Manhattan

2013 Economic Development Annual Report

Economic Development Opportunity Fund

and

Annual Tax Abatement Report

Manhattan : Recent Accolades

Top Five "Best Small Place for Business and Careers"
{four years running}

- Forbes 2010-2013

One of Ten Most Exciting Small Cities in America

-www.movoto.com
2013

Top Ten Best Cities for Job Growth in 2011

- newgeography.com
2011

The fastest growing city in Kansas

- The Washington Post 2014

One of the 100 Best Places to Live

- RelocateAmerica.com 2009

One of Ten Great Places to Launch a Second Career in Retirement

- U.S. News *2010*

Manhattan, KS MSA (Metropolitan Statistical Area) in top 5% nationally (out of 365 MSA's) for economic and job growth

- Area Development *2012*

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Contributing Staff:

Ron R. Fehr, City Manager

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Message from the City Manager

Dear Honorable Members of the Manhattan City Commission and Citizens of Manhattan,

It is my pleasure to present the 2013 Economic Development Report. The purpose of the report is to communicate to the public how the City of Manhattan has performed in administering economic development sales tax funds. The following are highlights of this report:

- Since the inception of the agreements outlined for the companies presented in this report, 1,885 jobs have been created or 145% of jobs projected. 2013 saw an increase of 133 jobs created over 2012.
- Over $12 million was invested in buildings, land or other improvements that are retained as assets for the community. This represents 33% of all economic development incentives awarded since 1995.
- For every $1 invested in economic development initiatives since 1995, approximately $8.77 was leveraged in private sector and other investments. More importantly, since the economic development process was significantly modified in 2002, proceeds from the Roads and Jobs sales tax have leveraged outside investments at a ratio of approximately 1:10. These figures do begin to include the City's $5 million commitment for the National Bio and Agro Defense Facility (NBAF) which will leverage in excess of $1 billion in federal and state funds over the course of its development.
- The City invested almost 64% of economic development funds since 1995 to "grow our own" through local expansion projects.

In November 2012, the voters of Riley County renewed the half cent sales tax for Roads and Jobs. Through Resolution 082112-E, the City Commission has committed that 65% of the proceeds will be available to continue the economic development investment strategy through traditional incentives as well as infrastructure projects and 35% for property tax relief through debt reduction. These dollars are essential for capitalizing on local strengths including Kansas State University, NBAF, and the Animal Health Corridor. The cash balance of the Economic Development Fund (including MEDOFAB and RICOED 2002 and 2012) is $8.2 million as of August 31, 2014, and adequate balances have been set aside to meet all the current contractual obligations.

Sincerely,

Ron R. Fehr

City Manager

Economic Development Goals

The following is an excerpt from the City Commission Goals and Priorities for 2013. These goals were created on January 11, 2013 at the City Commission Retreat and Goal Setting Session.

- **Support the Growth of the Manhattan Regional Airport**
    - Finalize MHK Terminal expansion and parking expansion and improvements**(Completed)**
    - Address financial aspects and long range planning for expansion **(Ongoing)**
    - Address Airport Road improvements **(Completed and ongoing)**
    - Market the Manhattan TecPark **(Ongoing)**
- **Half-Cent Sales Tax Proceeds**
    - Develop a policy for the use and determine allocation of the Half-Cent Sales Tax proceeds **(Completed)**
- **National Bio and Agro-Defense Facility (NBAF)**
    - Bid and construct sanitary sewer line **(Completed)**
    - Coordinate the CUP (Central Utility Plant) construction **(Completed and ongoing)**
    - Advocate for lab construction funds **(Ongoing)**
    - Assist in providing secondary development opportunities **(Ongoing)**
    - Enhance regional planning and marketing initiatives to attract related companies **(Ongoing)**

Company Incentives Balance Sheet as of June 30, 2014

Company	Total Funds Committed	Funds Expensed as of June 30, 2014	Incentive Breakdown					Balance of Commitment (Total Funds Committed less Funds Expensed)	% of total
			Grants	Loans	Forgivable Loan	Land or Building Asset	Other		
MEDOFAB									
2Linc.	**$200,000**	**$200,000**	$75,000	$125,000	-	-	-	-	0%
Abbott Aluminum	**$150,000**	**$150,000**	$150,000	-	-	-	-	-	0%
Alltel (Western Wireless)	**$250,000**	**$250,000**	$250,000	-	-	-	-	-	1%
ASHA Distribution	**$135,000**	**$135,000**	$135,000	-	-	-	-	-	0%
Continental Mills	**$223,000**	**$104,000**	$119,000	-	$100,000	-	$4,000	**$119,000**	1%
CORE (Community Online Resource Exchange)	**$128,000**	**$128,000**	$128,000	-	-	-	-	-	0%
Farrar Corporation	**$1,100,000**	**$1,100,000**	-	$946,000	$154,000	-	-	-	3%
Grain Industry Alliance	**$125,000**	**$125,000**	$125,000	-	-	-	-	-	0%
GTM Sportswear	**$800,000**	**$800,000**	-	-	$800,000	-	-	-	2%
KanGolf	**$100,000**	**$100,000**	$100,000	-	-	-	-	-	0%
Kansas Entrepreneurial Center	**$770,000**	**$650,000**	-	$250,000	-	$520,000	-	**$120,000**	2%
KSU Physics	**$112,500**	**$112,500**	$112,500	-	-	-	-	-	0%
Light Solutions	**$300,000**	**$300,000**	$50,000	$250,000	-	-	-	-	1%
Manko Windows [1]	**$931,861**	**$931,861**	$931,861	-	-	-	-	-	2%
MEDOFAB Miscellaneous	**$1,029,482**	**$1,029,482**	-	-	-	-	$1,029,482	-	3%
Mercy Community Health Foundation	**$1,000,000**	**$1,000,000**	$1,000,000	-	-	-	-	-	2%
National Guard Armory	**$652,904**	**$652,904**	$52,904	-	-	$600,000	-	-	2%
NGML (National Gas Machinery Laboratory)	**$100,000**	**$100,000**	$100,000	-	-	-	-	-	0%
Paragon Technology [1]	**$300,000**	**$300,000**	$50,000	$250,000	-	-	-	-	1%
Program Administration	**$1,185,688**	**$1,010,688**	-	-	-	-	$1,185,688	**$175,000**	3%
Sykes (Alorica)	**$3,085,000**	**$3,085,000**	$3,085,000	-	-	-	-	-	8%
TDM (Transportation Design & Manufacturing)	**$1,943,000**	**$1,943,000**	$1,525,000	$418,000	-	-	-	-	5%
TOTAL MEDOFAB	**$14,621,435**	**$14,207,435**	**$7,989,265**	**$2,239,000**	**$1,054,000**	**$1,120,000**	**$2,219,170**	**$414,000**	**36%**
RICOED 2002-2012									
Airport/Tech Park Property	**$184,814**	**$184,814**	-	-	-	$184,814	-	-	0%
Allegiant Air	**$27,200**	**$27,200**	-	-	-	-	$27,200	-	0%
CivicPlus	**$750,000**	**$400,000**	-	-	$750,000	-	-	**$350,000**	2%
CMS	**$500,000**	**$500,000**	-	$250,000	$250,000	-	-	-	1%
Downtown Conference Center	**$1,500,000**	**$1,500,000**	$1,500,000	-	-	-	-	-	4%
Downtown Manhattan, Inc.	**$135,000**	**$90,000**	$135,000	-	-	-	-	**$45,000**	0%
Flint Hills Beverage [2]	**$188,949**	**$118,488**	$188,949	-	-	-	-	**$70,461**	0%
Florence Corporation	**$872,435**	**$575,717**	$790,000	-	$80,000	-	$2,435	**$296,718**	2%
K-18 and Wildcat Creek Rd.	**$1,844,583**	**$444,583**	-	-	-	-	$1,844,583	**$1,400,000**	5%
Knowledge Based Economic Development	**$60,000**	**$60,000**	-	-	-	-	$60,000	-	0%
KSU Foundation - Equicenter Study	**$20,000**	**$20,000**	$20,000	-	-	-	-	-	0%
Manhattan Area Technical College	**$366,500**	**$366,500**	-	$75,000	$291,000	-	$500	-	1%
Manhattan/K-State Innovation Center	**$7,681,000**	**$4,496,584**	-	-	-	$7,681,000	-	**$3,184,416**	19%
Manhattan Holdings	**$600,000**	**$600,000**	-	-	-	-	$600,000	-	1%
Meadowlark Hills	**$750,000**	**$750,000**	-	$350,000	$400,000	-	-	-	2%
National Bio & Agro-defense Facility	**$5,000,000**	**$2,265,544**	-	-	-	-	$5,000,000	**$2,734,456**	12%
NISTAC	**$500,000**	**$500,000**	-	$130,000	-	$320,000	$50,000	-	1%
Regional Jet Service	**$1,141,370**	**$1,141,370**	-	-	-	-	$1,141,370	-	3%
TOTAL RICOED 2002-2012	**$22,121,851**	**$14,040,800**	**$2,633,949**	**$805,000**	**$1,771,000**	**$8,185,814**	**$8,726,088**	**$8,081,051**	**54%**
RICOED 2012-Present									
Tallgrass Brewing Company [3]	**$430,000**	**$127,923**	$180,000	-	$250,000	-	-	**$302,077**	1%
TOTAL RICOED 2012-Present	**$430,000**	**$127,923**	**$180,000**	-	**$250,000**	-	-	**$302,077**	**1%**
INFRASTRUCTURE									
K-18: Airport Interchange	**$1,241,863**	**$125,000**	-	-	-	-	$1,241,863	**$1,116,863**	**3%**
Shuss Road Improvements	**$57,156**	**$57,156**	-	-	-	-	$57,156	-	**0%**
North Manhattan Avenue Corridor	**$2,493,650**	**$2,452,852**	-	-	-	-	$2,493,650	**$40,798**	**6%**
TOTAL INFRASTRUCTURE	**$3,792,669**	**$2,635,008**	-	-	-	-	**$3,792,669**	**$1,157,661**	**9%**

Total MEDOFAB	**$14,621,435**	**$14,207,435**	**$7,989,265**	**$2,239,000**	**$1,054,000**	**$1,120,000**	**$2,219,170**	**$414,000**	**36%**
Total RICOED 2002-2012	**$22,121,851**	**$14,040,800**	**$2,633,949**	**$805,000**	**$1,771,000**	**$8,185,814**	**$8,726,088**	**$8,081,051**	**54%**
Total RICOED 2012 - Present	**$430,000**	**$127,923**	**$180,000**	**-**	**$250,000**	**-**	**-**	**$302,077**	**1%**
Total Infrastructure [4]	**$3,792,669**	**$2,635,008**	**-**	**-**	**-**	**-**	**$3,792,669**	**$1,157,661**	**9%**
Total for All Sales Tax	**$40,965,955**	**$31,011,166**	**$10,803,214**	**$3,044,000**	**$3,075,000**	**$9,305,814**	**$14,737,927**	**$9,954,789**	**100%**

[1] NISTAC changed their name to KSU-IC

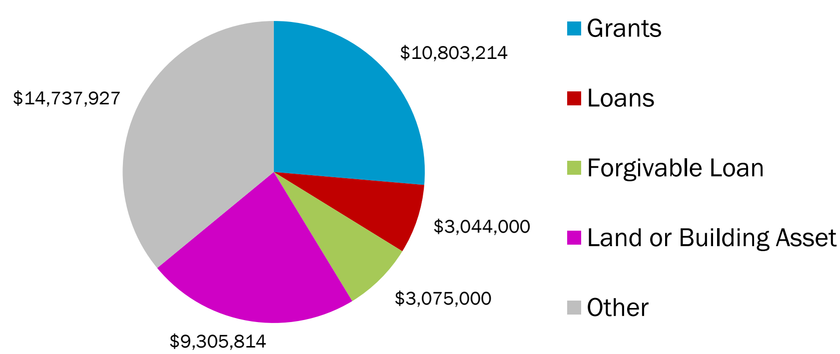
[2] $45,000 allocated annually at the discretion of the governing body

[3] Tallgrass Brewing Company agreement adopted in 2014

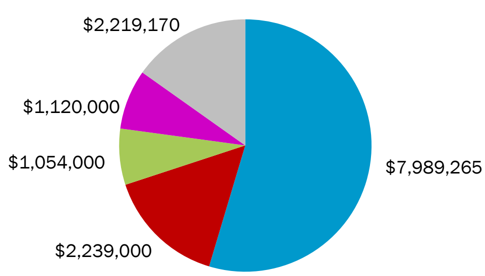
[4] Total Infrastructure includes 2013 projects **only**

Company Incentive Breakdown by Funding Source

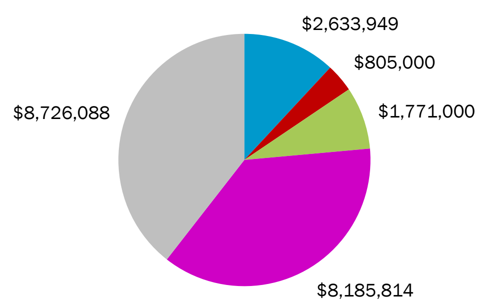
Summary: All Sales Tax



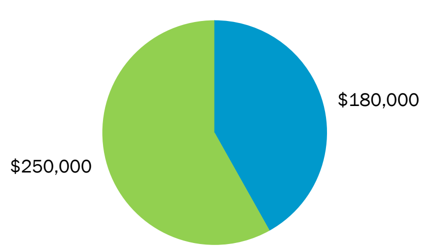
MEDOFAB



RICOED 2002-2012



RICOED 2012-Present



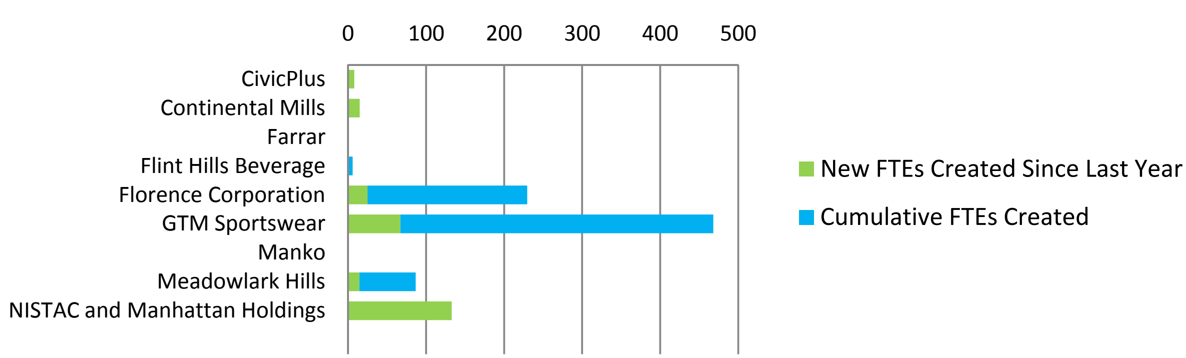
Forecasted Economic Development Funds

Note: Figures above include amounts expensed or forecasted as of August 31, 2014. Detailed information for Infrastructure is included on pages 21 and 22 of this report.

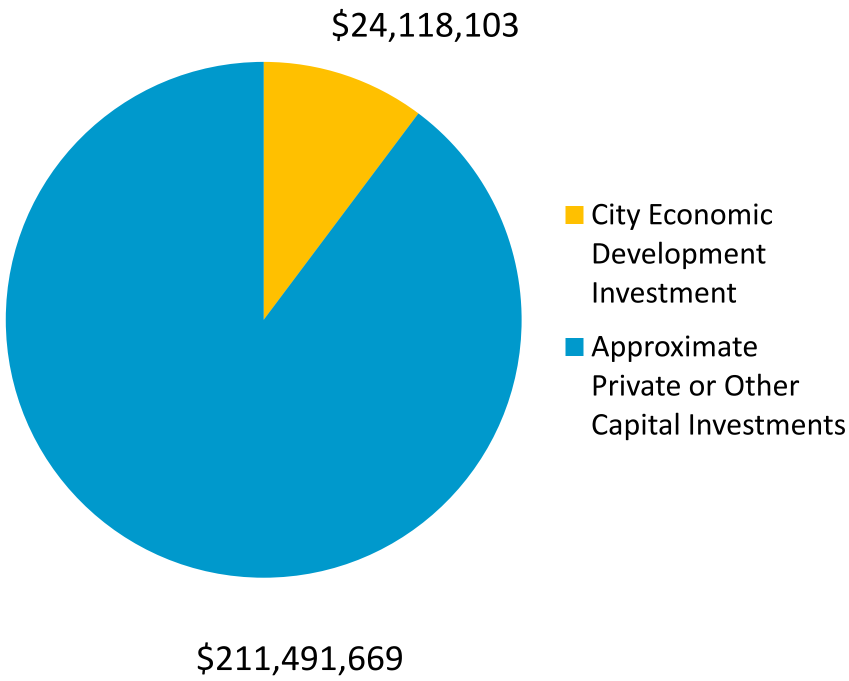
Job Creation by Monitored Companies with an Active Agreement

Companies	New FTEs Created Since Last Reporting Period	Cumulative FTEs ***Created*** Under Terms of Economic Development Agreements	Total FTE Positions ***Projected***	Percentage (%) of Jobs Created Over Projection
MEDOFAB				
Continental Mills	15	15	12	25%
Farrar	0	37	45	-18%
GTM Sportswear	67	789	494	60%
Manko	0	205	100	105%
Subtotal	**82**	**1046**	**651**	**62%**
RICOED 2002-2012				
CivicPlus	8	36	20	80%
Flint Hills Beverage	0	9	5	80%
Florence Corporation	25	262	250	5%
Meadowlark Hills	14	251	245	3%
NISTAC and Manhattan Holdings	133	281 *	127.8	120%
Subtotal	**180**	**839**	**647.8**	**30%**
RICOED 2012-2022				
Tallgrass Brewery is the only company with an Economic Development agreement under RICOED 2002-2012. The agreement was executed in 2014; therefore, Tallgrass data is not included in this table.				
TOTAL ALL SALES TAX	**262**	**1885**	**1298.8**	**45%**

*Includes Kansas Department of Agriculture (KDA) employees. The KDA does not have an agreement with NISTAC, however, NISTAC was instrumental in bringing KDA to Manhattan from Topeka through location selection and exploring the financial means to make the move possible.



Public vs. Private Investment



For every **$1** the City invested in economic development, approximately **$8.77** was leveraged by the private sector or other investments

Results of City Economic Development Investment

Company	City Economic Development Investments (includes Commitments) as of June 30, 2014	Approximate Private or Other Capital Investments	Total Investment	As of date: (*most recent information available)*
MEDOFAB				
Continental Mills	$223,000	$2,923,751	$3,146,751	May 31, 2014
Farrar Corporation	$1,100,000	$4,000,000	$5,100,000	December 31, 2012
GTM Sportswear	$800,000	$19,167,669	$19,967,669	December 31, 2012
Kansas Entrepreneurial Center	$770,000	$958,286	$1,728,286	December 31, 2012
Subtotal	**$2,893,000**	**$27,049,706**	**$29,942,706**	
RICOED 2002-2012				
CivicPlus	$750,000	$3,529,267	$4,279,267	December 31, 2013
Collegiate Marketing Services	$500,000	$259,309	$759,309	---
Downtown Conference Center	$1,500,000	$13,000,000	$14,500,000	December 31, 2012
Downtown Manhattan, Inc	$135,000	$247,553	$382,553	December 31, 2012
Flint Hills Beverage	$188,949	$3,058,197	$3,247,146	December 31, 2006
Florence Corporation	$872,435	$22,107,149	$22,979,584	June 30, 2013
Manhattan Area Technical College	$336,500	$278,542	$615,042	December 31, 2012
Manhattan Holdings	$600,000	$1,200,000	$1,800,000	December 31, 2012
Manhattan/K-State Innovation Center	$9,450,849	$2,000,000	$11,450,849	December 31, 2012
Meadowlark Hills	$750,000	$36,294,843	$37,044,843	December 31, 2013
Regional Jet Service	$1,141,370	$3,349,000	$4,490,370	December 31, 2012
NBAF	$5,000,000	$75,000,000	$80,000,000	June 30, 2013
Subtotal	**$21,225,103**	**$160,323,860**	**$181,548,963**	
RICOED 2002-2012				
Tallgrass Brewery is the only company with an Economic Development agreement under RICOED 2002-2012. The agreement was executed in 2014; therefore, Tallgrass data is not included in this table.				
Total	**$24,118,103**	**$187,373,566**	**$211,491,669**	

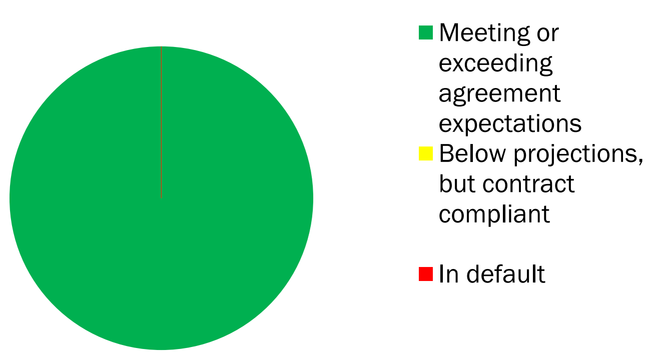
1994-1998 MEDOFAB

Actively Reporting Company Summaries

On November 8, 1994, the voters of the City of Manhattan approved a one-half cent sales tax for a four-year period commencing in January 1995. This tax revenue was pledged for economic development initiatives benefitting the City. Ultimately the special sales tax generated revenues of approximately $11 million prior to its sunset in 1998. With these funds, the City created the Manhattan Economic Development Opportunity Fund. An Advisory Board (MEDOFAB) was appointed to recommend actions to the City Commission regarding the funding of applications, policies, procedures, and accountability. In February 2002, MEDOFAB was officially dissolved by the City Commission when the new process was developed for administering the Riley County "Roads and Jobs" sales tax proceeds. Remaining MEDOFAB funds are still used to support economic development initiatives primarily in the Pottawatomie County areas of Manhattan. To date, funds have been distributed to the following:

- Meeting or exceeding agreement expectations
- Below projections, but contract compliant
- In default

MEDOFAB Graphical Summary



Continental Mills is a trail mix and specialty food product manufacturer planning to relocate and invest $1.45 million for new equipment and building modifications. The City made a forgivable loan payment of $50,000 in April of 2013, and another $50,000 was disbursed in January of 2014 when the company confirmed creation of at least 12 new full-time equivalent jobs (FTEs). An additional incentive of $1,750 per job for every new job above the initial 12 is eligible up to 68 new positions for a maximum value of $119,000. Thus far, the City has disbursed $38,500 for the performance grant, as Continental Mills has created 22 new FTEs above the initial 12 as of their 2013 Accountability Report.

Farrar Corporation received a $1.1 million participatory loan in 1999 to expand its iron manufacturing facility in the Industrial Park. All loan repayments were made on time except for the final payment that was partially forgiven (in the amount of $154,000) in exchange for the creation of additional jobs above the baseline required by the original agreement. This was related to a negotiated land sale to Manhattan Day Care and Learning Centers, Inc. that did not materialize due to reasons beyond the control of the company. **Farrar has no accountability report in Appendix A, as they have satisfied the requirements of their agreement. They do still report job creation figures for annual tax abatement.**

GTM Sportswear used an $800,000 forgivable loan to expand its custom embroidered and screen-printed sportswear business. The company currently has over 700 employees and has made capital investments totaling over $17 million.

The Kansas Entrepreneurial Center is a business incubator managed by the Manhattan Area Chamber of Commerce on behalf of the KEC Partners, of which the City of Manhattan is a member. The building was purchased by the City in 1996 with a $300,000 grant from the Economic Development Fund. A $250,000 loan for improvements was repaid in full in October 2006. The City has reserved an additional $120,000 from MEDOFAB for future improvements to the facility.

Manhattan Holdings, LLC was granted $600,000 for early stage risk capital for the commercialization of new products and technologies with high yield growth potential. The Kansas State University Foundation and the Kansas Technology Enterprise Corporation also made equivalent investments in MHL. In 2000, the City received its first financial return in the amount of $137,657.25, followed by a second return of $50,000 in 2011, and a third return of $119, 751 in 2012. Returns have reduced the basis of the initial investment by the City by over 50%. The Fund is managed by the Kansas State University Institute for Commercialization (KSUIC) and has a portfolio of investments with additional returns expected.

2002-2012 Roads and Jobs

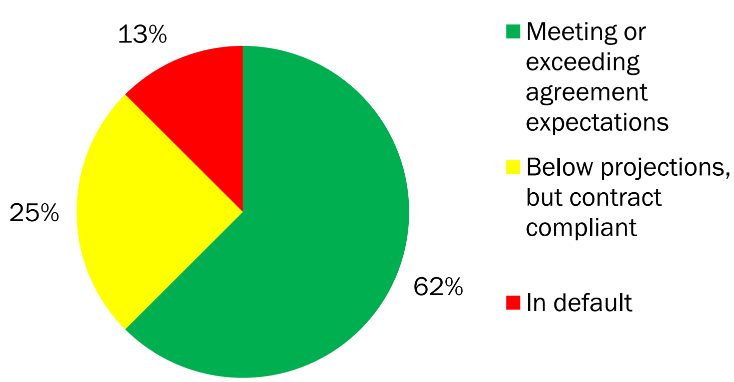
Actively Reporting Company Summaries

On November 5, 2002, the voters of Riley County approved a Roads and Jobs initiative to be funded through a county-wide half-cent sales tax. The County's portion of the sales tax is used for road and bridge improvements throughout Riley County. The City Commission, by Ordinance No. 6294, mandated that the City's share of the sales tax be used for *"economic development initiatives, that occur within Riley County, except as set forth hereinafter, and which benefit the City of Manhattan, Kansas, as determined, and authorized, by the Governing Body of the City. Provided, however, such revenue may be used for economic development initiatives, that occur outside of Riley County, if the Governing Body of the City determines that Riley County will benefit from such initiatives, and the Board of Riley County Commissioners agree, in writing, with such determination."* The sales tax was renewed by voters during the 2012 general election.

To date, funds have been distributed to the following:

- Meeting or exceeding agreement expectations
- Below projections, but contract compliant
- In default

Roads and Jobs (RICOED) Sales Tax Graphical Summary



■ **CivicPlus** develops and designs civic engagement systems, primarily for local government clients. The company is on a steady growth trajectory and is building a new $9 million headquarters facility in downtown Manhattan. This facility is expected to be completed in the fall of 2014. CivicPlus is expected to create 250 jobs in 10 years with average wages of at least $45,055 per year. The City awarded a $750,000 forgivable loan and partial tax abatement to assist with the expansion project.

"The growth of CivicPlus is fueled by the great people we hire. Unfortunately job candidates were not impressed by the condition of our office space, to the point that it was actually a barrier to recruitment. Through the use of Economic Development funds we were able to build our new corporate headquarters in Downtown Manhattan, resulting in a higher Quality of Hire score across all departments."

-Ward Morgan, Owner
CivicPlus

■ **Collegiate Marketing Services** was awarded a $250,000 conventional loan and a $250,000 forgivable loan to assist the company with the relocation and expansion of its business from Overland Park. CMS was bought out by Dreams, Inc. which relocated most operations to Chicago. Prior to its sale, CMS had paid $60,625 towards their agreement. The company is currently in default of its economic development agreement with the City for non-payment on the conventional and forgivable loans. CMS no longer owns the property at Mid-Town Mall, as the bank has foreclosed on the property. It has sold with no proceeds adequate to benefit the City. Although the City had some personal guarantees placed behind the project, it is unlikely there will be any collection of funds in the future. **There have been no updates provided by the company since the 2012 Economic Development Annual Report. Therefore, no Accountability Report is provided in Appendix A.**

Flint Hills Beverage is a distributor for Anheuser-Busch throughout the region. The City awarded a $40,000 grant and the payment of special assessments on two lots in the Corporate Technology Park. The company currently has 27.5 employees. In July 2012, the company exercised its option to purchase 3.5 additional acres in the Tech Park. A 17,000 square foot expansion project was completed in 2012 adding to their existing operations.

"Our company would not have been able to afford to re-locate to the Manhattan Tech Park without the grant and waiver of special assessments. The incentives not only allowed for the move, but enabled us to invest a greater amount in our facilities and personnel. Our new location has accommodated our growth and contributed to our success."

-Terry Dow
Owner, Flint Hills Beverage

Florence Corporation is a commercial mailbox manufacturer specializing in mailbox installations for large residential developments. The City awarded a forgivable loan of $80,000 and the payment of special assessments on four lots in the Corporate Technology Park to assist with the company's relocation from Chicago. Despite the decline in the national housing market, Florence employs over 200 people and has made capital investments totaling over $22 million. The company achieved 100% compliance in all performance categories expect for job creation. Florence Corporation's last reporting date under their Economic Development agreement was June 30, 2013. They have satisfied the requirements of the agreement.

"Relocating Florence Manufacturing from Chicago to Manhattan was an immense undertaking both from a logistical and financial perspective. Economic development funds helped make our business relocation decision possible including the capital investment in a 192,000 square-foot building and other necessary manufacturing capital investments. Over the 11 years that Florence has operated in Manhattan, we have successfully weathered the recent recession and are now again investing in plant, equipment and people to meet increased market demands – all of which continues to produce returns to the community related to its investment in economic development as was originally envisioned."

-John Altstadt, President – Florence Manufacturing Company

Kansas State University Institute for Commercialization

formerly NISTAC, is dedicated to the start-up and expansion of technology-based, high-growth enterprise and the commercialization of University intellectual property. The City constructed and owns the Manhattan/Kansas State University Innovation Center in the KSU Foundation Research Park in 2007 and leases the facility to KSUIC. In 2006, the City awarded a $450,000 loan to equip the laboratories and other professional space in the Center. KSUIC has supported the creation of 148.25 new jobs since occupying the Innovation Center. Their goal is to create 213 jobs by 2017 and has created 148 to date. Since 1998, companies supported by KSUIC have brought into Manhattan almost $160 million in new private dollar revenues.

"The Manhattan/K-State Innovation Center continues to be the foundation upon which has been built many economic development successes. KSUIC and Kansas State University are leveraging community strengths along with university research capabilities to cause companies to locate in Manhattan and high-paying jobs to be created."

-Kent Glasscock
President

Manhattan Area Technical College

received a $75,000 conventional loan and a $291,000 forgivable loan to assist MATC with expansion of its classroom space and programs. Payments for the conventional loan have been paid for 2012 and 2013. This workforce development initiative is expected to produce 500 graduates for high-wage, high-skill jobs over 10 years. Workforce development metrics require that at least 50% of students are employed in either the City of Manhattan or Riley County. Currently, 64% are employed in either the City or County. The expansion project is complete, but enrollment in the bioscience/technology programs had a slower start than expected. MATC was eligible for 50% loan forgiveness for the payment due July 1, 2014.

"The economic incentives have assisted the college in accommodating more students as they prepare for entry into many of our rigorous Health and Science fields. It has also allowed MATC to serve more students who wish to take transfer courses for entry into Universities."

-Dr. Robert Edleston, President

Meadowlark Hills

is a large retirement community offering a full continuum of care to allow residents to live as independently as possible. The City awarded a $400,000 forgivable loan and a $350,000 conventional loan to assist with a $34 million facilities expansion. The company has over 266 employees and is compliant in all performance categories.

"The mission and purpose of Meadowlark Hills and the City of Manhattan Economic Development Loans complement each other perfectly as both aim to enhance the quality of life in our community. With the help of the proceeds from the loans, Meadowlark Hills has been able to expand its campus and services which have had a positive impact on job creation as well as its own residents and community members at-large."

-Chris Nelson, Financial Services Director

NBAF Commitment

The City committed $5 million for infrastructure and site improvements to accommodate construction of the National Bio and Agro Defense Facility. The City has expended $2.2 million to relocate water, gas, and electric utilities from the site. The site has been cleared and construction has begun on the Central Utility Plant (CUP). The City's contribution was an essential part of the coordinated statewide recruitment effort. The $1 billion project is expected to create 350 jobs.

As of August 31, 2014, the City has dedicated $3.4 million for uses including the relocation of water, gas, and electric utilities.

Manhattan Regional Airport

American Eagle Airlines provides three (3) daily regional jet flights to and from Dallas/Fort Worth and Manhattan and two (2) daily non-stop service flights to and from Chicago O'Hare International Airport. The airport continues on a track of significant growth as it responds to the growth occurring throughout this region of Kansas. A 42,000 square-foot expansion of the passenger terminal began in November 2013 and will be completed in two phases. Phase I is expected to be completed in September 2014. If FAA funding is received, Phase II will begin at the completion of Phase I and will have an estimated completion date of August 2015. Coinciding with the start of Phase II will be the beginning of a parking lot expansion. Improvements will create a segment of the new loop road, align parking stalls consistent with the new terminal, and add access control and revenue collection equipment. Construction of the parking lot expansion is expected to be completed in August 2015. Installation of security and wildlife fence around the airport perimeter began in October 2013 and is anticipated to be completed in May 2014.

The airport is beginning the design process to upgrade its General Aviation (GA) area, which will include a new 5,000 square-foot Fixed Base Operator (FBO) facility and infrastructure (water, sewer, stormwater, parking, access road) improvements to support it. Design will be completed by fall of 2014 with construction expected to begin immediately afterwards. In support of the GA improvements, the City and Riley County will make improvements to Airport Road, improving its design by adding curb, gutter, and below grade storm sewer system.

As of fiscal year 2014, the City has committed and forecasted approximately $1.3 million to assist with improvement at the Manhattan Regional Airport.

Note*: Manhattan Regional Airport does not have an Economic Development contract with the City of Manhattan, as the above listed companies do. Funding is provided to assist with offsetting costs related to infrastructure, building, and general site improvements.*

Infrastructure Improvements

K-18: Airport Interchange

2013 Funds Expensed: $125,000

Future Commitment: $1,116,863

Route K-18 between Ogden and Manhattan carries more traffic than the portion of I-70 that parallels it. Through a partnership with KDOT, the City of Manhattan, and utilization of Transportation Investment Generating Economic Recovery (TIGER) discretionary grant funds, K-18 from Manhattan to the eastern portion of Fort Riley was completely reconstructed over several years with completion in 2013. City Economic Development funding was leveraged to pay the local match portion of the improvement.

Shuss Road Improvements

2013 Funds Expensed: $57,156

Future Commitment: $0

In June 2011, a neighborhood meeting was held among those with interest in improving Shuss Road. A benefit district was ultimately established to fund these improvements. Shuss Road is a connector from the Warner Park neighborhood and Fort Riley Boulevard, to the Seth Child Commons - a retail shopping center. Economic Development funds were expensed to offset project costs, as development and improvement in this area will likely lead to future economic expansion.

North Manhattan Ave Corridor

2013 Funds Expensed: $41,068

Future Commitment: $2,452,582 **

With the relocation of the Kansas Department of Agriculture from Topeka to Manhattan, and the current construction of the National Bio and Agro-Defense Facility, the North Manhattan Avenue corridor was targeted for potential improvements and expansion. In 2013, a contract was executed with Schwab-Eaton to assess the future needs of this intersection, based upon the economic growth and expansion of the area. This study totaled $41,068 as shown above. A total of $2,050,000 (**does not include** all financing costs associated with the issuance of temporary notes) has been set aside in the Economic Development fund for the North Manhattan Avenue corridor design and construction, with the $41,068 payment from 2013 being a part of this total.

*** This amount includes financing costs.*

Appendix A

MANHATTAN ECONOMIC DEVELOPMENT OPPORTUNITY FUND

ACCOUNTABILITY CHECKLIST

Company: Continental Mills **Date of Review:** June 2014

Report for year ending: May 31, 2014

Review Team: Jason Hilgers, Deputy City Manager; Hillary Badger, Assistant Finance Director; Courtney Kramer, Financial Analyst

Company Representatives: Brett Allison, Vice President

Funding History and Overview: On April 2, 2013, the City Commission approved an economic development incentive package for Continental Mills, Inc. Continental Mills was established in 1932 to manufacture a wide variety of quality food products. The company owns several product brands including Krusteaz (pancake and baking mixes) and Ghirardelli (cookie and brownie mixes). Other product lines include Alpine (cider mixes), Snoqualmie Falls Lodge (pancake and waffle mixes), and Albers (cornmeal and grits). Headquartered in Seattle, Washington, Continental Mills has seven manufacturing plants and distribution centers across five states: Arkansas, Kansas, Kentucky, Oklahoma, and Washington.

On November 1, 2012, Continental Mills acquired Diversified Marketing Solutions, LLC, of Tulsa, Oklahoma, which owns the Wild Roots brand. Wild Roots products include trail mixes, cereals, grains, seeds, dried fruits, and other specialty products. On December 11, 2012, Continental Mills acquired the Sun Country Foods plant (formerly Quaker Oats plant) in Manhattan, Kansas. The Sun Country plant currently specializes in the production of Kretschmer Wheat Germ.

The proposed incentive package for Continental Mills includes a forgivable loan of $100,000 to assist with the relocation and expansion project for the Manhattan production plant. The loan will be paid in two installments of $50,000. The first installment will be paid upon execution of the economic development agreement, and the second installment will be paid when the company creates at least 12 new jobs.

The package also involves a performance grant of $1,750 per job for every new full-time position that is created above the initial 12 positions required for compliance for the forgivable loan. The performance grant is available for up to 68 positions and has a total maximum value of $119,000. Depending on sales and performance, the company anticipates the potential to add production lines and up to 80 employees over the next two years. All incentives will be from the MEDOFAB fund.

MANHATTAN ECONOMIC DEVELOPMENT FUNDING: The incentive package for Continental Mills includes a forgivable loan in the amount of $100,000 and a performance grant of $1,750 for each new, full-time equivalent employee created above and beyond the established baseline of twelve (12). All incentives are tied to the company's compliance with four general performance areas: capital investment, job creation, wage structure, and benefits for employees. The subsequent pages detail Continental Mills' performance over the previous year in these categories.

CURRENT STATUS: The first installment of the forgivable loan was disbursed on April 8, 2013. The second and final installment of the forgivable loan was disbursed on January 27, 2014, based on the achievement of performance targets. During the reporting year, Continental Mills continued to perform well and is constantly exploring potential growth opportunities.

ANNUAL PERFORMANCE METRICS:

1. JOB CREATION:

"The Forgivable Loan requires Continental Mills to meet certain cumulative job creation targets, through the creation of full time equivalent employees ("FTEs"), as defined in this subsection. An FTE is 1) an hourly employee, or combination of hourly employees who are scheduled to work a minimum of 2,080 hours in a compliance year (inclusive of overtime) or 2) a salaried employee who is scheduled to work at least 260 days in a compliance year… The compliance percentage for this subsection shall be calculated at one-hundred percent (100%) as long as at least twelve (12) FTEs above the baseline are continuously in existence for that compliance year" *–per April 2, 2013 dated Economic Development agreement*

A minimum of twelve (12) new FTEs shall be created and maintained above the base number on or before May 31, 2014.

Base number of FTEs: 19 as of February 1, 2013

Total FTEs who meet the criteria listed above: 34 as of May 31, 2014

(Job Creation, continued)

Number of new FTEs created above the baseline, who also meets the requirements listed in the paragraph above, for the period of February 1, 2013 through May 31, 2014: 15

**Note:*
Continental Mills started out with a total of 19 FTE's.
They currently have 34 FTE's. + 3 from commitment and are in the process of interviewing an additional 7 FTE's (6 production and one HR manager)
They also have at any one time 20 Temporary Employees (will be reduced by 6 soon)

Job Creation Compliance Percentage = 100%

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2. CAPITAL EXPENDITURES:

Actual Capital Investment Expenditures and Time Period:
"Continental Mills shall make an annual minimum capital investment demonstrated by the actual expenditure of capital costs for building/facility construction, equipment, equipment leases and the purchase of real estate within the incorporated limits of the City of Manhattan." *–per April 2, 2013 dated Economic Development agreement*

Actual Expenditure = $2,923,751 = **202 % Compliance Percentage**
Target Expenditure = $1,450,000

Itemized verification of capital expenditures for the total listed on the previous page:

IT improvements approximately	$300,000
Facility Refurbishment	$19,655
Wild Roots packaging equipment and room	$2,139,535
Front Office Expansion	$436,249
Front Office Expansion IT	$20,718
KWG Metal Detector Relocation	$7,594
TOTAL	$2,923,751

Capital Investment Expenditures Compliance Percentage = 202%

3. WAGE STRUCTURE:

The Company shall maintain a wage structure such that the minimum annual salary paid to employees counted in determining the FTEs in the preceding subsection are at or above the targets on the following table.

Incentive Year	**Reporting Date**	**Job Creation Period**	**Minimum Salaried Position**	**Minimum Hourly Rate Position**
1	**June 30, 2014**	**February 1, 2013- May 31, 2014**	**$45,000.00**	**$14.56**
2	June 30, 2015	Year ended May 31, 2015	$45,900.00	$14.85
3	June 30, 2016	Year ended May 31, 2016	$46,818.00	$15.15
4	June 30, 2017	Year ended May 31, 2017	$47,754.36	$15.45
5	June 30, 2018	Year ended May 31, 2018	$48,709.45	$15.76
6	June 30, 2019	Year ended May 31, 2019	$49,683.64	$16.08
7	June 30, 2020	Year ended May 31, 2020	$50,677.31	$16.40
8	June 30, 2021	Year ended May 31, 2021	$51,690.86	$16.72
9	June 30, 2022	Year ended May 31, 2022	$52,724.67	$17.06
10	June 30, 2023	Year ended May 31, 2023	$53,779.17	$17.40

Certification Provided: The Company has provided certification via electronic mail that the minimum hourly wage paid to a FTE is $14.63, and the minimum salaried position is paid $55,000.

Wage Structure Compliance Percentage: 100%

4. EMPLOYEE BENEFITS:

"Continental Mills shall participate in the cost of a minimum benefits package, including eighty percent (80%) of the premium cost of standard medical insurance for all of its full-time employees and an annual minimum of fifteen (15) paid days off work (vacation and/or holidays)." *–per April 2, 2013 dated Economic Development agreement*

The Compliance Percentage is calculated by dividing the **actual percentage of the premium cost of standard medical insurance coverage for FTEs paid by Continental Mills** by 80%.

Certification Provided: The Company certifies, via electronic mail, that 90% of the cost of coverage for a full medical package is paid by the Company.
All Continental Mills employees receive 15 days of paid leave for the first year after working 90 days with the company.

Employee Benefits Compliance Percentage: 113%

TOTAL COMPLIANCE:

Capital Investment:	**100%**
Job Creation:	**202%**
Wage Structure:	**100%**
Benefits:	**113%**

Blended Compliance Percentage = 128.75%

Company will receive 100% of incentives

Blended Percentage Range	Portion of each of the Incentives to be Received
Equal to or greater than 85%	100%
Equal to or greater than 80% and less than 85%	80%
Equal to or greater than 70% and less than 80%	70%
Equal to or greater than 50% and less than 70%	50%
Less than 50%	0%

MANHATTAN ECONOMIC DEVELOPMENT OPPORTUNITY FUND

ACCOUNTABILITY CHECKLIST

Company: GTM Sportswear **Date of Review:** October 2013

Report for year ending: December 31, 2012 (updates as of June 30, 2013)

Review Team: Adam Bentley, Assistant City Manager

Company Representatives: Dave Dreiling - Owner, Mark Willoughby – CEO, and Robert Griffith – Chief Financial Officer

GOAL OF COMPANY: GTM Sportswear, located at 520 McCall Road, sells custom embroidered and screen-printed sportswear and related goods. The company's diverse markets include a national presence in K-12 schools (boosters, staff apparel, and team wear), corporate apparel, promotional products and collegiate retail. Within these markets are dozens of subset markets in which the company has developed specialized niches. GTM's Custom Goods Division is both their largest and fastest growing. Growth in this division has averaged 14% over the last 3 years and is projected at this same level for the next several years. GTM has strong growth potential and an aggressive, yet manageable, growth plan. Over the last 8 years, GTM has experienced a compound annual revenue growth rate of 24%. GTM just completed its sixth expansion in the last seven years. The Manhattan facility now totals 144,157 square feet of office, warehouse, production, and retail space. In August 2010, GTM purchased an existing facility at 1200 Kretschmer Drive. GTM expects to create 500 new FTE positions to support anticipated growth over the ten-year period ending in 2016. All positions will offer excellent prospects for upward mobility within the company. GTM currently has over 144 K-State graduates working at the facility.

Manhattan Economic Development Funding: Forgivable loan in the amount of $800,000 to be paid out over a four year period at $200,000 per year. The fourth and final payment was made on July 1, 2009. The City Commission also approved a Resolution of Intent to issue up to $28 million in Industrial Revenue Bonds (with partial tax abatement) for acquiring, expanding, and equipping GTM's manufacturing facility. All incentives are tied to the company's compliance with four general performance areas: Job Creation, Capital Investment, Wage Targets, and Employee Benefits.

CURRENT STATUS: The company continues to have very high growth, and it added office space in the existing building within the last 12 months. This addition increased the building size by 6,200 square feet.

ANNUAL PERFORMANCE METRICS:

1. PRIVATE OR OTHER CAPITAL INVESTMENTS:

Actual Capital Investment Expenditures and Time Period:

Actual Expenditure = $17,008,261
Target Expenditure = $11,850,000 = **144% Compliance Percentage**

Updated Capital Investment as of June 30, 2013 = $18,484,218

Cumulative Capital Expenditures	Subsection 5(b) Time Periods
$2,500,000	Jan. 1, 2006 to Dec. 31, 2006
$3,250,000	Jan. 1, 2007 to Dec. 31, 2007
$4,350,000	Jan. 1, 2008 to Dec. 31, 2008
$5,650,000	Jan. 1, 2009 to Dec. 31, 2009
$8,150,000	Jan. 1, 2010 to Dec. 31, 2010
$10,350,000	Jan. 1, 2011 to Dec. 31, 2011
$11,850,000	Jan. 1, 2012 to Dec. 31, 2012
$13,750,000	Jan. 1, 2013 to Dec. 31, 2013
$15,650,000	Jan. 1, 2014 to Dec. 31, 2014
$17,950,000	Jan. 1, 2015 to Dec. 31, 2015

Capital Investments Compliance Percentage: 144%

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2. JOB CREATION:

Work Hours paid January 1, 2012 through December 31, 2012	1,635,292
Equivalent Individual Annual Hours	2000
Equivalent Headcount as of 12/31/2012*	722
Goal	434
Updated Equivalent Headcount as of 6/30/2013	696.5

Targets:

Year	FTEs		Year	FTEs
2006	201		2011	383
2007	230		2012	434
2008	262		2013	494
2009	297		2014	564
2010	339		2015	641

*Note: An FTE is an employee of the Corporation who has worked 2,000 actual hours for the Corporation (inclusive of overtime hours) during the applicable period.

(Job Creation, continued)

Compliance= <u>Equivalent Headcount as of 12/31/2012</u>	**=**	**722**
Goal	**=**	**434**
Compliance Percentage	**=**	**166.36%**

Job Creation Compliance Percentage: 166.36%

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3. Wage Structure:

As stated in subsection 5(d) of the contract:

"No less than 75% of its FTE's, hired subsequent to October 1, 2005, are in a wage category receiving gross before tax and other deduction wages in excess of $8.55 per hour and no less than 25% of its New FTE's are in a wage category receiving gross before tax and other deduction wages in excess of $10.50 per hour. All full time employees will receive at least $8 hourly. The required wages set forth herein shall increase by 2.5% annually."

Total New FTE from 01/01/12 through 12/31/12 =	194
Total New FTE from 01/01/13 through 06/30/13 =	93
Total work hours paid from 01/01/12 through 12/31/12 =	1,635,292
Equivalent Headcount =	722
Hours paid below $9.67=	312,835
Equivalent Headcount=	131
All full-time employees receive wages above $9.05 per hour.	
Hours paid between $9.67 and $11.87=	410,150
Equivalent Headcount=	232.5
Hours paid at $11.88 or more=	103,290
Equivalent Headcount=	358
*Hours paid at $12.60 or more=	809,016
Equivalent Headcount=	309
% paid below $9.67=	18%
% paid between $9.67 and $11.87 (Category A)=	32%
% paid at $11.88 or more (Category B)=	50%
% paid at $12.60 or more (Category C)*=	43%

Compliance:

Category A	232.5 + 358 / 722 = 82%	82% / 75% =	**109%**
Category B	358 / 722 = 50%	50% / 25% =	**200%**

Total Compliance = (109%+200%) ÷ 2 = 154.5%

**Note: City Administration began tracking Category C hours in 2011 to determine the company's performance related to the new wage floor of $12.60 per hour in the wage criteria scoring model for economic development applications. It is provided for informational purposes only as there are no contractual compliance requirements related to Category C.*

Wage Structure Compliance Percentage: 154.5%

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4. **Employee Benefits:**

GTM will provide benefits to all FTEs hired after January 1, 2005, to include participation by the company in the cost of medical insurance, life insurance, and paid vacation and holidays. Company to certify compliance. If such certification is provided, compliance is deemed at 100% in this category.

Certification Provided: Attached pages from GTM Benefits Guide indicate that the company participates in a benefits package that includes the following: Benefits Management Insurance (2 plans), Delta Dental, VSP Vision coverage, voluntary insurance, health savings and flexible spending accounts, 401K after 1 year employment at open enrollment with 50% match to the first 6%, 6 paid holidays, 2 weeks paid vacation for initial five years with growth thereafter, and profit sharing. The company participates in 80% of the premium cost for single coverage in a high-deductible plan and 55% for single coverage in a lower-deductible plan. Three family plan options are also available with employer contributions ranging from 22% to 42%, depending on coverage.

Employee Benefits Compliance Percentage: 100%

TOTAL COMPLIANCE:

Capital Investment: 144%
Job Creation: 166%
Wage Structure: 155%
Benefits: 100%

Blended Compliance Percentage = 142%
Company will receive 100% of incentives

Blended Percentage Range	Portion of each of the Incentives to be Received
Equal to or greater than 85%	100%
Equal to or greater than 80% and less than 85%	80%
Equal to or greater than 70% and less than 80%	70%
Equal to or greater than 50% and less than 70%	50%
Less than 50%	0%

LOCAL COMMUNITY INVOLVEMENT:

GTM Sportswear has long been involved in the community in many capacities. In 2012, the company donated over $380,000 in cash and clothing to various charities within the U.S. and abroad. Historically, the company has donated between 3% and 5% of the company's operating income on an annual basis in cash and clothing. In addition to these tangible donations, the company's employees serve the community in numerous volunteer capacities. GTM Sportswear was the largest single donor in the 2008 privately-led campaign to raise funds for the City Park Pavilion project.

MANHATTAN ECONOMIC DEVELOPMENT OPPORTUNITY FUND

ACCOUNTABILITY CHECKLIST

Company: Kansas Entrepreneurial Center (KEC) **Date of Review:** July 2014

Report for year ending: June 30, 2014

Review Team: Jason Hilgers, Deputy City Manager; Hillary Badger, Assistant Director of Finance; Courtney Kramer, Financial Analyst

Company Representatives: John Pagen, Vice President for Economic Development, Manhattan Area Chamber of Commerce

Funding History and Overview: In 1996, the Kansas Entrepreneurial Center, Inc., a predecessor to the Kansas State University Institute for Commercialization (KSU-IC), received a $300,000 Special Projects Grant. The grant was used to purchase the former Big Lakes Developmental Center at 1500 Hayes Drive. KEC, Inc. renovated the building at its expense to relocate its incubator business center there along with the offices of Mid-America Commercialization Corporation (MACC). The primary purpose of the facility is to incubate high-growth businesses that create high-value jobs. KEC, Inc. targeted the creation of 60 new FTE jobs in the Manhattan area between December 1, 1996, and November 30, 2001. KEC, Inc. originally had a five (5) year lease at $1.00 per year and had an option to extend this lease for five (5) more years through November 30, 2006, (lease signed in 1996).

In 2000, KEC, Inc. signed a new lease with the City that extended through November 30, 2006, for $1.00 per year. The lease agreement signed November 7, 2000, required KEC, Inc. to create a total of 100 full-time equivalent jobs in the period beginning December 1, 1996, through November 30, 2006. The City issued a $250,000 loan to KEC, Inc. for the purposes of increasing the capacity and adding other improvements to the facility owned by the City. The loan was re-paid in full in October 2006.

Current Status: When KSU-IC (formerly NISTAC) was formed it absorbed the previous affiliations of MACC and KEC, Inc. As KSU-IC transitioned into the new Manhattan/K-State Innovation Center, the Manhattan Area Chamber of Commerce approached the City of Manhattan about the future of the KEC building on Hayes Drive. In May 2007, the City Commission authorized an agreement involving the City and several regional entities that ultimately formed the Kansas Entrepreneurial Center Partnership (KECP). The KECP Memorandum of Understanding was signed in October 2007 and committed the City, Chamber, Pottawatomie County Economic Development Corporation, NISTAC, Pottawatomie County, and the North Central Kansas Community Network (NCKCN) to support the operation of a business incubator facility at the KEC building. As part of the MOU, the signatories agreed to provide $390,000 for ongoing maintenance and upkeep. The City provided $100,000 from the Industrial Promotion Fund toward this effort. The NCKCN contributed $150,000, and the remaining signatories contributed

$35,000 each. In October 2007, the City entered into a five-year lease with the Chamber to operate the KEC on behalf of the KECP and to assume all related maintenance, insurance, and tax costs. The lease was approved for a five-year extension by the City Commission in 2013. The MOU also expired in 2013 but will not be immediately renewed since no new investments are required by the partners at this time.

KANSAS ENTREPRENEURIAL CENTER STATUS REPORT

Property Taxes Paid in 2013:	$21,256
Occupancy Rate:	Over 70% of the building is occupied by two tenants: (1) Edenspace, a leader in the commercial use of plants for energy and environmental applications; (2) TopJobZ, a firm focused on medical employment placement; and In addition, Extru-Tech leases an outbuilding for testing extrusion equipment and has made significant leasehold improvements to the space. As of June 2014, the Chamber is in negotiations with a tenant to utilize most of the open office and lab space. They will require modifications to the lab space and are working with a local architect. Based on this work their rental rates will be adjusted to defray any building costs.
Estimated Number of Jobs:	The facility currently houses 12 full-time employees. Extru-Tech routinely employs temporary local labor to assist with experiments.
Average Wages:	The current average salary for positions within the KEC is about $60,000. This is a fluid average as the TopJobZ positions have a large commission component.
Rental Rates:	Office Space - $10.00 per square foot Laboratory Space - $12.00 per square foot + $350 stipend for utilities (variable) Outbuilding - $3.75 per square foot + $350 stipend for utilities (variable)

BUILDING MAINTENANCE:

The Chamber manages maintenance issues for the KEC facility's mechanical, landscaping, and custodial upkeep. This has included major renovations to the roof, HVAC, windows, alarm system, and renovations to the paint and carpeting. Monthly rent for the facility is $4,775/month, which puts the facility in a positive cash flow position. Monthly expenses for taxes, maintenance, insurance, utilities, etc. average $3,500. Over $378,000 has been invested in rental space, including $89,000 in roof repair, plus other projects including new windows, A/C units, service contracts to maintain the A/C units, painting, landscaping, wiring work, ADA improvements and others. The Chamber recently worked with Bowman, Bowman, & Novick Architects and Sloan Construction to make a major structural repair to a support beam and wall abutting one of the laboratories on the north side of the building. The repair cost was $83,486.58. After ongoing investments, the building maintenance fund now has a balance of approximately $145,000.

Extru-Tech has made significant leasehold improvements to one of the facility outbuildings. A new electrical system upgrade was completed which included new transformers through Westar Energy and a new industrial rated electrical entrance. A local electrician completed the work for approximately $24,000. Building permits have been obtained to complete further work related to gas, water, and sewer utilities to facilitate proper operation of the equipment. This work cost approximately $60,000. The company equipment within the facility is valued at approximately $450,000, plus installation costs.

The appraised value of the 1500 Hayes Drive location increased from $505,100 in 2012 to $700,900 in 2013.
This will increase the property tax by about $5,000 annually, to over $21,200, and has been planned for in the reserve budget.

MANHATTAN ECONOMIC DEVELOPMENT OPPORTUNITY FUND

ACCOUNTABILITY CHECKLIST

Company: Manhattan Holdings, LLC **Date of Review:** August 2014

Report for year ending: June 30, 2014

Review Team: Jason Hilgers, Deputy City Manager; Hillary Badger, Assistant Director of Finance; Courtney Kramer, Financial Analyst

Company Representatives: Kent Glasscock, President and CEO; and Vicki Appelhans, Vice President, Finance

Purpose of Company: To provide early stage risk capital for the commercialization of new products and technologies with apparent high growth potential. The funds will be highly leveraged and invested in companies where the Kansas State University Institute for Commercialization (KSUIC) invests management time and expertise.

Primary Goal (5-10 years):

- Generate compounded annual returns of 12 to 22% through investment strategies.

Secondary Goals (10+ years):

- Leverage Manhattan Holdings' investments in ventures by at least three-fold by facilitating access to other sources of risk capital, grants, and financing.
- Create, within the region of Manhattan Holdings' focus, at least 50 new direct, technology-based jobs, leveraged to about 200 total new jobs through direct and indirect multiplier effects.

Funding History: Manhattan Holdings was initially funded with a $600,000 contribution from each of three Class A members: the City, KSU Foundation and KTEC Holdings, Inc. The City's portion was paid from the 1994 MEDOFAB sales tax in $200,000 increments on July 1 of 1996, 1997, and 1998. Mid-America Technology Management, Inc., (MTM) the sole Class B member, serves Manhattan Holdings as managing member with limited voting and distribution rights. Originally part of the Kansas Technology Enterprise Corporation, KTEC Holdings is now a part of the Kansas Department of Commerce.

Representation: The City of Manhattan appoints a minimum of three (3) persons proportional to the City's investment to represent the City on the Board of Members or other governing board of Manhattan Holdings, in order to facilitate communication among the parties. In addition, one of these members serves on the Investment Committee of the board, or any other committee constituted to review, recommend, or approve investments by Manhattan Holdings. The City's representative on the Investment Committee must be able to contribute financial, legal, or other relative expertise to the investment process. Mike Daniels is the current Investment Committee representative.

MANHATTAN HOLDINGS STATUS REPORT

General Operating:

Total jobs created as of June 30, 2014

KSUIC and Manhattan Holdings report their job creation figures together. Cumulatively, they have created 281 FTE.

Number of new direct jobs created during year per business venture:

The FTE count is up 132.75 from the last report.

Note: The drastic increase is due to Kansas Department of Agriculture who reported a total of 129 FTE in Manhattan.

Median annual income of new direct jobs created during year:

Average annual salary is $57,200.

Company's total payroll for FY2013 (June 30, 2013) and the portion of that total payroll that corresponds to jobs created by funds received from the City:

KSUIC/MH total gross aggregate payroll for the reporting period was near $16.1 million. The entire payroll has been created by funds from the City (cash and/or in-kind) and other investors in Manhattan Holdings and the economic development efforts of KSUIC.

Seed and Venture Capital Funds:

Review firm's business plan:

Continue positive investment of funds. During 2000, the City received its first financial return in the amount of $137,657.25. This disbursement represented the City's share of returns from liquidations of a MH investment in FoodLabs, Inc. In April 2011, a second return was received by the City in the amount of $50,000. This second disbursement was the result of funds received from MH's investment in NutriJoy, Inc. In December 2012, a third return was received by the City in the amount of $119,751, representing returns from investments in NutriJoy and ICE Corporation. Subsequent distributions (itemized below in the Economic Impact section) have since resulted in the total return of the City's $600,000 investment in MH.

Investment Reports:	MHL held equity interest (at cost) in the following entities at June 30, 2014. • AgRenew, Inc $25,000 • NutriJoy $320,750 (return of capital January 2008; see below) • Ventria $200,000 • Nitride Solutions, Inc $75,000 • ScavengeTech LLC $110,250 The City's fund represents 1/3 of the overall investment funds.
Financial Statements:	The FY2013 tax return, FY2013 independent auditor's report, and FY2014 pre-audit balance sheet were provided and are on file.
Two (2) year projection of investment funds needed:	At this time, Manhattan Holdings has approximately $507,000 in Certificates of Deposit and Money Market accounts. At current interest rates, the earnings are not significant. However, it is anticipated that Manhattan Holdings will continue to receive a dividend check from NutriJoy equal to $15,237 in each of the next three years. Also, sale of ICE Corporation stock in FY2014 will result in cash inflow in FY2015 and perhaps beyond, but the amount is unknown at this time. Member representatives meet annually in the Fall to discuss cash needed for investments and distribution.
Any pending legal actions?	No

ECONOMIC IMPACT:

To date, $1,670,583 has been invested in ten different companies by all three investors. Of the ten companies in which investment has been made, two have proven to be poor investments resulting in a loss of $225,000: Four Fish Productions LLC and Global Lipidomics LLC. One other, NanoScale Corporation, although a vibrant growing company for the first fifteen years, closed its doors early in 2013, resulting in a loss of $354,583. Notable successes include the following:

- The sale of FoodLabs, Inc. created a return to Manhattan Holdings of $412,971.75 on an investment of $180,000 which resulted in a distribution to each Class A member of $137,657.25 in October 2000. All proceeds from the sale of FoodLabs stock were distributed to Class A members.
- The sale of NutriJoy stock to a major beverage company resulted in a total of $431,727.80 received by Manhattan Holdings (to date) on an investment of $320,750. It is anticipated that Manhattan Holdings will continue to receive a dividend check in the amount of $15,237 in each of the next three years. This sale and subsequent dividends resulted in a distribution to each Class A member of $50,000 in April 2011, $83,751 in December 2012, and $5,079 in December 2013.
- The receipt of $108,000 dividend from ICE Corporation, resulting in a distribution to each Class A member of $36,000 in December 2012.
- The receipt of a $54,000 dividend from ICE Corporation in January 2013, resulting in a distribution to each Class A member of $18,000 in December 2013.
- The sale of ICE Corporation stock in May 2014, resulting in a distribution to each Class A member of $220,297.
- In addition, at the direction of the Members, distributions were also made to each member as follows: $30,567 in December 2013 and $18,649 in May 2014. The distribution in May 2014 marked the complete return of each Member's initial investment of $600,000.

MANHATTAN ECONOMIC DEVELOPMENT OPPORTUNITY FUND

ACCOUNTABILITY CHECKLIST

Company: CivicPlus **Date of Review:** January 2014

Report for year ending: December 31, 2013

Review Team: Adam Bentley, Assistant City Manager

Company Representatives: Ward Morgan - CEO, Brian Rempe – COO

Goal of Company: CivicPlus is engaged in the business of developing, designing, and managing community engagement systems that use advanced technology to connect people with government. The company specializes in cost-effective website solutions for public sector clients. CivicPlus has won more than 375 website awards for its clients. Their clients awards are judged on design, navigation, functionality and providing financial transparency. CivicPlus is included on the 2013 Inc.com's Top 5000 list of fastest growing private companies and has been included for 3 years in a row. CivicPlus was awarded the Alfred P. Sloan Award for Excellence in Workplace Effectiveness and Efficiency in 2013, marking its second year in a row of achieving the award. Founded in 2001, CivicPlus now serves more than 1400 cities, counties, and other entities throughout North America and Australia.

CivicPlus is projecting over 20% growth in 2013 based on a steadily growing stream of both one-time revenue from professional services and committed recurring revenue from software clients. The client base has grown by 332% since 2008, despite a weakened economy, which is indicative of the strong products and value offered by the company. CivicPlus needs to significantly expand its workforce and office space to respond to the growing demand for its services and products. The company is currently renting space at 317 Houston St. and has purchased a building at 121 S. 4th St. The building on 4th St. is being renovated to provide a temporary office space solution to accommodate new employees. However, the company plans to build a new multi-story facility at the southwest corner of the intersection of 4th St. and Pierre St. This will be a minimum 50,000 square feet facility that will house high-end office space for CivicPlus and first floor retail/restaurant space.

Manhattan Economic Development Funding: Forgivable loan in the amount of $750,000 to be paid out in four installments as milestones are met related to the construction of the new facility. The first installment of $250,000 was paid in May 2012 upon execution of the economic development agreement with the company. The second installment of $150,000 was paid in March 2013 upon issuance of the building permit. The City Commission also approved a Resolution of Intent to issue up to $20 million in Industrial Revenue Bonds (with partial tax abatement) for acquiring, expanding, and equipping the new downtown office facility. All incentives are tied to the company's compliance with four general performance areas: job creation, capital investment, wage targets, and employee benefits.

CURRENT STATUS: The company has obtained a building permit and construction is underway. Construction is expected to be complete by September 15, 2014.

ANNUAL PERFORMANCE METRICS:

1. PRIVATE AND OTHER CAPITAL INVESTMENTS:

Actual Capital Investment Expenditures and Time Period:

Capital Investment as of December 31, 2013 = $3,529,267

Cumulative Capital Investments	Subsection 2(b) Time Periods
$4,350,000	by December 31, 2013
$8,850,000	by December 31, 2014

Capital Investments Compliance Percentage: 81%

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2. NET NEW JOB CREATION:

An FTE is either (a) an hourly employee, or combination of hourly employees, who have worked 2080 actual hours (inclusive of overtime) or (b) a salaried employee, or combination of salaried employees, who have worked 260 days.

Job Creation as of as of December 31, 2013 = 36

Targets:

For Year Ended December 31	Cumulative FTEs
2013	20
2014	39
2015	62
2016	93
2017	122
2018	150
2019	176
2020	199
2021	220
2022	234
2023	250

Note: The FTE target is above the base of 83 FTE as of February 1, 2012.

Job Creation Compliance Percentage = Actual Job Creation/Target = 180%

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3. WAGE STRUCTURE:

As stated in subsection 2(d) of the agreement:
"The average wage of all positions created...shall be at least $45,055 per year. All permanent positions of the Corporation will receive a minimum hourly wage of at least $12 per hour (excluding part-time internships). These wage targets will increase by 2.5% annually. "

Lowest hourly wage earned by a permanent employee as of December 31, 2013 = $12.91
Average annual wage of all new positions created as of December 31, 2013 = $58,100

For Year Ended December 31	Target Average Wage of All New Positions	Minimum Hourly Wage
2013	$45,055	$12.00
2014	$46,181	$12.30
2015	$47,336	$12.61
2016	$48,519	$12.92
2017	$49,732	$13.25
2018	$50,976	$13.58
2019	$52,250	$13.92
2020	$53,556	$14.26
2021	$54,895	$14.62
2022	$56,268	$14.99
2023	$57,674	$15.36

$$\frac{\text{Actual Average Wage of New Positions}}{\text{Target Average Wage of New Positions}} = \text{Wage Percentage}$$

$$\frac{\$58{,}100}{\$45{,}055} = 129\%$$

The Compliance Percentage will be reduced by 1% for every 1% of employees who earn an hourly wage below the minimum hourly threshold.

Wage Percentage - $\frac{\text{\# of employees earning < minimum hourly wage}}{\text{total permanent employees}}$ = compliance %

129% - $\frac{0}{119}$ = 129%

Wage Structure Compliance Percentage = 129 %

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4. EMPLOYEE BENEFITS:

CivicPlus will participate in at least 60% of the premium cost of standard medical insurance coverage for all full-time employees and provide at least 15 days of paid leave per year to all full-time employees.

CivicPlus currently offers three different health coverage plans in four categories: employee, employee and spouse, employee and children, and family. The company covers 60% of the premium cost for all plans.

$\frac{\text{\% of premium covered by employer}}{60\%}$ = insurance compliance percentage

$\frac{60\%}{60\%}$ = 100%

The compliance percentage will be reduced by 1% for every 1% of company employees who receive less than 15 days of paid leave per year.

Insurance compliance percentage - $\frac{\text{\# of employees with < 15 days paid leave}}{\text{total employees}}$ = compliance %

100% - $\frac{0}{119}$ = 100%

Employee Benefits Compliance Percentage: 100%

TOTAL COMPLIANCE:

Capital Investment: 81%
Job Creation: 180%
Wage Structure: 130%
Benefits: 100%

Average of above determines blended % of compliance (see next page)

Blended Compliance Percentage = 123%
Company will receive 100% of incentives

Blended Percentage Range	Portion of each of the Incentives to be Received
Equal to or greater than 85%	100%
Equal to or greater than 80% and less than 85%	80%
Equal to or greater than 70% and less than 80%	70%
Equal to or greater than 50% and less than 70%	50%
Less than 50%	0%

LOCAL COMMUNITY INVOLVEMENT:
CivicPlus employees are involved in philanthropic or service efforts with the following agencies:

- Boys and Girls Club
- Relay for Life
- Riley County Humane Society
- Flint Hills Breadbasket Adopt-a-Family
- Junior League
- Downtown Plus
- Manhattan Area Habitat for Humanity

MANHATTAN ECONOMIC DEVELOPMENT OPPORTUNITY FUND

ACCOUNTABILITY CHECKLIST

Company: Flint Hills Beverage **Date of Review:** January 2014

Report for year ending: December 31, 2013

Review Team: Jason Hilgers, Deputy City Manager

Company Representatives: Terry Dow, Manager/Owner

GOAL OF COMPANY: Flint Hills Beverage is a distributor for Anheuser-Busch products throughout the region, serving Geary, Riley, and Clay Counties, and 2/3 of Washington County and Pottawatomie County from St. George westward. The company has a very solid customer base and is expecting growth as a result of the Fort Riley expansion. The company moved into a newly constructed 40,000 square-foot facility in the Manhattan TecPark. The company plans significant capital investment and to hire five new FTEs over the next five years. The project yielded immediate cash to the City as a result of the land sale and immediate tax revenue for the taxing jurisdictions since no tax abatement is involved. While job creation is low, the jobs are quality jobs which include benefits. The company expanded their primary building in 2013 and added 17,000 square feet to their existing operations.

Manhattan Economic Development Funding: Grant in the amount of $40,000 to be paid out over a four year period at $10,000 per year and payment of special assessments on two lots in the Manhattan Corporate Technology Park for a total of $164,647 over 16 years. In addition, the City sold the company two lots in the TecPark for the company to locate its facility (Lots 19 and 20 at approximately 5.99 total acres). All incentives, including payment of the City of special assessments, and the performance grant is tied to the company's compliance with four general performance areas: capital investment, job creation, wage structure, and benefits for employees.

ANNUAL PERFORMANCE METRICS:

1. PRIVATE OR OTHER CAPITAL INVESTMENTS:

The Company achieved over 100% compliance with this category for the following investments reported as of December 31, 2006; therefore, no updates were reported for 2013.

Actual Expenditure = $3,058,197 (as of 12-31-06)
Target Expenditure = $2,675,000 = **114%**

Cumulative Target Expenditures	Time Periods
$600,000	**by December 31, 2005**
$2,675,000	**by December 31, 2006**

Capital Investment Compliance Percentage : 114%

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2. JOB CREATION:

Actual job creation and time period: 28.5 FTEs as of December 31, 2013, created over the baseline of 19.5 FTEs as of December 31, 2004.

$$\frac{\text{Actual FTEs}}{\text{Target FTEs}} = \frac{28.5}{24.5} = \mathbf{116\%}$$

Actual job creation update: 28.5 FTEs as of December 31, 2013, created over the baseline of 19.5 FTEs as of December 31, 2004.

Targets:

Time Periods	FTEs
January 1, 2005-December 31, 2005	1
January 1, 2006-December 31, 2006	2
January 1, 2007-December 31, 2007	3
January 1, 2008-December 31, 2008	4
January 1, 2009-December 31, 2009	5
Annually from 2010-2020	Maintain 5

** Note: An FTE is an employee of the Corporation who has worked 1,900 actual hours for the Corporation (inclusive of overtime hours) during the applicable period.*

Job Creation Compliance Percentage : 116%

3. EMPLOYEE BENEFITS:

Flint Hills Beverage will provide benefits to all FTEs hired after January 1, 2005, to include participation by the company in the cost of medical insurance, life insurance, and paid vacation and holidays. Company to certify compliance. If such certification is provided, compliance is deemed at 100% in this category.

Certification Provided: In a letter received January 2014, Terry Dow verified that Flint Hills Beverage, LLC participated in a benefits package that includes medical insurance, life insurance, paid vacation and holidays. The company participates in 60% of the premium cost of health insurance for four coverage plans: employee, employee with spouse, employee with children, and family.

Employee Benefits Compliance Percentage : 100%

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4. WAGE STRUCTURE:

95% of employees hired after January 1, 2005, must receive wages in excess of the targets below. All employees hired since that date earn wages above $12 per hour. Flint Hills Beverage, LLC paid the newest employee (as of December 31, 2013) a wage of $15.86 per hour.

Targets:

Time Periods	Average Wage Targets for all New FTE
January 1, 2005-December 31, 2005	$11
January 1, 2006-December 31, 2006	$12
January 1, 2007-December 31, 2007	$12
January 1, 2008-December 31, 2008	$12
January 1, 2009-December 31, 2009	$12
Annually from 2010-2020	Maintain $12

Wage Structure Compliance Percentage : 100%

TOTAL COMPLIANCE:

Capital Investment: 114%
Job Creation: 116%
Wage Structure: 100%
Benefits: 100%

Average of above determines blended % of compliance = 107.5 %

Company will receive 100% of incentives

Blended Percentage Range	Portion of each of the Incentives to be Received
Equal to or greater than 85%	100%
Equal to or greater than 80% and less than 85%	80%
Equal to or greater than 70% and less than 80%	70%
Equal to or greater than 50% and less than 70%	50%
Less than 50%	0%

MANHATTAN ECONOMIC DEVELOPMENT OPPORTUNITY FUND

ACCOUNTABILITY CHECKLIST

Company: Florence Corporation **Date of Review:** August 2013

Report for year ending: June 30, 2013

Review Team: Jason Hilgers, Deputy City Manager

Company Representatives: John Altstadt, President, and Kerri Winter, Vice President of Accounting and Administration

GOAL OF COMPANY:

Florence Manufacturing Company of Kansas is a commercial mailbox manufacturer specializing in mailbox installations for large residential developments as well as locking mail boxes to address mail security issues. After conducting an international search, the company expanded its operations from the Chicago area and constructed a 200,000 square foot facility in Manhattan's Corporate Technology Park in early 2003.

Manhattan Economic Development Funding: A grant in the amount of $790,000 (special assessment payments on four lots in the Manhattan Corporate Technology Park), and a forgivable loan in the amount of $80,000 was approved by the City Commission in February 2003. In addition, the City provided a total of four lots in the Tech Park for the company to locate its facility (Lots 13, 14, 22A and 23) at approximately 25 total acres. All incentives, including a tax abatement, payment by the City of special assessments, and the forgiveness of the loan is tied to the company's compliance with four general performance areas: capital investment, job creation, wage structure, and benefits for employees.

CURRENT STATUS: Florence continues to focus on taking market share, developing new products and identifying new market/business opportunities to increase sales and improve ability to grow in the future. Improvements in housing starts and new business opportunities have contributed to growth year over year for Florence. This growth has added 25 new permanent employees and 40 temporary employees since last year and as additional growth opportunities arise this is expected to continue.

ANNUAL PERFORMANCE METRICS:

1. PRIVATE OR OTHER CAPITAL INVESTMENTS:

Actual Capital Investment Expenditures and Time Period:

Actual Expenditure = $22,107,149
Target Expenditure = $9,000,000 = **245.6% Compliance Percentage**

Cumulative Target Expenditures	Subsection 12(b) Time Periods
$4,000,000.00	the Agreement Date to June 30, 2004
$6,000,000.00	July 1, 2004 to June 30, 2005
$8,000,000.00	July 1, 2005 to June 30, 2006
$9,000,000.00	July 1, 2006 to June 30, 2007
$9,000,000.00	July 1, 2007 to June 30, 2008
$9,000,000.00	July 1, 2008 to June 30, 2009
$9,000,000.00	July 1, 2009 to June 30, 2010
$9,000,000.00	July 1, 2010 to June 30, 2011
$9,000,000.00	July 1, 2011 to June 30, 2012
$9,000,000.00	July 1, 2012 to June 30, 2013

Capital Expenditures Compliance Percentage = 245.6%

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2. JOB CREATION:

Actual Job Creation and Time Period: July 1, 2012 through June 30, 2013

Total hours worked $\frac{380,614}{1800^*}$ = **211.5 FTE**

211.5 Actual FTE/250 Target FTE = 84.6%

Job Creation Compliance Percentage = 84.6%

Job Creation Targets:

Number	Subsection 12(c) Time Periods	FTEs
1	the Agreement Date to June 30, 2004	100
2	July 1, 2004 to June 30, 2005	150
3	July 1, 2005 to June 30, 2006	175
4	July 1, 2006 to June 30, 2007	200
5	July 1, 2007 to June 30, 2008	225
6	July 1, 2008 to June 30, 2009	250
7	July 1, 2009 to June 30, 2010	250
8	July 1, 2010 to June 30, 2011	250
9	July 1, 2011 to June 30, 2012	250
10	July 1, 2012 to June 30, 2013	250

**Note: An FTE is an employee of the Corporation who has worked 1,800 actual hours for the Corporation (inclusive of overtime hours) during the applicable period.*

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3. Wage Structure:

Targets: Total Hours Worked (non-probationary)
Category A: 95% at $8 or more per hour Actual: 380,614
Category B: 15% at $10 or more per hour Actual: 363,519

Category A total hours worked = 100%/95% = **105.3%** actual A compliance
Total hours worked

Category B total hours worked
Total hours worked = 96%/15% = **636.7%** actual B compliance

Average of A & B (Wage Structure Compliance Percentage) = 371%

Category C*: Wages at $12.60 or more per hour Actual: 215,172
Category C total hours worked = 56.5% of total hours worked

**Note: City Administration began tracking Category C hours in 2010 to determine the company's performance related to the new wage floor in the wage criteria scoring model for economic development applications. It is provided for informational purposes only as there are no contractual compliance requirements related to Category C.*

4. Employee Benefits:

Florence will provide benefits to all trained, non-probationary FTEs to include participation by the company in the cost of medical insurance, life insurance, and paid vacation and holidays. Company to certify compliance. If such certification is provided, compliance is deemed at 100% in this category.

Certification Provided: Certification provided by Kerri Winter in a letter dated August 20, 2013. The company also offers short-term disability, long-term disability, dental insurance, and vision insurance.

Employee Benefits Compliance Percentage: 100%

TOTAL COMPLIANCE:

Capital Investment: 245.6%
Job Creation: 84.6%
Wage Structure: 371%
Benefits: 100%

Blended Compliance Percentage = 200.3%

Company will receive 100% of incentives

Blended Percentage Range	Portion of each of the Incentives to be Received
Equal to or greater than 85%	100%
Equal to or greater than 80% and less than 85%	80%
Equal to or greater than 70% and less than 80%	70%
Equal to or greater than 50% and less than 70%	50%
Less than 50%	0%

Additional Statistics/Supporting Data:

DEMOGRAPHICS: (Percentage of employees who live in Manhattan compared to Riley County, Pottawatomie County, etc.)

- City of Manhattan – not provided by the company
- Riley County – 52.6%
- Geary County – 21.8%
- Pottawatomie County – 9.8%
- All other counties (15 total) – 15.8%

LOCAL COMMUNITY INVOLVEMENT:

In addition to focusing on growing the business, Florence remains involved in the community as a company and its key management staff. The following includes the community organizations in which Florence has participated in the last 12 months:

American Cancer Society	Relay for Life
American Heart Association	Jump for Kids' Sake
Big Brothers/Big Sisters	Bowling for Kids' Sake
Boy Scouts of America	Annual Campaign
Boys and Girls Club	Casino Night
Flint Hills Breadbasket	Golf Event
Flint Hills Breadbasket	Annual Campaign
Flint Hills Builders Association	Golf Event
Leadership Manhattan	Graduation Sponsor
Manhattan Arts Center	Annual Campaign/Show Sponsor
Manhattan Emergency Shelter	Bag Lady Luncheon
Manhattan Fire Department	Fire Pup Program
Manhattan Mercury	Newspapers in Education
Manhattan Rotary	Golf Event
Retired Senior Volunteer Program	Festival of Trees
Shrine Bowl	Corporate Donation
Sunflower CASA	Annual Drive
Sunflower CASA	CASA Comedy Night
	Annual Drive

MANHATTAN ECONOMIC DEVELOPMENT OPPORTUNITY FUND

ACCOUNTABILITY CHECKLIST

Company: Kansas State University Institute for Commercialization (KSUIC) *formerly National Institute for Strategic Technology Acquisition and Commercialization (NISTAC), Mid-America Commercialization Corporation (MACC) and Kansas Entrepreneurial Center, Inc.*

Date of Review: August 2014

Report for year ending: June 30, 2014

Review Team: Jason Hilgers, Deputy City Manager; Hillary Badger, Assistant Director of Finance; Courtney Kramer, Financial Analyst

Company Representatives: Kent Glasscock, President/CEO; Vicki Appelhans, Vice President, Finance; and Becky Plummer, Assistant to the President and Facilities Manager

Funding History and Overview:

$7,256,801 building investment (including principal, interest and financing costs) – 2004
$450,000 KSUIC loan - 2007
$425,000 pilot space build out – building asset – 2009

In December 2004, the City approved an agreement with KSUIC (formerly NISTAC) to operate a city-owned facility (Manhattan/K-State Innovation Center) in the K-State Research Park. The bonded amount for the project was $5.65 million. This investment leveraged a $1 million award from the Kansas Bioscience Authority (KBA) for laboratory and equipment fit out within the facility. In November 2006, KSUIC requested and the City Commission approved a loan in the amount of $450,000 to be used to equip laboratory and other professional space in its facility in the KSU Research Park. The loan was structured as a 10-year, no-interest loan. Repayment of the loan began in January 2010 and all payments have been made on schedule. Additionally, KSUIC was given credit toward the repayment of this loan in the amount of $130,000 in consideration for the abandonment of certain leasehold improvements that were made in the Kansas Entrepreneurial Center (KEC) at 1500 Hayes Drive. With the completion of the Innovation Center in March 2007, KSUIC pledged to create 200 new jobs within a ten year period. Accountability for this requirement began in the 2008 calendar year.

In March 2009, the City Commission authorized an additional $425,000 to complete 5,000 square feet of unfinished pilot space within the Manhattan/K-State Innovation Center. This investment leveraged a second award from the KBA for $1 million to assist with the completion and equipping of the pilot space. Construction of three new laboratories, including supportive office and storage space, was completed in 2012. In recognition of the additional space managed by KSUIC, the Agreement was amended to require 13 additional jobs be created within the original ten year time frame.

KANSAS STATE UNIVERSITY INNOVATION CENTER STATUS REPORT:

GENERAL:

Total jobs created as of June 30, 2014:

KSUIC and Manhattan Holdings report their job creation figures together. Cumulatively since the initial agreement on November 7, 2000, 281 FTE jobs have been created. Of this total, 175.5 FTE jobs were created under the terms of the **new agreement dated February 6, 2007.** *Per February 6, 2007 agreement with the City (and March 2009 amendment) job target is 213 jobs created within 10 years of occupancy.*

Number of new direct jobs created during the year?

The FTE count is up 132.75 from the last report.

Median annual income of these new direct jobs created during the year?

Average annual salary is $57,200.

Company's total payroll for the reporting period and the portion of that total payroll that corresponds to jobs created by funds received from the City:

KSUIC/MH total gross aggregate payroll was approximately $16.1 million. The entire payroll was created by funds from the City (cash and/or in-kind) and other investors in Manhattan Holdings.

BUILDING MAINTENANCE:

KSUIC manages maintenance contracts for the Innovation Center's mechanical, landscaping, and custodial upkeep. These contracts totaled $92,030 for the reporting period. In addition, KSUIC contributed $49,000 during FY2014 to a sinking fund for major maintenance costs such as HVAC upgrades, parking resurfacing, etc. As of June 30, 2014, the fund had a balance of $162,500.

LOCAL COMMUNITY INVOLVEMENT:

Kent Glasscock has been involved in the following community activities: Advantage Manhattan, Rotary Club, Chamber of Commerce Board of Directors.

ECONOMIC IMPACT:

Occupancy for the facility remains strong even with the build out of the pilot space. All laboratory space within the building is currently occupied. About 91% of the lab space is occupied by KSU-related activities. Approximately 87% of private office space is occupied, and about 67% of the occupied office space is leased to KSU-related activities.

The following relates to the economic impact of both KSUIC and MH:

- Companies brought over $17 million of new revenues, including product and service sales, investment funds and non-local governmental grants, into the Manhattan community during its fiscal year ending June 30, 2014. Since 1998, companies have generated $177 million in new revenues to Manhattan.
- KSUIC continues to incubate companies with high-growth potential. Companies continuing to work with KSUIC include AgRenew, NutriJoy, KSU Research Foundation, Nacelle Therapeutics, Mid-America Technology Management, KDAS/VDL, Scavengetech, LLC, Veterinary Biomedical Research Center, Sunhai Bioadhesive Technologies, and Knowledge Based Economic Development LLC.
- Professional Mentoring, NRG (Network Research Group) and NanoScale Corporation, Inc. are graduates of KSUIC.
- In September 2007 the City received a $2,706 check from KSUIC as a result of a recent earnings distribution associated with its patent portfolio. The City's Economic Development agreement with KSUIC requires the company to distribute proceeds from its donated patent portfolio harvests to the City based upon the City's interest costs related to the project. The portfolio earnings distribution to the City is calculated as a proportion of the funding contributions from all contributing entities, including KSU and KTEC. The City can expect additional distributions in the future, and the representative proportion will continue to grow as interest costs accrue over time. These funds were deposited into the Economic Development Fund.

MANHATTAN ECONOMIC DEVELOPMENT OPPORTUNITY FUND

ACCOUNTABILITY CHECKLIST

Company: Manhattan Area Technical College **Date of Review:** July 2014

Report for year ending: June 30, 2014

Review Team: Jason Hilgers, Deputy City Manager; Hillary Badger, Asssistant Director of Finance; Courtney Kramer, Financial Analyst

Company Representatives: Dr. Robert Edleston, President; Jane Bloodgood, Vice President of Business Services; Dawn Krause, Director of Workforce Development

GOAL OF COMPANY:

Manhattan Area Technical College is a two-year Higher Learning Commission accredited public institution of high education. MATC provides quality technical and general education to prepare individuals to pursue technologically advanced careers. The primary service area includes a ten county region around Manhattan, but the College has served students from all over Kansas, other states, and other countries. Programs of study include nursing, automotive technology, building trades, computer aided drafting, dental hygiene, information and network technology, among others.

Research shows that the most significant challenge facing the biotechnology industry is a lack of a qualified workforce to meet the needs of emerging technologies. MATC hopes to help meet this need in Manhattan and the surrounding communities by training employees for high-wage, high-demand career positions in health care and the biosciences. To that end, programs have been added for laboratory training and certification.

Manhattan Economic Development Funding: A forgivable loan in an amount not to exceed $291,000 for the acquisition and relocation of three modular buildings to be used to support expanded laboratory training programs. Forgiveness of the loan is tied to the company's compliance in three areas: capital investment, workforce development, and local retention. In addition, the City awarded a conventional loan of $75,000 to construct a parking lot to serve the new buildings. The conventional loan will be repaid over seven years. The payments for 2012 and 2013 were paid on time and in full.

SUMMARY OF PREVIOUS YEAR:

- Unduplicated headcount for 2013-2014 was 1,132, a -6.45% decrease over 2012-2013 enrollment totals; not an uncommon trend for higher education in a post-recession period.

- The modular buildings have been used since August 2011 for science, tech math, and tech writing classes, as well as for storage of science materials. Three (3) students graduated from the Advanced Bio-technician Certificate (ABC) program this spring, bringing the cumulative total to nine (9).

- MATC has recently been approved to add an Associate of Applied Science degree in Biotechnology Laboratory Technician as a compliment to the basic and advanced certificates.

- There have been 8 students who have completed the Basic Laboratory Techniques Certificate bringing the cumulative total to 26.

- In addition, the College will continue teaching regional high school faculty to deliver the MATC Basic Laboratory Techniques as a component of the Emerging Technologies courses taught to high school juniors and seniors in concert with the Senate Bill 155 Career and Technical Education initiative, which awards high school students college credit for technical education coursework. These effort are expanding throughout the State as a result of the unique nature of MATC's programs.

- The Medical Laboratory Technician graduated 12 from this program during the reporting period bringing this cumulative total to 33.
  (Duplicated numbers following upward progression)

Program	Cumulative Completers	Employed in Manhattan/Riley County
Basic Laboratory Techniques*	**26**	**3**
Medical Laboratory Technician*	**33**	**6**
Advanced Bio-technician Certificate*	**9**	**3**
Sub Total	**68**	**12**
Subtract Duplicated Students	**8**	**0**
Total	**60**	**12**
Targets	**90**	**22.5**
Above (Below) Target	**(30)**	**(10.5)**
Target Met	**N****	**N**

*Maximum of 12 students per course based on lab space.

*****IMPORTANT NOTE: The original production numbers were based on the three areas listed in the chart above as well as two programs that the college was unable to begin (Vet Tech and Medical Lab Equipment Tech) and therefore all graduation and retention estimates are grossly over-estimated in the formula.***

ANNUAL PERFORMANCE METRICS:

1. CAPITAL INVESTMENT:

Actual Capital Investment Expenditures and Time Period:

Capital investment will be demonstrated by final completion of the following projects:

1. Laboratory Building (1,536 sq. ft.)
2. General Instruction Building (1,536 sq. ft.)
3. Faculty Office and Resource Building (1,536 sq. ft.)
4. 77-stall surface parking lot

Each project accounts for 25% of the total compliance percentage for this category. Partial completion of any single project will not be eligible for credit for the purpose of determining a compliance percentage.

All four projects are 100% complete as of August 15, 2011.

Capital Investment Compliance Percentage: 100%

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2. WORKFORCE DEVELOPMENT:

The cumulative number of students shall be determined by totaling the number of students that MATC certifies completed programs for the previous year ending June 30th and adding any students previously reported. Credit will only be applied for any students above the existing baseline of 2009 enrollment (850 students).
This first reporting period for this category is now July 1, 2011 through June 30, 2013.

Targets:

Reporting Year Ended	Number of Cumulative Students Required
June 30, 2013*	35
June 30, 2014	90
June 30, 2015	147
June 30, 2016	204
June 30, 2017	261
June 30, 2018	318
June 30, 2019	375
June 30, 2020	432
June 30, 2021	489
June 30, 2022	546

* In 2013, the City Commission approved extending reporting years to 2013-2022 from 2012-2021.

Note: A student is defined as an individual who has satisfactorily completed course requirements for any one of the specified programs at the MATC.

(Workforce Development, continued)

Cumulative Number of Students above the Baseline as of June 30, 2014: 60

Workforce Development Compliance Percentage: 67 %

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3. LOCAL RETENTION:

Target: At least 50% of cumulative students reported for the Workforce Development compliance category above are employed within the City of Manhattan and/or Riley County.

NOTE: Medical Lab students are finishing internships prior to seeking full-time employment (Program requirement). While these students have graduated, they are not employable for approximately one more month.

The first reporting period for this category is now June 30, 2013.

**IMPORTANT NOTE: The original production numbers were based on the three areas listed in the chart above as well as two programs that the college was unable to begin (Vet Tech and Medical Lab Equipment Tech) and therefore all graduation and retention estimates are grossly over-estimated in the formula

<u>Cumulative Students employed in Manhattan/Riley County **(12)**</u> = % of students employed = 20**%**
Total Cumulative Students **(60)** in Manhattan/Riley County

<u>Percentage of Students Employed in Riley County</u> = **20%** ÷ 50% = compliance % Target

Local Retention Compliance Percentage: 40%

Total Compliance

Capital Investment: 100%
Workforce Development: 67%
Local Retention: 40%

Average of above determines blended % of compliance.

Blended Compliance Percentage = 69.00%

Company will receive 50% of incentives

(SEE BELOW)

Blended Percentage Range	Portion of each of the Incentives to be Received
Equal to or greater than 90%	100%
Equal to or greater than 80% and less than 90%	80%
Equal to or greater than 70% and less than 80%	70%
Equal to or greater than 50% and less than 70%	**50%**
Less than 50%	0%

Total Forgivable Loan Payment for 2014: **$29,100**
Times percentage of incentive received: **50%**
Forgivable loan payment due to City: **$14,550**

Conventional Loan Payment: **$10,700**
Total due to City: **$25,250**

Note: Manhattan Area Technical College has paid the full $25,250 due to the City as of this review.

LOCAL COMMUNITY INVOLVEMENT:

MATC students and staff are involved in a variety of community organizations.

For example:

- USD 383 STEM Camp
- Haunted Trail fundraiser for Breadbasket
- Adopt a Christmas family
- Various food drives
- Free elderly dental hygiene care at managed care facility in Abilene
- Phi Theta Kappa community projects
- Skills USA projects
- Hosted numerous on-campus meetings and provided space for organizations
- Hosted FFA Event
- Hosted Welding competitions
- Boy Scout Troop leaders
- Member of area chambers of commerce
- Members in Rotary and other service organizations
- Participated in charity fund-raisers such as Affair of the Heart and Fairy Godmother's tournament.

MANHATTAN ECONOMIC DEVELOPMENT OPPORTUNITY FUND

ACCOUNTABILITY CHECKLIST

Company: Manhattan Retirement Foundation, Inc. d/b/a Meadowlark Hills

Date of Review: March 2014

Report for year ending: December 31, 2013

Review Team: Jason Hilgers, Deputy City Manager

Company Representative(s): Chris Nelson, Financial Services Director

GOAL OF COMPANY: Meadowlark Hills is a large retirement community located in the north central portion of Manhattan that specializes in continuing care. The continuum of care ranges from independent living apartments and cottages to 24-hour skilled nursing care. Meadowlark Hills offers its residents the ability to be self-reliant and to live as independently as possible, for as long as possible, in an environment where residents always feel at home. Meadowlark Hills has a long track record of providing community service in Manhattan and is a nation-wide leader in resident-centered and resident-driven care.

In 2007, Meadowlark embarked on a multi-million dollar expansion to its facilities. Meadowlark Hills' expansion was planned in four phases, the last of which was successfully completed in March 2009. The first phase was the addition of 26 independent living accommodations housed within 13 duplex buildings. The second phase was two healthcare skilled nursing households which accommodate 42 people. The third phase was the retrofit of Collins Landing and Tinklin Pointe and a conversion of Lyle House. The final phase included completion of the fitness center, administrative offices, and Verna Belle's Café.

Meadowlark Hills' fiscal year runs from July 1 to June 30. The financial outlook for Meadowlark Hills halfway through the fiscal year is very positive. Year-to-date, operating income is $1,104,181 compared to a budget of $1,064,833, and net income is $1,040,647 compared to a budget of $27,494. As of December 31, 2013, Debt Service Coverage ratio calculated at 2.03, Days Cash on Hand at 207, and the Reserve Ratio at 28.0%. Year-to-date occupancy percentages for the year are 89.8% for Independent Living, 96.8% for Assisted Living, and 93.3% for Healthcare. Meadowlark Hills will continue to be a leader in culture change and the household model, while operating in a financially responsible manner.

Manhattan Economic Development Funding: A $400,000 forgivable loan to be paid to the company in three installments, with $150,000 being paid the first year and $125,000 being paid in each of years two and three; and a $350,000 conventional loan. All incentives provided to the Company are tied to meeting annual performance requirements, including capital investment, job creation, wage structure, and benefit package targets.

CURRENT STATUS: The conventional loan was disbursed on December 1, 2007. The final installment of the forgivable loan was disbursed on December 1, 2009, based on the achievement of performance targets.

ANNUAL PERFORMANCE METRICS:

1. CAPITAL INVESTMENT EXPENDITURES:

Actual Capital Investment Expenditures and Time Period:

Actual Expenditure = $36,294,843
Target Expenditure = $23,750,000 = 153% Compliance Percentage

Update as of June 30, 2013: Actual Expenditure = $35,786,515

Cumulative Target Expenditures	Subsection 3(b) Time Periods
$8,000,000.00	the Agreement Date to December 31, 2008
$16,000,000.00	January 1, 2009 to December 31, 2009
$23,750,000.00	January 1, 2010 to December 31, 2010
$23,750,000.00	January 1, 2011 to December 31, 2011
$23,750,000.00	January 1, 2012 to December 31, 2012
$23,750,000.00	January 1, 2013 to December 31, 2013
$23,750,000.00	January 1, 2014 to December 31, 2014
$23,750,000.00	January 1, 2015 to December 31, 2015
$23,750,000.00	January 1, 2016 to December 31, 2016
$23,750,000.00	January 1, 2017 to December 31, 2017

Capital Investment Compliance Percentage: 153%

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2. JOB CREATION: Actual Job Creation and Time Period:

Category *i* Employees (any combination of hourly employees who have worked 2000 actual hours)
Total hours worked $\frac{402{,}319}{2000}$ = **201.16 Category *i* FTE**

Category *ii* Employees (determined by days worked by salaried employees during the year)
Total days worked $\frac{13{,}075}{260}$ = **50.29 Category *ii* FTE**

251.45 Total FTE

Actual FTE/Target FTE = 103% Job Creation Compliance
Target = 245.25

(Job Creation, continued)
The base employment level ("Base") has been established at **170.25** FTE.

Compliance Year	**Cumulative number of FTEs required**
2008	Base + 10
2009	Base + 24
2010	Base + 29
2011	Base + 52
2012	Base + 63
2013	Base + 75
2014	Base + 75
2015	Base + 75
2016	Base + 75
2017	Base + 75

Job Creation Compliance Percentage : 103%

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3. WAGE STRUCTURE:

The Company shall maintain a wage structure such that an average of the new wages paid to employees counted in determining the FTEs in the preceding subsection are at the targets on the following table.

Average Wage: **$16.49** per hour
Target Wage: **$16.24** per hour

Average Wage/Target Wage = 102% Wage Structure Compliance

year	**Average Wage Targets for all new FTEs**
2008	$14.00/hr
2009	$14.42/hr
2010	$14.85/hr
2011	$15.30/hr
2012	$15.76/hr
2013	$16.24/hr
2014	$16.72/hr
2015	$17.22/hr
2016	$17.74/hr
2017	$18.27/hr

**Note: City Administration began tracking this information is 2011 to determine the company's performance related to the new wage floor in the wage criteria scoring model for economic development applications. It is provided for informational purposes only as there are no related contractual compliance requirements.*

Wage Structure Compliance Percentage : 102%

4. EMPLOYEE BENEFITS:

The Company shall participate in the cost of medical insurance for all of its full-time employees and shall provide all of its full- time employees with paid vacation and holidays. Company to certify compliance. If such certification is provided, compliance is deemed at 100% in this category.

Certification Provided: Chris Nelson, Financial Services Director, emailed a report certifying the levels of benefits and other performance benchmarks. The company offers medical insurance for all full-time employees and offers four plan options with categories for single; employee and spouse; employee and children; and family. The company covers 58% – 82% of the premium cost for health insurance, depending on the level of coverage.

Compliance Percentage: 100%

Employee Benefits Compliance Percentage : 100%

TOTAL COMPLIANCE

Capital Investment: 153%
Job Creation: 103%
Wage Structure: 102%
Benefits: 100%

Blended Compliance Percentage = 114.5%
Company will receive 100% of incentives

Blended Percentage Range	Portion of each of the Incentives to be Received
Equal to or greater than 90%	**100%**
Equal to or greater than 80% and less than 90%	80%
Equal to or greater than 70% and less than 80%	70%
Equal to or greater than 50% and less than 70%	50%
Less than 50%	0%

MANHATTAN ECONOMIC DEVELOPMENT OPPORTUNITY FUND

ACCOUNTABILITY CHECKLIST

Company: National Bio and Agro Defense Facility **Date of Review:** October 2013

Report for year ending: June 30, 2013

Review Team: Adam Bentley, Assistant City Manager

Company Representatives: Julie Brewer, Construction Branch Manager, Office of National Labs, U. S. Department of Homeland Security; and Tim Barr, NBAF Project Manager, U. S. Department of Homeland Security.

Funding History and Overview: On February 6, 2007, the City Commission approved Resolution No. 020607-D declaring its support to assist in the recruitment of the National Bio and Agro Defense Facility (NBAF). The Commission pledged up to $5 million in economic development funds to finance infrastructure and site improvements for the project. After an extensive three-year site selection process, the U. S. Department of Homeland Security (DHS) chose Manhattan as the future home of NBAF.

NBAF will be built on land deeded to the U.S. Government in December 2012 which is adjacent to the existing Biosecurity Research Institute on the Kansas State University Campus. It will contain 580,000 gross square feet of facility space which includes biosafety levels 2, 3, and 4 laboratory space for the development of vaccines and countermeasures. The $1.23 billion research facility will create approximately 350 permanent jobs and provide the country with an urgently needed biocontainment laboratory for the study of foreign animal, emerging and zoonotic (transmitted from animals to humans) diseases that threaten the U.S. animal agriculture and public health. NBAF will replace the Plum Island Animal Disease Center that is near the end of its useful life.

Current Status: Design of the NBAF was completed by the NBAF Design Partnership, an award-winning team of architects, engineers, and planners in July 2012. In February 2013, DHS awarded a contract modification to McCarthy Mortensen JV, the construction management contractor executing the NBAF construction for DHS, for construction of the NBAF Central Utility Plant (CUP). Construction of this $80 million portion of the project is currently in progress. In addition, McCarthy Mortensen JV has initiated procurement actions to award subcontracts required for construction of the main laboratory. DHS plans to award the contract modification to McCarthy Mortensen JV for construction of the main laboratory in May 2014, pending the appropriation of required funding by Congress.

The State of Kansas originally committed $105 million to the project. As a result of increased project costs resulting from design enhancements to address risk items identified in the Site Specific Risk Assessment completed in February 2012, the State of Kansas offered to provide an additional $202 million. Of that amount, $35 million has been spent for site clearance and site preparation and another $40 million will go towards construction of the CUP. DHS has been appropriated $203.6 million to date for NBAF.

The current project schedule indicates that facility construction will be completed in 2019, with NBAF fully operational in 2021, pending the appropriation of required funding by Congress to support the May 2014 planned date for award of the contract modification for the construction of the main lab portion of the facility. In 2014, the City Commission approved $500,000 from the original $5 million pledge to install the gas line at the CUP.

As of June 30, 2014, approximately $2.2 million of the City's $5 million economic development funds have been approved by DHS and committed for relocation infrastructure projects for water, gas, and electric utilities. DHS will likely request the remaining funds for infrastructure such as sanitary sewer, water, electric, and other on-site utility needs. Some funds may be utilized for related traffic improvements near the site.

Note: *No major undertakings have occurred for the NBAF as of October 2013, the review date for this report, aside from what is listed above.*

Annual Audit Compliance Allowance

A new addition to the 2013 report is the calculation of the annual audit compliance allowance. This amount takes into account any loans (forgivable and conventional) for companies with economic development agreements. The annual audit compliance allowance for each company is calculated as 10% of the amortized loan payment. The allowance is for reporting purposes only.

Below is a list of the amortized loan payment and audit compliance allowance for each company.

Company	Type of Loan	Amortized Loan Payment	Annual Audit Compliance Allowance
Continental Mills	Forgivable	$6,751	$676
GTM Sportswear	Conventional	109,127	10,913
CivicPlus	Forgivable	41,667	4,167
Florence Corporation	Forgivable	33,000	3,300
Manhattan Area Technical College	Conventional and Forgivable	39,800	3,980
Meadowlark Hills	Forgivable	43,636	4,364
TOTAL	**-**	**$273,981**	**$27,400**

Appendix B

Tax Abatements

State statute authorizes tax abatements on buildings and equipment financed with proceeds from Industrial Revenue Bonds. The City of Manhattan has been very judicious in granting tax abatements. As of December 31, 2013, the City of Manhattan has four companies that are currently receiving tax abatements. A fifth tax abatement was approved in May 2012 for CivicPlus, with the abatement beginning in 2013. In the case of the four companies (including CivicPlus), the tax abatements were provided to assist with expansions of local companies operating in Manhattan. The other company currently receiving tax abatement is Florence Corporation of Kansas. Florence expanded its operations from the Chicago area to Manhattan in 2002.

In July 2003, the City Commission approved a new Tax Abatement Policy. The purpose of this policy is to establish the official position and procedures of the City for considering applications for property tax abatement for real and personal property used for economic development purposes. Highlights of the policy include requiring tax abatement recipients to achieve annual job creation targets in order to maintain the abatement and to provide an annual report to the City Commission on the status of outstanding abatements (shown in the chart following this section).

These companies have been summarized in the preceding sections; therefore, the only abatements covered below are those that have expired as of December 31, 2013. The table following the Expired Abatements is a summary of companies who currently receive tax abatements.

In 2013, companies receiving tax

abatements paid *$427,462*

in property taxes

Expired Abatements

ICE Corporation

ICE Corporation is a long-time Manhattan business, having started here in 1973. ICE specializes in advanced electronic designs and products which specialize in aircraft industry applications. In addition, the company provides applications which serve the agriculture industry, and the veterinary medicine profession along with other industrial uses. ICE expanded in Manhattan in 2002 by moving from Manhattan's Industrial Park to a larger existing facility on Amherst Avenue. ICE's tax abatement has allowed the company to compete and win long-term international contracts in an industry where many foreign governments provide generous subsidies to ICE's direct competitors. ICE's part-time employees are students in career-related fields at KSU. These positions provide hands-on training for the students while allowing ICE the opportunity to evaluate talent and offer full-time employment to skilled graduates who would like to remain with ICE. ICE's final abatement ended in 2012.

Nanoscale Materials, Inc.

NanoScale Corporation at one time was a dynamic and innovative company focused on the commercialization and application development of proprietary advanced nanocrystalline materials. The company generated revenues through the sale and distribution of branded products, custom application engineered solutions, and contract research and development services. The advanced materials and products were provided under the brand names NanoActive®, FAST-ACT®, NanoPak™, OdorKlenz®, OdorKlenz-Air™, ChemKlenz®, SpillKlenz™, and NanoZorb®.

In 2002, the City Commission approved a declining, 10-year tax abatement for the years 2003-2012. The exemption only applied to personal property, so it was effectively invalidated in 2006 when the legislature changed state law to exempt all machinery and equipment from personal property taxation. In The company abruptly went defunct in mid-2012.

Transportation Design and Manufacturing (TDM)

Transportation Design and Manufacturing was a qualified vehicle modifier for various large auto manufacturers, including Ford and General Motors. TDM came to Manhattan in 1995 to establish an alternative fuel vehicle center, with a focus on electric, natural gas and propane-fueled automobiles. TDM is no longer operating in Manhattan's Industrial Park, and the company's tax abatement was not renewed in 2004. The former TDM facility at 721 Levee Drive facility was leased and subsequently purchased by the Kansas National Guard for its Manhattan operations.

Property Taxes Generated by Companies Receiving Economic Development Funding

Company	Property Taxes Paid		
	2011	2012	2013
Abbott Aluminum	$62,915	$65,917	$71,088
Alltel	$116,930	$91,794	$94,096
ASHA Distributing Δ	$75,360	$76,007	$86,251
CMS	$84,362	$58,831	$51,432
Continental Mills	$ -	$ -	$57,410
Covan	$60,982	$76,263	$80,995
Farrar	**$76,914**	**$90,493**	**$86,222**
Flint Hills Beverage	$107,937	$118,576	$128,680
Florence Corporation	**$337**	**$261**	**$290**
GTM Sportswear	**$7,732**	**$20,189**	**$23,913**
ICE Corporation	**$19,012**	**$21,314**	**$28,595**
Icon Enterprises (CivicPlus)	**$54,972**	**$49,425**	**$65,776**
KanGolf	$54,972	$14,064	$14,298
Kansas Entrepreneurial Center	$13,981	$15,316	$21,621
Manhattan Conference Center	$8,449	$47,214	$275,666
Manko	**$15,420**	**$132,453**	**$222,666**
Nanoscale ǂ	**$8,449**	**$86,499**	**$41,183**
Sykes (Alorica)	$115,860	$55,651	$57,340
TOTAL	$884,584	$1,020,267	$1,280,088

Bold text indicates company that is (or has been previously) subject to property tax abatement
Includes real, personal, and special assessment taxes
Information is courtesy of both the Riley and Pottwatomie County Treasurer's Office
Δ ASHA Distributing is now defunct, however, property taxes were paid by the owner of record (KDL, Inc.) for all years shown.
ǂ The Kansas State University Foundation is the current owner of the former Nanoscale property, and paid the 2013 taxes.

Overview of Current Tax Abatements as of December 31, 2013

<table>
<tr><th>Name of Business and Exemption Application Date</th><th>Ordinance Number</th><th>Abatement Length and Expiration Date</th><th>Abatement Percentage</th><th>Abatement Authorized</th><th>Abatement Contract Stipulations</th></tr>
<tr><td>Florence Corporation of Kansas (Auth-Florence)

January 30, 2003</td><td>6321

Signed Agreement February 1, 2003</td><td>10 years

2004-2013</td><td>100% land, buildings, and personal property</td><td>Under IRB statutes, $10,000,000 principal issue</td><td>Must reach cumulative target expenditures and FTEs, maintain a wage structure, and provide benefits to all trained, non-probationary, FTEs by June 30 of each year to receive full tax abatement. The average percentage of completion of these four requirements is then used to calculate the “Blended Compliance Percentage”, which is then used to derive the percentage of the tax abatement the Corporation will receive.

Tax Year / Cumulative Target Expenditures / FTEs
2004 $4,000,000.00 100
2005 $6,000,000.00 150
2006 $8,000,000.00 175
2007 $9,000,000.00 200
2008 $9,000,000.00 225
2009 $9,000,000.00 250
2010 $9,000,000.00 250
2011 $9,000,000.00 250
2012 $9,000,000.00 250
2013 $9,000,000.00 250

Blended % Range / Portion of the Incentives to be Received
≥85% 100%
80-84% 80%
70-79% 70%
50-69% 50%
< 50% 0%</td></tr>
<tr><td>Manko Window Systems</td><td>6269 supercedes 4964</td><td>10 years

2006-2015</td><td>50% land and buildings
100% personal property</td><td>Under IRB statutes, $2,500,000 principal issue</td><td rowspan="2">FTE defined as 1800 annually. For each year, consider only all personnel added since January 1, 2005. Take all hours worked by these personnel associated with expansion and divide to 1800 for total FTE each year. To determine the annual percentage of compliance, divide total annual FTE by Cumulate Net New FTE target. Match the annual compliance percentage with the % of tax abatement benefit to be received for each accounting period.

Tax Year / FTEs / Blended % Range / Portion of the Incentives to be received
2006 11 ≥85% 100%
2007 25 80%-84% 80%
2008 34 70%-79% 70%
2009 43 50%-69% 50%
2010 56 <50% 0%
2011 67
2012 78
2013 89
2014 100
2015 10</td></tr>
<tr><td>Manko Window Systems

September 2, 2002</td><td>6494</td><td>10 years

2006-2015</td><td>50% land and buildings
100% personal property</td><td>Under IRB statutes, $2,500,000 principal issue</td></tr>
</table>

Overview of Current Tax Abatements as of December 31, 2013

<table>
<tr><th>Name of Business and Exemption Application Date</th><th>Ordinance Number</th><th>Abatement Length and Expiration Date</th><th>Abatement Percentage</th><th>Abatement Authorized</th><th></th></tr>
<tr><td rowspan="4">GTM Sportswear

November 27, 2006

July 14, 2008

October 20, 2009

September 13, 2010</td><td>6592</td><td>10 years

2007-2016</td><td>100% real and personal property on both existing and the new property</td><td>Under IRB statutes - $6,000,000 principal issue</td><td rowspan="4"><u>Maintain a wage structure:</u>
The company will be required to maintain a wage structure such that 25% of its new employees are making an average of $10.50 per hour and the remaining 75% are making an average of $8.55 per hour. All full-time employees will receive at least $8 hourly. This wage target will increase by 2.5% annually.

<u>Benefits package</u>
Provide benefits to all trained, non-probationary, FTEs that include participation by the Corporation in the cost of medical and life insurance and paid vacation and holidays.

Tax year — Cumulative Target Expenditures
2006 $2,500,000.00
2007 $3,250,000.00
2008 $4,350,000.00
2009 $5,650,000.00
2010 $8,150,000.00
2011 $10,350,000.00
2012 $11,850,000.00
2013 $13,750,000.00
2014 $15,650,000.00
2015 $17,950,000.00

Blended % Range — Portion of Incentives to be Received
≥ 85% 100%
80-84% 80%
70-79% 70%
50-69% 50%
< 50% 0%</td></tr>
<tr><td>6709</td><td>10 years

2009 - 2018</td><td>100% real and personal property on both existing and the new property</td><td>Under IRB statutes - $3,771,000 principal issue</td></tr>
<tr><td>6797</td><td>10 years

2010 - 2019</td><td>100% real and personal property on both existing and the new property</td><td>Under IRB statutes - $1,020,000 principal issue</td></tr>
<tr><td>6850</td><td>10 years

2011 - 2020</td><td>100% real and personal property on both existing and the new property</td><td>Under IRB statutes - $3,150,000 principal issue</td></tr>
</table>

Overview of Current Tax Abatements as of December 31, 2013

Name of Business and Exemption Application Date	Ordinance Number	Abatement Length and Expiration Date	Abatement Percentage	Abatement Authorized	
Farrar Corporation March 2007	6613	10 years 2008-2017	100% real and personal property on project additions funded through IRB financing	Under IRB statutes - $3,010,000 principal issue	Company must furnish proof to the City of compliance with the following job targets (which include a base of 25 existing employees): Tax Year / FTEs / Blended % Range / Portion of the Incentives to be Received 2008 33 ≥85% 100% **2009 34 81%-84% 80%** 2010 37 71%-80% 70% **2011 39 50%-70% 50%** 2012 42 <50% 0% **2013 45** 2014 47 **2015 50** 2016 52 **2017 54**
CivicPlus	7001	10 years 2013 – 2023	100% real and personal property on project additions funded through IRB financing, excluding the square footage of the ground floor of any building and any portion of property not used exclusively by the company for its Corporate business. Also excludes any property within a TIF District (see economic development agreement dated May 15, 2012).	Under IRB Statutes – first issue anticipated in 2013	The average wage of all positions created shall be at least $45,055 per year. All permanent positions will receive a minimum hourly wage of $12, excluding part-time internships. Wages targets will increase by 2.5% annually. The company will be required to participate in at least 60% of the premium cost of standard medical insurance coverage for all full-time employees and provide at least 15 days of paid leave per year. Tax year / Cumulative Target Expenditures / FTEs 2013 $4,350,000 20 **2014 $8,850,000 39** 2015 $8,850,000 62 **2016 $8,850,000 93** 2017 $8,850,000 122 **2018 $8,850,000 150** 2019 $8,850,000 176 **2020 $8,850,000 199** 2021 $8,850,000 220 **2022 $8,850,000 234** 2023 $8,850,000 250 Blended % Range / Portion of the Incentives to be Received ≥85% 100% 80-84% 80% 70-79% 70% 50-69% 50% < 50% 0%