

July 9, 2018

Tom Markus, City Manager and City Commissioners  
City of Lawrence,  
6 East 6<sup>th</sup> Street  
Lawrence, Kansas 66044

Re: Request Letter

Dear Mr. Markus and City Commissioners:

We are requesting an IRB to obtain a sales tax exemption on construction materials. These incentives are needed to help with the cost of rebuilding our facility which was destroyed by fire. Although we had insurance on the building, the insurance will cover less than half of the losses we have suffered from the fire and the disruption of business.

Further, the facility we wish to construct will be larger than our former facility, in our expectation of not only retaining the high paying jobs that we currently have in Lawrence, but adding new ones as well. We currently employ about 28 persons at an average compensation of \$50,000 and we expect to increase that by an additional 5-10 jobs in the new few years. These local jobs all generate revenues for the City of Lawrence through the local spending and taxes of the employees.

Please let us know if there is any additional information we may provide.

Sincerely,

Derek Dummermuth, CFO and Owner.

**City of Lawrence, Kansas**  
**Economic & Community Development**  
**Application for Economic Development Assistance**



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

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

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

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Please indicate which public benefits your project brings to the local community. (Mark all that go above and beyond normal City requirements. Please explain in detail the project's public benefits in the request letter.) (see answers below)

- ☒ **Primary job creation:**
  - **Primary businesses typically serve customers outside of the immediate area, therefore importing dollars into the community through its sales.**
  - Non-primary businesses provide goods and services to the local business and consumers, thereby circulating dollars within the community.
- ☐ **Above average wages**
- ☐ **Jobs with employee benefits including healthcare insurance**
- ☒ **Revitalization of dilapidated, unsafe, underutilized, or historic property**
- ☒ **Retention or expansion of existing business**
- ☒ **Tax base growth**

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

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

Applicant Contact Information	
Name:	Rob Mandel
Title:	CPA
Organization:	Heritage Tractor
Address 1:	1110 E. 23 <sup>rd</sup> Street, Lawrence, KS
Address 2:	
Phone:	816 416-7050
Email:	rmandel@stintax.com
Fax:	

**Application Tips:**

Enter contact information for the company representative completing this application.

Economic Development Support Requested		
City Incentives	Amount	Term (in years)
Tax Increment Financing District (TIF)		
Transportation Development District (TDD)		
Neighborhood Revitalization Area (NRA)		
Tax Abatement (TA)		
Industrial Revenue Bonds (IRBs)	1,250,000	2
Community Improvement District (CID)		
Other (Please Describe): To be determined.		

**Application Tips:**

**Applicable Terms:**

TIF: Up to 20 years

TDD: Up to 22 years

TA: Up to 10 years

CID: Up to 22 years

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

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

Project Information		
Name of Company Seeking Incentive(s):	Heritage Tractor	
Project Type (check one):	Expansion:	
	New Facility:	X
Company Type (check one):	Existing Local Company:	X
	Out-of-Area Company Locating Locally:	X
Current Company Address:	1110 E. 23 <sup>rd</sup> Street	
Location of Proposed New Facility/Expansion Project:	1110 E. 23 <sup>rd</sup> Street	
Describe the Company's Plans to Develop or Expand in the Community:  Planning to build new \$2.5M (est) building in Lawrence, to employ about 30 employees with an average salary of around \$45,000.		
Operations Start Date at the Expansion or New Facility:		asap
Industry NAICS # for the New or Expanded Facility (6-digit code):		423820
Describe the Primary Industry the New or Expanded Facility Will Support: Agriculture		

**Application Tips:**

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

Link for NAICS code lookup:  
<http://www.naics.com/search.htm>

Capital Investment Information for New Facility or Expansion			
Estimated Size of New Facility (square feet):		22,000	
Estimated Size of Land for New Facility (acres):		3.5	
<b>For the new or expanded facility, enter the amount the company anticipates spending for initial and subsequent investments in land, buildings and improvements (do not include machinery or equipment):</b>			
Year	Buildings & Other Real Property Improvements	Land	Total
1	\$2,500,000	1,100,000	\$3,600,000
2			
3			
4			
5			
6			
7			
8			
9			
10			
<b>Total</b>			
Will land be leased from the City or County (Y/N):		N	
If yes, Monthly Lease Rate for Land:			

**Application Tips:**

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

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

Local Utility Expenses		
Utility	Current Local Monthly Expenses	Projected Local Monthly Expenses at New Facility
Gas		1,000
Electricity		2,000
Phone		1,000
Cable		200
Operating Expenditures		
For Expansion Projects, Current Annual Operating Expenses at Existing Facility:		
Annual Operating Expenses after Expansion/Relocation:		1,800,000
% of Additional Operating Expenses Anticipated to be Spent Locally:		80%
Revenues		
% of Revenues at the new Lawrence Facility Anticipated to Come from Non-Local Sources.		20% (est)
Anticipated Annual Gross Profits:		\$500,000 anticipated annual net operating income.
Anticipated Annual Net Operating Income (at stabilization):		
Anticipated Annual Net Operating Expenses (at stabilization):		

**Application Tips:**

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

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

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

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

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

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

IRB and Tax Abatement Request Information	
If you are seeking an IRB, please list the firm that will be receiving the IRB:  Heritage Tractor	
Will your firm be leasing the building or the land in your expansion or newly constructed facility? (Y/N)	N
If you are leasing the building or land, and you are seeking a tax abatement <u>without</u> an IRB, please list the tenant and owner and the financial relationship between tenant and owner.	
Total Cost of <u>Initial</u> Construction for the Project:	\$2,500,000
Estimated Cost of Construction Materials for <u>Initial</u> Construction:	\$1,500,000

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

Environmental Information	
Will the new facility meet Energy STAR criteria? (Y/N)	N
Will the project seek or be designed to LEED certification standards? (Y/N)	N
If yes, please indicate level:	Certification
	Silver
	Gold
	Platinum
<p>Please describe environmentally friendly features of the project:</p> <p>We will use LED lighting throughout the building, will have green space wherever we are allowed and will make the building as energy efficient as possible. We will also look into the possibility of putting solar panels on the site.</p>	
<p>Please describe anticipated positive environmental impacts resulting from the project:</p> <p>N/A</p>	
<p>Please describe anticipated negative environmental impacts and planned remediation efforts:</p> <p>N/A</p>	

**Application Tips:**

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

### Additional Community Benefits

Describe Other Local Economic Benefits Resulting From Project: Highly paid jobs, support agriculture production activities in area, which brings in additional revenues and jobs.

#### Application Tips:

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

Describe Other Quality of Life Benefits Resulting From Project: High paying jobs, generous healthcare benefits provided. We are also involved with multiple local charities and activities such as 4H, FFA, etc.

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

Employment Information									
Construction Employment for New Facility or Expansion									
# Full-Time, Construction Jobs:								20	
Average Annual Salary for Full-Time, Construction Workers (during construction period):								35,000	
Construction Period (months):								8 months	
For Expansion, # of Full-Time Employees Currently Working in Lawrence:									
New Employment Resulting from Project									
Net New Jobs (full-time, permanent)	Year	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary
	1	20	35,000						
	2								
	3								
	4								
	5								
	6								
	7								
	8								
	9								
	10								
Total									
Anticipated # of Employees to Be Relocated Locally as a Result of the Project									
# of Net New Full-Time Employees Anticipated to be Relocated From Outside of Kansas:								NA	
# of Net New Full-Time Employees Anticipated to be Relocated from Outside of Lawrence/Douglas County:								8	
# of Local, Full-Time Jobs Anticipated At End of Incentives Period:									

**Application Tips:**

Enter 0 if project is new or relocation.

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

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

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

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

Employee Benefits	
Description	After Expansion or Relocation
% of Employees with Company Provided Health Care Insurance	80%
% of Health Care Premium Covered by Company	85%
% of Employees with Company Provided Retirement Program	90%
Will You Provide Job Training for Employees? (Y/N)	Yes
If Yes, Please Describe: We provide John Deere provided training for each new employee.	
What is the Lowest Hourly Wage Offered to New Employees?	15.00/hr
What Percentage of Your New Employees Will Receive this Wage?	20%
Will You Provide Additional Benefits to Employees? (Y/N)	Y



*If Yes, Please Describe: We provide all employees with employer paid life insurance and long-term disability as well as 401k matching, paid time off and access to vision, dental and short-term disability insurance.*

### NRA Eligibility Statement

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

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

NA

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

NA

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

NA

## Disclosures

### Company Form of Organization:

It is the policy of the City that no economic development incentive will be granted to any applicant or petitioner who owns any financial interest in any real property, anywhere within the state of Kansas, with delinquent special assessments, delinquent ad valorem taxes, or federal or state tax liens, or who is currently delinquent or in default on any debts, responsibilities, or other obligations owed to the City.

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

Harry Wagner  
Derek Dummermuth  
Richard Dummermuth  
Karen Dummermuth  
David Dummermuth  
Anthony Dummermuth

Are all above listed principals currently delinquent or in default on any debts, responsibilities, or other obligations owed to the City? If delinquent or in default, provide details on property owner name, property address, current property tax status, special assessment status, and outstanding obligations owed to the City, and why delinquent or in default.

No one has any outstanding obligations to the City.

### List all subsidiaries or affiliates and details of ownership:

Subsidiary : N/A

Principals:

Has Company or any of its Directors/Officers been involved in or is the Company presently involved in any type of litigation?	NO
Has the Company, developer or any affiliated party declared bankruptcy?	NO
Has the Company, developer or any affiliated party defaulted on a real estate obligation?	NO
Has the Company, developer or any affiliated party been the defendant in any legal suit or action?	NO
Has the Company, developer or any affiliated party had judgments recorded against them?	NO

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

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

## Economic Development Fees

**Application & Administrative Fees:** The City charges the below application and administrative fees.

Application Fees		Administrative Services Fees
Tax Abatement	\$500	\$200/year
Industrial Revenue Bonds (IRB)	\$1,000	Origination Fee for sales tax only IRBs
Community Improvement District (CID)	\$2,500	For all projects involving "pay-as-you-go" financing and reimbursement through the assessment of CID sales tax collected with the CID sales tax district, it is the policy of the City to negotiate any annual administrative fee between the City and the petitioner to cover the City's administrative costs.
		For all other projects, the petitioner shall pay 0.5% of the funds reimbursed to the petitioner, or any successor in interest, each year for the life of the CID to cover the City's administrative costs.
Transportation Development District (TDD)	\$2,500	0.5% of the annual TDD revenues generated
Tax Increment Financing (TIF)	\$1,000	Where the applicant only seeks reimbursement of the property tax increment, the administrative service fee shall be 0.5% of the annual increment;
		In all other cases, the administrative service fee shall be 2.5% of the annual increment.
Neighborhood Revitalization Area (NRA)	\$500	None

If the request is not considered, half (1/2) of the application fee will be returned to the Applicant. If the request is considered, application fees are not refunded, regardless of if the project is approved.

### Industrial Revenue Bond (IRB) Origination Fee:

For IRBs issued just to obtain a sales tax exemption (not a property tax abatement), Applicant, at the time of bond closing, shall pay the City an IRB origination fee of the par amount of bonds being issued on behalf of a for-profit company, unless the project will create primary jobs or add affordable housing to the community.

IRB Origination Fee	
Rate	Amounts*
0.004	First \$10M or up to \$10M
\$40,000 + 0.002	2nd \$10M
\$60,000 + 0.001	Over \$20M

\*Maximum fee is \$100,000

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

### Other Fees:

Applicant is responsible for paying all expenses incurred by the City for professional services pertaining to the project, regardless of if the project is approved. This may include costs associated with research and analytical services, legal publication notices, application fees to the state Board of Tax Appeals, bond counsel and other miscellaneous costs, including but not limited to, the City reasonable costs to process any modifications. If the request proceeds the Applicant may be asked to enter into a funding agreement to cover all costs associated with processing approval for the requested assistance.

**Application Submission:**

When you have completed this form to your satisfaction, please sign and send, along with applicable application fee(s) to:

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

***Note: All economic development incentive fees are due when the application for economic development support is filed with the City. No application will be accepted until fees have been paid.***

I hereby certify that the foregoing and attached information contained is true and correct, to the best of my knowledge:

Applicant/Representative: ~~Rob Mandel~~ Derek Dymmermuth  
(Please Print)

Signature:  Date: July 3, 2018

**AFFIDAVIT**

THE STATE OF Kansas )

THE COUNTY OF Johnson )

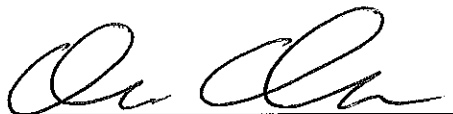
SS:

I, Derek Dummermith, being of lawful age, and having been first duly sworn upon my oath, do hereby state:

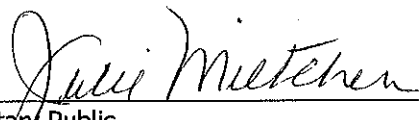
1. I am a resident of Olathe, Ks.

2. As of the date set forth below, I have no financial interest and no entity in which I have any interest has any financial interest in any real property, located anywhere in the state of Kansas, that is delinquent on any special assessments, delinquent on any *ad valorem* taxes, or the subject of any federal, state, or local tax lien.

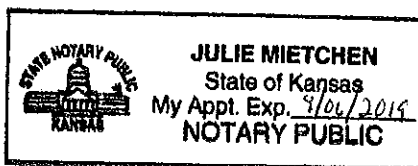
3. As of the date set forth below, I am not currently delinquent or in default and no entity in which I have any interest is currently delinquent or in default on any debts, responsibilities, or other obligations owed to the City of Lawrence, Kansas.



**SUBSCRIBED AND SWORN** before the undersigned on this 6th day of August, 2019.

  
Notary Public

My Appointment Expires: 9/06/2019



**AFFIDAVIT**

THE STATE OF Kansas )

THE COUNTY OF Douglas )

SS:

I, Karen Dummermuth, being of lawful age, and having been first duly sworn upon my oath, do hereby state:

1. I am a resident of Lawrence, KS.

2. As of the date set forth below, I have no financial interest and no entity in which I have any interest has any financial interest in any real property, located anywhere in the state of Kansas, that is delinquent on any special assessments, delinquent on any *ad valorem* taxes, or the subject of any federal, state, or local tax lien.

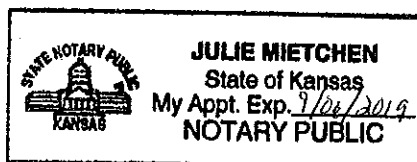
3. As of the date set forth below, I am not currently delinquent or in default and no entity in which I have any interest is currently delinquent or in default on any debts, responsibilities, or other obligations owed to the City of Lawrence, Kansas.

Karen Dummermuth

**SUBSCRIBED AND SWORN** before the undersigned on this 6th day of August, 2011.

Julie Mietchen  
Notary Public

My Appointment Expires: 9/06/2019



**AFFIDAVIT**

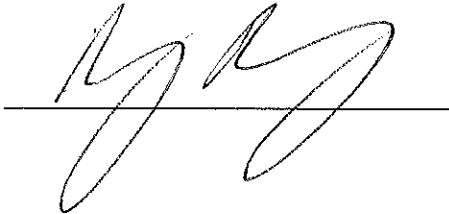
THE STATE OF Kansas )  
 )  
THE COUNTY OF Johnson ) ss:

I, Anthony Dummermuth, being of lawful age, and having been first duly sworn upon my oath, do hereby state:

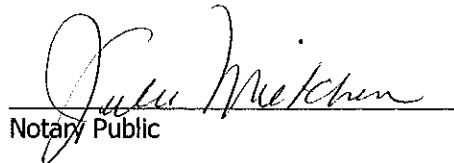
1. I am a resident of Merriam, KS.

2. As of the date set forth below, I have no financial interest and no entity in which I have any interest has any financial interest in any real property, located anywhere in the state of Kansas, that is delinquent on any special assessments, delinquent on any *ad valorem* taxes, or the subject of any federal, state, or local tax lien.

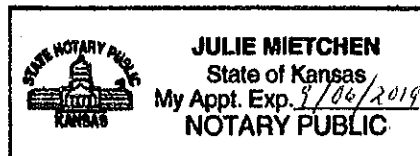
3. As of the date set forth below, I am not currently delinquent or in default and no entity in which I have any interest is currently delinquent or in default on any debts, responsibilities, or other obligations owed to the City of Lawrence, Kansas.



**SUBSCRIBED AND SWORN** before the undersigned on this 6th day of August, 2019.

  
Notary Public

My Appointment Expires: 9/06/2019





**AFFIDAVIT**

THE STATE OF Kansas )  
THE COUNTY OF Johnson ) ss:

I, David Dummermuth, being of lawful age, and having been first duly sworn upon my oath, do hereby state:

1. I am a resident of Olathe, KS.

2. As of the date set forth below, I have no financial interest and no entity in which I have any interest has any financial interest in any real property, located anywhere in the state of Kansas, that is delinquent on any special assessments, delinquent on any *ad valorem* taxes, or the subject of any federal, state, or local tax lien.

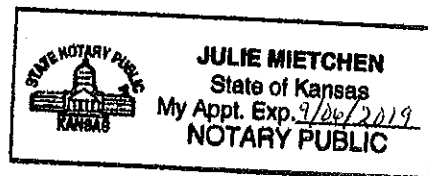
3. As of the date set forth below, I am not currently delinquent or in default and no entity in which I have any interest is currently delinquent or in default on any debts, responsibilities, or other obligations owed to the City of Lawrence, Kansas.

David Dummermuth

**SUBSCRIBED AND SWORN** before the undersigned on this 6th day of August, 2017.

Julie Mietchen  
Notary Public

My Appointment Expires: 9/26/2019



**AFFIDAVIT**

THE STATE OF Kansas )

THE COUNTY OF Johnson )

ss:

I, Richard Dummermuth, being of lawful age, and having been first duly sworn upon my oath, do hereby state:

1. I am a resident of Olathe, KS.

2. As of the date set forth below, I have no financial interest and no entity in which I have any interest has any financial interest in any real property, located anywhere in the state of Kansas, that is delinquent on any special assessments, delinquent on any *ad valorem* taxes, or the subject of any federal, state, or local tax lien.

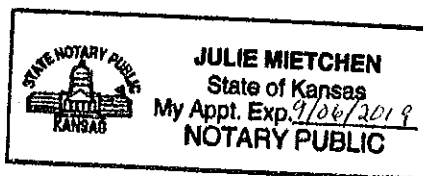
3. As of the date set forth below, I am not currently delinquent or in default and no entity in which I have any interest is currently delinquent or in default on any debts, responsibilities, or other obligations owed to the City of Lawrence, Kansas.

Richard Dummermuth

**SUBSCRIBED AND SWORN** before the undersigned on this 6th day of August, 2019.

Julie Mietchen  
Notary Public

My Appointment Expires: 9/06/2019



**AFFIDAVIT**

THE STATE OF Kansas )

THE COUNTY OF Douglas )

ss:

I, Harry Wagner, being of lawful age, and having been first duly sworn upon my oath, do hereby state:

1. I am a resident of Baldwin City, KS.

2. As of the date set forth below, I have no financial interest and no entity in which I have any interest has any financial interest in any real property, located anywhere in the state of Kansas, that is delinquent on any special assessments, delinquent on any *ad valorem* taxes, or the subject of any federal, state, or local tax lien.

3. As of the date set forth below, I am not currently delinquent or in default and no entity in which I have any interest is currently delinquent or in default on any debts, responsibilities, or other obligations owed to the City of Lawrence, Kansas.



**SUBSCRIBED AND SWORN** before the undersigned on this 6th day of August, 2018.

  
Notary Public

My Appointment Expires: 9/06/2019

