

August 19, 2014

Lawrence City Commission
City Hall
6 East 6th Street
Lawrence, KS 66044



Mr. Mayor and Distinguished Commissioners:

We are seeking a Neighborhood Revitalization Area (NRA) designation from the City of Lawrence for the 9 Del Lofts Project to cover the financing gap that currently exists.

The “But For” analysis very clearly concludes that our request is more than justified. State and federal historic tax credits are often bundled with other incentives to bridge the gap in fixed-income housing projects, but the new construction requires 9 Del ownership to look elsewhere to meet financing needs. Further, the 15-year term is not an arbitrary number, but is tied directly to the compliance period that Section 42 properties require to meet regulations.

This development will help to satisfy the growing demand for affordable housing in Lawrence. Affordable housing and office space is the cornerstone of every development in the Warehouse Arts District so as to not alienate those that value it so much. 9 Del Lofts is the next phase of this mission, and the nearly 200-person waiting list speaks to the number of people that favor the lifestyle 9 Del Lofts will offer in an area that showcases inclusion, culture and vibrancy.

Further, the Cider Gallery, Poehler Lofts, 720 Annex building and every other vital building to the W.A.D. has helped to directly recruit and retain residents and employees that would be working outside of Lawrence if this area remained as it was ten years ago. Employees of mine are relocating to Lawrence currently, and I have heard from dozens of others that moved to Lawrence to specifically work in the Cider Gallery offices, live at the Poehler Lofts, or join the artist community currently exists in the burgeoning neighborhood.

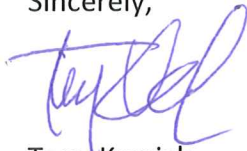
By handicapping the development that bookends the 9th Street corridor, a corridor that will quickly become a destination in the Midwest upon implementation of the ArtPlace Grant, a decision to reject this request would only slow down the efforts of so many to date. The architectural design of the building was designed to enhance the corridor, and it’s positioning on the eastern terminus of the 9th street corridor makes it all the more vital to the final product.

The above intangibles are necessary to illustrate to properly tell the story of 9 Del Lofts. I am convinced that the inherent value in progressing the economic and cultural efforts

in the Warehouse Arts District through the support of 9 Del Lofts will allow the City of Lawrence to see a return on their investment for decades to come. Many of the project types on the horizon do not require municipality incentives, but rather will help to attract more outside investment into the W.A.D.

Our construction efforts will move forward at the site of 9 Del Lofts, as we are happy to have the support of the City of Lawrence Staff in recommending our request for approval.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Tony Krsnich', with a stylized, cursive script.

Tony Krsnich

City of Lawrence, Kansas Application for Economic Development Support/Incentives



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

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

Applicant Contact Information	
Name:	Tony Krsnich
Title:	Member
Organization:	9 Del Lofts
Address 1:	832 Pennsylvania, Lawrence, KS 66044 (future office 6/1/14)
Address 2:	SE Corner of 9 th and Delaware (future 9 Del Lofts site)
Phone:	(913)904-6747
Email:	tonyk@landmarkigllc.com
Fax:	

Application Tips:

Enter contact information for the company representative completing this application.

Economic Development Support Requested		
City Incentives	Amount	Term (in years)
Tax Increment Financing District (TIF)		
Transportation Development District (TDD)		
Neighborhood Revitalization Area (NRA)	95%	15
Tax Abatement (TA)		
Industrial Revenue Bonds (IRBs)		
Community Improvement District (CID)		
Other (Please Describe):		

Application Tips:

Applicable Terms:

- TIF: Up to 20 years
- TDD: Up to 22 years
- TA: Up to 10 years
- CID: Up to 22 years

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

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

Project Information	
Name of Company Seeking Incentive(s):	9 Del Lofts, LLC
Project Type (check one):	Expansion:
	New Facility: X
Company Type (check one):	Existing Local Company:
	Out-of-Area Company Locating Locally: X
Current Company Address:	140 Walnut, KCMO, 64108
Location of Proposed New Facility/Expansion Project:	SE Corner of 9 th and Delaware
Describe the Company's Plans to Develop or Expand in the Community: 9 Del Lofts will be a 43 unit new construction artist loft development consisting of 34 rent restricted units and 9 market rate units.	
Operations Start Date at the Expansion or New Facility:	5/1/15
Industry NAICS # for the New or Expanded Facility (6-digit code):	
Describe the Primary Industry the New or Expanded Facility Will Support: 9 Del will serve as a quality affordable mixed-income development which will further expand and solidify the private/public investment in the Warehouse Arts District.	

Application Tips:

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

Link for NAICS code lookup:

<http://www.naics.com/search.htm>

Capital Investment Information for New Facility or Expansion			
Estimated Size of New Facility (square feet):	43,000		
Estimated Size of Land for New Facility (acres):	18,000 s.f.		
<i>For the new or expanded facility, enter the amount the company anticipates spending for initial and subsequent investments in land, buildings and improvements (do not include machinery or equipment):</i>			
Year	Buildings & Other Real Property Improvements	Land	Total
1	\$6,950,000	\$250,000	\$7,200,000
2			
3			
4			
5			
6			
7			
8			
9			
10			
Total			
Will land be leased from the City or County (Y/N):	N		
If yes, Monthly Lease Rate for Land:			

Application Tips:

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

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

Local Utility Expenses		
Utility	Current Local Monthly Expenses	Projected Local Monthly Expenses at New Facility
Gas	0	1,000
Electricity	0	7,000
Phone	0	1,000
Cable	0	4,000
Operating Expenditures		
For Expansion Projects, Current Annual Operating Expenses at Existing Facility:		
Annual Operating Expenses after Expansion/Relocation:		
% of Additional Operating Expenses Anticipated to be Spent Locally:		
Exports		
% of Revenues at the new Lawrence Facility Anticipated to Come from Non-Local Sources.		

Application Tips:

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

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

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

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

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

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

Application Tips:

Anticipated Annual Gross Profits: If you are seeking a tax abatement or an IRB, please provide an estimate of anticipated Annual Gross Profits (\$). Note: For expansions, please enter anticipated gross annual profits from expansion.

This question helps estimate the impact of your incentive request on the State of Kansas, which is required for all tax abatements and IRBs.

Environmental Information	
Will the new facility meet Energy STAR criteria? (Y/N)	Y
Will the project seek or be designed to LEED certification standards? (Y/N)	N
<i>If yes, please indicate level:</i>	Certification
	Silver
	Gold
	Platinum
<p>Please describe environmentally friendly features of the project: The project will consist of solar panels and the entire project will be Energy Star rated. The project will also spend additional monies on insulation, calking, green electronic hand dryers which eliminate paper waste, and will use leftover contingency money to further reduce its carbon footprint.</p>	
<p>Please describe anticipated positive environmental impacts resulting from the project: This project, as with all the projects in the Warehouse Arts District, will incorporate landscaping plans into its budget. The sister project, Poehler Lofts, has been named one of the greenest historic buildings in the Midwest. Similarly, the design of 9 Del Lofts will incorporate many of the same aspects while having the additional benefit of new construction sealing and insulation.</p>	
<p>Please describe anticipated negative environmental impacts and planned remediation efforts: We do not anticipate negative impacts. Essentially, we are taking an underutilized low land/swamp area with no signs of significant vegetation nor habitat and building and energy efficient apartment incorporating trees and native plants.</p>	

Application Tips:

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

Additional Community Benefits

Describe Other Local Economic Benefits Resulting From Project:

The Poehler Building set a national record leasing 49 units within 11 hours of opening. It was the recipient of the 2013 National Historical Project of the year from Novogradac, the authority in tax credit development. Poehler has dozens of people on its waiting list in need/want of a nice, fun, artistic place to live. 9 Del Lofts will help fill this need. Further and as with the Poehler, it will serve as a catalyst to help with the growth of the Warehouse Arts District and protect the public and private investment which has already been made in the area. A good example of this is Decade, the areas new coffee shop.

Describe Other Quality of Life Benefits Resulting From Project:

The Warehouse Arts District is unlike any other area of Lawrence with creativity and acceptance being a common thread. It provides affordable living, office, and art studios. It also provides market rate options so everyone can be a part of it. This is unique and serves Lawrence and its creative culture in a positive way.

Application Tips:

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

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

Employment Information									
Construction Employment for New Facility or Expansion									
# Full-Time, Construction Jobs:								3/200	
Average Annual Salary for Full-Time, Construction Workers (during construction period):								\$55k (both)	
Construction Period (months):									
For Expansion, # of Full-Time Employees Currently Working in Lawrence:									
New Employment Resulting from Project									
Net New Jobs (full-time, permanent)	Year	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary
	1	2	50000						
	2								
	3								
	4								
	5								
	6								
	7								
	8								
	9								
	10								
Total									
Anticipated # of Employees to Be Relocated Locally as a Result of the Project									
# of Net New Full-Time Employees Anticipated to be Relocated From Outside of Kansas:								1	
# of Net New Full-Time Employees Anticipated to be Relocated from Outside of Lawrence/Douglas County:								1	
# of Local, Full-Time Jobs Anticipated At End of Incentives Period:									

Application Tips:

Enter 0 if project is new or relocation.

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

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

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

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

Employee Benefits	
Description	After Expansion or Relocation
% of Employees with Company Provided Health Care Insurance	100%
% of Health Care Premium Covered by Company	75%
% of Employees with Company Provided Retirement Program	100%
Will You Provide Job Training for Employees? (Y/N)	Y
<i>If Yes, Please Describe:</i>	
What is the Lowest Hourly Wage Offered to New Employees?	\$15
What Percentage of Your New Employees Will Receive this Wage?	100%
Will You Provide Additional Benefits to Employees? (Y/N)	
<i>If Yes, Please Describe:</i>	

Disclosures	
Company Form of Organization:	
Company Principals: Tenants to Homeowners is the Sole General Partner. Flint Hills Development Group, LLC will be the developer and Flint Hills Management Group, LLC will be the property manager.	
List all subsidiaries or affiliates and details of ownership:	
Subsidiary :	
Principals:	
Has Company or any of its Directors/Officers been involved in or is the Company presently involved in any type of litigation?	N
Has the Company, developer or any affiliated party declared bankruptcy?	N
Has the Company, developer or any affiliated party defaulted on a real estate obligation?	N
Has the Company, developer or any affiliated party been the defendant in any legal suit or action?	N
Has the Company, developer or any affiliated party had judgments recorded against them?	N
<i>If the answer to any of the above question is yes, please explain:</i>	

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

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

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

Application Fees	
Tax Abatement	\$500
Industrial Revenue Bonds (IRB)	\$1,000
Community improvement District (CID)	\$2,500
Neighborhood Revitalization Area (NRA)	n/a
Transportation Development District (TDD)	n/a
Tax Increment Financing (TIF)	n/a
Other	n/a

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

Applicant/Representative: Tony Krsnick
(Please Print)

Signature:  Date: 8.19.14