2015 Economic Development

Annual Report

City of Manhattan Kansas

Economic Development Opportunity Fund and Annual Tax Abatement Report

as of December 31, 2015, including updates for 2016

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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 2015 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, 1,531 jobs have been created or 12% over the projected total.
- For every $1 invested in economic development initiatives since 1995, approximately $9.47 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 1:9. If we factor in the full anticipated private investment of $1.25 billion, this amount jumps to $62.14. These figures include the City's $5 million commitment for the National Bio and Agro Defense Facility (NBAF), of which approximately $3.4 million has been expensed to-date.
- Over 15 infrastructure projects have been funded through the economic development fund. These projects include necessary infrastructure improvements to accommodate the NBAF facility, as well as improvements to the Manhattan Regional Airport and various roadways.
- The City has realized a profit on their initial investment of $600,000 in Manhattan Holdings, LLC, with additional returns expected. To-date, the City has received $821,541 in returns from Manhattan Holdings, which equates to a profit of $221,541.

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 approximately $7.7 million as of August 31, 2016, 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 2015. These goals were created on January 22, 2015 at the City Commission Retreat and Goal Setting Session and revisited by the City Commission at a work session on May 12, 2015.

- **Support the Growth of the Manhattan Regional Airport**
  - Finalize Phase I of the MHK Terminal remaining project punch list and resolve outstanding change orders
  - Continue with Phase II of the MHK Terminal project with the FAA grant received and accepted in September 2014
  - Continue to evaluate and address future parking expansion improvements and provide an analysis on how to pay for the improvements
  - Complete design work for the Airport Road and Utility improvements in conjunction with relocating General Aviation Services
  - Continue efforts to finalize an agreement for service with the Fixed Based Operator (FBO) and design and build the FBO facility
  - Complete design work to develop land and market to airport service related businesses on the land west of the Airport Terminal and along Skyway Drive
  - Complete design work for the Military Access Road
- **National Bio and Agro-Defense Facility (NBAF)**
  - Continue to assist with the final completion of the Central Utility Plant and facility coordination with NBAF/Department of Homeland Security, Kansas State University, and BRI
  - Continue to advocate and support NBAF with Kansas State University, the State of Kansas, our Federal partners, and especially our congressional delegation
  - Continue to assist in providing secondary development opportunities
  - Continue efforts with Kansas State University officials to study and develop design plans for the North Campus Corridor
  - Continue to enhance regional planning and marketing initiatives to attract related companies with Kansas State University, Kansas State University Foundation and the Manhattan Area Chamber of Commerce
- **Economic Development Fund, Expenses, and Future Use**
  - Evaluate and report quarterly on the use of the Economic Development Funds and evaluate the projected uses and potential allocations of the Economic Development Funds in concert with the annual City Budget

Company Highlights

CivicPlus received the prestigious Governor's Award of Excellence in June 2016. The award recognizes Kansas businesses who have expanded, successfully recruited and retained employees, provided training and/or educational programs for employees, expended funds for capital investment, and supported local activities within their respective community[1]. There were 84 business nominees from across the state[2].

Manhattan Area Technical College was awarded $53,106 from the National Bio and Agro-Defense Facility's Think and Do Challenge. The award will be used to develop a bio-safety training program that will prepare students for work within the NBAF.

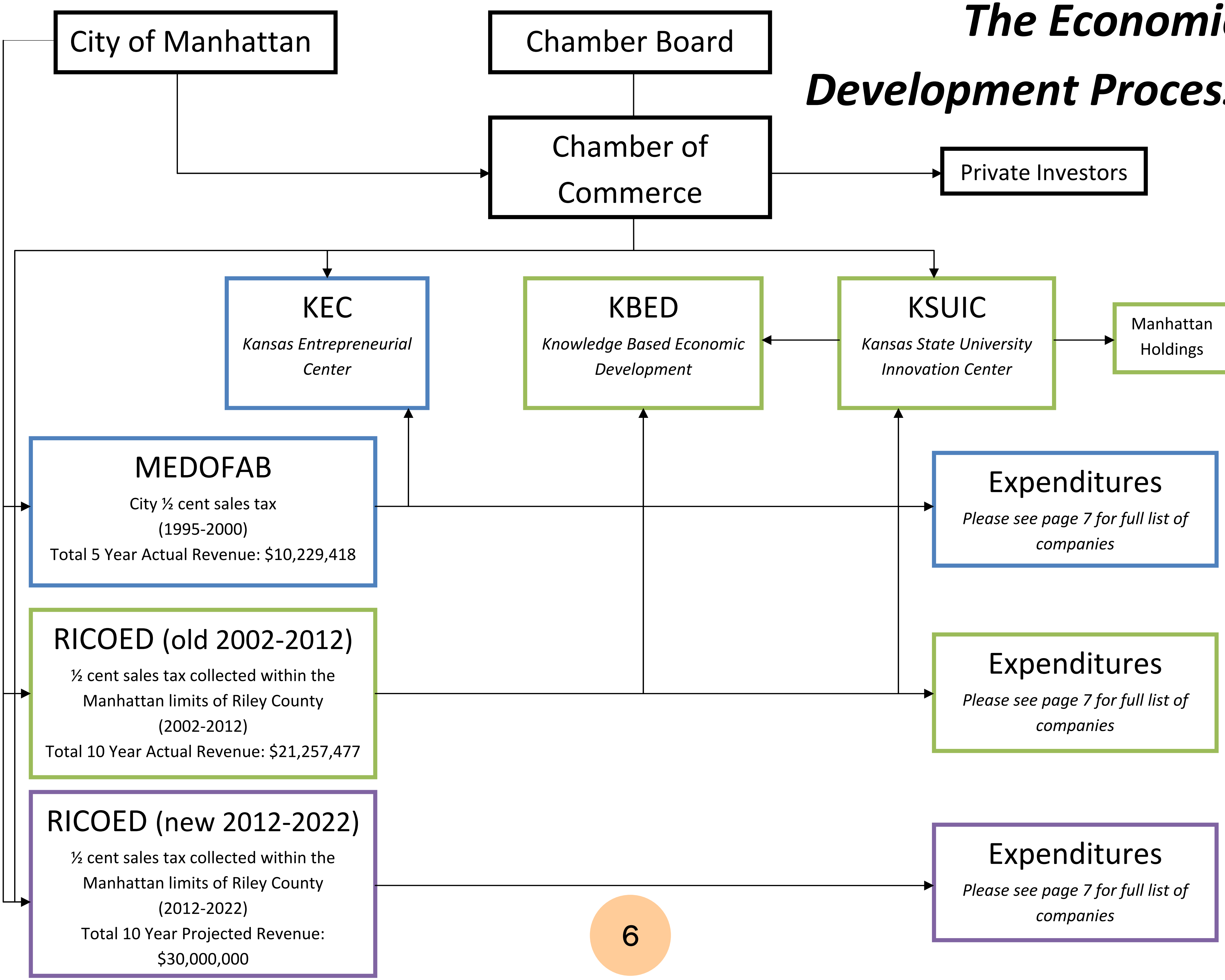
Continental Mills hired a new plant manager, Kurt Zimmer, following the retirement of long-time plant manager Brett Allison. Mr. Zimmer began his new position in May 2016.

GTM Sportswear produced 15,000 t-shirts for the Denver Broncos following the 2016 Super Bowl. GTM secured a contract with Nike to produce the shirts. They also printed products for the 2015 World Series Champions, the Kansas City Royals.

[1] Dawes, Cathy. "Civic Plus Receives State Award." *1350 KMAN,* 28 July 2016. Web. 28 July 2016

[2] "Business Appreciation Month Awards." *Kansas Department of Commerce*, Web. 28 July 2016.

The Economic Development Process



Company Incentives Balance Sheet as of June 30, 2016

Company	Total Funds Committed	Funds Expensed as of June 30, 2016	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**	**$149,500**	$119,000	-	$100,000	-	$4,000	**$73,500**	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**	**$554,784**	-	$250,000	-	$520,000	-	**$215,216**	2%
KSU Physics	**$112,500**	**$112,500**	$112,500	-	-	-	-	-	0%
Light Solutions	**$300,000**	**$300,000**	$50,000	$250,000	-	-	-	-	1%
Manko Windows	**$931,861**	**$931,861**	$931,861	-	-	-	-	-	2%
MEDOFAB Miscellaneous	**$1,029,482**	**$1,029,482**	-	-	-	-	$1,029,482	-	2%
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	**$300,000**	**$300,000**	$50,000	$250,000	-	-	-	-	1%
Sykes (Alorica)	**$3,085,000**	**$3,085,000**	$3,085,000	-	-	-	-	-	7%
TDM (Transportation Design & Manufacturing)	**$1,943,000**	**$1,943,000**	$1,525,000	$418,000	-	-	-	-	4%
TOTAL MEDOFAB	**$13,435,747**	**$13,147,031**	**$7,989,265**	**$2,239,000**	**$1,054,000**	**$1,120,000**	**$1,033,482**	**$288,716**	**31%**
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**	**$750,000**	-	-	$750,000	-	-	-	2%
CMS	**$502,938**	**$502,938**	-	$250,000	$250,000	-	$2,938	-	1%
Downtown Conference Center	**$1,500,000**	**$1,500,000**	$1,500,000	-	-	-	-	-	3%
Downtown Manhattan, Inc. [2]	**$135,000**	**$135,000**	$135,000	-	-	-	-	-	0%
Flint Hills Beverage	**$188,950**	**$139,420**	$188,950	-	-	-	-	**$49,530**	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**	4%
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 [5]	**$7,681,000**	**$5,655,964**	-	-	-	$7,681,000	-	**$2,025,036**	18%
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**	**$3,364,558**	-	-	-	-	$5,000,000	**$1,635,442**	12%
NISTAC [1]	**$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	**$22,124,790**	**$16,718,064**	**$2,633,950**	**$805,000**	**$1,771,000**	**$8,185,814**	**$8,729,026**	**$5,406,726**	**51%**
RICOED 2012-Present									
Tallgrass Brewing Company [3]	**$432,923**	**$320,423**	$180,000	-	$250,000	-	$2,923	**$112,500**	1%
Program Administration	**$2,049,790**	**$526,310**	-	-	-	-	$2,049,790	**$1,523,480**	5%
TOTAL RICOED 2012-Present	**$2,482,713**	**$846,733**	**$180,000**	-	**$250,000**	-	**$2,052,713**	**$1,635,980**	**6%**
INFRASTRUCTURE									
Shuss Road Improvements	**$57,156**	**$57,156**	-	-	-	-	$57,156	-	0%
North Campus Corridor Plan	**$339,000**	**$75,000**	-	-	-	-	$339,000	**$264,000**	1%
Marlatt & Denison Avenue Roadway Expansion Design	**$80,000**	**$0**	-	-	-	-	$80,000	**$80,000**	0%
Arbor Dr. Benefit District - City At-Large Portion	**$15,197**	**$15,197**	-	-	-	-	$15,197	-	0%
North Manhattan Avenue Corridor Design	**$67,287**	**$67,287**	-	-	-	-	$67,287	-	0%
N. Manhattan Expansion Phase I & II Construction	**$2,331,958**	**$88,223**	-	-	-	-	$2,331,958	**$2,243,735**	5%
Airport Terminal Design	**$87,400**	**$87,400**	-	-	-	-	$87,400	-	0%
Manhattan Urban Area Comprehensive Plan	**$205,000**	**$205,000**	-	-	-	-	$205,000	-	0%
Corporate Technology Park Special Assessments	**$673,564**	**$195,618**	-	-	-	-	$673,564	**$477,946**	2%
K-18 Local Match	**$1,243,000**	**$374,125**	-	-	-	-	$1,243,000	**$868,875**	3%
Claflin & Seth Child/K-113	**$65,211**	**$65,211**	-	-	-	-	$65,211	-	0%
Kimball Avenue & Candlewood Drive	**$30,900**	**$30,900**	-	-	-	-	$30,900	-	0%
US-24 & US-24 (East Poyntz) (Mall Entrance)	**$775**	**$775**	-	-	-	-	$775	-	0%
US 24 Highway and McCall Road Intersection Improvements	**$1,158**	**$1,158**	-	-	-	-	$1,158	-	0%
Eureka Business Park City-at-Large Portion	**$193,113**	**$77,000**	-	-	-	-	$193,113	**$116,113**	0%
TOTAL INFRASTRUCTURE	**$5,390,719**	**$1,340,050**	-	-	-	-	**$5,390,719**	**$4,050,669**	**12%**

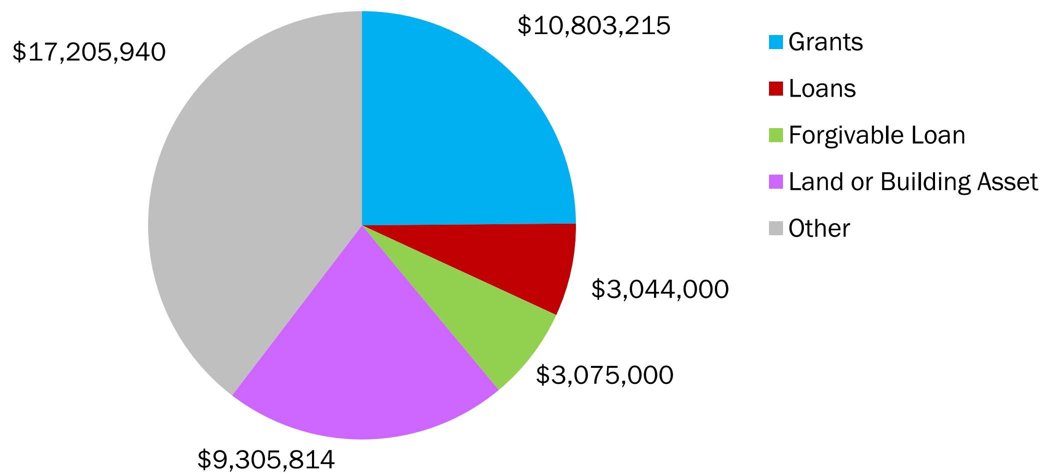
Total MEDOFAB	**$13,435,747**	**$13,147,031**	**$7,989,265**	**$2,239,000**	**$1,054,000**	**$1,120,000**	**$1,033,482**	**$288,716**	**31%**
Total RICOED 2002-2012	**$22,124,790**	**$16,718,064**	**$2,633,950**	**$805,000**	**$1,771,000**	**$8,185,814**	**$8,729,026**	**$5,406,726**	**51%**
Total RICOED 2012 - Present	**$2,482,713**	**$846,733**	**$180,000**	**-**	**$250,000**	**-**	**$2,052,713**	**$1,635,980**	**6%**
Total Infrastructure [4]	**$5,390,719**	**$1,340,050**	**-**	**-**	**-**	**-**	**$5,390,719**	**$4,050,669**	**12%**
Total for All Sales Tax	**$43,433,969**	**$32,051,878**	**$10,803,215**	**$3,044,000**	**$3,075,000**	**$9,305,814**	**$17,205,940**	**$11,382,091**	**100%**

***Please note that the above chart is not a complete list of expenditures for each sales tax. It is meant to highlight companies that have received funding as well as Infrastructure projects.**

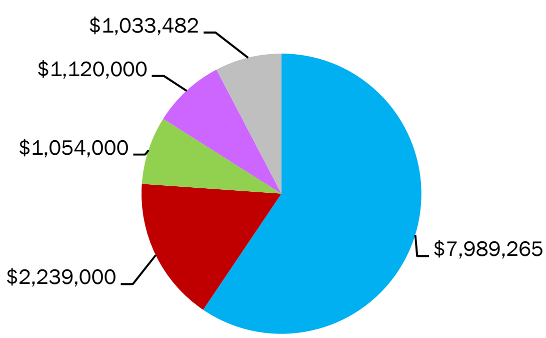
[1] NISTAC changed their name to KSU-IC
[2] Allocated annually at the discretion of the governing body
[3] Tallgrass Brewing Company agreement adopted in 2014
[4] Total Infrastructure includes projects from 2015 as well as any projects that have been expensed as of June 30, 2016
[5] This amount is an adjustment from the 2014 report. The actual amount expensed as of June 30, 2016 is $5,655,964

Company Incentive Breakdown by Funding Source

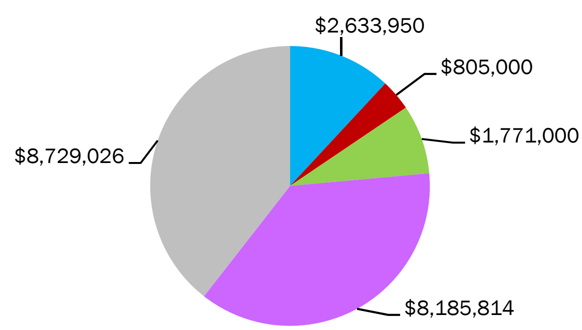
SUMMARY: ALL SALES TAX



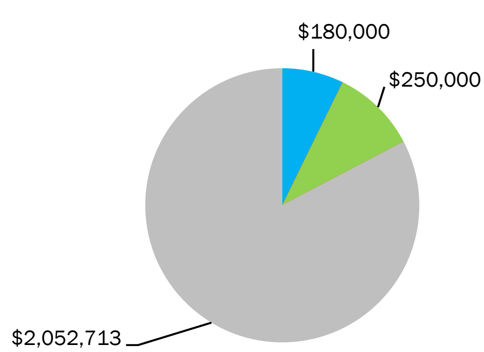
MEDOFAB



RICOED 2002-2012 ("Old")

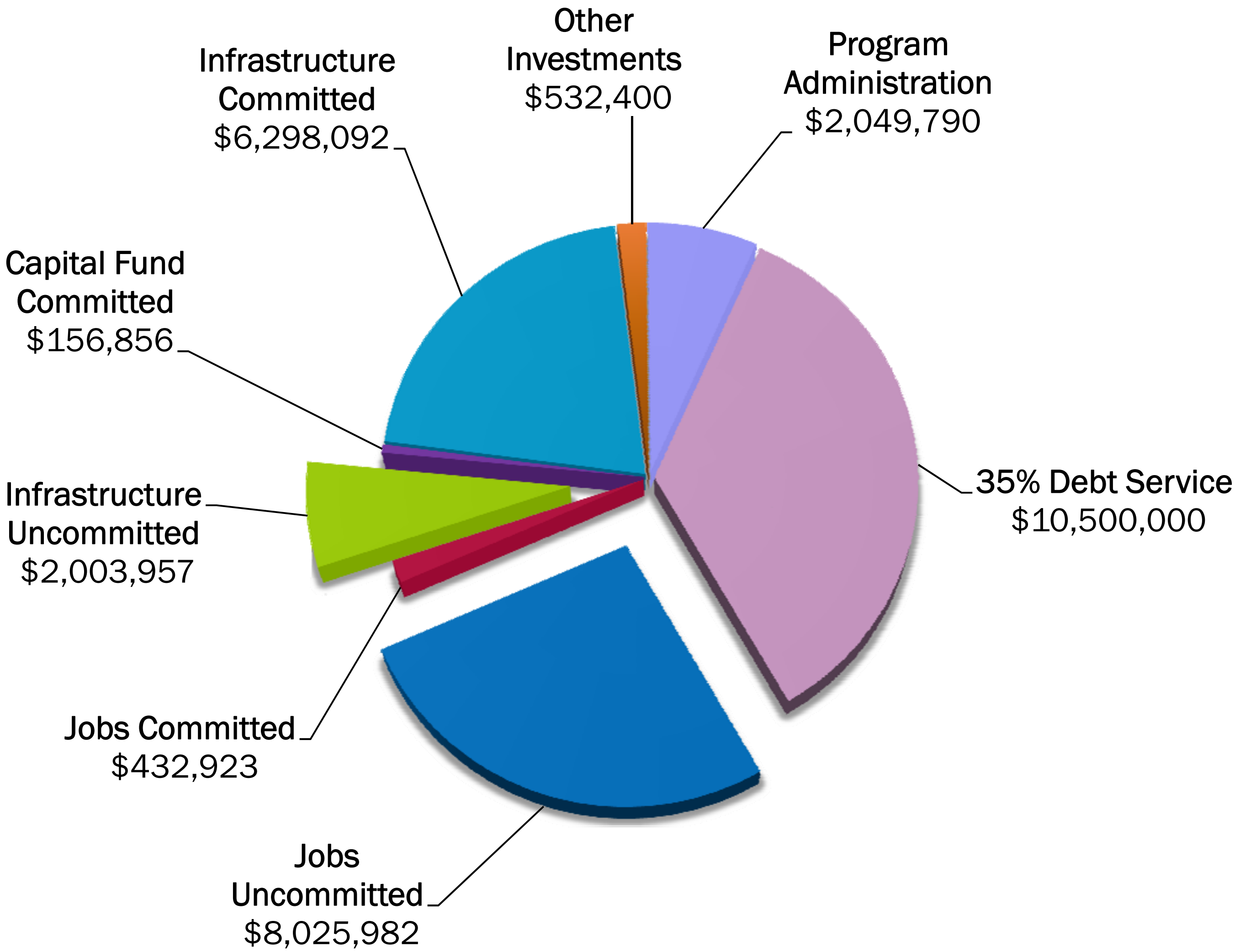


RICOED 2012-2022 ("New")



Forecasted Economic Development Funds

RICOED 2012-2022

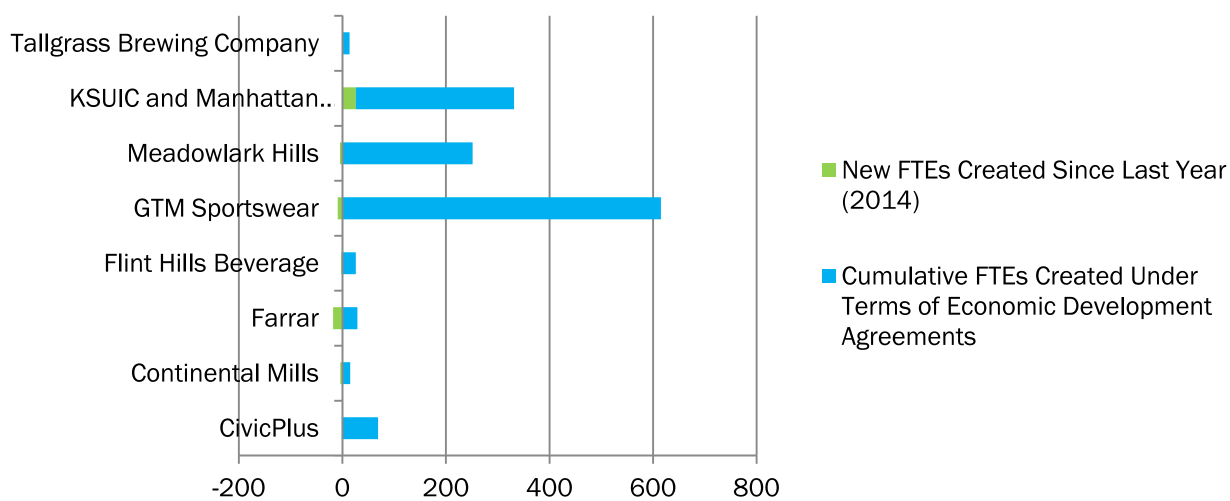


Total Revenue for 10-Year Sales Tax = $30,000,000

Note: Figures above include amounts expensed or forecasted as of August 31, 2016.

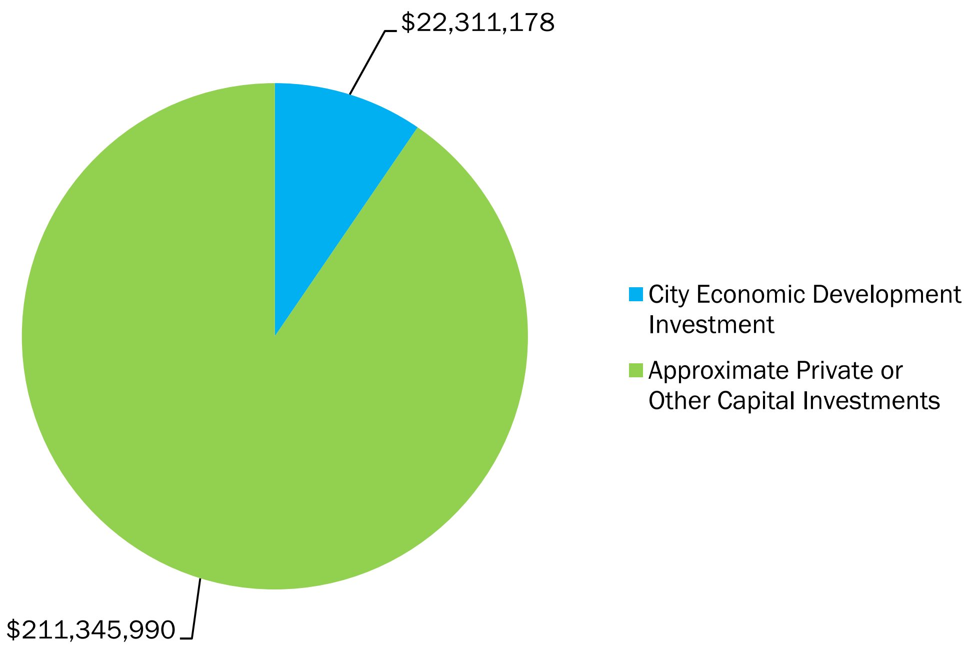
Job Creation by Monitored Companies with an Active Agreement

Companies	New FTEs Created Since Last Reporting Period	**Target** FTEs	**Actual** FTEs	Percentage (%) of Jobs Created Over Projection
MEDOFAB				
Continental Mills	(4)	12	15	25%
Farrar	(18)	50	29	(42%)
GTM Sportswear	(9)	641	615	(4%)
Manko	---	108	206	91%
Subtotal	**(31)**	**811**	**865**	**6%**
RICOED 2002-2012				
CivicPlus	(2)	62	69	11%
Flint Hills Beverage	(2.5)	24.5	26	6%
Meadowlark Hills	(5)	245	251	3%
NISTAC and Manhattan Holdings	26	213	306	43%
Subtotal	**16.5**	**545**	**652**	**20%**
RICOED 2012-2022				
Tallgrass Brewing Company	(1)	8	14	75%
Total All Sales Tax	**(15.50)**	**1,364**	**1,531**	**12%**



Public vs. Private Investment

***Without including full NBAF Investment**

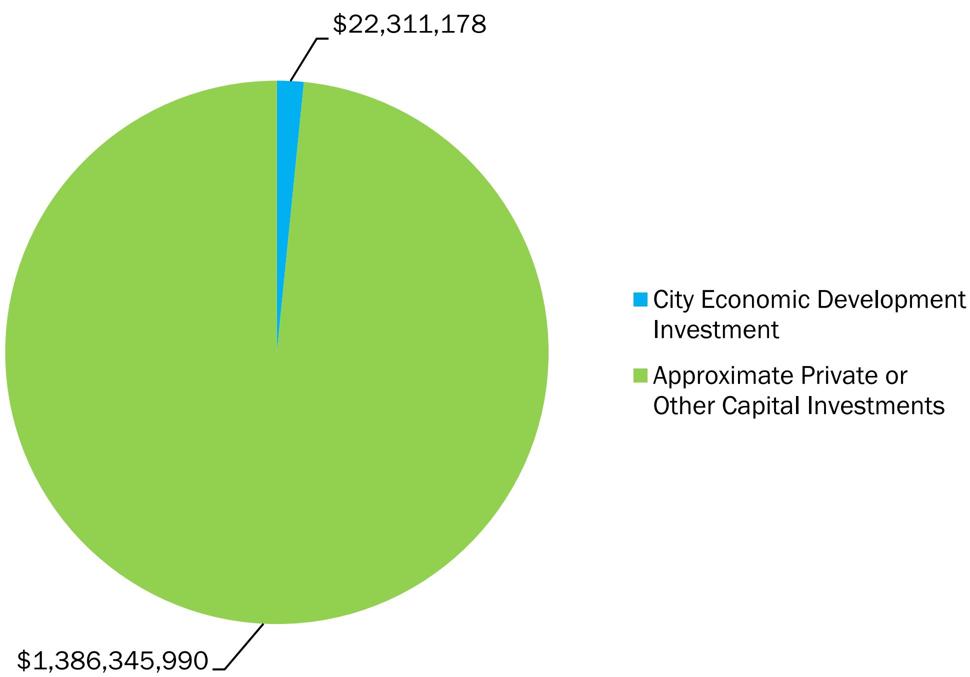


For every **$1** the City invested in economic development, approximately **$9.47** was leveraged by the private sector or other investments.

This is a $.37 increase from $9.10 in 2014.

Public vs. Private Investment

*** Including full NBAF Investment**



Including the planned $1.25 billion investment in the NBAF, for every **$1** the City invested in economic development, approximately **$62.14** 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, 2015	Approximate Private or Other Capital Investments	Total Investment
MEDOFAB			
Continental Mills	$223,000	$3,487,321	$3,710,321
Farrar Corporation	$1,100,000	$4,000,000	$5,100,000
GTM Sportswear	$800,000	$23,058,292	$23,858,292
Kansas Entrepreneurial Center	$770,000	$958,286	$1,728,286
Subtotal	**$2,893,000**	**$31,503,899**	**$34,396,899**
RICOED 2002-2012			
CivicPlus	$750,000	$11,234,105	$11,984,105
Downtown Conference Center	$1,500,000	$13,000,000	$14,500,000
Downtown Manhattan, Inc	$135,000	$257,553	$392,553
Flint Hills Beverage	$188,950	$3,058,197	$3,247,147
Florence Corporation	$872,435	$22,107,149	$22,979,584
Manhattan Area Technical College	$366,500	$528,214	$894,714
Manhattan Holdings	$600,000	$1,670,000	$2,270,000
Manhattan/K-State Innovation Center	$7,681,000	$2,731,000	$10,412,000
Meadowlark Hills	$750,000	$40,960,699	$41,710,699
Regional Jet Service	$1,141,370	$3,349,000	$4,490,370
NBAF	$5,000,000	$75,000,000	$80,000,000
Subtotal	**$18,985,255**	**$173,895,917**	**$192,881,172**
RICOED 2012-2022			
Tallgrass Brewing Company	$432,923	$5,946,174	$6,379,097
TOTAL	**$22,311,178**	**$211,345,990**	**$233,657,168**

***Not all companies listed above provided an updated approximate amount of private or other capital expenditures for 2015. In that case, the most recent data available was used. The NBAF amounts are used as a placeholder. The actual current cost estimate of this facility is $1.25 billion. If the NBAF amounts were included, the ratio would jump to 1:62.*

Annual Audit Compliance Allowance

The annual audit compliance allowance was added to the 2013 report as a way to allow for the possibility of defaulted loan payments. The allowance is calculated if the two (2) factors below are met:

1. **A company has forgivable and/or conventional loans as part of their economic development agreement**
2. **These loans are a *liability* to the City – they are amortized and paid back over time**

The annual audit compliance allowance for each company is calculated as **10%** of the amortized loan payment on a yearly basis. The allowance is **for reporting purposes only.** The amount that is listed below is for the most recent loan due date.

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

Company	Type of Loan	Amortized Loan Payment (includes Principal & Interest, where applicable)	Annual Audit Compliance Allowance
Continental Mills	Forgivable	**$14,587**	**$1,459**
GTM Sportswear	Forgivable	**109,127**	**10,913**
CivicPlus	Forgivable	**108,004**	**10,800**
Manhattan Area Technical College	Forgivable	**29,100**	**2,910**
Manhattan Area Technical College	Conventional	**10,700**	**1,070**
Meadowlark Hills	Forgivable	**64,116**	**6,412**
Tallgrass Brewing Company	Forgivable	**31,750**	**3,175**
Total	**---**	**$367,384**	**$36,739**

1994-1998 MEDOFAB

Actively Reporting Company Summaries

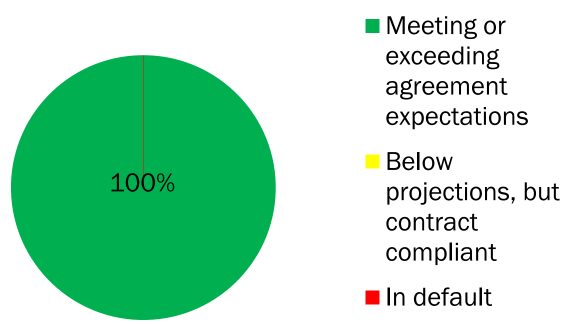
On November 8, 1994, the voters of the City of Manhattan approved a one-half cent sales tax for a four-year period commencing in January 1995. This tax revenue was pledged for economic development initiatives benefitting the City. Ultimately the special sales tax generated revenues of approximately $11 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.

Below each company in the following section, is a chart which indicates the company's overall performance for the most recent reporting year. Each company submits their data for one of the following year end dates: December 31, May 31, or June 30.

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 who spent over $3.4 million for new equipment and building modifications to move operations to Manhattan. 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 $45,500 for the performance grant, as Continental Mills has created 26 new FTEs above the initial 12 as of their 2015 Accountability Report.

Compliance Category	Target	Actual	Compliance Percentage
		as of May 31, 2016	
Job Creation	12	15	100%
Capital Expenditures	**$1,450,000**	**$3,487,321**	**202%**
Wage Structure	$46,818 - minimum salary $15.15 - minimum hourly	*Company certified that all salaried and hourly employees earn the minimum target wage*	100%
Employee Benefits	**Company to pay 80% of the premium cost of standard medical insurance** **Provide a minimum of 15 paid days off**	***Company pays 96% of the cost of coverage for standard medical insurance, and all employees receive 15 days of paid leave for the first year***	**120%**

Blended Compliance Percentage = 131%

■ **GTM Sportswear** used an $800,000 forgivable loan to expand its custom embroidered and screen-printed sportswear business. The company currently has over 600 employees and has made capital investments totaling almost $24 million.

Compliance Category	Target	Actual	Compliance Percentage
		as of December 31, 2015	
Job Creation	641	615	96%
Capital Expenditures	**$17,950,000**	**$23,058,292**	**128%**
Wage Structure	Category A: 75% of FTEs must earn between $10.69-$13.10 per hour Category B: 25% of employees must earn $13.11+ Total compliance is a blended percentage of Category A and Category B	*Category A compliance is 86%; Category B compliance is 420% Total blended compliance for this category is 253%*	253%
Employee Benefits	***Company to participate in the cost of medical insurance, life insurance, and provide paid vacation and holidays***	***GTM certified that they meet the target criteria***	**100%**

Blended Compliance Percentage = 144%

■ **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. The facility currently houses 12 full-time employees and 17 seasonal/part-time employees.

■ **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. The City also received returns in subsequent years of $50,000 in 2011, $119,751 in 2012, $53,646 in 2013, $403,978 in 2014, and $56,482 in 2015. These returns total $821,514, which results in a profit if $221,541. The Fund is managed by the Kansas State University Institute for Commercialization (KSUIC) and has a portfolio of investments with additional returns expected. The median annual income of new direct jobs created by Manhattan Holdings is $67,200.

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2002-2012 Roads and Jobs

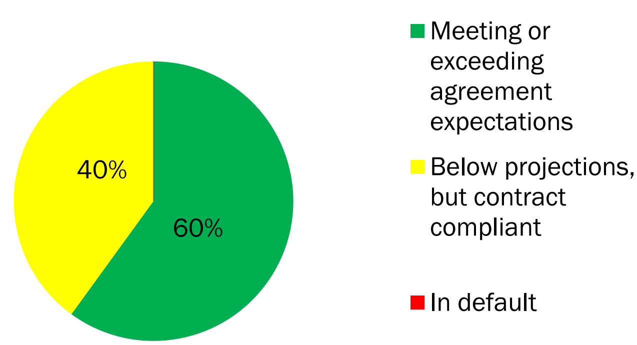
Actively Reporting Company Summaries

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 in 2014 completed a new $9 million headquarters facility in downtown Manhattan. 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.

Compliance Category	Target	Actual	Compliance Percentage
	as of December 31, 2015		
Job Creation	62	69	111%
Capital Expenditures*	**$8,850,000**	**$11,234,105**	**100%**
Wage Structure	Average Salary: $47,336 Minimum Hourly: $12.61	*Average Salary: $55,910* *Minimum Hourly: $12.00*	117%
Employee Benefits	***Company to participate in at least 60% of the cost of medical insurance, and provide at least 15 paid leave days per year***	***Company participates in 60% of the cost of medical insurance, and provides 15 paid leave days per year***	**100%**

Blended Compliance Percentage = 107%

**Per the terms of the agreement, CivicPlus has already met the Capital Expenditure target. For all future years, the compliance percentage will remain at 100%.*

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 28.5 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 2013 adding to their existing operations.

Compliance Category	Target	Actual	Compliance Percentage
		as of December 31, 2015	
Job Creation	24.5	26	106%
Capital Expenditures*	**$2,675,000**	**$2,675,000**	**100%**
Wage Structure	95% of employees hired after January 1, 2015 must receive wages in excess of $12 per hour	*The newest employee received a wage of $14.42*	100%
Employee Benefits	***Company to participate in the cost of medical insurance, life insurance, and provide paid vacation and holidays***	***FHB has certified that it participates in an employee benefits package that includes medical insurance, life insurance, paid vacation and holidays***	**100%**

Blended Compliance Percentage = 102%

**Per the terms of the agreement, Flint Hills Beverage has met the Capital Expenditure target as of December 31, 2006. For all future years, the compliance percentage will remain at 100%.*

Kansas State University Institute for Commercialization 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. The current balance of this loan is $22,500. Their goal is to create 213 jobs by 2017 and have created 200 to date.

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. All loan payments have been made on time. In July 2016, the City Commission approved a third amendment to MATC's original agreement which provides an additional $300,000 second forgivable loan to finance modular units to be used for additional classroom space.

Compliance Category	Target	Actual	Compliance Percentage
	as of June 30, 2016		
Capital Investment	Final completion of laboratory building, general instruction building, faculty office and resource building, and 100-stall surface parking lot	Each project is 100% complete	100%
Workforce Development	**170 students completing an eligible course**	***90 students completed an eligible course***	**53%**
Local Retention	*50% of students reported for the Workforce Development category are employed within the City of Manhattan and/or Riley County*	*27 of the 90 students listed above are employed locally*	60%

Blended Compliance Percentage = 71%

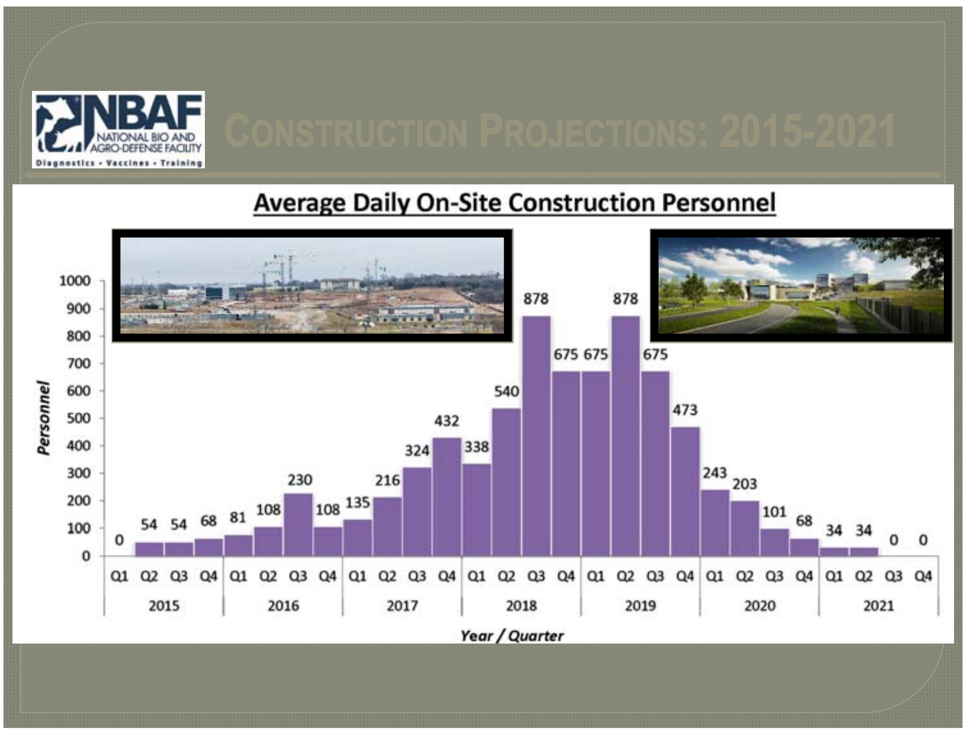
■ **Meadowlark Hills** is a large retirement community offering a full continuum of care to allow residents to live as independently as possible. The City awarded a $400,000 forgivable loan and a $350,000 conventional loan to assist with a $34 million facilities expansion. The company has over 256 employees and is compliant in all performance categories.

Compliance Category	Target	Actual	Compliance Percentage
	as of December 31, 2015		
Job Creation	245.25 total FTEs	251.44 total FTEs	103%
Capital Expenditures	**$23,750,000**	**$40,960,699**	**100%**
Wage Structure	Average hourly wage of $17.22	*Average hourly wage of $17.26*	100%
Employee Benefits	***Company to participate in the cost of medical insurance, life insurance, and provide paid vacation and holidays***	***Company has certified that they participate in the cost of medical insurance, life insurance, and provide paid vacation and holidays***	**100%**

Blended Compliance Percentage = 101%

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 $3.4 million to relocate water, gas, and electric utilities from the site. The Central Utility Plant (CUP) is essentially complete, and foundation work has begun on the NBAF building. The City's contribution was an essential part of the coordinated statewide recruitment effort. The $1.25 billion project is expected to create 350 jobs. The NBAF is expected to be fully operational by 2023 or 2024.



Notes on 2002-2012 RICOED Section:

- *The **NBAF** does not have an economic development agreement with the City. Funding is provided to offset costs related to infrastructure, building, and general site improvements at their location.*

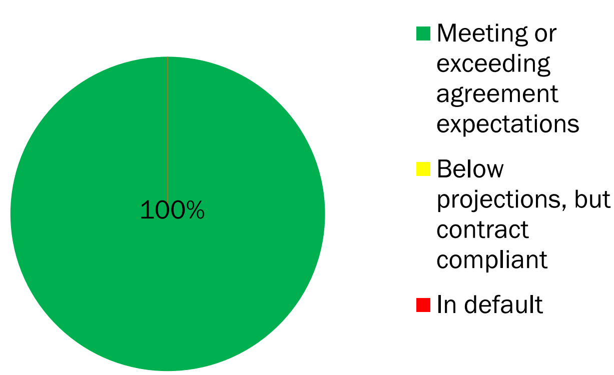
2012 to 2022 - Roads and Jobs

Actively Reporting Company Summaries

The 2012 to 2022 Roads and Jobs sales tax is a renewal of the 2002 to 2012 sales tax approved by voters in November 2012. Currently, only one (1) company (Tallgrass Brewing Company) receives funding under the renewed sales tax.

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

Roads and Jobs (RICOED) Sales Tax Graphical Summary



Tallgrass Brewing Company is engaged in the business of brewing craft beer with efficient equipment technology to maximize productivity. Tallgrass currently distributes to 13 states in the mid-west with saturated concentration in large metropolitan areas. They are projecting to double their capacity and revenue in 2015 based upon current demand for the product. During 2014 and 2015, Tallgrass expanded their production into a new facility at 5960 Dry Hop Circle, which will give them approximately 48,000 additional square feet to increase production capacity.

Compliance Category	Target	Actual	Compliance Percentage
	as of December 31, 2015		
Capital Investment in Acquisition of the Premises	Acquire premises and filed properly executed Warranty Deed by December 31, 2014	Company has provided a copy of the filed Warranty Deed	100%
Capital Investment in Renovation and Equipment	**$3,200,000**	**$5,946,174**	**100%**
Net New Job Creation	8	*14*	100%
Wage Structure and Benefits Package	***25% of employees earn at least $20.50 per hour*** ***75% of employees earn at least $13.33 per hour*** ***Participate in at least 60% of the premium cost of health insurance***	***37% of employees earn at least $20.50 per hour*** ***77% of employees earn at least $13.33 per hour*** ***Certification provided that Tallgrass participates in at least 60% of the premium cost of health insurance***	**100%**

Blended Compliance Percentage = 100%

Infrastructure Improvements

Updates from 2014 Report:

K-18: Airport Interchange

2015 Funds Expensed: $124,125

Future Commitment: $868,875

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.

North Manhattan Ave Corridor

2015 Funds Expensed: $0

Future Commitment: $2,243,735

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 (Kimball Avenue to Research Park Drive) 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 which was expensed in 2013. Construction began in summer 2015 and was completed in fall 2015. General obligation bonds are scheduled to be issued in May 2018 to finance these improvements, with the annual debt service payments being made from the economic development fund. The first debt service payment is scheduled for 2018.

New in 2015:

North Campus Corridor Plan

2015 City Economic Development Funds Expensed: $75,000

Future Commitment: $264,000

Approximate Funds Expensed by Kansas State University: $405,756

The North Campus Corridor Plan began in 2015 ahead of expected growth in the area of North Manhattan Avenue, Kimball Avenue, Denison Avenue, and College Avenue as a result of the National Bio and Agro-Defense Facility (NBAF). The City is partnering with Kansas State University to complete this plan. The purpose is to develop a conceptual master plan for the area. When the NBAF becomes fully operational in 2022 or 2023, it will most certainly require street and infrastructure improvements to the immediate area. The North Campus Corridor Plan will be used by the City and Kansas State University to plan for future projects and expenditures in this area.

The projects listed in this section are merely highlights and are by no means a comprehensive listing of projects funded by Infrastructure dollars.

Appendix A

MANHATTAN ECONOMIC DEVELOPMENT OPPORTUNITY FUND

ACCOUNTABILITY CHECKLIST

Company: Continental Mills **Date of Review:** July 2016

Report for year ending: May 31, 2016

Reviewed By: Courtney Kramer, Financial Analyst

Company Representatives: Kurt Zimmer, Plant Manager

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.

Continental Mills moved the production of Wild Roots trail mixes from Oklahoma to the Manhattan plant in 2013. The relocation required a minimum of $1.45 million of capital investments for new equipment and building modifications to seal off trail mix production from wheat germ production. The exact amount invested in the move is detailed in Section 2 below.

The 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 was paid upon execution of the economic development agreement in April 2013, and the second installment was paid when the company certified they had created at least 12 new full-time equivalent (FTE) jobs in January 2014.

The package also involves a performance grant of $1,750 per job for every new FTE position that is created above the baseline of 12. The performance grant is available for up to 68 positions and has a total maximum value of $119,000. Through the 2015 reporting year, the company has received payment for creating 26 new FTEs (with a dollar value of $45,500). 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.

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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.

Summary Table of FTE Creation

1	Base Number as of February 1, 2013	19
2	FTEs as of May 31, 2014	34
3	FTEs as of May 31, 2015	38
4	FTEs as of May 31, 2016	34
5	**Total FTEs created under agreement: February 1, 2013-May 31, 2016 (Line 4 minus Line 1)**	**15**
6	**Total FTEs created during reporting year: May 31, 2015-May 31, 2016 (Line 4 minus Line 3)**	**(-4)**

Job Creation Compliance Percentage: 100%

**Note: Compliance Percentage is deemed 100% if the company exceeds the target number of FTEs.*

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 = $3,487,321
Target Expenditure = $1,450,000

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

2014:		
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
	2014 TOTAL	$2,923,751
2015:		
Additional work on front office expansion		$94,966
Two (2) new forklifts		$64,020
Trail mix area improvements		$109,856
Trail mix area flooring upgrades		$60,543
Parking lot refurbishment		$38,300
Fencing upgrades		$14,250
New air compressor		$55,246
Signage/landscaping		$29,515
Refer trailers and dock doors		$96,874
	2015 TOTAL	$563,570
	TOTAL	**$3,487,321**

Capital Investment Expenditures Compliance Percentage : 202%

***Note: Section 3.3(d) of the agreement states that the compliance percentage for the Capital Investment category "as of June 30, 2014, shall be used to determine the blended compliance percentage in subsequent reporting years."*

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 $16.07, and the minimum salaried position is paid $62,700.

Actual Minimum Salaried Position	$62,700
Salary Target	$46,818
Actual Minimum Hourly Position	$16.07
Hourly Target	$15.15

The Wage Structure compliance percentage is calculated at 100%, due to the note listed below. 100% of employees are earning above the minimum salaried and hourly rates.

Wage Structure Compliance Percentage: 100%

*** Note: The compliance percentage is calculated by dividing the actual cumulative FTEs that are compensated with an annual salary at or above the target by the total number of actual cumulative FTEs.*

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 the Company budgets $975 per month for employee benefits, and the employee pays $35 per month. 96% of coverage is being 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. Dividing the 96% coverage by the 80% target, this comes out to 120% compliance for the Employee Benefits category.

Employee Benefits Compliance Percentage: 120%

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TOTAL COMPLIANCE

Capital Investment: 202%
Job Creation: 100%
Wage Structure: 100%
Benefits: 120%

Blended Compliance Percentage = 131%

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%

2016 Financial Summary

Receivables (Forgivable Loan):			
Amortized Forgivable Loan Payment Amount (due July 1, 2016)	Less: Amount Forgiven	2016 Amount Payable to City	2016 Annual Audit Reserve Amount
$14,587 *	**$14,587**	**$0**	**$1,459 ******

Payables (Performance Grant):			
Eligible FTE Positions Created during the Reporting Year	Amount Per Eligible FTE	2016 Amount Disbursed to Company	Remaining Balance***
0	**$1,750**	**$0**	**$73,500**

** Amount includes interest.*
***The Annual Audit Reserve amount is calculated as 10% of the amortized forgivable loan payment.*
**** The Remaining Balance of the Performance Grant is 42 FTE positions.*

MANHATTAN ECONOMIC DEVELOPMENT OPPORTUNITY FUND

ACCOUNTABILITY CHECKLIST

Company: GTM Sportswear **Date of Review:** February 2016

Report for year ending: December 31, 2015

Review Team: Courtney Kramer, Financial Analyst

Company Representatives: Dave Dreiling – Owner/CEO, Adam Glendening – 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 (Team wear, staff apparel, boosters, etc), corporate apparel, promotional products and collegiate retail. Within these markets are dozens of subset markets in which the company has developed specialized niches. In 2014 GTM implemented a new ERP software that will allow the company to not only maintain its outstanding customer service but also to provide multiple products and designs to outfit all teams and sports throughout the world. GTM's new Ultra-Fuse department that was launched in 2013 is also expected to grow revenues from $1.5MM in 2013 to $4.5MM in 2014 and $7MM in 2015. GTM still remains active in providing career employment opportunities to Kansas State University students as they currently employ over 100 graduates.

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 and four general performance areas: Job Creation, Capital Investment, Wage Targets, and Employee Benefits.

Local Community Involvement: GTM Sportswear has long been involved in the community in many capacities. In 2014, the company donated over $100,000 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 as well as donations to KSU CBA

Building renovations. More recently GTM has donated over $500,000 to Kansas State University for the West Stadium and College of Business Administration renovations.

ANNUAL PERFORMANCE METRICS

1. PRIVATE OR OTHER CAPITAL INVESTMENTS

Actual Capital Investment Expenditures and Time Period:

$$\frac{\text{Actual Expenditures}}{\text{Target Expenditures}} = \frac{\$23,058,292}{\$17,950,000} = 128\% \text{ Compliance Percentage}$$

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

Private or Other Capital Investments Compliance Percentage: 128%

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2. NET NEW JOB CREATION

Work Hours Paid January 1, 2015 through December 31, 2015	1,229,049
Equivalent Individual Annual Hours	2,000
Equivalent Headcount as of 12/31/2015*	615
Goal	641

Compliance = $$\frac{\textbf{Equivalent Headcount as of 12/31/2015 = 615}}{\textbf{Goal = 641}} = \textbf{96\%}$$

(Net New Job Creation, continued)
Targets:

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

Net New Job Creation Compliance Percentage: 96%

3. WAGE STRUCTURE

As stated in subsection 5(d) of the agreement:
"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 01/01/15 through 12/31/15 =	275
Total New FTE from 01/01/15 through 06/30/15=	76
Total work hours paid from 01/01/15 through 12/31/15=	1,229,049
Equivalent Headcount=	615
Hours paid below $9.99*=	199,404
Equivalent Headcount=	100
Hours paid between $9.99 and $10.68*=	100,578
Equivalent Headcount=	50

**not pertinent to calculation; for informational purposes only*
(Wage Structure, continued)

Category A:

Hours paid between \$10.69 and \$13.10=	353,529
Equivalent Headcount=	177

Category B:

Hours paid at \$13.11 or more=	575,538
Equivalent Headcount=	288

% paid below \$9.99 =	16%
% paid between \$10.69 and \$13.10 (Category A) =	29%
% paid at \$13.11 or more (Category B) =	47%

Compliance

Category A $\frac{177}{275} =$ 64% $\frac{64\%}{75\%} =$ 86%

Category B $\frac{288}{275} =$ 105% $\frac{105\%}{25\%} =$ 420%

Total Compliance = (86% + 420%) ÷ 2 = 253%

Wage Structure Compliance Percentage: 253%

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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.

Certifications Provided: In a letter from Adam Glendening, CFO, dated January 28, 2016, GTM certifies that they provide the following benefits to employees: Meritain (2 plans), Delta Dental, VSP Vision Coverage, voluntary insurance, health savings and flexible spending accounts, 401K after 60 days of employment at open enrollment with 100% match on the 1% and 50% match on the next 5% of defarrals (max of 3.5%), six paid holidays, two weeks paid vacation for the initial five years with growth thereafter, and profit sharing.

Employee Benefits Compliance Percentage: 100%

TOTAL COMPLIANCE

Capital Investment:	128%
Job Creation:	96%
Wage Structure:	253%
Benefits:	100%

Blended Compliance Percentage = 144%

Company will receive 100% of incentives

Blended Percentage Range	Portion of each of the Incentives to be Received	Annual Audit Reserve
Equal to or greater than 85%	**100%**	
Equal to or greater than 80% and less than 85%	80%	$10,913 **
Equal to or great than 70% and less than 80%	70%	
Equal to or greater than 50% and less than 70%	50%	
Less than 50%	0%	

2015 Financial Summary

Amortized Forgivable Loan Payment Amount	Less: Amount Forgiven	2015 Amount Payable to City	2015 Annual Audit Reserve Amount
NA	**NA**	**$0**	**NA**

The final loan payment was forgiven per the compliance letter dated February 9, 2015. The forgivable loan balance is $0.00.

MANHATTAN ECONOMIC DEVELOPMENT OPPORTUNITY FUND

ACCOUNTABILITY CHECKLIST

Company: Kansas Entrepreneurial Center (KEC) **Date of Review:** July 2016

Report for year ending: June 30, 2016

Review Team: 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.

KEC Status Report

GENERAL

Property Taxes Paid in 2015:	$23,262
Occupancy Rate:	Over 85% of the building is occupied by five tenants: (1) Food Safety Systems, a global consulting firm that provides safety solutions for food companies; (2) TopJobZ, a firm focused on medical employment placement; (3) NEON – the National Ecological Observatory Network, a private company that receives funding from the National Science Foundation. (4) MediVet – animal diagnostic research In addition, Extru-Tech leases an outbuilding for testing extrusion equipment and has made significant leasehold improvements to the space. NEON has invested over $170,000 in leasehold improvements that will stay with the facility; the KEC's portion was about $37,500.
Estimated Number of Jobs:	The facility currently houses 12 full-time employees and 17 seasonal/part time employees. In addition Extru-Tech routinely employs temporary local labor to assist with projects.
Average Wages:	The current average salary for full-time 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 and common area maintenance (variable) Outbuilding - $3.75 per square foot + $350 stipend for utilities and common area maintenance (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 lab space, roof, HVAC, windows, alarm system, and renovations to the paint and carpeting. Monthly rent for the facility is $9,100/month, which puts the facility in a positive cash flow position. Monthly expenses for taxes, maintenance, insurance, utilities, etc. average $7,000. Over $440,000 has been invested in upgrades. After these investments, the building maintenance fund now has a balance of over $141,000.

Extru-Tech continues to make significant leasehold improvements to one of the facility outbuildings to facilitate proper operation of the equipment. This work cost approximately $80,000.

The appraised value of the 1500 Hayes Drive location is over $767,000.

ACCOUNTABILITY CHECKLIST

Company: Manhattan Holdings, LLC **Date of Review:** August 2016

Report for year ending: June 30, 2016

Review Team: 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.

RETURN OF CAPITAL:

In May 2014, the City received a distribution that fully returned their initial $600,000 investment.

Since then, the City received an additional return, or profit, in the amount of $221,514. Additional distributions are anticipated.

Manhattan Holdings, LLC Status Report

GENERAL	
1. Total jobs created as of June 30, 2016.	KSUIC and Manhattan Holdings report their job creation figures together. Cumulatively, they have created 305.5 FTE.
2. Number of new direct jobs created during year per business venture.	The FTE count is up 26 FTE from the last report.
3. Median annual income of new direct jobs created during year.	Average annual salary is $67,200.
4. Company's total payroll for FY2016 (June 30, 2016) 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 $20.5 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:	
1. 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. This disbursement represented the City's share of returns from liquidations of a MH investment in FoodLabs, Inc. Between April 2011 and May 2014, additional distributions to the City of $462,343 were made as a result of the investments in NutriJoy and ICE Corp., thereby resulting in the total return of the City's $600,000 investment in MH. Additional subsequent distributions to the City in 2014 and 2015 totaled $221,514.

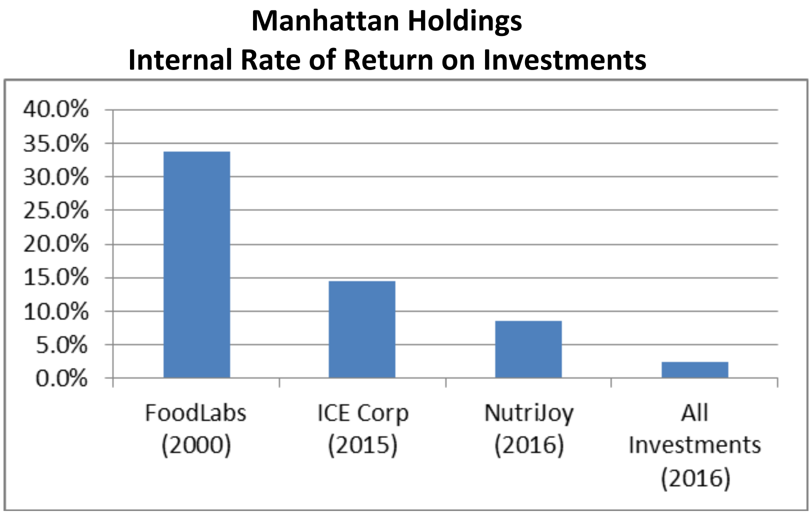
2. Investment reports.	MHL held equity interest (at cost) in the following entities at June 30, 2016: • AgRenew, Inc. - $25,000 • Ventria - $200,000 • Nitride Solutions, Inc. - $75,000 • ScavengeTech LLC - $110,250 The City's fund represents 1/3 of the overall investment funds.
3. Financial Statements.	The FY2015 tax return, FY2015 independent auditor's report, and FY2016 pre-audit balance sheet were provided and are on file.
4. Two (2) year projection of investment funds needed.	At this time, Manhattan Holdings has approximately $211,818 in a single Money Market account. At current interest rates, the earnings are not significant. Member representatives meet annually in the Fall to discuss cash needed for investments and distribution.
5. 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.

The success of FoodLabs, ICE Corporation, and NutriJoy resulted in the return of the Class A Members initial investment by May 2014, a total of $1,800,000. The City's portion of that return was $600,000. Since then, Class A members have received additional distributions totaling of $664,542. The City's portion of those distributions totaled $221,514. To date, the City has received $821,514 on its initial investment of $600,000.

The following chart summarizes the City's internal rate of return on FoodLabs, ICE Corp, and NutriJoy, in particular, and an overall return on all investments.


Manhattan Holdings
Internal Rate of Return on Investments
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
FoodLabs (2000)
ICE Corp (2015)
NutriJoy (2016)
All Investments (2016)

MANHATTAN ECONOMIC DEVELOPMENT OPPORTUNITY FUND

ACCOUNTABILITY CHECKLIST

Company: CivicPlus **Date of Review:** February 2016

Report for year ending: December 31, 2015

Review Team: Courtney Kramer, Financial Analyst

Company Representatives: Ward Morgan - CEO, Brian Rempe – President, Becky Holt – Controller

Goal of Company: CivicPlus brings tailored technology and deep local government expertise together in a powerful way to deliver thoughtful solutions that improve the dynamics between people, process and structure. Over the past 15 years, CivicPlus has partnered with over 2,000 local government clients to help them connect with citizens in more meaningful ways. In the last four years, CivicPlus clients have been honored with more than 290 top website awards.

CivicPlus has been included on the Inc. 5000 list of fastest growing private companies for 5 years in a row, from 2011-2015. CivicPlus has also been named as one of the Achievers 50 Most Engaged Workplaces, a Great Place to Work by the Great Place To Work Institute, and was awarded the Alfred P. Sloan Award for Excellence in Workplace Effectiveness and Flexibility.

CivicPlus has achieved consistent growth over the last several years, increasing gross revenues 60% over the period of 2012-2015, while a 30% increase in gross revenues is projected for 2016. The client base has grown by 452% since 2008, despite the Great Recession, which is indicative of the strong products and value offered by the company. In September 2014, the company relocated to a new multi-story facility at the southwest corner of the intersection of 4th St. and Pierre St. This 50,000 square feet facility houses 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 third installment of $150,000 was paid in November 2014 upon issuance of the occupancy permit. The fourth and final installment was paid in February 2015 upon the creation of 71 new employees. 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: Construction was completed in September 2014 and the company has occupied the new building as of that time.

ANNUAL PERFORMANCE METRICS

1. PRIVATE AND OTHER CAPITAL INVESTMENTS

Actual Capital Investment Expenditures and Time Period:

Capital Investment as of December 31, 2014 = $11,234,105

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

Per Section 2f, the calculation of the Private and Other Capital Investments section is not required beyond fiscal year 2014. Therefore, the compliance percentage is 100%. CivicPlus exceeded the requirements in fiscal years 2013 and 2014.

Capital Investments Compliance Percentage: 100%

2. NET NEW JOB CREATION

A 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 December 31, 2015 = **69**

(Net New Job Creation, continued)

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 / Target): 111%

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, 2015= $12.00
Average annual wage of all new positions created as of December 31, 2015= $55,910

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

(Wage Structure, continued)

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

$$\frac{\$55{,}910}{\$47{,}336} = 118\%$$

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

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

$$118\% - \frac{2}{152} = 117\%$$

Wage Structure Compliance Percentage: 117%

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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.

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

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

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.

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

$$100\% - \frac{0}{152} = 100\%$$

Employee Benefits Compliance Percentage: 100%

TOTAL COMPLIANCE

Capital Investment: 100%
Job Creation: 111%
Wage Structure: 117%
Benefits: 100%

Average of above determines blended % of compliance in chart below:

Blended Compliance Percentage = 107%
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%

2015 Financial Summary

Amortized Forgivable Loan Payment Amount (due March 1, 2016)	Less: Amount Forgiven	2015 Amount Payable to City	2015 Annual Audit Reserve Amount
$108,004 *	**$108,004**	**$0**	**$10,800**

** Amount includes $88,988 of principal and $19,016 of interest.*
***The Annual Audit Reserve amount is calculated as 10% of the amortized forgivable loan payment.*

MANHATTAN ECONOMIC DEVELOPMENT OPPORTUNITY FUND

ACCOUNTABILITY CHECKLIST

Company: Flint Hills Beverage **Date of Review:** January 2016

Report for year ending: December 31, 2015

Review Team: Courtney Kramer, Financial Analyst

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 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: Performance 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 by 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 2015.

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

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

Capital Investment Compliance Percentage : 100%

2. JOB CREATION

Actual job creation and time period: 26.0 FTEs as of December 31, 2015, created above the baseline of 19.5 FTEs as of December 31, 2004.

$$\frac{\text{Actual FTEs}}{\text{Target FTEs}} = \frac{26.0}{24.5} = \mathbf{106\%}$$

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 : 106%

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 2016, Terry Dow verified that Flint Hills Beverage, LLC participated in a benefits package that includes medical insurance, life insurance, paid vacation and holidays.

Employee Benefits Compliance Percentage : 100%

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, 2015) a wage of $14.42 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: 100%
Job Creation: 106%
Wage Structure: 100%
Benefits: 100%

Average of above determines blended % of compliance = 102%

Flint Hills Beverage 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%

2015 Financial Summary

Total 2015 Special Assessment Property Tax	Less: Amount Eligible for Reimbursement by the City	2015 Amount Payable to City	2015 Annual Audit Reserve Amount
$10,465.18	**$10,465.18**	**$0**	**$0 ***

**The Annual Audit Reserve amount is calculated as 10% of the amortized forgivable loan payment. Since the structure of Flint Hills Beverage's economic development agreement is such that it does not include any forgivable loans, their reserve amount is $0.*

MANHATTAN ECONOMIC DEVELOPMENT OPPORTUNITY FUND

ACCOUNTABILITY CHECKLIST

Company: Kansas State University Institute for Commercialization (KSUIC)

Date of Review: August 2016

Report for year ending: June 30, 2016

Review Team: Courtney Kramer, Financial Analyst

Company Representatives: Kent Glasscock, President/CEO; Vicki Appelhans, Vice President, Finance; Rebecca Robinson, Director of Economic Development and Internal Program Development; 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 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.

KSUIC Status Report

GENERAL

1. Total jobs created as of **June 30, 2016:**	KSUIC and Manhattan Holdings report their job creation figures together. Cumulatively since the initial agreement on Nov 7, 2000, 305.5 FTE jobs have been created. Of this total, 200 FTE jobs were created under the terms of the **new agreement dated Feb 6, 2007**. *Per Feb 6, 2007, agreement with the City, and March 2009 amendment, job target is 213 jobs created within ten years of occupancy.*
2. Number of new direct jobs created during year?	The FTE count is up 26 FTE from the last report.
3. Median annual income of these new direct jobs created during year?	Average annual salary is $67,200.
4. 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 for the reporting period was $20.5 million. The entire payroll has been 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 $70,095 for the reporting period. In addition, KSUIC contributed $24,000 during the year to a sinking fund for major maintenance costs such as HVAC upgrades, parking lot resurfacing, etc.

Major maintenance expenditures from the sinking fund totaled $47,451 during the year and included parking lot repair and resurfacing, conference room audio video upgrades, landscape design and build. As of June 30, 2016, the maintenance fund had a remaining balance of $163,049.

LOCAL COMMUNITY INVOLVEMENT

Kent Glasscock has been involved in the following community activities: Advantage Manhattan, Rotary Club, Chamber of Commerce Board of Directors, and the Flint Hills Discovery Center Foundation Board of Directors. He currently serves on the following KSU boards and councils: College of Business Dean's Advisory Council, College of Business Entrepreneurship Advisory Board, College of Business Mentoring Advisory Council, College of Architecture Professional Advisory Board, K-State Olathe Board of Directors, KSU Foundation Board of Trustees.

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.

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

- Companies brought over $23 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, 2016. Since 1998, companies have generated $223 million in new revenues to Manhattan.
- KSUIC continues to incubate companies with high-growth potential. Companies continuing to work with KSUIC include AgRenew, KSU Research Foundation, Nacelle Therapeutics, Mid-America Technology Management, KDAS/VDL, Scavengetech LLC, TechAccel LLC, 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.
- KSUIC is a founding member of and provides primary staffing for the local technology-based economic development partnership, Knowledge Based Economic Development, LLC.

MANHATTAN ECONOMIC DEVELOPMENT OPPORTUNITY FUND

ACCOUNTABILITY CHECKLIST

Company: Manhattan Area Technical College **Date of Review:** June 2016

Report for year ending: June 30, 2016

Review Team: Courtney Kramer, Financial Analyst

Company Representatives: James Genandt, President; Keith Zachariasen, Vice President of Administrative Services

Funding History and Overview: Manhattan Area Technical College is a two-year Higher Learning Commission accredited public institution of higher 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 plans to 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, 2013, 2014, and 2015 were paid on time and in full. Conventional and forgivable loan (if applicable) payments are due annually by July 1st.

SUMMARY OF PREVIOUS YEAR:

- Unduplicated headcount for Spring 2016 was 869, a 14.3% increase over Spring 2015 enrollment totals. The total unduplicated headcount for AY 2015-2016 (Summer 2015, Fall 2015, and Spring 2016) was 1,276, a 7.9% increase over previous year enrollment totals.

- The modular buildings have been used since August 2011 for science, math, communications, and other general education classes that students in these programs need to achieve either a certificate or an A.A.S. degree as well as for storage of science materials. Five (5) students graduated from the Biotechnology Laboratory Technician A.A.S. degree program during Spring 2016, bringing the cumulative total of completers to 47 *(includes those students completing Basic Lab Techniques {26}, the certificate program {9}, and the A.A.S. degree {12})*. The recent graduates will be completing their internships during Summer 2016 in biotechnology companies in Riley County. Initially, the College was approved to award only an Advanced Biotechnology Certificate. With the approval of the Kansas Board of Regents to award an A.A.S. degree in Biotechnology Laboratory Technician, students have the flexibility to choose the career pathway that meets their needs.

- The Medical Laboratory Technician graduated 8 students from this program during the reporting period bringing this cumulative total to 51.

SUMMARY OF CURRENT YEAR

Program	Cumulative Completers	Employed in Manhattan/Riley County
Basic Laboratory Techniques*	26	6
Medical Laboratory Technician*	51	12
Advanced Biotechnician Certificate* ***(Advanced Applied Laboratory Technician in the agreement)***	9	6
Biotechnology Laboratory Technician (A.A.S.)*	12	3
Sub Total	98	27
Subtract Duplicated Students	8	0
Total	90	27
Targets	170	85
Target Met	**No**	**No**

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

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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. 100-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%

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). Eligible programs include: Basic Laboratory Techniques, Advanced Applied Laboratory Technician, Medical Laboratory Technician, and Bio-Technology Laboratory Technician.

The first reporting period for this category was July 1, 2011 through June 30, 2013.

Targets:

Reporting Year Ended	Number of Cumulative Students Required
June 30, 2013*	35
June 30, 2014	80
June 30, 2015	125
June 30, 2016	170
June 30, 2017	215
June 30, 2018	260
(chart continued on next page)	

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

(chart continued from previous page)	
June 30, 2019	305
June 30, 2020	350
June 30, 2021	395
June 30, 2022	440

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

Cumulative Number of Students Above Baseline as of June 30, 2016: 90

Workforce Development Compliance Percentage: 53%

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.

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

Cumulative Students employed in Manhattan/Riley County **(27)** = % of students employed = **30%**
Total Cumulative Students **(90)** in Manhattan/Riley County

Percentage of Students Employed in Riley County = 30% ÷ 50% = compliance % Target

Local Retention Compliance Percentage: 60%

TOTAL COMPLIANCE

Capital Investment: 100%
Workforce Development: 53%
Local Retention: 60%
Average of above determines blended % of compliance.

Blended Compliance Percentage = 71%
Company will receive 70% 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%

2016 Financial Summary

Receivables (Forgivable Loan):			
Amortized Forgivable Loan Payment Amount (due July 1, 2016)	Less: Amount Forgiven	2016 Amount Payable to City	2016 Annual Audit Reserve Amount
$29,100	**$20,370**	**$8,730**	**$3,980 ****

Summary (Forgivable and Conventional Loan):		
Forgivable Loan Payment	Conventional Loan Payment	**Total Due by July 1, 2016**
$8,730	**$10,700**	**$19,430***

***The Annual Audit Reserve amount is calculated as 10% of the amortized forgivable and conventional loan payment.*

LOCAL COMMUNITY INVOLVEMENT

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

For example, Dental Hygiene faculty and students volunteer in the following activities each year.

- Kansas Mission of Mercy – Sixth year of participation in assisting with providing two days of free dental care to the public; the students assist dentists and hygienists to provide patient care, work as sterilization techs, and are in the patient education area demonstrating appropriate oral hygiene care.

- Participated in the Kansas Cavity Free Kids event, Flint Hills Breadbasket 'Souper' Bowl, and Toys for Tots

- Provided free dental care to all kids in the clinic on "Give Kids a Smile" day in February

- Received Delta Dental of Kansas Grant that enabled purchase of a modular structure that will expand the clinic facility from seven to eleven operatories. Previous Delta Dental grants provided mobile equipment that allows the students and a faculty member to take dental hygiene services on the road to serve residents in long-term care facilities. The grants also provide toothbrush kits for the clinic.

- Served approximately 750 patients in the clinic providing dental exams, x-rays, cleaning, and fluoride treatments.

- Assist dental hygienists for School Screenings & Fluoride Varnish Clinics (ongoing through-out the year)

- Volunteer at dental clinics for Community Health Ministry, Wamego

- Assist Community Health Ministry with Fundraisers

Phi Theta Kappa honors students are involved in a number of service projects in the community such as "Read Across America," Constitution Day, participating in local parades, etc.

SkillsUSA students provide a haunted trail at Halloween to area school children; admission is a donation of canned goods that are then delivered to the Flint Hills Breadbasket.

Electric Power students are often called upon to pitch in to help small towns with projects, such as installing ballpark lights, decorating trees with Christmas lights, and other projects that require their special climbing and equipment skills.

MANHATTAN ECONOMIC DEVELOPMENT OPPORTUNITY FUND

ACCOUNTABILITY CHECKLIST

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

Date of Review: January 2016

Report for year ending: December 31, 2015

Review Team: Courtney Kramer, Financial Analyst

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. Year-to-date, operating income is $951,590 compared to a budget of $1,209,964 and net loss is $745,187 compared to a budgeted net income of $149,159. Losses to our investments due to negative market conditions are the reason for the net loss. As of December 31, 2015, Debt Service Coverage ratio calculated at 2.72, Days Cash on Hand at 241, and the Reserve Ratio at 27.3%. Year-to-date occupancy percentages for the year are 93.3% for Independent Living, 92.2% for Assisted Living, and 82.1% 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. The performance targets and actual performance by Meadowlark Hills over the reporting year are listed on the next page.

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. The conventional loan was returned in a single balloon payment of principal and interest on December 1, 2012.

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Annual Performance Metrics

1. CAPITAL INVESTMENT EXPENDITURES

Per the economic development agreement:

Once MRF has accumulated actual expenditures of at least $23.75M, the Compliance Percentage for this subsection shall be 100%.

Actual Expenditure = $40,960,699

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: 100%

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2. JOB CREATION

Actual Job Creation and Time Period:

Category *i* Employees (any combination of hourly employees who have worked 2,000 actual hours)

Total hours worked $\frac{405{,}497}{2{,}000}$ = **202.75 Category *i* FTE**

Category *ii* Employees (determined by days worked by salaried employees during the year)

Total days worked $\frac{12{,}659}{260}$ = **48.69 Category *ii* FTE**

251.44 Total FTE

(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

Target = 245.25 FTE

Actual FTE/Target FTE = Job Creation Compliance

$$\frac{\textbf{Actual FTE}\quad \textbf{251.44}}{\textbf{Target FTE}\quad \textbf{245.25}} = \textbf{102.5\%}$$

Job Creation Compliance Percentage: 103%

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: **$17.26** per hour
Target Wage: **$17.22** per hour

(Wage Structure, continued)

Year	Average Wage Target
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

Average Wage $17.26 = **100.2% Wage Structure Compliance**
Target Wage $17.22

Wage Structure Compliance Percentage: 100%

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 on January 14, 2016 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 55% – 88% of the premium cost for health insurance, depending on the level of coverage.

Employee Benefits Compliance Percentage: 100%

TOTAL COMPLIANCE

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

Blended Compliance Percentage = 101%
Company will receive 100% of incentives

Blended Percentage Range	Portion of each of the Incentives to be Received	Annual Audit Reserve
Equal to or greater than 85%	100%	
Equal to or greater than 80% and less than 85%	80%	$6,412 **
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%	

2015 Financial Summary

Amortized Forgivable Loan Payment Amount (due February 1, 2016)	Less: Amount Forgiven	2015 Amount Payable to City	2015 Annual Audit Reserve Amount
$64,116 *	**$64,116**	**$0**	**$6,412****

* *Amount includes $54,969 of principal and $9,147 of interest*

** *The Annual Audit Reserve amount is calculated as 10% of the amortized forgivable loan payment.*

****The conventional loan has been paid back in a single balloon payment, and therefore does not count as a liability for the Annual Audit Reserve.*

MANHATTAN ECONOMIC DEVELOPMENT OPPORTUNITY FUND

ACCOUNTABILITY CHECKLIST

Company: Tallgrass Brewing Company **Date of Review:** January 2016

Report for year ending: December 31, 2015

Review Team: Courtney Kramer, Financial Analyst

Company Representatives: Jeff Gill, Owner; Josie Brenner, CPA at Varney and Associates CPAs, LLC

Goal of Company:

Tallgrass Brewing Company is engaged in the business of brewing craft beer with efficient equipment technology to maximize productivity. Tallgrass currently distributes to 13 states in the mid-west with saturated concentration in large metropolitan areas. Tallgrass has been recognized in several industry magazines recognizing the quality and flavor of specific brands.

Tallgrass completed the build out of additional capacity in 2015 and increased revenues by 70% after the completion of the build out. The company is expecting approximately 40 to 50% growth in 2016 with new product offerings and expansion into new distribution territories. This growth has and will continue to require additional work force development and investment.

Manhattan Economic Development Funding: A forgivable loan in the amount of $250,000 to be paid out in two installments as milestones are met related to the acquisition and capital improvements of a new facility. A performance grant in the amount of $180,000 tied to job creation. The first installment of the forgivable loan in the amount of $125,000 was paid in August 2014 upon execution of the economic development agreement. The requirements of the second installment have been met, and $125,000 was paid in December 2014. The first payment of the performance grant was also paid in December 2014, as Tallgrass certified that they had created 15 new jobs above the baseline of 16. Each job is eligible for $4,500 per FTE for a maximum grant of $180,000. The first payment of the performance grant was in the amount of $67,500. This leaves a remaining balance of $112,500, or 25 FTEs. All incentives are tied to the company's compliance with four general performance areas: capital investment in acquisition of the Premises, capital investment in renovation and equipment, job creation, and wage structure (including maintaining a benefits package).

Annual Performance Metrics

1. CAPITAL INVESTMENT IN ACQUISITION OF THE PREMISES

Tallgrass shall close upon, acquire and receive title to the following described real property, building and appurtenances generally referred to as the Premises:

> Lot 28, Unit 3, of the Manhattan Corporate Technology Park, an addition to the City of Manhattan, Riley County, Kansas; consisting of approximately 9.137 acres at the commonly known address of 5960 Technology Circle Manhattan, Kansas.

Once Tallgrass has demonstrated that they have acquired the premises, and filed a properly executed Warranty Deed with the Register of Deeds of Riley County, Kansas, compliance shall be deemed at 100% in this category.

Capital Investments in Acquisition of the Premises Compliance Percentage: 100%

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2. CAPITAL INVESTMENT IN RENOVATION AND EQUIPMENT

Capital Investment as of December 31, 2015 = **$5,946,174**

Cumulative Capital Investments Target	Subsection 4(c)(1) Time Period
$3,200,000	by December 31, 2015

Capital Investments in Renovation and Equipment Compliance Percentage: 100%

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3. NET NEW JOB CREATION

A FTE is either (a) an hourly employee, or combination of hourly employees who are scheduled to work a minimum of 2080 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.

(Net New Job Creation, continued)

Job Creation as of December 31, 2015 = 14 *

For Year Ended December 31	Cumulative FTEs *
2014	4
2015	8
2016	12
2017	16
2018	20
2019	24
2020	28
2021	32
2022	36
2023	40

* Note: The FTE target is above the base of 16 FTE as of April 1, 2014. The job creation figure does **not** include the 16 base FTEs.

Job Creation Compliance Percentage: 100%

4. WAGE STRUCTURE AND BENEFITS PACKAGE

As stated in subsection 3(e) of the agreement:

"Tallgrass shall maintain a wage structure such that the minimum hourly salary paid to employees counted in determining the FTEs in the preceding subsection are at or above Twenty Dollars ($20.00) per hour for a minimum of Twenty-Five percent (25%) of FTE's created and at or above Thirteen Dollars ($13.00) per hour for a minimum of Seventy-Five percent (75%) of the FTE's created. The wage targets shall increase by Two and One Half Percent (2.5%) for each compliance year."

(Wage Structure and Benefits Package, continued)

For Year Ended December 31		Minimum Wage	Percentage of Employees Earning ≥ "Minimum Wage" column
2014	**Target = 25% of employees earning ≥ wage in the "Minimum Wage" column**	$20.00	39%
2015		**$20.50**	**37%**
2016		$21.01	
2017		$21.54	
2018		$22.08	
2019		$22.63	
2020		$23.19	
2021		$23.77	
2022		$24.37	
2023		$24.98	
2024		$25.60	

For Year Ended December 31		Minimum Wage	Percentage of Employees Earning ≥ "Minimum Wage" column
2014	**Target = 75% of employees earning ≥ wage in the "Minimum Wage" column**	$13.00	75%
2015		**$13.33**	**77%**
2016		$13.66	
2017		$14.00	
2018		$14.35	
2019		$14.71	
2020		$15.08	
2021		$15.45	
2022		$15.84	
2023		$16.24	
2024		$16.64	

Benefits:

Tallgrass will be required to participate in a minimum of 60% of the premium cost for all full time employees for standard medical insurance coverage and provide a minimum of ten (10) days paid time off per year for full time employees.

(Wage Structure and Benefits Package, continued)

Upon certification from Tallgrass that the wage targets and benefits package have met or exceeded the targets, Tallgrass shall have a 100% compliance percentage in this category.

Wage Structure Compliance Percentage: 100 %

TOTAL COMPLIANCE

Capital Investment – Acquisition:	100%
Capital Investment – Renovation and Equipment:	100%
Job Creation:	100%
Wage Structure and Benefits:	100%

Average of above determines blended % of compliance

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

Blended Percentage Range	Portion of each of the Incentives to be Received	Annual Audit Reserve
Equal to or greater than 85%	100%	
Equal to or greater than 80% and less than 85%	80%	$3,175 **
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%	

2015 Financial Summary

Amortized Forgivable Loan Payment Amount (due March 1, 2016)	Less: Amount Forgiven	2015 Amount Payable to City	2015 Performance Grant Payment	2015 Annual Audit Reserve Amount
$31,750 *	**$31,750**	**$0**	**$0 ****	**$3,175 *****

** Amount includes $25,000 of principal and $6,750 of interest*

*** The Company has 14 FTEs over the baseline as of December 31, 2015. In December 2014, the Company received a payment of $67,500 for creation of 15 FTEs ($4,500 per FTE). No new FTEs have been created above the 15 that have already received the performance grant.*

**** The Annual Audit Reserve amount is calculated as 10% of the amortized forgivable loan payment.*

Appendix B

Tax Abatements

&

Industrial Revenue Bonds (IRBs)

Background

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, 2015, the City of Manhattan has four companies that are currently receiving tax abatements: CivicPlus (Icon Enterprises), Farrar, GTM Sportswear, and Manko Windows. In the case of the four companies listed, the tax abatements were provided to assist with expansions of local companies operating in Manhattan. Several additional companies, listed and described below, have received abatements in the past. The history of these companies is detailed in the narrative below.

Industrial Revenue Bonds (IRBs) are issued by the City. The City owns the real or personal property financed from the bond proceeds and leases the property to the applicant (tenant). The tenant makes the bond (lease) payments, and when the bonds have been paid in full the City deeds the real and/or personal property to the tenant. The City incurs no liability in this transaction. If for some reason the tenant defaults on the lease payments, the real or personal property ownership remains with the City. The trustee bank would then attempt to sell the property to repay the bondholders.

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).

Each of the active companies listed below are subject to the following compliance targets based upon a combination of capital expenditures, job creation, benefits offered, and/or wage structure. The specific compliance categories for each active company are contained within their respective economic development agreement with the City.

Compliance Percentages	
Blended Percentage Range	**Portion of the Incentives to be Received**
≥ 85%	100%
80 - 84%	80%
70 - 79%	70%
50 - 69%	50%
< 50%	0%

Below is a brief synopsis of each active and inactive company, along with more detailed information pertaining to the actively reporting companies.

Expired Abatements

Florence Manufacturing

Florence Manufacturing is a commercial mailbox manufacturer specializing in mailbox installations for large residential developments as well as locking mail boxes to address mail security issues. They are the largest centralized mailbox manufacturer in the country.[1] Florence received a tax abatement from 2004-2013 to help defray costs associated with expanding its' operations from the Chicago area to the Manhattan Corporate Technology Park. Florence continues to focus on taking market share, developing new projects, and identifying new market/business opportunities to increase sales and improve their ability to grow in the future. In December 2015, Florence announced a reduction in force (RIF) of 80 permanent positions. The RIF was due to "a major client of Florence suspending a program." [2] The company is maintaining just over 300 permanent positions and remains operational at the Corporate Technology Park.

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. 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.

Active Abatements

CivicPlus

Ordinance Number	7001
Abatement Length and Expiration Date	10 years 2013 - 2023
Abatement Percentage	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).
Abatement Authorized	Under IRB Statutes – first issue anticipated in 2013
Abatement Stipulations	
Wage Targets	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. Wage 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.
Capital Expenditure Targets	See table below

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

Farrar Corporation

Ordinance Number	6613
Abatement Length and Expiration Date	10 years 2008 - 2017
Abatement Percentage	100% real and personal property on project additions funded through IRB financing
Abatement Authorized	Under IRB statutes - $3,010,000 principal issue
Abatement Stipulations	
Wage Targets	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 2008 33 **2009 34** 2010 37 **2011 39** 2012 42 **2013 45** 2014 47 **2015 50** 2016 52 **2017 54**

GTM Sportswear

Ordinance Number	6592
Abatement Length and Expiration Date	10 years 2007 - 2016
Abatement Percentage	100% real and personal property on both existing and the new property
Abatement Authorized	Under IRB statutes - $6,000,000 principal issue
Abatement Stipulations	
Wage Targets	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.
Benefits	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.
Capital Expenditure Targets	**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

(GTM Sportswear, continued)

Ordinance Number	6709
Abatement Length and Expiration Date	10 years 2009 - 2018
Abatement Percentage	100% real and personal property on both existing and the new property
Abatement Authorized	Under IRB statutes - $3,771,000 principal issue
Abatement Stipulations	
Wage Targets	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.
Benefits	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.
Capital Expenditure Targets	**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

(GTM Sportswear, continued)

Ordinance Number	6797
Abatement Length and Expiration Date	10 years 2010 - 2019
Abatement Percentage	100% real and personal property on both existing and the new property
Abatement Authorized	Under IRB statutes - $1,020,000 principal issue
Abatement Stipulations	
Wage Targets	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.
Benefits	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.
Capital Expenditure Targets	**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

(GTM Sportswear, continued)

Ordinance Number	7180
Abatement Length and Expiration Date	10 years 2016 - 2025
Abatement Percentage	100% real and personal property on both existing and the new property
Abatement Authorized	Under IRB statutes - $1,700,000 principal issue
Abatement Stipulations	
Wage Targets	Beginning December 31, 2016, the company will be required to maintain a wage structure such that 25% of its new employees are making an average of $13.44 per hour and the remaining 75% are making an average of $10.94 per hour. All full-time employees will receive at least $10.24 hourly. This wage target will increase by 2.5% annually.
Benefits	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.
Capital Expenditure Targets	Capital Expenditure Requirements were met as of December 31, 2015
Job Creation	Amount of FTEs should not fall below 641 for any consecutive year

Manko Windows

Ordinance Number	6494
Abatement Length and Expiration Date	10 years 2006 - 2015 (Please note that this abatement expired 12/31/2015)
Abatement Percentage	100% personal property 50% land and buildings
Abatement Authorized	Under IRB statutes, $2,500,000 principal issue
Abatement Stipulations	
Job Creation Targets	FTE defined as 1,800 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 1,800 for total FTE each year. To determine the annual percentage of compliance, divide total annual FTE by Cumulative Net New FTE target. Match the annual compliance percentage with the % of tax abatement benefit to be received for each accounting period. **Tax year** **Job Creation Targets** 2006 11 2007 25 2008 34 2009 43 2010 56 2011 67 2012 78 2013 89 2014 100 2015 108

In August 2015, the City Commission authorized Ordinance No. 7152 authorizing the issuance of approximately $7.75 million in IRBs for Manko Windows. The additional IRBs were issued to fund the expansion of the company's fabricated glass business, including glass edging and tempering. The project will add approximately 19,000 square feet for storage and fabrication. The company intends to add 6 new FTEs earning wages between $20 - $25, and 28 new hourly positions earning between $12 - $16. Since no tax abatement was requested/authorized, there are no job creation or other performance criteria on a yearly basis.

In 2015, companies receiving tax abatements paid ***$536,871*** *in property taxes*

Property Taxes Generated by Companies Receiving Economic Development Funding

Company	Property Taxes Paid *(includes real, personal, and special assessment taxes)*		
	2013	2014	2015
Abbott Aluminum	$71,088	$74,985	$80,683
Continental Mills	57,410	63,940	67,892
Covan	80,995	90,644	0
Farrar	**86,222**	**75,006**	**92,198**
Flint Hills Beverage	128,680	137,498	152,564
Florence Corporation	**290**	**308,624**	**336,440**
GTM Sportswear	**23,913**	**25,358**	**26,202**
ICE Corporation	**28,595**	**30,300**	**41,297**
Icon Enterprises (CivicPlus)	**65,776**	**144,325**	**178,941**
KanGolf	14,298	18,414	12,539
Kansas Entrepreneurial Center	21,621	21,675	23,263
Manhattan Conference Center	275,666	277,923	383,401
Manko	**222,666**	**226,255**	**239,530**
Tallgrass Brewing Company	NA	NA	107,838
TOTAL	**$1,077,220**	**$1,494,947**	**$1,742,788**

Bold text indicates company that is (or has been previously) subject to property tax abatement
Regular text indicates companies that have received previous economic development funding, but not necessarily a property tax abatement
Information is courtesy of both the Riley and Pottwatomie County Treasurer's Office
The following companies are now defunct and have been removed from the above chart: Nanoscale, Sykes (Alorica), CMS, Alltel, ASHA Distributing. This accounts for the decrease in the total amounts as compared to the 2013 annual report.