



2012 Annual Report:
**Economic Development Support
& Compliance**



City of Lawrence

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Each year, the City of Lawrence compiles information on the firms receiving 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 tax abatements must provide certain information until their tax abatement expires.

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

Below is a summary of this year's report highlights:

Tax Abatements:

Three Lawrence companies received tax abatements in 2012: Amarr Garage Doors, PROSOCO, and Grandstand Sportswear and Glassware (Screen-It Graphics). All met their compliance measures as per performance agreements signed with the City.

As a whole, the three companies are exceeding projections in all performance categories:

2012 Tax Abatement Summary			
	Total Projected	Total Actual	Comparison (Projected to Actual)
Real Property Investment	\$7,168,000	\$7,322,256	102%
Personal Property Investment	\$9,660,000	\$10,362,312	107%
Full-Time Employees	141	152	108%
Average Wages (2012 Dollars)	\$29,772	\$36,226	129%



- **Investments**—Together, the three companies have invested over \$17.6 million in real (\$7,322,256) and personal (\$10,362,312) property.

Real Property Investment			
Company	Total Projected	Total 2012	Comparison (Projected to Actual)
Amarr	n/a	n/a	n/a
PROSOCO	\$2,348,000	\$2,397,288	102%
Grandstand	\$4,820,000	\$4,924,968	102%
Total (2012)	\$7,168,000	\$7,322,256	102%

Personal Property Investment			
Company	Total Projected	Total 2012	Comparison (Projected to Actual)
Amarr	\$9,400,000	\$9,700,000	103%
PROSOCO	\$260,000	\$662,312	255%
Grandstand	n/a	n/a	n/a
Total (2012)	\$9,660,000	\$10,362,312	107%

- **Employment**—When examining full-time positions, 141 positions were originally projected to be created. In 2012, a total of 152 full-time positions had been created as a result of the abatements.

Employment			
Company	Total Projected	Total 2012	Comparison (Projected to Actual)
Amarr	40	40	100%
PROSOCO	50	67	134%
Grandstand ¹	51	45	88%
Total (2012)	141	152	108%

¹ Reporting requirements as per the City's performance agreement with Grandstand stipulates that full-time employment (FTE) be measured from the previous year. Thus the 2012 job creation compliance category was based on 2011 employment levels. Grandstand did not occupy the building in which the tax abatement was based until December 2011. This caused a shortage to the 2012 FTE target of 51 employees due to insufficient time to hire the necessary employment levels to comply. Actual 2012 FTEs as reported by the Company is 71. Given actual 2012 FTEs, the comparison of projected to actual would be 139%.



- **Full-Time Wages**—Overall, wages for full-time jobs created as a result of the abatement averaged 129% of initial projections, when adjusted for inflation.
 - As a whole, the three companies achieved an average annual wage of more than \$38,500 for full-time positions in 2012 compared with just under \$29,800 (inflation adjusted) as originally projected for full-time positions.

Average Wage Comparison			
Company	Total Projected	Total 2012	Comparison (Projected to Actual)
Amarr	\$31,163	\$34,605	111%
Prosoco	\$29,034	\$45,994	158%
Grandstand	\$29,120	\$34,923	120%
Total Average Wage (2012)	\$29,772	\$38,508	129%

- The average annual full-time wage achieved in 2012 for the companies receiving a tax abatement is approximately \$9,200 higher than the average full-time, private sector wage in Lawrence (\$29,239 per year).



Industrial Revenue Bonds (IRB):

Three companies had Industrial Revenue Bonds that remained active at the end of the year: Bowersock, PROSOCO, Inc, and 9th & New Hampshire LLC—South Project. One IRB (DST) paid off during 2012, with conveyance occurring in February 2012.

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.

Neighborhood Revitalization Areas (NRA):

As of the end of 2012, the City of Lawrence had three active Neighborhood Revitalization Areas: 8th & Pennsylvania Street district NRA (720 E 9th Street), 1040 Vermont Street NRA (Treanor Headquarters), and 810/812 Pennsylvania Street NRA (Cider Building). Currently, only one property has initiated rebate incentives (720 E 9th Street). Both the 1040 Vermont project and 810/812 Pennsylvania Street were under construction during 2012, with anticipated rebates occurring in later years. Although approved, the 1001 Massachusetts Street NRA (Masonic Temple) had not yet proceeded by year's end.

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

- 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 2012, approximately \$5 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. At the end of 2012, the district had generated TIF revenues from sales tax and incremental property tax of approximately \$1,270,000 to date.
- The 9th & New Hampshire TIF District was created in 2012 and includes two project areas: South and North. As of the end of 2012, construction had not yet proceeded on either project. It is anticipated that construction on the South Project will commence in 2013.



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. 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. At the end of 2012, the district generated approximate \$321,000 to date in TDD revenue.
- The Free-State (Bauer Farm) TDD District (located at West 6th Street and Wakarusa Drive) began generating sales tax revenues in 2009. At the end of 2012, a little less than 28% of the buildable area within the district was occupied, generating a total of \$141,000 to date in TDD revenue.
- The 9th & New Hampshire TDD District was created in 2012 and includes two project areas: South and North. As of the end of 2012, construction had not yet proceeded on either project. It is anticipated that construction on the South Project will commence in 2013.

Other Economic Development Programs:

The City also participates in non-traditional support programs to help initiate and support economic development within the community. The programs supported in 2012 include:

- *Employee Training Incentives*—The City of Lawrence and Douglas County, Kansas participate in providing a training incentives for two companies.
 - Argenta, a global provider of drug development services, receives support from the City and County via a joint support package totaling \$10,500. Disbursements are made annually, with 2012 and 2013 disbursements (\$2,750 each from City and County) made in advance to help with initial operations. The remainder of the grant is to be disbursed in 2014 and 2015, based on new positions created.
 - Plastikon is a plastic manufacturing company specializing in the production of high tolerance parts and accessories for the diagnostic healthcare and pharmaceutical industries. In 2011, the company commenced operations at their new Lawrence facility, hiring 19 new, full-time employees. In 2011, the company received \$10,710 (split equally between the City and County) based on compliance targets. At the time of report publication, Staff was continuing confirmation of 2012 compliance and incentive amounts.



- *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 2012 totaled \$841,540 for various economic development services and facilities, including \$500,000 for capitalization of the Main Facility Phase II project.

City support for economic development services provided by the Lawrence Chamber of Commerce and KU Small Business Development Center totaled \$219,500 in 2012.

- *Neighborhood Infrastructure*—During 2012, the City supported the preservation and revitalization of the East Lawrence Industrial Historic District (8th & Pennsylvania area) by funding several neighborhood improvements, including:
 - Addressing drainage problems and enhancing the watersheds' ability to manage storm water runoff more effectively and efficiently by providing adequate storm water services and improvements.
 - 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 such as pedestrian lighting, landscaping, sidewalks, and on-street parking.
- *Retention Grant/Loan*—The City provided a one-time retention grant of \$12,400 to help retain EMR corporate headquarters in Lawrence. EMR provides engineering, construction and environmental remediation services worldwide, serving on high-profile projects such as cleanup of the British Petroleum (BP) oil spill off of the Gulf Coast.
- *Expansion & Relocation Grant/Loan*—The City of Lawrence provided a one-time \$25,000 grant (forgivable loan) to Grandstand Sportswear and Glassware at the end of 2011 to help facilitate the company's 2012 expansion into the vacant 155,000 square foot building at 3840 Greenway Circle in East Hills Business Park. A Lawrence-based company, Grandstand started operations in 1988 and has since experienced rapid growth, which necessitated the move to a larger facility.



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. (Refer to the following map for project locations.)

2012 Major Economic Development Support Programs			
Incentive Program	Description	Location	Map #
Tax Abatements	Amarr	3800 Greenway Circle	1
	PROSOCO	3741 Greenway Circle	2
	Grandstand/Screen-It Graphics	3840 Greenway Circle	3
Industrial Revenue Bonds (IRB)	Bowersock (Hydro-Electric Plant)	Kansas River, east of N 2nd Street	4
	PROSOCO	3741 Greenway Circle	5
	9th & New Hampshire--South Project ¹	SEC, 9th & New Hampshire	6
Neighborhood Revitalization Areas (NRA)	8th and Pennsylvania Street District	720 E 9th Street	7
	1040 Vermont (Treanor Headquarters)	1040 Vermont Street	8
	810/812 Pennsylvania (Cider Building)	810/812 Pennsylvania Street	9
	1001 Massachusetts St. (Masonic Temple) ²	1000 Massachusetts Street	10
Tax Increment Financing (TIF)	Downtown 2000 District	9th & New Hampshire area	11
	Oread Project	1200 Oread Avenue	12
	9th & New Hampshire TIF District ¹	SEC & NEC, 9th & New Hampshire	13
	901 New Hampshire (TIF Refund)	901 New Hampshire	14
Transportation Development Districts (TDD)	Free-State (Bauer Farm)	NEC 6th & Wakarusa	15
	Oread Project	1200 Oread Avenue	16
	9th & New Hampshire District ¹	SEC & NEC, 9th & New Hampshire	17

Table continued on next page.

¹ 9th & New Hampshire TIF and TDD districts and IRB issuance approved in 2012. As of the end of 2012, construction had not begun on the project.

² NRA postponed due to change in use.



2012 Other Economic Development Support Programs			
Support Program	Description	Location	Map #
Employee Training	Argenta	2029 Becker	18
Economic Development Services	BTBC	2029 Becker & 4950 Research Pkwy	19
Infrastructure	East Lawrence Industrial Historic District (includes Poehler building)	619 E 8th Street area	20
Retention Grant/Loan	EMR	2110 Delaware	21
Relocation Grant/Loan	Grandstand Sportswear & Glassware	3840 Greenway Circle	22
Employee Training	Plastikon	3780 Greenway Circle	23



Overview

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.

Each year, the City of Lawrence compiles information on the firms receiving 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 tax abatements must provide certain information until their tax abatement expires. The information presented in this section provides profile and performance information for the three companies receiving tax abatements in 2012.

2012 Active Tax Abatements					
Company	Start ¹	Expires ²	Maximum Investment Amount Subject to Abatement ³	Abatement %	Ord/Res
Amarr Garage Doors, Inc.	2010	2019	\$9,400,000 personal property	55% personal property	O-8497
PROSOCO, Inc.	2005	2014	\$260,000 personal property	55% on personal and real property	O-7882
			\$2,348,000 real property		
Grandstand/Screen-It Graphics (3840 Greenway Circle LLC)	2012	2021	\$4,990,000 real property ⁴	65% on real property	R-6948

Non-Initiated Tax Abatements

It should be noted that there are two companies with tax abatements approved, that had not initiated their abatements by the end of the year.

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

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.

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, 1,000 employees, and 70 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 almost 500 people, making it one of the largest private employers in the City.





PROSOCO, Inc.

PROSOCO's products and services are designed to improve the appearance and performance of architectural masonry. This high level of specialization makes PROSOCO unique within the construction industry.

The company has developed products for giving new life to historic buildings and monuments; maintenance and protection of existing buildings; and the cleaning and protection of new masonry and reinforced concrete structures. PROSOCO products provide superior performance over traditional methods of cleaning commonly used for construction and industrial applications.

PROSOCO was founded in 1939 by Albert Boyer and remains under his family's leadership to this day. Since moving the headquarters to Lawrence in 1999, PROSOCO has seen growth in international markets and has undertaken several green initiatives, both in the products they produce and the way they produce them.



Grandstand: 3840 Greenway Circle

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 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.





Abatement Performance

The below table compares projected company milestones as originally indicated on each company's tax abatement application to actual achievement as of the end of the year.⁵

2012 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 (from Abatement) ⁶	40	40	100%
Average Wages (2012 Dollars)	\$31,163	\$34,605	111%
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 (from Abatement) ⁷	50	67	134%
Average Wages (2012 Dollars) ⁸	\$29,034	\$45,994	158%
Grandstand/Screen-It Graphics	Projected	Actual	Comparison (Projected to Actual)
Real Property Investment	\$4,820,000	\$4,924,968	102%
Personal Property Investment	n/a	n/a	n/a
Full-Time Employment ⁹	51	45	88%
Average Wages (2012 Dollars)	\$29,120	\$34,923	120%

⁵ 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 benefit-cost analysis. The benefit-cost analysis is required by state law in order to grant a tax abatement.

⁶ Amarr originally projected 80 new employees in their 2003 performance agreement with the City under the original tax abatement request involving real and personal property. This abatement was later changed to exclude any real property tax exemption. According to the Court of Tax Appeals Order approving their personal property tax abatement (COTA docket # 2010-5589-EDX, submitted by applicant on 6-28-2010), 40 new jobs were estimated.

⁷ PROSOCO's original projection of 75 full time jobs was in error as it erroneously calculated the relocation of all PROSOCO employees, not just those targeted for Lawrence. According to PROSOCO, the actual base number should have been 50.

⁸ Wage data by job classification was not specified by the company. The wages shown represent an estimation based on if the position paid above or below the community average for that job classification.

⁹ Reporting requirements as per the City's performance agreement with Grandstand stipulates that full-time employment (FTE) be measured from the previous year, thus the 2012 job creation compliance category was based on the 2011 employment levels. Grandstand did not occupy the building in which the tax abatement was based until December 2011. This caused a shortage to the 2012 FTE target of 51 employees due to insufficient time to hire the necessary employment levels to comply. Actual 2012 FTE as reported by the Company is 71 positions. Given actual 2012 FTE, the comparison of projected to actual would be 139%.



Performance Summary

2012 Tax Abatement Summary			
	Total Projected	Total Actual	Comparison (Projected to Actual)
Real Property Investment	\$7,168,000	\$7,322,256	102%
Personal Property Investment	\$9,660,000	\$10,362,312	107%
Full-Time Employees	141	152	108%
Average Wages (2012 Dollars)	\$29,772	\$38,508	129%

Real Property Investment

Overall, the companies receiving tax abatements in 2012 achieved 102% of the projected amount for real property investments. Real property investment totaled approximately \$7.3 million, with company investments ranging from just under \$2.4 million (PROSOCO) to over \$4.9 million (Grandstand). Amarr does not receive a real property tax abatement and those investment amounts were not included.

Personal Property Investment

Overall, the companies receiving tax abatements in 2012 achieved 107% of the projected amount for personal property investments. Personal property investment totaled approximately \$10.4 million, with company investments ranging from a little over \$622,000 (PROSOCO) to \$9.7 million (Amarr). Grandstand did not receive a personal property tax abatement and those amounts were not included.



Job Creation:

Overall, 108% of the new, full-time jobs originally projected were created. Two of the three companies met or exceeded full-time employment projections as per reporting requirements. However, it should be noted that the reporting requirements for one company, Grandstand, was based on the previous year's calculations for full-time employment.¹⁰ This caused a shortage to the 2012 FTE target (51 employees) due to insufficient time to hire the necessary employment levels to comply. Actual 2012 FTE as reported by Grandstand is 71 positions. Given actual 2012 FTE, the comparison of projected to actual would be 139%.

While PROSOCO, Inc. did not meet an original projection of 75 full-time employees, the company has documented to the City that this base number was an error as it was based on total employment at PROSOCO in 1998. According to PROSOCO, this base number should have been 50, the number of employees expected to relocate to Lawrence. Based on a revised base of 50 full-time employees, PROSOCO met 134% of employment projections.

Amarr Garage Doors Inc. projected 80 new employees in their 2003 performance agreement with the City. This abatement was later modified to exclude exemption of real property tax. According to the Court of Tax Appeals (COTA) order granting the personal property tax abatement in 2010, 40 employees were projected. After correcting according to COTA documents, Amarr met 100% of its job creation 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 tax abatements is approximately \$38,500 per year. This wage is about \$9,200 higher than the average private sector wage in Lawrence.¹¹

All three companies met or exceeded wage expectations. Overall wages averaged 129% of projections. (Again, the projections provided in the application have been adjusted for inflation.)

¹⁰ As per agreement (dated 10-11-11, Section 5b), for the 2012 year, the period of measurement will be January 1, 2011 through December 31, 2011.

¹¹ Kansas Department of Labor, Kansas Labor Information Center, Average Private Sector Wage in Lawrence, KS (by Industry), Quarterly Census of Employment and Wages, \$29,239, data released fall 2012.



Employment Summary

Each year, a questionnaire is sent to companies receiving tax abatements, requesting employment information. Occupation specific information, including full-time or part-time status, the 6-digit SOC Code (Standard Occupation Code) 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 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 2012 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 2012 Edition 6-digit SOC Code mean wage for the state of Kansas was used.

2012 Employment Summary	
Amarr Garage Doors, Inc.	
Total Employment	481
Full-Time Employment	477
% of Full-Time Jobs meeting or exceeding mean wage	99%
Average Full-Time Wage	\$16.64
PROSOCO, Inc.	
Total Employment	67
Full-Time Employment	67
% of Full-Time Jobs meeting or exceeding mean wage	78%
Average Full-Time Wage	\$22.11
Grandstand/Screen-It Graphics	
Total Employment	45
Full-Time Employment	45
% of Full-Time Jobs meeting or exceeding mean wage	70%
Average Full-Time Wage	\$16.79

It should be noted that City agreements for tax abatements with PROSOCO and Amarr were 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.

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 3% 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.



Employment History

In addition to 2012 employment, the below table presents historical employment records over the past five years for the companies receiving a tax abatement:

2008-2012 Employment History (year-end)																		
Company	Pre-Abatement		Projected from Abatement		Total Estimated Jobs		2008		2009		2010		2011		2012		2012 Over/Under Estimated Total	
	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT
Amarr (1998) ¹³	340	0	40	0	380	0	469	0	499	2	466	4	453	6	477	4	97	4
PROSOCO ¹⁴	0	0	50	3	50	3	69	0	59	3	56	3	62	2	67	0	17	(3)
Grandstand ¹⁵	40	n/a	11	0	51	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	45	0	(6)	0
<i>Total</i>	380		101		481	3									589	8	108	1

Below is a history of PROSOCO/BIC Corporation Kansas full-time employment totals:

Year	KC Law		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	2008	2009															
KS Employees	50	58	64	61	60	63	63	67	68	69	69	59	59	64	67		

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."

¹⁴ PROSOCO's original projection of 75 was inaccurate as it erroneously calculated the relocation all PROSOCO employees, not just those targeted for Lawrence. The actual base number should have been 50.

¹⁵ Pre-abatement employment as of December 31, 2010 was 40 full-time positions. Per the agreement between the City and Screen-It Graphics of Lawrence, Inc./3840 Greenway Circle LLC, employment for purposes of abatement compliance is measured for the year preceding the current tax abatement calendar year. For the 2012 calendar year, employment is measured from January-December 2011. Actual FTE for 2012, as reported by Grandstand, is 71 positions.

Abatement Compliance Summary:

In order to annually qualify for a tax abatement, each company is subject to provisions as specified within a performance agreement signed with the City and the tax abatement policy that was in place at the time of agreement signing. Only one company, Grandstand, is subject to current tax abatement policy requirements. Both Amarr and PROSOCO signed performance agreements before the current policy was in place and are not subject to current compliance provisions. However, both Amarr and PROSOCO have substantially met their compliance targets for 2012 based on their performance agreements and referenced 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%



Grandstand was subject to the below performance provisions for 2012. The company met substantial compliance and was eligible for 100% of their 2012 tax abatement amount.

2012 Grandstand Compliance Summary						
Compliance Category	Description	Target	Actual	% Compliance (Actual/Target)	Weight	Overall Compliance
Capital Investment	Cumulative Capital Investment (as of Dec 31, 2012)	\$4,820,000	\$4,924,968	102.18%	0.25	25.54%
Job Creation	2011 Full-Time Employment (FTEs) ¹⁶	51	45	88.24%	0.25	22.06%
Wages	2012 Wage Floor (\$11.93/hr) ¹⁷	100% of Employees paid above wage floor	70%	70.00%	0.125	8.75%
	2012 Average Company Hourly Wage	\$14.00	\$16.79	119.93%	0.125	14.99%
Health Benefits	Employer Provided Health Care Coverage (minimum of 70% employer paid premium) ¹⁸	100% of Employees	100%	100.00%	0.25	25.00%

Blended Compliance % 96%

Eligible Incentive % 100%

¹⁶ As per agreement (dated 10-11-11, Section 5b), for the 2012 year, the period of measurement will be January 1, 2011 through December 31, 2011. Grandstand did not occupy the building in which the tax abatement was based until December 2011. This caused a shortage to the 2012 FTE target of 51 employees due to insufficient time to hire the necessary employment levels to comply. Actual 2012 FTE as reported by the Grandstand is 71 positions. Given actual 2012 FTE, the comparison of projected to actual would be 139% and overall Blended Compliance would be 109%.

¹⁷ 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.

¹⁸ 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).

In addition, Grandstand's forgivable loan was also subject to the same performance provisions. The blended compliance rate of 96% qualifies the company for a 100% forgivable loan amount of \$12,500 for the 2012 measurement period.

Grandstand Forgivable Loan Compliance		
Amount	Payment Due	Period of Measurement
\$12,500	March 1, 2013	Jan 1, 2012- Dec 31, 2012
\$12,500	March 1, 2014	Jan 1, 2012- Dec 31, 2013

Compliance Schedule: Forgivable Loan	
Blended Range %	Amount of Loan Payment Forgiven
90-100%	100%
80-89%	85%
70-79%	75%
Below 70%	No portion of loan payment forgiven (\$12,500 due to city)



Both Amarr and PROSOCO signed performance agreements before the current policy was in place and are not subject to the same provisions as indicated in the current policy. However, both companies have substantially met their compliance measures for 2012 as per their performance agreements with the City and are eligible for 100% of their annual incentive amount. Performance measures for both companies, in light of current standards, are shown below for comparison.

2012 Amarr Compliance Summary						
Compliance Category	Description	Target	Actual	% Compliance (Actual/Target)	Weight	Overall Compliance
Capital Investment	Personal Property ¹⁹	\$9,400,000	\$9,700,000	103.19%	0.2	20.64%
Job Creation	2012 Full-Time Employment ²⁰	40	40	100.00%	0.2	20.00%
Wages	2012 Wage Floor ²¹	\$11.93	\$16.64	139.48%	0.2	27.90%
	2012 Average Company Hourly Wage ²²	100% of Employees Paid Above Community Average Wage	99%	99.00%	0.2	19.80%
Health Benefits	Employer Provided Health Care Coverage (minimum of 70% employer paid premium or \$1.50 above wage floor) ²³	100% of Employees	100%	100.00%	0.2	20.00%

Compliance % 108%
Eligible Incentive % 100%

¹⁹ As per Ordinance 8497, Amarr's transfer of real property ownership on 3-27-07 invalidated the provision for a tax exemption on real property.

²⁰ Amarr was originally granted a 55% tax abatement on real and personal property via Ordinance 8470 (adopted 10-27-2009). Requirements under the performance agreement (signed 12-17-2003), referenced by Ordinance 8470 states "The approval of the tax abatement by the governing body of the City was in reliance upon the application submitted by Amarr. Specifically, the application and the approved tax abatement provided that Amarr would 1) construct a facility, new construction and modification to existing facility in the capital amount of \$7,700,000; 2) expend \$9,400,000 in the purchase of new machinery and equipment; and 3) employ eighty (80) full-time employees as the result of the project."

Ordinance 8497 (authorized 4-6-2010) later repealed Ordinance 8470, and specified a 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."

²¹ 2012 Wage floor is \$11.93/hour. The wage floor hourly wage is adjusted annually based upon an annual wage equal to 130% of the Federal poverty threshold for a family of three, as established by the U.S. Department of Health and Human Services. \$16.64 represents Amarr's average wage for all 2012 full-time employees.

²² Community average wages are provide by occupation through the Kansas Department of Labor, 2012 Edition Wage Survey.

²³ Amarr's average company wage of \$16.64 is in excess of \$1.50 above 2012 wage floor requirements.



2012 PROSOCO Compliance Summary						
Compliance Category ²⁴	Description	Target	Actual	% Compliance (Actual/Target)	Weight	Overall Compliance
Capital Investment	Plant	\$2,348,000	\$2,397,288	102.1%	0.25	25.52%
	Equipment	\$260,000	\$662,312	254.7%	0.25	63.68%
Job Creation	Employment, Full Time	50	67	134.0%	0.25	33.50%
Wages	2012 Average Company Hourly Wage	\$13.96	\$22.11	158.38%	0.25	39.60%
	Wage Floor	n/a	n/a	n/a	n/a	n/a
Health Benefits	Employer Provided Health Care Coverage	n/a	n/a	n/a	n/a	n/a

Compliance % 162%
Eligible Incentive % 100%

²⁴ Requirements under the performance agreement (signed 11-20-2003), states, "The approval of the tax abatement by the governing body of the City was in reliance upon the application submitted by PROSOCO. Specifically, the Application and the approved tax abatement provided that PROSOCO would: 1) construct an addition to their facility in the capital amount of \$2,348,000; 2) expend \$260,000 in the purchase of new machinery and equipment; and 3) employ eight (8) full-time employees as the result of the expansion." Salary ranges as specified in the performance agreement included 7 production warehouse employees with a salary range of \$10-\$15/hour and one field technician with a salary of \$12.50/hour. In 2012, the company had a minimum of 11 warehouse/production/technician full-time positions where average salary exceeded \$15/hour.

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.

2012 Local Expenditures & Outside Sales		
Company	Expenditures Spent Within Lawrence	Sales Generated Outside Lawrence
Amarr Garage Doors Inc.	5%	99%
PROSOCO, Inc.	5%	100%
Grandstand/Screen-It Graphics	2%	98%

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 2-5 percent, 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.)



Property Tax Generation

Since none of the three companies received a 100% tax abatement, all of the abated property is currently generating some level of property taxes.²⁵

2012 Tax Generation					
Company & Abatement %	Appraised Value	Assessed Value	Total Tax	Abated Amount	Taxes Paid
Amarr Garage Doors, Inc.					
Real (0%)	\$11,429,300	\$2,857,326	\$362,329	N/A	\$362,329
Personal (55%)	\$5,536,080	\$1,164,986	\$175,254	\$27,525	\$147,728
PROSOCO, Inc.					
Real (55%)	\$6,419,600	\$1,324,523	\$203,512	\$35,554	\$167,959
Personal (55%)	\$415,437	\$95,840	\$13,081	\$928	\$12,153
Grandstand/Screen-It Graphics					
Real (65%)	\$5,789,000	\$1,447,250	\$183,521	\$119,289	\$64,232
Personal (0%)	N/A	N/A	N/A	N/A	N/A
Total	\$29,589,417	\$6,889,925	\$937,698	\$183,296	\$754,402

Source: Douglas County, Kansas Appraiser's and Treasurer's office

The County appraised real property at a little over \$23.6 million and personal property at just under \$6 million (\$29,589,417 combined) for the three companies receiving tax abatements in 2012. Total tax due on both real and personal property was approximately \$937,700 for the year. Tax payments made by these companies totaled a little over \$754,400, with a total tax abated value of approximately \$183,300 during 2012.

²⁵ For commercial enterprises, property taxes are based on 25% of the appraised value of real and personal property. 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.



Social Impacts

Companies also contribute to the community by providing career enhancement for their employees and by giving to local charities as well. The three firms receiving abatements in 2012 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 products. Over 65% of Amarr's finished product is manufactured from recycled steel.

Community Engagement

Amarr has supported a number of community groups, including Van Go Mobile Arts, Tenants to Homeowners, United Way, Habitat for Humanity, Kansas Blood Services, March of Dimes, Lawrence Arts Center, and the Lawrence Memorial Hospital Campaign.

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 employees designed to improve skill sets for both professional and personal growth. Tuition reimbursement is another benefit provided to employees who want to continue their education.

PROSOCO, Inc.

Environment

PROSOCO is constantly striving to develop and introduce new environmentally responsible products for the building industry. The company employs environmental professionals, including a Regulatory Affairs Director (holding a B.G.S. degree in Environmental Studies and certification as a Hazardous Materials Manager) to oversee compliance with all applicable environmental requirements, and a LEED Accredited Professional (LEED AP, U.S. Green Building Council). PROSOCO works with the U.S. Green Building Council, the Consumer Specialty Products Association, and Coatings Care to support environmental principles and practices.

Community Engagement

PROSOCO is actively involved in the Eastern Kansas branch of MS 150 and has participated in this annual event since 2003. In addition to the company being a current and active member of the Lawrence Chamber of Commerce, a company representative serves as chairman of the Douglas County Emergency Management Board and is also a member of the Community Emergency Response Team (CERT) for East Hills Business Park. Other community support includes donations to Junior Achievement, Lawrence Aquahawks, and Back to School Backpack programs. PROSOCO also provides the City of Lawrence with free consultation on building renovation projects.

Job Training/Benefits

PROSOCO provides employees with internal and external education and training covering topics such as computer software, financial awareness, product training, wellness, and high-tech applications. Annual safety training is provided to employees as well as CPR/First Aid training every two years.



Grandstand (Screen-It Graphics), Inc.

Environment

During 2012, Grandstand partnered with Ripple Glass and the City of Lawrence to obtain a recycling container pick up/drop off. Recycled items include glass, plastic, paper, and cardboard, resulting in a significant reduction to the company's landfill imprint.

Community Engagement

Grandstand was selected as the recipient of the Lawrence Chamber of Commerce award for small business of the year. The company sponsored the annual University of Kansas Dance Marathon, providing shirts for all the participants and families. The organization also raised \$60,000 in 2012 for the University of Kansas Pediatrics and also participated in the Lawrence Junior Achievement Bowl-a-thon, raising \$470 through the company's two teams.

Job Training/Benefits

The company hired and trained over 20 new employees and provided First Aid and CPR training for 13% of their workforce.

Section 2: Industrial Revenue Bonds (IRB)



Three companies have had Industrial Revenue Bonds (IRBs) issued on their behalf that were outstanding as of the end of the year. The table below details the date of issue as well as the maturity date. In addition, those companies that had IRBs issued after 1995 are required to provide arbitrage and secondary disclosures.

Note that outstanding IRBs are payable solely from private sources and not backed by the City.

2012 Outstanding IRBs					
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
9th & New Hampshire LLC: Series 2012 (South Project) ¹	2012	8804	2015	\$17,250,000	Mixed Use Hotel (900 New Hampshire Street: South Project)

There was one IRB that paid off in 2012:

2012 Terminated IRBs					
Company	Date of Issue	Issuing Ord #	Conveying Resolution & Date	Amount Authorized	Project
DST Systems, Inc: Series 2001	2001	7331	R-6963, 2-21-2012	\$9,000, 000	Acquisition & Renovation of Existing Office Building

¹ As of the end of 2012, bond issuance had not closed and bonds had not yet been issued.

Section 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 2012, the City of Lawrence had four approved Neighborhood Revitalization Areas: 8th & Pennsylvania Street district NRA, 1040 Vermont Street NRA, 1001 Massachusetts Street NRA, and 810/812 Pennsylvania Street NRA. Only one property received an NRA rebate during 2012 (720 E 9th Street, rebate of \$12,515). Although the 8th & Pennsylvania Street NRA district expired in April 2012, the 720 E 9th Street parcel within that District remains eligible for NRA refunds.

It should be noted that the 1040 Vermont Street and 810/812 Pennsylvania Street projects were under construction in 2012. The 1001 Massachusetts Street NRAs had not proceeded by year's end.

2012 Established Neighborhood Revitalization Areas (NRA)				
NRA	District Established	First NRA Rebate Year	% Rebate	Ordinance #
8th and Pennsylvania District (720 E 9th Street)	April 2007	2011 ¹	95%	8093
1040 Vermont (Treanor Headquarters)	April 2011	2013 ²	Declining	8625
810/812 Pennsylvania (Cider Building)	July 2012	2014 ³	95%	8753
1001 Massachusetts (Masonic Temple)	Sept. 2011	n/a ⁴	Declining	8671

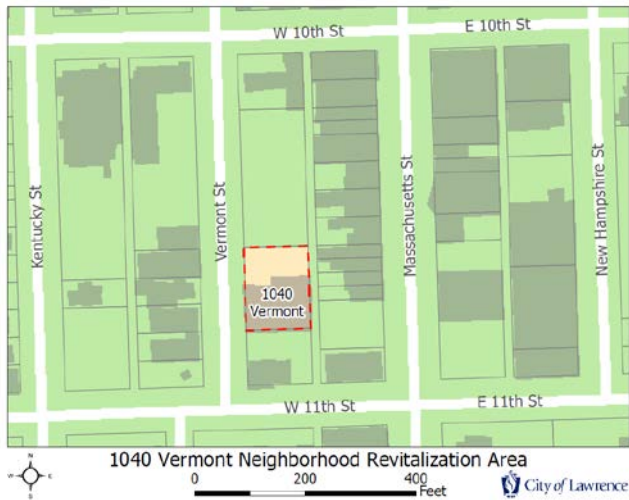
¹The 8th & Pennsylvania NRA district allows for up to 20 years of NRA rebates (subject to a capped amount correlating with costs). As per agreement with the City, rebates are due until the maximum amount of \$324,673.18 has been rebated or 12-31-2032, whichever comes first.

² Since project was under construction during 2012, the first rebate anticipated will be for taxes levied in 2013.

³ Since project will be under construction 2012-2013, the first rebate anticipated will be for taxes levied in 2014.

⁴ NRA postponed due to change in use.

Section 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.

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



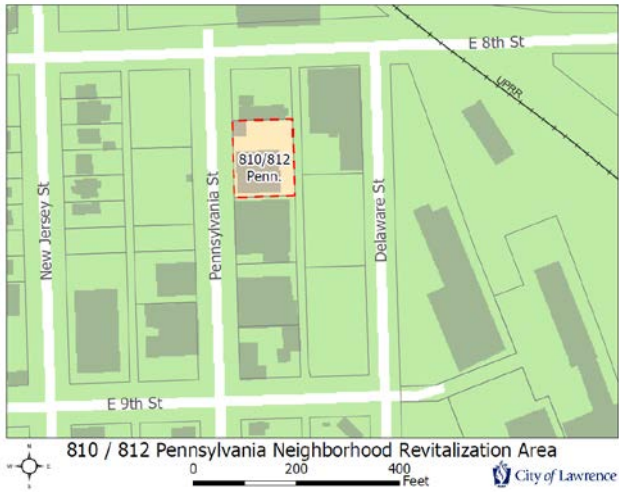
1040 Vermont Street office



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, although this parcel remains eligible for NRA refunds.

Section 3: Neighborhood Revitalization Areas



810/812 Pennsylvania Street NRA

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

Plans call for the abandoned building to be converted into an arts gallery with events space on the lower level and office space on the upper level. Project completion is estimated in early 2013.



**Rendering of
Cider Building redevelopment at 810/812 Pennsylvania Street**

Section 4: Tax Increment Financing Districts



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:

2012 Tax Increment Financing (TIF)						
TIF	District Established	District Ord #	Plan Established	Expires ¹	Plan Ord #	Estimated Eligible Expenses
Downtown 2000 Redevelopment (Original 9th and New Hampshire)	Aug. 1999	7127	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	Nov. 2012	Nov. 2032	8791	\$3,500,000 ³

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 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.

Section 4: Tax Increment Financing Districts



**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 2012, approximately \$5M 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.

901 New Hampshire Reimbursements:

In January 2012, the City Commission authorized the City Manager to execute a performance agreement that would allow 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 1st annual reimbursement is anticipated to be for taxes levied in 2012, with payment made in 2013.

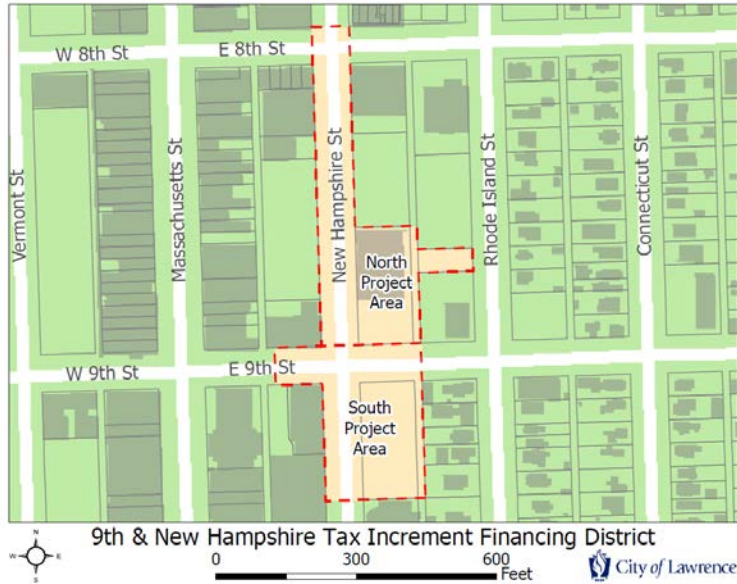


12th and Oread Redevelopment District (The Oread): 1200 Oread Avenue

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. At the end of 2012, the district had generated TIF revenues from sales tax and incremental property tax of approximately \$1,270,171 to date.



9th & New Hampshire Redevelopment District

The 9th & New Hampshire Redevelopment district was created in 2012 and includes two project areas: South Project Area and North Project Area. Public infrastructure for both areas will 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 5% of the proceeds reserved for the “Arts Commons” project (up to a total of \$900,000) and 95% of proceeds going to reimburse the Developer for public infrastructure expenses.

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.

South Project Area

The South Project Area is envisioned to contain both private and public projects. The private project includes a planned 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.



9th & New Hampshire District—Concept Rendering
(Showing North and part of South Project areas)

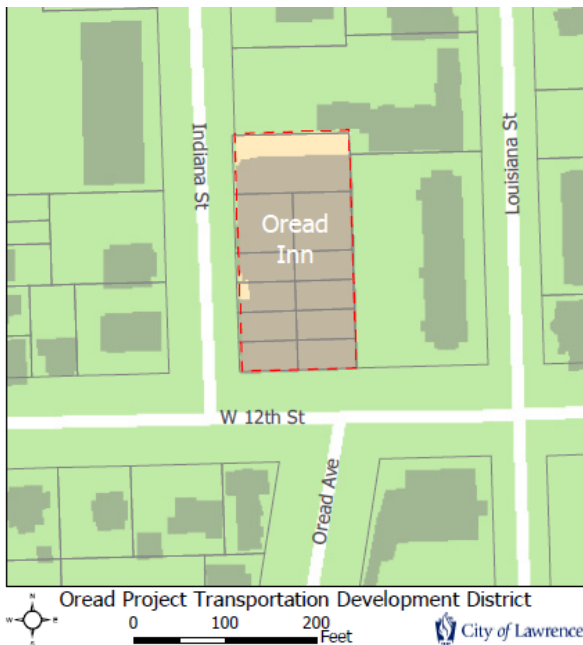
Section 5: Transportation Development Districts



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 1% transportation district sales tax on retail or taxable services occurring within the district.

2012 Transportation Development Districts (TDD)					
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	#8803, November 2012	1%	July 2014	July 2036	\$3,000,000 ²



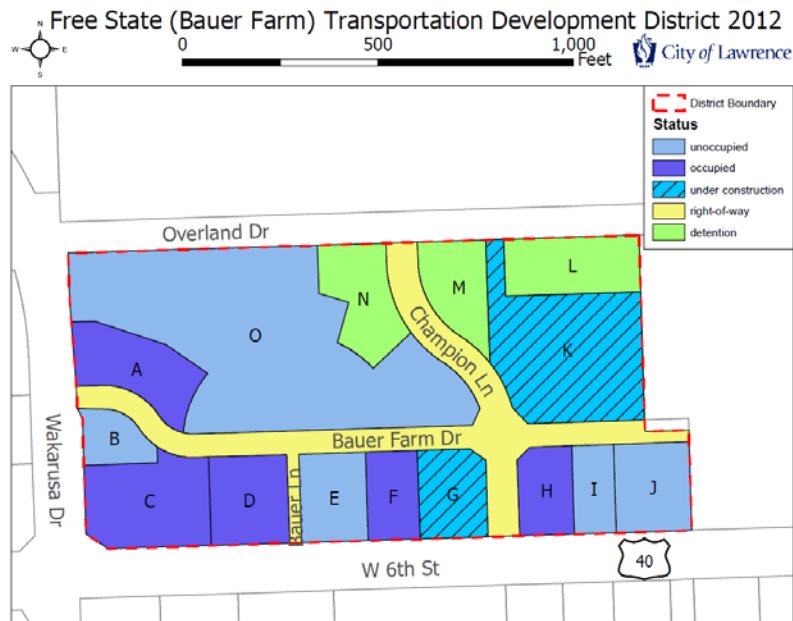
The Oread TDD

The Oread TDD (located at W. 12th Street & Oread Avenue) began generating sales tax revenues in 2009. At the end of 2012, the district had generated approximately \$321,000 to date in TDD revenue.

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.

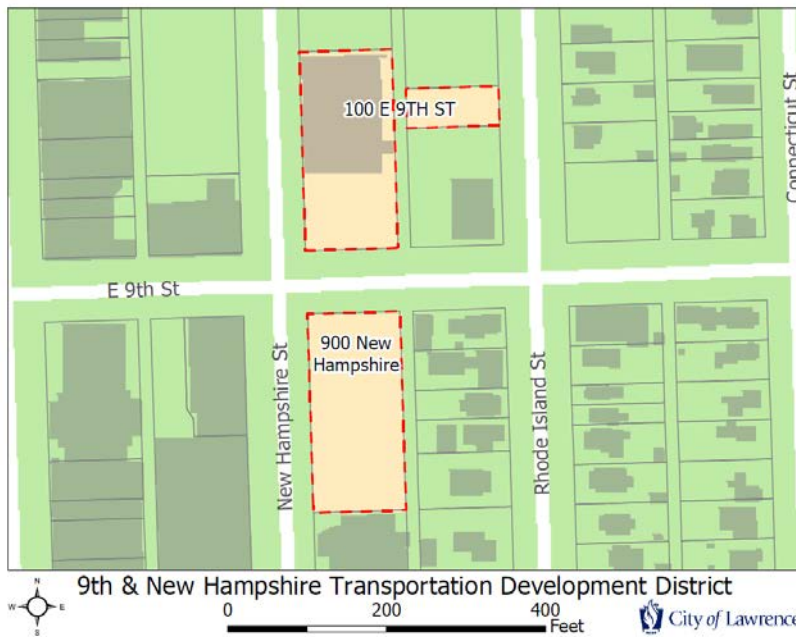
² Amount shown is the reimbursement cap without interest. As per the redevelopment agreement, interest is subject to reimbursement at the Developer's actual interest rate for borrowed funds.

Section 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 2012, a little less than 28% of the buildable area within the district was occupied, generating approximately \$141,000 to date in TDD revenue.



9th & New Hampshire TDD

The 9th & New Hampshire TDD was approved in July 2012. Due to the project's construction timeframe, the district is not anticipated to start generating TDD sales tax until July 2014. Once the project begins generating TDD proceeds, 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.

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 \$2750 of the total to assist with up front expenses, providing support for 2012 and 2013. The remainder of the grant will be disbursed later for 2014 and 2015, based on new positions created.



Plastikon: 3780 Greenway Circle

Plastikon is a plastic manufacturing company specializing in the production of high tolerance parts and accessories for the diagnostic healthcare and pharmaceutical industries. The Lawrence facility manufactures sterile, fluid-filled

resin products used in clinical diagnostic labs in the United States and other countries.

The City of Lawrence and Douglas County, Kansas share equally in providing an annual training incentive for Plastikon's Lawrence facility employees. The incentive, valued at \$500 per full-time employee up to 126 employees, is to be provided over a five year period (2011-2015) and is limited to a total of \$63,000.

In 2011, the Company commenced operations at their new facility, hiring 19 new, full-time employees. As of report publication, Staff was continuing examination of Plastikon's annual compliance and had not made a determination on a 2012 incentive value.



Economic Development Services:



Bioscience & Technology Business Center

The Bioscience & Technology Business Center (BTBC) is a not-for-profit corporation whose mission is to foster the development and growth of the life sciences and technology industries in Lawrence, Douglas County, and Kansas City. The BTBC's primary objectives include growing and diversifying the local economy, creating high-quality, high-paying

jobs, increasing the local tax base, and stimulating the creation of wealth in the community.

The City helps support BTBC goals in partnership with other stakeholders, including Douglas County, the University of Kansas, the University of Kansas Endowment Association, the Lawrence Chamber of Commerce, and the Economic Development Administration.

BTBC Facilities			
Facility	Address	Leasable SF	Description
Main, Phase I	2029 Becker Drive, Lawrence, KS	21,400	Office and lab space located near several other prominent University research buildings, including the Multidisciplinary Research building and the School of Pharmacy.
Expansion Facility	4950 Research Parkway, Lawrence KS	17,500	Facility accommodates successful incubator graduates, tenants with unique space requirements, and companies seeking GMP-ready space.
St. Andrew's Facility	1617 St. Andrews Drive, Lawrence, KS	7,700	Professional office space accommodates technology companies and other office users. Home to BTBC tenants New Media Samurai, RevitalVision, and New Frontiers, LLC.
KUMC Facility	Kansas University Medical Center Campus, Kansas City, KS	20,000	Office and wet lab space adjacent to the KUMC Hospital. Home to local bioscience companies Aptakon, OsteoGeneX, and Orbis Biosciences.

Source: Bioscience & Business Technology Center (BTBC), Data current as of December 2012.

Section 6: Other Support Programs



2012 BTBC Lawrence Facilities Occupancy and Employment			
Facility	# Companies	# Employees	Occupancy %
Main Facility	10	66	100%
Expansion Facility	5	15	71%
St. Andrews Facility	7	15	52%
Total: All Lawrence Facilities	22	96	

Source: Bioscience & Business Technology Center (BTBC), Data current as of December 2012.

2012 BTBC Economic Development Summary	
Total Client Companies	29*
Total # Employees	116*
Annual Payroll	\$4,023,000*
Capital Raised	\$7,250,000

**Includes KUMC facility*

Source: Bioscience & Business Technology Center (BTBC), Data current as of December 2012.



BTBC Phase II:

Development of land adjacent to the BTBC is currently planned to become Phase II of the Main Facility, adding 31,000 square feet of tenant space (wet laboratory and office space).

In order to raise the necessary capital for the \$10 million project, the City and

County took the lead by making a \$1 million commitment each to this expansion. The combined \$2 million was used to leverage additional funding from BTBC stakeholder partners.

The City funded its commitment in two installments of \$500,000 each. The first installment was authorized by the City Commission in August 2011 via Ordinance 8658 and the second installment in May 2012 via Ordinance 8727.

Construction for Phase II is on schedule to be completed by August of 2014.

Section 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 (BTBC) Support					
Year	Economic Dev Services ¹	Main Facility, Phase I ²	Expansion Facility ³	Main Facility, Phase II ⁴	Total
2006	\$200,000	--	--	--	\$200,000
2007	\$192,000 ⁵	--	--	--	\$192,000
2008	\$200,000	--	--	--	\$200,000
2009	\$200,000	\$75,000	--	--	\$275,000
2010	\$200,000	\$75,000	--	--	\$275,000
2011	\$200,000	\$75,000	\$66,540	--	\$341,540
2012	\$200,000	\$75,000	\$66,540	\$500,000	\$841,540

Source: City of Lawrence, Kansas, Budget Office

¹ As per the Agreement for Use of City Funds, \$200,000 from the City's General Fund will be used: a) to develop a wet-lab incubator facility, together with associated professional talent, specialized equipment and capital; b) to provide business development and commercialization programming and incentives for incubator facility companies; c) to develop long-term destination facilities in Lawrence & Douglas County for incubator facility bioscience companies.

² As per the Agreement for Use of City Funds, \$75,000 from the City's General Fund will be used to develop the Lawrence Life Science Incubator along with associated professional talent, specialized equipment and capital.

³ Per Lease Agreement dated January 1, 2010, (Article V) between the City, County and BTBC, the basic rent payment due from BTBC are held to \$25,000 annually through 2014. The City and County split the remaining amount required to make the annual bond payment. This amount annually from the City and County is \$66,540 each, through 2014. In 2015, the BTBC will assume the payments, unless there is any shortfall in revenue. In which case, the shortfall amount will be split equally between the City and County.

⁴ City funded its commitment in two installments of \$500,000 each via Ordinance 8658 (paid in 2012) and Ordinance 8727 (to be paid in 2013).

⁵ A 4% reduction was imposed on support for all outside agencies in 2007.

Section 6: Other Support Programs



Support for Other Economic Development Services

In 2012, the City provided \$219,500 in financial support for the below economic development services.

2012 Economic Development Services		
Organization	Description	2012 Amount
Chamber of Commerce	Douglas County economic development program	\$199,500
KU Small Business Development Center	Small business development services	\$20,000
Total		\$219,500

Source: City of Lawrence, Kansas, Budget Office

Section 6: Other Support Programs



Neighborhood Infrastructure:



East Lawrence Industrial Historic District: 8th & Pennsylvania Area

The East Lawrence Industrial Historic District encompasses several extant 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.

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 is supporting the preservation and revitalization of the district by funding several neighborhood improvements. First Phase improvements have been completed, including:

- Addressing existing drainage problems by 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 such as pedestrian lighting, landscaping, sidewalks, and on-street parking.



Section 6: Other Support Programs



Retention Grant/Loan:



EMR, Inc: 2110 Delaware

Headquartered in Lawrence, EMR started with three employees in 1988 and has now grown to a \$40 million company with 262 employees and seven offices worldwide.

EMR offers a diverse array of engineering, construction, and environmental remediation services, and has provided

professional services associated with more than 12,000 projects for over 800 customers worldwide, including all Class I Railroads; federal, state and local governments; and other commercial clients. Among its many awards, EMR has been named the 2002 National Minority Small Business of the Year by Small Business Administration, BNSF Railway 2008 Diversity Supplier of the Year, the Society of American Military Engineers 2011 National Small Business of the Year, and the Greater Kansas City Chamber of Commerce Top 10 Small Business in 2009 and 2011.

In 2012 EMR decided to relocate its headquarters. The City provided a one-time retention grant of \$12,400 in exchange for EMR keeping its corporate headquarters in Lawrence over the next three years.



Section 6: Other Support Programs



Expansion & Relocation Grant/Loan:



Grandstand Sportswear and Glassware: 3840 Greenway Circle

Based in Lawrence, Kansas, Grandstand is a custom screen printer specializing in sportswear, glassware and promotional items. Beginning operations as an apparel company with seven employees in 1988, this local business has experienced rapid expansion, which necessitated a move from its

location at 2920 Haskell, where it occupied 30,000 square feet of space, to its current 155,000 square foot building in East Hills Business Park. The City provided a one-time \$25,000 grant (forgivable loan) to assist with Grandstand's expansion into the new facility at the end of 2011-early 2012.





2012 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		5/18/2010
PROSOCO	Ordinance No. 7882	Tax Abatement	7/12/2005
	Agreement	Performance Agreement	11/20/2003
	Resolution 6343	Policy	11/13/2001
Grandstand/Screen-It Graphics	Resolution 6948	Tax Abatement	10/11/2011
	Agreement	Performance Agreement	9/2/2011
	Overarching ED Policy	Policy	5/18/2010

2012 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

2012 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

Continued on next page.

Appendix A: Regulating Documents



2012 TIFs			
	Document	Description	Dated
Downtown 2000	Ordinance No. 7127	District Established	8/3/1999
	Ordinance No. 7207 & Plan	Redevelopment Plan	4/25/2000
	Agreement	Construction Agreement	9/18/2000
The Oread	Ordinance No. 8234	District Established	2/19/2008
	Ordinance 8253	Redevelopment Plan	4/8/2008
	Agreement	Redevelopment Agreement	4/8/2008
9th & New Hampshire	Ordinance 8768	District Established	8/7/2012
	Ordinance 8791	So Project: Redevelopment Plan	11/6/2012
	Agreement	So Project: Redevelopment Agreement	11/30/2012

2012 TDDs			
	Document	Description	Dated
The Oread	Ordinance No. 8254	District Established	2/19/2008
	Ordinance 8253	Redevelopment Plan	4/8/2008
	Agreement	Redevelopment Agreement	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 8768	District Established	8/7/2012
	Ordinance 8791	So Project: Redevelopment Plan	11/6/2012
	Agreement	So Project: Redevelopment Agreement	11/30/2012