

TID 64 - Direct Supply
Periodic Report
12/31/18

District Created: 2006

Authorized expenditure (excluding interest): \$13,350,000

Authorizing resolution(s): #060420

Projected TID cost recovery: 2028 (levy year)

Maximum legal life: 2033

Base property value: \$14,358,000

Completion Status: First of eight buildings completed; employment is 1,040

Project description

This district consists of an area of approximately 64 acres located north and south of Industrial and Green Tree Roads, generally between 7300 West Green Tree Road and 6600 North Industrial Road.

The main goal of this district is to assist Direct Supply, Inc., and its landlord KJ Greentree LLC, in the upgrade and expansion of its campus facilities. Direct Supply provides a supply chain solution for the healthcare industry. The company links manufacturers, distributors, patients and residents, managing shipment of thousands of products from over 1,400 shipping points to thousands of long-term care providers in every state. The company offers its customers access to over 900,000 products, including medical equipment, custom furnishings, and commercial food equipment.

The company's plans call for the construction of multi-story connector buildings between each of its nine existing buildings, adding up to 500,000 square feet of office space over the next 10 to 15 years. Included in the proposed plan is the addition of a day care center, a medical clinic and a cafeteria. These connector buildings will displace most of the current off-street parking now used by company employees. Adjacent properties are being acquired and developed for replacement parking, additional office space, recreational facilities, conference facilities, and green space for use by Direct Supply employees.

The developer, KJ Greentree, advanced all project costs and is being repaid by the City from future tax incremental revenue generated in the district. Payments will be reduced, proportionately, if employment levels decline below levels specified in the Development Agreement.

In 2008, the first connector office building, totaling 90,000 square feet, was completed. Two surface parking lots were also completed. Traffic signals were installed to facilitate pedestrian movement across Industrial Road.

In 2010, the company acquired a recycling facility on the east side of Industrial Road, and converted the site to surface parking.

In 2011, the employment benchmarks established for the company in the Development Agreement were amended in response to a continued weakness in the economy (File #111034). Employment in 2014, however, increased to 1,081 full-time equivalents (FTE), compared with 1,018 in 2013 and 682 when the project began.

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Incremental Value experienced a significant decline in 2012 (due to a reporting error) which was offset by an adjustment in 2013. Values returned to historic norms in 2014.

The company finished 2018 with a reported 1,100 employees working for the company. The City continues to work closely with the company on expanding their current footprint with a campus-like setting.

District incremental values have changed as follows:

| Year | Incremental Value | Change |
|------|-------------------|--------|
| 2018 | \$ 10,101,600 | -9% |
| 2017 | \$ 11,072,400 | -12% |
| 2016 | \$ 12,512,300 | 16% |
| 2015 | \$ 10,827,700 | -1% |
| 2014 | \$ 10,925,600 | -17% |
| 2013 | \$ 13,098,900 | 195% |
| 2012 | \$ 4,447,000 | -63% |
| 2011 | \$ 11,885,400 | 11% |
| 2010 | \$ 10,737,800 | -7% |
| 2009 | \$ 11,557,900 | 7% |

Expenditures - Life to Date (as of 12/31/18)

| | Project Plan Budget | Appropriations | Encumbrances | Expenditures | Remaining |
|----------------------|---------------------|----------------|--------------|--------------|-----------|
| Administration | \$ - | \$ 57,136 | \$ - | \$ 15,769 | \$ 41,367 |
| Developer Increments | 13,350,000 | 3,023,466 | | 3,023,466 | - |
| Total | \$ 13,350,000 | \$ 3,080,602 | \$ - | \$ 3,039,235 | \$ 41,367 |

This is a developer-funded TID. Costs shown above reflect only incremental revenue paid out to the developer.

Revenue/Value Performance (as of 12/31/2018)

| | Projected | Actual |
|-------------------|---------------|---------------|
| Property value | \$ 75,044,233 | \$ 24,459,600 |
| Incremental value | \$ 60,686,233 | \$ 10,101,600 |
| Incremental taxes | \$ 5,909,353 | \$ 3,361,999 |
| State aid | * | \$ 1,017,316 |

Is the project within budget? Yes No If no, explain:

Is the project on schedule? Yes No If no, explain:

Identify any significant concerns that might affect budget or schedule of this project in the future: None.