

TO: Michael Denver, Mayor, Mike Amyx, Vice Mayor, and the City Commissioners
FROM: Jeff Chen, President
DATE: July 31, 2013
RE: Property Tax Abatement Request for Sunlite Science and Technology, Inc.

Let me start by thanking the City Commission for taking the time to consider our building proposal and Property Tax Abatement Request, we here at Sunlite Science and Technology, Inc. are all very excited about the possibility of growing yet again within the city limits of Lawrence.

· Incentives Being Requested

50% Property Tax Abatement for 10 years

· Background and History with Lawrence

Sunlite Science & Technology, Inc. is an LED lighting product manufacturer. With 16 years of experience in the field, Sunlite manufactures LED lighting products with a wide range of applications from warehouse ceiling bays to under kitchen cabinets.

Sunlite was founded in 1996 as an LED chip and wafer manufacturing company. Metal Organic Chemical Vapor Deposition (MOCVD) technology was used to fabricate chips for sale to LED assembly companies for use in LED lighting applications. But it was soon discovered that because traditional methods are so widespread and each step of the manufacturing process is performed by a different company that the final products fell far short of the original potential in the LED chips and wafers.

So knowing LEDs and the missed potential in most of the lighting fixtures on the market, Sunlite decided to make their own LED lighting products. Using vertical integration, Sunlite now controls all aspects of production and design, providing the freedom of innovation in multiple markets. Sunlite's proprietary Application-Specific LEDs (AS-LEDs) have a non-traditional design that is made specifically by Sunlite for Sunlite lighting products. While other manufacturers take the extra steps of putting their LEDs on a Metal Core Printed Circuit Board (MC-PCB) and use plastic coverings, Sunlite places their AS-LEDs directly in aluminum housing. Thus, the unsurpassed heat dissipation and durability of Sunlite products catapult them to the top in terms of efficiency, brightness and lifetime.

Sunlite, founded in 1996, moved to Lawrence in 1997 after evaluating other potential cities including Denver and Albuquerque. Lawrence was chosen over other cities for being a college town with a lot of potential as well as the research going on at The University of Kansas by Judy Wu in a related field of MOCVD technology in superconductivity. Permission was granted from the Fire Marshal and Sunlite's manufacturing facility was set up at 345 North Iowa Street – 10,000 square feet sub leased from Pure-O-Zone, Inc.. In 2004 a subsidiary was established in China to assemble Sunlite's laser chips and sell in the Chinese market and in 2007 a fully owned, 58,000 square foot, warehouse was built for production and manufacturing near Shanghai.

In 2010 Sunlite saw its first expansion in Lawrence, establishing offices at the Bioscience and Technology Business Center (BTBC) as their third client. Now in 2013 Sunlite hopes to again

expand and relocate within the city limits of Lawrence, which has now been 'home' for 15 years, by graduating out of both Pure-O-Zone's sub lease as well as the BTBC and bringing all their employees and manufacturing together under one 21,000 square foot roof in the newly purchased Quail Crest warehouse, ensuring space for further expansion for years to come.

· Uniqueness of Sunlite Science & Technology, Inc.'s Technology

Sunlite Science & Technology, Inc. holds a patent for the non-traditional construction and integral design of LED chips into application specific modules, issued November 2009, allowing for superior heat dissipation, light output, and LED chip life time. And has a patent pending on the unique modular heat sink housing of Sunlite's fixtures, filed February 2013, providing minimum fixture size and material consumption.

· Request to Have the Investment Figure and Ratio Threshold Waived

Sunlite Science & Technology, Inc. is requesting that the five million dollar required Investment Figure and 1.25 Ratio Threshold be waived based on the natural growth patterns of a small business and the potential value of the project to Douglas County and its citizens.

· Small Business Growth Patterns

Sunlite Science & Technology, Inc. is undertaking its third stage of growth with the purchase of Quail Crest, however Sunlite is still a small business and sees this as only the current stage in many future stages of growth. As a small business in a booming unpredictable market Sunlite has found it to be an astute practice to tackle growth in small stages and operate in the black whenever possible to maintain a solid business foundation, therefore the capital investment for this stage is lower than the required Investment Figure causing a lower Ratio Threshold as well.

· Support of Civic Programs Potential Value

Now graduating from the BTBC, a business incubator, Sunlite Science and Technology, Inc. is continuing their support of local incubators by providing support to programs like Studio 804, Inc., an Architectural incubator. Studio 804, Inc. is a not-for-profit corporation committed to the continued research and development of sustainable, affordable, and inventive building solutions via the education of graduate students entering the final year of the Master of Architecture program at the University of Kansas School of Architecture, Design and Planning. Sunlite has been collaborating with Studio 804 for the last three years and sees this mixing of incubators, talents, collaborations, and relationships as a very poetic and values these types of organizations in Lawrence.

· Employment Potential Value

"A new national study has ranked Lawrence as the second-worst-performing small metropolitan area in the nation, based on a variety of economic measures. The Milken Institute ranked Lawrence 178 out of 179 metro areas in its most recent Best Performing Cities index. ... The Milken report uses some of the same types of economic numbers to create its index. But it places a particular emphasis on an area in which Lawrence is supposed to be positioned to excel:

high-tech, knowledge-based jobs,” writes Chad Lawhorn, a [Lawrence Journal-World](#) Journalist, on .

Sunlite seeks to stay located in Lawrence and add to the pool of high-tech, knowledge-based jobs. This venture anticipates 40 new full time positions to be added to the Lawrence job pool by the conclusion of the Incentives Period.

· *Business Density Potential Value*

By relocating both sets of current employees to an unoccupied / foreclosed on warehouse, Sunlite fills an existing vacancy on Quail Crest Place, increasing business occupancy along this road. Sunlite’s expansion timing also leaves no density vacancies behind, with Pure-O-Zone set to expand into the rest of their warehouse and several companies ready to expand within the BTBC but not graduate out of it.

· *Manufacturing and Future Growth Potential Value*

Sunlite sees this move, consolidation, and expansion as only one small step of growth here in Lawrence. As production ramps up the time and expense of air and sea shipments becomes more and more of an issue and Sunlite intends to bring several manufacturing operations currently done abroad here to Lawrence. Providing even more jobs and industry to Douglas County.

The timing seems just perfect for Sunlite to undertake this next company move and we are very excited to do it again here in Lawrence. Thank you for your time and consideration and we look forward to continuing to work with The City of Lawrence.