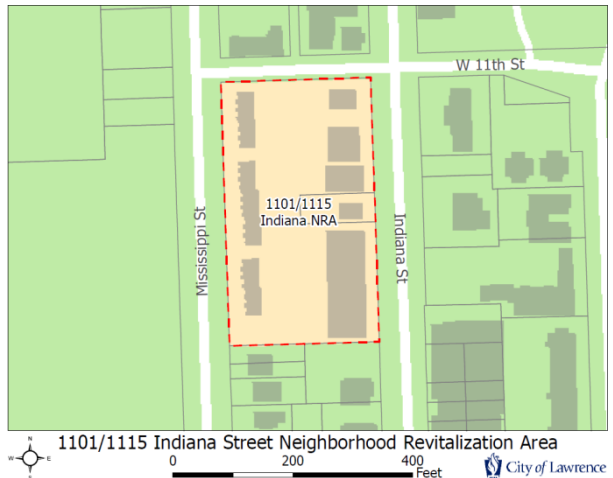
Neighborhood Revitalization Area (NRA)

1101 Indiana Street NRA (HERE KS)

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

In 2016 a Memorandum of Understanding was executed, redefining project completion.⁶

Although construction on the residential



facility was completed in 2016, the project was not considered complete in 2018 due to outstanding parking requirements. HERE KS was responsible for paying all real property taxes in 2018 (\$636,244) on the project.

⁶ Paragraph 5: The Neighborhood Revitalization Act Performance Agreement provides that HERE shall not be entitled to receive any incentive under that agreement or the NRA until such time as it substantially completes construction. The parties acknowledge and understand that the term "substantially complete" shall mean that construction is 90% completed and HERE has provided, within its interior warehouse and/or on-site and off-site, self parking that meets City Code, for 100% occupancy of the residential and commercial components of the mixed-use redevelopment of the HERE Property. HERE acknowledges and agrees that it shall not be entitled to receive any incentive under the Neighborhood Revitalization Act Performance Agreement or the NRA until the January following the time that it achieves approval by the City for 100% occupancy of the residential and commercial components of the mixed-use redevelopment of the HERE Property. Nothing in the Memorandum of Understanding shall be construed to extend the term of the NRA.

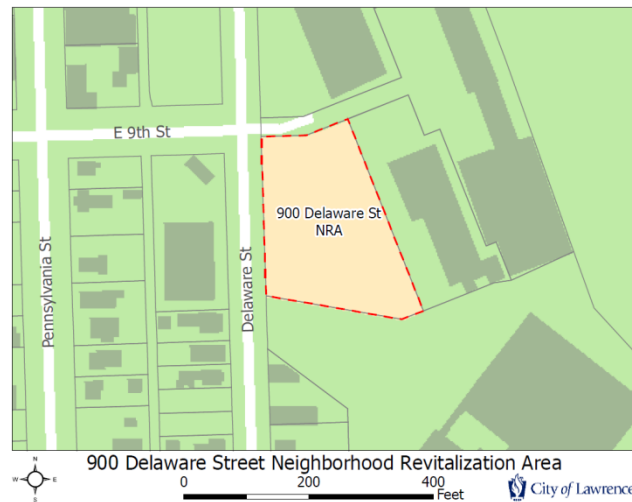


Neighborhood Revitalization Area (NRA)

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. 2016 was the first NRA rebate year for the 900 Delaware project.





Neighborhood Revitalization Area (NRA)

826 Pennsylvania Street NRA

In 2016, the City and School District authorized a 10-year, 50% NRA rebate and the County authorized a 10-year, 85% rebate to support the redevelopment of the property at 826 Pennsylvania Street into a mixed-use commercial and residential project.

In September 2017, the Lawrence Beer Company opened on the first floor of the redeveloped project and was fully completed in 2018. The project includes:

- Over 28,000 square feet of finished commercial and residential space (3 floors + basement)
- 14 residential rental units, two of which are set aside for affordable housing
- 33 new, on-street angled parking spaces in front of the building

2018 will be the first tax year the property can be eligible for an NRA rebate.

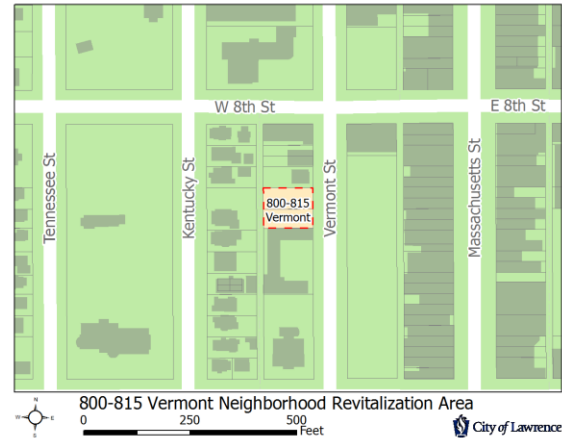




Neighborhood Revitalization Area (NRA)

800-815 Vermont Street NRA: Vermont Place

In November 2017, the City, County and School district voted to participate in a 10-year, 75% NRA to support the redevelopment of two vacant lots, located at 800-815 Vermont Street, into a mixed-use project. The City also approved Industrial Revenue Bonds (IRB) for the project to access a sales tax exemption on construction materials.



Plans include 1st floor retail/commercial space, 2nd floor entrepreneurial offices, and residential for-sale condominiums on floors 3-5 with underground residential parking. The developer will dedicate ownership of one fully-finished, 1-bedroom condominium to be held in perpetuity as affordable housing.

Project construction is subject to deadlines in the NRA plan. Construction had not commenced by the end of 2018 and the City was notified the project would likely not proceed.⁷

⁷ Per Vermont Place NRA Plan, Part 7, Criteria for Determination of Eligibility: To be eligible for the NRA rebate, the Developer (1) shall pull a building permit for the Project within two years of the effective date of the Ordinance designating the NRA Area (Ordinance # 9303, dated November 4, 2017), and (2) shall obtain a Certificate of Occupancy within two years of the date the building permit is issued for the Project.



Tax Increment Financing (TIF)

Tax Increment Financing (TIF) Districts are an economic development tool established by the Kansas TIF Act (K.S.A. 12-1770 et seq.) to aid in financing projects for substantial public benefit. Public benefits can include creating jobs or retaining existing employment, eliminating blight, strengthening the employment and economic base of the City, increasing property values and tax revenues, reducing poverty, creating economic stability, upgrading older neighborhoods, facilitating economic self-sufficiency, promoting projects that are of community-wide importance, or implementing the Comprehensive Plan and economic development goals of the City. The City currently has three (3) active TIF districts:

| 2018 TIF: Active | | | | | | |
|---|----------------------|-----------------|------------------|----------------------|-------------|-----------------------------|
| TIF | District Established | District Ord. # | Plan Established | Expires ¹ | Plan Ord. # | Estimated Eligible Expenses |
| Downtown 2000 Redevelopment (Original 9th and New Hampshire) | Aug. 1999 | 7127 | Apr-00 | Apr-20 | 7207 | \$8,645,000 |
| The Oread | Feb. 2008 | 8234 | Apr-08 | Apr-28 | 8253 | \$8,500,000 ² |
| 9th & New Hampshire: South Project | Aug. 2012 | 8768 | May-13 | May-32 | 8865 | \$4,000,000 ³ |
| 9th & New Hampshire: North Project | | | Apr-14 | Apr-34 | 8971 | \$4,750,000 ⁴ |

See Appendix B, page 3 for TIF distribution information.

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

² Amount shown is the maximum reimbursement amount (not including interest) specified in the original development agreement, to be reimbursed from TIF and TDD revenues. As part of a 2017 settlement agreement, the Development Agreement was amended, reducing the maximum from \$11 million to \$8.5 million (not including interest).

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

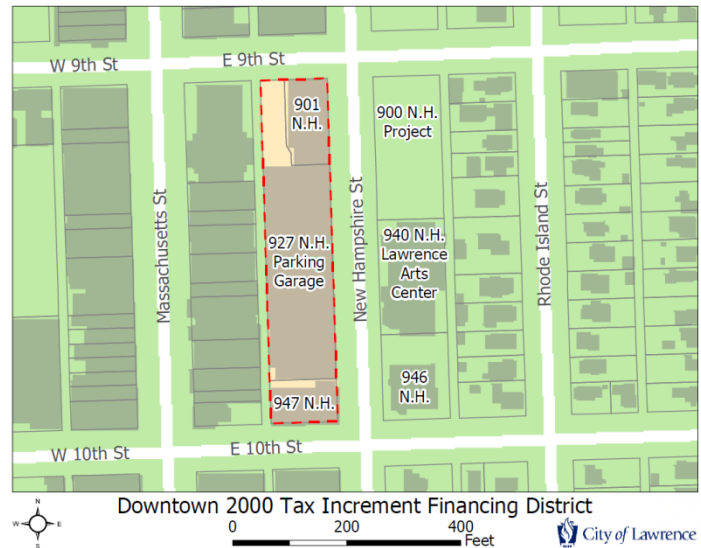
⁴ Amount shown does not include interest. As per the redevelopment agreement, interest is subject to reimbursement from TIF revenues at the Developer's actual interest rate for borrowed funds.

4

Tax Increment Financing (TIF)

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 2018, approximately \$1.46 million remained outstanding on the bond debt (originally issued for approximately \$8.6M).



contributed to bond payoffs on the parking garage.

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



Tax Increment Financing (TIF)

901 New Hampshire Reimbursements:

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

period in ten equal, annual installments of \$28,085.20. The first annual reimbursement was for taxes levied in 2012.

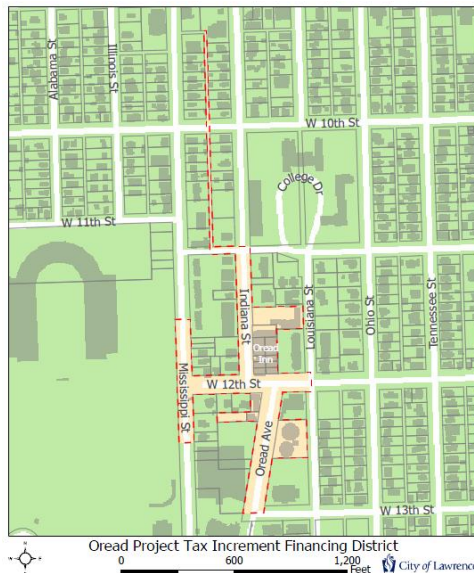




Tax Increment Financing (TIF)

12th and Oread Redevelopment District: 1200 Oread Avenue

Located on top of Mount Oread at the north gate of The University of Kansas, The Oread is a hospitality and business venue with 99 guest rooms/suites, two large banquet rooms, a state-of-the-art audio/video theater, tanning salon/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.⁵



⁵ Reimbursements were subject to a contractual dispute between the City and the developer, which was settled through a Settlement Agreement and Mutual Release dated April 13, 2017. This agreement stipulated that the City would retain \$650,000 plus interest out of retained TIF/TDD revenues to cover the amount the City overpaid Oread Inn, L.C., with interest (\$492,914.86), plus the City's estimated out-of-pocket costs incurred from its investigation of the dispute in 2015 through the start of the court ordered mediation.

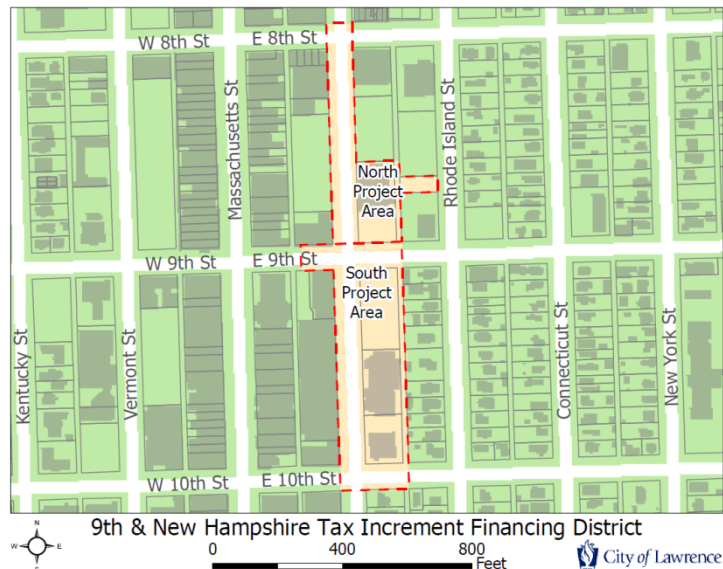
After the City retains \$650,000 from TIF/TDD funds, it will disburse the remaining funds according to the amended development agreement (executed April 27, 2017). Under the terms of the amendment, the TIF/TDD reimbursement maximum was reduced from \$11 million to \$8.5 million (excluding interest). In addition, once the developer is reimbursed \$5.7 million (reduced from \$7.1 million) plus interest, TIF revenues available for reimbursements are reduced to 50% of real property tax revenues and 50% of sales tax revenues. TDD reimbursements remain at 100% throughout the duration of the agreement, subject to the reimbursement cap.



Tax Increment Financing (TIF)

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 of the proceeds reserved for the “Arts Commons” project (up to a total of \$900,000) and 95 percent of proceeds going to reimburse the developer for public infrastructure expenses.⁶

The district began generating TIF revenues in 2014 through the South Project (900 New Hampshire). The North Project (888 New Hampshire) finished construction in 2016 and began generating TIF revenues in 2017. At the current pace of TIF revenue generation in the district, both the 900 New Hampshire & 888 New Hampshire projects are projected to be reimbursed before the end of their 20-year incentive periods.

⁶ Per the South Area Development Agreement, if the “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.



Tax Increment Financing (TIF)

900 New Hampshire—South Project Area

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



888 New Hampshire—North Project Area

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



5 Transportation Development District (TDD)

Transportation Development District (TDD) is an economic development tool established by the Kansas TDD Act (K.S.A. 12-17,140 et seq.) to assist in financing public transportation improvements.

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

| 2018 TDDs: Active | | | | | |
|--------------------------|--------------------------------|---------------|-------------------------|-----------------------|-----------------------------|
| TDD | Ordinance #, Date Authorized | TDD Sales Tax | TDD Sales Tax Commences | TDD Sales Tax Expires | Estimated Eligible Expenses |
| The Oread | #8254, April 2008 | 1% | Oct. 2009 | Oct. 2031 | \$11,000,000 ¹ |
| Free-State (Bauer Farms) | #8339, October 2008 | 1% | April 2009 | April 2031 | \$5,000,000 |
| 9th & New Hampshire | #8979, April 2014 ² | 1% | Jan. 2015 | Jan. 2037 | \$3,000,000 ³ |

See Appendix B, page 4 for TDD distribution information.

¹ Amount shown is the maximum reimbursement amount (not including interest) specified in the original development agreement, to be reimbursed from TIF and TDD revenues. As part of a 2017 settlement agreement, the Development Agreement was amended, reducing the maximum from \$11 million to \$8.5 million (not including interest).

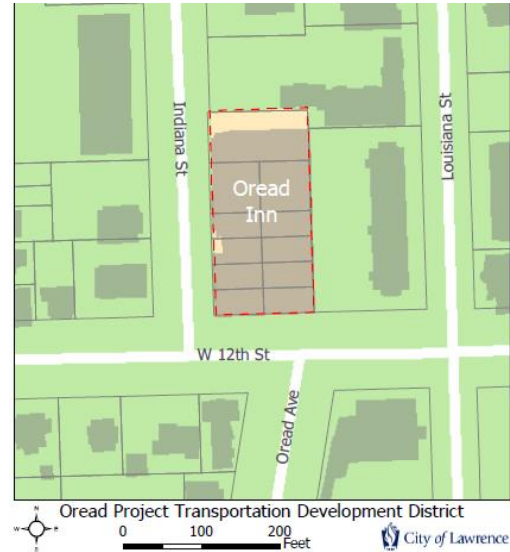
² Ordinance 8803 which originally established the TDD district was repealed due to a technicality and replaced with Ordinance 8979.

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 District (TDD)

The Oread TDD

The Oread TDD (located at W. 12th Street & Oread Avenue) began generating sales tax revenues in 2009. The project's transportation-related public improvements were financed initially by the developer and are reimbursed annually through TDD revenues generated within the district.⁴



⁴ Reimbursements were subject to a contractual dispute between the City and the developer, which was settled through a Settlement Agreement and Mutual Release dated April 13, 2017. This agreement stipulated that the City would retain \$650,000 plus interest out of retained TIF/TDD revenues to cover the amount the City overpaid Oread Inn, L.C., with interest (\$492,914.86), plus the City's estimated out-of-pocket costs incurred from its investigation of the dispute in 2015 through the start of the court ordered mediation.

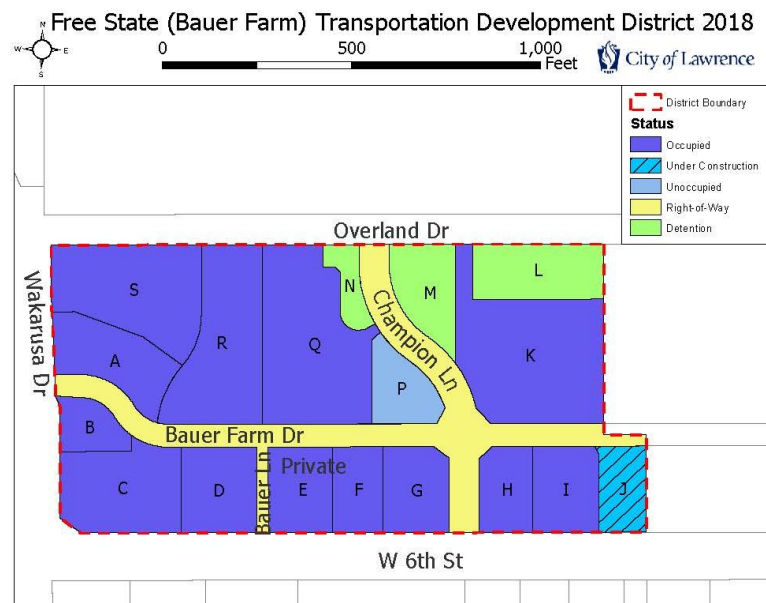
After the City retains \$650,000 from TIF/TDD funds, it will disburse the remaining funds according to the amended development agreement (executed April 27, 2017). Under the terms of the amendment, the TIF/TDD reimbursement maximum was reduced from \$11 million to \$8.5 million (excluding interest). In addition, once the developer is reimbursed \$5.7 million (reduced from \$7.1 million) plus interest, TIF revenues available for reimbursements are reduced to 50% of real property tax revenues and 50% of sales tax revenues. TDD reimbursements remain at 100% throughout the duration of the agreement, subject to the reimbursement cap.

5

Transportation Development District (TDD)

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 2018, over ninety-six percent (96.4%) of the buildable area within the district was either occupied or under construction.

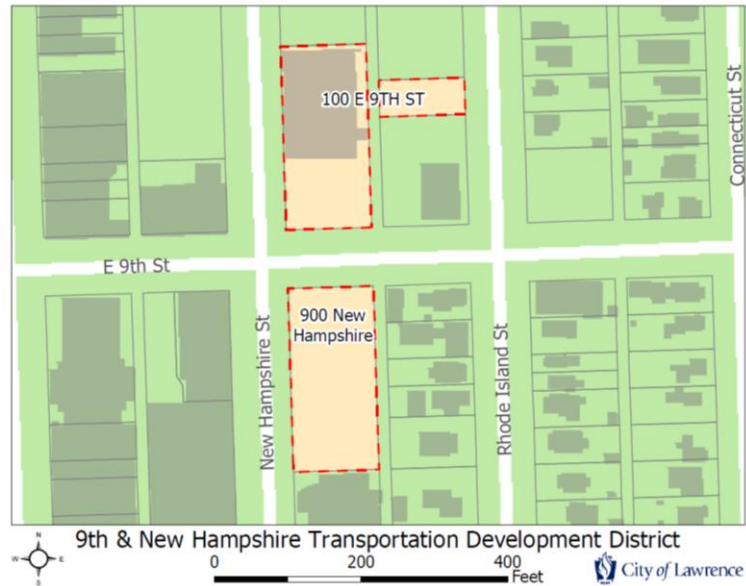


5

Transportation Development District (TDD)

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.



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.



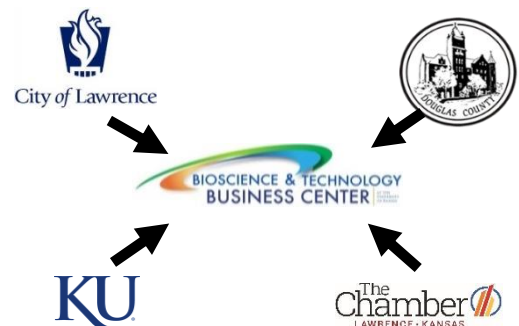
Bioscience & Technology Business Center

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 the City of Lawrence, Douglas County, and Kansas City. By producing these jobs, the BTBC

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

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

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



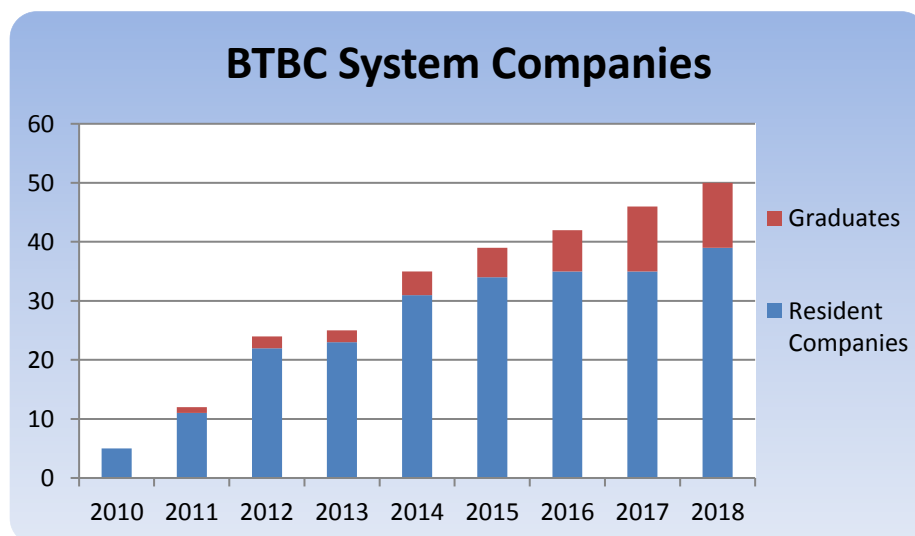
6 Other Support Programs

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

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

Source: Bioscience & Business Technology Center, data as of December 31, 2018.

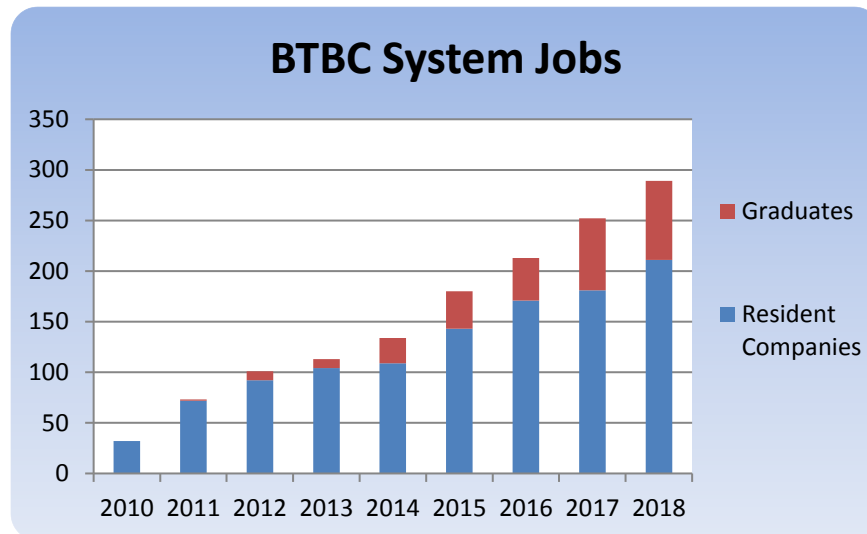
BTBC Economic Development Metrics



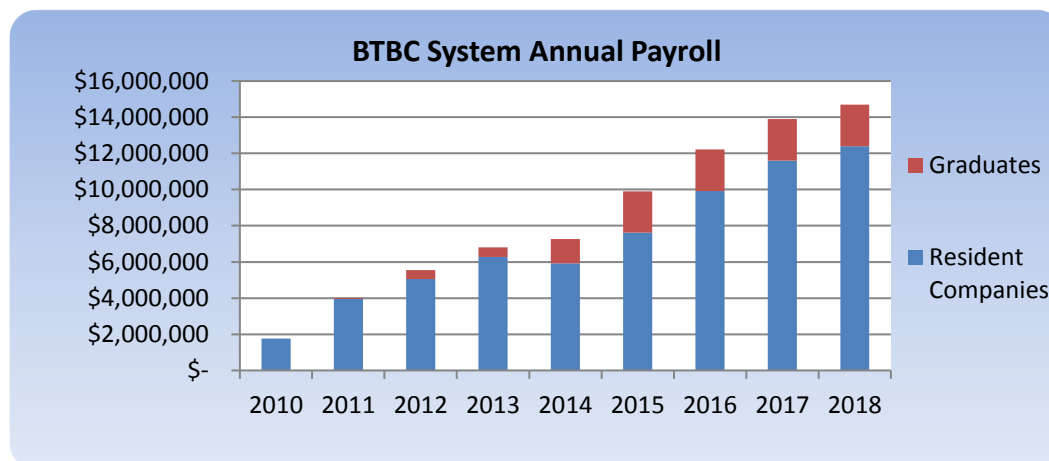
Source: Bioscience & Business Technology Center, data current as of 12/31/18.



Other Support Programs



Source: Bioscience & Business Technology Center, data current as of 12/31/18.



Source: Bioscience & Business Technology Center, data current as of 12/31/18.

6 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 | 39 | 11 | 50 |
| Jobs - Direct | 211 | 78 | 289 |
| Jobs – Indirect/Induced | 173 | 64 | 237 |
| Jobs - Total | 384 | 142 | 526 |
| Annual Payroll | \$16,522,186 | \$6,107,727 | \$22,629,913 |

Analysis produced using Chmura Economics & Analytics



Construction of Phase II, an additional 30,000 square feet of office and lab space, was completed in August of 2014. The BTBC Main Facility has since reached approximately ninety-seven percent (97%) occupancy, which is about two years ahead of projections. The BTBC has begun planning for Phase III, which will likely include 12-18 companies and is estimated to produce 200-250 jobs. The BTBC's long term goal is the development of a research and business park on KU's West Campus.

6 Other Support Programs

Overview of City & County Support for BTBC Services

| BTBC Support | | | | | | |
|-------------------|------------|--------------------|-----------|------------|--------------------|-----------|
| Year | City | | | County | | |
| | Operations | Capital Investment | Total | Operations | Capital Investment | Total |
| 2006 | \$200,000 | \$0 | \$200,000 | \$200,000 | \$0 | \$200,000 |
| 2007 | \$192,000 | \$0 | \$192,000 | \$200,000 | \$0 | \$200,000 |
| 2008 | \$200,000 | \$0 | \$200,000 | \$200,000 | \$75,000 | \$275,000 |
| 2009 | \$200,000 | \$75,000 | \$275,000 | \$200,000 | \$75,000 | \$275,000 |
| 2010 | \$200,000 | \$75,000 | \$275,000 | \$200,000 | \$124,620 | \$324,620 |
| 2011 | \$200,000 | \$141,540 | \$341,540 | \$200,000 | \$141,540 | \$341,540 |
| 2012 | \$200,000 | \$641,540 | \$841,540 | \$200,000 | \$241,540 | \$441,540 |
| 2013 | \$200,000 | \$641,540 | \$841,540 | \$200,000 | \$241,540 | \$441,540 |
| 2014 ¹ | \$200,000 | \$141,540 | \$341,540 | \$200,000 | \$241,540 | \$441,540 |
| 2015 | \$200,000 | \$196,540 | \$396,540 | \$200,000 | \$269,040 | \$469,040 |
| 2016 | \$200,000 | \$193,790 | \$393,790 | \$200,000 | \$293,790 | \$493,790 |
| 2017 | \$225,000 | \$193,540 | \$418,540 | \$275,000 | \$293,540 | \$568,540 |
| 2018 ² | \$225,000 | \$191,096 | \$416,096 | \$275,000 | \$291,596 | \$566,596 |

Sources: City Budget Office, City of Lawrence, Kansas. Douglas County Budget Manager, November 2018

¹ 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.

² Per Lease Agreement dated January 1, 2010, (Article V) and amended August 7, 2017 between the City, County and BTBC, the basic rent payment due from BTBC is held to \$25,000 annually through 2018. The City and County split the remaining amount required to make the annual bond payment. In 2019, the BTBC will assume the payments, unless there is any shortfall in revenue. In which case, the shortfall amount will be split equally between the City and County. As per the Cooperation Agreement between the City of Lawrence and Douglas County, Dated January 1, 2010 (Section 3.2c) "To the extent that the Basic Rent paid by LDCBA (BTBC) pursuant to the Lease is insufficient to pay all of the debt service on the Bonds coming due, the County hereby agrees, subject to Section 3.4 hereof, to pay to the City one half of the amount of any shortfall (the 'County Shortfall')."

6 Other Support Programs

The Chamber and Economic Development Corp.

The City of Lawrence and Douglas County contract annually with the Chamber/EDC and Small Business

Development Center for the provision of specialized economic development services. The following provides information on annual accomplishments for those agencies and funding support provided for their services.



| Chamber/EDC & SBDC Support | | | | |
|----------------------------|-------------|-----------|-----------------------------------|----------|
| Year | Chamber/EDC | | Small Business Development Center | |
| | City | County | City | County |
| 2012 | \$199,500 | \$200,000 | \$20,000 | \$18,140 |
| 2013 | \$199,500 | \$200,000 | \$20,000 | \$18,140 |
| 2014 | \$199,500 | \$200,000 | \$20,000 | \$18,000 |
| 2015 | \$199,500 | \$200,000 | \$20,000 | \$18,000 |
| 2016 | \$200,000 | \$200,000 | \$20,000 | \$20,000 |
| 2017 | \$200,000 | \$200,000 | \$20,000 | \$20,000 |
| 2018 | \$200,000 | \$200,000 | \$20,000 | \$20,000 |

Sources: City Budget Office, City of Lawrence, Kansas;

Douglas County Budget Manager, November 2018

6 Other Support Programs

Economic Development Corporation (EDC):

The EDC's economic development program is intentionally multi-faceted. Produced in collaboration with its strategic partners (City, County, Peaslee Tech, BTBC, community stakeholders), it is designed to serve a variety of community constituents and to impact economic growth on a number of fronts. The EDC's five strategic priorities are as follows:



- Business Retention & Expansion
- Workforce Development
- Business Recruitment & Marketing
- Entrepreneurial & Startup Support
- Site & Infrastructure Capacity

Like the BTBC in the previous section, through these strategies the EDC endeavors to recruit, grow and retain companies to and within the broader community to produce jobs, expand the tax base and ensure economic prosperity for the citizens of Lawrence and Douglas County.

Business Retention & Expansion (BRE)

Existing industry forms the backbone of the local economy and reflects the community's greatest strengths. It determines cluster development, drives innovation, informs workforce training programs, influences recruitment targets, and generates as much as eighty percent (80% of a community's job growth. As a result, BRE forms the foundation of the EDC's economic development efforts.

6 Other Support Programs

Over the course of 2018, EDC staff conducted several, in-depth facility tours with some of Lawrence's largest employers, engaging city, county, university and state representatives in the process. These efforts build familiarity with local industry, identify growth challenges and open a two-way dialog between industry and community leaders. Throughout 2017 and 2018, the EDC was actively involved in multiple manufacturing expansion projects, resulting in the creation of more than 300,000 square feet of new industrial space, more than \$53 million in capital investment and the creation of at least 60 new jobs.

Workforce Development

Workforce availability, cost and quality are primary considerations in business relocation and expansion decisions. To set Lawrence apart in these considerations, the Chamber and EDC have undertaken a number of initiatives. Foremost among them has been the coordinated efforts to establish the Dwayne Peaslee Technical Training Center in 2015. With its ever-expanding programs and enrollment nearing 1000, Peaslee Tech has proven to be an invaluable community resource.

The University of Kansas is another such resource. The EDC has structured partnerships with the university's various career services departments to promote student internship and employment opportunities to local industry. It created a job shadowing/mentorship program with the KU Honors program and will host an inaugural local industry/KU networking event in the spring of 2019.

6 Other Support Programs

Business Recruitment & Marketing

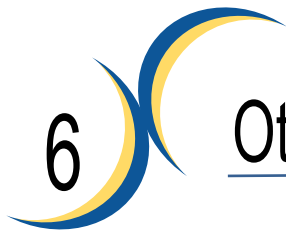
Perhaps the most recognizable of economic development efforts, business recruitment is by far the most demanding of time and financial resources, but also the most tantalizing for its immediate potential impact on tax base and job growth. The EDC serves as the first point of contact in responding to outside business recruitment inquiries, leveraging partnerships with state and regional entities, like the Kansas City Area Development Council and the Kansas Department of Commerce to extend its marketing reach.

Throughout 2018, EDC staff responded to more than 50 recruitment requests. Eleven of these remain viable as of this report's writing, with two in final considerations for Lawrence. EDC staff also undertook a comprehensive target industry analysis of the community. This exercise determined industries in *Advanced Manufacturing, Engineering and Design Services, Scientific Research and Development*, and *Information Technology* as having the greatest recruitment potential for the community.

Entrepreneurship and Start-ups

The EDC collaborates with various partners and programs to support start-ups, small business growth and entrepreneurship in the community (e.g. Bioscience Technology and Business Center, KU Small Business Development Center, 1 Million Cups, NetWork Kansas, etc.).

The Chamber/EDC also administers a revolving loan program, via its partnership with NetWork Kansas (networkkansas.com), called the Lawrence Metropolitan E-Community. This program allows the EDC to partner with local lending institutions to provide "gap financing" to small businesses and start-ups. The program has issued six loans since the start of 2017, totaling more than \$210,000. These projects in turn leveraged an additional \$2.1 million in private capital. The five projects that took place in 2018 are summarized in the following table.



Other Support Programs

| 2018: Lawrence Metro E-Community Revolving Loan Program | | | | | |
|---|---------------------|-----------|-------------------------------|-------------|-------------------|
| Recipient | Location | Loan Year | Business Description | Loan Amount | Loan Used For |
| Hilary's Eat Well | 2205 Haskell Ave. | 2018 | Food Manufacturer | \$10,000 | Expansion |
| Chiropractic Element | 3109 W. 6th, Ste. A | 2018 | Chiropractic Office/Medical | \$33,000 | Business Purchase |
| Central Grazing Co. | 106 Riverfront Rd. | 2018 | Food/Ag/Leather Goods | \$35,000 | Expansion |
| Leeway Franks | 935 Iowa St. | 2018 | Restaurant/Butcher Shop | \$45,000 | Expansion |
| Lucky Berry | 845 Mass. | 2018 | Restaurant/Juice/Retail/Dist. | \$45,000 | Expansion |

Site and Infrastructure Capacity

Maintaining an inventory of readily available sites and buildings is essential for business development. With Lawrence's two mature industrial parks (Santa Fe and East Hills) essentially full and its newest, VenturePark, now having its first tenant (VanTrust Real Estate), the community could be out of all currently available land with just one or two small industrial projects.

As such, the EDC has been working closely with City, County and private business leaders in a multi-year effort to identify the next potential industrial site. This effort originally identified 10 potential sites, but through an evaluation of many critical factors (future city growth, transportation and other city infrastructure, etc.) was narrowed to one, roughly 150-acre site in 2018. Work on this effort will continue in 2019.

6 Other Support Programs

ASBDC-Kansas (Small Business Development Center):

The KU Small Business Development Center is one of 15 Centers in Kansas and one of approximately 1,100 Centers in the America's SBDC network. The Center 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. The Center is also engaged in a cybersecurity initiative to provide assistance to small businesses across Kansas.



In 2018, the KU Small Business Development Center provided almost 2000 hours of one-to-one consulting and 500 hours of other community engagement. While the Center provides services throughout a six county area, approximately eighty-five percent (85%) of measured activity takes place locally in Lawrence.

As part of the cooperative model, economic impact is measured annually by The Docking Institute in cooperation with the Kansas Small Business Development Center.

| 2018 KU-KSBDC Economic Impact | |
|-------------------------------|--------------|
| Total client companies | 356 |
| Reported starting business | 36 |
| New access to capital | \$20,000,000 |
| New revenue generated | \$15,000,000 |
| Jobs impact | 499 |

Source: Docking Institute 2018 Survey, Fort Hays State University

6 Other Support Programs

Shared Infrastructure

Rock Chalk Park

Rock Chalk Park, is an 89 acre sports campus located at the northwest corner of Rock Chalk Drive and George Williams Way.

Opened in the fall of 2014, Rock Chalk Park is home to the 181,000 square foot City recreation center, Sports Pavilion Lawrence, and University of Kansas (KU) athletic facilities.



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

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

6 Other Support Programs

(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.

| Sports Pavilion Lawrence: Annual Usage | | | | | |
|--|--------------------|--|---------|----------|--------|
| Year | Avg Monthly Visits | Key Card Holders | | | |
| | | # Key Card Holder To Date ⁴ | Avg Age | % Female | % Male |
| 2018 | 49,669 | 39,599 | 40 | 53% | 47% |
| 2017 | 40,369 | 34,167 | 40 | 53% | 47% |
| 2016 | 50,731 | 29,080 | 40 | 56% | 44% |

Source: City Parks and Rec Department



| RCP & SPL: Other 2018 Events | | | | |
|---|------------------------|-----------------------------------|-----------------------------------|------------------------------------|
| Event | Attendees ⁵ | Total Jobs Supported ⁶ | Total Business Sales ⁷ | Local Taxes Generated ⁸ |
| Heart of America Volleyball Tournaments | 52,669 | 1,370 | \$2,088,204 | \$64,712 |
| Other Youth Amateur Sports | 36,097 | 1,675 | \$4,242,935 | \$129,546 |
| 2018 Total | 88,766 | 3,045 | \$6,331,139 | \$194,258 |

Sources: City Parks and Rec Department, eXplore Lawrence and Destination Marketing Association International

⁴ Lawrence and Douglas County residents need the free key card to use the facility. The card also helps track center usage.

⁵ Includes day and overnight attendees.

⁶ Includes direct and indirect jobs supported by events.

⁷ Includes employment supported by all event-related business sales, including direct, indirect, and induced spending.

⁸ Sum of direct, indirect, and induced local taxes and assessments generated by events, including income, bed, sales, and other local taxes.

6 Other Support Programs

| KU Softball, Soccer, Tennis, Track & Field Events | | | |
|--|----------|-------------|----------------------|
| Year | # Events | # Attendees | % Attendee Change |
| 2018 | 70 | 42,530 | -35% |
| 2017 | 48 | 65,568 | 25% |
| 2016 | 47 | 52,308 | 60% |
| 2015 | 39 | 32,722 | |

Source: Kansas Athletics, January 2019

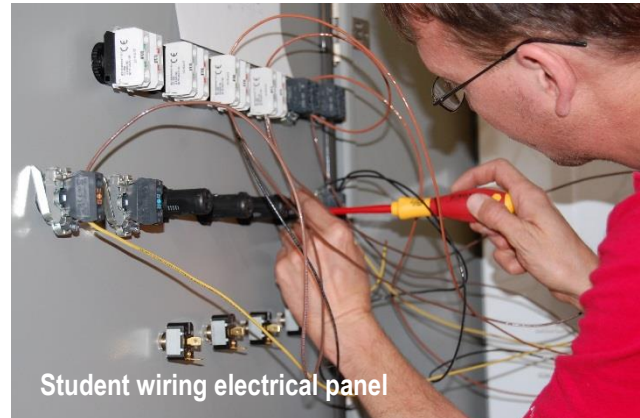


6 Other Support Programs

Workforce Training Support

Dwayne Peaslee Technical Training Center (Peaslee Tech)

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



grow a workforce, rich with technically skilled individuals, within the Lawrence and Douglas County communities.

The center opened in August of 2015 and now offers 26 career training preparation programs.

Peaslee Tech programs include Introduction to Manufacturing, Pharmacy Technician, Commercial Driving, and Cisco Computer Networking. In addition, programs from three area community colleges include, Industrial Engineering Technology, HVAC, Automotive Technology, Welding, and Allied Health.

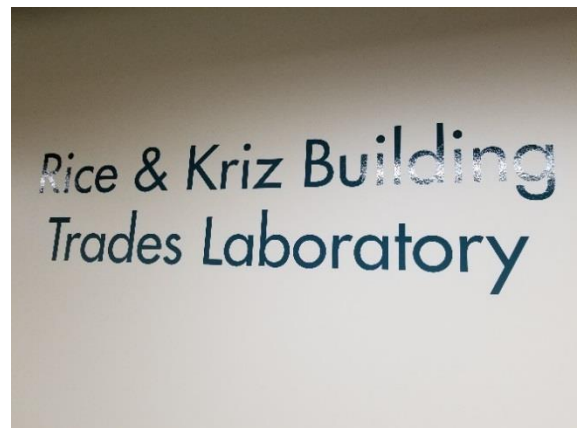
In 2017, Peaslee Tech was officially recognized as a school of higher education, earning designation by the Kansas Board of Regents as a private, postsecondary institution.

Source: Peaslee Technical Center, March 2018

6 Other Support Programs

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

The new Rice & Kriz Building Trades Laboratory opened in July 2018 through generous gifts from Ethel and Raymond F. Rice Foundation and the Kriz Charitable Fund, Inc.



This new facility provides students hands-on experience in support of a new Carpentry program and apprenticeships in Facilities Maintenance, Residential Electrical, and Residential Plumbing.



New apprenticeships starting in 2019 include; Residential HVAC, Automotive Technology, Computer Networking, Sterile Processing and Dental Assistant.

Peaslee Tech now leads the State of Kansas in the number of apprenticing programs.

Source: Peaslee Technical Center, March 2018

6 Other Support Programs

Public support for Peaslee Tech has included:

| Peaslee Center Support | | | |
|------------------------|--|------------------|------------------|
| Year | Assistance Type | City Amount | County Amount |
| 2015 | 2014 real estate tax refund on property & improvements | \$15,533 | \$20,239 |
| | 2015 real estate tax refund on property & improvements | \$11,776 | \$15,370 |
| | Grant for training center renovations and infrastructure | \$500,000 | \$500,000 |
| | Loan for Lawrence Workforce Center renovations | \$143,295 | \$143,295 |
| | Reimbursement of Peaslee building permit fees | \$7,556 | -- |
| | Waiver of City IRB application fee | \$1,000 | -- |
| | Peaslee Center Operations | \$100,000 | \$100,000 |
| | Total 2015 | \$779,160 | \$778,904 |
| 2016 | Peaslee Center Operations | \$100,000 | \$100,000 |
| | Waiver of IRB application fee | \$1,000 | -- |
| | Total 2016 | \$101,000 | \$100,000 |
| 2017 | Peaslee Center Operations | \$125,000 | \$195,105 |
| | Growth and Security Upgrades | \$25,000 | -- |
| | Total 2017 | \$150,000 | \$195,105 |
| 2018 | Peaslee Center Operations | \$200,000 | \$195,105 |
| | Peaslee Mortgage | \$0 | \$200,000 |
| | Total 2018 | \$200,000 | \$395,105 |

Sources: City of Lawrence, Kansas, City Budget Office; Budget Manager, Douglas County, Kansas. November 2018

6 Other Support Programs

Expansion Assistance

Hilary's (DEW - Drink Eat Well, LLC)

Hilary's locally manufactures certified organic, plant-based foods free from common food allergens. It has been in business for eight years and has operated out of its manufacturing facility at 2205 Haskell Avenue since 2013. The company



is a certified B Corporation food manufacturer with approximately 40 local employees and a “second chance” employer for individuals who have spent time in prison, struggled with addictions, or have been homeless.

Hilary's requested assistance to aid in expanding operations at the existing facility and to expand into additional space at 2151 Haskell Avenue to accommodate on-site storage and logistics. In 2018, the City, County, and local Chamber/EDC authorized \$30,000 in economic development assistance to help with employee training, moving and professional expenses related to the expansion, which was split equally between the three organizations. At the end of 2018, the expansion project was completed at an investment of just over \$1.4 million. As part of the expansion, Hilary's extended its lease at 2205 Haskell Ave for three additional years and increased manufacturing capacity at that facility. The company also consolidated storage into a single location at 2151 Haskell Avenue, bringing shipping and logistics in house and producing three new positions.



Regulating Documents

| 2018 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 |
| VanTrust: Lawrence VenturePark | Catalyst Program | Specialized Tax Abatement Program | 4/4/2017 |
| | Ordinance 9573 | Phase I Tax Abatement | 8/1/2017 |
| | Agreement | Land Transfer Agreement | 8/1/2017 |
| | Phase 1 Agreement | Performance Agreement | 11/1/2018 |
| Plastikon-Phase I & II Expansion | Catalyst Program | Specialized Tax Abatement Program | 4/4/2017 |
| | Ordinance 9430 | Tax Abatement | 1/8/2018 |
| | Agreement | Performance Agreement | 4/2/2018 |
| Grandstand-Phase I Expansion | Catalyst Program | Specialized Tax Abatement Program | 4/4/2017 |
| | Ordinance 9608 | Tax Abatement | 12/4/2018 |
| | Agreement | Performance Agreement | Est. 2019 |



Regulating Documents

| 2018 IRBs | | | |
|---------------------------------|-------------------------------------|-------------------------------------|------------|
| | Document | Description | Dated |
| Prosoco | Ordinance No. 7060 | IRB Issuance: Series 1998A & 1998 B | 12/8/1998 |
| Bowersock Dam | Ordinance No. 8607 | IRB Issuance: Series 2011B, 2011C | 12/21/2010 |
| | Ordinance No. 8620 | | 3/1/2011 |
| 900 New Hampshire (South) | Ordinance No. 8804 | IRB Issuance: Series 2012 | 11/6/2012 |
| Rock Chalk Park | Ordinance No. 8862 | IRB Issuance: Series 2013 | 1/22/2013 |
| 1101 Indiana Street | Ordinance No. 9053 | IRB Issuance: Series 2014 | 11/18/2014 |
| 888 New Hampshire (North) | Ordinance No. 9093 | IRB Issuance: Series 2012 | 11/6/2012 |
| Peaslee Tech. Center (2015) | Ordinance No. 9111 | IRB Issuance: Series 2015 | 5/12/2015 |
| 800 New Hampshire | Ordinance No. 9210 | IRB Issuance: Series 2016 | 4/30/2016 |
| Pioneer Ridge | Ordinance No. 9184 | IRB Issuance: Series 2016 | 2/2/2016 |
| 826 Pennsylvania Street | Ordinance No. 9316 | IRB Issuance: Series 2016 | 12/13/2016 |
| Peaslee Tech. Center (2016) | Ordinance No. 9321 | IRB Issuance: Series 2016 | 12/13/2016 |
| Van Trust: Lawrence VenturePark | Resolution No. 7210 | Master IRB Resolution of Intent | 8/1/2017 |
| | Ordinance No. 9573 | IRB Issuance: Series 2018 | 8/1/2017 |
| Boys & Girls Club Teen Center | Ordinance No. 9431 | IRB Issuance: Series 2018 | 12/27/2017 |
| Humane Society Facility | Ordinance No. 9477 | IRB Issuance: Series 2018 | 6/12/2018 |
| Heritage Tractor | Ordinance No. 9572 | IRB Issuance: Series 2018 | 11/20/2018 |



Regulating Documents

| 2018 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 Indiana Street | Ordinance 9021 | Plan | 8/5/2014 |
| | Agreement | Performance Agreement | 8/12/2014 |
| 900 Delaware Street | Ordinance No. 9040 | Plan | 10/21/2014 |
| | Agreement | Performance Agreement | 10/21/2014 |
| 826 Pennsylvania Street | Ordinance No. 9304 | Plan/Agreement | 11/15/2016 |
| | NRA Plan & Agreement | Plan/Agreement | 11/15/2016 |

| 2018 TDDs | | | |
|-------------------------|------------------------------------|-----------------------|------------|
| | Document | Description | Dated |
| The Oread | Ordinance No. 8254 | District Established | 4/8/2008 |
| Free-State (Bauer Farm) | Ordinance No. 8339 | District Established | 10/14/2008 |
| | Agreement | Development Agreement | 10/14/2008 |
| 9th & New Hampshire TDD | Ordinance 8979 | District Established | 4/15/2014 |



Regulating Documents

| 2018 TIFs | | | |
|---------------------------|---|--|------------|
| | Document | Description | Dated |
| Downtown 2000 | Ordinance No. 7127 | District Established | 8/3/1999 |
| | Ordinance No. 7207 & Plan | Redevelopment Plan | 4/25/2000 |
| | Agreement | Construction Agreement | 9/18/2000 |
| The Oread | Ordinance No. 8234 | District Established | 2/19/2008 |
| | Ordinance 8253 | Redevelopment Plan | 4/8/2008 |
| | Agreement | Redevelopment Agreement | 4/8/2008 |
| | Agreement Amendment | 1st Amendment to Redevelopment Agreement | 4/27/2017 |
| 9th & New Hampshire TIF | Ordinance 8768 | District Established | 8/7/2012 |
| 900 New Hampshire (South) | Ordinance 8865 | So Project: Redevelopment Plan | 5/21/2013 |
| | South Agreement | So Project: Redevelopment Agreement | 11/30/2012 |
| 888 New Hampshire (North) | Ordinance 8971 | No Project: Redevelopment Plan | 4/15/2014 |
| | North Agreement | No Project: Redevelopment Agreement | 4/15/2014 |



Historical Assistance & Investment


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

| Summary: Economic Development Assistance by Year | | | | | | | | | | |
|--|-----------------|------------------|------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|
| Incentive Program | 2009 Tax Year | 2010 Tax Year | 2011 Tax Year | 2012 Tax Year | 2013 Tax Year | 2014 Tax Year | 2015 Tax Year | 2016 Tax Year | 2017 Tax Year | 2018 Tax Year |
| Tax Abatement | \$36,411 | \$68,938 | \$66,248 | \$184,224 | \$159,464 | \$181,318 | \$149,197 | \$147,035 | \$153,794 | \$150,210 |
| NRA | 0 | 0 | \$12,515 | \$11,982 | \$38,975 | \$65,090 | \$68,955 | \$110,304 | \$112,587 | \$172,048 |
| TIF (property and sales tax) | \$3,113 | \$152,978 | \$626,882 | \$515,284 | \$480,458 | \$460,457 | \$557,191 | \$810,351 | \$980,987 | \$1,276,944 |
| TDD (sales tax) | \$11,082 | \$98,545 | \$156,334 | \$196,516 | \$182,282 | \$182,177 | \$231,312 | \$278,695 | \$320,528 | \$335,234 |
| Total | \$50,606 | \$320,461 | \$861,979 | \$908,006 | \$861,179 | \$889,042 | \$1,006,654 | \$1,346,384 | \$1,567,897 | \$1,934,436 |

Source: City of Lawrence, Kansas

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

| Assistance by Tax Year and ED Program ² | | | | | | | | | | |
|--|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Tax Year | | | | | | | | | |
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Tax Abatements | | | | | | | | | | |
| Amarr: Personal Property | n/a | \$31,880 | \$28,686 | \$27,525 | \$27,876 | \$27,876 | \$28,593 | \$26,450 | \$27,082 | \$25,238 |
| Prosoco: Real Property | \$35,146 | \$36,139 | \$36,630 | \$36,482 | \$36,966 | \$36,949 | expired | expired | expired | expired |
| Prosoco: Personal Property | \$1,265 | \$919 | \$932 | \$928 | \$940 | \$940 | expired | expired | expired | expired |
| Grandstand | n/a | n/a | n/a | \$119,289 | \$93,682 | \$96,081 | \$99,422 | \$99,407 | \$103,715 | \$102,575 |
| Sunlite | n/a | n/a | n/a | n/a | n/a | \$19,472 | \$21,182 | \$21,178 | \$22,997 | \$22,398 |
| Tax Abated Subtotal | \$36,411 | \$68,938 | \$66,248 | \$184,224 | \$159,464 | \$181,318 | \$149,197 | \$147,035 | \$153,794 | \$150,210 |
| Neighborhood Revitalization Areas | | | | | | | | | | |
| 720 E 9th Street (NRA Tax Yr 1 = 2011) | n/a | n/a | \$12,515 | \$11,982 | \$12,162 | \$12,282 | \$13,617 | \$13,537 | \$14,624 | \$14,117 |
| 1040 Vermont Street (NRA Tax Yr 1 = 2013) | n/a | n/a | n/a | n/a | \$26,993 | \$27,438 | \$29,718 | \$29,568 | \$27,636 | \$26,512 |
| 810/812 Pennsylvania Street (NRA Tax Yr 1 = 2014) | n/a | n/a | n/a | n/a | n/a | \$25,370 | \$25,620 | \$26,286 | \$26,763 | \$26,460 |
| 1106 Rhode Island Street (NRA Tax Yr 1 = 2016) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | \$11,037 | \$10,504 | \$11,753 |
| 900 Delaware Street (NRA Yr 1 = 2016) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | \$29,876 | \$33,061 | \$32,416 |
| 826 Pennsylvania Street (NRA Yr 1 = 2018) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | \$60,791 |
| 1101 Indiana Street (HERE KS, NRA Tax Yr 1 = 2017) ³ | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| NRA Subtotal | | | \$12,515 | \$11,982 | \$39,155 | \$65,090 | \$68,955 | \$110,304 | \$112,587 | \$172,048 |

Source: City of Lawrence, Kansas

Continued

² Amounts shown reflect eligible amounts by tax year. NRA refunds are paid after the City receives applicable County's distributions, which are typically the following year.

³ Due to a delay in project completion, 1101 Indiana Street did not receive an NRA rebate for the 2017 or 2018 tax year.



Historical Assistance & Investment

| Distributions by Year and ED Program (cont.) | | | | | | | | | | |
|--|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| | Tax Year | | | | | | | | | |
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Tax Increment Financing | | | | | | | | | | |
| 901 New Hampshire Street (Downtown 2000 District) ⁴ | n/a | n/a | n/a | \$28,085 | \$28,085 | \$28,085 | \$28,085 | \$28,085 | \$28,085 | \$28,085 |
| The Oread TIF ⁵ | | | | | | | | | | |
| TIF Sales Tax | \$3,113 | \$152,978 | \$200,603 | \$264,453 | \$211,542 | \$181,813 | \$181,009 | \$63,493 | \$169,259 | \$168,467 |
| TIF Property Tax | n/a | n/a | \$426,278 | \$222,746 | \$240,830 | \$250,558 | \$270,490 | \$283,002 | \$295,932 | \$361,989 |
| 900 New Hampshire TIF (South Project) | | | | | | | | | | |
| TIF Sales Tax | n/a | n/a | n/a | n/a | n/a | n/a | \$51,041 | \$116,652 | \$119,925 | \$112,208 |
| TIF Property Tax | | | | | | | \$22,685 | \$297,330 | \$304,136 | \$341,644 |
| City Retained TIF (5%) ⁶ | | | | | | | \$3,880 | \$21,789 | \$22,319 | \$23,887 |
| 888 New Hampshire TIF (North Project) | | | | | | | | | | |
| TIF Sales Tax | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | \$0 | \$329 |
| TIF Property Tax | | | | | | | | | \$39,265 | \$228,303 |
| City Retained TIF (5%) ⁷ | | | | | | | | | \$2,067 | \$12,033 |
| TIF Subtotal | \$3,113 | \$152,978 | \$626,882 | \$515,284 | \$480,458 | \$460,457 | \$557,191 | \$810,351 | \$980,987 | \$1,276,944 |

Source: City of Lawrence, Kansas

Continued

⁴ 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.

⁵ Reimbursements were subject to a contractual dispute between the City and the developer, which was settled through a Settlement Agreement and Mutual Release dated April 13, 2017. Refer to footnote 5 in Section 4, page 4-4 for additional details.

⁶ Per development agreements, the City retains 5% of all TIF revenue generated within the 9th & New Hampshire TIF district, up to \$900,000, for a future "Arts Common" project.

⁷ Per development agreements, the City retains 5% of all TIF revenue generated within the 9th & New Hampshire TIF district, up to \$900,000, for a future "Arts Common" project.



Historical Assistance & Investment

| Distributions by Year and ED Program (cont.) | | | | | | | | | | |
|---|-----------------|------------------|------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|
| | Tax Year | | | | | | | | | |
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Transportation Development District | | | | | | | | | | |
| Oread: TDD Sales Tax, State Distributions to City ⁸ | \$1,609 | \$79,087 | \$103,774 | \$136,867 | \$109,474 | \$94,024 | \$93,559 | \$32,831 | \$87,538 | \$87,049 |
| Bauer Farms: TDD Sales Tax (Revenue Generation started in 2009) | \$9,472 | \$19,457 | \$52,561 | \$59,650 | \$72,809 | \$88,152 | \$137,753 | \$245,863 | \$232,990 | \$248,184 |
| 9th & New Hampshire TDD | | | | | | | | | | |
| 900 New Hampshire (South Project) | n/a | n/a | n/a | n/a | n/a | n/a | \$0 | \$0 | \$0 | \$0 |
| 888 New Hampshire (North Project) | | | | | | | n/a | n/a | \$0 | \$0 |
| City Retained TDD ⁹ | | | | | | | \$21,622 | \$49,434 | \$50,829 | \$47,664 |
| TDD Subtotal | \$11,082 | \$98,545 | \$156,334 | \$196,516 | \$182,282 | \$182,177 | \$231,312 | \$278,695 | \$320,528 | \$335,234 |
| Total | \$50,606 | \$320,461 | \$861,979 | \$908,006 | \$861,359 | \$889,042 | \$1,006,654 | \$1,346,384 | \$1,567,897 | \$1,934,436 |

Source: City of Lawrence, Kansas

⁸ Reimbursements were subject to a contractual dispute between the City and the developer, which was settled through a Settlement Agreement and Mutual Release dated April 13, 2017. Refer to footnote 5 in Section 4, page 4-4 for additional details.

⁹ Per development agreements, the City retains the first \$850,000 of TDD Revenue as a contribution toward the City parking garage at 10th & New Hampshire.



Historical Assistance & Investment

NRA Property Taxes

Six (6) companies received NRA rebates in 2018, generating an average of eighty-two percent (82%) more real property tax revenues as compared to property tax revenues that would have been realized if the properties were left in original condition. Overall (for all years in which a NRA rebate was given), the five NRA revitalized properties generated an average of fifteen percent (15%) more real property tax revenues as compared to property tax revenues that would have been realized if the properties were left in original condition.

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

| All NRAs: 2018 Property Taxes | | | | |
|-------------------------------|--------------------------------|------------------|------------------|-----------------------------|
| NRA | Tax Revenues After Development | | | Tax Revenues No Development |
| | Total Taxes Paid | NRA Rebate | Retained Tax | Base Tax |
| 720 E 9th St | \$28,633 | \$14,117 | \$14,515 | \$13,522 |
| 1040 Vermont St | \$60,767 | \$26,512 | \$34,256 | \$28,734 |
| 810 Pennsylvania St | \$34,988 | \$26,460 | \$8,529 | \$4,040 |
| 900 Delaware St | \$35,787 | \$32,416 | \$3,371 | \$2,655 |
| 1106 Rhode Island St | \$15,359 | \$11,753 | \$3,607 | \$2,836 |
| 826 Pennsylvania St | \$111,090 | \$60,791 | \$50,299 | \$11,196 |
| Total | \$286,624 | \$172,048 | \$114,576 | \$62,983 |

| 2018 Tax Revenue Comparison: All NRAs | | |
|---------------------------------------|--------------------------|---------------|
| Base | Retained | % Gain (Loss) |
| \$62,983 | \$114,576 | 81.9% |
| <i>Unimproved Property</i> | <i>Improved Property</i> | <i>Return</i> |



Historical Assistance & Investment

| All NRAs: To-Date Property Taxes | | | | |
|----------------------------------|--------------------------------|------------------|------------------|-----------------------------|
| NRA | Tax Revenues After Development | | | Tax Revenues No Development |
| | Total Taxes Paid | NRA Rebate | Retained Tax | Base Tax |
| 720 E 9th St | \$216,326 | \$104,845 | \$111,480 | \$102,711 |
| 1040 Vermont St | \$293,577 | \$140,610 | \$152,967 | \$136,635 |
| 810 Pennsylvania St | \$131,004 | \$104,039 | \$26,964 | \$15,481 |
| 900 Delaware St | \$69,237 | \$62,937 | \$6,300 | \$5,143 |
| 1106 Rhode Island St | \$28,898 | \$21,541 | \$7,357 | \$5,495 |
| 826 Pennsylvania St | \$111,090 | \$60,791 | \$50,299 | \$11,196 |
| Total | \$850,132 | \$433,972 | \$305,070 | \$265,464 |

| Tax Revenue Comparison: All NRAs | | | |
|----------------------------------|----------------------------|--------------------------|---------------|
| 2018 To Date | Base | Retained | % Gain (Loss) |
| | \$265,464 | \$305,070 | 14.9% |
| | <i>Unimproved Property</i> | <i>Improved Property</i> | <i>Return</i> |

NRA Tax Revenues by Project:

| 720 E 9th Street NRA | | | | |
|----------------------|--------------------------------|------------------|------------------|-----------------------------|
| NRA Year | Tax Revenues After Development | | | Tax Revenues No Development |
| | Total Taxes Paid | NRA Rebate | Retained Tax | Base Tax |
| 2018 8 | \$28,633 | \$14,117 | \$14,515 | \$13,522 |
| 2017 7 | \$29,325 | \$14,624 | \$14,702 | \$13,097 |
| 2016 6 | \$27,599 | \$13,547 | \$14,052 | \$13,099 |
| 2015 5 | \$27,675 | \$13,617 | \$14,059 | \$12,974 |
| 2014 4 | \$26,171 | \$12,282 | \$13,889 | \$12,648 |
| 2013 3 | \$25,673 | \$12,162 | \$13,511 | \$12,481 |
| 2012 2 | \$25,314 | \$11,982 | \$13,333 | \$12,532 |
| 2011 1 | \$25,936 | \$12,515 | \$13,421 | \$12,358 |
| | \$216,326 | \$104,845 | \$111,480 | \$102,711 |

| Tax Revenue Comparison: 720 E 9th | | | |
|-----------------------------------|----------------------------|--------------------------|---------------|
| 2018 To Date | Base | Retained | % Gain (Loss) |
| | \$13,522 | \$14,515 | 7.3% |
| | \$102,711 | \$111,480 | 8.5% |
| | <i>Unimproved Property</i> | <i>Improved Property</i> | <i>Return</i> |



Historical Assistance & Investment

| 1040 Vermont Street NRA | | | | |
|--------------------------------|------------------|------------------|------------------|-----------------------------|
| Tax Revenues After Development | | | | Tax Revenues No Development |
| NRA Year | Total Taxes Paid | NRA Rebate | Retained Tax | Base Tax |
| 2018 6 | \$60,767 | \$26,512 | \$34,256 | \$28,734 |
| 2017 5 | \$62,435 | \$27,636 | \$34,798 | \$27,831 |
| 2016 4 | \$59,316 | \$29,568 | \$29,748 | \$27,836 |
| 2015 3 | \$59,480 | \$29,718 | \$29,762 | \$27,569 |
| 2014 2 | \$56,789 | \$27,438 | \$29,351 | \$26,877 |
| 2013 1 | \$55,557 | \$26,250 | \$29,308 | \$26,522 |
| | \$293,577 | \$140,610 | \$152,967 | \$136,635 |

| Tax Revenue Comparison: 1040 Vermont | | |
|--------------------------------------|------------------|---------------|
| Base | Retained | % Gain (Loss) |
| 2018 To Date \$28,734 | \$34,256 | 19.2% |
| \$136,635 | \$152,967 | 12.0% |

Unimproved Property

Improved Property

Return

| 810 Pennsylvania Street NRA | | | | |
|--------------------------------|------------------|------------------|-----------------|-----------------------------|
| Tax Revenues After Development | | | | Tax Revenues No Development |
| NRA Year | Total Taxes Paid | NRA Rebate | Retained Tax | Base Tax |
| 2018 5 | \$34,988 | \$26,460 | \$8,529 | \$4,040 |
| 2017 4 | \$35,848 | \$26,763 | \$9,085 | \$3,913 |
| 2016 3 | \$32,009 | \$26,286 | \$5,723 | \$3,913 |
| 2015 2 | \$32,100 | \$25,620 | \$6,480 | \$3,876 |
| 2014 1 | \$31,046 | \$25,370 | \$5,676 | \$3,779 |
| | \$131,004 | \$104,039 | \$26,964 | \$15,481 |

| Tax Revenue Comparison: 810/812 Penn | | |
|--------------------------------------|-----------------|---------------|
| Base | Retained | % Gain (Loss) |
| 2018 To Date \$4,040 | \$8,529 | 111.1% |
| \$15,481 | \$26,964 | 74.2% |

Unimproved Property

Improved Property

Return



Historical Assistance & Investment

| 900 Delaware NRA | | | | |
|--------------------------------|-----------------|-----------------|----------------|-----------------------------|
| Tax Revenues After Development | | | | Tax Revenues No Development |
| Total Taxes Paid | NRA Rebate | Retained Tax | Base Tax | |
| 2018 3 | \$35,787 | \$32,416 | \$3,371 | \$2,655 |
| 2017 2 | \$36,482 | \$33,061 | \$3,421 | \$2,571 |
| 2016 1 | \$32,755 | \$29,876 | \$2,879 | \$2,572 |
| | \$69,237 | \$62,937 | \$6,300 | \$5,143 |

| Tax Revenue Comparison: 900 Delaware | | |
|--------------------------------------|----------|---------------|
| Base | Retained | % Gain (Loss) |
| \$2,655 | \$3,371 | 27.0% |
| \$5,143 | \$6,300 | 22.5% |

Unimproved Property

Improved Property

Return

| 1106 Rhode Island St. NRA | | | | |
|--------------------------------|-----------------|-----------------|----------------|-----------------------------|
| Tax Revenues After Development | | | | Tax Revenues No Development |
| Total Taxes Paid | NRA Rebate | Retained Tax | Base Tax | |
| 2018 3 | \$15,359 | \$11,753 | \$3,607 | \$2,836 |
| 2017 2 | \$14,941 | \$10,504 | \$4,438 | \$2,747 |
| 2016 1 | \$13,957 | \$11,037 | \$2,920 | \$2,748 |
| | \$28,898 | \$21,541 | \$7,357 | \$5,495 |

| Tax Revenue Comparison: 1106 Rhode Island | | |
|---|----------|---------------|
| Base | Retained | % Gain (Loss) |
| \$2,836 | \$3,607 | 27.2% |
| \$5,495 | \$7,357 | 33.9% |

Unimproved Property

Improved Property

Return

| 826 Pennsylvania St. NRA | | | | |
|--------------------------------|------------------|-----------------|-----------------|-----------------------------|
| Tax Revenues After Development | | | | Tax Revenues No Development |
| Total Taxes Paid | NRA Rebate | Retained Tax | Base Tax | |
| 2018 1 | \$111,090 | \$60,791 | \$50,299 | \$11,196 |
| | \$111,090 | \$60,791 | \$50,299 | \$11,196 |

| Tax Revenue Comparison: 826 Penn St. | | |
|--------------------------------------|-----------------|---------------|
| Base | Retained | % Gain (Loss) |
| \$11,196 | \$50,299 | 349.3% |
| \$11,196 | \$50,299 | 349.3% |

Unimproved Property

Improved Property

Return



Historical Assistance & Investment

9th & New Hampshire TIF and TDD Distribution Splits

| | 900 New Hampshire (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 | \$53,727 | \$23,879 | \$99,229 | \$21,622 | \$2,686 | \$1,194 | \$0 | \$51,041 | \$22,685 |
| 2016 | \$49,434 | \$122,791 | \$312,979 | \$485,205 | \$49,434 | \$6,140 | \$15,649 | \$0 | \$116,652 | \$297,330 |
| 2017 | \$50,829 | \$126,237 | \$320,143 | \$497,209 | \$50,829 | \$6,312 | \$16,007 | \$0 | \$119,925 | \$304,136 |
| 2018 | \$47,525 | \$118,113 | \$359,625 | \$525,263 | \$47,525 | \$5,906 | \$17,981 | \$0 | \$112,208 | \$341,644 |
| Total | \$169,410 | \$420,868 | \$1,016,627 | \$1,606,906 | \$169,410 | \$21,043 | \$50,831 | \$0 | \$399,825 | \$965,796 |

| | 888 New Hampshire (North 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 |
| | | | | | | | | | | |
| 2017 | \$0 | \$0 | \$41,332 | \$41,332 | \$0 | \$0 | \$2,067 | \$0 | \$0 | \$39,265 |
| 2018 | \$139 | \$346 | \$240,319 | \$240,804 | \$139 | \$17 | \$12,016 | \$0 | \$329 | \$228,303 |
| Total | \$139 | \$346 | \$281,651 | \$281,997 | \$139 | \$17 | \$14,083 | \$0 | \$329 | \$267,568 |

In 2018, total TDD sales tax revenues generated between both district projects was \$47,664, with \$718,403 generated in total TIF revenues.



Historical Assistance & Investment

Per development agreements, the City retains all TDD revenue, up to \$850,000 as a contribution toward the 10th & New Hampshire parking garage and five percent (5%) of TIF revenue, up to \$900,000, for a City “Arts Common” project.

| 9th & New Hampshire TDD Distributions | |
|---------------------------------------|----------------------------|
| Year | City Retained TDD Revenues |
| 2015 | \$21,622 |
| 2016 | \$49,434 |
| 2017 | \$50,829 |
| 2018 | \$47,664 |
| Total | \$169,550 |

| 9th & New Hampshire TIF Distributions | |
|---------------------------------------|-------------|
| Year | City 5% TIF |
| 2015 | \$3,880 |
| 2016 | \$21,789 |
| 2017 | \$24,386 |
| 2018 | \$35,920 |
| Total | \$85,975 |



Historical Assistance & Investment

Tax Abatement Amounts

Three (3) Lawrence companies had active traditional tax abatements in 2018: 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 is currently generating some level of property taxes.¹⁰

| 2018 Tax Generation (on portion of property receiving an abatement) | | | | |
|---|---------------------|-------------------|-------------------------------|--|
| Company & Abatement % | Total Tax Potential | Abated Tax Amount | State Exemption ¹¹ | Taxes Paid (or to be paid) by Property Owner |
| Amarr Garage Doors, Inc. | | | | |
| Personal (55%) ¹² | \$138,588 | \$25,238 | \$59 | \$113,291 |
| Grandstand/Screen-It Graphics | | | | |
| Real (65%) | \$157,807 | \$102,575 | n/a | \$55,232 |
| Sunlite Science & Technology | | | | |
| Real (50%) | \$44,796 | \$22,398 | n/a | \$22,398 |
| Total | \$341,191 | \$150,210 | \$59 | \$190,921 |

Source: Douglas County

¹⁰ 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.

¹¹ 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.

¹² Personal property amount may not reflect the percentage of abatement, as some personal property is not included in the exemption. The State of Kansas exempted commercial personal property purchased July 1, 2006 and after from taxation. However, personal property purchased prior to that date is still taxed at a depreciated rate. Each company is required to submit an annual claim for a personal property tax abatement, listing out the equipment, value and date purchased. The County then determines the amount of personal property exempted and taxes due.



Historical Assistance & Investment

The following table shows amounts abated by year.

| Tax Abatements by Year (2005-2018) | | | | | | | | |
|------------------------------------|-------------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Company | Abatement Start -Ord/Res # | Abated Tax Amounts | | | | | | |
| | | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Amarr (55% Personal) | 2010/O-8497 | -- | -- | -- | -- | -- | \$31,880 | \$28,686 |
| Grandstand (65% Real) | 2012/R-6948 | -- | -- | -- | -- | -- | -- | -- |
| Sunlite (50% Real) | 2014/R-7042 | -- | -- | -- | -- | -- | -- | -- |
| Prosoco (55% Real) | 2005/O-7882 | \$31,386 | \$32,951 | \$33,048 | \$33,755 | \$33,881 | \$35,220 | \$35,698 |
| Prosoco (55% Personal) | 2005/O-7882 | \$3,510 | \$3,070 | \$2,463 | \$1,890 | \$1,265 | \$919 | \$932 |
| Total | | \$34,896 | \$36,021 | \$35,511 | \$35,645 | \$35,146 | \$68,019 | \$65,316 |

| Tax Abatements by Year (2005-2018, cont.) | | | | | | | | | |
|---|-------------------------------|--------------------|-----------|-----------|-----------------|-----------------|-----------------|-----------------|---------------------------------------|
| Company | Abatement Start -Ord/Res # | Abated Tax Amounts | | | | | | | Cumulative Total (End of 2018) |
| | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | |
| Amarr (55% Personal) | 2010/O-8497 | \$27,525 | \$27,876 | \$27,876 | \$28,593 | \$26,450 | \$27,082 | \$25,238 | \$251,206 |
| Grandstand (65% Real) | 2012/R-6948 | \$119,289 | \$93,682 | \$96,081 | \$99,422 | \$99,407 | \$103,715 | \$102,575 | \$714,171 |
| Sunlite (50% Real) | 2014/R-7042 | — | — | \$19,472 | \$21,182 | \$21,178 | \$22,997 | \$22,398 | \$107,227 |
| Prosoco (55% Real) | 2005/O-7882 | \$35,554 | \$36,026 | \$36,949 | Expired 2014 | Expired 2014 | Expired 2014 | Expired 2014 | \$344,468 |
| Prosoco (55% Personal) | 2005/O-7882 | \$928 | \$940 | \$940 | Expired 2014 | Expired 2014 | Expired 2014 | Expired 2014 | \$16,857 |
| Total | | \$183,296 | \$158,524 | \$181,318 | \$149,197 | \$147,035 | \$153,794 | \$150,210 | \$1,433,928 |

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 investment and does not include employment or income multiplier effects on the community. Additionally, these are active programs and do not cover projects with expired incentives.

| Active Projects: Pay-As-You-Go Private Capital Investment | | | | Public Investment (Major ED Programs) ¹³ |
|---|--|-----------------------------------|--|--|
| Active Projects | Private Capital Investment (as of 12-2018) | Incentive Duration in Years | 2018 Annual Private Capital Investment | 2018 |
| Tax Abatements* | | | | |
| Amarr (Tax Abatement, 2005-2013) | \$9,700,000 | 10 | \$970,000 | \$25,238 |
| Grandstand (Tax Abatement, 2011-2013) ¹⁴ | \$12,218,889 | 10 | \$1,221,889 | \$102,575 |
| Sunlite (Tax Abatement, 2014-2023) ¹⁵ | \$1,158,155 | 10 | \$115,816 | \$22,398 |

* Public investment is represented by tax abatement value.

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 2018 tax abatement questionnaire.

¹⁵ Private capital investment per Sunlite's 2018 tax abatement questionnaire. Public investment is represented by the tax abatement value.



Historical Assistance & Investment

| Active Projects: Pay-As-You-Go Private Capital Investment | | | | Public Investment (Major ED Programs) |
|---|---|-----------------------------|--|--|
| Active Projects | Private Capital Investment (as of 12-2018) | Incentive Duration in Years | 2018 Annual Private Capital Investment | 2018 |
| NRA* | | | | |
| 720 E 9th Street ¹⁶ | \$1,700,000 | 20 | \$85,000 | \$14,117 |
| 1040 Vermont Street ¹⁷ | \$2,150,000 | 10 | \$215,000 | \$26,512 |
| 810/812 Pennsylvania Street ¹⁸ | \$1,480,000 | 10 | \$148,000 | \$26,460 |
| 1106 Rhode Island Street ¹⁹ | \$896,585 | 10 | \$89,659 | \$11,753 |
| 900 Delaware Street ²⁰ | \$7,200,000 | 15 | \$480,000 | \$32,416 |
| 826 Pennsylvania Street ²¹ | \$3,200,000 | 10 | \$320,000 | \$60,791 |

* Public investment is represented by NRA rebate value.

Continued

¹⁶ Private capital investment per developer.

¹⁷ Private capital investment per 2-23-11 Benefit-Cost Analysis.

¹⁸ Private capital investment per Cider incentive application dated 6-8-12.

¹⁹ Private capital investment per 1106 Rhode Island Street incentive application dated 5-30-2014.

²⁰ Private capital investment per 9 Del Lofts incentive application dated 8-19-2014.

²¹ Private capital investment per 826 Pennsylvania Street project completion certificate.



Historical Assistance & Investment

| Active Projects: Pay-As-You-Go Private Capital Investment | | | | Public Investment (Major ED Programs) |
|---|--|-----------------------------|--|--|
| Active Projects | Private Capital Investment (as of 12-2018) | Incentive Duration in Years | 2018 Annual Private Capital Investment | 2018 |
| TIF* | | | | |
| The Oread (TIF) ²² | | | | |
| TIF Sales Tax | \$8,941,754 | 20 | \$447,088 | \$168,467 |
| TIF Property Tax | | | | \$361,989 |
| 901 New Hampshire Street (Downtown 2000) ²³ | \$11,472,000 | 20 | \$573,600 | \$28,085 |
| 900 New Hampshire (South Project) ²⁴ | | | | |
| TIF Sales Tax | \$8,625,000 | 20 | \$431,250 | \$112,208 |
| TIF Property Tax | | | | \$341,644 |
| 888 New Hampshire (North Project) ²⁵ | | | | |
| TIF Sales Tax | \$11,500,000 | 20 | \$575,000 | \$329 |
| TIF Property Tax | | | | \$228,303 |

* Public investment is represented by TIF reimbursement value.

Continued

²² 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 expected to be higher.

Reimbursements were subject to a contractual dispute between the City and the developer, which was settled through a Settlement Agreement and Mutual Release dated April 13, 2017. Refer to footnote 6 in Section 4, page 4-4 for additional details.

²³ Private capital investment per developer.

²⁴ Private capital investment per developer's Project Exemption Certificate (\$17,250,000) split evenly between TIF and TDD (\$8,625,000 each). City retains 5% of TIF Revenue as contribution toward a City "Arts Common" project.

²⁵ Private capital investment per Ord 9303 (\$23,000,000) split evenly between TIF and TDD (\$11,500,000 each). City retains 5% of TIF Revenue as contribution toward a City "Arts Common" project.



Historical Assistance & Investment

| Active Projects: Pay-As-You-Go Private Capital Investment | | | | Public Investment (Major ED Programs) |
|---|---|-----------------------------------|---|--|
| Active Projects | Private Capital Investment (as of 12- 2018) | Incentive Duration in Years | 2018 Annual Private Capital Investment | 2018 |
| TDD* | | | | |
| Oread: TDD Sales Tax ²⁶ | \$8,941,754 | 22 | \$406,443 | \$87,049 |
| Bauer Farms | \$20,800,000 | 22 | \$945,455 | \$248,184 |
| 900 New Hampshire (South Project) ²⁷ | 8,625,000 | 22 | \$392,045 | \$0 |
| 888 New Hampshire (North Project) ²⁸ | 11,500,000 | 22 | \$522,727 | \$0 |

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

In 2018, for every \$1 in public sector assistance provided for these programs, approximately \$4.18 in private sector capital investment was realized.

| 2018 Public Return on Private Capital Investment (by Year) | |
|---|---------------|
| Public Assistance: | \$1,898,516 |
| Private Investment: | \$7,938,971 |
| Private Investment for each Dollar of Public Assistance: | \$4.18 |

²⁶ 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.

Reimbursements were subject to a contractual dispute between the City and the developer, which was settled through a Settlement Agreement and Mutual Release dated April 13, 2017. Refer to footnote 6 in Section 4, page 4-4 for additional details.

²⁷ Private capital investment per developer's PEC form (\$17,250,000) split evenly between TIF and TDD (\$8,625,000 each). City retains first \$850,000 of TDD Revenue as contribution toward City parking garage at 10th & New Hampshire.

²⁸ Private capital investment per Ordinance 9093 (\$23,000,000) split evenly between TIF and TDD (\$11,500,000 each). City retains first \$850,000 of TDD Revenue as contribution toward City parking garage at 10th & New Hampshire.



Historical Assistance & Investment

New/Future Investments

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

| Future Projects: Private Capital Investment | | | | Public Investment (Major ED Programs) |
|--|--|-----------------------------------|---|--|
| Active Projects | Private Capital Investment (as of 12-2018) | Incentive Duration in Years | 2018 Annual Private Capital Investment | 2018 |
| NRA | | | | |
| 1101/1115 Indiana Street (NRA) ²⁹ | \$76,000,000 | 10 | \$7,600,000 | n/a |

²⁹ Capital Investment is per IRB Ord. No. 9053.



Historical Assistance & Investment

Direct-Support Programs

Direct support was provided to the below in 2018 for economic development programs, services, and projects.

| 2018 Other Support Programs | | | 2018 Assistance | |
|-------------------------------|-----------------------------------|---|-----------------|-----------|
| Support Program | Description | Location | City | County |
| Economic Development Services | BTBC | 2029 Becker & 4950 Research Pkwy | \$418,540 | \$568,540 |
| Economic Development Services | Chamber and KU-SBDC | 718 New Hampshire | \$220,000 | \$220,000 |
| Workforce Training | Peaslee Technical Training Center | 2920 Haskell Avenue | \$150,000 | \$195,105 |
| Expansion Assistance | Hilary's Expansion | 2205 Haskell Avenue & 2151 Haskell Avenue | \$10,000 | \$10,000 |



Historical Assistance & Investment

IRB Sales Tax Exemption Savings

Estimated sales tax exemption savings for IRB projects completed in 2018 was a little over \$867,000.³⁰

| Stand-Alone IRB: Sales Tax Exemption Values (est.) | | | | | | | |
|--|----------------------|---------------------------------|-----------------|---------------------------------|-----------------|------------------|------------------|
| Project | Estimated Completion | Materials Expense ³¹ | 1.55% City | Countywide 1% (July 2018 Rates) | | 6.5% State | Total Est Amount |
| | | | | 0.00571559 | 0.00364157 | | |
| | | | | City Portion | County Portion | | |
| Peaslee Tech-2015 | 2015 | \$3,200,000 | \$49,600 | \$18,290 | \$11,653 | \$208,000 | \$287,543 |
| 900 New Hampshire (South Project) | 2015 | \$6,755,030 | \$104,703 | \$38,609 | \$24,599 | \$439,077 | \$606,988 |
| 888 New Hampshire (North Project) | 2016 | \$12,958,077 | \$200,850 | \$74,063 | \$47,188 | \$842,275 | \$1,164,376 |
| 800 New Hampshire | 2017 | \$3,498,982 | \$54,234 | \$19,999 | \$12,742 | \$227,434 | \$314,409 |
| Pioneer Ridge | 2017 | \$5,416,977 | \$83,963 | \$30,961 | \$19,726 | \$352,104 | \$486,754 |
| 1101/1115 Indiana Street | 2017 | \$27,616,342 | \$428,053 | \$157,844 | \$100,567 | \$1,795,062 | \$2,481,526 |
| 826 Pennsylvania Street | 2018 | \$2,053,090 | \$31,823 | \$11,735 | \$7,476 | \$133,451 | \$184,485 |
| Boys & Girls Club | 2018 | \$2,500,000 | \$38,750 | \$14,289 | \$9,104 | \$162,500 | \$224,643 |
| VanTrust-Phase I | 2018 | \$5,100,000 | \$79,050 | \$29,150 | \$18,572 | \$331,500 | \$458,272 |
| Peaslee Tech-2016 | 2019 | \$1,000,000 | \$15,500 | \$5,716 | \$3,642 | \$65,000 | \$89,857 |
| Lawrence Humane Society | 2019 | \$3,750,000 | \$58,125 | \$21,433 | \$13,656 | \$243,750 | \$336,964 |
| Heritage Tractor | 2019 | \$1,500,000 | \$23,250 | \$8,573 | \$5,462 | \$97,500 | \$134,786 |
| City Total 2018 | | | | | | | \$204,796 |
| County Total 2018 | | | | | | | \$35,152 |
| State Total 2018 | | | | | | | \$627,451 |
| Total Est. Sales Tax Savings | | | | | | | \$867,399 |

³⁰ 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.

³¹ Materials expense is estimated at 50% of total project construction costs for new construction projects. The amount for the Peaslee Tech project reflects an estimated sales tax exemption on both labor and construction materials since it was a remodeling project. Project construction cost estimates provided by applicant/property owner.



Matured/Non-Initiated Projects

Matured or Not-Initiated Property Tax Abatements

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

¹ To assist Menards, a nationally known home-improvement retailer, in developing a manufacturing campus with multiple production facilities on a little over 90 acres at Lawrence VenturePark, the City authorized an assistance package in 2016 valued at a little over \$2.29 million. The package included a 10-year, 50% property tax abatement (\$1,256,270 est. value); City (\$549,350) and County (\$200,000) grants to assist with defraying partial special assessment expenses, and the former Farmland Industries bulk warehouse building located on the parcel site (appraised at \$285,963). In exchange, Menards proposed a cash transaction to purchase the land at market value and pay the total of 10 years of special assessments at the time of purchase. Anticipated capital investment for real property improvements was valued at over \$15 million (including land and building), with an estimated 100 new, full-time, permanent positions to be created. Due to national political concerns, Menards paused the VenturePark campus, along with several other projects located throughout the U.S. As of the end of the year, the project had not yet proceeded.

² In 2006, the City approved a 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 therefore elected not to initiate this abatement.

³ The City Commission approved a 55% real property tax abatement for API Foils in 2008.



Matured/Non-Initiated Projects

Matured or Not-Initiated IRBs

| Matured or Not initiated: IRBs | | | | | |
|--|---------------|----------------|--------------|-------------------|--|
| Company | Date of Issue | Issuing Ord. # | Year Matures | Amount Authorized | Project |
| PROSOCO, Inc: Series 1998A (\$5,800,000) & Series 1998B (\$2,240,000) | 1999 | 7060 | 2019 | \$8,040,000 | Manufacturing Facility |
| 1101 Indiana Street (HERE KS)* | Nov. 2014 | 9053 | 2017 | \$76,000,000 | Mixed-use, retail and student Housing |
| 800 New Hampshire: Series 2016* ⁴ | April 2016 | 9210 | 2018 | \$7,800,00 | Mixed-Use Commercial/Multi-Family Residential |
| 100 East 9th Street LLC (888 New Hampshire, North Project): Series 2015* | Mar. 2015 | 9093 | 2017 | \$23,000,000 | Mixed-Use Commercial/Residential |
| Dwayne Peaslee Technical Training Center, Inc.: Series 2015 ⁵ | May 2015 | 9111 | 2017 | \$1,600,000 | Technical Training Center |
| 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) |
| Pioneer Ridge* | Feb. 2016 | 9184 | 2017 | \$14,500,000 | Commercial, Independent Living Facility |
| Eldridge Expansion (705 Massachusetts Street)* | Oct. 2015 | 9161 | n/a | \$12,500,000 | Hotel expansion, did not proceed. Terminated by applicant in 2016. |

* IRB used for a Sales Tax Exemption on Construction Materials

⁴ As a provision for issuing bonds for an IRB sales tax exemption on construction materials, Resolution No. 7135 required the 800 New Hampshire development project to provide a letter, signed by the project's licensed architect, certifying that the building has been constructed to LEED certified standards, along with a LEED scorecard indicating which of the building's components met LEED certification standards. On November 2, 2017, Staff received a letter and LEED scorecard, from the project's lead architect at TreanorHL architects, indicating the project had meet this requirement by earning 54 LEED points.

⁵ Amended by Ordinance 9321 on December 2016 for \$2,000,000 (Series 2016).



Matured/Non-Initiated Projects

Matured or Not-Initiated NRAs

| Matured or Not Initiated: NRAs | | | |
|--------------------------------|-------------------------------------|---------------------------|---|
| NRA | Description | Location | Status |
| 800-815 Vermont Street NRA | Vermont Place Mixed-Use Development | 800-815 Vermont St. | Project not initiated by end of 2018 |
| 705 Massachusetts Street NRA | Eldridge Hotel Expansion | 705 Massachusetts Street | Terminated by Applicant 2016 |
| 1001 Massachusetts Street NRA | Masonic Temple Redevelopment | 1001 Massachusetts Street | Authorized in 2011. Did not proceed due to change in use. |

Other Assistance: Matured or Not-Initiated

Integrated Animal Health Global Headquarters

In 2015, City and County approved an incentive agreement to assist Integrated Animal Health (IAH) in establishing its headquarters at the Bioscience Technology Business Center (BTBC). Based on a 3-year performance requirement, the City and County shared equally in a \$100,000 grant (paid up front and forgivable over a 3-year period based on company performance) and provided a monthly rent subsidy split equally between the City and County. In late 2017, the City became aware there was potential concern with the status of company operations and suspended rent payment subsidies pending additional company operations information. Since the \$100,000 grant was paid up front and IAH met compliance for the first two years of the grant, there is no performance claw back applicable for those years. In June 2018, the City and County filed a lawsuit against IAH for breach of contract for failing to meet compliance standards for loan forgiveness during the third year. In March 2019 the Douglas



Matured/Non-Initiated Projects

County District Court granted default judgment in favor of the City and County (plaintiffs) and against IAH (defendant), concluding that defendant is in breach of contract and is liable to plaintiffs for the sum of \$33,333.33, together with interest at the statutory rate. The City understands that IAH is now defunct and that collection of the judgment is unlikely.



Matured/Non-Initiated Projects

| Matured or Not Initiated: Other Projects | | | |
|--|--|--|---|
| Other | Description | Location | Status |
| Business Expansion | PROSOCO: Special Assessment Forgiveness ⁶ | 3700 Greenway Circle | Completed 2015 |
| Employee Training Incentives | Argenta ⁷ | 2029 Becker Drive | Terminated 2014 |
| Neighborhood Infrastructure | East Lawrence Historic Warehouse District ⁸ | Associated with Poehler Building | Phase I Completed in 2012 |
| | | Associated with Cider Art Gallery Building | Phase II Completed in 2013 |
| | | Associated with 9 Del Lofts | Phase III Completed in 2015 |
| Development Grant | 1106 Rhode Island Street Improvements | 1106 Rhode Island Street | Development Completed 2015 ⁹ |
| Affordable Housing | Cedarwood Sr. Cottages public improvements | 2575 Cedarwood Avenue | Completed 2016 ¹⁰ |

⁶ To accommodate the PROSOCO's 2015 expansion, Douglas County donated the land at Lot F within East Hills Business Park. In conjunction with the land donation, the City Commission authorized forgiveness of \$44,937.81 in special assessments on the lot.

⁷ 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 either year.

⁸ \$1,051,577 for Phase I improvements: 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).

\$695,430 (plus \$22,432 of CID Special Assessments on the City-Owned Parking Lot) for Phase II improvements: 9th Street reconstruction & intersection improvements; Pennsylvania Street reconstruction; 8th Street & Pennsylvania Street parking; Utility and safety improvements. \$270,967 for phase III improvements: 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.

⁹ \$26,100 development grant to assist with City fees and permit expenses to support commercial rehabilitation of historic properties.

¹⁰ \$101,975 for neighborhood infrastructure and improvements, including sidewalks, storm sewer improvements, fire hydrants, detention pond assistance, and rebates on service development installation fees.

County Property Tax Abatement & Infrastructure Assistance

Berry Plastics, a global manufacturer and marketer of plastic packaging products, is one of the largest private employers in Lawrence with 600 employed at its manufacturing facility located at 2330 Packer Road. In 2011, the company built a 560,000 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, 90% property tax abatement, industrial revenue bond (IRB) financing of up to \$21 million and contributed \$600,000 for infrastructure improvements. The tax abatement started with the 2013 tax year and will expire at the end of the 2022 tax year (December 31, 2022).

Douglas County E-Community

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

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

One of the resources offered by the program is a locally administered revolving loan fund used to provide gap financing to entrepreneurs within the E-Community. The first loan was made in 2012. As of 2018, the County had processed a total of 13 loans through the program.

| 2018: Douglas County E-Community Revolving Loan Program | | | | | | |
|---|--------------|-----------|-----------------------|-------------|---|-------------|
| Recipient | Location | Loan Year | Business Description | Loan Amount | Loan Used For | Loan Status |
| Schaper Hardware | Baldwin City | 2018 | Hardware store | \$75,000 | Inventory, store improvements | Open |
| JAW Bats | Baldwin City | 2018 | Custom baseball bats | \$30,000 | Purchase of CNC lathe and MLB certification | Open |
| Empty Nesters Wine | Lecompton | 2018 | Winery and storefront | \$75,000 | Purchase and improvements to storefront | Open |
| Eudora Yoga Studio | Eudora | 2017 | Yoga studio | \$45,000 | Purchase of building. | Open |
| Dr. Ethan James | Baldwin City | 2017 | Chiropractor | \$8,000 | Build out of leased space, purchase of equipment. | Open |
| Wakarusa Brewing | Eudora | 2016 | Brewery | \$26,800 | Purchase of equipment and capital improvements | Open |
| Homestead Kitchen and Bakery, LLC | Baldwin City | 2016 | Bakery/café | \$8,000 | Purchase of equipment and capital improvements | Open |

Continued

| 2018: Douglas County E-Community Revolving Loan Program | | | | | | |
|---|--------------|-----------|------------------------------------|-------------|--|-------------|
| Recipient | Location | Loan Year | Business Description | Loan Amount | Loan Used For | Loan Status |
| Indie Olive | Eudora | 2014 | Letterpress & Design Studio | \$25,000 | Fund real estate acquisition and building improvements | Open |
| Heartland Perma Column | Baldwin City | 2013 | Concreate Foundation Manufacturing | \$13,500 | Purchase forklift and flatbed trailer | Paid off |
| Aunt Netters | Lecompton | 2013 | Restaurant | \$25,000 | Renovation of building to open café | Open |
| Amanda's Dance Academy | Eudora | 2012 | Dance Studio | \$7,000 | Expansion into new location | Paid off |
| Kansas Belle Dinner Train | Baldwin City | 2012 | Dinner Train | \$25,000 | Relocation of business from Nebraska to Baldwin City. | Open |
| The Lodge of Baldwin City | Baldwin City | 2012 | RV Park | \$25,000 | Develop RV park | Open |

Source: Douglas County, Kansas

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

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



Supplemental Information

Catalyst Incentive Program for Industrial Development

The Catalyst program is a special, temporary incentive program for new industrial projects meeting certain minimum criteria that locate within Lawrence, Kansas. Spec development or full build-out projects meeting eligibility criteria are **automatically qualified** for the basic assistance package and provided quick, streamlined approval.



Two assistance packages are offered through this program, based on project location:

Catalyst Business Park Assistance for new industrial projects locating within either Lawrence VenturePark or East Hills Business Park. The assistance package includes:

- 50%, 10-year Real Property Tax Abatement or 70%, 10-year Real Property Tax Abatement for projects constructed to LEED (Leadership in Energy & Environmental Design) Silver equivalent or higher. (LEED certification not required.)
- Sales tax exemption on project construction materials
- Business Park land provided at no cost
- State provided 100% tax abatement on business machinery and equipment

Catalyst Community Assistance for new industrial projects locating within the City of Lawrence on IG (Industrial General) zoned land. The assistance package includes:



Supplemental Information

- 50%, 10-year Real Property Tax Abatement or 70%, 10-year Real Property Tax Abatement for projects constructed to LEED Silver equivalent or higher. (LEED certification not required.)
- Sales tax exemption on project construction materials
- State provided 100% tax abatement on business machinery and equipment

Catalyst Business Park Assistance Package:

The City of Lawrence Catalyst Program is a temporary, special incentive program for projects meeting certain minimum criteria that locate within Lawrence VenturePark or the East Hills Business Park. The intention of this program is to spur economic development activity within these targeted areas. The program is limited in duration. The program will sunset two years from adoption (adopted April 2017), at which time it may be considered for extension after evaluation.

In order to be eligible, a project must be approved and a land transfer agreement executed within the two year period and a building permit and any other City approvals must be issued within 18 months of execution of a land transfer agreement. A project must break ground within 12 months of the issuance of a building permit for the project.

Because this is a special program, the regular provisions and process associated with the City of Lawrence's Economic Development Policy will not apply and expedited approval directly with



Supplemental Information

the City Commission will be granted to projects that meet the special incentive program eligibility requirements.

Program benefits:

- Industrial Revenue Bond (IRB) financing (including a sales tax exemption on construction materials) with a base 50% 10-year property tax abatement. An additional 20% 10-year property tax abatement above the base award will apply for projects that are built to LEED Silver equivalent standards as certified in writing by a licensed architect at time of permit issuance. A project may also qualify for additional property tax abatement enhancements above the 50% abatement base if the project will generate significant job creation at wages above the community average, however the applicant will have to adhere to the City's adopted economic development policy, process and performance requirements to access these enhancements. Payments in Lieu of Taxes (PILOT payments) may be negotiated with the applicant on a case by case basis. Applicant will be responsible for paying all bond counsel and bond issuance costs associated with the IRB issuance, if applicable.
- The IRB and property tax abatement application fees and bond origination fees will be waived by the City.
- Land provided at no cost to applicant. (County-owned property will be subject to Douglas County approval.)



Supplemental Information

General eligibility requirements:

- Construct a new building of at least 75,000 square feet in Lawrence VenturePark or 25,000 square feet in East Hills Business Park; or expand an existing building at least 15,000 square feet in which case the abatement would only be applicable to the expanded portion of the building.
- Applicant must be a taxable entity and the project must be a taxable use.
- Land is not transferred to applicant until a building permit for the project is issued. Building permit must be issued within 18 months of execution of land transfer agreement and project must break ground within 12 months of building permit issuance or the land will revert to the City. Project must meet all zoning and building codes and be in compliance with City regulations and meet eligibility requirements for the duration of the incentive period in order to maintain program benefits.
- Program subject to applicant executing an agreement with the City outlining terms of land transfer and other eligibility requirements of this program. Benefits under this program are subject to an applicant remaining in compliance with these eligibility requirements.
- Applicant must be current on all property tax, special assessments or any other obligations to the City of Lawrence.
- Applicant must complete brief application describing parameters of the project. Applications are available on the City website at <https://lawrenceks.org/ed> or by contacting the City Manager's Office at 785-832-3400.
- Applicant must provide sufficient evidence to the City of its financial and marketing capacity to complete a successful project. Additionally, the City reserves the right to work



Supplemental Information

with the applicant regarding the property that would best meet the proposed use and prioritize work with applicants that the City believes would best meet the goals of adding tax base and employment.

- Building must be constructed, maintained and operated in accordance with applicable federal, state and local laws.

Notes: Property tax abatements subject to final approval by the Kansas Board of Tax Appeals. Lawrence VenturePark property is a brownfield site- the former site of Farmland Industries and is subject to a Kansas Department of Health and Environment consent order for which the City will retain ongoing remediation responsibility. Each lot has been significantly environmentally characterized. Records and additional information can be obtained upon request. The brownfield site location may also be advantageous toward LEED certification equivalency.



Supplemental Information

Catalyst Community Assistance Package:

The Catalyst Community Assistance Program is a temporary, special incentive program for new industrial projects meeting certain minimum criteria that locate within the City of Lawrence, Kansas. The intention of this program is to spur economic development activity within the community. The program is limited in duration and will sunset two years from adoption (adopted June 2017), at which time it may be considered for extension after evaluation.

Because this is a special program, the regular provisions and process associated with the City of Lawrence's Economic Development Policy will not apply and expedited approval directly with the City Commission will be granted to projects that meet the special incentive program eligibility requirements.

Program benefits:

- Industrial Revenue Bond (IRB) financing (including a sales tax exemption on construction materials) with a base 50% 10-year property tax abatement. An additional 20% 10-year property tax abatement above the base award will apply for projects that are built to LEED Silver equivalent standards as certified in writing by a licensed architect at time of permit issuance. A project may also qualify for additional property tax abatement enhancements above the 50% abatement base if the project will generate significant job creation at wages above the community average, however the applicant will have to adhere to the City's adopted economic development policy, process and performance requirements to access these enhancements. Payments in Lieu of Taxes (PILOT payments) may be negotiated with the applicant on a case by case basis. Applicant will



Supplemental Information

be responsible for paying all bond counsel and bond issuance costs associated with the IRB issuance, if applicable.

- The IRB and property tax abatement application fees and bond origination fees will be waived by the City.

General eligibility requirements:

- Construct a new building of at least 25,000 square feet on IG zoned land within the City of Lawrence, Kansas
- Applicant must be a taxable entity and the project must be a taxable use.
- A building permit and any other City approvals must be issued within 18 months of City approval of the assistance package. A project must break ground within 12 months of the issuance of a building permit for the project.
- Project must meet all zoning and building codes and be in compliance with City regulations and meet eligibility requirements for the duration of the incentive period in order to maintain program benefits.
- Program subject to applicant executing an agreement with the City outlining development terms and other eligibility requirements of this program. Benefits under this program are subject to an applicant remaining in compliance with these eligibility requirements.
- Applicant must be current on all property tax, special assessments or any other obligations to the City of Lawrence.



Supplemental Information

- Applicant must complete a brief application describing parameters of the project. Applications are available on the City website at <https://lawrenceks.org/ed> or by contacting the City Manager's Office at 785-832-3400.
- Applicant must provide sufficient evidence to the City of its financial and marketing capacity to complete a successful project.
- Building must be constructed, maintained and operated in accordance with applicable federal, state and local laws.

Notes: Property tax abatements subject to final approval by the Kansas Board of Tax Appeals.



Supplemental Information

1/21/2019

Britt

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 73% as you can see from the chart below.

Please let me know if you have further questions.

| 2018 | | |
|-------------------------|------------------|-------------|
| Claims/Fees Paid | 5,328,468 | |
| Claims Reserved for | 385,151 | |
| Onsite Health Clinic | 140,550 | |
| Net Medical Expenses | <u>5,854,169</u> | |
| Total Employee Premiums | 1,570,892 | 27% |
| Total Company Portion | 4,283,277 | 73% Company |

Thank you

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



Supplemental Information



January 15, 2019

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

RE: 2018 Annual Tax Abatement Report Questionnaire – Health Benefits Compliance Category

Dear Ms. Crum-Cano:

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

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

During the calendar year 2018, Grandstand paid 97% towards the health insurance premium for the employee only coverage.

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

Sincerely,

Brandon Petz
Chief Financial Officer



Economic Snapshot

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

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

Employment Growth

| Annual Labor Force, Employment and Unemployment ¹ (Lawrence MSA) | | | | |
|--|-------------|----------|------------|-------------------|
| Period | Labor Force | Employed | Unemployed | Unemployment Rate |
| 2017 | 65,199 | 63,138 | 2,061 | 3.20% |
| 2016 | 65,556 | 63,205 | 2,351 | 3.60% |
| 2015 | 65,286 | 62,887 | 2,399 | 3.70% |
| 2014 | 64,733 | 62,090 | 2,643 | 4.10% |
| 2013 | 63,578 | 60,513 | 3,065 | 4.80% |
| 2012 | 63,496 | 60,235 | 3,261 | 5.10% |
| 2011 | 63,747 | 60,141 | 3,606 | 5.70% |
| 2010 | 64,379 | 60,574 | 3,805 | 5.90% |
| 2009 | 63,191 | 59,579 | 3,612 | 5.70% |
| 2008 | 61,712 | 59,114 | 2,598 | 4.20% |
| 2007 | 62,110 | 59,692 | 2,418 | 3.90% |
| 2006 | 62,560 | 60,180 | 2,380 | 3.80% |

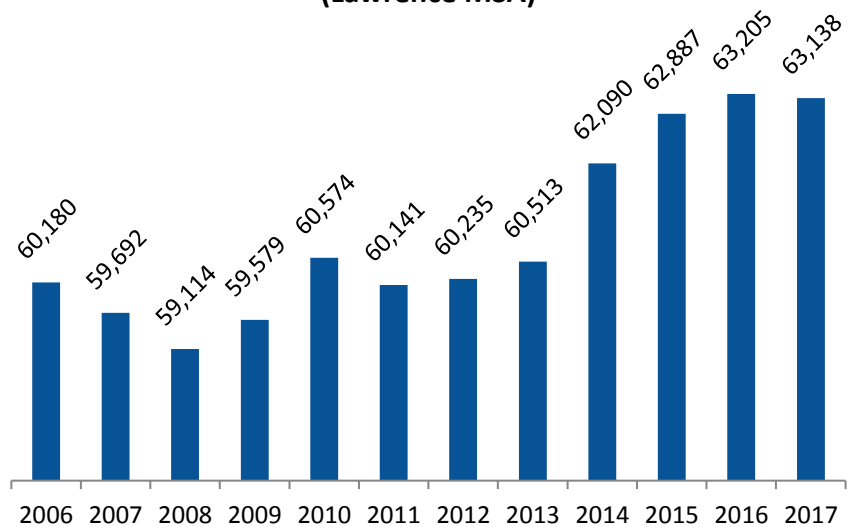
¹ Source: Labor Market Information Services, Kansas Dept. of Labor in cooperation with BLS, U.S. Dept. of Labor. Annual, not seasonally adjusted Labor Force, Employment and Unemployment data for Lawrence, KS Metropolitan Statistical Area in Multiple Time Periods.

F Economic Snapshot

2017 job growth was down 0.1% compared to the previous year, up 4.3% compared to five years ago (2013), and up 6.8% compared to 10 years ago (2008).

Annual Employment Growth (Lawrence MSA)

| Employment Growth (Lawrence MSA) | | |
|-------------------------------------|--------|----------|
| Period | Change | % Change |
| 1Y (2016-2017) | -67 | -0.1% |
| 5Y (2013-2017) | 2,625 | 4.3% |
| 10Y (2008-2017) | 4,024 | 6.8% |



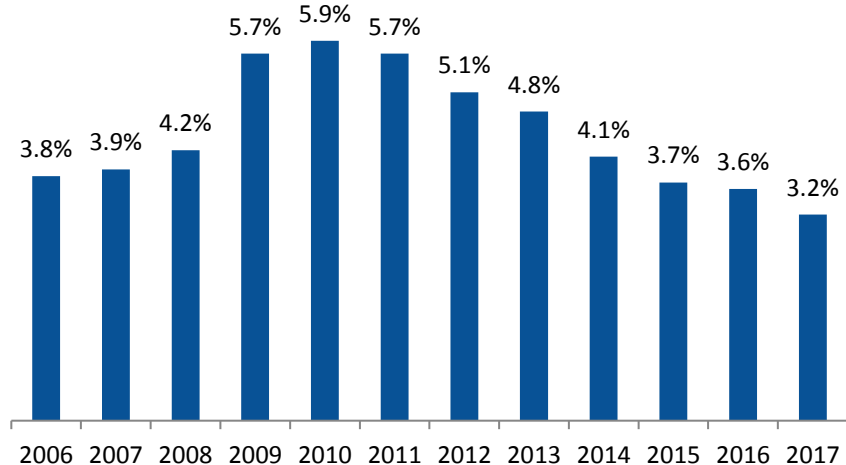


Economic Snapshot

Unemployment dropped slightly in 2017 compared to the previous year, decreased 1.60% over the past 5 years (since 2013), and decreased 1% over the past 10 years (since 2008).

Annual Unemployment Rate (Lawrence MSA)

| Unemployment Rate (Lawrence MSA) | |
|-------------------------------------|-----------------|
| Period | Absolute Change |
| 1Y (2016-2017) | -0.004 |
| 5Y (2013-2017) | -0.016 |
| 10Y (2008-2017) | -0.01 |



Commuting Workforce:

Considering all jobs, the City of Lawrence has approximately 21,000 commuting into the City for jobs as compared to 17,400 that commute out of the City for jobs. For Primary jobs, approximately 19,000 workers commute into the City for jobs as compared to 16,000 that commute to other communities for jobs.

For all job types, the County has approximately 19,100 that commute into the County for jobs as compared to approximately 22,300 that commute to communities outside the County for jobs. For Primary jobs, approximately 17,200 workers commute into the County for jobs as compared to 20,600 that commute to communities outside the County for jobs.

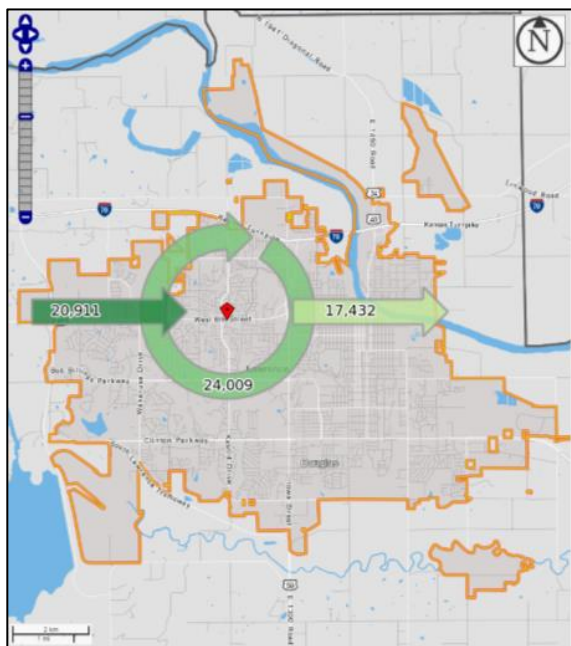
| Commuting Workforce ² | | | | | | | | |
|----------------------------------|------|--|--------------|------|--------------------|------|--------------|------|
| Lawrence, City | | | | | Douglas County, KS | | | |
| All Jobs | | | Primary Jobs | | All Jobs | | Primary Jobs | |
| Count | % | | Count | % | Count | % | Count | % |
| 20,911 | 55% | | 19,028 | 54% | 19,106 | 46% | 17,236 | 46% |
| 17,432 | 45% | | 16,070 | 46% | 22,294 | 54% | 20,633 | 54% |
| 38,343 | 100% | | 35,098 | 100% | 41,400 | 100% | 37,869 | 100% |

Commuting In
Commuting Out
Total Commuting
Workforce

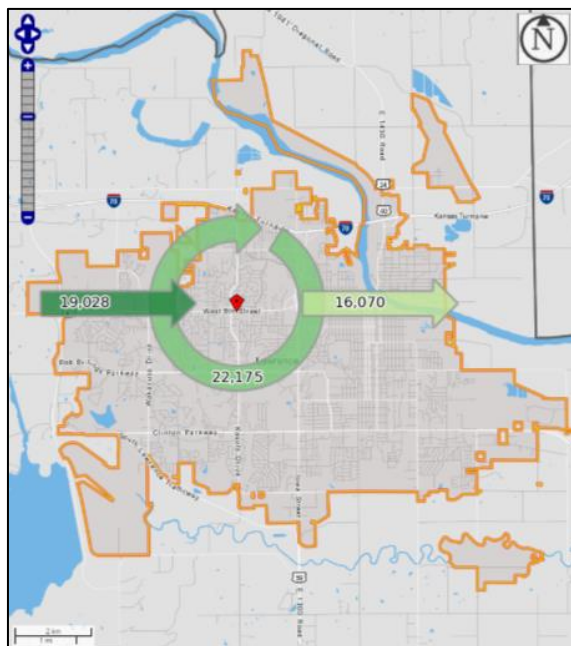
² Source: Longitudinal Employer-Household Dynamics: Inflow/Outflow Analysis.

F Economic Snapshot

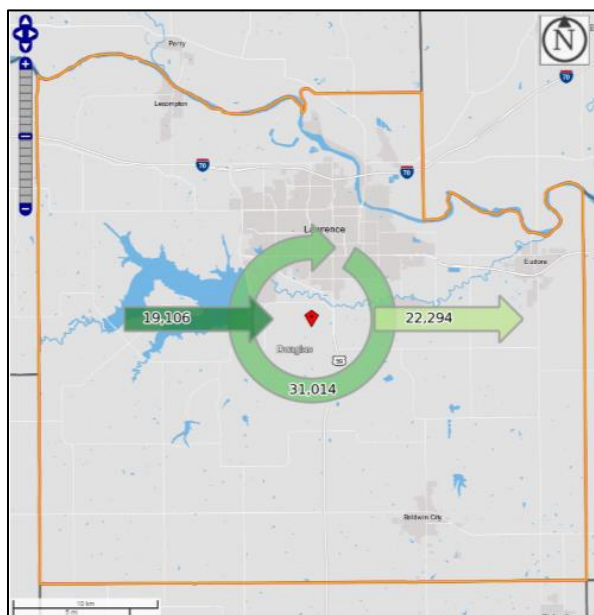
Lawrence City—All Jobs



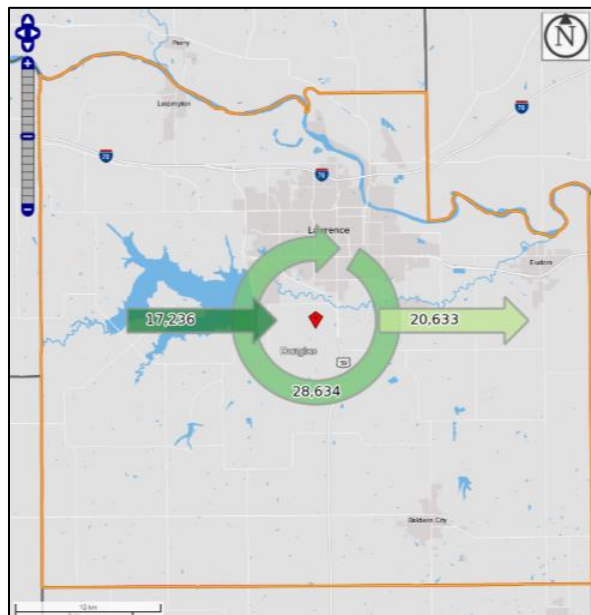
Lawrence City—Primary Jobs



Douglas County, KS—All Jobs



Douglas County, KS—Primary Jobs



Income Growth

Personal Income:

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

| Personal Income & Population ³ (Lawrence MSA) | | | |
|--|-------------------------|-------------------------------|---|
| Period | Population ⁴ | Personal income (millions \$) | Per capita personal income ⁵ |
| 2017 | 120,793 | \$4,996 | \$41,360 |
| 2016 | 119,492 | \$4,913 | \$41,114 |
| 2015 | 117,866 | \$4,836 | \$41,027 |
| 2014 | 116,323 | \$4,559 | \$39,195 |
| 2013 | 114,554 | \$4,418 | \$38,569 |
| 2012 | 113,215 | \$4,363 | \$38,537 |
| 2011 | 112,381 | \$4,283 | \$38,111 |
| 2010 | 111,224 | \$4,214 | \$37,887 |
| 2009 | 110,039 | \$4,226 | \$38,404 |
| 2008 | 109,010 | \$4,062 | \$37,265 |

³ Source: Bureau of Economic Bureau of Economic Analysis, Table MAINC4 Personal Income and Employment by Major Component, Lawrence, KS (Metropolitan Statistical Area). Note: All dollar estimates are in 2017 inflation adjusted dollars.

⁴ Census Bureau midyear population estimates. Estimates for 2010-2017 reflect county population estimates available as of March 2018.

⁵ Per capita personal income = Personal income divided by population.

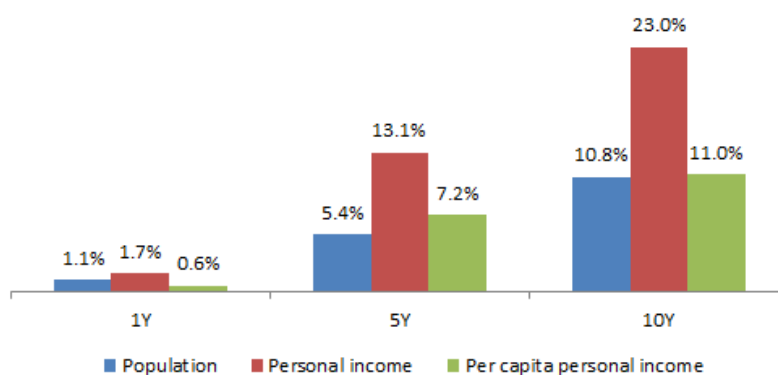
F Economic Snapshot

Over a one-year period (2016-2017), personal income grew 1.7% and per capita income increased 0.6%. Over a 5-year period (2013-2017) personal income grew 13.1% and per capita income increased 7.2%. Over a 10-year period (2008-2017) personal income grew 23% and per capita income increased 11%.

| Personal Income & Population Change | | | |
|-------------------------------------|------------------------------|------------------------------|-------------------------------|
| Description | 1Y (^{'16-'17}) | 5Y (^{'13-'17}) | 10Y (^{'08-'17}) |
| Population | 1.1% | 5.4% | 10.8% |
| Personal income | 1.7% | 13.1% | 23.0% |
| Per capita personal income | 0.6% | 7.2% | 11.0% |

Personal Income & Population Change

(Lawrence MSA, Inflation Adjusted 2017 Dollars, US CPI)



Employment Income:

| Employment Income ⁶ (Lawrence MSA) | | | |
|---|-------------------------------|--|--------------------------------|
| Period | Total employment ⁷ | Earnings by place of work (millions \$) ⁸ | Avg. earnings/job ⁹ |
| 2017 | 72,384 | \$3,101 | \$42,838 |
| 2016 | 71,511 | \$3,045 | \$42,575 |
| 2015 | 70,420 | \$2,969 | \$42,156 |
| 2014 | 69,517 | \$2,822 | \$40,596 |
| 2013 | 67,805 | \$2,746 | \$40,504 |
| 2012 | 66,197 | \$2,645 | \$39,954 |
| 2011 | 66,327 | \$2,663 | \$40,142 |
| 2010 | 66,702 | \$2,689 | \$40,315 |
| 2009 | 67,419 | \$2,722 | \$40,378 |
| 2008 | 67,975 | \$2,639 | \$38,824 |

⁶ Source: Bureau of Economic Bureau of Economic Analysis, Table MAINC4 Personal Income and Employment by Major Component, Lawrence, KS (Metropolitan Statistical Area). Note: All dollar estimates are in 2017 inflation adjusted dollars.

⁷ Total employment includes wage and salary employment plus proprietors employment.

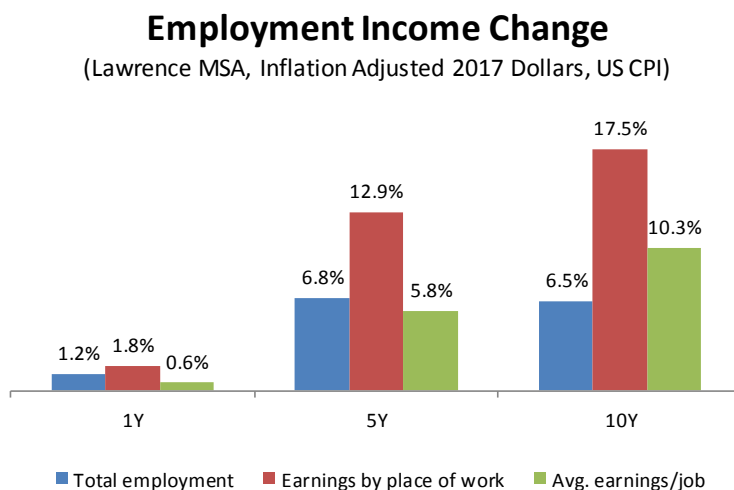
⁸ Earnings by place of work includes compensation of employees and proprietors' income.

⁹ Average earnings per job = Earnings by place of work/total employment.

F Economic Snapshot

Employment income increased 1.8% over a one-year period (2016-2017) with average earnings per job increasing 0.6%. Over a 5-year period (2013-2017), employment income increased 12.9% with average earnings per job increasing 5.8%. Over a 10-year period (2008-2017), employment income increased 17.5%, with average earnings per job increasing 10.3%.

| Employment Income Change | | | |
|---------------------------|-----------------|-----------------|------------------|
| Description | 1Y (‘16-‘17) | 5Y (‘13-‘17) | 10Y (‘08-‘17) |
| Total employment | 1.2% | 6.8% | 6.5% |
| Earnings by place of work | 1.8% | 12.9% | 17.5% |
| Avg. earnings/job | 0.6% | 5.8% | 10.3% |



Wage & Salary Employment:

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

| Wages & Salary ¹⁰ (Lawrence MSA) | | | |
|---|--|--|---|
| Period | Wage & salary employment ¹¹ | Total wages and salaries (millions \$) ¹² | Avg. wages & salaries/job ¹³ |
| 2017 | 56,476 | \$2,108 | \$37,317 |
| 2016 | 55,877 | \$2,087 | \$37,349 |
| 2015 | 55,062 | \$2,042 | \$37,089 |
| 2014 | 54,406 | \$1,960 | \$36,019 |
| 2013 | 53,104 | \$1,914 | \$36,052 |
| 2012 | 51,941 | \$1,875 | \$36,102 |
| 2011 | 52,035 | \$1,864 | \$35,830 |
| 2010 | 52,680 | \$1,908 | \$36,220 |
| 2009 | 53,535 | \$1,959 | \$36,587 |
| 2008 | 54,159 | \$1,896 | \$35,007 |

¹⁰ Source: Bureau of Economic Bureau of Economic Analysis, Table MAINC4 Personal Income and Employment by Major Component, Lawrence, KS (Metropolitan Statistical Area). Note: All dollar estimates are in 2017 inflation adjusted dollars.

¹¹ Wage and salary employment- Wage and salary employment, also referred to as wage and salary jobs, measures the average annual number of full-time and part-time jobs in each area by place of work. All jobs for which wages and salaries are paid are counted. Although compensation paid to jurors, expert legal witnesses, prisoners, and justices of the peace (for marriage fees), is counted in wages and salaries, these activities are not counted as jobs in wage and salary employment. Corporate directorships are counted as self-employment.

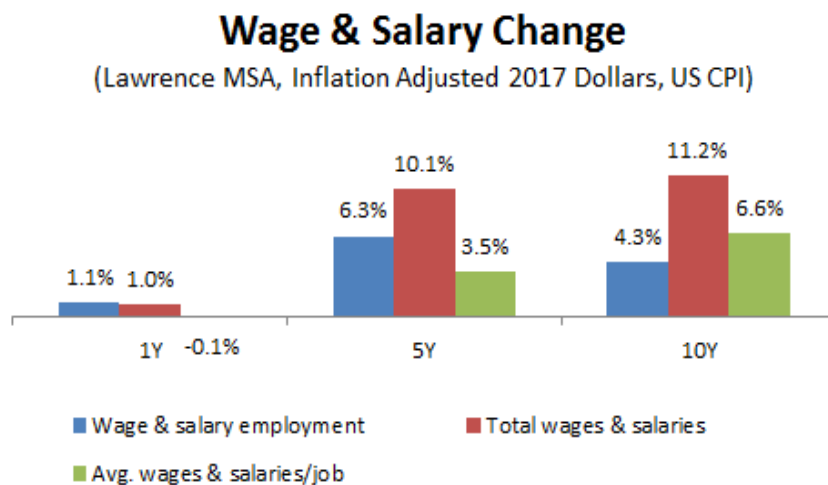
¹² The remuneration receivable by employees (including corporate officers) from employers for the provision of labor services. Includes commissions, tips, and bonuses; employee gains from exercising stock options; and pay-in-kind. Judicial fees paid to jurors and witnesses are classified as wages and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

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

F Economic Snapshot

Total wages and salaries for the Lawrence MSA increased 1.1% over a one-year period (2016-2017) with average wages & salaries per job decreasing 0.1%. Over a 5-year period (2013-2017), total wages and salaries increased 10.1% with average wages/salaries per job increasing 3.5%. Over a 10-year period (2008-2017), total wages and salaries increased 11.2%, with average wages/salaries per job increasing 6.6%.

| Wage & Salary Change | | | |
|---------------------------|------------------------------|------------------------------|-------------------------------|
| Description | 1Y (^{'16-'17}) | 5Y (^{'13-'17}) | 10Y (^{'08-'17}) |
| Wage & salary employment | 1.1% | 6.3% | 4.3% |
| Total wages and salaries | 1.0% | 10.1% | 11.2% |
| Avg. wages & salaries/job | -0.1% | 3.5% | 6.6% |



Tax Base Growth

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

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

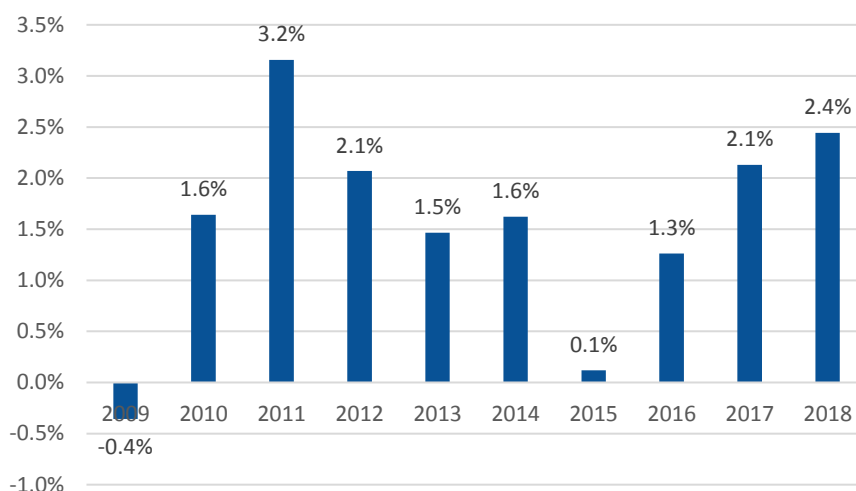
| Commercial Real Estate Assessed Valuation (shown as percent of total) | | | | | |
|--|-------|-------|-------|-------|-------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Lawrence | 29.8% | 30.0% | 30.3% | 30.6% | 30.3% |
| Lenexa | 47.7% | 48.1% | 49.0% | 47.7% | 47.0% |
| Manhattan | 28.0% | 28.0% | 28.0% | 27.0% | 28.0% |
| Olathe | 28.3% | 28.6% | 31.5% | 32.0% | 30.3% |
| Overland Park | 37.1% | 37.2% | 38.5% | 38.1% | 37.5% |
| Shawnee | 23.5% | 24.1% | 26.4% | 25.7% | 25.5% |
| Topeka | 41% | 41.7% | 42.5% | 42.7% | 44.5% |

Sources: County Appraisers

Additional Economic Indicators

| Consumer Price Index ¹⁴ | | |
|--|---------|--------------|
| U.S. City Average, All Urban Consumers | | |
| Year | CPI | Y-Y % Change |
| 2018 | 251.107 | 2.4% |
| 2017 | 245.120 | 2.1% |
| 2016 | 240.007 | 1.3% |
| 2015 | 237.017 | 0.1% |
| 2014 | 236.736 | 1.6% |
| 2013 | 232.957 | 1.5% |
| 2012 | 229.594 | 2.1% |
| 2011 | 224.939 | 3.2% |
| 2010 | 218.056 | 1.6% |
| 2009 | 214.537 | -0.4% |

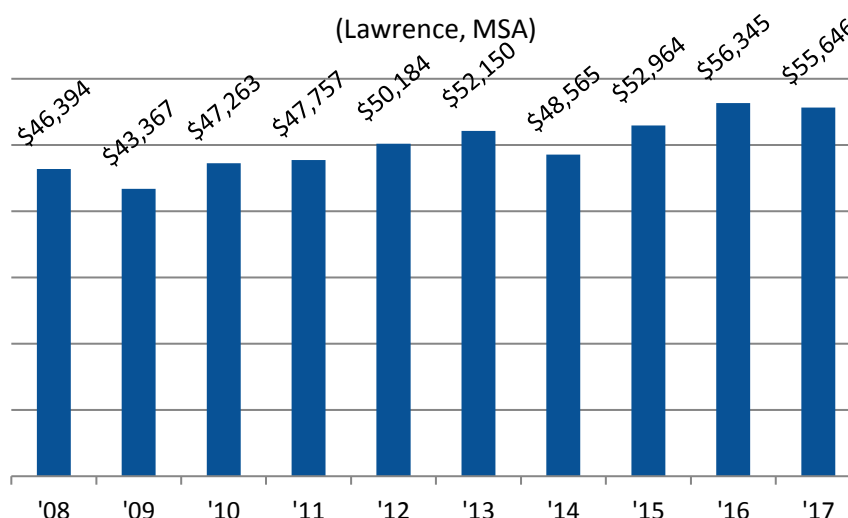
Annual Inflation
(U.S. City Average, All Urban Consumers)



| Median Household Income | | |
|-------------------------|----------|------------|
| (Douglas County, KS) | | |
| Year | Amount | Y-Y Change |
| 2017 | \$55,646 | -1.24% |
| 2016 | \$56,345 | 6.38% |
| 2015 | \$52,964 | 9.06% |
| 2014 | \$48,565 | -6.87% |
| 2013 | \$52,150 | 3.92% |
| 2012 | \$50,184 | 5.08% |
| 2011 | \$47,757 | 1.05% |
| 2010 | \$47,263 | 8.98% |
| 2009 | \$43,367 | -6.52% |
| 2008 | \$46,394 | 8.47% |

Median Household Income

(Lawrence, MSA)

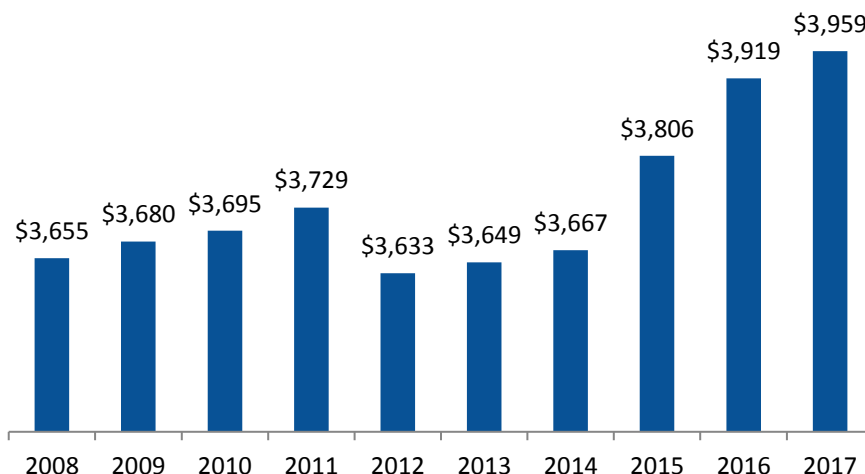


¹⁴ Source: U.S. Bureau of Labor Statistics. Consumer Price Index - All Urban Consumers, U.S. City Average, Not Seasonally Adjusted. Data retrieved Feb. 2019.

Real GDP: All Industries

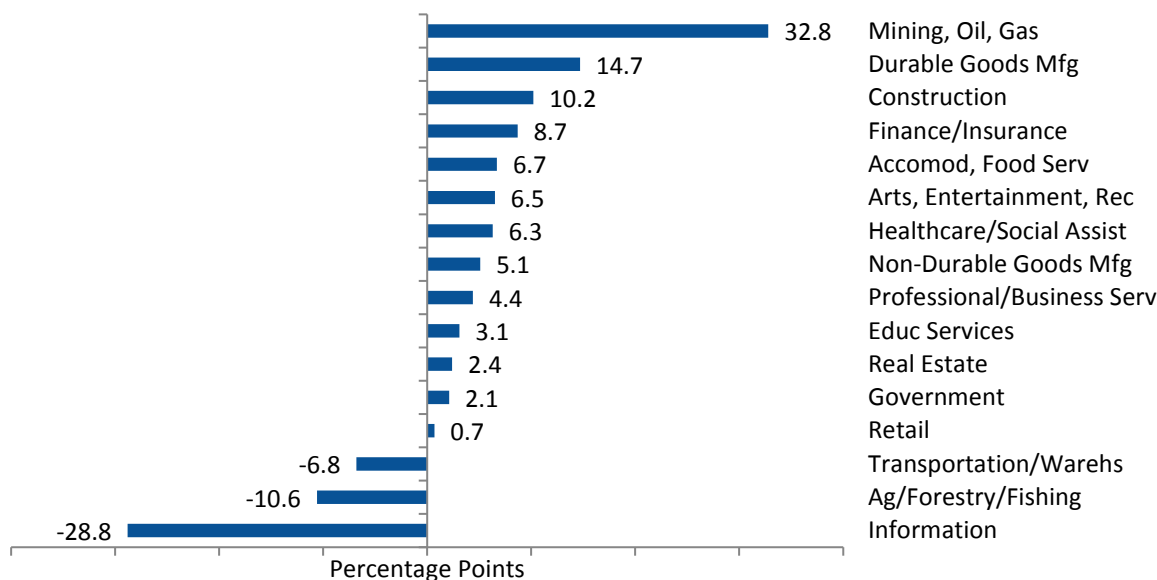
(Lawrence MSA, Millions of chained (2009) Dollars)

| Real GDP ¹⁵ : Lawrence MSA | | |
|--|---------|--------------|
| All Industries, Millions of Chained 2009 Dollars | | |
| Year | GDP | Y-Y % Change |
| 2017 | \$3,959 | 1.0% |
| 2016 | \$3,919 | 3.0% |
| 2015 | \$3,806 | 3.8% |
| 2014 | \$3,667 | 0.5% |
| 2013 | \$3,649 | 0.5% |
| 2012 | \$3,633 | -2.6% |
| 2011 | \$3,729 | 0.9% |
| 2010 | \$3,695 | 0.4% |
| 2009 | \$3,680 | 0.7% |
| 2008 | \$3,655 | 2.7% |



Percent Change to Real GDP

(Lawrence MSA, 2016-2017)

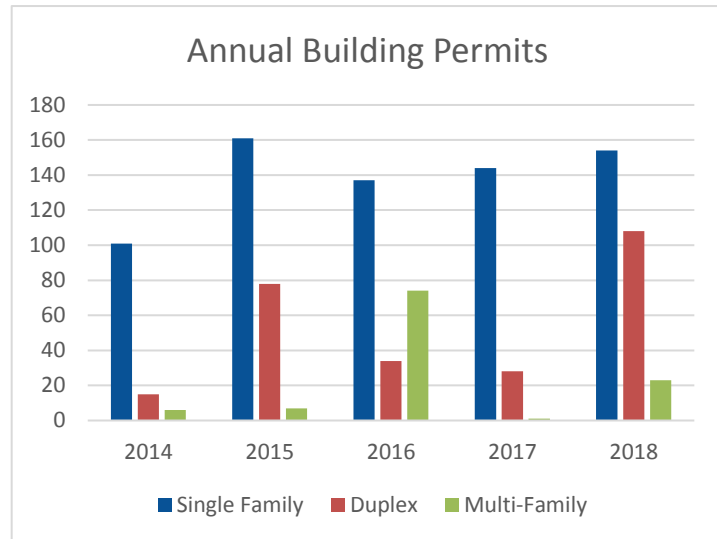


¹⁵ Real GDP: Bureau of Economic Analysis, Table MAGDP9 Real GDP by Metropolitan Area. GDP % Change: Table MAGDP2 Gross domestic product (GDP) by metropolitan area. Data retrieved Nov. 2018.

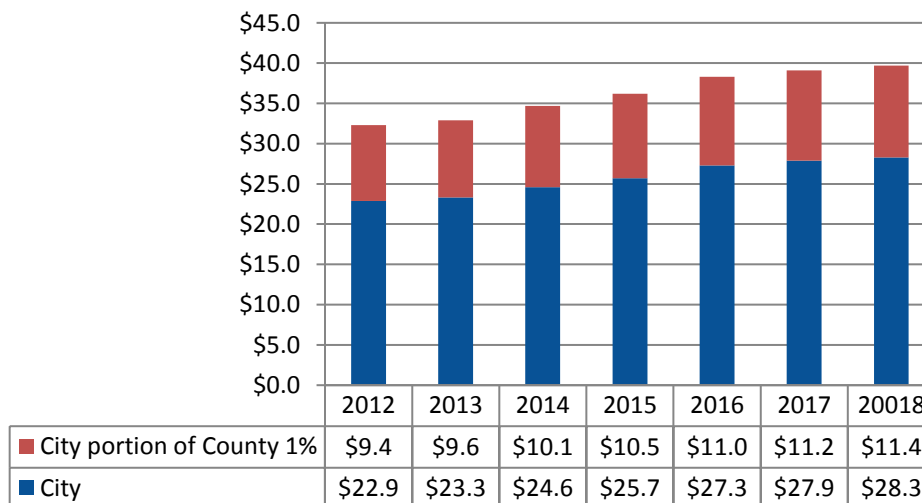


Economic Snapshot

| New Construction Building Permits ¹⁶ | | | |
|---|---------------|--------|--------------|
| Period | Single Family | Duplex | Multi-Family |
| 2018 | 154 | 108 | 23 |
| 2017 | 144 | 28 | 1 |
| 2016 | 137 | 34 | 74 |
| 2015 | 161 | 78 | 7 |
| 2014 | 101 | 15 | 6 |



City Sales Tax Revenues (millions \$)



¹⁶ Source: City of Lawrence, Kansas. Neighborhood Resources Department, Valuation of Building Permits.