



2015

City of Lawrence, Kansas

Annual Report: Economic Development Support & Compliance

Britt Crum-Cano, Economic Development Coordinator



Table of Contents

Executive Summary	i
Introduction	1
Section 1: Property Tax Abatements	
Overview	1-1
Company Profiles	1-4
Abatement Performance	1-7
Performance Summary	1-9
Employment Summary.....	1-11
Employment History.....	1-13
Abatement Compliance Summary	1-14
Additional Community Benefits	1-18
Local Expenditures & Non-Local Sales	1-18
Property Tax Generation	1-19
Social Impacts	1-20
Section 2: Industrial Revenue Bonds (IRB)	2-1
Section 3: Neighborhood Revitalization Areas (NRA)	3-1
Section 4: Tax Increment Financing Districts (TIF)	4-1
Section 5: Transportation Development Districts (TDD)	5-1
Section 6: Other Support Programs	
Economic Development Services	6-1
Support for Other Economic Development Services	6-5
Neighborhood Infrastructure.....	6-9
Shared infrastructure	6-12
Development Grant	6-14
Relocation Assistance.....	6-15
Workforce Training Support	6-17



Table of Contents

Business Expansion Assistance	6-20
Affordable Housing Development	6-21
Appendix A: Regulating Documents.....	A-1
Appendix B: Historical Assistance and Investment.....	B-1
Appendix C: Expired Programs	C-1
Appendix D: County Programs.....	D-1
Appendix E: Supplemental Information.....	E-1



Executive Summary

Each year, the City of Lawrence compiles information on the firms receiving property tax abatements in order to assess the effectiveness of program goals, including making good investments and providing quality wages and jobs for the community. This information is required by City Code (Section 1-2107), which states that businesses receiving property tax abatements must provide certain information until their property tax abatement expires.

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

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

Property Tax Abatements:

Four Lawrence companies had active property tax abatements in 2015: Amarr Garage Doors, Grandstand Sportswear and Glassware (Screen-It Graphics), Sunlite Science & Technology, and Rock Chalk Park (KU facility portion). All met their compliance measures as per performance agreements signed with the City.¹

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



Executive Summary

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

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

Investments

- For companies receiving a property tax abatement, real property investment totaled \$9,006,330 in 2015 as compared to \$5,940,000 projected. Real property investment to date was \$7,897,198 for Grandstand and \$1,109,132 for Sunlite. Amarr did not receive a real property tax abatement and their investment numbers are not included.
- Personal property investment totaled \$9,700,000 in 2015 as compared to 9,400,000 projected. Personal property investment to date for Amarr was \$9,700,000. Grandstand and Sunlite did not receive personal property tax

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



Executive Summary

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

Employment—

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

Full-Time Wages—

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

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



Executive Summary

Tax Generation

Based on the portion of property receiving an abatement, the companies receiving a property tax abatement for economic development purposes paid a combined \$205,570 in property taxes out of a total \$354,879 due in 2015 (\$149,197 abated).⁴ Amarr paid a total of \$130,853 in personal property tax out of \$159,558 due (\$28,593 abated); Grandstand paid a total of \$53,536 in real property tax out of \$152,958 due (\$99,422 abated); and Sunlite paid a total of \$21,181 in real property tax out of \$42,363 due (\$21,182 abated).

Industrial Revenue Bonds (IRB):

Seven companies had Industrial Revenue Bonds (IRB) in 2015. The majority of the authorized IRBs were not affiliated with a property tax abatement, but rather were utilized to obtain a sales tax exemption on construction materials for the project. Two new IRBs were authorized in 2015 via a resolution of intent, but had not closed by the end of the year: Pioneer Ridge and 800 New Hampshire. It should be noted that IRBs are backed by private sources, with no obligation on the part of the City for repayment of principal or interest.

⁴ Rock Chalk Park was not subject to economic development measures due to the unique nature of the project and taxes are not reported for that project. KU would normally enjoy a 100% property tax abatement on their property for the duration of ownership. However, given the deal structure of the Rock Chalk Park project with KU Athletics entering into a long term lease with a private developer to construct the facilities, an automatic property tax exemption was not possible. A property tax abatement was utilized to assist KU in pursuing this project. Due to the unique nature of the project and its primary benefits related to assisting KU Athletics and drawing visitors from outside the community rather than job creation, no job creation performance or wage requirements were imposed.



Executive Summary

Neighborhood Revitalization Areas (NRA):

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

Tax Increment Financing Districts (TIF):

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

- The Downtown 2000 Redevelopment TIF District was created to support the development of the parking garage at 10th and New Hampshire and other cultural, commercial, office, and apartment developments. At the end of 2015, approximately \$3.37 million remained outstanding on the bond debt (approximately \$8.6 million).
- The Oread TIF District was created to help fund public improvements supporting the multi-level lodging, hospitality, and business venue at 12th and Oread. Public improvements to streets and infrastructure, including a parking garage, were financed initially by the developer and are reimbursed annually through both TIF and TDD revenues generated within the district. The district began generating TIF revenues in 2009.

⁵ Rebates amounts are shown in Appendix B.

⁶ Reimbursement amounts are shown in Appendix B.



Executive Summary

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

Transportation Development Districts (TDD):

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

- The Oread TDD District (located at W. 12th Street & Oread Avenue) began generating sales tax revenues in 2009.
- The Free-State (Bauer Farm) TDD District (located at West 6th Street and Wakarusa Drive) began generating sales tax revenues in 2009.
- The 9th & New Hampshire TDD District was created in 2012 and includes two project areas: South and North. The district began generating TDD revenue in 2015 via the South Project. At the end of 2015, the North Project area was under construction.

⁷ Reimbursement amounts are shown in Appendix B.



Executive Summary

Other Economic Development Programs (Direct-Support):

The City also participates in direct-support programs to help initiate and support economic development within the community. The programs supported in 2015 include:

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

City support for economic development services provided by the Lawrence Chamber of Commerce and KU Small Business Development Center totaled \$219,500 in 2014.

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



Executive Summary

- **Development Grant**—The City authorized up to \$26,100 in development assistance, primarily in the form of rebated fees, to aid the rehabilitation of historic structures and revitalization at 1106 Rhode Island Street. By the end of 2015, \$23,640 had been reimbursed.
- **Relocation Assistance**—Based out of Queensland, Australia, Integrated Animal Health (IAH) is a privately owned and funded company that uses patented technology to help increase the absorption of medicine in animals, either given orally or through the skin. To help establish IAH's global headquarters in Lawrence, the City and Douglas County agreed to share equally in providing a 3-year lease subsidy for space at the BTBC main facility and a \$100,000 forgivable loan. Rent subsidy started with June 2015. At the end of 2015, both the City and County had contributed \$63,969 in loan and rent subsidy. The first full measurement year for calculating compliance on the forgivable loan will be June 1, 2015-May 31, 2016.
- **Workforce Training**—In 2015, the City and County provided support to help establish the Peaslee Technical Training Center. Aimed at helping fill the skills gap in the local workforce, the Center opened August of 2015 with an enrollment of 150 students. Public support included a property tax refund for 2014 and 2015, renovations grant for the training center, renovations loan for the Workforce Center, permit reimbursements, waiver of the IRB application fee, and funding for operations.



Executive Summary

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



Introduction

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

2015 Major Economic Development Support Programs			
Incentive Program	Description	Location	Map #
Property Tax Abatements	Amarr	3800 Greenway circle	1
	Screen-It Graphics/Grandstand	3840 Greenway Circle	2
	Rock Chalk Park	6100 Rock Chalk Drive	3
	Sunlite Science & Technology, Inc.	4811 Quail Crest Place	4
Industrial Revenue Bonds (IRB)	Bowersock (Hydro-Electric Plant)	Kansas River, east of N 2nd Street	5
	PROSOCO	3741 Greenway circle	6
	9th & New Hampshire--South Project ¹	900 New Hampshire	7
	Rock Chalk Park	6100 Rock Chalk Drive	8
	1101/1115 Indiana Street (HERE Kansas)	1101/1115 Indiana Street	9
	9th & New Hampshire--North Project	100 E 9th Street	10
	Peaslee Technical Training Center	2920 Haskell Avenue	11
	Eldridge Hotel expansion	705 Massachusetts Street	12
	Pioneer Ridge	1000 Wakarusa Drive	13
800 New Hampshire redevelopment	800 New Hampshire Street	14	
Neighborhood Revitalization Areas (NRA)	8th and Pennsylvania Street District	720 E 9th Street	15
	1040 Vermont (Treanor Headquarters)	1040 Vermont Street	16
	810/812 Pennsylvania (Cider Building)	810/812 Pennsylvania Street	17
	1106 Rhode Island Street (Hernly Associates)	1106 Rhode Island Street	18
	1101/1115 Indiana Street (HERE Kansas)	1101/1115 Indiana Street	19
	900 Delaware Street (9 Del Lofts)	900 Delaware Street	20
	Eldridge Hotel expansion	705 Massachusetts Street	21
Tax Increment Financing (TIF)	Downtown 2000 District	9th & New Hampshire area	22
	901 New Hampshire (TIF Refund)	901 New Hampshire	23
	Oread Project	1200 Oread Avenue	24
	9th & New Hampshire TIF District	SEC & NEC, 9th & New Hampshire	25

¹ Terminated December 2015.



Introduction

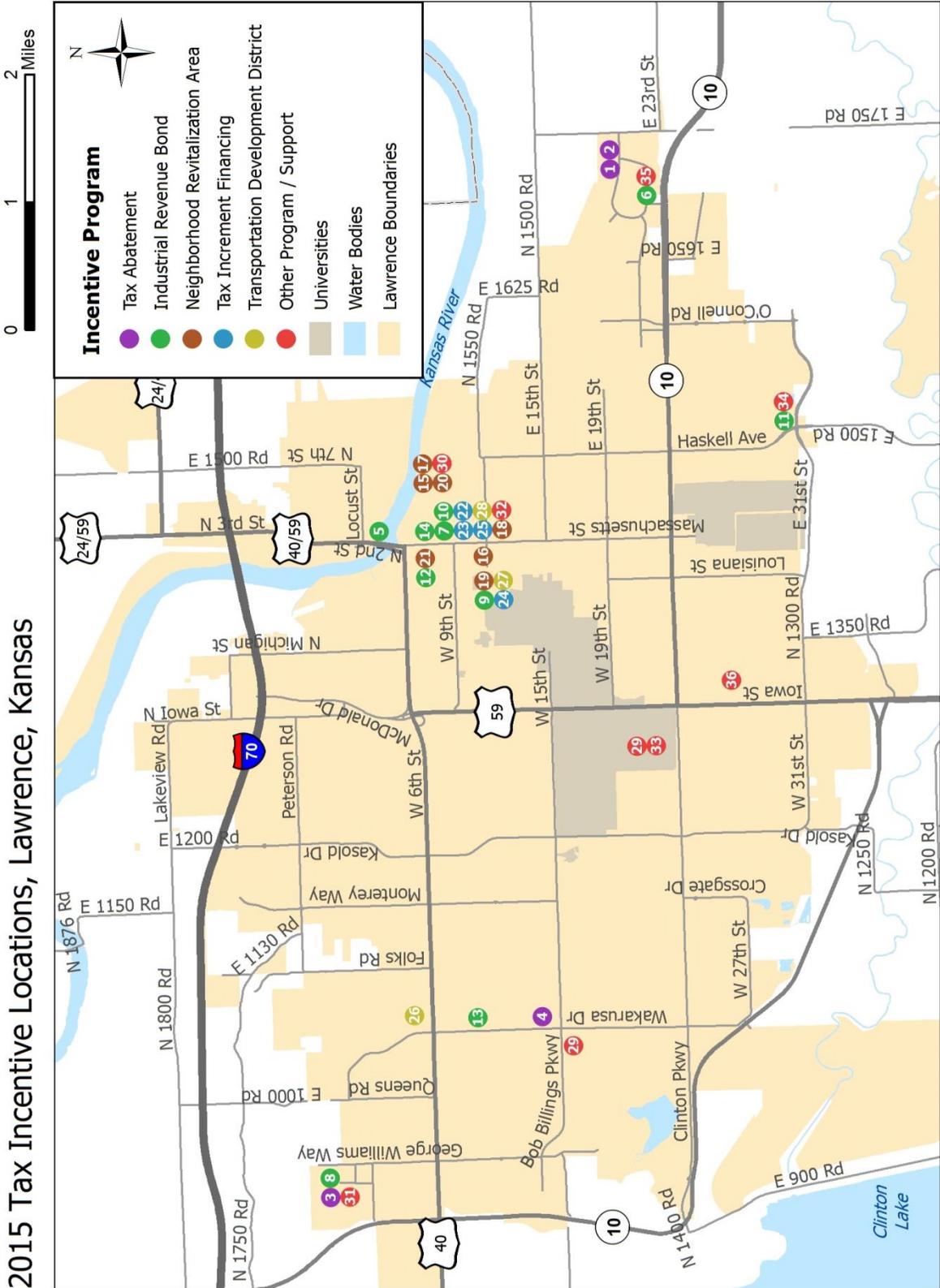
Continued

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

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



Introduction





Property Tax Abatements

Overview

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

Each year, the City of Lawrence compiles information on the firms receiving property tax abatements in order to assess the effectiveness of the abatements at providing investments, quality jobs and good wages for the community. This information is required by City Code (Section 1-2107), which states that businesses receiving property tax abatements must provide certain information until their property tax abatement expires. The information presented in this section provides profile and performance information for the companies currently receiving property tax abatements. See appendix B for information on recently expired property tax abatements.



Property Tax Abatements

2015 Property Tax Abatements: Active						
Company	Start ¹	Expires ²	Maximum Investment Amount Subject to Abatement ³	Abatement %	Ord/Res	COTA Docket #
Amarr Garage Doors, Inc.	2010	2019	\$9,400,000 personal property	55% personal property	O-8497	2010-5589-EDX
3840 Greenway Circle LLC/Screen-It Graphics (Grandstand)	2012	2021	\$4,990,000 real property ⁴	65% on real property	R-6948	2012-9459-EDX
Sunlite Science & Technology, Inc.	2014	2023	\$2,300,000 real property ⁵	50% on real property	R-7042	2013-5409-EDX
Rock Chalk Park ⁶	2014	2023	\$40,000,000	100% on real property	R-7014	2014-7320-IRBX

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

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

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

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

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

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



Property Tax Abatements

Non-Initiated Property Tax Abatements

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

- In 2006, the City approved a ninety percent (90%) real property tax abatement for Berry Plastics for a three stage expansion at their existing plant. At this stage, two of the three phases have been completed, but there has been no material change to Berry's real property value. Berry has therefore elected not to initiate this abatement yet.
- The City Commission approved a fifty-five percent (55%) real property tax abatement for API Foils in 2008. API Foils has not yet begun construction on this project.



Property Tax Abatements

Company Profiles

Amarr Garage Doors

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



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



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

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





Property Tax Abatements

Grandstand Sportswear & Glassware (Screen-It Graphics)

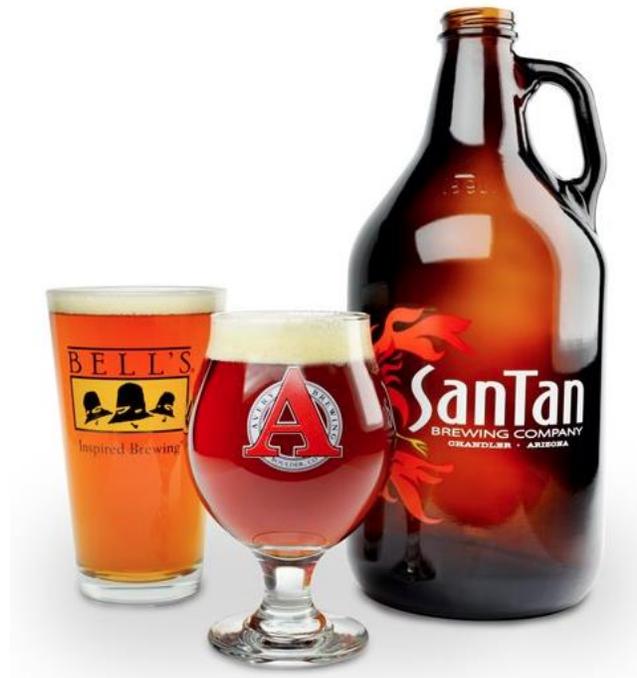
Based in Lawrence, Kansas, Grandstand is a custom screen printer specializing in sportswear, glassware and promotional items. Beginning operations as an apparel



Grandstand: 3840 Greenway Circle

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

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





Property Tax Abatements

Sunlite Sciene & Technology

Sunlite Science & Technology, Inc. designs and manufactures high-efficiency LED lighting fixtures for residential and commercial uses. This home-grown company has been headquartered out of Lawrence, Kansas since 1997 and was the first graduate from the Lawrence Bioscience and Technology Business Center (BTBC) incubator.

In 2013, the company purchased the property at 4811 Quail Quest Place in order to consolidate business operations and grow to the next business phase.





Property Tax Abatements

Abatement Performance

The table below compares projected investment, employment and wage milestones⁷ to actual achievement for each of the companies receiving a property tax abatement during 2015.

2015 Property Tax Abatement Performance by Company			
Amarr Garage Doors, Inc.	Projected	Actual	Comparison (Projected to Actual)
Real Property Investment	n/a	n/a	n/a
Personal Property Investment	\$9,400,000	\$9,700,000	103%
Full-Time Employees ⁸	40	157	393%
Average Wages (2015 Dollars)	\$32,170	\$36,985	115%

Continued

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

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

During the year prior to submission of the COTA application (2009), Amarr had a total full-time workforce of 499. From the COTA orders, the company projected 40 net new full-time positions would be added during the abatement period for a total of 539 full-time jobs (499 + 40 = 539). In 2015, Amarr reported 696 actual, full-time positions and had realized 157 net new full-time positions (696-539 = 157).



Property Tax Abatements

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

⁹ Per the performance agreement between Grandstand and the City, the measurement period for job creation was specified as January 1 through December 31 of the immediately preceding year. Under mutual agreement, the City and Grandstand agreed to a clarification of the measurement period that would align it to the year taxes are being levied/abated. For example, the measurement period for taxes levied in 2014 will be January 1, 2014 through December 31, 2014. This does not change targets or total job creation numbers, but rather makes compliance calculation and reporting more efficient and straightforward for both the City and Grandstand.

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



Property Tax Abatements

Performance Summary

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

Real Property Investment

Overall, the companies receiving property tax abatements in 2015 achieved one hundred fifty-two percent (152%) of the projected amount for real property investments. Real property investment totaled approximately \$9 million, with company investments ranging from just over \$1.1 million (Sunlite) to approximately \$7.9 million (Grandstand). Amarr did not receive a property tax abatement on real property and those investment amounts were not included.

Personal Property Investment

Overall, the companies receiving property tax abatements in 2015 achieved one hundred three percent (103%) of the projected amount for personal property investments. Personal property investment totaled approximately \$9.7 million. Grandstand and Sunlite did not receive a personal property tax abatement and those amounts were not included.



Property Tax Abatements

Job Creation:

All of the companies receiving a property tax abatement in 2015 met or exceeded full-time employment projections as per reporting requirements. Amarr Garage Doors exceeded projected employment by three hundred ninety-three percent (393%), Grandstand exceeded projected employment by two hundred thirty-eight percent (238%), and Sunlite met one hundred percent (100%) of their projected employment for the 2015 abatement year. Overall, the three companies receiving a property tax abatement during 2015 met two hundred seventy-four percent (274%) of new, full-time job projections.

Wages:

Employee pay is an important element for both the quality of life and for promoting other businesses indirectly. Adjusting for inflation, average wages from the companies receiving property tax abatements is approximately \$37,760 per year. This wage is about \$7.055 higher than the average private sector wage in Lawrence.¹¹ This wage is also substantially above the 2015 community wage floor rate (\$12.56 per hour wage floor rate as compared to \$18.15 per hour average wage rate paid by abatement companies.)

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

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



Property Tax Abatements

Employment Summary

Each year, a questionnaire is sent to companies receiving property tax abatements, requesting employment information. Occupation specific information, including full-time or part-time status, the 6-digit Standard Occupation Code (SOC) for each job category, and the hourly or annual wage for each position is collected.¹² The information for each occupation is then compared with a community average (mean) wage for that occupation. In the majority of cases, the community average wage used was the 6-digit SOC Code mean wage as reported in the 2015 Edition of the Kansas Wage Survey for the Lawrence Metropolitan Statistical Area (MSA). Whenever a 6-digit SOC Code mean wage was not available for Lawrence, the 2015 Edition 6-digit SOC Code mean wage for the state of Kansas was used.

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

¹² Due to confidentiality, companies were not required to provide wage data on job categories with only one employee. For purposes of calculating the company average wage, jobs indicated as below the average wage were estimated at 10% less than the SOC community average wage for that job category. Jobs indicated as above the average wage were estimated at 3% more than the SOC Community average wage for that job category.



Property Tax Abatements

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



Property Tax Abatements

Employment History

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

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

¹³ The number of jobs projected from abatement was 40, as per COTA orders (Docket # 2010-5589-EDX, received 8-12-2010) granting the tax abatement on personal property. According to the COTA orders, "Applicant is using the subject property for manufacturing articles of commerce and its expansion has resulted in or will result in the creation of 40 new positions."

During the year prior to submission of the COTA application (2009), Amarr had a total full-time workforce of 499. From the COTA orders, the company projected 40 net new full-time positions would be added during the abatement period for a total of 539 full-time jobs (499 + 40 = 539). In 2015, Amarr reported 696 actual, full-time positions and had realized 157 net new full-time positions (696-539 = 157).

¹⁴ Per the performance agreement between Grandstand and the City, the measurement period for job creation was specified as January 1 through December 31 of the immediately preceding year. Under mutual agreement, the City and Grandstand agreed to a clarification of the measurement period that would align it to the year taxes are being levied/abated. For example, the measurement period for taxes levied in 2015 will be January 1, 2015 through December 31, 2015. This does not change targets or total job creation numbers, but rather makes compliance calculation and reporting more efficient and straightforward for both the City and Grandstand.

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



Property Tax Abatements

Abatement Compliance Summary:

In order to annually qualify for a property tax abatement, each company is subject to provisions as specified within a performance agreement signed with the City and the property tax abatement policy that was in place at the time of agreement signing. Only two companies, Grandstand and Sunlite, are subject to current property tax abatement policy requirements. Amarr signed performance agreements before the current policy was in place and is not subject to current compliance provisions. However, Amarr has substantially met their compliance targets for 2015 based on their performance agreements and referenced property tax abatement policy.

Current policy is based on the below compliance schedule:

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



Property Tax Abatements

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

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

Blended Compliance % 151%

Eligible Incentive % 100%

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

¹⁶ As per agreement (dated 10-11-11, Section 5c), Grandstand shall maintain a wage structure for its FTEs such that 100% of its regular full-time employees are paid above the annual wage floor. Wages for employees serving their initial training period of 90 days will not be included in this calculation.

¹⁷ As per agreement (dated 10-11-11, Section 5d), Grandstand shall provide a minimum of 70% of the premiums for an employer-sponsored health insurance policy for covered employees (or provide employees with a wage which is \$1.50/hr. above the wage floor).



Property Tax Abatements

levied/abated. For example, the measurement period for taxes levied in 2015 will be January 1, 2015 through December 31, 2015. This does not change targets or total job creation numbers, but rather makes compliance calculation and reporting more efficient and straightforward for both the City and Grandstand.

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

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

Blended Compliance % 101%

Eligible Incentive % 100%

¹⁸ As per performance agreement (dated 8-30-13, Section 4-C), Sunlite shall maintain a wage structure for its FTEs such that 100% of its regular full-time employees are paid above the annual wage floor. Wages for employees serving their initial training period of 90 days will not be included in this calculation.

¹⁹ As per performance agreement (dated 8-30-13, Section 4-D), Sunlite shall provide a minimum of 70% of the premiums for an employer-sponsored health insurance policy for covered employees (or provide employees with a wage which is \$1.50/hr. above the wage floor).



Property Tax Abatements

Amarr signed their performance agreement before the current policy was in place and is not subject to the same provisions as indicated in the current policy. However, Amarr has substantially met their compliance measures for 2015 as per their performance agreement and is eligible for one hundred percent (100%) of their annual incentive amount. Performance measures for Amarr, in light of current standards, are shown below for comparison.

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

Blended Compliance % 176%

***Eligible Incentive %* 100%**

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

²¹ Amarr was originally granted a fifty-five percent (55%) tax abatement on real and personal property via Ordinance 8470 (adopted 10-27-2009). Requirements under the performance agreement (signed 12-17-2003), referenced by Ordinance 8470 states "The approval of the tax abatement by the governing body of the City was in reliance upon the application submitted by Amarr. Specifically, the application and the approved tax abatement provided that Amarr would 1) construct a facility, new construction and modification to existing facility in the capital amount of \$7,700,000; 2) expend \$9,400,000 in the purchase of new machinery and equipment; and 3) employ eighty (80) full-time employees as the result of the project." Ordinance 8497 (authorized 4-6-2010) later repealed Ordinance 8470, and specified a fifty-five (55%) tax abatement on personal property only. In association, with this tax abatement, the COTA application submitted June 28, 2010 specified "The applicant is using the subject property exclusively for manufacturing articles of commerce and its expansion has resulted in or will result in the creation of 40 new positions."

²² 2015 Wage floor is \$12.56/hour. The wage floor hourly wage is adjusted annually based upon an annual wage equal to one hundred thirty percent (130% of the Federal poverty threshold for a family of three, as established by the U.S. Department of Health and Human Services. \$17.65 represents Amarr's average wage for all full-time employees.

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

²⁴ Ordinance 7706 states that the company shall make available to covered employees, an employer-sponsored health insurance policy, pursuant to employer guidelines, in which case the employer provides a minimum of seventy percent (70%) of the cost of such policy. Amarr submitted a letter stating that the company is self-insured and paid 71% of all healthcare expenses in 2015. (See Appendix E.)



Property Tax Abatements

Additional Community Benefits

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

Local Expenditures & Non-Local Sales

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

Almost all local revenue generated by products sold by the three companies is imported into the community from outside sales. Local expenditures were low, ranging from 4-9 percent (4%-9%), a likely result of the nature of manufacturing production at these facilities. (e.g. These companies create products using materials that are not produced locally, requiring larger expenditures from outside the community.)

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



Property Tax Abatements

Property Tax Generation

Since none of the three companies received a one hundred percent (100%) property tax abatement, all of the abated property are currently generating some level of property taxes.²⁵

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

Source: Douglas County

²⁵ The amounts shown for real property values are only for the portion of real property that received the abatement and may not reflect values for the entire parcel.

²⁶ Personal property amount may not reflect the percentage of abatement, as some personal property is not included in the exemption. The State of Kansas exempted commercial personal property purchased July 1, 2006 and after from taxation. However, personal property purchased prior to that date is still taxed at a depreciated rate. Each company is required to submit an annual claim for a personal property tax abatement, listing out the equipment, value and date purchased. The County then determines the amount of personal property exempted and taxes due.

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



Property Tax Abatements

Social Impacts

Companies also contribute to the community by providing career enhancement for their employees and by giving to local charities. The three firms receiving abatements in 2015 have obtained substantial achievements in the areas of the environment, community engagement, and environmental practices.

Amarr Garage Doors, Inc.

Environment

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

Community Engagement

Amarr has supported a number of community groups, including Tenants to Homeowners, United Way, Habitat for Humanity, Just Foods, Stroke Detention Plus, Lawrence Memorial Hospital (Breast Cancer "Pink It Up" and Catch a Break campaigns), Truity Credit Union, Meritrust Credit Union, Lawrence Parks and Recreation, Prompt Care, Lawrence Vein Center, Willow Domestic Violence Center, GaDugi Safe Center, Recovery and Hope Network, Independence, Inc, Catholic Charities, and Headquarters Counseling Center. Amarr partners with Lawrence High School and Free State High School to encourage and educate students about Amarr and careers in Manufacturing (LEAP Partners). Amarr Team Members facilitated professional skills training through Junior Achievement at the College and Career Center in Lawrence.



Property Tax Abatements

Job Training/Benefits

During the course of the year, Amarr continually offered a wide range of training, including new employee orientation, harassment training, safety training, leadership skills development, and on-the-job machinery equipment operation instruction. Amarr also offers an in-house degree program to all employees designed to improve skill sets for both professional and personal growth.



Property Tax Abatements

Grandstand (Screen-It Graphics), Inc.

Environment

During 2015, Grandstand continued to employ an aggressive environmental program to reduce, reuse, and recycle as much waste as possible. The company has an over/under policy with customers, which reduces scrap glass output substantially every year. The company worked closely with their suppliers to put branding on their boxes to allow Grandstand to ship out in the same boxes the product arrived in. Currently, Grandstand is able to cover ninety-eight percent (98%) of outbound shipping in reused boxes. The company continues to recycle scrap glass, corrugate, office paper, aluminum, and plastic waste.

Community Engagement

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

Job Training/Benefits

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



Property Tax Abatements

Sunlite Science & Technology, Inc.

Environment

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

Community Engagement

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

Job Training/Benefits

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



Industrial Revenue Bonds

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

Seven companies had Industrial Revenue Bonds (IRBs) in 2015, the majority of which were not affiliated with a tax abatement, but rather utilized for a sales tax exemption on project construction materials. The table below details the date of issue as well as the maturity date. Note that outstanding IRBs are payable solely from private sources and not backed by the City. In addition, those companies that had IRBs issued after 1995 are required to provide arbitrage and secondary disclosures.

2015 IRBs: Outstanding					
Company	Date of Issue	Issuing Ord. #	Year Matures	Amount Authorized	Project
Bowersock: Series 2011B & 2011C	2010/2011	8607 & 8620	2037	\$27,000,000	Hydro-Electric Facility
PROSOCO, Inc: Series 1998A (\$5,800,000) & Series 1998B (\$2,240,000)	1999	7060	2019	\$8,040,000	Manufacturing Facility
Rock Chalk Park	Oct. 2013	8862	2023	\$40,000,000	Commercial Recreational Facility
1101/1115 Indiana Street*	Nov. 2014	9053	2017	\$76,000,000	Mixed-Use, Retail and Student Housing
100 East 9th Street LLC (9th & New Hampshire North Project): Series 2015*	Mar. 2015	9093	2017	\$23,000,000	Mixed-Use Commercial/Residential
Dwayne Peaslee Technical Training Center, Inc.: Series 2015*	May. 2015	9111	2017	\$1,600,000	Technical Training Center
Eldridge Expansion (705 Massachusetts Street)*	Oct. 2015	9161	n/a	\$12,500,000	Hotel Expansion

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



Industrial Revenue Bonds

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

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

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

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

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



3 Neighborhood Revitalization Areas

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

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

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

Three properties were eligible for an NRA rebate for the property taxes levied in 2015: 720 E 9th Street, 1040 Vermont Street, and 810/812 Pennsylvania Street. The remaining NRA projects were either under construction or had not commenced construction by the end of the year, and were not eligible for a rebate. Rebate amounts are shown in Appendix B.

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

¹ The 8th & Pennsylvania NRA district allows for up to 20 years of NRA rebates (subject to a capped amount correlating with costs). As per agreement with the City, rebates are due until the maximum amount of \$324,673.18 has been rebated or 12-31-2032, whichever comes first.

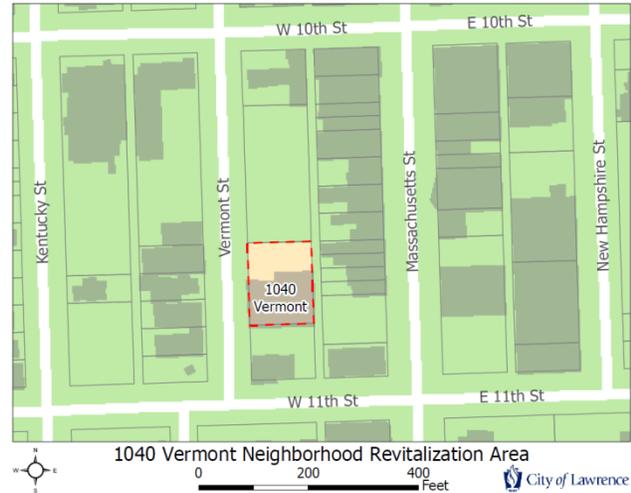
² Yrs 1-4: 95%, Yrs 5-6: 85%, Yr 7: 70%, Yr 8: 50%, Yr 9: 30%, Yr 10: 20%.



3 Neighborhood Revitalization Areas

1040 Vermont Street NRA

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



1040 Vermont Street Before Renovation

areas, rooftop garden and recreation space.

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



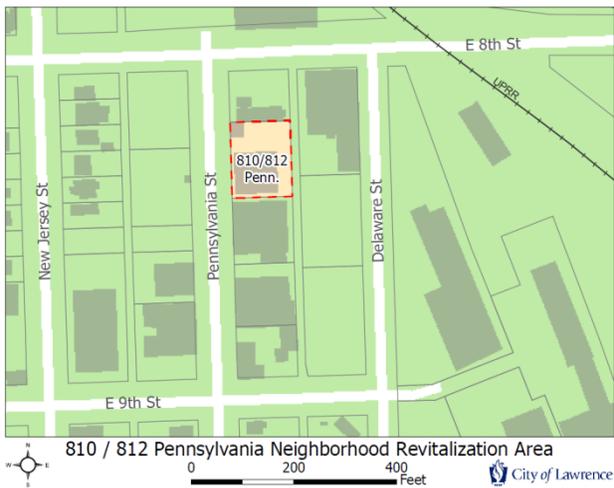
1040 Vermont Street After Renovation



3 Neighborhood Revitalization Areas

8th & Pennsylvania Street NRA

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



810/812 Pennsylvania Street NRA

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

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



Cider Art Gallery



3 Neighborhood Revitalization Areas

1106 Rhode Island Street NRA

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



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



Property Before Rehabilitation

Currently, the property is under rehabilitation, converting the on-site, historic structures to productive use and adding new space to enhance the usefulness of the property. The first NRA rebate is anticipated to occur for the 2016 tax year.



Property During Rehabilitation



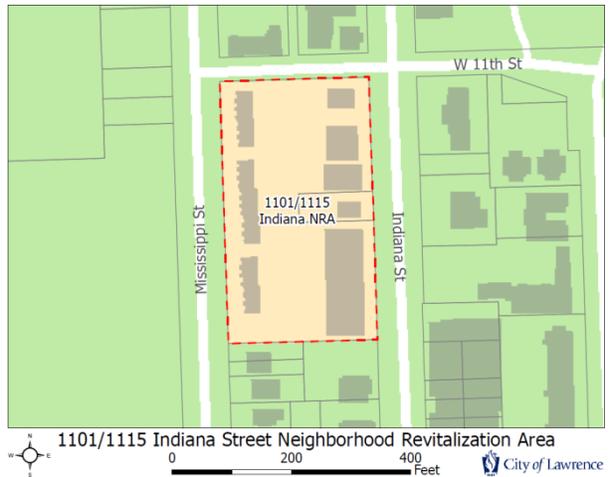
3 Neighborhood Revitalization Areas

1101/1115 Indiana Street NRA

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

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

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



Future Mixed-Use, Student Housing



Project Under Construction



3 Neighborhood Revitalization Areas

900 Delaware Street NRA

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



with 43 apartment units: 18, one-bedroom units; 16, two-bedroom units; and four, three-

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



9 Del Lofts



3 Neighborhood Revitalization Areas

705 Massachusetts Street NRA

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

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



Current Vacant Lot



Rendering of Future Hotel Expansion

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



Tax Increment Financing

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

The City currently has three active TIF districts:

2015 TIF: Active						
TIF	District Established	District Ord. #	Plan Established	Expires ¹	Plan Ord. #	Estimated Eligible Expenses
Downtown 2000 Redevelopment (<i>Original 9th and New Hampshire</i>)	Aug. 1999	7127	April 2000	April 2020	7207	\$8,645,000
The Oread	Feb. 2008	8234	April 2008	April 2028	8253	\$11,000,000 ²
9th & New Hampshire: South Project	Aug. 2012	8768	May 2013	May 2032	8865	\$4,000,000 ³
9th & New Hampshire: North Project			April 2014	April 2034	8971	\$4,750,000 ⁴

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

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

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

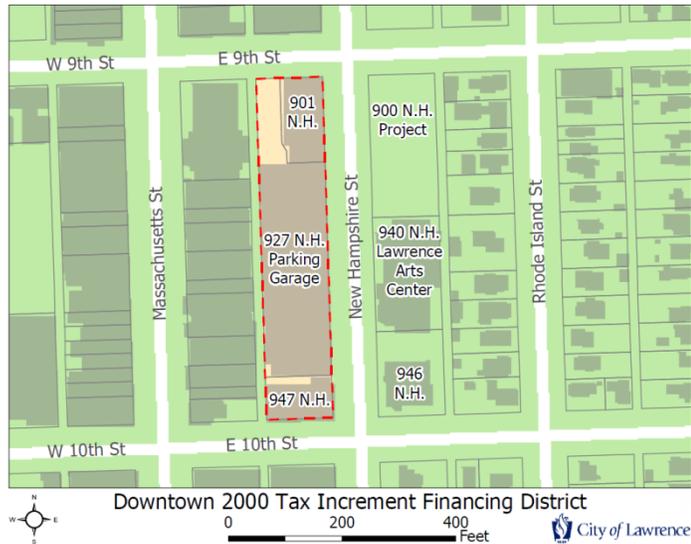
⁴ Amount shown does not include interest. As per the redevelopment agreement, interest is subject to reimbursement from TIF revenues at the Developer's actual interest rate for borrowed funds.



Tax Increment Financing

Downtown 2000 Redevelopment District

The Downtown 2000 Redevelopment TIF District was created to support the development of the parking garage at 10th and New Hampshire and other cultural, commercial, office, and apartment developments. At the end of 2015, approximately \$3.37M⁵ remained outstanding on the bond debt (approximately \$8.6M).



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

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



Tax Increment Financing

901 New Hampshire Reimbursements:

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



Tax Increment Financing

12th and Oread Redevelopment

District: 1200 Oread Avenue

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

Public improvements to streets and infrastructure, including a parking

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

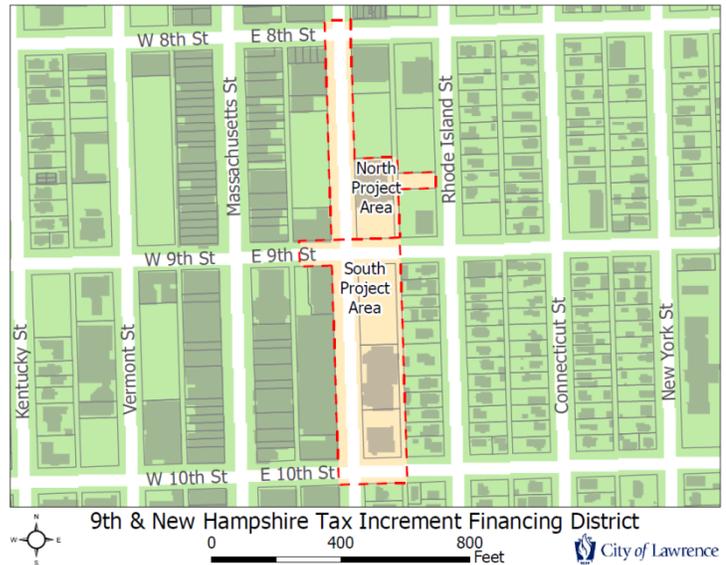




Tax Increment Financing

9th & New Hampshire Redevelopment District

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



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

The district began generating TIF revenues in 2014 through the South Project. The North Project was still under construction in 2015, so no TIF revenues were generated via that project for the tax year. Reimbursement records are provided in Appendix B.

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



Tax Increment Financing

South Project Area

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



North Project Area

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



9th & New Hampshire District—Concept Rendering



5 Transportation Development Districts

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

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

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

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

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

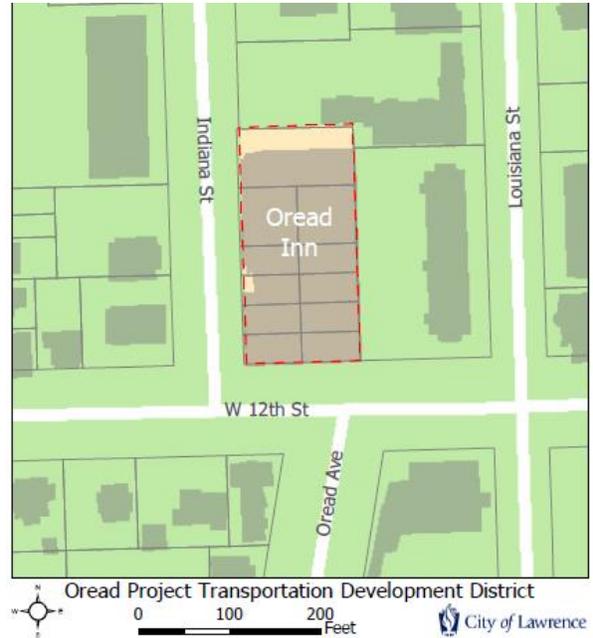
³ Amount shown is the reimbursement cap without interest. As per the redevelopment agreement, interest is subject to reimbursement at the Developer's actual interest rate for borrowed funds.



5 Transportation Development Districts

The Oread TDD

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

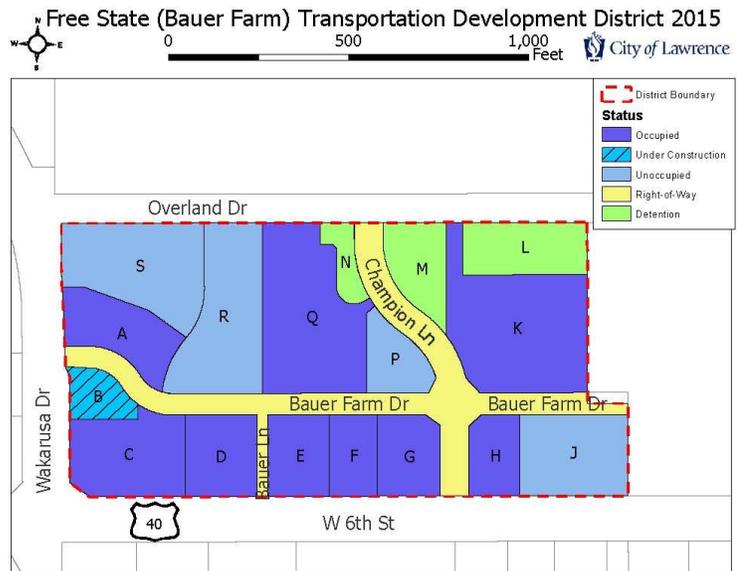




5 Transportation Development Districts

Free-State TDD

The Free-State (Bauer Farm) TDD (located at W. 6th Street and Wakarusa Drive) began generating sales tax revenues in 2009. At the end of 2015, approximately sixty-seven percent (66.9%) of the buildable area within the district was occupied. Reimbursement records are provided in Appendix B.

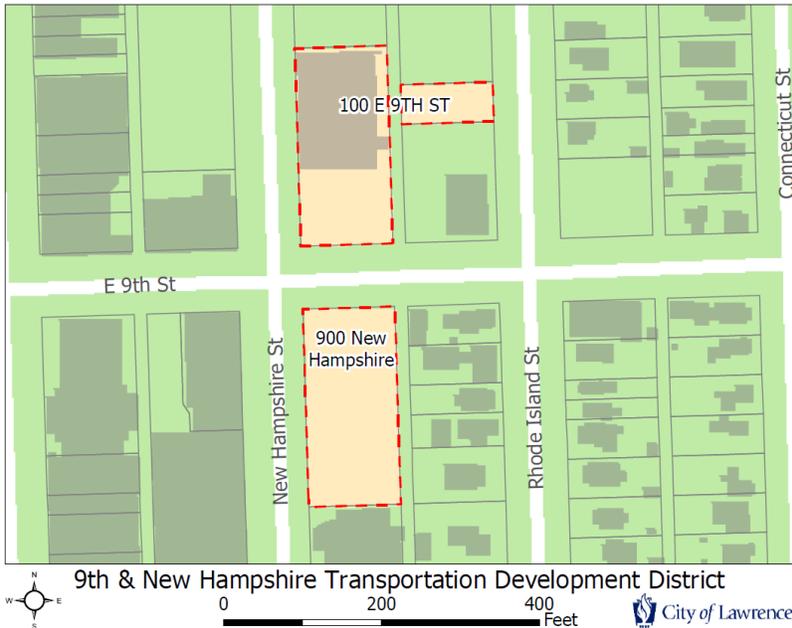




5 Transportation Development Districts

9th & New Hampshire TDD

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





6 Other Support Programs

Economic Development Services

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



Bioscience & Technology Business Center

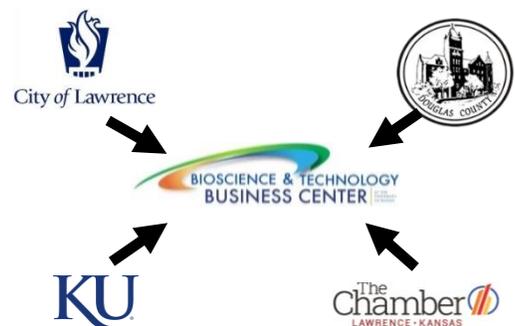
The BTBC creates, recruits, grows, and retains companies that produce high quality, high-paying jobs by supporting growth of the bioscience and technology industries in Lawrence, Douglas County, and Kansas City.

By producing these jobs, the BTBC is able to

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

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

The BTBC is a unique coalition consisting of the City, County, KU, and the local business community via the Lawrence Chamber of Commerce—The first of its kind for Lawrence. As a result of this unique partnership, each dollar contributed by the City is leveraged by contributions by the other partners.



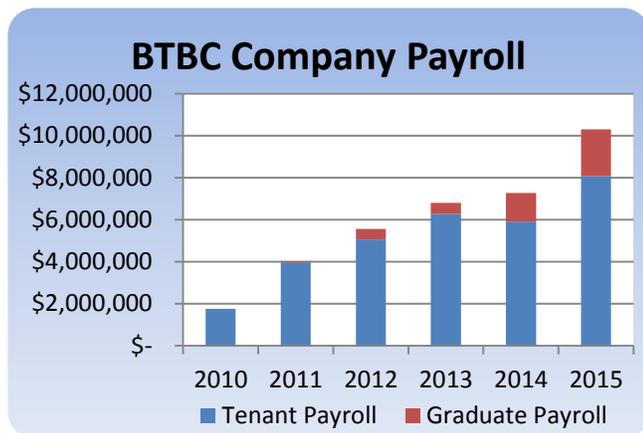
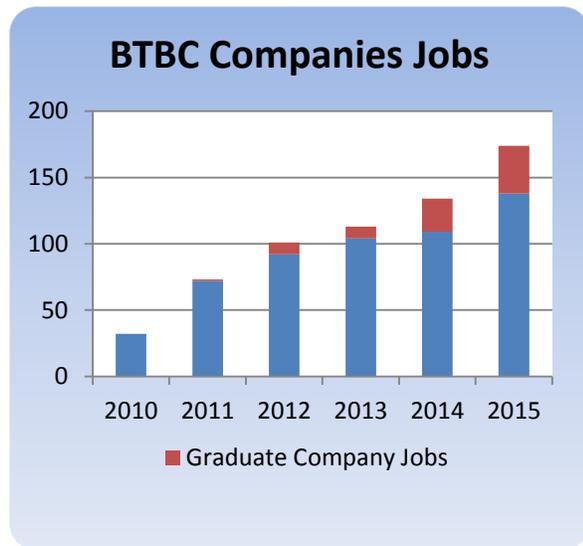
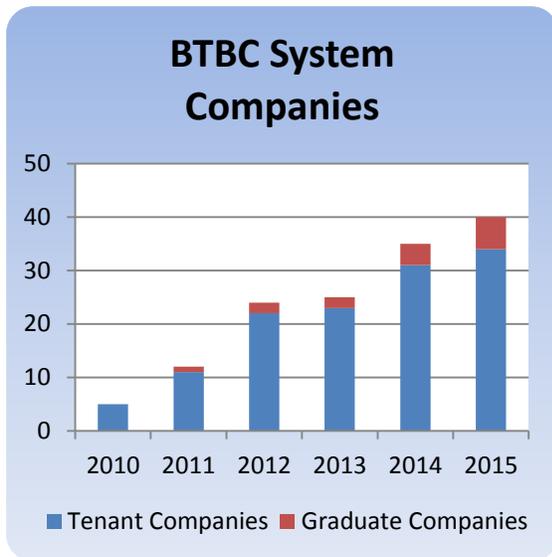


6 Other Support Programs

BTBC Facilities			
Facility	Location	Rentable SF	Description
BTBC Main	KU's West Campus	50,400	Office and lab space situated near several prominent KU research buildings.
BTBC West	15 th Street and Wakarusa	17,500	Suited for incubator graduates, tenants with unique space requirements, and companies seeking GMP-ready space.
BTBC-KUMC	KU Medical Center Campus, KCK	21,000	Office and wet lab space adjacent to the KUMC and the KU Hospital.

Source: Bioscience & Business Technology Center, data as of December 31, 2015.

BTBC Economic Development Metrics



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



Other Support Programs

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

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

Analysis produced using EMSI Developer Economic Development software



Construction of Phase II, an additional 30,000 square feet of office and lab space, was completed in August of 2014. The BTBC Main Facility has since reached approximately seventy-eight percent (78%) occupancy, which is about two years ahead of projections. The BTBC has begun

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



6 Other Support Programs

Overview of City Support for BTBC Services

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

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

Source: City Budget Office, City of Lawrence, Kansas

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

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

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



6 Other Support Programs

Support for Other Economic Development Services

During 2015, the City provided the same amount of financial support to local agencies for economic development services as in the previous year.

Other Support for Economic Development Services					
Organization	Description	2012	2013	2014	2015
Economic Development Corporation (EDC) of Lawrence & Douglas County	Economic development marketing services	\$199,500	\$199,500	\$199,500	\$199,500
KU Small Business Development Center (KU-KSBDC)	Small business development services	\$20,000	\$20,000	\$20,000	\$20,000
Total		\$219,500	\$219,500	\$219,500	\$219,500

Source: City Budget Office, City of Lawrence, Kansas

Economic Development Corporation (EDC)

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

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

Source: EDC of Lawrence and Douglas County



6 Other Support Programs

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

Source: EDC of Lawrence and Douglas County

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

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



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

Source: City and EDC of Lawrence and Douglas County



Other Support Programs

BizFuel

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

2015 BizFuel Activity



4

Workshops/Seminars
Delivered from
May-December



216

Entrepreneurs/
Small Businesses
Served



4.7

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

Metropolitan E-Community Partnership

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

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



6 Other Support Programs

KU-KSBDC (Small Business Development Center)

The KU-KSBDC is one of 17 Centers in Kansas and one of approximately 1100 Centers in the America’s SBDC network that provides free and confidential consulting services to entrepreneurs who are starting and growing small businesses. Staffed by professionals certified in areas such as business continuity planning, business valuation, and exit planning, the center focuses on providing services for business planning, access to capital, marketplace/industry analysis, and financial benchmarking.



In 2015, the KU-KSBDC provided almost 1900 hours of one-to-one consulting and 500 hours of other community engagement. While the Center provides services throughout a 6 county area, approximately eighty-five (85%) of measured activity takes place locally.



As part of the cooperative model, economic impact is measured annually by The Docking Institute in cooperation with the Kansas Small Business Development Center. As reported in April of 2015, KU-KSBDC’s services provided the below economic impacts:

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

Source: KU-KSBDC



Other Support Programs

Neighborhood Infrastructure

East Lawrence Industrial Historic District: 8th & Pennsylvania Area

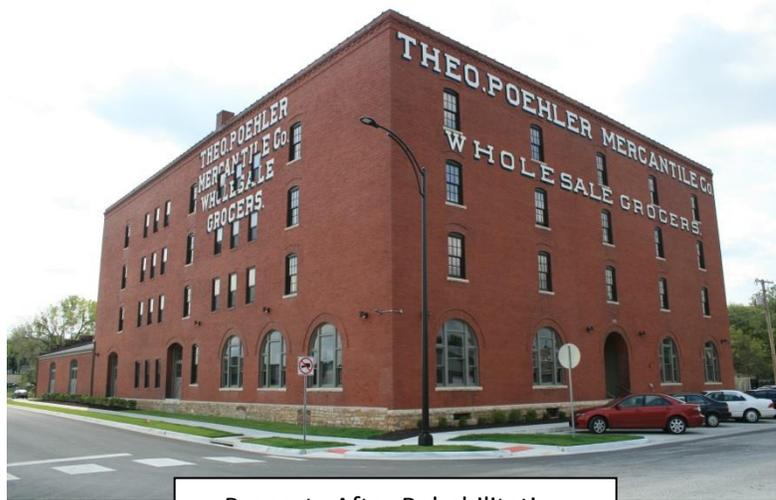
The East Lawrence Industrial Historic District encompasses several existing manufacturing buildings of historic architectural integrity associated with the City's industrial past. Part of what was once a larger assembly

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

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

component in the commercial history of

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



Property After Rehabilitation



Property Prior to Rehabilitation

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



6 Other Support Programs

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

First Phase improvements were completed in 2012 and included:

- Providing adequate storm water services and improvements to enhance the watersheds ability to manage storm water runoff more effectively and efficiently
- Replacing a 100-year old, inadequately sized waterline with the correct capacity line, completing the loop and upgrading to current design standards
- Providing Complete Street aspects (e.g. pedestrian lighting, landscaping, sidewalks, and on-street parking)



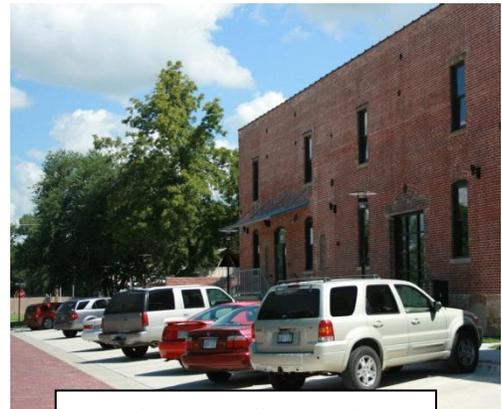
South View of Poehler Building Today

Second Phase improvements were completed in 2013 and included:

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



Cider Building During Rehabilitation



Cider Art Gallery Today



Other Support Programs

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



9 Del Lofts

- Relocation and connection of sanitary sewer main, water line
- Public street improvement plans
- 9th Street drive extension and 10' public trail installation
- Burying of area utility lines

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

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



6 Other Support Programs

Shared Infrastructure

Rock Chalk Park

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



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



Additional usage statistics for the recreation center include:

- 27,011 people have registered/received key cards for use since opening. Lawrence and Douglas County residents using the facility need the free key card to use the facility and assists with determining usage at the center.
- 15,218 key card holders are women and 11,793 are men.
- The average age for key card holders is 40 years-old.
- The Lawrence zip code that uses the center the most is 66049 with 9,790 users. Next highest zip code is 66044 with 8,544 users.
- Lawrence Parks and recreation staff estimate that in 2015 Sports Pavilion Lawrence generated over 5 million dollars in economic impact for the City of Lawrence.



Other Support Programs

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

Source: City Parks and Rec Department

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

Source: Kansas Athletics

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

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



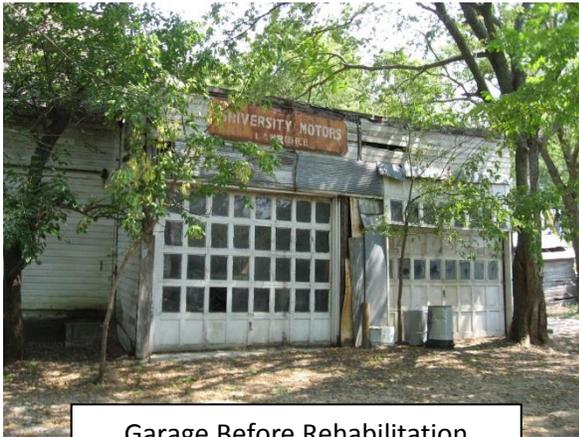
Other Support Programs

Development Grant

1106 Rhode Island Street Historic Rehabilitation

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

The grant was authorized in July 2014. At the end of 2015, \$23,640 had been reimbursed on the project.



Garage Before Rehabilitation



Garage During Rehabilitation



Barn Before Rehabilitation



Barn During Rehabilitation



6 Other Support Programs

Relocation Assistance

Integrated Animal Health Global Headquarters

2920 Becker Drive, BTBC Lawrence

Based out of Queensland, Australia, Integrated Animal Health (IAH) is a privately owned and funded company that uses patented technology to help increase the absorption of medicine in animals, either given orally or through the skin. To aid in establishing IAH's global headquarters in Lawrence, the City and Douglas County agreed to share equally in providing a 3-year lease subsidy for space at the BTBC main facility and a \$100,000 forgivable loan.

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

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



6 Other Support Programs

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

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

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



Other Support Programs

Workforce Training Support

Dwayne Peaslee Technical Training Center (Peaslee Tech)

Located at in a former industrial building at 2920 Haskell Avenue in Lawrence, Peaslee Tech was established by a consortium of partners, including the Economic Development Corporation of Lawrence and Douglas County, the City of Lawrence, Douglas County, The Chamber, local industry, and private donors to fill the technical skills training gap within the Lawrence and Douglas County community.



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



Other Support Programs

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

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



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



Other Support Programs

In 2015, the County provided:

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



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



Other Support Programs

Business Expansion Assistance

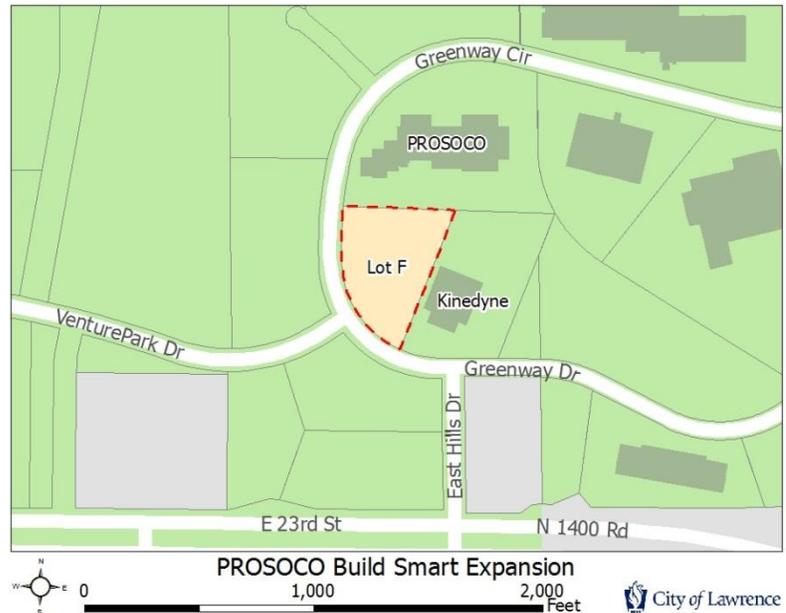
PROSOCO Expansion, 3700 Greenway Circle (Lot F), East Hill Business Park

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

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

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

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





Other Support Programs

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

Affordable Housing Development

Cedarwood Sr. Cottages, 2525 Cedarwood Avenue

In support of a 14-unit, senior living townhouse project, Tenants to Homeowners requested and received City assistance to cover a finance gap of up to \$101,975 for the affordable housing project. Assistance provided was for neighborhood infrastructure and improvements, including adding sidewalks, making storm sewer improvements, adding fire hydrants, detention pond assistance, and rebates on service development installation fees.

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



Regulating Documents

2015 Tax Abatements			
	Document	Description	Dated
Amarr Garage Doors	Ordinance No. 8497	Tax Abatement	10/27/2009
	Agreement	Performance Agreement	12/17/2003
	Ordinance No. 7706	Policy	10/28/2003
	Overarching ED Policy (O-8522)		5/18/2010
Grandstand/Screen-It Graphics	Resolution 6948	Tax Abatement	10/11/2011
	Agreement	Performance Agreement	9/2/2011
	Overarching ED Policy (O-8522)	Policy	5/18/2010
Sunlite Science & Technology, Inc.	Resolution 7042	Tax Abatement	8/27/2013
	Agreement	Performance Agreement	8/30/2013
	Overarching ED Policy (O-8522)	Policy	5/18/2010
Rock Chalk Park	Resolution 7014	Tax Abatement	3/5/2013
	Agreement	Development Agreement	7/30/2013
	Overarching ED Policy (O-8522)	Policy	5/18/2010



Regulating Documents

2015 IRBs			
	Document	Description	Dated
Prosoco	Ordinance No. 7060	IRB Issuance: Series 1998A & Series 1998 B	12/8/1998
Bowersock Dam	Ordinance No. 8607 & 8620	IRB Issuance: Series 2011B, 2011C	12/21/2010 & 3-1-2011
9th & New Hampshire: South	Ordinance No. 8804	IRB Issuance: Series 2012	11/6/2012
Rock Chalk Park	Ordinance No. 8862	IRB Issuance: Series 2013	1/22/2013
1101/1115 Indiana Street	Ordinance No. 9053	IRB Issuance: Series 2014	11/18/2014
9th & New Hampshire: North	Ordinance No. 8804	IRB Issuance: Series 2012	11/6/2012
Peaslee Technical Center	Ordinance No. 9111	IRB Issuance: Series 2015	5/12/2015
705 Massachusetts Street (Eldridge Hotel expansion)	Ordinance No. 9161	IRB Issuance: Series 2015	10/20/2015

2015 Active NRAs			
	Document	Description	Dated
8th & Pennsylvania	Ordinance No. 8093	Plan	4/3/2007
	Agreement	Tax Rebate Agreement for 720 E 9th Street	4/17/2012
1040 Vermont Street	Ordinance No. 8625	Plan	4/12/2011
	Agreement	Performance Agreement	11/1/2011
810/812 Pennsylvania	Ordinance No. 8753	Plan	7/3/2012
1106 Rhode Island Street	Ordinance No. 9022	Plan	8/5/2014
	Agreement	Performance Agreement	10/21/2014
1101/1115 Indiana Street	Ordinance 9021	Plan	8/5/2014
	Agreement	Performance Agreement	8/12/2014
900 Delaware Street	Ordinance No. 9040	Plan	10/21/2014
	Agreement	Performance Agreement	10/21/2014
705 Massachusetts Street (Eldridge Hotel expansion)	Ordinance No. 9086	Plan	3/24/2015
	Agreement	Performance Agreement	Not executed by end of 2015

2015 TIFs



Regulating Documents

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

2015 TDDs			
	Document	Description	Dated
The Oread	Ordinance No. 8254	District Established	4/8/2008
Free-State (Bauer Farm)	Ordinance No. 8339	District Established	10/14/2008
	Agreement	Development Agreement	10/14/2008
9th & New Hampshire	Ordinance 8979	District Established	4/15/2014



Historical Assistance & Investment

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

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

Source: City of Lawrence, Kansas

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

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

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



Historical Assistance & Investment

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

Reimbursements ² by Year and ED Program							
	Tax Year						
	2009	2010	2011	2012	2013	2014	2015
Tax Abatements							
Amarr: Personal Property	n/a	\$31,880	\$28,686	\$27,525	\$27,876	\$27,876	\$28,593
Prosoco: Real Property	\$35,146	\$36,139	\$36,630	\$36,482	\$36,966	\$36,949	expired
Prosoco: Personal Property	\$1,265	\$919	\$932	\$928	\$940	\$940	expired
Grandstand	n/a	n/a	n/a	\$119,289	\$93,682	\$96,081	\$99,422
Sunlite	n/a	n/a	n/a	n/a	n/a	\$19,472	\$21,182
Tax Abated Subtotal	\$36,411	\$68,938	\$66,248	\$184,224	\$159,464	\$181,318	\$149,197
Neighborhood Revitalization Areas							
720 E 9th Street (NRA Tax Yr 1 = 2011)	n/a	n/a	\$12,515	\$11,982	\$12,162	\$12,282	\$13,617
1040 Vermont Street (NRA Tax Yr 1 = 2013)	n/a	n/a	n/a	n/a	\$26,993	\$27,438	\$29,718
810/812 Pennsylvania Street (NRA Tax Yr 1 = 2014)	n/a	n/a	n/a	n/a	n/a	\$25,370	\$26,370
1106 Rhode Island Street (NRA Tax Yr 1 = 2016)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1101/1115 Indiana Street (NRA Tax Yr 1 = 2017)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
900 Delaware Street (NRA Yr 1 = 2016)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
705 Massachusetts Street (NRA Yr 1 = 2017)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NRA Subtotal			\$12,515	\$11,982	\$39,155	\$65,090	\$69,705

Continued

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



Historical Assistance & Investment

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

Continued

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

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

⁵ The Downtown 2000 TIF does not pay out to private entities except for a ~\$28,085/year reimbursement that was authorized via agreement. This amount is captured in the above table under 901 New Hampshire Street.

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

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



B Historical Assistance & Investment

Reimbursements by Year and ED Program (cont.)							
	Tax Year						
	2009	2010	2011	2012	2013	2014	2015
Transportation Development District							
Oread: TDD Sales Tax, State Distributions to City	\$1,609	\$79,087	\$103,774	\$136,867	\$109,474	\$94,024	\$93,559 ⁸
Bauer Farms: TDD Sales Tax (Revenue Generation started in 2009)	\$9,472	\$19,457	\$52,561	\$59,650	\$72,809	\$88,152	\$115,851
9th & New Hampshire TDD							
South Project: TDD ⁹	n/a	n/a	n/a	n/a	n/a	n/a	\$0
North Project: TDD (Under construction in 2015)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TDD Subtotal	\$11,082	\$98,545	\$156,334	\$196,516	\$182,282	\$182,177	\$209,410
Total	\$50,605	\$320,461	\$861,979	\$908,006	\$861,179	\$889,042	\$981,368

Source: City of Lawrence, Kansas

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

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



Historical Assistance & Investment

NRA Property Taxes

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

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

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

Estimated property tax revenue if property had not been redeveloped

Amount of property tax attributed to redevelopment improvements

Total property tax on redeveloped property*

Net property tax revenue received after redevelopment

* Includes Douglas County administrative fee



B Historical Assistance & Investment

Below shows property taxes by year for NRA projects.

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

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

* Includes Douglas County administrative fee

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

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

* Includes Douglas County administrative fee



Historical Assistance & Investment

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

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

* Includes Douglas County administrative fee



Historical Assistance & Investment

9th & New Hampshire South TIF and TDD Reimbursement Splits

900 New Hampshire District: South Project Area										
Total Revenue				Revenue to City			Revenue to Owner			
TDD Sales Tax	TIF Sales Tax	TIF Property Tax	Annual Total	TDD Sales Tax	TIF Sales Tax	TIF Property Tax	TDD Sales Tax	TIF Sales Tax	TIF Property Tax	
2015	\$21,622	\$53,459	\$23,879	\$98,961	\$21,622	\$2,673	\$1,194	\$0	\$50,786	\$22,685

Total TDD sales tax distributed within the district was \$21,622 in 2015. As per the South Area development agreement, the first \$850,000 of district TDD revenues will go toward paying back bonds for the 10th & New Hampshire parking garage. For 2015, the City received \$21,622 in TDD revenue and the owner received no TDD reimbursements.

Total TIF sales tax revenue distributed was \$53,459 and total TIF property tax distributed was \$23,879 in 2015. As per the South Area development agreement, the City retains five percent (5%) of the TIF revenue, up to \$900,000, to go toward a City “Arts Common” project.¹⁰ The property owner gets ninety-five percent (95%) of the TIF revenue (to reimburse TIF project costs), which amounted to \$50,786 in TIF sales tax and \$22,685 in TIF property tax in 2015.

¹⁰ As per the South Area Development Agreement, if “Art Common” project does not proceed within 60 months of the date of the filing of the Certificate of Substantial Completion, 5% TIF revenues will go toward reimbursement of the property owner’s TIF project expenses. (Certificate filed December 31, 2014. City “Arts Common” project must proceed by December 31, 2019 for City to retain the 5% TIF revenues.)



Historical Assistance & Investment

Tax Abatement Amounts

Three Lawrence companies had active tax abatements in 2015: Amarr Garage Doors, Grandstand Sportswear and Glassware (Screen-It Graphics), and Sunlite Science & Technology. Since none of the three companies received a one hundred percent (100%) tax abatement, all of the abated property are currently generating some level of property taxes. ¹¹

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

Source: Douglas County

¹¹ The amounts shown for real property values are only for the portion of real property that received the abatement and may not reflect values for the entire parcel.

¹² The State of Kansas exempted commercial personal property purchased July 1, 2006 and after from taxation. However, personal property purchased prior to that date is still taxed at a depreciated rate. Each company is required to submit an annual claim for a personal property tax abatement, listing out the equipment, value and date purchased. The County then determines the amount of personal property exempted and taxes due.

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



Historical Assistance & Investment

The following table shows amounts abated by year.

Tax Abatements by Year (2005-2015)													Cumulative Total (End of 2015)
Company	Start of Abatement/Ord or Res #	Abated Tax Amounts											
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Amarr Garage Doors, Inc. (Personal Property, 55%)	2010/O-8497	--	--	--	--	--	\$31,880	\$28,686	\$27,525	\$27,876	\$27,876	\$28,593	\$172,436
Grandstand (Real Property, 65%)	2012/R-6948	--	--	--	--	--	--	--	\$119,289	\$93,682	\$96,081	\$99,422	\$408,474
Sunlite Science & Technology (Real Property, 50%)	2014/R-7042	--	--	--	--	--	--	--	--	--	\$19,472	\$21,182	\$40,654
Prosoco, Inc (Real Property, 55%)	2005/O-7882	\$31,386	\$32,951	\$33,048	\$33,755	\$33,881	\$35,220	\$35,698	\$35,554	\$36,026	\$36,949	Expired 2014	\$344,468
Prosoco, Inc (Personal Property, 55%)	2005/O-7882	\$3,510	\$3,070	\$2,463	\$1,890	\$1,265	\$919	\$932	\$928	\$940	\$940	Expired 2014	\$16,857
Total		\$34,896	\$36,021	\$35,511	\$35,645	\$35,146	\$68,019	\$65,316	\$183,296	\$158,524	\$181,318	\$149,197	\$982,889

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



Historical Assistance & Investment

Private-Public Investment

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

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

Continued

¹³ Assistance information for other programs is covered in other sections of the report. IRB sales tax exemption on project construction materials are part of a state-exemption program and tracked by the state. The state monitors compliance with this exemption, which is dependent on construction schedules.

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

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



Historical Assistance & Investment

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

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

¹⁶ Per Developer.

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

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

¹⁹ OREAD original permit valuation for the construction of the hotel was \$17,883,508 (value split equally between TIF and TIDD) (per Planning/Dev Services Department 1-28-15). Actual capital investment amounts are expected to be higher.

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

²¹ OREAD original permit valuation for the construction of the hotel was \$17,883,508 (value split equally between TIF and TIDD) (per Planning/Dev Services Department 1-28-15). Actual capital investment amounts are anticipated to be higher. Public investment is represented by project-generated TIF and TDD revenues.

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



Historical Assistance & Investment

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

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



Historical Assistance & Investment

New/Future Investments

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

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

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

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

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

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

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

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



Historical Assistance & Investment

Direct-Support Programs

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

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

** Final payment made in early 2015.*



Historical Assistance & Investment

IRB Sales Tax Exemption Savings

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

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

²⁹ IRB sales tax exemption on new construction materials (& labor for remodeling projects) is part of a state-exemption program and tracked by the state. The state monitors compliance with this exemption, which is dependent on construction schedules.



Expired Programs

Employee Training Incentives

Argenta: 2029 Becker Drive

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

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



Expired Programs

PROSOCO Tax Abatement

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



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

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

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

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

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



Expired Programs

Property Tax Summary

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

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

⁴ The amounts shown for real property values are only for the portion of real property that received the abatement and may not reflect values for the entire parcel.

⁵ Personal property amount may not reflect the percentage of abatement, as some personal property is not included in the exemption. The State of Kansas exempted commercial personal property purchased July 1, 2006 and after from taxation. However, personal property purchased prior to that date is still taxed at a depreciated rate. Each company is required to submit an annual claim for a personal property tax abatement, listing out the equipment, value and date purchased. The County then determines the amount of personal property exempted and taxes due.



Expired Programs

Performance Summary

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

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

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

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



County Programs

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

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



Supplemental Information

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

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

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

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

Please let me know if you have further questions.

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

Thank you

Nancy Kelley
Mfg Controller / Director of Finance