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July 1, 2010

Kutak Rock LLP
ATTN: Scott Anderson
1010 Grand Blvd., Ste 500
Kansas City, MO 64106

Re: Cost-Benefit Analysis – The Allen Group – Kansas City, LLC - Phased

Dear Scott:

At your request, we have completed the cost-benefit analysis for the above project to accompany the request for property tax abatement. This analysis has been prepared using the software developed by the League of Kansas Municipalities and approved by the Court of Tax Appeals, along with information provided by you regarding the project. All of that information has been provided by you and others and we have made no attempt to verify its accuracy or whether the projections are reasonable. This report assumes that one-fourth of the project occurs in each of years 1, 3, 5, and 7.

The sheer size of this project exceeds the audit limits for which the software program was designed to analyze. While it does not appear that exceeding those audit limits has affected the results of the report, it is important for anyone using the report to understand that results could be affected.

The report compares the financial costs to the taxing entities granting property tax abatement to the financial benefits of the project and resulting jobs to those same entities. The ideal situation would produce a benefit-to-cost ratio of at least 1.3. The results show the following ratios:

City of Edgerton	3.75	Johnson County	2.10
USD #231	0.53	JO Co. Fire Dist. #1	3.33
JO Co. Comm. Coll.	1.19	State of Kansas	149.08

If I may be of further assistance, please contact me at 620-704-6495 or 620-235-1874.

Sincerely,

Steve Robb
Consultant and Sole Member

A Tax Abatement Cost-Benefit Analysis of Allen Group-Phased Expansion

City or County where the firm is or will be located: City of Edgerton
Date of Analysis: Thursday, July 01, 2010

Description of the firm's location or expansion in the community:
Construction of 7.1 million s.f. of distribution centers

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, with the exception of a neighboring school district, if shown, are considering tax abatements or incentives for the firm:

City:	Edgerton
County:	Johnson
School District:	USD 231
A neighboring School District:	None
Special Taxing District:	JO Co. Fire Dist. #1
Special Taxing District:	Johnson Co. Comm. Coll.
State of Kansas	

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Data Used in this Analysis, if included, follows the Costs and Benefits for the State of Kansas

About this Cost-Benefit Analysis Report

This cost-benefit analysis report was prepared using the Kansas Tax Abatement Cost-Benefit Model - a computer program that analyzes economic and fiscal impact. The pages that follow, in this report, show the impact that the firm included in this analysis, the firm's 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.

This 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-

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.

Costs and Benefits 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 your taxing entities - - - sales taxes, property taxes, utilities, utility franchise fees, other payments by new residents, payments 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.

Present Value

The present value of the expected cash flow over the next ten years - the excess of benefits over cost - 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 or in present value.

Generally, a positive present value indicates an acceptable investment.

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.

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 annual rate of return, over the next ten years, on each taxing entity's investment in the firm.

Generally, a rate of return in excess of the taxing entity's cost of capital is considered desirable.

Cost-Benefit Ratio

The cost-benefit 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 cost-benefit ratio of 1.55 (or 1.55 to 1) shows that ten year benefits are 155 percent of public costs. Conversely, a cost-benefit ratio of .75 shows that public benefits are only 75 percent of public costs -- costs exceed benefits.

Generally, a cost-benefit ratio of 1.30 to 1 is considered acceptable for a taxing entity to grant tax abatements and other financial incentives to a firm.

Data Used in this Analysis These report pages, if included, show the data used in this cost-benefit analysis.

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	Total Benefits
City: Edgerton	\$3,071,576	\$45,107,246	\$9,748,320			\$132,293,657	\$190,220,799
County: Johnson	\$19,789,970	\$22,237,498				\$18,363,560	\$60,391,028
S. D: USD 231		\$61,722,696			\$11,139,039		\$72,861,735
S. D: None		\$0			\$0		\$0
JO Co. Fire Dist. #1		\$10,737,576				\$34,812,164	\$45,549,741
Johnson Co. Comm. Coll		\$9,324,121				\$8,479,110	\$17,803,231
State of Kansas	\$108,075,269	\$1,585,895		\$47,720,931		\$61,072,032	\$218,454,127

Costs, Incentives and Taxes Abated:

	Costs of Services for the Firm and New Residents	Costs of Educating New Students	Taxes Abated	Incentives	Total Costs, Incentives and Taxes Abated
City: Edgerton	\$28,738,279		\$33,799,722	\$0	\$62,538,001
County: Johnson	\$9,815,002		\$16,443,214	\$0	\$26,258,216
S. D: USD 231		\$1,974,972	\$46,153,212		\$48,128,184
S. D: None		\$0			\$0
JO Co. Fire Dist. #1	\$10,443,578		\$8,002,937		\$18,446,515
Johnson Co. Comm. Coll	\$2,543,876		\$6,909,192		\$9,453,068
State of Kansas	\$25,146,322	\$19,573,568	\$1,182,001	\$0	\$45,901,891

Net Benefits:

	Total Benefits	Total Costs Incentives and Taxes Abated	Net Benefits
City: Edgerton	\$190,220,799	\$62,538,001	\$127,682,797
County: Johnson	\$60,391,028	\$26,258,216	\$34,132,811
S. D: USD 231	\$72,861,735	\$48,128,184	\$24,733,551
S. D: None	\$0	\$0	\$0
JO Co. Fire Dist. #1	\$45,549,741	\$18,446,515	\$27,103,225
Johnson Co. Comm. Coll	\$17,803,231	\$9,453,068	\$8,350,163
State of Kansas	\$218,454,127	\$45,901,891	\$172,552,235

Other:

	Present Value of Net Benefits to be Received Over the next 10 Years	Present Value of Incentives and Taxes Abated Over the next 10 Years	Payback Period for Incentives and Taxes Abated	Rate of Return over the next 10 years on Investment of Incentives and Taxes Abated	Cost-Benefit Ratio
City: Edgerton	\$90,303,543	\$24,081,558	5 Years	374.99%	3.75
County: Johnson	\$24,570,979	\$11,715,426	6 Years	209.73%	2.10
S. D: USD 231	\$17,501,117	\$32,883,153	More than 10 years.	53.22%	0.53
S. D: None	\$0				
JO Co. Fire Dist. #1	\$19,006,360	\$5,701,917	5 Years	333.33%	3.33
Johnson Co. Comm. Coll	\$5,871,607	\$4,922,648	9 Years	119.28%	1.19
State of Kansas	\$125,545,815	\$842,145	During construction period.	14907.86%	149.08

The Economic Impact of the Firm

	<u>In the first year</u>	<u>Over the next ten years</u>
Number of jobs to be created	1420	5674
Number of new residents in the community	545	2183
Number of additional students in the local school district	46	182
Increase in local personal income	\$30,466,800	\$852,735,600
Increase in local retail sales	\$19,803,420	\$554,278,140
Increase in the community's property tax base	\$191,065,853	\$609,479,604

Costs and Benefits for the City of: Edgerton

Benefits to the city from the firm, its employees and spin-off benefits:

Year	Sales Taxes	Property Taxes	Utilities and Utility Franchise Fees	Other Municipal Revenues	Total
Construction Period	\$53,572	\$0	\$171,200	\$1,250,000	\$1,474,772
1	\$85,946	\$2,048,480	\$342,040	\$4,146,360	\$6,622,826
2	\$88,164	\$2,110,283	\$342,040	\$4,233,250	\$6,773,737
3	\$239,068	\$3,278,806	\$684,080	\$8,645,496	\$12,847,449
4	\$190,399	\$3,377,911	\$684,080	\$8,829,861	\$13,082,250
5	\$346,661	\$4,584,887	\$1,026,120	\$13,529,634	\$19,487,302
6	\$300,805	\$4,723,220	\$1,026,120	\$13,823,023	\$19,873,168
7	\$465,208	\$5,970,628	\$1,368,160	\$18,824,376	\$26,628,372
8	\$422,556	\$6,150,583	\$1,368,160	\$19,239,107	\$27,180,407
9	\$433,804	\$6,335,962	\$1,368,160	\$19,666,280	\$27,804,207
10	\$445,392	\$6,526,486	\$1,368,160	\$20,106,269	\$28,446,308
Total	\$3,071,576	\$45,107,246	\$9,748,320	\$132,293,657	\$190,220,799

The City's costs, property taxes abated and incentives provided to the firm:

Year	City Costs for the firm and Municipal Services for New Residents	Property Taxes Abated	Incentives	Total
Construction Period	\$0	\$0	\$0	\$0
1	\$866,651	\$1,536,106	\$0	\$2,402,757
2	\$892,651	\$1,582,189	\$0	\$2,474,840
3	\$1,838,861	\$2,458,025	\$0	\$4,296,887
4	\$1,894,027	\$2,531,766	\$0	\$4,425,793
5	\$2,926,272	\$3,436,090	\$0	\$6,362,362
6	\$3,014,060	\$3,539,173	\$0	\$6,553,233
7	\$4,136,544	\$4,473,719	\$0	\$8,610,263
8	\$4,260,640	\$4,607,931	\$0	\$8,868,571
9	\$4,388,459	\$4,746,169	\$0	\$9,134,628
10	\$4,520,113	\$4,888,554	\$0	\$9,408,667
Total	\$28,738,279	\$33,799,722	\$0	\$62,538,001

Net Costs and Benefits for the City of: Edgerton

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	\$1,474,772	\$0	\$1,474,772	\$1,474,772	\$0
1	\$6,622,826	\$2,402,757	\$4,220,068	\$4,000,064	\$1,456,024
2	\$6,773,737	\$2,474,840	\$4,298,897	\$3,862,354	\$1,421,521
3	\$12,847,449	\$4,296,887	\$8,550,562	\$7,281,775	\$2,093,288
4	\$13,082,250	\$4,425,793	\$8,656,456	\$6,987,636	\$2,043,684
5	\$19,487,302	\$6,362,362	\$13,124,939	\$10,042,341	\$2,629,070
6	\$19,873,168	\$6,553,233	\$13,319,934	\$9,660,226	\$2,566,770
7	\$26,628,372	\$8,610,263	\$18,018,109	\$12,386,311	\$3,075,399
8	\$27,180,407	\$8,868,571	\$18,311,836	\$11,931,971	\$3,002,522
9	\$27,804,207	\$9,134,628	\$18,669,578	\$11,530,877	\$2,931,372
10	\$28,446,308	\$9,408,667	\$19,037,640	\$11,145,216	\$2,861,908
Total	\$190,220,799	\$62,538,001	127,682,797	\$90,303,543	\$24,081,558

Discounted payback period for taxes abated and incentives 5 Years

Average annual rate of return over the next ten years on the city's investment of taxes abated and incentives for the firm 374.99%

Cost-Benefit Ratio 3.75

Costs and Benefits for Johnson County

Benefits to the county from the firm, its employees and spin-off benefits:

Year	Sales Taxes	Property Taxes	Other County Revenues	Total
Construction Period	\$1,051,234	\$0	\$0	\$1,051,234
1	\$534,177	\$998,992	\$553,509	\$2,086,678
2	\$537,313	\$1,031,632	\$570,114	\$2,139,059
3	\$2,138,295	\$1,605,407	\$1,174,435	\$4,918,138
4	\$1,094,058	\$1,659,235	\$1,209,669	\$3,962,962
5	\$2,702,934	\$2,255,091	\$1,868,938	\$6,826,963
6	\$1,662,648	\$2,328,755	\$1,925,006	\$5,916,409
7	\$3,281,958	\$2,945,250	\$2,644,091	\$8,871,299
8	\$2,246,260	\$3,040,006	\$2,723,413	\$8,009,679
9	\$2,262,281	\$3,137,796	\$2,805,116	\$8,205,193
10	\$2,278,811	\$3,235,335	\$2,889,269	\$8,403,414
Total	\$19,789,970	\$22,237,498	\$18,363,560	\$60,391,028

The County's costs, property taxes abated and incentives provided to the firm:

Year	County Costs for the firm and County Services for New Residents	Property Taxes Abated	Incentives	Total
Construction Period	\$0	\$0	\$0	\$0
1	\$295,844	\$747,299	\$0	\$1,043,143
2	\$304,719	\$769,718	\$0	\$1,074,437
3	\$627,721	\$1,195,804	\$0	\$1,823,525
4	\$646,553	\$1,231,678	\$0	\$1,878,231
5	\$998,924	\$1,671,622	\$0	\$2,670,546
6	\$1,028,891	\$1,721,771	\$0	\$2,750,662
7	\$1,413,212	\$2,176,418	\$0	\$3,589,630
8	\$1,455,608	\$2,241,711	\$0	\$3,697,319
9	\$1,499,277	\$2,308,962	\$0	\$3,808,238
10	\$1,544,255	\$2,378,231	\$0	\$3,922,485
Total	\$9,815,002	\$16,443,214	\$0	\$26,258,216

Net Costs and Benefits for Johnson County

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	\$1,051,234	\$0	\$1,051,233	\$1,051,233	\$0
1	\$2,086,678	\$1,043,143	\$1,043,534	\$989,131	\$708,340
2	\$2,139,059	\$1,074,437	\$1,064,621	\$956,511	\$691,555
3	\$4,918,138	\$1,823,525	\$3,094,613	\$2,635,414	\$1,018,362
4	\$3,962,962	\$1,878,231	\$2,084,731	\$1,682,829	\$994,231
5	\$6,826,963	\$2,670,546	\$4,156,417	\$3,180,217	\$1,279,015
6	\$5,916,409	\$2,750,662	\$3,165,747	\$2,295,944	\$1,248,707
7	\$8,871,299	\$3,589,630	\$5,281,669	\$3,630,813	\$1,496,149
8	\$8,009,679	\$3,697,319	\$4,312,360	\$2,809,928	\$1,460,696
9	\$8,205,193	\$3,808,238	\$4,396,954	\$2,715,687	\$1,426,082
10	\$8,403,414	\$3,922,485	\$4,480,928	\$2,623,272	\$1,392,289
Total	\$60,391,028	\$26,258,216	\$34,132,811	\$24,570,979	\$11,715,426

Discounted payback period for taxes abated and incentives 6 Years

Average annual rate of return over the next ten years on the county's investment of taxes abated and incentives for the firm 209.73%

Cost-Benefit Ratio 2.10

Costs and Benefits for the School District where the firm is or will be located: USD 231

Benefits to the school district from the firm, its employees and spin-off benefits:

Year	Property Taxes	Additional State, Federal and Other School Funding	Total
1	\$2,798,249	\$335,449	\$3,133,699
2	\$2,883,775	\$345,513	\$3,229,287
3	\$4,481,716	\$711,756	\$5,193,472
4	\$4,619,516	\$733,109	\$5,352,624
5	\$6,271,451	\$1,132,653	\$7,404,104
6	\$6,463,147	\$1,166,632	\$7,629,779
7	\$8,170,719	\$1,604,810	\$9,775,529
8	\$8,419,621	\$1,652,955	\$10,072,575
9	\$8,676,104	\$1,702,543	\$10,378,647
10	\$8,938,399	\$1,753,620	\$10,692,018
Total	\$61,722,696	\$11,139,039	\$72,861,735

Total costs for the School District:

Year	Additional Costs	Property Taxes Abated	Total
1	\$59,476	\$2,097,538	\$2,157,014
2	\$61,260	\$2,160,464	\$2,221,724
3	\$126,196	\$3,356,411	\$3,482,607
4	\$129,982	\$3,457,104	\$3,587,085
5	\$200,821	\$4,691,950	\$4,892,771
6	\$206,846	\$4,832,708	\$5,039,554
7	\$284,536	\$6,108,823	\$6,393,359
8	\$293,072	\$6,292,087	\$6,585,159
9	\$301,864	\$6,480,850	\$6,782,714
10	\$310,920	\$6,675,276	\$6,986,196
Total	\$1,974,972	\$46,153,212	\$48,128,184

Net Costs and Benefits for the School District: USD 231

Year	Public Benefits	Total Costs and Property Taxes Abated	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of Taxes Abated
1	\$3,133,699	\$2,157,014	\$976,684	\$925,767	\$1,988,188
2	\$3,229,287	\$2,221,724	\$1,007,563	\$905,247	\$1,941,074
3	\$5,193,472	\$3,482,607	\$1,710,865	\$1,456,996	\$2,858,366
4	\$5,352,624	\$3,587,085	\$1,765,539	\$1,425,173	\$2,790,632
5	\$7,404,104	\$4,892,771	\$2,511,332	\$1,921,506	\$3,589,972
6	\$7,629,779	\$5,039,554	\$2,590,224	\$1,878,549	\$3,504,902
7	\$9,775,529	\$6,393,359	\$3,382,170	\$2,325,028	\$4,199,430
8	10,072,575	\$6,585,159	\$3,487,416	\$2,272,396	\$4,099,917
9	10,378,647	\$6,782,714	\$3,595,932	\$2,220,953	\$4,002,763
10	10,692,018	\$6,986,196	\$3,705,822	\$2,169,502	\$3,907,910
Total	72,861,735	\$48,128,184	\$24,733,551	\$17,501,117	\$32,883,153

Discounted payback period for taxes abated and incentives More than 10 years.

Average annual rate of return over the next ten years on the school district's investment of taxes abated and incentives for the firm 53.22%

Cost-Benefit Ratio 0.53

Costs and Benefits for a neighboring School District: None

Benefits to the school district from the firm, its employees and spin-off benefits:

Year	Property Taxes	Additional State, Federal and Other School Funding	Total
1	\$0	\$0	\$0
2	\$0	\$0	\$0
3	\$0	\$0	\$0
4	\$0	\$0	\$0
5	\$0	\$0	\$0
6	\$0	\$0	\$0
7	\$0	\$0	\$0
8	\$0	\$0	\$0
9	\$0	\$0	\$0
10	\$0	\$0	\$0
Total	\$0	\$0	\$0

Total costs for the School District:

Year	Additional Costs
1	\$0
2	\$0
3	\$0
4	\$0
5	\$0
6	\$0
7	\$0
8	\$0
9	\$0
10	\$0
Total	\$0

Net Costs and Benefits for the School District: None

Year	Public Benefits	Total Costs	Net Benefits or (Costs)	Present Value of Net Benefits
1	\$0	\$0	\$0	\$0
2	\$0	\$0	\$0	\$0
3	\$0	\$0	\$0	\$0
4	\$0	\$0	\$0	\$0
5	\$0	\$0	\$0	\$0
6	\$0	\$0	\$0	\$0
7	\$0	\$0	\$0	\$0
8	\$0	\$0	\$0	\$0
9	\$0	\$0	\$0	\$0
10	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0

Discounted payback period for taxes abated and incentives N/A

Average annual rate of return over the next ten years on the school district's investment of taxes abated and incentives for the firm N/A

Cost-Benefit Ratio N/A

Costs and Benefits for Special Taxing District: JO Co. Fire Dist. #1

Benefits to the special taxing district from the firm, its employees and spin-off benefits:

Year	Property Taxes	Additional Revenues	Total
1	\$485,504	\$1,049,750	\$1,535,254
2	\$500,640	\$1,081,243	\$1,581,883
3	\$778,353	\$2,227,360	\$3,005,713
4	\$802,915	\$2,294,181	\$3,097,096
5	\$1,090,392	\$3,544,510	\$4,634,902
6	\$1,124,389	\$3,650,845	\$4,775,234
7	\$1,421,629	\$5,011,029	\$6,432,657
8	\$1,465,646	\$5,161,360	\$6,627,006
9	\$1,511,025	\$5,316,200	\$6,827,225
10	\$1,557,084	\$5,475,686	\$7,032,771
Total	\$10,737,576	\$34,812,164	\$45,549,741

Total costs for the Special Taxing District:

Year	Additional Costs	Property Taxes Abated	Total
1	\$314,923	\$363,712	\$678,635
2	\$324,371	\$374,623	\$698,994
3	\$668,203	\$582,000	\$1,250,203
4	\$688,249	\$599,460	\$1,287,709
5	\$1,063,345	\$813,581	\$1,876,927
6	\$1,095,246	\$837,988	\$1,933,234
7	\$1,503,298	\$1,059,266	\$2,562,564
8	\$1,548,397	\$1,091,044	\$2,639,441
9	\$1,594,849	\$1,123,775	\$2,718,625
10	\$1,642,695	\$1,157,488	\$2,800,183
Total	\$10,443,578	\$8,002,937	\$18,446,515

Net Costs and Benefits for Special Taxing District: JO Co. Fire Dist. #1

Year	Public Benefits	Total Costs and Property Taxes Abated	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of Taxes Abated
1	\$1,535,254	\$678,635	\$856,619	\$811,961	\$344,750
2	\$1,581,883	\$698,994	\$882,888	\$793,233	\$336,581
3	\$3,005,713	\$1,250,203	\$1,755,509	\$1,495,015	\$495,639
4	\$3,097,096	\$1,287,709	\$1,809,387	\$1,460,567	\$483,894
5	\$4,634,902	\$1,876,927	\$2,757,975	\$2,110,221	\$622,499
6	\$4,775,234	\$1,933,234	\$2,841,999	\$2,061,148	\$607,748
7	\$6,432,657	\$2,562,564	\$3,870,093	\$2,660,444	\$728,178
8	\$6,627,006	\$2,639,441	\$3,987,564	\$2,598,292	\$710,923
9	\$6,827,225	\$2,718,625	\$4,108,600	\$2,537,592	\$694,076
10	\$7,032,771	\$2,800,183	\$4,232,587	\$2,477,886	\$677,629
Total	45,549,741	\$18,446,515	\$27,103,225	\$19,006,360	\$5,701,917

Discounted payback period for taxes abated and incentives 5 Years

Average annual rate of return over the next ten years on the taxing district's investment of taxes abated and incentives for the firm 333.33%

Cost-Benefit Ratio 3.33

Costs and Benefits for Special Taxing District: Johnson Co. Comm. Coll.

Benefits to the special taxing district from the firm, its employees and spin-off benefits:

Year	Property Taxes	Additional Revenues	Total
1	\$419,598	\$255,590	\$675,188
2	\$433,140	\$263,258	\$696,397
3	\$673,874	\$542,311	\$1,216,186
4	\$696,114	\$558,581	\$1,254,695
5	\$945,900	\$863,007	\$1,808,907
6	\$976,424	\$888,897	\$1,865,321
7	\$1,234,817	\$1,220,823	\$2,455,640
8	\$1,274,147	\$1,257,447	\$2,531,594
9	\$1,314,725	\$1,295,171	\$2,609,895
10	\$1,355,382	\$1,334,026	\$2,689,408
Total	\$9,324,121	\$8,479,110	\$17,803,231

Total costs for the Special Taxing District:

Year	Additional Costs	Property Taxes Abated	Total
1	\$76,681	\$314,004	\$390,685
2	\$78,982	\$323,424	\$402,406
3	\$162,703	\$502,459	\$665,161
4	\$167,584	\$517,533	\$685,116
5	\$258,917	\$702,391	\$961,307
6	\$266,684	\$723,462	\$990,147
7	\$366,268	\$914,498	\$1,280,766
8	\$377,256	\$941,933	\$1,319,189
9	\$388,573	\$970,191	\$1,358,764
10	\$400,230	\$999,297	\$1,399,527
Total	\$2,543,876	\$6,909,192	\$9,453,068

Net Costs and Benefits for Special Taxing District: Johnson Co. Comm. Coll.

Year	Public Benefits	Total Costs and Property Taxes Abated	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of Taxes Abated
1	\$675,188	\$390,685	\$284,502	\$269,670	\$297,634
2	\$696,397	\$402,406	\$293,991	\$264,137	\$290,581
3	\$1,216,186	\$665,161	\$551,024	\$469,260	\$427,901
4	\$1,254,695	\$685,116	\$569,578	\$459,773	\$417,761
5	\$1,808,907	\$961,307	\$847,599	\$648,527	\$537,423
6	\$1,865,321	\$990,147	\$875,174	\$634,716	\$524,688
7	\$2,455,640	\$1,280,766	\$1,174,873	\$807,651	\$628,660
8	\$2,531,594	\$1,319,189	\$1,212,405	\$790,002	\$613,763
9	\$2,609,895	\$1,358,764	\$1,251,131	\$772,735	\$599,218
10	\$2,689,408	\$1,399,527	\$1,289,881	\$755,136	\$585,019
Total	17,803,231	\$9,453,068	\$8,350,163	\$5,871,607	\$4,922,648

Discounted payback period for taxes abated and incentives 9 Years

Average annual rate of return over the next ten years on the taxing district's investment of taxes abated and incentives for the firm 119.28%

Cost-Benefit Ratio 1.19

Costs and Benefits for the State of Kansas

Benefits to the State from the firm, its employees and spin-off benefits:

Year	Sales Taxes	Property Taxes	Corporate and Personal Income Taxes	Other State Revenues	Total
Construction Period	\$5,735,953	\$0	\$1,795,511	\$0	\$7,531,464
1	\$2,916,844	\$71,707	\$1,332,736	\$1,841,593	\$6,162,880
2	\$2,934,112	\$73,943	\$1,333,010	\$1,896,841	\$6,237,906
3	\$11,672,181	\$114,960	\$5,513,608	\$3,907,492	\$21,208,242
4	\$5,975,411	\$118,588	\$2,669,439	\$4,024,717	\$12,788,155
5	\$14,757,494	\$161,047	\$6,851,270	\$6,218,188	\$27,988,000
6	\$9,081,807	\$166,068	\$4,006,874	\$6,404,734	\$19,659,484
7	\$17,921,385	\$209,969	\$8,188,053	\$8,791,048	\$35,110,455
8	\$12,270,936	\$216,470	\$5,342,078	\$9,054,780	\$26,884,263
9	\$12,359,097	\$223,171	\$5,343,461	\$9,326,423	\$27,252,152
10	\$12,450,047	\$229,973	\$5,344,891	\$9,606,215	\$27,631,126
Total	\$108,075,269	\$1,585,895	\$47,720,931	\$61,072,032	\$218,454,127

The State's costs, property taxes abated and incentives provided to the firm:

Year	State Costs for the firm and Services for New Residents	Cost of Educating New Students	Property Taxes Abated	Incentives	Total
Construction Period	\$0	\$0	\$0	\$0	\$0
1	\$758,273	\$590,037	\$53,719	\$0	\$1,402,029
2	\$781,021	\$607,738	\$55,330	\$0	\$1,444,089
3	\$1,608,904	\$1,251,940	\$85,959	\$0	\$2,946,803
4	\$1,657,171	\$1,289,498	\$88,538	\$0	\$3,035,207
5	\$2,560,330	\$1,992,274	\$120,163	\$0	\$4,672,767
6	\$2,637,140	\$2,052,042	\$123,768	\$0	\$4,812,950
7	\$3,619,702	\$2,818,138	\$156,449	\$0	\$6,594,289
8	\$3,728,293	\$2,902,682	\$161,143	\$0	\$6,792,118
9	\$3,840,142	\$2,989,763	\$165,977	\$0	\$6,995,881
10	\$3,955,346	\$3,079,456	\$170,956	\$0	\$7,205,758
Total	\$25,146,322	\$19,573,568	\$1,182,001	\$0	\$45,901,891

Net costs and benefits for the State of Kansas:

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	\$7,531,464	\$0	\$7,531,463	\$7,531,463	\$0
1	\$6,162,880	\$1,402,029	\$4,760,851	\$4,512,654	\$50,918
2	\$6,237,906	\$1,444,089	\$4,793,816	\$4,307,015	\$49,711
3	\$21,208,242	\$2,946,803	\$18,261,438	\$15,551,690	\$73,203
4	\$12,788,155	\$3,035,207	\$9,752,947	\$7,872,742	\$71,469
5	\$27,988,000	\$4,672,767	\$23,315,233	\$17,839,285	\$91,940
6	\$19,659,484	\$4,812,950	\$14,846,533	\$10,767,386	\$89,761
7	\$35,110,455	\$6,594,289	\$28,516,166	\$19,603,062	\$107,548
8	\$26,884,263	\$6,792,118	\$20,092,145	\$13,092,018	\$105,000
9	\$27,252,152	\$6,995,881	\$20,256,270	\$12,510,865	\$102,512
10	\$27,631,126	\$7,205,758	\$20,425,368	\$11,957,635	\$100,083
Total	\$218,454,127	\$45,901,891	\$172,552,235	\$125,545,815	\$842,145

Discounted payback period for taxes abated and incentives During construction period.

Average annual rate of return over the next ten years on the state's investment of taxes abated and incentives for the firm 14907.86%

Cost-Benefit Ratio 149.08

Local rates and constants used in the Analysis of Allen Group-Phased Expansion

City

Edgerton	City name
42.893	City mill levy
\$120,853	Average market value of new residential property in the city
1.000%	City sales tax rate
0.000%	City transient guest tax rate
\$0	Annual net revenues per household for city owned utilities
\$109	Average annual utility franchise fees collected per household
\$426	Annual revenues per resident, in addition to property, transient guest and sales taxes, utilities and utility franchise fees
\$127	The city's annual marginal cost of providing municipal services, excluding utilities, to each new resident
\$2,631	Annual per worker revenues for the city from businesses -- in addition to property, transient guest and sales taxes and utilities
\$787	Annual marginal cost, per worker, of providing city services, excluding utilities, to businesses

County:

Johnson	Name of county
20.8670	County mill levy
\$190,000	Average market value of new residential property in the county
1.225%	County sales tax rate
0.000%	County transient guest tax rate
\$368	The county's annual revenues per resident, excluding property; transient guest and sales taxes
\$193	The county's annual marginal cost of providing municipal services to each new resident
1.00	Regional economic multiplier adjustment for the County
\$323	Annual per worker revenues for the county from businesses -- in addition to property, transient guest and sales taxes and utilities
\$175	The county's annual marginal cost, per worker, of providing services to businesses

School District 1 -- Where the firm is or will be located

USD 231	Name of school district
58.570	School district 1's local option mill levy
\$160,000	Average market value of new residential property in school district 1
\$1,310	School district 1's estimated marginal cost per child
\$7,387	State funding per child in school district 1
\$0.12	Federal and other annual funding per child in school district 1

School District 2 -- A neighboring school district where some of the firms's new employees will live

None	Name of school district
0.000	School district 2's local option mill levy
\$0	Average market value of new residential property in school district 2
\$0	School district 2's estimated marginal cost per child
\$0	State funding per child in school district 2
\$0.00	Federal and other annual funding per child in school district 2

Special Taxing District 1 -- Where the firm is or will be located:

JO Co. Fire Dist. #1	Special tax district 1
10.156	Special tax district 1's mill levy
\$167,000	Average market value of new residential property in special tax district 1
\$63.77	Special tax district 1's cost per resident
\$212.58	Special tax district 1's annual addl. revenues (excl prop taxes) from each new resident
\$272	The district's annual marginal cost, per worker, of providing services to businesses
\$908	Annual per worker revenues for the district from businesses -- in addition to property sales taxes and utilities

Special Taxing District 2 -- Where the firm is or will be located:

Johnson Co. Comm. Coll.	Special tax district 2
8.768	Special tax district 2's mill levy
\$190,000	Average market value of new residential property in special tax district 2
\$52.86	Special tax district 2's cost per resident
\$176.20	Special tax district 2's annual addl. revenues (excl prop taxes) from each new resident
\$48	The district's annual marginal cost, per worker, of providing services to businesses
\$159	Annual per worker revenues for the district from businesses -- in addition to property sales taxes and utilities

State of Kansas:

1.5	State mill levy
0.063	State sales tax rate
\$1,597.00	State's annual marginal revenues per new resident (excl property, income and sales taxes)
\$658.00	State's annual marginal cost of providing services to each new resident
0.12	State tax classification for residential real property
0.25	State tax classification for commercial and industrial real property
0.25	State tax classification for commercial and industrial machinery and equipment (7 years or more life)
0.3	State tax classification for all other tangible personal property:
7	Economic life, in years for straight line depreciation of commercial and industrial machinery & equipment
0.2	Minimum taxable value as a percent of retail cost of commercial and industrial machinery & equipment
\$550	The state's annual marginal cost, per worker, of providing services to businesses
\$1,336	Annual per worker revenues for the state from businesses, excluding property, income and sales taxes
65.00%	Percent of gross salary that a typical Kansas worker spends on taxable goods and services

Personal Income Taxes:

Income >	Over	But Not Over	=	Tax	+	Tax Rate
	\$0	\$30,000		\$0		3.50%
	\$30,000	\$60,000		\$1,050		6.25%
	\$60,000			\$2,925		6.45%

Standard Deduction >	\$6,000
Allowance per: Exemption >	\$2,250

Corporate Income Taxes:

Corporate Income Tax Rate >	4.00%
Surtax Rate >	3.35%
Amount Over Which Surtax Applies >	\$50,000.00

Other Rates:

3.00%	Inflation
5.50%	Discount rate for calculating the present value of costs and benefits

Comments:

Updated 2/2008

Market or retail value of the firm's initial new or additional investment in: 1

\$88,000,000	Land	Sum of the firm's initial new or additional investment
\$103,000,000	Building and improvements	
\$0	Furniture, Fixtures and Equipment	
		\$191,000,000
Projected Expansions		
3	Year of 2nd Expansion	
\$0	Land	Sum of the firm's second expansion investment
\$103,000,000	Building and improvements	
\$0	Furniture, Fixtures and Equipment	
		\$103,000,000
5	Year of 3rd Expansion	
\$0	Land	Sum of the firm's third expansion investment
\$103,000,000	Building and improvements	
\$0	Furniture, Fixtures and Equipment	
		\$103,000,000
7	Year of 4th Expansion	
\$0	Land	Sum of the firm's fourth expansion investment
\$103,000,000	Building and improvements	
\$0	Furniture, Fixtures and Equipment	
		\$103,000,000

Sales and Purchases

2

New or additional sales of the firm:

Annual operating expenditures by the firm subject to sales taxes:

Year 1:	\$1,775,000
Year 2:	\$1,828,250
Year 3:	\$3,766,200
Year 4:	\$3,995,550
Year 5:	\$6,173,137
Year 6:	\$6,358,328
Year 7:	\$8,732,100
Year 8:	\$8,995,100
Year 9:	\$9,263,900
Year 10:	\$9,541,800
Total:	\$60,429,365

Year 1:	\$8,499,600
Year 2:	\$8,754,600
Year 3:	\$18,575,500
Year 4:	\$19,132,750
Year 5:	\$29,560,125
Year 6:	\$30,447,000
Year 7:	\$41,813,700
Year 8:	\$43,068,200
Year 9:	\$44,360,200
Year 10:	\$45,691,000
Total:	\$289,902,675

Percent of sales subject to sales taxes in the:

Percent of annual taxable operating expenditures in the:

% of sales on which state corporate income taxes will be computed (ie: Annual net taxable income)

City:	5.00%
County:	10.00%
State:	20.00%

City:	85.00%
County:	90.00%
State:	95.00%

7.00%

Property taxes

3

Will the Firm be located within City property tax jurisdiction ? (Y or N): Y

Revenues from utilities and franchise fees

Net revenues from city-owned utilities provided to the firm

City utility franchise fees to be collected on the firm's utility usage

Construction period	\$1,375
Year 1:	\$2,000
Year 2:	\$2,000
Year 3:	\$4,000
Year 4:	\$4,000
Year 5:	\$6,000
Year 6:	\$6,000
Year 7:	\$8,000
Year 8:	\$8,000
Year 9:	\$8,000
Year 10	\$8,000
Total:	\$56,000

Construction period	\$169,825
Year 1:	\$340,040
Year 2:	\$340,040
Year 3:	\$680,080
Year 4:	\$680,080
Year 5:	\$1,020,120
Year 6:	\$1,020,120
Year 7:	\$1,360,160
Year 8:	\$1,360,160
Year 9:	\$1,360,160
Year 10	\$1,360,160
Total:	\$9,521,120

Payments by the firm and the cost of providing other services to the firm 4

Extra payments that the firm will make to the city, county and state -- those payments over and above property, sales and income taxes and utilities and other on-going payments made by all firms

	City	County	State
Construction period	\$1,250,000	\$0	\$0
Year 1:	\$1,250,000	\$0	\$0
Year 2:	\$1,250,000	\$0	\$0
Year 3:	\$2,500,000	\$0	\$0
Year 4:	\$2,500,000	\$0	\$0
Year 5:	\$3,750,000	\$0	\$0
Year 6:	\$3,750,000	\$0	\$0
Year 7:	\$5,000,000	\$0	\$0
Year 8:	\$5,000,000	\$0	\$0
Year 9:	\$5,000,000	\$0	\$0
Year 10	\$5,000,000	\$0	\$0
Total:	\$35,000,000	\$0	\$0

Extra cost of providing public services to the firm -- those services that are over and above incentives, utilities and typical services provided to all firms in the city, county and

	City	County	State
Construction period:	\$0	\$0	\$0
Year 1:	\$0	\$0	\$0
Year 2:	\$0	\$0	\$0
Year 3:	\$0	\$0	\$0
Year 4:	\$0	\$0	\$0
Year 5:	\$0	\$0	\$0
Year 6:	\$0	\$0	\$0
Year 7:	\$0	\$0	\$0
Year 8:	\$0	\$0	\$0
Year 9:	\$0	\$0	\$0

Year 10:	\$0
Total:	\$0

Total:	\$0
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Total:	\$0
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Employee information

5

Number of new employees to be hired each year

Year 1:	1,092
Year 2:	0
Year 3:	1,092
Year 4:	0
Year 5:	1,092
Year 6:	0
Year 7:	1,089
Year 8:	0
Year 9:	0
Year 10:	0
Total:	4,365

Number of new employees moving to the county each year from out of state

Year 1:	75
Year 2:	0
Year 3:	75
Year 4:	0
Year 5:	75
Year 6:	0
Year 7:	75
Year 8:	0
Year 9:	0
Year 10:	0
Total:	300

Total number of new employees moving to the county each year

Year 1:	152
Year 2:	0
Year 3:	152
Year 4:	0
Year 5:	152
Year 6:	0
Year 7:	153
Year 8:	0
Year 9:	0
Year 10:	0
Total:	609

New indirect employees who will be moving to the county, as a per cent of new direct employees:

From out-of-State

Total moving to the county:

Employee salary and household information

6

Average annual salaries of employees

Year 1:	\$31,000
Year 2:	\$31,000
Year 3:	\$31,000
Year 4:	\$31,000
Year 5:	\$31,000
Year 6:	\$31,000
Year 7:	\$31,000
Year 8:	\$31,000
Year 9:	\$31,000
Year 10:	\$31,000
Total:	\$310,000

Where new employees moving to the county will live

10.00%
25.00%
0.00%
50.00%
85.00%

In the City.

In the school district where the firm is located.

In school district 2

In special taxing district 1.

In special taxing district 2.

Where employees will shop, as a percent of their total shopping:

90.00%
85.00%
3.00%

In Kansas.

Within the County.

In the City.

Household size of a typical new worker at the firm.

Number of school age children in the household of a typical new worker at the firm.

Percent of new workers who move to the community that will (1) buy new homes or mobile homes within the first five years or (2) require the building of new residential units.

Construction

9

	Initial construction or expansion	2nd Expansion	3rd Expansion	4th Expansion
Construction Cost	\$86,062,500	\$86,062,500	\$86,062,500	\$86,062,500
Construction Profit Percentage	10.00%	10.00%	10.00%	10.00%
Taxable materials purchased in:				
Kansas	\$43,031,250	\$43,031,250	\$43,031,250	\$43,031,250
The County	\$43,031,250	\$43,031,250	\$43,031,250	\$43,031,250
The City	\$4,303,125	\$4,303,125	\$4,303,125	\$4,303,125
Taxable FFE purchased in:				
Kansas	\$9,287,500	\$9,287,500	\$9,287,500	\$9,287,500
The County	\$8,358,750	\$8,358,750	\$8,358,750	\$8,358,750
The City	\$925,000	\$925,000	\$925,000	\$925,000
Total Construction Salaries:	\$43,031,250	\$43,031,250	\$43,031,250	\$43,031,250
Construction Salaries spent in:				
Kansas	\$38,728,125	\$38,728,125	\$38,728,125	\$38,728,125
The County	\$34,425,000	\$34,425,000	\$34,425,000	\$34,425,000
The City	\$129,094	\$129,094	\$129,094	\$129,094
Amt. paid to avg. cons. worker	\$38,463	\$38,463	\$38,463	\$38,463
HH size - avg. cons. worker:	1.2	1.2	1.2	1.2
Nr. cons. workers:	1118	1118	1118	1119

Visitors

10

Number of out-of-town visitors expected at the firm each year

Year 1:	450
Year 2:	475
Year 3:	1,000
Year 4:	1,050
Year 5:	1,650
Year 6:	1,725
Year 7:	2,400
Year 8:	2,500
Year 9:	2,600
Year 10	2,700
Total:	16,550

Average number of days that each visitor will stay in the city

Daily retail spending by a visitor, excluding lodging:

In the City
 Anywhere in the County

The number of nights that a typical visitor will stay in a local hotel or motel:

In the City
 Anywhere in the County

Average daily hotel / motel room rates:

In the City
 Anywhere in the County