

ABILENE CITY COMMISSION - STUDY SESSION AGENDA
DWIGHT D. EISENHOWER MEMORIAL BUILDING - 419 N. BROADWAY AVENUE
December 20, 2016 - 4:00 pm

1. **PUBLIC COMMENTS**. Persons who wish to address the City Commission may do so when called upon by the Mayor. Comments on personnel matters and matters pending before court are not permitted. Speakers are limited to three minutes. Any presentation is for informational purposes only. No action will be taken.

2. **ITEMS FOR PRESENTATION AND DISCUSSION**
 - a. **Trails, Rails, and Tales Event Coordinator Contract**

 - b. **Abilene Highlands I, LLC Land Exchange Agreement**

3. **ITEMS PROPOSED FOR THE CONSENT AGENDA**
 - a. **Meeting Minutes: December 12, 2016 regular meeting**

4. **ITEMS TO BE PLACED ON THE REGULAR AGENDA**
 - a. **Consideration of an Ordinance exempting certain real property located at 401 Cottage Avenue from ad valorem property taxation for economic development purposes.**

5. **REPORTS**
 - a. **City Manager's Report**

6. **MEETINGS OF NOTE** (*Meetings at Abilene Public Library unless otherwise provided*)
 - Economic Development Council, Dec 21 at 4 pm
 - Convention & Visitor's Bureau Board, Dec 27 at 2 pm (Civic Center)
 - CITY OFFICES CLOSED: Dec 23 and 26 (Christmas Holiday)
 - CITY OFFICES CLOSED: Jan 2 (New Year's Holiday)
 - Library Board, Jan 3 at 4 pm
 - City Commission Study Session, Jan 3 at 4 pm (City Hall)
 - City Commission Meeting, Jan 9 at 4 pm
 - Planning Commission, Jan 10 at 4:30 pm
 - Sister City, Jan 12 at 7 pm (Civic Center)



MEMORANDUM

TO: City Commission
FROM: David Dillner, City Manager
SUBJ: Trails, Rails, and Tales Event Coordinator
DATE: December 16, 2016

ISSUE:

The City Commission is asked to consider renewing an agreement for event coordinator services with Michael Hook for the 2017 Trails, Rails, and Tales event to celebrate the 150th anniversary of the Chisholm Trail.

BACKGROUND:

Resolution No. 020816-2 approved an agreement for event coordinator services for the Convention and Visitors Bureau for the 2016 Trails, Rails, and Tales event. The agreement ends January 31, 2017 unless extended.

At the time, it was envisioned that the 2016 event needed a full-time person to coordinate various elements, including volunteers, fundraising, marketing, and entertainment, for the event. There may not be a need for a full-time position to oversee the event now that the event has been completed once and experience and insight has been gained that may prove to be useful in coordinating next year's event.

In addition, Convention and Visitors Bureau Director Julie Roller has experience planning and coordinating events. Because of this experience, Julie is of the opinion that some of the coordination may be done in-house without requiring a full-time commitment. A part-time position may be necessary in the few months leading up to the event.

RECOMMENDATION:

Staff recommends moving forward with a part-time arrangement for event coordinator services which will reduce the City's overall financial commitment to the event by allocating internal resources for some of the coordination leading up to the event. In addition, coordination and partnership with other stakeholders will provide a means of "doing more with less" and allow a more widespread effort on the part of the community in planning and coordinating the event.

FISCAL NOTE:

The services rendered by Michael Hook cost \$35,000, and were paid from appropriations from the General Fund reserve. If the agreement continues in the present form, the cost to the City will be \$35,000 for event coordination services in 2017. These costs may be reduced by the City should the City Commission decide to move forward with a part-time arrangement for event coordination services.

ATTACHMENTS:

- Resolution No. 020816-2 (Event coordinator agreement with Michael Hook)

- Resolution No. 022216-2 (Appropriation of funds for event coordinator agreement)

RESOLUTION NO. 020816-2

A RESOLUTION APPROVING AN AGREEMENT FOR CONVENTION AND VISITORS BUREAU EVENT COORDINATOR SERVICES

WHEREAS, the governing body desires to contract with an Event Coordinator to assist in the planning and coordination of the Sesquicentennial Celebration of the historic Chisholm Trail and related events;

WHEREAS, the governing body desires to enter into an Agreement for Convention and Visitors Bureau Event Coordinator Services ("Agreement") with Michael Hook ("Consultant") for such purposes.

NOW, THEREFORE BE IT RESOLVED, by the City Commission of the City of Abilene, as follows:

SECTION ONE. Agreement. That an Agreement for Convention and Visitors Bureau Event Coordinator Services is hereby adopted as attached hereto as Exhibit A.

SECTION TWO. Implementation. The Mayor is hereby authorized to execute the aforementioned Agreement, and the City Manager shall be authorized to enforce the provisions as provided therein and in applicable resolutions, ordinances, and laws.

SECTION THREE. Effective Date. That the effects of this Resolution shall be in full force after its approval by the City Commission.

PASSED AND APPROVED by the Governing Body of the City of Abilene, Kansas this 8th day of February, 2016.



Penny Soukup, CMC
Penny Soukup, CMC
City Clerk

CITY OF ABILENE, KANSAS

By: *Dennis P. Weishaar*
Dennis P. Weishaar, Mayor

EXHIBIT A

**Agreement for Convention and Visitors Bureau
Event Coordination Services**

February 8, 2016

AGREEMENT
for
CONVENTION AND VISITORS BUREAU EVENT COORDINATOR SERVICES

This Agreement is entered into February 8, 2016, by and between the City of Abilene, Kansas, (the "City") and Michael Hook (the "Consultant").

Recitals

A. The City desires to contract with an event coordinator to oversee, plan, direct, coordinate, promote, and manage various special events and activities of the Convention and Visitor's Bureau ("CVB") in connection with various city-wide events commemorating the Chisholm Trail's 150th anniversary, all in compliance with federal, state, and local regulations.

B. The Consultant has the requisite qualifications and experience to perform the services needed by the City and desires to perform those services pursuant to the terms of this Agreement.

The parties, in consideration of the mutual promises set forth in this Agreement, agree and covenant:

1. **Responsibilities of the Consultant.** The Consultant agrees to perform all of the responsibilities outlined in the Request for Proposals for Event Coordinator, dated December 2015, together with the Consultant's submitted proposal in response thereto, the terms of which are incorporated into this Agreement by reference as if fully set forth herein.

2. **Term; Schedule.** The term of this Agreement shall be deemed to have commenced on February 1, 2016, and shall terminate on January 30, 2017, subject to the potential for prior termination pursuant to the terms of this Agreement. The services to be performed pursuant to this agreement shall be performed with due diligence at all times during the term.

3. **Payment.** The City shall pay the Consultant the sum of \$35,000.00 for the performance of all responsibilities under this Agreement, payable in equal installments of \$1,458.33 to coincide with the payment of the City's accounts payable.

4. **Indemnification.** To the fullest extent permitted by law, the Consultant shall indemnify and hold harmless the City, its agents, representatives, officers, officials and employees from and against all claims, damages, losses and expenses (including but not limited to attorney fees and court costs) attributable to bodily injury, sickness, disease, death, or injury to, impairment, or destruction of property, including loss of use resulting therefrom, to the extent that such claims, damages, losses, and expenses are caused by the wrongful acts, negligent acts, errors, or omissions arising out of or related to the services of the Consultant, its employees, agents, or any tier of subcontractors in the performance of this Agreement.

5. **Voluntary Termination.** Either party may terminate this Agreement, with or without cause, upon thirty (30) days advance written notice to the other party. In the event of such termination, the Consultant shall be compensated for such services as have been satisfactorily performed through the date of termination, but no compensation shall be earned after the effective date of the termination. Within five (5) days of any such termination, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs, reports or other material prepared by the Consultant pursuant to this Agreement shall be delivered to the City. Notwithstanding the above, the Consultant shall not be relieved of any liability to the City for damages sustained by the City by virtue of any breach of this Agreement by the Consultant, and the City may withhold any payments to the Consultant for the purposes of set-off until such time as the exact amount of damages due the City from the Consultant may be determined.

6. **Default.** If either party fails to comply with any term of this Agreement within ten (10) days after written notice to comply has been mailed by the non-defaulting party to the defaulting party, such failure shall be deemed an immediate breach of this Agreement ("Event of Default").

7. **Remedies.** Upon the occurrence of an Event of Default, the non-defaulting party shall have the following rights and remedies, in addition to any other rights and remedies provided under this Agreement or by law:

7.1. **Termination.** The non-defaulting party shall have the right to terminate this Agreement or terminate the defaulting party's rights under this Agreement.

7.2. **Other Remedies.** The non-defaulting party may pursue any available remedy at law or in equity (including specific performance) by suit, action, mandamus or other proceeding to enforce and compel the performance of the duties and obligations set forth in this Agreement, to enforce or preserve any other rights or interests of the non-defaulting party under this Agreement or otherwise existing at law or in equity and to recover any damages incurred by the non-defaulting party resulting from such Event of Default.

8. **Non-Assignable.** Due to the unique qualifications and capabilities of the Consultant, neither the rights nor responsibilities provided for under this Agreement shall be assignable by either party, either in whole or in part.

9. **Notices.** All notices required or permitted to be given pursuant to this Agreement shall be in writing and delivered personally or sent by registered or certified mail, return receipt requested, or by generally recognized, prepaid, commercial courier or overnight air courier service. Notice shall be considered given when received on the date appearing on the return receipt, but if the receipt is not returned within five (5) days, then three (3) days after mailed, if sent by registered or certified mail or commercial courier service; or the next business day, if sent by overnight air courier service. Notices shall be addressed as appears below for each party, provided that if any party gives notice of a change of name or address, notices to the giver of that notice shall thereafter be given as demanded in that notice.

CITY: City Clerk
P.O. Box 519
Abilene, KS 67410-0519

CONSULTANT: Michael Hook
1105 N. Buckeye Avenue
Abilene, KS 67410

10. **Non-appropriation.** The City is subject to Kansas budget and cash basis laws, and operates on a calendar fiscal year. In the event that this Agreement involves financial obligations spanning multiple fiscal years for the City, it is subject to annual appropriation by the City's governing body for future fiscal years. If the City's governing body does not appropriate the funds necessary to fulfill the City's financial obligations pursuant to this Agreement, the City shall so notify the other parties to this Agreement and this Agreement shall be null and void for purposes of the fiscal year(s) affected by the decision of the governing body not to appropriate.

11. **Relationship.** It is expressly understood that Consultant in performing services under this Agreement, does so as an independent contractor. The City shall neither have nor exercise any control or direction over the methods by which Consultant performs its responsibilities. The sole interest and responsibility of the City is to see that the services covered by this Agreement are performed and rendered in a competent, efficient, and satisfactory manner. Consultant shall be exclusively responsible for all taxes, withholding payments, employment-based benefits, deferred compensation plans, including but not limited to its workers compensation and social security obligations, and the filing of all necessary documents, forms, or returns pertinent to the foregoing.

12. **Subcontracting.** Consultant shall not subcontract any work or services under this Agreement without the City's prior written consent.

13. **Compliance with Applicable Law.**

Consultant shall comply with all applicable federal, state, and local law in the performance of this Agreement.

14. **Administration of Agreement.** All references in this Agreement requiring the City's participation or approval shall mean the participation or approval of the City Manager or his designee, unless otherwise provided herein.

15. **Applicable Law; Venue.** This Agreement and its validity, construction and performance shall be governed by the laws of Kansas. In the event of any legal action to enforce or interpret this Agreement, the sole and exclusive venue shall be in the Dickinson County, Kansas District Court.

16. **Severability.** The unenforceability, invalidity, or illegality of any provision of this Agreement shall not render the other provisions unenforceable, invalid, or illegal.

17. **Persons Bound.** This Agreement shall extend to and bind the heirs, executors, administrators, trustees, successors and authorized assigns of the parties hereto.

18. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, or in multiple originals, and all such counterparts or originals shall for all purposes constitute one agreement.

19. **Amendments.** Neither this Agreement nor any of its terms may be changed or modified, waived, or terminated except by an instrument in writing signed by an authorized representative of the party against whom the enforcement of the change, waiver, or termination is sought.

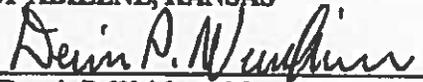
20. **Waiver.** No failure or delay by a party hereto to insist on the strict performance of any term of this Agreement, or to exercise any right or remedy consequent to a breach thereof, shall constitute a waiver of any breach or any subsequent breach of such term. No waiver of any breach hereunder shall affect or alter the remaining terms of this Agreement, but each and every term of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

21. **Merger Clause.** These terms are intended by the parties as a complete, conclusive and final expression of all the conditions of their Agreement. No other promises, statements, warranties, agreements or understandings, oral or written, made before or at the signing thereof, shall be binding unless in writing and signed by all parties and attached hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their authorized representatives.

CITY OF ABILENE, KANSAS

By:


Dennis P. Weishaar, Mayor

Attest:


Penny L. Soukup, CMC, City Clerk

CONSULTANT


Michael Hook

RESOLUTION NO. 022216-1

A RESOLUTION AUTHORIZING USE OF THE GENERAL FUND RESERVE TO FUND AN EVENT COORDINATOR FOR THE CHISHOLM TRAIL SESQUICENTENNIAL CELEBRATION

WHEREAS, the governing body contracted with Michael Hook ("Consultant") to provide event coordination services ("Services") to assist in the planning and coordination of the Sesquicentennial Celebration of the historic Chisholm Trail and related events;

WHEREAS, the City's Financial and Budgetary Policy states that funds in excess of undesignated fund balance in the General Fund reserve may be used to fund one-time expenditures which do not substantially increase recurring operating costs subject to approval of the governing body:

WHEREAS, the governing body desires to appropriate funds from the General Fund undesignated fund balance, as provided in the City's Financial and Budgetary Policy, to fund said Services.

NOW, THEREFORE BE IT RESOLVED, by the City Commission of the City of Abilene, as follows:

SECTION ONE. Findings. The governing body hereby finds that the Services to be provided by Consultant is a one-time expenditure which does not substantially increase recurring operating costs, and that are necessary for the success of the planning and coordination of an important community event. The governing body further finds that the General Fund will remain in compliance with all applicable policies governing the General Fund fund balance.

SECTION TWO. Appropriation of Funds. The governing body hereby appropriates \$35,000 from the General Fund undesignated fund balance to fund the Services to be provided by Consultant as outlined in the Agreement for Services as approved by Resolution No. 020816-2.

SECTION THREE. Effective Date. That the effects of this Resolution shall be in full force after its approval by the City Commission.

PASSED AND APPROVED by the Governing Body of the City of Abilene, Kansas this 22nd day of February, 2016



CITY OF ABILENE, KANSAS

By: Dennis P. Weishaar
Dennis P. Weishaar, Mayor

Penny Soukup, CMC
Penny Soukup, CMC
City Clerk



MEMORANDUM

TO: City Commission
FROM: David Dillner, City Manager
SUBJ: Abilene Highlands I, LLC Land Exchange Agreement
DATE: December 16, 2016

ISSUE:

The City Commission is asked to consider a framework for a Land Exchange Agreement with Abilene Highlands I, LLC similar to the Land Exchange Agreement approved in 2016, but with a proposal that Abilene Highlands I, LLC would pay the present value of the special assessments for exchanged lots in a lump sum at a negotiated discount rate.

BACKGROUND:

Abilene Highlands I, LLC approached the City last year concerning a proposed exchange of undeveloped lots in the Cedar Ridge development with developed lots in the Highlands development. For clarification, "undeveloped" and "developed" refer to whether the lots have access to public infrastructure or not. The lots proposed for exchange in Cedar Ridge do not have infrastructure and are not "shovel ready" for development purposes.

The original Land Exchange Agreement was approved December 28, 2015, subject to the award of tax credits by the Kansas Housing Resources Corporation for a mid- to low-income housing project proposed for construction on the exchanged lots at the Highlands. The project did not receive tax credits, so on August 22, 2016 the Land Bank Board of Trustees elected to terminate the Land Exchange Agreement Abilene Highlands I.

FISCAL NOTE:

The approximate value of special assessments for fifteen lots is \$37,500, or \$750,000 over twenty years. The City Commission has previously stated its intent to re-amortize special assessments on lots conveyed from the Land Bank to private interests. Staff does not know what the full fiscal impact of the proposal will be until a discount rate is known to determine the present value of the special assessments.

The City is statutorily limited on what financial instruments it may invest funds. All investable instruments are based on a "preservation of principal" rationale that will limit the City's ability to invest funds to receive the full value of the special assessments depending on the discount rate that is used. For example, a 2.5% discount rate calculates the present value of special assessments at \$584,594, while a 12% discount rate calculates it at \$280,104. The cannot invest the funds in anything that will yield 12% over twenty years, so a rate of this magnitude would be an effective abatement of a portion of the future value of the special assessments.

ATTACHMENTS:

- Resolution No. 122815-1 (Land Exchange Agreement)

- Proposed Land Exchange Agreement

RESOLUTION NO. 122815-1

**A RESOLUTION APPROVING A REAL ESTATE DONATION AGREEMENT
CONCERNING THE CONVEYANCE OF CERTAIN REAL PROPERTY TO THE LAND
BANK OF THE CITY OF ABILENE, KANSAS**

WHEREAS, the governing body established a Land Bank for the City of Abilene, Kansas with the adoption of Ordinance No. 3265;

WHEREAS, the governing body serves as the Board of Trustees ("Trustees") for said Land Bank; and

WHEREAS, the Trustees have the authority to accept donations of real estate as provided by K.S.A. 9-1401 et seq., and amendments thereto, and Ordinance No. 3265.

NOW, THEREFORE BE IT RESOLVED, by the City Commission of the City of Abilene, as follows:

SECTION ONE. Agreement. That a Real Estate Donation Agreement is hereby adopted as attached hereto as Exhibit A.

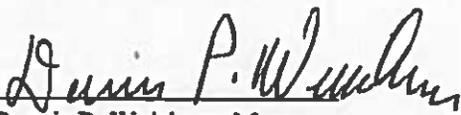
SECTION TWO. Implementation. The Mayor is hereby authorized to execute the aforementioned Agreement, and the City Manager shall be authorized to enforce the provisions as provided therein and in applicable resolutions, ordinances, and laws.

SECTION THREE. Effective Date. That the effects of this Resolution shall be in full force after its approval by the governing body.

PASSED AND APPROVED by the Governing Body of the City of Abilene, Kansas this 28th day of December, 2015.



CITY OF ABILENE, KANSAS

By: 
Dennis P. Weishaar, Mayor

ATTEST:

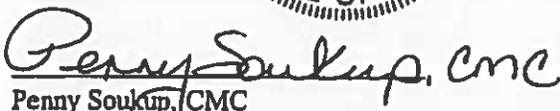

Penny Soukup, CMC
City Clerk

EXHIBIT A

Real Estate Donation Agreement

December 28, 2015

REAL ESTATE DONATION AGREEMENT

This Real Estate Donation Agreement ("Agreement") is entered into this 28th day of December, 2015, by Kelly Dunn Construction, Inc. ("Donor"), and the City of Abilene Land Bank ("Land Bank").

1. **Donation and Acceptance.** Donor agrees to donate, convey, and transfer to Land Bank, and Land Bank agrees to receive and accept from Donor, the following described real estate in Dickinson County, Kansas:

See Exhibit A attached hereto,

together with all appurtenances, permanent improvements and fixtures (the "Property"), upon the terms and conditions of this Agreement.

2. **Donative Intent.** The Property will be donated at no cost to Land Bank, subject to Land Bank's responsibility for the expenses set forth in Section 3 below. Donor is advised to seek its own legal and/or tax counsel regarding the donation contemplated in this Agreement and has not relied on any representation from Land Bank related to the donation provided in this Agreement. Land Bank makes no representation regarding the fair market value of the Property or any tax related benefits or consequences of the transaction contemplated in this Agreement.

3. **Payment of Expenses.** Expenses shall be allocated between the parties as follows:

3.1 **Land Bank.** Land Bank shall pay any attorneys' fees and expenses incurred by Land Bank in the preparation and performance of this Agreement.

3.2 **Donor.** Donor shall pay all of the following items:

- (a) The title insurance premium;
- (b) The escrow and closing fee, if any;
- (c) The cost of recording the deed; and
- (d) Any attorneys' fees and expenses incurred by Donor in the preparation and performance of this Agreement.

4. **Escrow Agent.** First American Title Insurance Company, 315 Broadway, Abilene, Kansas, is designated as the Escrow Agent of the parties and shall hold this Agreement, the deed, the title insurance policy, and all other papers of transfer pending the complete fulfillment of this Agreement. The Escrow Agent shall receive and disburse all amounts to be paid under this Agreement.

5. **Evidence of Title.** As soon as reasonably possible after execution of this Agreement, Donor shall obtain and deliver to Land Bank a commitment for an owner's title insurance policy in the amount of \$ 34,600.00, insuring Land Bank's title to the Property, subject only to liens, encumbrances, exceptions, or qualifications set forth in this Agreement, and those which shall be discharged by Donor at or before Closing. Land Bank shall

have ten (10) days after receipt to examine the title insurance commitment and to notify Donor in writing of any requirements to make the title marketable, in Land Bank's reasonable discretion.

6. **Closing Date and Possession.** The Closing Date shall be on or before December 31, 2015. "Closing" means the settlement of the obligations of Donor and Land Bank to each other under this Agreement, including the delivery to Land Bank of a warranty deed in a proper form for recording so as to transfer to Land Bank fee simple title to the Property, free of all encumbrances except as herein stated. Land Bank shall take possession of the Property immediately following the Closing.

7. **Restrictions, Easements, Limitations, Taxes.** Land Bank shall take title subject to zoning restrictions, covenants and matters appearing on the plat or of record; public utility easements of record; and taxes and special assessments prorated to the Closing Date, if available, and, if not, based upon taxes and assessments for the prior calendar year.

8. **Conveyance.** Donor shall properly execute a general warranty deed conveying the Property to Land Bank free and clear of all liens and encumbrances whatsoever, except as herein provided, and shall place such deed in escrow with the Escrow Agent as soon as may be reasonably possible. At Closing, the Escrow Agent shall deliver the warranty deed and other documents to the Property to Land Bank.

9. **Mechanic's Liens.** Donor certifies that at Closing there will be no lien claimants, potential lien claimants, or improvements to the Property for 120 days prior to Closing Date.

10. **Condition of Property.** Except as otherwise provided herein, Donor is making no warranties of any kind regarding the condition of the Property, and Land Bank is not asking for any warranties from Donor. Therefore, Land Bank acknowledges that it has inspected the Property and agrees to accept it "as is."

11. **Default.** If Donor is unable or fails to furnish title or possession as agreed in this Agreement, Land Bank may terminate this Agreement by written notice to Donor and the parties shall be released from all obligations hereunder.

12. **Authority.** Donor represents and warrants that Donor has the power to enter into this Agreement and to execute and deliver this Agreement and to perform all duties and obligations imposed upon it hereunder, and neither the execution or delivery of this Agreement, nor the consummation of the conveyance contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement conflict with or will result in the breach of any of the terms, conditions or provisions of any agreement or instrument to which Donor, or any partner or related entity or affiliate of Donor, is a party or by which Donor, or any partner or related entity or affiliate of Donor, or any of Donor's assets is bound. Donor agrees to execute such further documents and take such further actions as may be reasonably required to evidence and document the representations and warranties contained in this section.

13. **Assignment.** This Agreement or any right or interest in the Property shall not be assigned by either Donor or Land Bank.

14. **No Commission.** The parties stipulate that they have not consulted with any real estate broker or salesperson with respect to this transaction, and that no commissions arising from this transaction are due and owing.

15. **Real Estate Reporting Person.** The parties agree that the Escrow Agent is the real estate reporting person as that term is defined under Internal Revenue Code Section 6045(e). Donor agrees to provide Escrow Agent with a written statement, certified under penalties of perjury, setting forth Donor's correct name, address, and taxpayer identification number. The parties further agree that Escrow Agent shall be required to file the informational return required by Internal Revenue Code Section 6045.

16. **Representation of Parties.** Land Bank is represented by the law firm of Clark, Mize & Linville, Chartered, Salina, Kansas. Donor acknowledges that neither Land Bank nor Land Bank's legal counsel has provided legal or tax advice related to the transaction contemplated by this Agreement. Donor is advised that it has the right to such independent legal and/or tax counsel of its own choosing to represent it herein and to advise it with respect to this matter. Donor acknowledges that it has either consulted separate counsel of its own choosing or has elected to proceed without separate counsel.

17. **Time.** Time is of the essence of this Agreement.

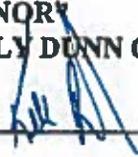
18. **Persons Bound-Copies.** This Agreement shall extend to and bind the heirs, executors, administrators, trustees, successors, and authorized assigns of the parties, and may be executed in any number of counterparts, each of which shall be deemed an original, or in multiple originals, and all such counterparts or originals shall for all purposes constitute one agreement.

19. **Merger Clause.** These terms are intended by the parties as a complete, conclusive and final expression of all the conditions of their Agreement. No other promises, statements, warranties, agreements or understandings, oral or written, made before or at the signing thereof, shall be binding unless in writing and signed by all parties and attached hereto.

{Signature Page Follows}

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their authorized representatives.

"DONOR"
KELLY DUNN CONSTRUCTION, INC.

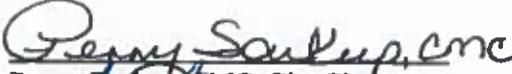


"LAND BANK"

CITY OF ABILENE LAND BANK

By: 
Name: Dennis P. Weishaar
Title: Mayor

Attest:

By: 
Penny Soukup, CMC, City Clerk



Form: 
_____ Legal Counsel

EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY

Parcel No. 1:

A parcel of land located in the Northeast Quarter of Section Eighteen (18), Township Thirteen (13) South, Range Two (2) East of the 6th Principal Meridian in City of Abilene, Dickinson County, Kansas, more particularly described as follows: Commencing at the Southeast corner of said Northeast Quarter; thence on an assumed bearing of N 00°00'00" E along said East line a distance of 40.00 feet; thence N 89°58'11" W a distance of 60.00 feet to the intersection of the West right-of-way of Van Buren Street and the North right-of-way line of the Northwest Eighth Street, said Point also being the Point of Beginning of the parcel to be described; thence N 89°58'11" W along said North right-of-way line a distance of 1265.91 feet to point on the West line of the East Half of said Northeast Quarter; thence N 00°05'27" E along said West line a distance of 949.86 feet; thence S 89°57'15" E along said West line a distance of 949.86 feet; thence S 89°57'15" E a distance of 11264.44 feet to a point on said West right-of-way line; thence S 00°00'00" E along said West right-of-way line a distance of 949.52 feet to the Point of Beginning. EXCEPT a parcel of land located in the Northeast Quarter of Section Eighteen (18), Township Thirteen (13) South, Range Two (2) East of the 6th Principal Meridian in City of Abilene, Dickinson County, Kansas, more particularly described as follows: Beginning at the Southeast corner of said Northeast Quarter; thence on an assumed bearing of N 89°58'11" W along the South line of said Northeast Quarter a distance of 284.99 feet; thence N 00°00'00" E a distance of 364.65 feet; thence N 90°00'00" W a distance of 334.99 feet; thence N 00°00'00" E a distance of 420.00 feet; thence N 90°00'00" W a distance of 10.00 feet; thence N 00°00'00" E a distance of 205.21 feet; thence S 89°57'15" E a distance of 629.96 feet to a point on the East line of said Northeast Quarter; thence S 00°00'00" E along said East line a distance of 989.50 feet to the Point of Beginning.

Parcel No. 2:

Lot 1, Block 6, Cedar Ridge Estates No. 1 to the City of Abilene, Dickinson County, Kansas.

RECEIPT BY ESCROW AGENT

The undersigned hereby acknowledges receipt of the executed original of this Agreement, and agrees to act as Escrow Agent and Real Estate Reporting Person as defined under Internal Revenue Code Section 6045(e). This receipt is executed this 31 day of December, 2015.

FIRST AMERICAN TITLE INSURANCE COMPANY

By: Joleen Rankin
Name: Joleen Rankin
Title: Settlement Agent

LAND EXCHANGE AGREEMENT

THIS LAND EXCHANGE AGREEMENT (the "Agreement") is made effective this 25th day of ~~January, 2016~~, 20 (the "Effective Date"), by and between the City of Abilene Land Bank, a land bank established by the City of Abilene, Kansas pursuant to City Ordinance No. 3265 (the "Land Bank") and Abilene Highlands I, LLC, a Kansas limited liability company ("Developer"). The Land Bank and Developer are collectively referred to as the "Parties" and individually as a "Party."

Style Definition: Default Paragraph Font

RECITALS

- A. The Land Bank is the record owner of certain real estate in the City of Abilene, Kansas legally described on Exhibit A, attached to and, by reference, incorporated herein (the "Received Property").
- B. Developer is ~~or will be the record owner of certain real estate in the City of Abilene, Kansas~~ legally described on Exhibit B, attached to and, by reference, incorporated herein (the "Deposited Property").
- C. The Received Property and the Deposited Property are of equal fair market value, as set forth in appraisals of the Received Property and the Deposited Property, a summary of which are attached to and, by reference, incorporated herein as Exhibit C.
- D. Developer desires to convey the Deposited Property to the Land Bank, and the Land Bank desires to simultaneously convey the Received Property to Developer, all in accordance with the terms and conditions of this Agreement.

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AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein made, the Parties agree as follows:

1. **Recitals**. The recitals set forth above are part of this Agreement.
2. **Agreement of the Land Bank**. The Land Bank agrees to convey the Received Property to Developer, by special warranty deed.
3. **Agreement of Developer**. Developer agrees to convey the Deposited Property to the Land Bank, by general warranty deed.
4. **Closing Date**. The "Closing Date" shall be no later than ninety (90) days following the satisfaction or waiver of all conditions described in paragraph 9, below, unless both parties agree in writing to advance or delay the closing. "Closing" means the settlement of the obligations of the Parties to each other under this Agreement, including the payment of all amounts then required to be paid, and the delivery of deeds in proper form to the respective premises, free of all encumbrances, except as expressly provided in this Agreement. Possession to the respective premises shall be given to the respective parties upon Closing. The above-described deeds shall be recorded immediately following the Closing.

5. **Escrow Agent; Title Insurance.**

- a) First American Title Insurance Company, 315 Broadway, Abilene, Kansas, is designated as the Escrow Agent of the parties and shall hold this Agreement, the deed, the title insurance policy, and all other papers of transfer pending the complete fulfillment of this Agreement. The Escrow Agent shall receive and disburse all amounts to be paid under this Agreement.
- b) Within ten (10) days after the Effective Date of this Agreement, each party shall furnish the other party with a commitment for an owner's title insurance policy (the "Commitment") with respect to the property such party will convey under this Agreement. ~~The amount of Parties agree to use commercially reasonable efforts to cause the a policy for to be issued in the amount of \$40,000 for each of the Received Property shall be \$40,000, and the amount of the policy for the Deposited Property shall be \$40,000.~~ Each Commitment shall insure title subject only to liens, encumbrances, exceptions, or qualifications set forth in this Agreement, and those which shall be discharged at or before Closing. Each party shall have ten (10) days after receipt to examine the Commitment and to notify the other party in writing of any requirements to make the title marketable. If defects precluding marketability are not removed by Closing, the party objecting to marketability may either accept title or cancel this Agreement, or extend the Closing Date for a reasonable time to enable title to be made marketable. Each party shall diligently attempt before Closing to correct any defects to marketability of which the other party has given written notice of, and shall file and pursue any legal proceedings reasonably necessary to correct such defects. In case of dispute between the parties as to marketability of title, the Title Standards adopted from time to time by the Bar Association of the State of Kansas, and the Kansas Marketable Title Act, as amended, shall control. All costs of recording any corrective instruments with respect to the Received Property shall be paid by the Land Bank. All costs of recording any corrective instruments with respect to the Deposited Property shall be paid by Developer.

6. **Title Exceptions.** Title to the respective properties shall be subject to the following exceptions: (a) easements, rights of way, and restrictions of record that each respective party shall determine do not unreasonably interfere with such party's intended use and enjoyment of the property to be conveyed to such party; (b) the printed or standard exceptions set forth on Schedule B of the Commitment; and (c) full performance of this Agreement by each party.

7. **Condition of Property.** No representations or warranties have been made by either Party, or anyone in such Party's behalf, to the other Party as to the condition of the Received Property or the Deposited Property (as the case may be). Each Party has had a full and complete opportunity to inspect the premises being conveyed to such Party under this Agreement, to observe its physical characteristics and existing conditions, and to have conducted such investigations and studies on such premises as it deems necessary. Each Party acknowledges and agrees that the Received Property or the Deposited Property (as the case may be) is sold "As Is," and that each Party waives, from and after closing, any all obligations to or complaints about physical characteristics and existing conditions of the Received Property or the Deposited Property (as the case may be). This paragraph shall survive the transfer of title and the Closing of this Agreement. Notwithstanding the foregoing, however, each Party represents to the other Party, that the Received Property or the Deposited Property (as the case may be), to the best of the representing Party's actual

knowledge: (i) no waste or hazardous materials have been deposited on the premises; (ii) no portion of the premises has been used as a landfill, dump, or depository for hazardous materials; (iii) no portion of the premises has been used for the storage, use, manufacture, treatment, or disposal of toxic waste or hazardous materials; and (iv) such Party has neither filed nor been required to file with any local, state, federal, or regional governmental agency any reports of hazardous materials, toxic wastes or hazardous substances found or disposed of on the premises. As used in herein, the terms ("hazardous materials"), ("toxic waste"), and ("hazardous substances"), shall include, without limitation, any substance, the presence of which on the premises is prohibited by any federal, state, or local law, order or regulation. Notwithstanding anything herein to the contrary, it is hereby understood and agreed that the representing Party shall not be required hereby to make any investigation or obtain a Phase I Environmental Assessment, and that the term "to the best of the representing Party's actual knowledge" shall not include any fact or circumstance that would be discovered as a result of any such Phase I Environmental Assessment, unless the representing Party already has actual knowledge of such fact or circumstance.

8. Prorations at Closing—: Special Assessments.

8-a) Developer shall pay all taxes and assessments that accrue on the Deposited Property on or before the Closing Date, provided, however, that taxes and assessments for the tax year in which Closing occurs shall be prorated between the Parties as of the Closing Date. ~~The parties acknowledge and agree that, by operation of K.S.A. 12-5909, the Land Bank shall convey the Received Property free and clear of any real estate taxes (other than special assessments) that accrue on or before the Closing Date, and the Land Bank shall have no obligation to pay any taxes, assessments, or installments of special assessments on the Received Property, or any prorated portion thereof.~~ Developer shall have no obligation to pay any assessments or installments of special assessments that can be paid, but which are not due, on the Deposited Property before the Closing Date, other than assessments that are due for the year in which Closing occurs, which shall be prorated as of the Closing Date. In the event taxes and assessments for the tax year in which Closing occurs are not available on the Closing Date, then the amount will be presumed to be the same amount as that for the last preceding tax period for which the amount of taxes and assessments is known.

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b) ~~The parties acknowledge and agree that, by operation of K.S.A. 12-5909, the Land Bank shall convey the Received Property free and clear of any real estate taxes that accrue on or before the Closing Date. The Parties acknowledge and agree that the Received Property is subject to certain special assessments related to the construction of infrastructure improvements including (without limitation) streets, sidewalks, curb and guttering, storm sewer and sanitary sewer improvements. Developer shall pay at the Closing, if Closing shall occur, the amount of \$ [●], which the Parties agree represents the present value of the assessments used to finance such infrastructure improvements. In consideration of such payment, the Land Bank shall transfer the Received Property free and clear of any special assessments and shall indemnify Developer and its heirs, successors and assigns from and against any liability for such special assessments. The terms of this paragraph shall survive the Closing, the delivery of the deeds, and the transfer of title to the Received Property.~~

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9. **Developer Closing Contingencies.** The Developer's obligations to Close this Agreement are specifically contingent upon the satisfaction of the following:

a) Developer shall receive notice of award of tax credits from the Kansas Housing Resources Commission, in a form acceptable to Developer in Developer's sole discretion. and Developer shall have elected in writing to proceed with a low-income housing tax credit project under terms acceptable to Developer in Developer's sole discretion.

~~b) The Governing Body of the City of Abilene, Kansas (the "City") shall have adopted an ordinance abating the delinquent installments of special assessments against the Received Property, and deferring and re-amortizing all of the special assessments, including those delinquent assessments that are abated, in such amounts and for such periods as are mutually agreeable between the Parties in their sole discretion. Developer acknowledges that the preceding sentence does not require the City to adopt such an ordinance, and such adoption is discretionary and subject to the approval of the governing body of the City and applicable law. The City and the Land Bank provide no guarantee, written or implied, regarding any such decision to be considered by the governing body.~~

~~e)b)~~ The Received Property shall be in the same condition as in existence on the Effective Date, ordinary wear and tear excepted.

If any of the contingencies have not been satisfied or waived in writing by Developer on or before July 1, ~~2016~~2017, Developer may terminate its obligations under this Agreement and cancel this Agreement by giving written notice of cancellation to the Land Bank. Following such cancellation, neither Party shall have any further obligation or liability to any other Party under this Agreement. Alternatively, Developer may waive such contingencies at any time, in Developer's sole and absolute discretion.

~~10. Letter of Credit. For a period of four (4) years following the Closing Date, Developer agrees to deliver to and maintain for the benefit of, or cause to be delivered to and maintained for the benefit of, the Land Bank and the City a financial guarantee in the form of an irrevocable letter of credit, in an amount equal to two (2) years' special assessments levied on the Received Property. In the event of non-payment of either special assessments or property taxes, or both, the Land Bank or the City shall be entitled to the remedy set forth in paragraph 14(b), below. The letter of credit shall be released as set forth in paragraph 12, below. This paragraph shall survive the execution and delivery of this Agreement and the delivery of the deeds and transfer of titles.~~

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~~11-10. Assignment.~~ The rights, duties and obligations of Developer contained herein may not be assigned, in whole or in part, without the prior written approval of the City following verification by the City Attorney that the assignment complies with the terms of this Agreement. Any proposed assignee shall have qualifications and financial responsibility, as reasonably determined by the City Manager, necessary and adequate to fulfill the obligations of Developer with respect to the portion of the Property being transferred. Any proposed assignee shall, by instrument in writing, for itself and its successors and assigns, and expressly for the benefit of the City, assume all of the obligations of Developer under this Agreement and agree to be subject to all the conditions and restrictions to which Developer is subject. Developer shall not be relieved from any obligations set forth herein unless and until the City specifically agrees to release Developer. Developer agrees to record all assignments in the office of the Register of Deeds of Dickinson County, Kansas, in a timely manner following the execution of such agreements. Notwithstanding anything

herein to the contrary, however, Developer may, with notice to the City, assign all or a portion of its interest under this Agreement to an entity owned or controlled by Developer or Developer's owners, or to a Kansas limited partnership wherein Developer or an entity owned or controlled by Developer or Developer's owners is the general partner, in connection with a low income housing tax credit project approved by the Kansas Housing Resources Commission.

~~12. Post-Closing Conveyances of the Received Property. The letter of credit obligation set forth in paragraph 10, above, shall cease automatically upon the earlier of the following: (a) the Property is sold, transferred, or conveyed in connection with and to facilitate Developer's involvement with a low income housing tax credit project approved by the Kansas Housing Resources, following written verification by the Land Bank that the grantee has qualifications and financial responsibility necessary and adequate to fulfill the obligations of Developer hereunder; or (b) the issuance of a certificate of occupancy or equivalent for the final unit within the development to be constructed on the Received Property, provided in every case that special assessments are current on the portion of the Received Property so conveyed or improved. Developer shall have no further obligation to the Land Bank or the City under this Agreement with respect to the Received Property upon the fulfillment of either such condition, and the Land Bank shall, upon written request, record a release with respect to the Received Property in a form reasonably acceptable to Developer. If any portion of the Received Property is sold, transferred, or conveyed to any person or entity other than as set forth in this paragraph 12, the Developer's letter of credit maintenance obligations set forth in paragraph 10 shall continue with respect to such portions of the Received property so conveyed, unless the transferee delivers to and maintains for the benefit of the Land Bank and the City a replacement letter of credit in compliance with paragraph 10, in an amount equal to two (2) years' special assessments levied on the Received Property so conveyed.~~

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Comment [A1]: Property may be contributed not sold.

~~13-11. Default.~~ The occurrence of any one or more of the following shall constitute an event of default under this Agreement ("Event of Default"):

~~a) Delinquency on the payment of special assessments or property taxes on the Received Property at any time during the four (4) year term set forth in paragraph 10, above, except with respect to those portions conveyed under paragraph 12, above.~~

~~b) A default in the performance or breach of any other term, covenant, condition, or obligation contained in this Agreement, and continuance of such default or breach for a period of 30 days after the Land Bank non-defaulting party has delivered to Developer the defaulting party a written notice specifying such default or breach and requiring it to be remedied.~~

~~14-12. Remedies.~~ Upon the occurrence of an Event of Default by Developer, and upon at least thirty (30) days prior notice to Developer (during which time Developer shall have the opportunity to cure such default or, if such default cannot, despite reasonable diligence, be cured within such period, commence to cure such default (provided Developer diligently pursues such cure to completion thereafter)), the Land Bank shall have the following rights and remedies, in addition to any other legal or equitable rights and remedies:

a) No building permits or other applicable permits will be issued for any Received Property, except with respect to those portions conveyed under paragraph 12 above prior to the occurrence of an Event of Default.

~~b) The Land Bank may draw upon the irrevocable letter of credit to pay delinquent special assessments or real estate taxes, except with respect to those portions conveyed under paragraph 12 above prior to the occurrence of an Event of Default.~~

e)b) The Land Bank may seek damages for expenses realized in the land exchange transaction.

e)c) The Land Bank may pursue any available remedy at law or in equity (including specific performance) by suit, action, mandamus or other proceeding to enforce and compel the performance of the duties and obligations of Developer as set forth in this Agreement, to enforce or preserve any other rights or interests of the Land Bank under the agreement or otherwise existing at law or in equity and to recover any damages incurred by the Land Bank resulting from such Event(s) of Default.

Upon the occurrence of an Event of Default by the Land Bank, Developer may pursue any available remedy at law or in equity (including specific performance) by suit, action, mandamus or other proceeding to enforce and compel the performance of the duties and obligations of the Land Bank as set forth in this Agreement, to enforce or preserve any other rights or interests of Developer under the agreement or otherwise existing at law or in equity and to recover any damages incurred by Developer resulting from such Event(s) of Default.

16-13. Closing Deliveries. At the Closing, Developer shall: execute and deliver a general warranty deed in recordable form, conveying the Deposited Property to the Land Bank; deliver to the title company and to the Land Bank evidence of Developer's authority to execute the documents reasonably necessary to consummate this transaction; deliver such affidavits as may be reasonably required by the title company to permit the issuance of a title policy in accordance with this Agreement; and deliver evidence of Developer's performance of its obligations set forth in paragraph 10, above. At the Closing, the Land Bank shall: execute and deliver a special warranty deed in recordable form, conveying the Received Property to Developer; deliver to the title company and to Developer evidence of the Land Bank's authority to execute the documents reasonably necessary to consummate this transaction; and deliver such affidavits as may be reasonably required by the title company to permit the issuance of a title policy in accordance with this Agreement.

16-14. Binding Effect: Covenant Running with the Received Property. This Agreement shall be binding upon and inure to the benefit of the Parties to this Agreement and their respective heirs, executors, administrators, legal representatives, successors and authorized assigns and shall be construed as a covenant running with the Received Property, enforceable against the purchasers or other transferees as if such purchaser or transferee were originally a party and bound by this Agreement. This Agreement, or a memorandum thereof evidencing the covenants, conditions, and restrictions contained herein, may be recorded in the office of the Dickinson County Register of Deeds.

17-15. Neighborhood Revitalization. The parties acknowledge that applicable law permits the City to extend its Neighborhood Revitalization Program incentive to real property located within an Elderly Housing Overlay District (EH-O) or a Housing Opportunities Overlay District (HO-O) as established by the Zoning Regulations of the City. Nothing in this Agreement shall prevent Developer from petitioning the City for such an extension and/or to amend the City's Neighborhood Revitalization Program, and nothing herein shall be construed as the City's obligation to grant such petition.

18-16. Notices. All notices given by a party under this Agreement shall be in writing and sent by registered or certified mail to the other Party. Until notice of change is given in writing, notices shall be addressed to the parties as follows:

Developer: Abilene Highlands I, LLC
Attn: Ryan B. Wedel
4105 Wimbledon Drive
Lawrence, Kansas 66047

Land Bank: City of Abilene Land Bank
Attn: David B. Dillner, City Manager
P.O. Box 519
Abilene, KS 67410

19-17. Time. Time is of the essence of this Agreement. No extension will be granted unless in writing and signed by all parties to this Agreement. Any reference to a time period of less than six (6) days shall include Saturday and Sunday. Should the end of a time period fall on a legal holiday, that termination time shall extend to 5:00 p.m. of the next full business day.

20-18. Amendment. This Agreement may be amended or modified only in writing, signed by all Parties to this Agreement.

21-19. Brokerage. The Parties acknowledge and agree that no real estate broker or other person entitled to any commission or fee with respect to the transactions contemplated by this Agreement has been involved in procuring the exchange under this Agreement, and no real estate broker or other person entitled to a commission or fee with respect to the exchange of the premises described in this Agreement has been involved in negotiation or execution of this Agreement. Each party to this Agreement shall indemnify and hold harmless the other party with respect to any claimed brokerage commission pertaining to the exchange of the Deposited Property and the Received Property.

22-20. Further Acts. Each Party, upon the request of the other Party, agrees to perform any further acts and execute and deliver any documents which may be reasonably necessary to carry out the transactions contemplated by this Agreement.

23-21. Kansas Law Applies. This Agreement and its validity, construction and performance shall be governed by the laws of Kansas

24-22. Merger Clause. These terms are intended by the Parties as a complete, conclusive and final expression of all of the conditions of their agreement. No other promises, statements, warranties, agreements or understandings, oral or written, made prior to or at the signing of this Agreement, shall be binding unless in writing and signed by all parties and attached to this Agreement. This Agreement is the product of negotiations between the Parties, and no preference shall be applied against the drafting Party; rather, this Agreement shall be construed in accordance with its plain meaning.

25-23. Waiver of Statutory Disclosures. The Parties to this Agreement hereby acknowledge and agree that the Kansas statutory disclosure obligations pertaining to the sale and purchase of residential real property including, without limitation, the disclosure of sexual offenders, radon gas, special assessments and benefit improvement districts, shall be and are hereby waived by the parties to the fullest extent allowed by law, and shall not apply to

this Agreement. The parties shall rely solely upon the title commitments and their own due diligence with respect to such matters. Each party hereby releases the other party, and waives any further disclosure obligations on the part of the other party, with respect to sexual offenders, radon gas, special assessments and benefit improvement districts.

26-24. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute together one and the same agreement.

27-25. Legal and Tax Counseling. The Parties acknowledge the opportunity to obtain legal and tax counseling to review this Agreement, and agree that each Party shall pay its respective fees for such legal and tax counseling. Developer acknowledges and agrees that (1) neither the City nor the Land Bank, or any of their respective officials, employees, consultants, attorneys or other agents have provided to Developer any legal advice or advice regarding the federal or state income tax implications or consequences of this Agreement and the transactions contemplated thereby, and (2) Developer is relying solely upon its own tax advisors and legal counsel in this regard.

28-26. Developer's Costs. Developer will pay the following costs associated with the transaction: 1) 100% of the title insurance premium for the transfer of the Deposited Property; 2) 100% of the escrow and closing fee, if any; 3) the cost of recording the deeds; 4) the cost of obtaining an appraisal or the cost of any additional preparatory information for due diligence purposes, as may be required by the Land Bank or Developer, if any; and 5) any attorneys' fees and expenses incurred by the Developer in the preparation and performance of the exchange.

29-27. Land Bank's Costs. The Land Bank will pay 100% of the title insurance premium for the transfer of the Received Property and any attorneys' fees and expenses incurred by the Land Bank in the preparation and performance of the exchange.

30-28. Prevailing Party. If any suit or action is instituted by either party under the Land Exchange Agreement, including all appeals, the prevailing party in such suit or action shall be entitled to recover reasonable attorney fees and expenses from the non-prevailing party, in addition to any other amounts to which it may be entitled.

31-29. Subordination to Mortgagee. ~~Developer's post-Closing obligations to the Land Bank under this Agreement shall not apply to any security interest granted to secure indebtedness to any construction or permanent lender.~~ The Land Bank's rights under this Agreement shall be subject and subordinate to any mortgage now or hereafter a lien upon or affecting the Received Property. ~~Provided, however, that nothing in this paragraph shall be construed to subordinate the lien of the City's special assessments or other taxes on the Received Property.~~ The Land Bank agrees, at any time hereafter, to execute any instruments, releases, or other documents that may be required by any mortgagee for the purpose of subjecting and subordinating this Agreement to the lien of any such mortgage.

32-30. Authority and Consent to Transaction. Each party represents to the other that the person executing this Agreement has full and legal authority to bind such party to the terms of this Agreement, and that the execution and delivery of this Agreement have been duly and validly authorized by the governing body of each party.

33-31. No Offer to Sell or Buy. The submission of this document for review, comment or signature does not constitute an offer to be bound hereby. This document and the various terms and conditions set forth in this document shall become effective only upon its full execution and delivery by all the parties hereto.

IN WITNESS WHEREOF, the Parties indicate their consent and have executed this Agreement as of the Effective Date.

DEVELOPER: **Abilene Highlands I, LLC**
 a Kansas limited liability company

By: _____
 Ryan Wedel, Managing Member

LAND BANK: **CITY OF ABILENE LAND BANK**

By: _____
 Dennis Weishaar, Mayor

EXHIBIT A
RECEIVED PROPERTY LEGAL DESCRIPTION



EXHIBIT B

DEPOSITED PROPERTY LEGAL DESCRIPTION

1701 NW 10th St, Abilene, KS 0211141801001015000

1714 NW 9th St, Abilene, KS 0211141801001011000

1702 NW 9th St, Abilene, KS 0211141801001014000

Lots 1, 5 and 8, Block 4, Cedar Ridge Estates No. 1 to the City of Abilene, Dickinson County, Kansas.

1701 NW 9th St, Abilene, KS 0211141801001003000

1705 NW 9th St, Abilene, KS 0211141801001003010

800 N Van Buren St, Abilene, KS 0211141801001002040

Lots 1, 2 and 5, Cedar Ridge Estates No. 1 to the City of Abilene, Dickinson County, Kansas.

EXHIBIT C
APPRAISED VALUES OF PROPERTIES





**Abilene City Commission Minutes
Abilene Public Library
December 12, 2016 @ 4:00 p.m.
Abilene, Kansas**

1. Call to Order

2. Roll Call – City Commission Present: Mayor Marshall, Commissioners Dale, Payne, Weishaar and Shafer.

Staff Present: City Manager Dillner, Human Resources Director/City Clerk Soukup, City Attorney Martin, Finance Director Rothchild, Parks & Recreation Director Foltz, Police Chief Mohn, Convention and Visitors Bureau Director Roller and Fire Chief Sims.

Others Present: Mike Heronemus, Shelby Moon, Kimberly Davis, Sarah Berkland, Ashley Reynolds, Kiel Beals, Trinity Wickstrom, Alex Fetters, Gia Launn, Kasidy Anderson, Alex Woodard and Conner Barlow.

3. Pledge of Allegiance - Mayor Marshall led the Pledge of Allegiance.

Consent Agenda

4. Agenda Approval for the December 12, 2016 City Commission Meeting

5. Meeting Minutes: November 28, 2016, Regular Meeting

6. Designation of the Convention and Visitors Bureau trolley as surplus and authorizing its sale by Purple Wave, Inc.

7. Approval of Cereal Malt Beverage Licenses submitted to the City Clerk for 2017, as provided by Chapter 3, Article 1 of the City Code of the City of Abilene, Kansas.

Motion by Commissioner Shafer, seconded by Commissioner Dale to approve the Consent Agenda as presented. Motion carried unanimously 5-0.

Public Comments and Communications

8. Public Comments. Persons who wish to address the City Commission regarding items not on the agenda and that are under the jurisdiction of the City Commission may do so when called upon by the Mayor. Comments on personnel matters and matters pending before court are not permitted. Speakers are limited to three (3) minutes. Any presentation is for informational purposes only. No action will be taken.

Mayor Marshall asked for any comments or communications from the public that are not on the agenda. There were no public comments or communications.

9. Declaration. At this time City Commissioners may declare any conflict or communication they have had that might influence their ability to impartially consider today's issues.

There were no declarations.

Proclamations and Recognition

10. There were no proclamations or recognitions.

Public Hearings

11. There were no public hearings.

Old Business

12. There was no old business.

New Business

13. **Consideration of an Ordinance rezoning certain property, generally described as 125 N. Elm Street, from “R-3, High Density Residential District” to “I-1, Light Industrial District,” and amending the Zoning Map of the City of Abilene, Kansas.**

City Manager Dillner presented information regarding a rezoning request from Jon Koffman, Koffman Electric, for the property located at 125 N. Elm Street from R-3, High Density Residential District” to “I-1, Light Industrial District”. The proposed changes would bring the property into a conforming status. Staff recommends approval of the rezoning request with the following findings as outlined in Article 26-110:

- a) **Consistency with intent and purpose of the rezoning regulations** – In general, this proposal is consistent with the intent and purpose as outlined in Article 1 of the regulations.
- b) **Compatibility of proposed use with surrounding uses** – The property is surrounded by high density residential development to the north. The present use of the property does not affect the residential neighborhood, although future uses of the property may create circumstances that may create difficulties for the neighborhood. This scenario is unlikely as long as the business continues to operate on site.
- c) **Public Infrastructure** – The site has adequate infrastructure to serve the site in its present use and should have sufficient access to public infrastructure for any future use in the proposed district.
- d) **Necessity of the proposal due to changes in the affected area** – The area has not changed greatly over the last decade, and there is little expectation that it will change much in the future.
- e) **Length of time the property has remained vacant** – The property has been occupied as an electric business for at least the last twelve years.
- f) **Compatibility of the subject property for the proposed use** – At 0.82 acres, the subject property is fairly small in size, which would effectively limit future uses of the property should it be rezoned. The property is surrounded by development to the north and railroad tracks to the south. There is a smaller tract available to the east of the property, but large scale development will not be able to fit on both of these lots if they were to be combined.
- g) **Whether the Comprehensive Plan is furthered and supported by this proposal** – Although the property is currently designated as “R-3, High Density Residential District” on the Future Land Use

Map, the proposed request of this existing property may not be inconsistent with the spirit and intent of the Comprehensive Plan, Chapter 9, Section C, states: "Future Land Use Plan amendments are anticipated as growth occurs and market conditions change."

- h) **Adverse impacts on adjacent properties if all conditions placed upon the request are met** – The City would not be able to impose conditions on the property since the request to rezone the property to a district where the current use would be permitted by right.
- i) **Solid Waste disposal facilities** – Not Applicable.
- j) **Other items for consideration** – In evaluating individual re-zoning applications, the Planning Commission may also consider the occurrence of similar land use patterns throughout the City. The subject area and its land use pattern, while not ideal, are by no means unique. There are a number of lots within Abilene containing Industrial District uses (or other commercial uses) located adjacent to, or within proximity of residential land and zones.

Motion by Commissioner Payne, seconded by Commissioner Shafer to adopt Ordinance No. 3313 AN **ORDINANCE REZONING CERTAIN PROPERTY, GENERALLY DESCRIBED AS 125 N. ELM STREET, FROM "R-E, HIGH DENSITY RESIDENTIAL DISTRICT" TO "I-1, LIGHT INDUSTRIAL DISTRICT" AND AMENDING THE ZONING MAP OF THE CITY OF ABILENE, KANSAS.** Motion carried unanimously 5-0.

14. Consideration of a motion to recess into executive session for twenty minutes for the purpose of discussing the City Manager's annual performance evaluation.

Motion by Commissioner Weishaar, seconded by Commissioner Payne to recess into executive session at 4:05 p.m. for fifteen minutes for the purpose of discussing the City Manager's annual performance evaluation. Motion carried unanimously 5-0.

15. Consideration of a motion to return from executive session with no action being taken.

Motion by Commissioner Weishaar, seconded by Commissioner Shafer to return from executive session at 4:20 p.m. with no action being taken. Motion carried unanimously 5-0.

Motion by Commissioner Weishaar, seconded by Commissioner Payne to return to executive session at 4:21 p.m. for fifteen minutes to include the City Manager. Motion carried unanimously 5-0.

Motion by Commissioner Weishaar, seconded by Commissioner Payne to return to regular session at 4:30 p.m. Motion carried unanimously 5-0.

Motion by Commissioner Weishaar, seconded by Commissioner Dale to extend City Manager Dillner's contract for one year with a 1% COLA increase and a 2% merit increase for a total 3% salary increase effective January 1, 2017. Motion carried unanimously 5-0.

Motion by Commissioner Weishaar, seconded by Commissioner Dale to change the December 26th City Commission meeting to December 27, 2017 at 4:00 p.m. due to the Christmas holiday. Motion carried unanimously 5-0.

Reports

16. City Manager's Report

The City Christmas Party is this Friday at 6:00 p.m. at the Civic Center.

The City non-essential services will be closed Friday, December 23rd and Monday December 26th for the Christmas Holiday.

Adjournment

17. Consideration of a motion to adjourn the December 12, 2016 City Commission meeting.

Motion by Commissioner, seconded by Commissioner to adjourn at 4:34 p.m. Motion carried unanimously 5-0.

(Seal)

Dee Marshall, Mayor

ATTEST:

Penny L. Soukup, CMC
City Clerk



MEMORANDUM

TO: Economic Development Council
FROM: David Dillner, City Manager
SUBJ: Proposed Tax Abatement for TSB Enterprises, LLC
DATE: December 9, 2016

ISSUE:

The Economic Development Council is asked to consider a recommendation, to be forwarded to the City Commission, concerning a proposed constitutional tax abatement for TSB Enterprises, LLC for real property located at 401 Cottage Avenue.

BACKGROUND:

In 2015, TSB Enterprises, LLC acquired certain real property located at 401 Cottage Avenue and established a business enterprise in the former Alco corporate offices located on the site. The business, Thunderstruck Bumpers, Inc., has been a major employer for the community and desires a constitutional tax abatement for the real property associated with their business.

Initially, the City determined that the site was ineligible for a constitutional tax abatement because the building was also being used for uses ineligible for such an incentive. TSB Enterprises, LLC was leasing space to the Great Plains Theater, and the City's legal counsel opined that such use made the entire property ineligible for a constitutional tax abatement.

It was later learned that the City could approve a constitutional tax abatement for the portion of the building that housed the eligible use. The property is under consideration for a constitutional tax abatement pursuant to Article 14, Section 13 of the Kansas Constitution with the understanding that certain property owned by the company is used in the manufacturing and storage of goods manufactured for interstate commerce.

Thunderstruck Bumpers, Inc. is projected to create seventy-seven jobs during the abatement period with an estimated increase in local personal income of \$5.8 million. The estimated increase in local retail sales during the abatement period from employees is \$2.0 million.

RECOMMENDATION:

Staff recommends approval of a constitutional tax abatement to the company for a ten year period using the following schedule of abatement: Year 1: 98% abatement; Year 2: 88%; Year 3: 78%; Year 3: 68%; Year 4: 58%; Year 5: 48%; Year 6: 38%; Year 7: 28%; Year 8: 18%; Year 9: 8%; Year 10: 0%. The 2% removed from the abatement represents the portion of the real property that is not eligible for abatement due to ineligible uses.

FISCAL NOTE:

Over the ten-year abatement period, the City will abate a total of \$68,300 from the property taxes from the real property included in the request, representing an average impact to the City's budget of about \$6,830 per year. The cost-benefit analysis, performed using the Kansas Department of Commerce's model, estimates a net benefit to the City of \$2.2 million over the ten-year abatement period.

The net benefit attempts to quantify the amount of sales taxes, property taxes, utility fees, and other revenues the City will receive less the estimated cost of providing municipal service to the business. The model estimates the City's compound rate of return over the ten years at 21%.

SPECIAL CONSIDERATIONS:

The City is required to notify other taxing subdivisions, such as Dickinson County and USD 435, about the proposed constitutional tax abatement. These taxing entities will have an opportunity to provide public comments before or during the public comment period scheduled for the governing body's December 27, 2016 regular meeting. The costs and benefits for these taxing subdivisions is included in the cost-benefit analysis included with this memorandum.

ATTACHMENTS:

- Proposed ordinance approving the constitutional tax abatement for 401 Cottage Avenue for TSB Enterprises, LLC.
- Cost-Benefit Analysis for Thunderstruck, Inc.
- Cost-Benefit Analysis Worksheet for Thunderstruck, Inc.
- Notice of Public Hearing

ORDINANCE NO. 3314

AN ORDINANCE EXEMPTING CERTAIN REAL PROPERTY LOCATED AT 401 COTTAGE AVENUE FROM AD VALOREM TAXATION FOR ECONOMIC DEVELOPMENT PURPOSES

WHEREAS, the City of Abilene, Kansas (the “City”) is a duly organized and existing municipal corporation of the State of Kansas; and

WHEREAS, in accordance with Section 13 of Article 11 of the Kansas Constitution, and pursuant to City policy, (collectively, the “Authority”), the City is authorized to exempt certain property from ad valorem taxation for economic development purposes; and

WHEREAS, the City has developed and adopted official policies and procedures for the granting of such exemptions, including the preparation of a cost/benefit analysis, which includes the effect of the exemption on state revenues, and a procedure for monitoring the compliance of a business receiving an exemption with terms or conditions, if any, established by the City for the granting of the exemption; and

WHEREAS, in the year 2015, TSB Enterprises, LLC (the “Applicant”) acquired real property as described herein and more generally described as 401 Cottage Avenue, Abilene, Kansas, (the “Project”); and

WHEREAS, the City has prepared a cost/benefit analysis of the Project, attached hereto as **Exhibit A**, and subsequently the City has conducted a Public Hearing on the proposed exemption of the Project;

WHEREAS, notice of the Public Hearing was published once ten days prior to the hearing in the official city newspaper and notice was also provided in writing to Dickinson County and Unified School District 435; and

WHEREAS, the City finds it necessary and desirable to make the finding of fact that the Project will be used exclusively for the purposes specified in Article 11, Section 13 of the Kansas Constitution; and

WHEREAS, the City finds that a compelling reason exists to exempt the Project from ad valorem taxation.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF ABILENE, KANSAS AS FOLLOWS:

SECTION ONE. Exclusive Use. The City hereby finds and determines that the Project will be used exclusively for the purposes specified in Article 11, Section 13 of the Kansas Constitution.

SECTION TWO. Necessity of Exemption. The City further finds that a compelling reason exists to exempt the Project from ad valorem taxation and that a waiver of any requirements of the City’s Resolution No. 87-10 that are in conflict with this Ordinance or the actions heretofore taken is in the public interest.

SECTION THREE. Ad Valorem Exemption. Real and personal property, to include land and improvements, as legally described as:

A tract of land located in the southeast quarter of Section 16, Township 13 South, Range 2 East of the 6th PM, in the City of Abilene, Dickinson County, Kansas, more particularly described as follows:

Commencing at the Southeast corner of said Southeast quarter of said Section 16, thence North 00 degrees 56' 22" West on an assumed bearing along the East line of said Southeast quarter to a point on the North line of Cottage Avenue a distance of 480.00 feet; thence South 89 degrees 25' 08" West to existing property pin and to the point of beginning a distance of 475.21 feet; thence South 89 degrees 22' 44" West to existing property pin a distance of 785.14 feet; thence North 00 degrees 55' 03" West to South right-of-way line of the Union Pacific Railroad a distance of 210.72 feet; thence North 78 degrees 13' 10" East along said right-of-way line to existing property pin a distance of 799.75 feet; thence South 00 degrees 52' 18" East a distance of 365.51 feet to the point of beginning.

shall be exempt from 98% of the ad valorem taxation levied by the City of Abilene, Dickinson County and USD 435, in conformance with written City policy regarding tax exemptions for economic purposes for a term of ten years. Such exemption shall decrease by 10% annually during the prescribed period commencing with the calendar year 2017.

SECTION FOUR. Transferability of Exemption. The ad valorem tax exemption hereby granted shall not be transferable if there is a change in ownership of the exempt assets.

SECTION FIVE. Letter of Intent, Final Determination and Procedural Waiver. The governing body intends this Ordinance (1) to indicate the intent of the governing body to exempt the Project from ad valorem taxation in accordance with the terms hereof and the requirements of the City and (2) to serve as its final authorization wherein the exemption of the specific nature of the Project is clearly approved. The governing body acknowledges the receipt from the Applicant of any and all information required by the City and compliance with all other procedural requirements of said Resolution. Notwithstanding the foregoing, to the extent, if any, the procedures, intent or findings contemplated and made by this Ordinance are in any manner inconsistent with City policy, the governing body specifically intends by this Ordinance to waive and modify such policy requirements, consistent with an exemption of ad valorem taxes on the Project.

SECTION SIX. Copies of Documents. A copy of this Ordinance shall be provided to the owner of the property and to the County Appraiser of Dickinson County, Kansas. Copies of the Tax Abatement Application, Cost-Benefit Analysis, and this Ordinance shall be made available for public viewing in the office of the City Clerk of the City of Abilene, Kansas.

SECTION SEVEN. Effective Date. This Ordinance shall be in full force and effect from and after its passage, signature and publication in the official city newspaper as provide by law.

PASSED AND APPROVED by the Governing Body of the City of Abilene, Kansas this ____ day of December, 2016.

CITY OF ABILENE, KANSAS

By: _____
Dee Marshall, Mayor

ATTEST:

Penny Soukup, CMC
City Clerk

APPROVED AS TO FORM:

Aaron O. Martin, City Attorney

EXHIBIT A

Cost/Benefit Analysis

Thunderstruck, Inc.

A Tax Abatement Cost-Benefit Analysis of Thunderstruck Inc.

The firm is located in: **City of Abilene**

Report Printed: 12/8/2016

Description of the firm's location or expansion in the community:

The company purchased a building in Abilene for the purposes of expanding its operations and to provide better opportunities for research and development of new products. The move to Abilene has provided the advantage of a larger building to allow the company to expand into new markets and increase its offerings in existing markets.

This report includes an analysis of costs and benefits from the firm for the following taxing entities where the firm is or will be located. These taxing entities are considering tax abatements or incentives for the firm:

City:	Abilene
County:	Dickinson
School District:	USD 435 Abilene
Special Taxing District:	Hospital District #1
Special Taxing District:	Cemetery District #1
State of Kansas	

Contents of this report:

About this Cost-Benefit Analysis Report	Page 2
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Costs and Benefits for:	
City:	Abilene Page 7
County:	Dickinson Page 8
School District:	USD 435 Abilene Page 9
Special Taxing District:	Hospital District #1 Page 10
Special Taxing District:	Cemetery District #1 Page 11
State of Kansas	Page 12

This Kansas Tax Abatement Cost Benefit Analysis (CBA) is prepared by the Kansas Department of Commerce for the benefit and use of the State of Kansas and its local units of government. This model was developed to assess the costs and benefits property tax abatement and economic development incentives have on state revenues. The Department of Commerce makes no representations, guarantees, or warranties as to the accuracy, completeness, or suitability of the analysis or information contained in this CBA. The Kansas Department of Commerce specifically disclaims any and all liability for any claims or damages that may result from other uses of the analysis in this CBA.

About this Cost-Benefit Analysis Report

This cost-benefit analysis report was prepared using a computer program that analyzes economic and fiscal impact. The report shows the impact that the firm, its employees and workers in spin-off jobs will have on the community and the state.

The economic impact over the next ten years is calculated along with the accompanying public costs and benefits for the State of Kansas and the taxing entities included in this analysis.

The analysis also shows the effect of tax abatements and incentives that may be considered for the firm.

Here is how the analysis was performed:

1. Data was entered for the state and community's tax and other rates; the firm and its employees; tax abatements and other incentives being considered for the firm; construction activity; and expected visitors.
2. Using the data entered, as well as some rates built into the computer program, calculations were made of the economic impact of the firm along with the related costs and benefits.

The calculations of impact include direct, indirect and induced impact. Regional economic multipliers, specific to the firm's industry group, were used by the program to calculate the direct and induced or spin-off jobs and earnings in the community.

These are the report sections:

Summary of Costs and Benefits for all Taxing Entities

This report page summarizes the costs and benefits for all taxing entities resulting from the firm and from new direct, indirect and induced jobs.

The Economic Impact that the Firm will have on the Community

This report page shows the number of direct, indirect and induced jobs that will be created in the community, the number of new residents and additional school children, and increases in local personal income, retail sales, economic activity and the property tax base in the first year and over the next ten years.

Benefits and Costs for Each Taxing Entity

These report pages summarize the costs and benefits for the State of Kansas and for each taxing entity as a result of the firm locating or expanding in the Kansas community.

The public benefits include additional revenues from the firm and employees for the taxing entities - - -sales taxes, property taxes, utilities, utility franchise fees, other payments by new residents, Payments in lieu of taxes (PILOT) by the firm and additional school funding. Public costs include the additional costs of public services for new residents and the firm, costs of educating new students that move to the school district, along with tax abatements and incentives provided to the firm.

In addition to a presentation of public costs and benefits, this report also computes the present value of net benefits to be received by each taxing entity; the payback period for incentives and taxes to be abated; the rate of return on investment for each entity, and, cost benefit ratios.

Payback Period

The investment payback period for each taxing entity was computed. This analysis views the financial incentives, including tax abatement, that the taxing entities are considering for the firm as an investment that the public will be making in the company. The payback period, therefore, is the number of years that it will take each taxing entity to recover the cost of incentives from the net annual benefits that they will receive. This payback period also shows the point in time where the cost and benefits are equal for the level and length of tax abatements and incentives being granted. The payback period is a basis for judging the appropriateness of providing incentives to a firm. Generally, the shorter the payback period the better the investment.

Present Value

The present value of the expected cash flow over the next ten years for each entity was computed. Present value is a way of expressing in today's dollars, dollars to be paid or received in the future. Today's dollar and a dollar to be received or paid at differing times in the future are not comparable because of the time value of money. The time value of money is the interest rate or each taxing entity's discount rate. The analysis uses a discount rate that is entered to make the dollars comparable—by expressing them in today's dollars (present value). Generally, a positive present value indicates an acceptable investment.

Rate of Return on Investment

The rate of return on investment for each taxing entity was also computed. As with the computation of payback, the rate of return analysis views the incentives that each taxing entity is considering as an investment that the public will be making in the company. The rate of return, therefore, is the compound rate of return, over the next ten years, on each taxing entity's investment in the firm. Generally, a positive compound rate of return is considered desirable.

Benefit to Cost Ratio

The benefit to cost ratio for each taxing entity was also computed. This ratio compares public benefits over a ten year period from the new or expanding firm to public costs during the same period. For example, a benefit to cost ratio of 1.55 (or 1.55 to 1) shows that ten year benefits are 155 percent of public costs. Conversely, a benefit to cost ratio of .75 shows that public benefits are only 75 percent of public costs —costs exceed benefits. Generally, a benefit to cost ratio of 1.30 to 1 is considered acceptable for a taxing entity to grant tax abatements and other financial incentives to a firm.

How were the benefits and costs determined?

City, County, Special Taxing District and State Benefits and Costs

The Cost Benefit Analysis (CBA) operates with the assumption that 70% of the jurisdiction's revenues and expenditures supports its citizens, and 30% supports its businesses. Therefore, 70% of the revenues/costs (divided by number of residents) are calculated as the average revenue/cost per resident; 30% of these revenues/costs (divided by the number of workers in the jurisdiction) are calculated as the average revenue/cost per worker.

The CBA predicts potential benefits and costs from residents by multiplying the number of new employees moving to the jurisdiction by the average revenue/cost per resident. Benefits and costs from the business expansion are predicted by multiplying the average revenue/cost per worker.

Collection of sales taxes, transient guest taxes and property taxes as well as utility enterprises and franchise fees are potential benefits from an expansion.. Other revenues include fees, permits, license, and other charges.

The program predicts costs by removing utility enterprise expenditures and internal transfers from the general operating budget, and reducing the result to a cost per resident and a cost per worker.

School District Benefits and Costs

Property taxes as well as state and federal payments per full time student are used to predict benefits a school district may realize. The Kansas Department of Education condenses the school district's budget to a cost per student. One new student will not cause the addition of a new classroom or the hiring of another teacher, so it would not be fair to estimate the impact of new students using the average cost per student. The program utilizes a marginal cost per student (10% of the average cost per student, unless a different percentage is requested) to predict the cost to the district when a new student is added. Revenue per student is calculated from the amount of state and federal payment per student that the district receives.

The business predicts the average family size of new employees moving to the jurisdiction and the number of school age children in the family. The CBA can work with percentages, as in a family size of 2.5.

Indirect Jobs

The ripple or spin-off economic activity created by an expansion generates indirect or induced benefits. The number of jobs this activity generates depends largely on the type of business that is expanding and what types of jobs will be needed to support not only the business, but the new employees and their families. The program uses a default of 10% of the number of new employees to predict these jobs. The percentage can be adjusted, depending on community conditions, which also determine whether the indirect workers will be moving from out of state or out of county.

Formulas used in this analysis

- **Present Value** = (Total Benefits (for the year) + 1+Discount Rate (5.5%))^{Number of Years Abated})
- **Compound Rate of Return** = ((Present Value of Total Costs + Present Value of Total Benefits)^(1/Number of Years Abated))-1
- **Benefit to Cost Ratio** = Present Value of Total Benefits + Present Value of Total Costs
- **Payback Period** = The point where total benefits equal or surpass total costs.

K.S.A. 79-213 (g) allows governmental bodies to seek assistance provided by the Kansas Department of Commerce (COMMERCE) in preparing an application requesting exemption from property taxes. COMMERCE prepared this cost benefit analysis as a service under this statute utilizing data gathered by the requesting governmental body, and makes no recommendation to the Board of Tax Appeals either for or against approval of a request for tax abatement.

Summary of Costs and Benefits for all Taxing Units

Benefits:

	Sales Taxes	Property Taxes	Utilities and Utility Franchise Fees	Corporate and Personal Income Taxes	Additional School Funding	Other Revenues (Including PILOT)	Total Benefits
City: Abilene	\$181,882	\$174,456	\$1,384,305			\$841,229	\$2,581,872
County: Dickinson	\$19,487	\$224,452				\$162,608	\$406,547
USD 435 Abilene		\$214,185			\$3,245,267		\$3,459,453
Hospital District #1		\$6,066				\$1,533,941	\$1,540,006
Cemetery District #1		\$5,071				\$480	\$5,551
State of Kansas	\$762,045	\$6,327		\$2,471,165		\$1,034,333	\$4,273,870

Costs, Incentives and Taxes Abated:

	Costs of Services for the Firm and New Residents	Costs of Educating New Students	Taxes Abated	Incentives	Total Taxes Abated & Incentives	Total Costs
City: Abilene	\$306,461		\$68,300	\$0	\$68,300	\$374,761
County: Dickinson	\$164,192		\$77,958	\$0	\$77,958	\$242,150
USD 435 Abilene		\$295,120	\$79,362		\$79,362	\$374,482
Hospital District #1	\$450,478		\$2,945		\$2,945	\$453,423
Cemetery District #1	\$1,145		\$2,564		\$2,564	\$3,709
State of Kansas	\$412,074	\$461,999	\$2,214	\$0	\$2,214	\$876,288

Net Benefits:

	Total Benefits	Present Value of Total Benefits	Total Costs (Includes Taxes Abated and Incentives)	Present Value of Total Costs	Benefit to Cost Ratio (Over 10 Years)
City: Abilene	\$2,581,872	\$1,790,596	\$374,761	\$269,818	6.64 : 1
County: Dickinson	\$406,547	\$292,342	\$242,150	\$178,007	1.64 : 1
USD 435 Abilene	\$3,459,453	\$2,475,461	\$374,482	\$270,332	9.16 : 1
Hospital District #1	\$1,540,006	\$1,079,184	\$453,423	\$317,988	3.39 : 1
Cemetery District #1	\$5,551	\$4,111	\$3,709	\$2,881	1.43 : 1
State of Kansas	\$4,273,870	\$2,911,349	\$876,288	\$600,458	4.85 : 1

Other

	Net Benefits	Present Value of Net Benefits	Taxes Abated & Incentives	Present Value of Taxes Abated and Incentives	Payback Period for Taxes Abated and Incentives and	Compound Rate of Return (Over 10 Yrs)
City: Abilene	\$2,207,111	\$1,524,298	\$68,300	\$55,249	1 Year	20.83%
County: Dickinson	\$164,397	\$114,335	\$77,958	\$63,749	3 Years	5.09%
USD 435 Abilene	\$3,084,970	\$2,205,129	\$79,362	\$64,198	1 Years	24.79%
Hospital District #1	\$1,086,584	\$761,195	\$3,365	\$2,382	1 Year	13.00%
Cemetery District #1	\$1,842	\$1,230	\$2,930	\$2,074	5 Years	3.62%
State of Kansas	\$3,397,582	\$2,309,079	\$2,214	\$1,791	1 Year	17.10%

The Economic Impact of this expansion by Thunderstruck Inc.

NAICS Code 332999 - Fabricated metal manufacturing

	<u>In the first year</u>	<u>Over the next ten years</u>
*Number of new direct and indirect jobs to be created	19	77
Number of new residents in the community	0	0
Number of additional students in the local school district	8	40
**Increase in local personal income	\$413,904	\$5,794,656
***Increase in local retail sales	\$144,866	\$2,028,130
Increase in the community's property tax base	\$1,746,620	\$2,278,943
Land	\$290,640	\$379,219
Buildings	\$727,990	\$949,862
Furniture, fixtures & Equipment	\$0	\$0
Residential Property	\$9,580	\$149,993

*The Employment Multiplier for NAICS Code 332999 is 1.9333. The Employment Multiplier is used to estimate the total change in the number of direct and indirect jobs as a result of the expansion.

**The Earnings Multiplier for NAICS Code 332999 is 1.7246. The Earnings Multiplier is used for estimating to what degree more personal income will be generated.

***The Percentage of Gross Salaries expected to be spent on retail sales is 0.35

Property taxes to be abated by the following taxing entities:

City	<input checked="" type="checkbox"/>	Special Taxing District 1	<input checked="" type="checkbox"/>
County	<input checked="" type="checkbox"/>	Special Taxing District 2	<input checked="" type="checkbox"/>
School District	<input checked="" type="checkbox"/>	The State	<input checked="" type="checkbox"/>

Percent of property taxes to be abated on:

	Land	Buildings and Improvements	Furniture, Fixtures & Equipment
Year 1	98.00%	98.00%	100.00%
Year 2	88.00%	88.00%	100.00%
Year 3	78.00%	78.00%	100.00%
Year 4	68.00%	68.00%	100.00%
Year 5	58.00%	58.00%	100.00%
Year 6	48.00%	48.00%	100.00%
Year 7	38.00%	38.00%	100.00%
Year 8	28.00%	28.00%	100.00%
Year 9	18.00%	18.00%	100.00%
Year 10	8.00%	8.00%	100.00%

City of: Abilene

Benefits:

Year	Sales Taxes	Property Taxes	Utilities and Utility Franchise Fees	Other Municipal Revenues (Including PILOT)	Total
Construction Period	\$9,328	\$0	\$0	\$0	\$9,328
1	\$17,638	\$12,226	\$29,697	\$30,497	\$90,057
2	\$16,530	\$13,163	\$41,208	\$40,689	\$111,590
3	\$20,018	\$15,086	\$55,204	\$51,464	\$141,773
4	\$24,371	\$15,539	\$72,308	\$62,849	\$175,067
5	\$28,086	\$17,003	\$93,361	\$74,871	\$213,321
6	\$3,868	\$18,027	\$108,772	\$77,117	\$207,783
7	\$36,473	\$19,229	\$152,409	\$100,938	\$309,049
8	\$6,825	\$20,487	\$181,318	\$103,967	\$312,597
9	\$8,509	\$21,383	\$219,953	\$107,086	\$356,930
10	\$10,238	\$22,313	\$430,076	\$191,750	\$654,377
Total	\$181,882	\$174,456	\$1,384,305	\$841,229	\$2,581,872

Costs:

Year	Property Taxes Abated	Incentives	Taxes Abated & Incentives	City Costs for the firm and Municipal Services for New Residents	Total Costs, Taxes Abated & Incentives
Construction Period	\$0	\$0	\$0	\$0	\$0
1	\$11,547	\$0	\$11,547	\$10,995	\$22,542
2	\$10,680	\$0	\$10,680	\$14,770	\$25,450
3	\$9,750	\$0	\$9,750	\$18,761	\$28,512
4	\$8,755	\$0	\$8,755	\$22,979	\$31,734
5	\$7,692	\$0	\$7,692	\$27,433	\$35,124
6	\$6,556	\$0	\$6,556	\$28,256	\$34,812
7	\$5,346	\$0	\$5,346	\$37,091	\$42,437
8	\$4,057	\$0	\$4,057	\$38,203	\$42,261
9	\$2,687	\$0	\$2,687	\$39,349	\$42,036
10	\$1,230	\$0	\$1,230	\$68,623	\$69,853
Total	\$68,300	\$0	\$68,300	\$306,461	\$374,761

Net Benefits (or Costs)

Year	Public Benefits	Public Costs, Property Taxes Abated and Incentives	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of taxes abated and incentives
Construction Period	\$9,328	\$0	\$9,328	\$9,328	\$0
1	\$90,057	\$22,542	\$67,515	\$67,515	\$10,945
2	\$111,590	\$25,450	\$86,140	\$77,393	\$9,595
3	\$141,773	\$28,512	\$113,261	\$96,455	\$8,303
4	\$175,067	\$31,734	\$143,333	\$115,701	\$7,067
5	\$213,321	\$35,124	\$178,196	\$136,344	\$5,885
6	\$207,783	\$34,812	\$172,971	\$125,447	\$4,755
7	\$309,049	\$42,437	\$266,612	\$183,279	\$3,675
8	\$312,597	\$42,261	\$270,336	\$176,151	\$2,644
9	\$356,930	\$42,036	\$314,894	\$194,488	\$1,659
10	\$654,377	\$69,853	\$584,524	\$342,198	\$720
Total	\$2,581,872	\$374,761	\$2,207,111	\$1,524,298	\$55,249

Discounted payback period for taxes abated and incentives	1 Year
Compound rate of return over the next ten years on the city's investment of taxes abated and incentives for the firm	20.83%
Benefit/Cost Ratio (Over 10 Years).....	6.64 : 1

Dickinson County

Benefits:

Year	Sales Taxes	Property Taxes	Other County Revenues (Including PILOT)	Total
Construction Period	\$1,025	\$0	\$0	\$1,025
1	\$1,438	\$14,240	\$5,854	\$21,532
2	\$1,816	\$15,685	\$7,846	\$25,348
3	\$2,200	\$18,883	\$9,953	\$31,035
4	\$2,678	\$19,449	\$12,178	\$34,306
5	\$3,086	\$21,813	\$14,528	\$39,428
6	\$425	\$23,385	\$14,964	\$38,774
7	\$4,008	\$25,267	\$19,624	\$48,899
8	\$750	\$27,241	\$20,213	\$48,204
9	\$935	\$28,559	\$20,819	\$50,313
10	\$1,125	\$29,931	\$36,628	\$67,684
Total	\$19,487	\$224,452	\$162,608	\$406,547

Costs:

Year	Property Taxes Abated	Incentives	Taxes Abated & Incentives	County Costs for the firm and County Services for New Residents	Total
Construction Period	\$0	\$0	\$0	\$0	\$0
1	\$13,180	\$0	\$13,180	\$5,911	\$19,091
2	\$12,190	\$0	\$12,190	\$7,923	\$20,113
3	\$11,129	\$0	\$11,129	\$10,049	\$21,178
4	\$9,993	\$0	\$9,993	\$12,297	\$22,290
5	\$8,779	\$0	\$8,779	\$14,670	\$23,449
6	\$7,484	\$0	\$7,484	\$15,110	\$22,593
7	\$6,102	\$0	\$6,102	\$19,816	\$25,918
8	\$4,631	\$0	\$4,631	\$20,410	\$25,041
9	\$3,067	\$0	\$3,067	\$21,022	\$24,089
10	\$1,404	\$0	\$1,404	\$36,984	\$38,388
Total	\$77,958	\$0	\$77,958	\$164,192	\$242,150

Net Benefits (or Costs)

Year	Public Benefits	Public Costs, Property Taxes Abated and Incentives	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of taxes abated and incentives
Construction Period	\$1,025	\$0	\$1,025	\$1,025	\$0
1	\$21,532	\$19,091	\$2,441	\$2,314	\$13,180
2	\$25,348	\$20,113	\$5,235	\$4,704	\$10,952
3	\$31,035	\$21,178	\$9,857	\$8,394	\$9,477
4	\$34,306	\$22,290	\$12,016	\$9,699	\$8,067
5	\$39,428	\$23,449	\$15,979	\$12,226	\$6,717
6	\$38,774	\$22,593	\$16,180	\$11,735	\$5,427
7	\$48,899	\$25,918	\$22,981	\$15,798	\$4,195
8	\$48,204	\$25,041	\$23,162	\$15,093	\$3,018
9	\$50,313	\$24,089	\$26,224	\$16,197	\$1,894
10	\$67,684	\$38,388	\$29,296	\$17,151	\$822
Total	\$406,547	\$242,150	\$164,397	\$114,335	\$63,749

Discounted payback period for taxes abated and incentives	3Years
Compound rate of return over the next ten years on the county's investment of taxes abated and incentives for the firm.....	5.09%
Benefit/Cost Ratio (Over 10 Years).....	1.64 : 1

School District: USD 435 Abilene

Benefits:

Year	Property Taxes	Additional State, Federal and Other School Funding (Including PILOT)	Total
1	\$14,335	\$142,029	\$156,364
2	\$15,594	\$182,862	\$198,457
3	\$18,283	\$226,018	\$244,301
4	\$18,832	\$271,598	\$290,429
5	\$20,847	\$319,709	\$340,556
6	\$22,219	\$329,301	\$351,519
7	\$23,847	\$423,975	\$447,821
8	\$25,552	\$436,694	\$462,246
9	\$26,727	\$449,795	\$476,522
10	\$27,949	\$463,288	\$491,237
Total	\$214,185	\$3,245,267	\$3,459,453

Costs:

Year	Additional Costs	Property Taxes Abated	Total
1	\$11,302	\$13,417	\$24,719
2	\$14,552	\$12,409	\$26,961
3	\$17,986	\$11,329	\$29,315
4	\$25,442	\$10,173	\$31,786
5	\$26,205	\$8,937	\$34,379
6	\$26,205	\$7,618	\$33,823
7	\$33,739	\$6,212	\$39,951
8	\$34,751	\$4,715	\$39,466
9	\$35,794	\$3,122	\$38,916
10	\$73,735	\$1,429	\$75,164
Total	\$295,120	\$79,362	\$374,482

Net Benefits (or Costs)

Year	Public Benefits	Total Costs and Property Taxes Abated	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of Taxes Abated
1	\$156,364	\$24,719	\$131,644	\$124,781	\$12,718
2	\$198,457	\$26,961	\$171,495	\$154,080	\$11,149
3	\$244,301	\$29,315	\$214,985	\$183,085	\$9,648
4	\$290,429	\$31,786	\$258,643	\$208,781	\$8,212
5	\$340,556	\$34,379	\$306,177	\$234,266	\$6,838
6	\$351,519	\$33,823	\$317,696	\$230,408	\$5,525
7	\$447,821	\$39,951	\$407,870	\$280,385	\$4,270
8	\$462,246	\$39,466	\$422,780	\$275,483	\$3,072
9	\$476,522	\$38,916	\$437,606	\$270,278	\$1,928
10	\$491,237	\$75,164	\$416,073	\$243,582	\$837
Total	\$3,459,453	\$374,482	\$3,084,970	\$2,205,129	\$64,198

Discounted payback period for taxes abated and incentives	1 Years
Compound rate of return over the next ten years on the school district's investment of taxes abated and incentives for the firm	24.79%
Benefit/Cost Ratio (Over 10 Years).....	9.16 : 1

Special Taxing District: Hospital District #1

Benefits:

Year	Property Taxes	Additional Revenues	Total
1	\$508	\$54,035	\$54,543
2	\$530	\$73,470	\$73,999
3	\$555	\$94,021	\$94,576
4	\$572	\$115,740	\$116,312
5	\$595	\$138,677	\$139,272
6	\$616	\$142,838	\$143,454
7	\$639	\$188,424	\$189,062
8	\$662	\$194,076	\$194,738
9	\$684	\$199,899	\$200,582
10	\$706	\$332,761	\$333,467
Total	\$6,066	\$1,533,941	\$1,540,006

Costs:

Year	Additional Costs	Property Taxes Abated	Total
1	\$15,869	\$498	\$16,367
2	\$21,576	\$460	\$22,037
3	\$27,612	\$420	\$28,032
4	\$33,990	\$378	\$34,367
5	\$40,726	\$332	\$41,057
6	\$41,948	\$283	\$42,230
7	\$55,335	\$231	\$55,566
8	\$56,995	\$175	\$57,170
9	\$58,705	\$116	\$58,821
10	\$97,723	\$53	\$97,776
Total	\$450,478	\$2,945	\$453,423

Net Benefits (or Costs)

Year	Public Benefits	Total Costs and Property Taxes Abated	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of Taxes Abated
1	\$54,543	\$16,367	\$38,177	\$36,186	\$472
2	\$73,999	\$22,037	\$51,963	\$46,686	\$414
3	\$94,576	\$28,032	\$66,544	\$56,670	\$358
4	\$116,312	\$34,367	\$81,944	\$66,147	\$305
5	\$139,272	\$41,057	\$98,215	\$75,147	\$254
6	\$143,454	\$42,230	\$101,223	\$73,412	\$205
7	\$189,062	\$55,566	\$133,497	\$91,771	\$158
8	\$194,738	\$57,170	\$137,568	\$89,639	\$114
9	\$200,582	\$58,821	\$141,761	\$87,556	\$72
10	\$333,467	\$97,776	\$235,691	\$137,981	\$31
Total	\$1,540,006	\$453,423	\$1,086,584	\$761,195	\$2,382

Discounted payback period for taxes abated and incentives	1 Year
Compound rate of return over the next ten years on the taxing district's investment of taxes abated and incentives for the firm	13.00%
Benefit/Cost Ratio (Over 10 Years).....	3.39 : 1

Special Taxing District: Cemetery District #1

Benefits:

Year	Property Taxes	Additional Revenues	Total
1	\$442	\$14	\$456
2	\$456	\$22	\$477
3	\$469	\$30	\$499
4	\$483	\$38	\$522
5	\$498	\$47	\$545
6	\$513	\$49	\$562
7	\$528	\$67	\$595
8	\$544	\$69	\$613
9	\$560	\$71	\$631
10	\$577	\$73	\$650
Total	\$5,071	\$480	\$5,551

Costs:

Year	Additional Costs	Property Taxes Abated	Total
1	\$33	\$433	\$467
2	\$52	\$401	\$453
3	\$71	\$366	\$437
4	\$91	\$329	\$420
5	\$113	\$289	\$402
6	\$116	\$246	\$362
7	\$160	\$201	\$360
8	\$165	\$152	\$317
9	\$170	\$101	\$270
10	\$175	\$46	\$221
Total	\$1,145	\$2,564	\$3,709

Net Benefits (or Costs)

Year	Public Benefits	Total Costs and Property Taxes Abated	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of Taxes Abated
1	\$456	\$467	(\$11)	(\$10)	\$411
2	\$477	\$453	\$25	\$22	\$360
3	\$499	\$437	\$62	\$53	\$312
4	\$522	\$420	\$102	\$82	\$265
5	\$545	\$402	\$144	\$110	\$221
6	\$562	\$362	\$199	\$144	\$179
7	\$595	\$360	\$235	\$161	\$138
8	\$613	\$317	\$296	\$193	\$99
9	\$631	\$270	\$361	\$223	\$62
10	\$650	\$221	\$430	\$252	\$27
Total	\$5,551	\$3,709	\$1,842	\$1,230	\$2,074

Discounted payback period for taxes abated and incentives	5 Years
Compound rate of return over the next ten years on the taxing district's investment of taxes abated and incentives for the firm	3.62%
Benefit/Cost Ratio (Over 10 Years).....	1.43 : 1

State of Kansas

Benefits:

Year	Sales Taxes	Property Taxes	Corporate and Personal Income Taxes	Other State Revenues (Including PILOT)	Total
Construction Period	\$22,140		\$12,600	\$0	\$34,740
1	\$9,994	\$404	\$38,031	\$14,760	\$63,189
2	\$15,375	\$446	\$57,932	\$22,804	\$96,557
3	\$22,933	\$495	\$77,905	\$51,508	\$152,841
4	\$45,096	\$552	\$150,453	\$81,914	\$278,015
5	\$55,090	\$620	\$188,077	\$92,677	\$336,464
6	\$65,344	\$664	\$223,514	\$95,458	\$384,980
7	\$94,036	\$718	\$298,495	\$161,394	\$554,643
8	\$115,313	\$767	\$369,095	\$166,236	\$651,410
9	\$143,756	\$811	\$474,713	\$171,223	\$790,503
10	\$172,969	\$850	\$580,349	\$176,360	\$930,528
Total	\$762,045	\$6,327	\$2,471,165	\$1,034,333	\$4,273,870

Costs:

Year	Property Taxes Abated	Incentives	Taxes Abated & Incentives	State Costs for the firm and Services for New Residents	Cost of Educating New Students	Total
Construction Period	\$0	\$0	\$0	\$0	\$0	\$0
1	\$374	\$0	\$374	\$8,870	\$0	\$9,244
2	\$346	\$0	\$346	\$13,704	\$0	\$14,050
3	\$316	\$0	\$316	\$22,958	\$17,632	\$40,906
4	\$284	\$0	\$284	\$32,754	\$36,322	\$69,361
5	\$249	\$0	\$249	\$38,729	\$37,412	\$76,390
6	\$213	\$0	\$213	\$39,891	\$38,534	\$78,637
7	\$173	\$0	\$173	\$60,992	\$79,381	\$140,546
8	\$132	\$0	\$132	\$62,822	\$81,762	\$144,716
9	\$87	\$0	\$87	\$64,707	\$84,215	\$149,009
10	\$40	\$0	\$40	\$66,648	\$86,741	\$153,429
Total	\$2,214	\$0	\$2,214	\$412,074	\$461,999	\$876,288

Net Benefits (or Costs)

Year	Public Benefits	Public Costs, Property Taxes Abated and Incentives	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of taxes abated and incentives
Construction Period	\$34,740	\$0	\$34,740	\$32,929	\$0
1	\$63,189	\$9,244	\$53,945	\$51,132	\$355
2	\$96,557	\$14,050	\$82,506	\$74,128	\$311
3	\$152,841	\$40,906	\$111,934	\$95,325	\$269
4	\$278,015	\$69,361	\$208,655	\$168,429	\$229
5	\$336,464	\$76,390	\$260,074	\$198,991	\$191
6	\$384,980	\$78,637	\$306,342	\$222,173	\$154
7	\$554,643	\$140,546	\$414,097	\$284,666	\$119
8	\$651,410	\$144,716	\$506,695	\$330,162	\$86
9	\$790,503	\$149,009	\$641,495	\$396,206	\$54
10	\$930,528	\$153,429	\$777,099	\$454,938	\$23
Total	\$4,273,870	\$876,288	\$3,397,582	\$2,309,079	\$1,791

Discounted payback period for taxes abated and incentives	1 Year
Compound rate of return over the next ten years on the state's investment of taxes abated and incentives for the firm	17.10%
Benefit/Cost Ratio (Over 10 years).....	4.85 : 1

Data Used in this Benefits/Cost Report

#599 Thunderstruck Inc.

1. City of Abilene

<u>46,268</u>	2. City Mill Levy
<u>9.10%</u>	3. City Sales Tax rate
<u>8.00%</u>	4. City Transient Guest Tax rate
<u>\$130,160</u>	5. Average market value of new residential property in the city
<u>6,558</u>	6. Number of residents in the city
<u>3,968</u>	7. Number of workers at businesses in the city
<u>2,797</u>	8. Number of households in the city
<u>\$14,075,046</u>	9. Total Annual Revenues for the city
<u>\$14,067,155</u>	10. Total General Operating budget for the city
<u>\$3,161,940</u>	11. Enterprise funds that are self supporting, such as utilities
<u>\$399,188</u>	12. Internal transfers (the portion of the city budget reflecting one city department billing another city department)
<u>\$6,764,521</u>	13. Collection of property taxes, transient guest taxes, sales taxes, utilities and utility franchise fees

Utility Revenue from Households

	City Owned Utilities		Franchise Fee Collections	
	Annual Billed Amount	Annual Cost	Collected	Fee Rate
14. Telephone	\$66,000,000	\$0	\$33,000	0.05
15. Electricity	\$750,000,000	\$0	\$450,000	0.06
16. Gas	\$0	\$0	\$167,000	0.05
17. Water	\$1,623,640	\$1,726,454	\$0	0
18. Waste Water	\$13,028,010	\$1,721,128	\$0	0
19. Garbage	\$0	\$0	\$0	0
20. Cable	\$100,000,000	\$0	\$50,000	0.05
21. Other	\$127,160	\$363,970	\$0	0
	\$3,921	< Net Average per HH >	\$2,509	

\$6,430 Total Average utility revenue and franchise fee collections per household:

Utility Revenue from the Firm

	City or County Owned Utilities		Franchise Fee Collections	
	Annual Billed Amount	Annual Cost	Collected	Fee Rate
22. Telephone	\$0	\$0	\$0	0.05
23. Electricity	\$25,000	\$0	\$1,500	0.06
24. Gas	\$30,000	\$0	\$1,500	0.05
25. Water	\$0	\$0	\$0	0
26. Waste Water	\$0	\$0	\$0	0
27. Garbage	\$0	\$0	\$0	0
28. Cable	\$0	\$0	\$0	0.05
29. Other	\$0	\$0	\$0	0

\$3,000 Total utility revenue and franchise fee collections from firm in Year 1

30. Dickinson County

<u>52,811</u>	31. County Mill Levy
<u>1.00%</u>	32. County Sales Tax rate
<u>5.00%</u>	33. County Transient Guest Tax rate
<u>0.6081304</u>	34. Regional economic multiplier adjustment for the county
<u>19,394</u>	35. Number of residents in the county
<u>10,079</u>	36. Number of workers at businesses in the county
<u>\$162,791</u>	37. Average market value of new residential property in the county
<u>\$15,572,376</u>	38. Total Annual Revenues for the county
<u>\$15,585,324</u>	39. Total General Operating budget for the county
<u>\$657,608</u>	40. Enterprise funds that are self supporting, such as utilities
<u>\$1,363,200</u>	41. Internal transfers (the portion of the county budget reflecting one county department billing another county department)
<u>\$11,542,282</u>	42. Collection of property taxes, transient guest taxes, sales taxes, utilities and utility franchise fees

43. USD 435 Abilene

<u>53,762</u>	44. District local option mill levy
<u>\$162,791</u>	45. Average market value of new residential property in the district
<u>1,571</u>	46. Number of students enrolled in the district
<u>\$17,061,422</u>	47. Annual Operating expenditures
<u>\$8,837</u>	48. Average Cost per child enrolled in the district
<u>\$883</u>	49. Estimated marginal cost per child enrolled in the district
<u>\$8,310</u>	50. State funding per child in the district
<u>\$2,786</u>	51. Federal and other annual funding per child in district

52. Hospital District #1

<u>1,995</u>	53. District mill levy
<u>\$174,558</u>	54. Average market value of new residential property in the district
<u>14,398</u>	55. Number of residents in the district
<u>6,191</u>	56. Number of workers at businesses in the district
<u>\$31,540,688</u>	57. Total annual revenues
<u>\$30,589,863</u>	58. Total general operating budget
<u>\$291,834</u>	59. Total property taxes collected
<u>70%</u>	60. Percent of budget devoted to residents
<u>70%</u>	61. Percent of non-tax revenues received from residents.
<u>30%</u>	62. Percent of budget devoted to businesses.
<u>30%</u>	63. Percent of non-tax revenues received from businesses.

64. Cemetery District #1

<u>1.737</u>	65. District mill levy
<u>\$173,505</u>	66. Average market value of new residential property in the district
<u>7,821</u>	67. Number of residents in the district
<u>3,363</u>	68. Number of workers at businesses in the district
<u>\$125,086</u>	69. Total annual revenues
<u>\$125,000</u>	70. Total general operating budget
<u>\$88,510</u>	71. Total property taxes collected
<u>70%</u>	72. Percent of budget devoted to residents
<u>70%</u>	73. Percent of non-tax revenues received from residents.
<u>30%</u>	74. Percent of budget devoted to businesses.
<u>30%</u>	75. Percent of non-tax revenues received from businesses.

State of Kansas

<u>1.5</u>	State mill levy
<u>6.15%</u>	State sales tax rate
<u>\$1,622</u>	Annual marginal revenues per new resident (excluding property, income and sales taxes.)
<u>\$975</u>	Annual marginal cost of providing services to each new resident
<u>12%</u>	Tax classification for residential real property
<u>25%</u>	Tax classification for commercial and industrial real property
<u>25%</u>	Tax classification for commercial and industrial machinery and equipment (7 years of more life)
<u>30%</u>	Tax classification for all other tangible personal property
<u>Z</u>	Economic life (in years) for straight line depreciation of commercial and industrial machinery and equipment
<u>20%</u>	Minimum taxable value (as a percent of retail cost) of commercial and industrial machinery and equipment
<u>\$887</u>	Annual marginal cost (per worker) of providing services to businesses
<u>\$1,476</u>	Annual per worker revenues for the state from businesses (excluding property, income and sales taxes)
<u>35%</u>	Percent of gross salary that a typical Kansas worker spends on taxable goods and services

Inflation and Discount Rates Used

<u>3.0%</u>	Inflation rate
<u>5.5%</u>	Discount for calculating the present value of costs and benefits

76. Thunderstruck Inc.

332999 77. NAICS Code

78. Description and purpose of the expansion:

The company purchased a building in Abilene for the purposes of expanding its operations and to provide better opportunities for research and development of new products. The move to Abilene has provided the advantage of a larger bulding to allow the company to expand into new markets and increase its offerings in existing markets.

Capital Investment

Market or retail value of the new or additional investment:

	First Expansion	Second	Third	Fourth
79. Land	\$290,640	\$0	\$0	\$0
80. Building Improvements	\$727,990	\$0	\$0	\$0
81. Furniture, fixtures and equipment	\$0	\$0	\$0	\$0

Sales and Purchases

	Sales	Purchases
82. Year 1	\$500,000	\$150,000
83. Year 2	\$750,000	\$250,000
84. Year 3	\$1,000,000	\$400,000
85. Year 4	\$2,000,000	\$750,000
86. Year 5	\$2,500,000	\$900,000
87. Year 6	\$3,000,000	\$1,250,000
88. Year 7	\$4,000,000	\$1,750,000
89. Year 8	\$5,000,000	\$2,500,000
90. Year 9	\$6,500,000	\$2,850,000
91. Year 10	\$8,000,000	\$3,250,000

Percentage subject to sales tax:

	Sales	Purchases
92. City	1%	1%
93. County	1%	1%
94. State	25%	90%

100.0% 95. Expected annual net taxable income (% of sales on which state corporate income tax will be computed.)

Annual Utility Expenditures

	Construction Period	Year 1 of Expansion
96. Telephone	\$0	\$0
97. Electricity	\$0	\$25,000
98. Gas	\$0	\$30,000
99. Water	\$0	\$0
100. Wastewater	\$0	\$0
101. Garbage	\$0	\$0
102. Cable	\$0	\$0
103. Other	\$0	\$0

50% 104. Anticipated percentage rate utility bills will increase during the remaining years of the expansion.

New Employees due to Expansion

	New Hires	Average Annual Salaries	Moving to the county	Moving from out of state
105. Year 1	10	\$24,000	8	0
106. Year 2	5	\$24,000	2	0
107. Year 3	5	\$24,000	2	1
108. Year 4	5	\$24,000	2	1
109. Year 5	5	\$24,000	2	0
110. Year 6	0	\$0	0	0
111. Year 7	10	\$24,000	4	2
112. Year 8	0	\$0	0	0
113. Year 9	0	\$0	0	0
114. Year 10	0	\$0	0	0

New Construction

	Initial Construction or Expansion	2nd Expansion	3rd Expansion	4th Expansion
115. Total Construction Cost	\$50,000	\$0	\$0	\$0
116. Construction Profit Percentage	0%	0%	0%	0%

Construction Materials Purchased

	Initial Construction or Expansion	2nd Expansion	3rd Expansion	4th Expansion
117. In the state	\$50,000	\$0	\$0	\$0
118. In the County	\$50,000	\$0	\$0	\$0
119. In the City	\$25,000	\$0	\$0	\$0

Costs of Furniture, Fixtures & Equipment Purchased

	Initial Construction or Expansion	2nd Expansion	3rd Expansion	4th Expansion
120. In the state	\$100,000	\$0	\$0	\$0
121. In the County	\$0	\$0	\$0	\$0
122. In the City	\$25,000	\$0	\$0	\$0

Construction Workers and Salaries

	Initial Construction or Expansion	2nd Expansion	3rd Expansion	4th Expansion
123. Number of construction workers	20	0	0	0
124. Household size of average worker	4.0	0.0	0.0	0.0
125. Total salary paid average worker	\$30,000	\$0	\$0	\$0
126. Total construction salaries	\$600,000	\$0	\$0	\$0

Visitors due to the Expansion

Out-of-town visitors expected

127. Year 1	0
128. Year 2	0
129. Year 3	0
130. Year 4	0
131. Year 5	0
132. Year 6	0
133. Year 7	0
134. Year 8	0
135. Year 9	0
136. Year 10	0

- 0.0 137. Number of days an average visitor is expected to stay in the area.
0.0 138. Number of nights a visitor is expected to stay in city hotels or motels
0.0 139. Number of nights a visitor is expected to stay anywhere in the county

Extraordinary Payments the Firm Will Make

	City	County	USD	State
140. Construction Period	\$0	\$0	\$0	\$0
141. Year 1	\$0	\$0	\$0	\$0
142. Year 2	\$0	\$0	\$0	\$0
143. Year 3	\$0	\$0	\$0	\$0
144. Year 4	\$0	\$0	\$0	\$0
145. Year 5	\$0	\$0	\$0	\$0
146. Year 6	\$0	\$0	\$0	\$0
147. Year 7	\$0	\$0	\$0	\$0
148. Year 8	\$0	\$0	\$0	\$0
149. Year 9	\$0	\$0	\$0	\$0
150. Year 10	\$0	\$0	\$0	\$0

Extra Costs to Provide Infrastructure and/or Services for this Expansion

	City	County	State
151. Construction Period	\$0	\$0	\$0
152. Year 1	\$0	\$0	\$0
153. Year 2	\$0	\$0	\$0
154. Year 3	\$0	\$0	\$0
155. Year 4	\$0	\$0	\$0
156. Year 5	\$0	\$0	\$0
157. Year 6	\$0	\$0	\$0
158. Year 7	\$0	\$0	\$0
159. Year 8	\$0	\$0	\$0
160. Year 9	\$0	\$0	\$0
161. Year 10	\$0	\$0	\$0

Incentives, Other than Tax Abatements offered the Firm

	City	County	State
162. Construction Period	\$0	\$0	\$0
163. Year 1	\$0	\$0	\$0
164. Year 2	\$0	\$0	\$0
165. Year 3	\$0	\$0	\$0
166. Year 4	\$0	\$0	\$0
167. Year 5	\$0	\$0	\$0
168. Year 6	\$0	\$0	\$0
169. Year 7	\$0	\$0	\$0
170. Year 8	\$0	\$0	\$0
171. Year 9	\$0	\$0	\$0
172. Year 10	\$0	\$0	\$0

Property Tax Abatements

Yes 173. Is the expansion located within city property tax jurisdiction?

Taxes will be abated by:

Yes 174. City

Yes 175. County

Yes 176. School District

Yes 177. Special Taxing District #1

Yes 178. Special Taxing District #2

Yes 179. State

Percentage of taxes to be abated on:

	Land	Buildings & Improvements	Furniture, Fixtures & Equipment
180. Year 1	98%	98%	100%
181. Year 2	88%	88%	100%
182. Year 3	78%	78%	100%
183. Year 4	68%	68%	100%
184. Year 5	58%	58%	100%
185. Year 6	48%	48%	100%
186. Year 7	38%	38%	100%
187. Year 8	28%	28%	100%
188. Year 9	18%	18%	100%
189. Year 10	8%	8%	100%

Where new employees live

As a Percentage of the Total Number of New Employees

80% 190. In the city.

80% 191. In the school district where the firm is located.

80% 192. In special taxing district 1

0% 193. In special taxing district 2

Where new employees shop

As a Percentage of the Total Number of New Employees

<u>100%</u>	194. In Kansas.
<u>75%</u>	195. In the county
<u>75%</u>	196. In the City

New Employee Housing and Schools

Count

<u>4.00</u>	197. Household size of a typical new employee
<u>2.00</u>	198. School age children in household of a typical new employee
<u>50%</u>	199. Percentage of new employees moving to the community for whom new housing will be required.

Indirect New Employees

As a Percentage of the Total Number of New Employees

<u>0.00%</u>	200. Moving to the county
<u>0.00%</u>	201. Of those, moving from out-of-state

Where construction salaries are spent

Spent in	Percentage	Initial Construction or Expansion	2nd Expansion	3rd Expansion	4th Expansion
202. Kansas	100%	\$600,000	\$0	\$0	\$0
203. County	25%	\$150,000	\$0	\$0	\$0
204. City	25%	\$150,000	\$0	\$0	\$0

Visitors

	<u>In the county</u>	<u>Of that, in the city</u>
205. Daily retail spending by a visitor, excluding lodging	\$200	\$200
206. Average daily hotel/motel room rates	\$100	\$100

NOTICE OF PUBLIC HEARING

The governing body of the City of Abilene, Kansas, will conduct a Public Hearing at **4:00 pm on Monday, December 27, 2016** to consider an application from TSB Enterprises, LLC concerning a constitutional tax abatement for real property generally described as 401 Cottage Avenue in Abilene, Kansas, and legally described as follows:

A tract of land located in the southeast quarter of Section 16, Township 13 South, Range 2 East of the 6th PM, in the City of Abilene, Dickinson County, Kansas, more particularly described as follows:

Commencing at the Southeast corner of said Southeast quarter of said Section 16, thence North 00 degrees 56' 22" West on an assumed bearing along the East line of said Southeast quarter to a point on the North line of Cottage Avenue a distance of 480.00 feet; thence South 89 degrees 25' 08" West to existing property pin and to the point of beginning a distance of 475.21 feet; thence South 89 degrees 22' 44" West to existing property pin a distance of 785.14 feet; thence North 00 degrees 55' 03" West to South right-of-way line of the Union Pacific Railroad a distance of 210.72 feet; thence North 78 degrees 13' 10" East along said right-of-way line to existing property pin a distance of 799.75 feet; thence South 00 degrees 52' 18" East a distance of 365.51 feet to the point of beginning.

The City has the authority to grant constitutional tax abatements for the the storage of goods traded in interstate commerce as provided by Article 11, Section 13 of the Kansas Constitution.

The City Commission will not consider an ordinance granting a constitutional tax abatement until the public hearing has been conducted. All persons having an interest in this matter will be given an opportunity to be heard at the public hearing.

A copy of the notice, the application, and supporting documentation are available for public inspection between the hours of 8:00 am and 5:00 pm, Monday through Friday. In addition, the documentation is available on the City's website at www.abilenecityhall.com.

Please contact City Manager David Dillner by phone at (785) 263-2550 or by email at citymgr@abilenecityhall.com if you have questions.