

# Memorandum

## City of Lawrence

### City Manager's Office

**TO:** Public Incentives Review Committee (PIRC)

**FROM:** Britt Crum-Cano, Economic Development Coordinator

**Date:** February 19, 2013

**CC:** David L. Corliss, City Manager  
Diane Stoddard, Assistant City Manager

**RE:** Tax Abatement Request: Kansas Athletic facilities at Rock Chalk Park

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#### **Background:**

Rock Chalk Park is a proposed sports campus to be located near the northeast corner of the 6<sup>th</sup> Street and K-10 intersection, off of George Williams Way. KU Endowment has announced plans for KU Athletics to proceed with developing a new seated competition track and field stadium for KU Track & Field, new competition outdoor soccer facilities for KU Women's Soccer, and a softball facility for KU Softball. KU has also invited the City to locate its new recreation facility on the site, creating unique synergies between the City and the University of Kansas athletics. The possible City portion of the project is the subject of a February 19, 2013 City Commission agenda item.

If the City proceeds, the City portion of the project will automatically be exempt from sales taxes on construction materials as well as property taxes. Current Kansas Athletic facilities also enjoy a property tax abatement by right. These facilities when constructed by the University are also exempt from sales tax on construction materials. However, the proposed structure of construction and lease of the new Kansas Athletic facilities at Rock Chalk Park by Bliss Sports LC may not carry an automatic property tax exemption.

For this reason, the applicant (Bliss Sports LC) is requesting a 10-year, 100% tax abatement for the KU portion of the project.

**Analysis:**

State statutes require a cost-benefit analysis for consideration of a tax abatement. Bliss Sports, LC submitted a preliminary application for incentives on January 15, 2013. The company subsequently provided updates to the application, which refined estimates. The final application requests a 10-year, 100% tax abatement. Based on revised information as provided on the updated application, analysis shows the request meets or exceeds the 1:1.25 cost-benefit ratio as preferred by the City and County.

| Rock Chalk Park: KU Facilities |                     |        |                              |       |              |
|--------------------------------|---------------------|--------|------------------------------|-------|--------------|
| Incentives                     | Cost-Benefit Ratios |        |                              |       | Total Value  |
|                                | City                | County | USD 343<br>(Perry-Lecompton) | State |              |
| 10-year, 100% tax abatement    | 1.62                | 2.69   | 33.16                        | N/A   | \$17,031,609 |

Overall, the model estimates the total value of incentives at a little over \$17 million, with the project delivering positive returns for all jurisdictions over the ten year abatement period. The analysis shows that the 1.25 threshold for the benefit-cost ratio will be met as the City will realize a benefit-cost ratio of 1.62, the County will realize a ratio of 2.69 and the School District will realize a ratio of 33.16. This means that for every dollar of additional costs and tax abatements, the City will receive \$1.62, the County will receive \$2.69 and USD 323 (Perry-Lecompton) will receive \$33.16 of revenue. The State does not have a cost-benefit ratio as there are no costs involved.

**Additional Analysis:**

Bliss Sports had previously requested the issuance of Industrial Revenue Bonds (IRBs), which in addition to accommodating conduit project financing, would also provide a sales tax exemption on construction-related materials for the KU portion of the project. Subsequently, Resolution 7002 was approved by the City Commission on January 22, 2013, indicating the City's intent to issue IRBs for the project.

Based on initial construction materials expenses, the below shows an estimated break down of the amount of sales tax that the various jurisdictions would forego through a sales tax exemption.

| <b>Estimated Sales Tax Savings: Rock Chalk Park</b>   |                  |
|-------------------------------------------------------|------------------|
| Est. Construction Materials Expense                   | \$10,000,000     |
| <b>Sales Tax Estimates</b>                            |                  |
| City (1.55%)                                          | \$155,000        |
| County (1%)                                           | \$100,000        |
| State (6.3%)                                          | \$630,000        |
| <b>Net Estimated Savings from Sales Tax Exemption</b> | <b>\$885,000</b> |

Incorporating the amount of sales tax savings into the model, **additional analysis** shows cost-benefit ratios are reduced for both the City and County, but still exceed the 1:1.25 threshold.

| <b>Rock Chalk Park: KU Facilities (includes sales tax exemption)</b> |                            |               |                                      |              |                    |
|----------------------------------------------------------------------|----------------------------|---------------|--------------------------------------|--------------|--------------------|
| <b>Incentives</b>                                                    | <b>Cost-Benefit Ratios</b> |               |                                      |              | <b>Total Value</b> |
|                                                                      | <b>City</b>                | <b>County</b> | <b>USD 343<br/>(Perry-Lecompton)</b> | <b>State</b> |                    |
| 10-year, 100% tax abatement                                          | 1.49                       | 2.54          | 33.16                                | N/A          | \$17,916,609       |

**Additional Considerations:**

Under normal property tax exemption status, both the City and KU Athletic facilities enjoy an exemption of property taxes for the duration of ownership. However, state statutes limit a property tax abatement to 10 years. Thus, under a tax abatement, the KU portion of the project would be exempt for a limited period. After that 10-year period, the property would be subject to property taxes.

**Suggested Action:**

Consider applicant’s request for a 10 year, 100% tax abatement on the portion of the Rock Chalk Park project that will accommodate KU facilities and provide a recommendation to the City Commission regarding the request. It is anticipated that the City commission would hold its public hearing and consider this issue at its March 5, 2013 meeting.



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Final Incentives Application  
(updated 2-11-13)

1) Name of Company \*

Bliss Sports, LC

2) Current Address \*



209 Fall Creek Road  
Lawrence, Kansas 66049  
United States

3) Contact Person for Application \*

Thomas Fritzel

3a) Title \*

Member

3b) Phone \*

(785) 841-6347

3c) Fax

(785) 841-6342

3d) E-mail Address \*

[Thomas@gfritzel.com](mailto:Thomas@gfritzel.com)

3e) Is the Contact's address the same as the  
Company's address?

Yes

4) Please provide a brief description of the  
Company

Single purpose entity to develop and operate collegiate sports facilities

5) What is the NAICS code for the operation  
that you are locating or expanding in  
Lawrence? \*

531000 (Real Estate)

5a) If the NAICS code is unknown, please  
describe the primary line of business for the  
Lawrence operation

development and operation of collegiate sports facilities

6) Please list the Public Incentive/s that you are  
seeking as well as the amount of each public  
incentive \*

100% real estate tax abatement for 10 years.  
IRB for sales tax exemption on construction-related materials.

|                                                                                                                |                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| 6a) Please tell us why you are seeking these Incentives                                                        | Necessary component of project financing and tenant leasing                                                                            |
| 7) Will your firm be leasing the building or the land in your expansion or newly constructed facility?         | Yes                                                                                                                                    |
| 7b) If you are seeking an IRB, please list the firm that will be receiving the IRB                             | Bliss Sports, LC                                                                                                                       |
| 8) Is your firm Relocating or Expanding? Note: If an Expansion, please proceed to question 10 *                | New business being located within City                                                                                                 |
| 9) Will this Relocation involve your whole Company or part?                                                    | Whole Company                                                                                                                          |
| 10) For Expansion, briefly describe the purpose and activities of the new facility                             | Soccer, track and field, and softball facilities for KU collegiate athletics use, including conference-wide and other NCAA tournaments |
| 11) When do you plan to begin operation of the new facility? *                                                 | April 2014                                                                                                                             |
| 12) How many Employees currently work in Lawrence (0 for Relocation)? *                                        | 0                                                                                                                                      |
| 12a) How many total employees will work in Lawrence after Expansion/Relocation *                               | 17                                                                                                                                     |
| 12b) Of these total Employees, how many do you anticipate hiring from <i>outside</i> the Local Labor Market? * | 5                                                                                                                                      |
| 12c) How many do you plan to hire or relocate from <i>outside</i> Kansas? *                                    | 0                                                                                                                                      |
| 13) Current Operating Expenditures per Year (Enter 0 for Relocation) *                                         | \$0                                                                                                                                    |
| 13a) Anticipated Operating Expenditures after expansion/relocation *                                           | \$2,000,000                                                                                                                            |

|                                                                                                                                                                                                             |           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 13b) Estimated % of <i>additional</i> operating expenditures made in Lawrence *                                                                                                                             | 100       |
| 14) 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 * | \$300,000 |
| 15) What is the size of the new facility being constructed (square feet)? *                                                                                                                                 | 1000000   |
| 16) What is the estimated Value of the new construction? *                                                                                                                                                  | 50000000  |
| 17a) Size of the Parcel on which the building will be located (acres) *                                                                                                                                     | 84        |
| 17b) What is the Value of the land? *                                                                                                                                                                       | 3500000   |
| 18) About what % of new Goods produced in Lawrence, will be sold outside of Lawrence and/or Douglas County: *                                                                                               | 42%       |
| a) New Employees, Year 1 *                                                                                                                                                                                  | 11        |
| a) New Employees, Year 2 *                                                                                                                                                                                  | 3         |
| a) New Employees, Year 3 *                                                                                                                                                                                  | 0         |
| a) New Employees, Year 4 *                                                                                                                                                                                  | 0         |
| a) New Employees, Year 5 *                                                                                                                                                                                  | 0         |
| a) New Employees, Year 6 *                                                                                                                                                                                  | 3         |
| a) New Employees, Year 7 *                                                                                                                                                                                  | 0         |
| a) New Employees, Year 8 *                                                                                                                                                                                  | 0         |
| a) New Employees, Year 9 *                                                                                                                                                                                  | 0         |
| a) New Employees, Year 10 *                                                                                                                                                                                 | 0         |

|                                                       |          |
|-------------------------------------------------------|----------|
| b) Average Salary of New Employees Hired in Year 1 *  | \$48,636 |
| b) Average Salary of New Employees Hired in Year 2 *  | \$55,000 |
| b) Average Salary of New Employees Hired in Year 3 *  | 0        |
| b) Average Salary of New Employees Hired in Year 4 *  | 0        |
| b) Average Salary of New Employees Hired in Year 5 *  | 0        |
| b) Average Salary of New Employees Hired in Year 6 *  | \$55,000 |
| b) Average Salary of New Employees Hired in Year 7 *  | 0        |
| b) Average Salary of New Employees Hired in Year 8 *  | 0        |
| b) Average Salary of New Employees Hired in Year 9 *  | 0        |
| b) Average Salary of New Employees Hired in Year 10 * | 0        |
| c) Capital Investment in Building, Year 1 *           | 40000000 |
| c) Capital Investment in Building, Year 2 *           | 100000   |
| c) Capital Investment in Building, Year 3 *           | 100000   |
| c) Capital Investment in Building, Year 4 *           | 100000   |
| c) Capital Investment in Building, Year 5 *           | 100000   |
| c) Capital Investment in Building, Year 6 *           | 100000   |
| c) Capital Investment in Building, Year 7 *           | 100000   |



|                                                                                                                                         |           |
|-----------------------------------------------------------------------------------------------------------------------------------------|-----------|
| c) Capital Investment in Building, Year 8 *                                                                                             | 100000    |
| c) Capital Investment in Building, Year 9 *                                                                                             | 100000    |
| c) Capital Investment in Building, Year 10 *                                                                                            | 100000    |
| % of Health Care Premium Covered *                                                                                                      | 50        |
| % of Employees with Company Health Care *                                                                                               | 100       |
| % of Employees with Retirement Program *                                                                                                | 100       |
| 20a) Will you provide Job Training for Employees?                                                                                       | Yes       |
| 20c) What is the lowest Hourly Wage offered to Employees associated with this Expansion or Relocation? *                                | \$14.42   |
| 20d) What percentage of your new Employees will receive this Wage? *                                                                    | 50        |
| 21) Will you provide Additional Benefits to Employees?                                                                                  | Yes       |
| a) Gas *                                                                                                                                | 2000      |
| b) Electricity *                                                                                                                        | 10000     |
| c) Cable Television *                                                                                                                   | 1000      |
| d) Telephone Service *                                                                                                                  | 1000      |
| 23) Will the Building meet Energy STAR criteria? *                                                                                      | No        |
| 24) Will the Building seek LEED Certification? *                                                                                        | No        |
| 24a) If you will Seek LEED Certification, what level will you seek?                                                                     | Certified |
| 25) Please describe any environmental impacts, positive or negative, your operations have as well as any remedial actions your firm may | N/A       |

take to address negative impacts. \*

**26) Please describe any additional benefits or costs you believe your business will bring to the City of Lawrence and Douglas County, KS.**

\*Attractive community amenity to be enjoyed by KU and greater Lawrence community.

\* Synergy with and complement to proposed City recreation center.

\*Positive economic impact on area businesses from visiting teams and spectators, including from conference-wide and other regional tournaments and events.

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**Model: Bliss Sports: 100% TA over 10 years**

**Project Summary**

|                                    |              |
|------------------------------------|--------------|
| Capital Investment in Plant:       | \$50,000,000 |
| Annual Local Expenditures by Firm: | \$2,000,000  |
| Retained Jobs:                     | 17           |
| Average Wage per Retained Job:     | \$50,882     |
| Indirect Jobs Created:             | 5            |
| Average Wage of Indirect Jobs:     | \$146,269    |
| Total New Households:              | 10           |
| Discount Rate:                     | 5.87%        |
| Cost and Revenue Escalation:       | 1.00%        |
| Number of Years Evaluated:         | 15           |

**Incentives**

|                                      |                             |
|--------------------------------------|-----------------------------|
| IRB Offered                          | No                          |
| Value of IRB Construction Sales Tax: | \$0                         |
| Tax Rebate:                          | 100% annually over 10 years |
| Length of Tax Abatement/s:           | 10 Years                    |
| Value of Tax Abatements, Total:      | \$17,031,609                |
| Other Incentives                     |                             |
| Site Infrastructure:                 | \$0                         |
| Facility Construction:               | \$0                         |
| Loans/Grants:                        | \$0                         |

**Value of All Incentives Offered: \$17,031,609**

|                                           |          |
|-------------------------------------------|----------|
| Value of All Incentives per Job per Year: | \$66,791 |
| Value of Incentives in Hourly Pay:        | \$32.11  |
| Value of Incentives per Dollar Invested:  | \$0.34   |

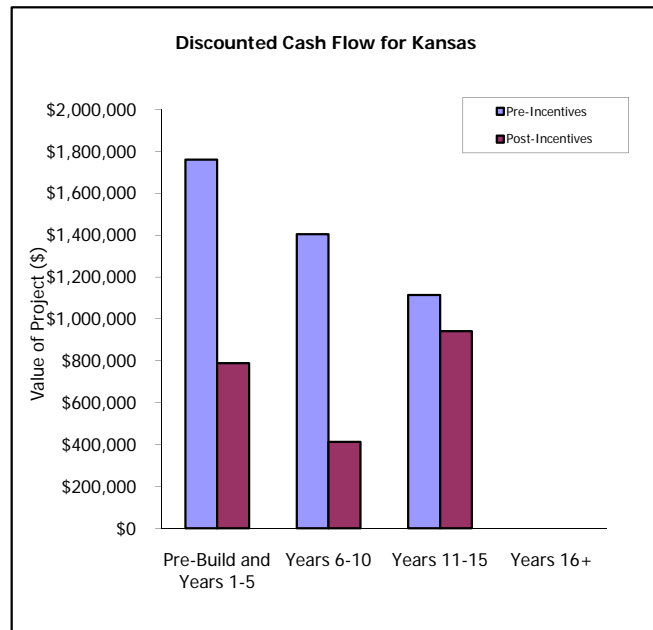
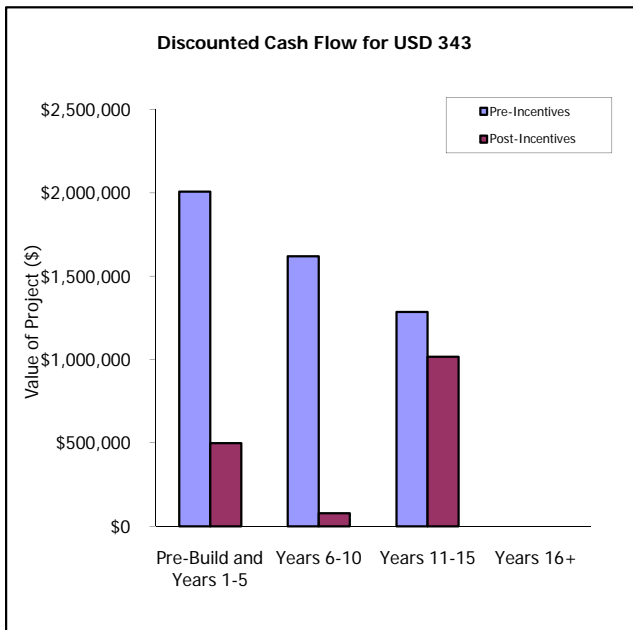
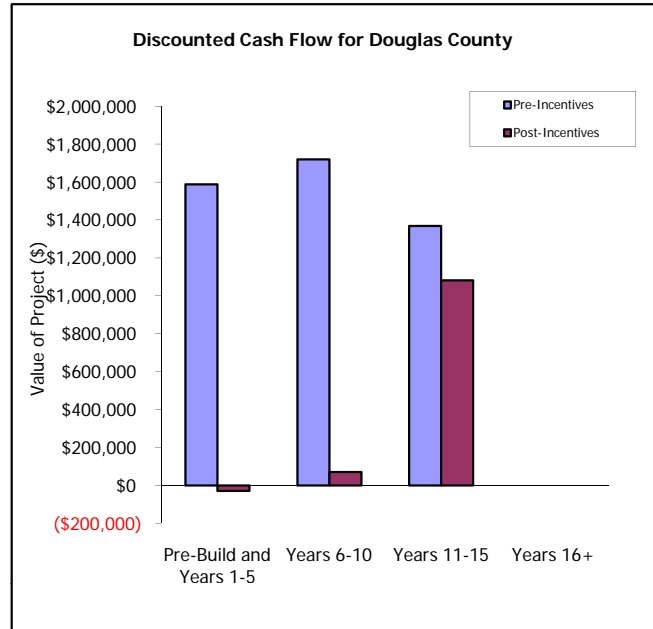
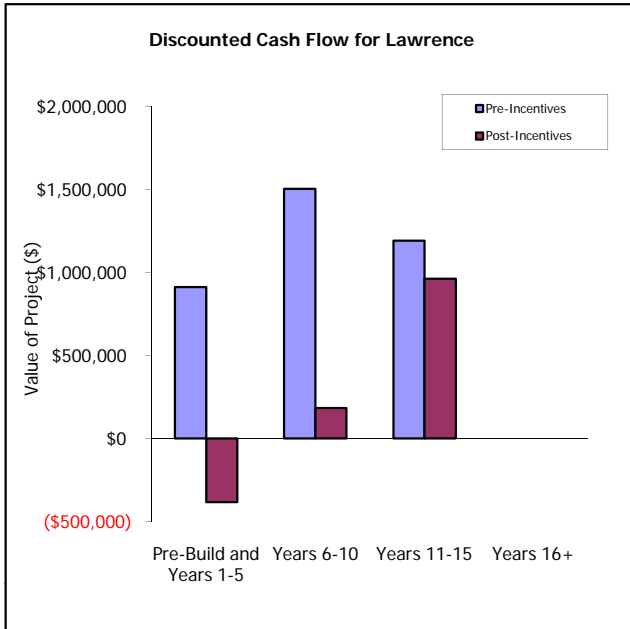
**Summary of Results**

| Returns for Jurisdictions             | Lawrence           | Douglas County     | USD 343            | State of Kansas    |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Revenues                              | \$7,489,958        | \$8,280,485        | \$7,695,199        | \$6,629,299        |
| Costs                                 | \$1,423,077        | \$756,270          | \$77,293           | \$0                |
| <i>Revenue Stream, Pre-Incentives</i> | <i>\$6,066,881</i> | <i>\$7,524,215</i> | <i>\$7,617,905</i> | <i>\$6,629,299</i> |
| Value of Incentives Offered           | \$4,085,176        | \$5,107,612        | \$4,769,085        | \$3,069,736        |
| <b>Revenue Stream with Incentives</b> | <b>\$1,981,705</b> | <b>\$2,416,602</b> | <b>\$2,848,821</b> | <b>\$3,559,563</b> |

| Returns for Jurisdictions, Discounted         | Lawrence    | Douglas County | USD 343       | State of Kansas |
|-----------------------------------------------|-------------|----------------|---------------|-----------------|
| Discount Rate                                 | 5.87%       |                |               |                 |
| Discounted Cash Flow, Without Incentives      | \$3,606,584 | \$4,676,255    | \$4,911,482   | \$4,279,094     |
| <i>Benefit/Cost Ratio, Without Incentives</i> | <i>3.93</i> | <i>8.05</i>    | <i>100.17</i> | <i>N/A</i>      |
| Discounted Cash Flow, With Incentives         | \$763,950   | \$1,122,167    | \$1,592,956   | \$2,143,045     |
| <b>Benefit/Cost Ratio, With Incentives</b>    | <b>1.62</b> | <b>2.69</b>    | <b>33.16</b>  | <b>N/A</b>      |

**Model: Bliss Sports: 100% TA over 10 years**

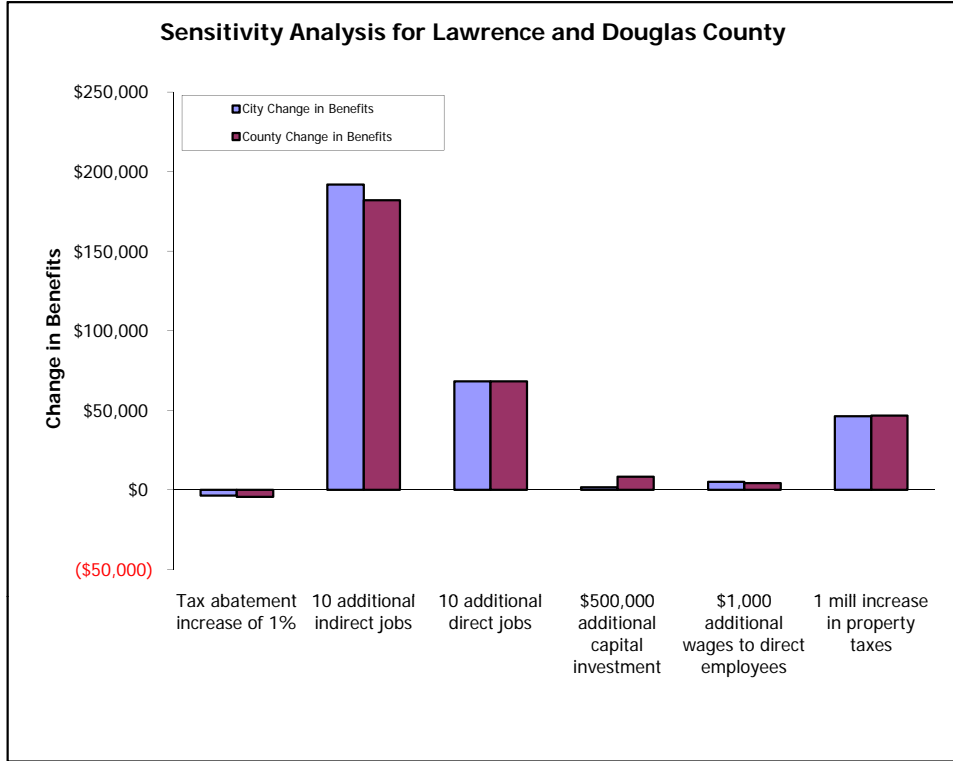
**Graphs of Benefits and Costs by Time Period, with and Without Abatement**



### Model: Bliss Sports: 100% TA over 10 years

#### Sensitivity Analysis

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**Model: Bliss Sports: 100% TA over 10 years**

**APPENDIX 1: Annual Results (not Discounted)**

| <i>Lawrence</i> |           |               |             |             |             |
|-----------------|-----------|---------------|-------------|-------------|-------------|
| Year            | Revenues  | Costs         | Incentives  | Net         | Cumulative  |
| Pre-Operation   | \$0       | \$0           | \$0         | \$0         | \$0         |
| 1               | \$456,259 | (\$1,071,371) | \$0         | (\$615,112) | (\$615,112) |
| 2               | \$468,422 | (\$25,970)    | (\$387,235) | \$55,217    | (\$559,895) |
| 3               | \$473,920 | (\$20,807)    | (\$391,837) | \$61,276    | (\$498,619) |
| 4               | \$479,482 | (\$21,015)    | (\$396,492) | \$61,974    | (\$436,645) |
| 5               | \$487,322 | (\$21,226)    | (\$401,201) | \$64,895    | (\$371,750) |
| 6               | \$499,532 | (\$31,189)    | (\$405,965) | \$62,378    | (\$309,371) |
| 7               | \$494,856 | (\$25,858)    | (\$410,784) | \$58,214    | (\$251,157) |
| 8               | \$497,101 | (\$26,116)    | (\$415,659) | \$55,325    | (\$195,832) |
| 9               | \$502,917 | (\$26,378)    | (\$420,590) | \$55,949    | (\$139,882) |
| 10              | \$508,800 | (\$26,641)    | (\$425,578) | \$56,580    | (\$83,302)  |
| 11              | \$513,888 | (\$24,800)    | (\$429,834) | \$59,254    | (\$24,048)  |
| 12              | \$519,027 | (\$25,048)    | \$0         | \$493,979   | \$469,931   |
| 13              | \$524,217 | (\$25,299)    | \$0         | \$498,919   | \$968,850   |
| 14              | \$529,460 | (\$25,552)    | \$0         | \$503,908   | \$1,472,758 |
| 15              | \$534,754 | (\$25,807)    | \$0         | \$508,947   | \$1,981,705 |

| <i>Douglas County</i> |           |             |             |            |             |
|-----------------------|-----------|-------------|-------------|------------|-------------|
| Year                  | Revenues  | Costs       | Incentives  | Net        | Cumulative  |
| Pre-Operation         | \$0       | \$0         | \$0         | \$0        | \$0         |
| 1                     | \$501,473 | (\$596,424) | \$0         | (\$94,951) | (\$94,951)  |
| 2                     | \$511,978 | (\$10,061)  | (\$484,152) | \$17,765   | (\$77,185)  |
| 3                     | \$518,023 | (\$9,813)   | (\$489,906) | \$18,304   | (\$58,881)  |
| 4                     | \$524,138 | (\$9,911)   | (\$495,726) | \$18,501   | (\$40,380)  |
| 5                     | \$530,991 | (\$10,010)  | (\$501,614) | \$19,367   | (\$21,013)  |
| 6                     | \$541,340 | (\$12,389)  | (\$507,570) | \$21,380   | \$368       |
| 7                     | \$547,716 | (\$12,151)  | (\$513,595) | \$21,970   | \$22,338    |
| 8                     | \$554,166 | (\$12,272)  | (\$519,690) | \$22,204   | \$44,542    |
| 9                     | \$560,690 | (\$12,395)  | (\$525,855) | \$22,440   | \$66,982    |
| 10                    | \$567,289 | (\$12,519)  | (\$532,092) | \$22,678   | \$89,660    |
| 11                    | \$572,962 | (\$11,434)  | (\$537,413) | \$24,115   | \$113,775   |
| 12                    | \$578,691 | (\$11,549)  | \$0         | \$567,143  | \$680,918   |
| 13                    | \$584,478 | (\$11,664)  | \$0         | \$572,814  | \$1,253,732 |
| 14                    | \$590,323 | (\$11,781)  | \$0         | \$578,543  | \$1,832,274 |
| 15                    | \$596,226 | (\$11,898)  | \$0         | \$584,328  | \$2,416,602 |

**Model: Bliss Sports: 100% TA over 10 years**

**APPENDIX 1: Annual Results (not Discounted) (Continued)**

*USD 343*

| Year          | Revenues  | Costs     | Incentives  | Net       | Cumulative  |
|---------------|-----------|-----------|-------------|-----------|-------------|
| Pre-Operation | \$0       | \$0       | \$0         | \$0       | \$0         |
| 1             | \$464,910 | (\$5,052) | \$0         | \$459,858 | \$459,858   |
| 2             | \$475,404 | (\$4,629) | (\$452,063) | \$18,712  | \$478,570   |
| 3             | \$481,010 | (\$4,162) | (\$457,435) | \$19,413  | \$497,983   |
| 4             | \$486,680 | (\$4,203) | (\$462,870) | \$19,607  | \$517,590   |
| 5             | \$492,416 | (\$4,245) | (\$468,367) | \$19,803  | \$537,394   |
| 6             | \$503,423 | (\$5,736) | (\$473,929) | \$23,758  | \$561,152   |
| 7             | \$509,343 | (\$5,259) | (\$479,555) | \$24,530  | \$585,682   |
| 8             | \$515,332 | (\$5,311) | (\$485,245) | \$24,775  | \$610,457   |
| 9             | \$521,390 | (\$5,364) | (\$491,002) | \$25,023  | \$635,480   |
| 10            | \$527,517 | (\$5,418) | (\$496,825) | \$25,273  | \$660,754   |
| 11            | \$532,792 | (\$5,472) | (\$501,794) | \$25,526  | \$686,280   |
| 12            | \$538,120 | (\$5,527) | \$0         | \$532,593 | \$1,218,873 |
| 13            | \$543,501 | (\$5,582) | \$0         | \$537,919 | \$1,756,792 |
| 14            | \$548,936 | (\$5,638) | \$0         | \$543,298 | \$2,300,090 |
| 15            | \$554,425 | (\$5,694) | \$0         | \$548,731 | \$2,848,821 |

*State of Kansas*

| Year          | Revenues  | Costs | Incentives  | Net       | Cumulative  |
|---------------|-----------|-------|-------------|-----------|-------------|
| Pre-Operation | \$0       | \$0   | \$0         | \$0       | \$0         |
| 1             | \$407,173 | \$0   | \$0         | \$407,173 | \$407,173   |
| 2             | \$412,013 | \$0   | (\$290,981) | \$121,032 | \$528,205   |
| 3             | \$416,910 | \$0   | (\$294,439) | \$122,471 | \$650,676   |
| 4             | \$421,863 | \$0   | (\$297,937) | \$123,926 | \$774,601   |
| 5             | \$426,874 | \$0   | (\$301,476) | \$125,398 | \$899,999   |
| 6             | \$431,942 | \$0   | (\$305,056) | \$126,887 | \$1,026,885 |
| 7             | \$437,070 | \$0   | (\$308,677) | \$128,393 | \$1,155,278 |
| 8             | \$442,256 | \$0   | (\$312,340) | \$129,916 | \$1,285,195 |
| 9             | \$447,503 | \$0   | (\$316,045) | \$131,458 | \$1,416,652 |
| 10            | \$452,810 | \$0   | (\$319,794) | \$133,017 | \$1,549,669 |
| 11            | \$457,338 | \$0   | (\$322,992) | \$134,347 | \$1,684,016 |
| 12            | \$461,912 | \$0   | \$0         | \$461,912 | \$2,145,928 |
| 13            | \$466,531 | \$0   | \$0         | \$466,531 | \$2,612,459 |
| 14            | \$471,196 | \$0   | \$0         | \$471,196 | \$3,083,655 |
| 15            | \$475,908 | \$0   | \$0         | \$475,908 | \$3,559,563 |

**Model: Bliss Sports: 100% TA over 10 years**

**APPENDIX 2: Annual Results (Discounted)**

| <i>Lawrence</i> |                     |                  |                       |             |             |
|-----------------|---------------------|------------------|-----------------------|-------------|-------------|
| Year            | Discounted Revenues | Discounted Costs | Discounted Incentives | Net         | Cumulative  |
| Pre-Operation   | \$0                 | \$0              | \$0                   | \$0         | \$0         |
| 1               | \$430,978           | (\$1,012,008)    | \$0                   | (\$581,030) | (\$581,030) |
| 2               | \$417,951           | (\$23,172)       | (\$345,511)           | \$49,268    | (\$531,762) |
| 3               | \$399,427           | (\$17,537)       | (\$330,246)           | \$51,644    | (\$480,118) |
| 4               | \$381,723           | (\$16,731)       | (\$315,654)           | \$49,338    | (\$430,779) |
| 5               | \$366,468           | (\$15,962)       | (\$301,705)           | \$48,802    | (\$381,978) |
| 6               | \$354,836           | (\$22,154)       | (\$288,372)           | \$44,310    | (\$337,668) |
| 7               | \$332,038           | (\$17,350)       | (\$275,627)           | \$39,060    | (\$298,608) |
| 8               | \$315,062           | (\$16,553)       | (\$263,445)           | \$35,065    | (\$263,543) |
| 9               | \$301,087           | (\$15,792)       | (\$251,800)           | \$33,496    | (\$230,047) |
| 10              | \$287,731           | (\$15,066)       | (\$240,669)           | \$31,997    | (\$198,050) |
| 11              | \$274,507           | (\$13,248)       | (\$229,607)           | \$31,652    | (\$166,398) |
| 12              | \$261,889           | (\$12,639)       | \$0                   | \$249,251   | \$82,853    |
| 13              | \$249,852           | (\$12,058)       | \$0                   | \$237,795   | \$320,647   |
| 14              | \$238,368           | (\$11,504)       | \$0                   | \$226,865   | \$547,512   |
| 15              | \$227,412           | (\$10,975)       | \$0                   | \$216,438   | \$763,950   |

| <i>Douglas County</i> |                     |                  |                       |            |             |
|-----------------------|---------------------|------------------|-----------------------|------------|-------------|
| Year                  | Discounted Revenues | Discounted Costs | Discounted Incentives | Net        | Cumulative  |
| Pre-Operation         | \$0                 | \$0              | \$0                   | \$0        | \$0         |
| 1                     | \$473,687           | (\$563,377)      | \$0                   | (\$89,690) | (\$89,690)  |
| 2                     | \$456,814           | (\$8,977)        | (\$431,986)           | \$15,851   | (\$73,838)  |
| 3                     | \$436,597           | (\$8,271)        | (\$412,900)           | \$15,427   | (\$58,411)  |
| 4                     | \$417,274           | (\$7,890)        | (\$394,655)           | \$14,729   | (\$43,682)  |
| 5                     | \$399,308           | (\$7,528)        | (\$377,216)           | \$14,564   | (\$29,118)  |
| 6                     | \$384,533           | (\$8,800)        | (\$360,545)           | \$15,187   | (\$13,931)  |
| 7                     | \$367,505           | (\$8,153)        | (\$344,611)           | \$14,742   | \$811       |
| 8                     | \$351,230           | (\$7,778)        | (\$329,379)           | \$14,073   | \$14,883    |
| 9                     | \$335,675           | (\$7,421)        | (\$314,820)           | \$13,434   | \$28,318    |
| 10                    | \$320,807           | (\$7,079)        | (\$300,903)           | \$12,825   | \$41,143    |
| 11                    | \$306,062           | (\$6,108)        | (\$287,073)           | \$12,882   | \$54,024    |
| 12                    | \$291,995           | (\$5,827)        | \$0                   | \$286,168  | \$340,192   |
| 13                    | \$278,574           | (\$5,559)        | \$0                   | \$273,015  | \$613,206   |
| 14                    | \$265,770           | (\$5,304)        | \$0                   | \$260,466  | \$873,673   |
| 15                    | \$253,554           | (\$5,060)        | \$0                   | \$248,494  | \$1,122,167 |



**Model: Bliss Sports: 100% TA over 10 years**

**APPENDIX 2: Annual Results (Discounted) (Continued)**

| <i>USD 343</i> |                     |                  |                       |           |             |
|----------------|---------------------|------------------|-----------------------|-----------|-------------|
| Year           | Discounted Revenues | Discounted Costs | Discounted Incentives | Net       | Cumulative  |
| Pre-Operation  | \$0                 | \$0              | \$0                   | \$0       | \$0         |
| 1              | \$439,150           | (\$4,772)        | \$0                   | \$434,378 | \$434,378   |
| 2              | \$424,181           | (\$4,130)        | (\$403,354)           | \$16,696  | \$451,074   |
| 3              | \$405,402           | (\$3,508)        | (\$385,533)           | \$16,362  | \$467,436   |
| 4              | \$387,454           | (\$3,346)        | (\$368,498)           | \$15,610  | \$483,045   |
| 5              | \$370,299           | (\$3,193)        | (\$352,214)           | \$14,892  | \$497,937   |
| 6              | \$357,599           | (\$4,074)        | (\$336,649)           | \$16,876  | \$514,813   |
| 7              | \$341,758           | (\$3,528)        | (\$321,770)           | \$16,459  | \$531,273   |
| 8              | \$326,617           | (\$3,366)        | (\$307,548)           | \$15,703  | \$546,975   |
| 9              | \$312,146           | (\$3,212)        | (\$293,954)           | \$14,981  | \$561,956   |
| 10             | \$298,316           | (\$3,064)        | (\$280,960)           | \$14,292  | \$576,248   |
| 11             | \$284,604           | (\$2,923)        | (\$268,046)           | \$13,635  | \$589,884   |
| 12             | \$271,523           | (\$2,789)        | \$0                   | \$268,735 | \$858,618   |
| 13             | \$259,043           | (\$2,661)        | \$0                   | \$256,383 | \$1,115,001 |
| 14             | \$247,137           | (\$2,538)        | \$0                   | \$244,599 | \$1,359,600 |
| 15             | \$235,778           | (\$2,422)        | \$0                   | \$233,356 | \$1,592,956 |

| <i>State of Kansas</i> |                     |                  |                       |           |             |
|------------------------|---------------------|------------------|-----------------------|-----------|-------------|
| Year                   | Discounted Revenues | Discounted Costs | Discounted Incentives | Net       | Cumulative  |
| Pre-Operation          | \$0                 | \$0              | \$0                   | \$0       | \$0         |
| 1                      | \$384,612           | \$0              | \$0                   | \$384,612 | \$384,612   |
| 2                      | \$367,620           | \$0              | (\$259,629)           | \$107,991 | \$492,603   |
| 3                      | \$351,378           | \$0              | (\$248,158)           | \$103,220 | \$595,823   |
| 4                      | \$335,852           | \$0              | (\$237,192)           | \$98,659  | \$694,482   |
| 5                      | \$321,011           | \$0              | (\$226,711)           | \$94,299  | \$788,782   |
| 6                      | \$306,824           | \$0              | (\$216,692)           | \$90,132  | \$878,914   |
| 7                      | \$293,264           | \$0              | (\$207,115)           | \$86,149  | \$965,063   |
| 8                      | \$280,302           | \$0              | (\$197,961)           | \$82,341  | \$1,047,404 |
| 9                      | \$267,912           | \$0              | (\$189,211)           | \$78,701  | \$1,126,105 |
| 10                     | \$256,069           | \$0              | (\$180,846)           | \$75,222  | \$1,201,327 |
| 11                     | \$244,299           | \$0              | (\$172,534)           | \$71,765  | \$1,273,092 |
| 12                     | \$233,070           | \$0              | \$0                   | \$233,070 | \$1,506,162 |
| 13                     | \$222,358           | \$0              | \$0                   | \$222,358 | \$1,728,520 |
| 14                     | \$212,138           | \$0              | \$0                   | \$212,138 | \$1,940,658 |
| 15                     | \$202,387           | \$0              | \$0                   | \$202,387 | \$2,143,045 |

## RESOLUTION NO. 7002

### **RESOLUTION DETERMINING THE INTENT OF THE CITY OF LAWRENCE, KANSAS, TO ISSUE ITS INDUSTRIAL REVENUE BONDS IN THE AMOUNT NOT TO EXCEED \$40,000,000 TO FINANCE THE COSTS OF ACQUIRING, CONSTRUCTING AND EQUIPPING A COMMERCIAL RECREATIONAL FACILITY FOR THE BENEFIT OF RCP, LLC AND ITS SUCCESSORS AND ASSIGNS**

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**WHEREAS**, the City of Lawrence, Kansas (the "City"), desires to promote, stimulate and develop the general welfare and economic prosperity of the City and its inhabitants and thereby to further promote, stimulate and develop the general welfare and economic prosperity of the State of Kansas; and

**WHEREAS**, the City is authorized and empowered under the provisions of K.S.A. 12-1740 to 12-1749d, inclusive (the "Act"), to issue industrial revenue bonds to pay the cost of certain facilities (as defined in the Act) for the purposes set forth in the Act, and to lease such facilities to private persons, firms or corporations; and

**WHEREAS**, Bliss Sports, LC, a Kansas limited liability company ("Bliss") has requested that the City finance the cost of acquiring, constructing and equipping a commercial facility, consisting of a commercial recreational facility (the "Project") through the issuance of its industrial revenue bonds in the principal amount not to exceed \$40,000,000 (the "Bonds"), and to lease the Project to RCP, LLC, a Kansas limited liability company, and its successors or assigns (the "Company") in accordance with the Act; and

**WHEREAS**, the Company intends to sublease its interest in the Project to Bliss and Bliss will construct the Project; and

**WHEREAS**, it is hereby found and determined to be advisable and in the interest and for the welfare of the City and its inhabitants that the City finance the costs of the Project by the issuance of the Bonds under the Act, the principal amount of the Bonds not to exceed \$40,000,000, the Bonds to be payable solely out of rentals, revenues and receipts derived from the lease of the Project by the City to the Company and the sublease by the Company to Bliss.

**NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF LAWRENCE, KANSAS, AS FOLLOWS:**

**Section 1. Approval of Project.** The Governing Body of the City hereby finds and determines that the acquiring, constructing and equipping of the Project will promote the general welfare and economic prosperity of the City of Lawrence, Kansas, and the issuance of the Bonds to pay the costs of the Project will be in furtherance of the public purposes set forth in the Act. The Project shall be located at the northwest corner of 6<sup>th</sup> Street and George Williams Way in the City of Lawrence, Kansas.

**Section 2. Intent to Issue Bonds.** The Governing Body of the City hereby determines and declares the intent of the City to acquire, construct and equip the Project out of the proceeds of the Bonds of the City in the principal amount not to exceed \$40,000,000 to be issued pursuant to the Act.

**Section 3. Provision for the Bonds.** Subject to the conditions of this Resolution, the City will (i) issue the Bonds to pay the costs of acquiring, constructing and equipping the Project, with such maturities, interest rates, redemption terms and other provisions as may be determined by ordinance of the City; (ii) provide for the lease of the Project to the Company and the sublease of the Project by the Company to Bliss; and (iii) to effect the foregoing, adopt such resolutions and ordinances and authorize the execution and delivery of such instruments and the taking of such action as may be necessary or advisable for the authorization and issuance of the Bonds by the City and take or cause to be taken such other action as may be required to implement the aforesaid.

**Section 4. Conditions to Issuance.** The issuance of the Bonds and the execution and delivery of any documents related to the Bonds are subject to: (i) obtaining any necessary governmental approvals; (ii) agreement by the City, the Company, Bliss and the purchaser of the Bonds upon (a) mutually acceptable terms for the Bonds and for the sale and delivery thereof, and (b) mutually acceptable terms and conditions of any documents related to the issuance of the Bonds and the Project; (iii) the Company's and Bliss's compliance with the City's policies relating to the issuance of industrial revenue bonds; and (iv) the adoption of an Ordinance authorizing the issuance of the Bonds.

**Section 5. Sale of the Bonds.** The sale of the Bonds shall be the responsibility of Bliss; provided, however, arrangements for the sale of the Bonds shall be acceptable to the City and the Company.

**Section 6. Limited Obligations of the City.** The Bonds and the interest thereon shall be special, limited obligations of the City payable solely out of the amounts derived by the City under a Lease Agreement with respect to the Bonds and a sublease between the Company and Bliss and as provided herein and are secured by a transfer, pledge and assignment of and a grant of a security interest in the trust estate to the bond trustee for the Bonds and in favor of the owners of the Bonds, all as provided in the Bond Indenture. The Bonds shall not constitute a general obligation of the City, the State or of any other political subdivision thereof within the meaning of any State constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the City, the State or of any other political subdivision thereof and shall not be payable in any manner by taxation, but shall be payable solely from the funds provided for as provided in the Bond Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the City, the State or any other political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.

**Section 7. Required Disclosure.** Any disclosure document prepared in connection with the placement or offering of any the Bonds shall contain substantially the following disclaimer:

NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT, OTHER THAN WITH RESPECT TO INFORMATION CONCERNING THE CITY CONTAINED UNDER THE CAPTIONS "THE CITY" AND "LITIGATION - THE CITY" HEREIN, HAS BEEN SUPPLIED OR VERIFIED BY THE CITY, AND THE CITY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

**Section 8. Authorization to Proceed.** Bliss is hereby authorized to proceed with the acquiring, constructing and equipping of the Project, including the necessary planning and engineering for the Project and entering into of contracts and purchase orders in connection therewith, and to advance such funds as may be necessary to accomplish such purposes, and, to the extent

permitted by law and upon compliance with the other requirements of this Resolution, Bliss may be reimbursed for all expenditures paid or incurred therefor out of the proceeds of the Bonds.

**Section 9. No Reliance on Resolution.** Kansas law provides that the City may only issue the Bonds by adoption of an Ordinance and compliance with other state law requirements. The City has not yet adopted an Ordinance for the Bonds. This Resolution only evidences the intent of the current Governing Body to issue the Bonds for the Project. The Company and Bliss should not construe the adoption of this Resolution as a promise or guarantee that the Ordinance for the Bonds will be issued or that the Project will be approved.

**Section 10. Termination of Resolution.** This Resolution shall terminate three years from the date of the adoption of this Resolution unless (i) the Bonds have been issued for the Project or (ii) a building permit has been issued for the Project. The City, upon the request of Bliss, with the consent of the Company, may extend this time period.

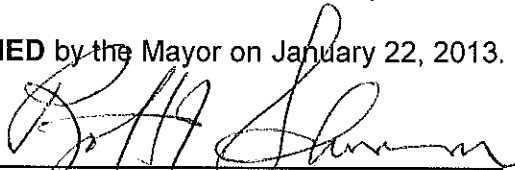
**Section 11. Benefit of Resolution.** This Resolution will inure to the benefit of the City, the Company and Bliss. The Company may, with the prior written consent of the City, assign all or a portion of its interest in this Resolution to another entity, and such assignee will be entitled to the benefits of the portion of this Resolution assigned and the proceedings related hereto.

**Section 12. Further Action.** Counsel to the City and Gilmore & Bell, P.C., Bond Counsel for the City, together with the officers and employees of the City, are hereby authorized to work with the purchaser of the Bonds, the Company, Bliss, their respective counsel and others, to prepare for submission to and final action by the City all documents necessary to effect the authorization, issuance and sale of the bonds and other actions contemplated hereunder.


**Section 13. Effective Date.** This Resolution shall take effect and be in full force immediately after its adoption by the Governing Body of the City.

**ADOPTED** by the Governing Body on January 22, 2013.

**SIGNED** by the Mayor on January 22, 2013.

  
\_\_\_\_\_  
Robert J. Schumm, Mayor

(SEAL)

  
\_\_\_\_\_  
Jonathan Douglass, City Clerk

**Model: Bliss Sports: 100% TA over 10 years (w sales tax exemption)**

**Project Summary**

|                                    |              |
|------------------------------------|--------------|
| Capital Investment in Plant:       | \$50,000,000 |
| Annual Local Expenditures by Firm: | \$2,000,000  |
| Retained Jobs:                     | 17           |
| Average Wage per Retained Job:     | \$50,882     |
| Indirect Jobs Created:             | 5            |
| Average Wage of Indirect Jobs:     | \$146,269    |
| Total New Households:              | 10           |
| Discount Rate:                     | 5.87%        |
| Cost and Revenue Escalation:       | 1.00%        |
| Number of Years Evaluated:         | 15           |

**Incentives**

|                                      |                             |
|--------------------------------------|-----------------------------|
| IRB Offered                          | No                          |
| Value of IRB Construction Sales Tax: | \$0                         |
| Tax Rebate:                          | 100% annually over 10 years |
| Length of Tax Abatement/s:           | 10 Years                    |
| Value of Tax Abatements, Total:      | \$17,031,609                |
| Other Incentives                     |                             |
| Site Infrastructure:                 | \$885,000                   |
| Facility Construction:               | \$0                         |
| Loans/Grants:                        | \$0                         |

**Value of All Incentives Offered: \$17,916,609**

|                                           |          |
|-------------------------------------------|----------|
| Value of All Incentives per Job per Year: | \$70,261 |
| Value of Incentives in Hourly Pay:        | \$33.78  |
| Value of Incentives per Dollar Invested:  | \$0.36   |

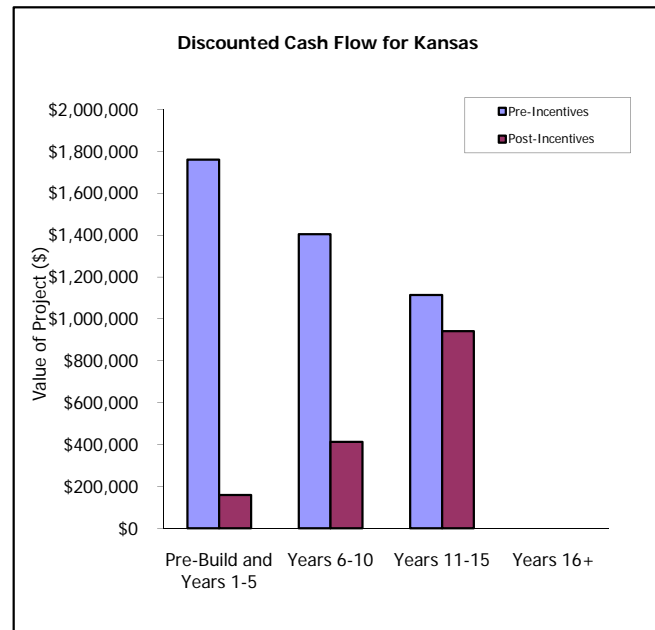
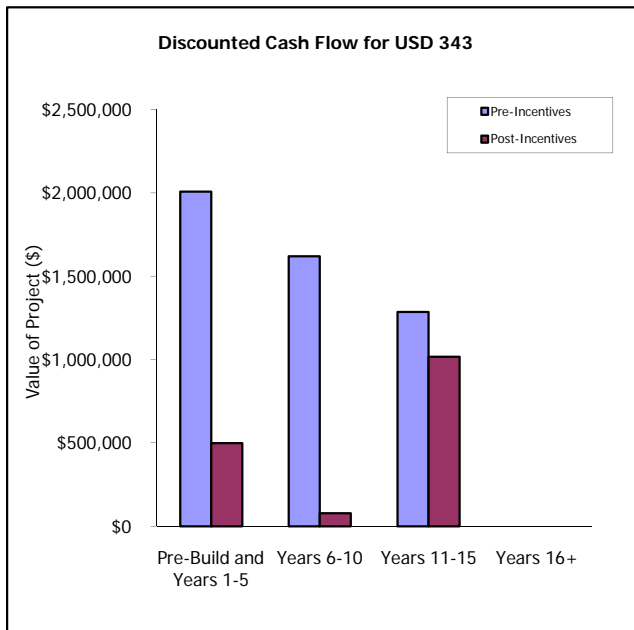
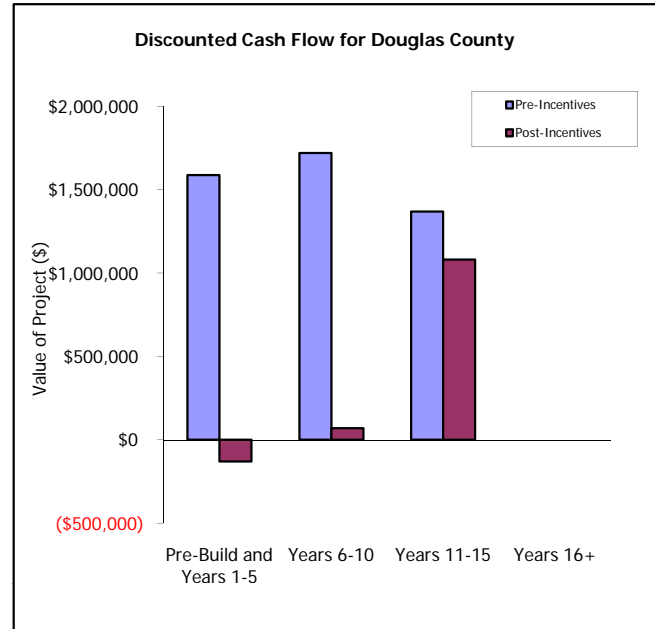
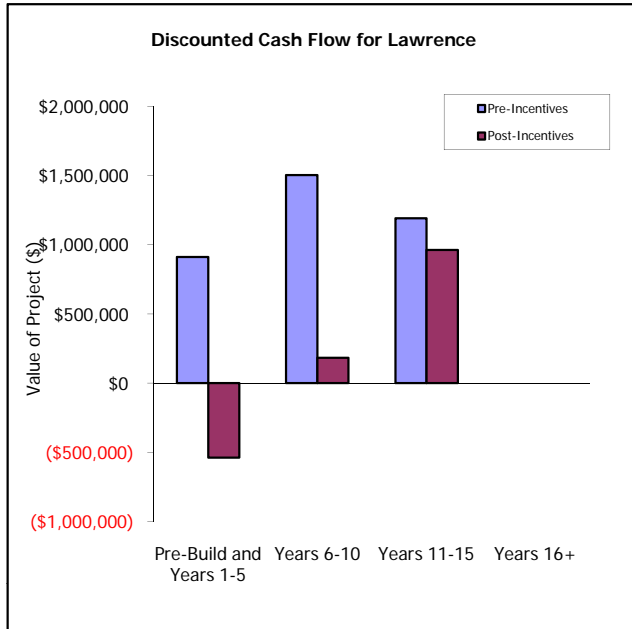
**Summary of Results**

| Returns for Jurisdictions             | Lawrence           | Douglas County     | USD 343            | State of Kansas    |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Revenues                              | \$7,489,958        | \$8,280,485        | \$7,695,199        | \$6,629,299        |
| Costs                                 | \$1,423,077        | \$756,270          | \$77,293           | \$0                |
| <i>Revenue Stream, Pre-Incentives</i> | <i>\$6,066,881</i> | <i>\$7,524,215</i> | <i>\$7,617,905</i> | <i>\$6,629,299</i> |
| Value of Incentives Offered           | \$4,240,140        | \$5,207,617        | \$4,769,085        | \$3,699,768        |
| <b>Revenue Stream with Incentives</b> | <b>\$1,826,741</b> | <b>\$2,316,597</b> | <b>\$2,848,821</b> | <b>\$2,929,531</b> |

| Returns for Jurisdictions, Discounted         | Lawrence    | Douglas County | USD 343       | State of Kansas |
|-----------------------------------------------|-------------|----------------|---------------|-----------------|
| Discount Rate                                 | 5.87%       |                |               |                 |
| Discounted Cash Flow, Without Incentives      | \$3,606,584 | \$4,676,255    | \$4,911,482   | \$4,279,094     |
| <i>Benefit/Cost Ratio, Without Incentives</i> | <i>3.93</i> | <i>8.05</i>    | <i>100.17</i> | <i>N/A</i>      |
| Discounted Cash Flow, With Incentives         | \$608,986   | \$1,022,162    | \$1,592,956   | \$1,513,014     |
| <b>Benefit/Cost Ratio, With Incentives</b>    | <b>1.49</b> | <b>2.54</b>    | <b>33.16</b>  | <b>N/A</b>      |

**Model: Bliss Sports: 100% TA over 10 years (w sales tax exemption)**

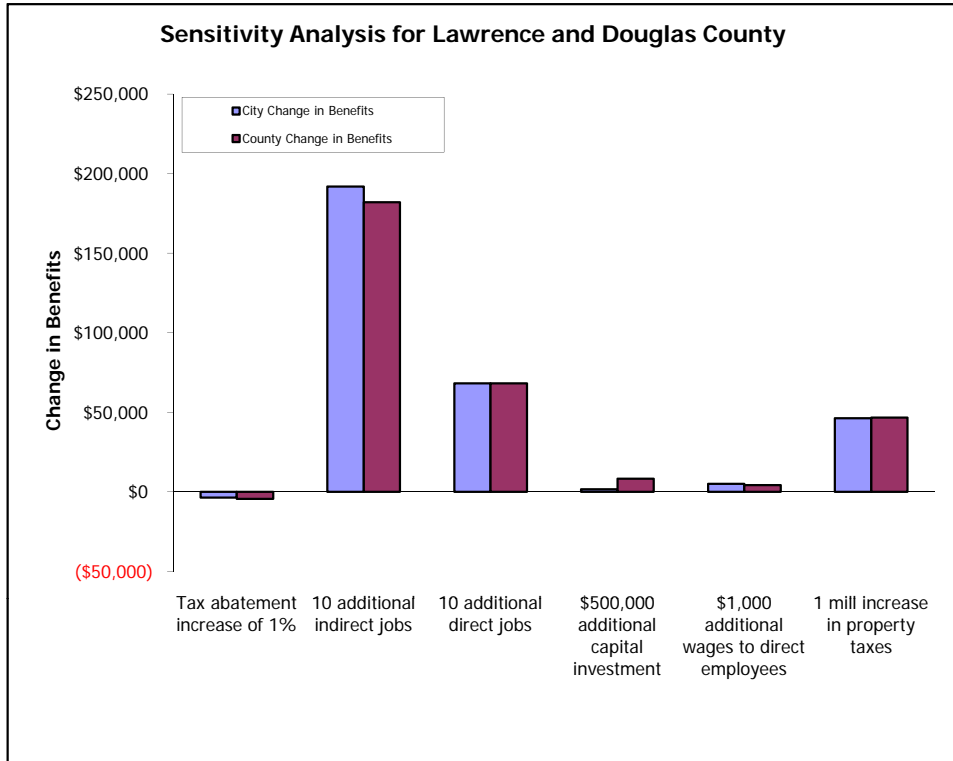
**Graphs of Benefits and Costs by Time Period, with and Without Abatement**



**Model: Bliss Sports: 100% TA over 10 years (w sales tax exemption)**

**Sensitivity Analysis**

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**Model: Bliss Sports: 100% TA over 10 years (w sales tax exemption)**

**APPENDIX 1: Annual Results (not Discounted)**

| <i>Lawrence</i> |           |               |             |             |             |
|-----------------|-----------|---------------|-------------|-------------|-------------|
| Year            | Revenues  | Costs         | Incentives  | Net         | Cumulative  |
| Pre-Operation   | \$0       | \$0           | (\$154,964) | (\$154,964) | (\$154,964) |
| 1               | \$456,259 | (\$1,071,371) | \$0         | (\$615,112) | (\$770,076) |
| 2               | \$468,422 | (\$25,970)    | (\$387,235) | \$55,217    | (\$714,859) |
| 3               | \$473,920 | (\$20,807)    | (\$391,837) | \$61,276    | (\$653,583) |
| 4               | \$479,482 | (\$21,015)    | (\$396,492) | \$61,974    | (\$591,609) |
| 5               | \$487,322 | (\$21,226)    | (\$401,201) | \$64,895    | (\$526,713) |
| 6               | \$499,532 | (\$31,189)    | (\$405,965) | \$62,378    | (\$464,335) |
| 7               | \$494,856 | (\$25,858)    | (\$410,784) | \$58,214    | (\$406,121) |
| 8               | \$497,101 | (\$26,116)    | (\$415,659) | \$55,325    | (\$350,795) |
| 9               | \$502,917 | (\$26,378)    | (\$420,590) | \$55,949    | (\$294,846) |
| 10              | \$508,800 | (\$26,641)    | (\$425,578) | \$56,580    | (\$238,265) |
| 11              | \$513,888 | (\$24,800)    | (\$429,834) | \$59,254    | (\$179,011) |
| 12              | \$519,027 | (\$25,048)    | \$0         | \$493,979   | \$314,967   |
| 13              | \$524,217 | (\$25,299)    | \$0         | \$498,919   | \$813,886   |
| 14              | \$529,460 | (\$25,552)    | \$0         | \$503,908   | \$1,317,794 |
| 15              | \$534,754 | (\$25,807)    | \$0         | \$508,947   | \$1,826,741 |

| <i>Douglas County</i> |           |             |             |             |             |
|-----------------------|-----------|-------------|-------------|-------------|-------------|
| Year                  | Revenues  | Costs       | Incentives  | Net         | Cumulative  |
| Pre-Operation         | \$0       | \$0         | (\$100,005) | (\$100,005) | (\$100,005) |
| 1                     | \$501,473 | (\$596,424) | \$0         | (\$94,951)  | (\$194,956) |
| 2                     | \$511,978 | (\$10,061)  | (\$484,152) | \$17,765    | (\$177,190) |
| 3                     | \$518,023 | (\$9,813)   | (\$489,906) | \$18,304    | (\$158,886) |
| 4                     | \$524,138 | (\$9,911)   | (\$495,726) | \$18,501    | (\$140,385) |
| 5                     | \$530,991 | (\$10,010)  | (\$501,614) | \$19,367    | (\$121,018) |
| 6                     | \$541,340 | (\$12,389)  | (\$507,570) | \$21,380    | (\$99,637)  |
| 7                     | \$547,716 | (\$12,151)  | (\$513,595) | \$21,970    | (\$77,667)  |
| 8                     | \$554,166 | (\$12,272)  | (\$519,690) | \$22,204    | (\$55,463)  |
| 9                     | \$560,690 | (\$12,395)  | (\$525,855) | \$22,440    | (\$33,023)  |
| 10                    | \$567,289 | (\$12,519)  | (\$532,092) | \$22,678    | (\$10,345)  |
| 11                    | \$572,962 | (\$11,434)  | (\$537,413) | \$24,115    | \$13,770    |
| 12                    | \$578,691 | (\$11,549)  | \$0         | \$567,143   | \$580,913   |
| 13                    | \$584,478 | (\$11,664)  | \$0         | \$572,814   | \$1,153,727 |
| 14                    | \$590,323 | (\$11,781)  | \$0         | \$578,543   | \$1,732,269 |
| 15                    | \$596,226 | (\$11,898)  | \$0         | \$584,328   | \$2,316,597 |



**Model: Bliss Sports: 100% TA over 10 years (w sales tax exemption)**

**APPENDIX 1: Annual Results (not Discounted) (Continued)**

*USD 343*

| Year          | Revenues  | Costs     | Incentives  | Net       | Cumulative  |
|---------------|-----------|-----------|-------------|-----------|-------------|
| Pre-Operation | \$0       | \$0       | \$0         | \$0       | \$0         |
| 1             | \$464,910 | (\$5,052) | \$0         | \$459,858 | \$459,858   |
| 2             | \$475,404 | (\$4,629) | (\$452,063) | \$18,712  | \$478,570   |
| 3             | \$481,010 | (\$4,162) | (\$457,435) | \$19,413  | \$497,983   |
| 4             | \$486,680 | (\$4,203) | (\$462,870) | \$19,607  | \$517,590   |
| 5             | \$492,416 | (\$4,245) | (\$468,367) | \$19,803  | \$537,394   |
| 6             | \$503,423 | (\$5,736) | (\$473,929) | \$23,758  | \$561,152   |
| 7             | \$509,343 | (\$5,259) | (\$479,555) | \$24,530  | \$585,682   |
| 8             | \$515,332 | (\$5,311) | (\$485,245) | \$24,775  | \$610,457   |
| 9             | \$521,390 | (\$5,364) | (\$491,002) | \$25,023  | \$635,480   |
| 10            | \$527,517 | (\$5,418) | (\$496,825) | \$25,273  | \$660,754   |
| 11            | \$532,792 | (\$5,472) | (\$501,794) | \$25,526  | \$686,280   |
| 12            | \$538,120 | (\$5,527) | \$0         | \$532,593 | \$1,218,873 |
| 13            | \$543,501 | (\$5,582) | \$0         | \$537,919 | \$1,756,792 |
| 14            | \$548,936 | (\$5,638) | \$0         | \$543,298 | \$2,300,090 |
| 15            | \$554,425 | (\$5,694) | \$0         | \$548,731 | \$2,848,821 |

*State of Kansas*

| Year          | Revenues  | Costs | Incentives  | Net         | Cumulative  |
|---------------|-----------|-------|-------------|-------------|-------------|
| Pre-Operation | \$0       | \$0   | (\$630,032) | (\$630,032) | (\$630,032) |
| 1             | \$407,173 | \$0   | \$0         | \$407,173   | (\$222,859) |
| 2             | \$412,013 | \$0   | (\$290,981) | \$121,032   | (\$101,827) |
| 3             | \$416,910 | \$0   | (\$294,439) | \$122,471   | \$20,644    |
| 4             | \$421,863 | \$0   | (\$297,937) | \$123,926   | \$144,570   |
| 5             | \$426,874 | \$0   | (\$301,476) | \$125,398   | \$269,967   |
| 6             | \$431,942 | \$0   | (\$305,056) | \$126,887   | \$396,854   |
| 7             | \$437,070 | \$0   | (\$308,677) | \$128,393   | \$525,247   |
| 8             | \$442,256 | \$0   | (\$312,340) | \$129,916   | \$655,163   |
| 9             | \$447,503 | \$0   | (\$316,045) | \$131,458   | \$786,621   |
| 10            | \$452,810 | \$0   | (\$319,794) | \$133,017   | \$919,637   |
| 11            | \$457,338 | \$0   | (\$322,992) | \$134,347   | \$1,053,984 |
| 12            | \$461,912 | \$0   | \$0         | \$461,912   | \$1,515,896 |
| 13            | \$466,531 | \$0   | \$0         | \$466,531   | \$1,982,427 |
| 14            | \$471,196 | \$0   | \$0         | \$471,196   | \$2,453,623 |
| 15            | \$475,908 | \$0   | \$0         | \$475,908   | \$2,929,531 |

**Model: Bliss Sports: 100% TA over 10 years (w sales tax exemption)**

**APPENDIX 2: Annual Results (Discounted)**

| <i>Lawrence</i> |                     |                  |                       |             |             |
|-----------------|---------------------|------------------|-----------------------|-------------|-------------|
| Year            | Discounted Revenues | Discounted Costs | Discounted Incentives | Net         | Cumulative  |
| Pre-Operation   | \$0                 | \$0              | (\$154,964)           | (\$154,964) | (\$154,964) |
| 1               | \$430,978           | (\$1,012,008)    | \$0                   | (\$581,030) | (\$735,993) |
| 2               | \$417,951           | (\$23,172)       | (\$345,511)           | \$49,268    | (\$686,726) |
| 3               | \$399,427           | (\$17,537)       | (\$330,246)           | \$51,644    | (\$635,081) |
| 4               | \$381,723           | (\$16,731)       | (\$315,654)           | \$49,338    | (\$585,743) |
| 5               | \$366,468           | (\$15,962)       | (\$301,705)           | \$48,802    | (\$536,941) |
| 6               | \$354,836           | (\$22,154)       | (\$288,372)           | \$44,310    | (\$492,632) |
| 7               | \$332,038           | (\$17,350)       | (\$275,627)           | \$39,060    | (\$453,571) |
| 8               | \$315,062           | (\$16,553)       | (\$263,445)           | \$35,065    | (\$418,506) |
| 9               | \$301,087           | (\$15,792)       | (\$251,800)           | \$33,496    | (\$385,010) |
| 10              | \$287,731           | (\$15,066)       | (\$240,669)           | \$31,997    | (\$353,013) |
| 11              | \$274,507           | (\$13,248)       | (\$229,607)           | \$31,652    | (\$321,361) |
| 12              | \$261,889           | (\$12,639)       | \$0                   | \$249,251   | (\$72,111)  |
| 13              | \$249,852           | (\$12,058)       | \$0                   | \$237,795   | \$165,684   |
| 14              | \$238,368           | (\$11,504)       | \$0                   | \$226,865   | \$392,549   |
| 15              | \$227,412           | (\$10,975)       | \$0                   | \$216,438   | \$608,986   |

| <i>Douglas County</i> |                     |                  |                       |             |             |
|-----------------------|---------------------|------------------|-----------------------|-------------|-------------|
| Year                  | Discounted Revenues | Discounted Costs | Discounted Incentives | Net         | Cumulative  |
| Pre-Operation         | \$0                 | \$0              | (\$100,005)           | (\$100,005) | (\$100,005) |
| 1                     | \$473,687           | (\$563,377)      | \$0                   | (\$89,690)  | (\$189,695) |
| 2                     | \$456,814           | (\$8,977)        | (\$431,986)           | \$15,851    | (\$173,843) |
| 3                     | \$436,597           | (\$8,271)        | (\$412,900)           | \$15,427    | (\$158,416) |
| 4                     | \$417,274           | (\$7,890)        | (\$394,655)           | \$14,729    | (\$143,687) |
| 5                     | \$399,308           | (\$7,528)        | (\$377,216)           | \$14,564    | (\$129,123) |
| 6                     | \$384,533           | (\$8,800)        | (\$360,545)           | \$15,187    | (\$113,936) |
| 7                     | \$367,505           | (\$8,153)        | (\$344,611)           | \$14,742    | (\$99,194)  |
| 8                     | \$351,230           | (\$7,778)        | (\$329,379)           | \$14,073    | (\$85,122)  |
| 9                     | \$335,675           | (\$7,421)        | (\$314,820)           | \$13,434    | (\$71,687)  |
| 10                    | \$320,807           | (\$7,079)        | (\$300,903)           | \$12,825    | (\$58,862)  |
| 11                    | \$306,062           | (\$6,108)        | (\$287,073)           | \$12,882    | (\$45,981)  |
| 12                    | \$291,995           | (\$5,827)        | \$0                   | \$286,168   | \$240,187   |
| 13                    | \$278,574           | (\$5,559)        | \$0                   | \$273,015   | \$513,201   |
| 14                    | \$265,770           | (\$5,304)        | \$0                   | \$260,466   | \$773,668   |
| 15                    | \$253,554           | (\$5,060)        | \$0                   | \$248,494   | \$1,022,162 |

**Model: Bliss Sports: 100% TA over 10 years (w sales tax exemption)**

**APPENDIX 2: Annual Results (Discounted) (Continued)**

| <i>USD 343</i> |                     |                  |                       |           |             |
|----------------|---------------------|------------------|-----------------------|-----------|-------------|
| Year           | Discounted Revenues | Discounted Costs | Discounted Incentives | Net       | Cumulative  |
| Pre-Operation  | \$0                 | \$0              | \$0                   | \$0       | \$0         |
| 1              | \$439,150           | (\$4,772)        | \$0                   | \$434,378 | \$434,378   |
| 2              | \$424,181           | (\$4,130)        | (\$403,354)           | \$16,696  | \$451,074   |
| 3              | \$405,402           | (\$3,508)        | (\$385,533)           | \$16,362  | \$467,436   |
| 4              | \$387,454           | (\$3,346)        | (\$368,498)           | \$15,610  | \$483,045   |
| 5              | \$370,299           | (\$3,193)        | (\$352,214)           | \$14,892  | \$497,937   |
| 6              | \$357,599           | (\$4,074)        | (\$336,649)           | \$16,876  | \$514,813   |
| 7              | \$341,758           | (\$3,528)        | (\$321,770)           | \$16,459  | \$531,273   |
| 8              | \$326,617           | (\$3,366)        | (\$307,548)           | \$15,703  | \$546,975   |
| 9              | \$312,146           | (\$3,212)        | (\$293,954)           | \$14,981  | \$561,956   |
| 10             | \$298,316           | (\$3,064)        | (\$280,960)           | \$14,292  | \$576,248   |
| 11             | \$284,604           | (\$2,923)        | (\$268,046)           | \$13,635  | \$589,884   |
| 12             | \$271,523           | (\$2,789)        | \$0                   | \$268,735 | \$858,618   |
| 13             | \$259,043           | (\$2,661)        | \$0                   | \$256,383 | \$1,115,001 |
| 14             | \$247,137           | (\$2,538)        | \$0                   | \$244,599 | \$1,359,600 |
| 15             | \$235,778           | (\$2,422)        | \$0                   | \$233,356 | \$1,592,956 |

| <i>State of Kansas</i> |                     |                  |                       |             |             |
|------------------------|---------------------|------------------|-----------------------|-------------|-------------|
| Year                   | Discounted Revenues | Discounted Costs | Discounted Incentives | Net         | Cumulative  |
| Pre-Operation          | \$0                 | \$0              | (\$630,032)           | (\$630,032) | (\$630,032) |
| 1                      | \$384,612           | \$0              | \$0                   | \$384,612   | (\$245,420) |
| 2                      | \$367,620           | \$0              | (\$259,629)           | \$107,991   | (\$137,428) |
| 3                      | \$351,378           | \$0              | (\$248,158)           | \$103,220   | (\$34,208)  |
| 4                      | \$335,852           | \$0              | (\$237,192)           | \$98,659    | \$64,451    |
| 5                      | \$321,011           | \$0              | (\$226,711)           | \$94,299    | \$158,750   |
| 6                      | \$306,824           | \$0              | (\$216,692)           | \$90,132    | \$248,882   |
| 7                      | \$293,264           | \$0              | (\$207,115)           | \$86,149    | \$335,031   |
| 8                      | \$280,302           | \$0              | (\$197,961)           | \$82,341    | \$417,372   |
| 9                      | \$267,912           | \$0              | (\$189,211)           | \$78,701    | \$496,073   |
| 10                     | \$256,069           | \$0              | (\$180,846)           | \$75,222    | \$571,296   |
| 11                     | \$244,299           | \$0              | (\$172,534)           | \$71,765    | \$643,060   |
| 12                     | \$233,070           | \$0              | \$0                   | \$233,070   | \$876,131   |
| 13                     | \$222,358           | \$0              | \$0                   | \$222,358   | \$1,098,489 |
| 14                     | \$212,138           | \$0              | \$0                   | \$212,138   | \$1,310,626 |
| 15                     | \$202,387           | \$0              | \$0                   | \$202,387   | \$1,513,014 |