

MEMORANDUM OF UNDERSTANDING

TO: KANSAS BIOSCIENCE AUTHORITY ("KBA")

FROM: DOUGLAS COUNTY DEVELOPMENT, INC. ("DCDI"), CITY OF LAWRENCE, KANSAS ("CITY"), DOUGLAS COUNTY, KANSAS ("COUNTY"), LAWRENCE - DOUGLAS COUNTY BIOSCIENCES AUTHORITY, INC. ("LDCBA"), and CHAMBER OF COMMERCE OF LAWRENCE, KANSAS ("CHAMBER")

RE: PURCHASE OF BUILDING LOCATED AT 3813 GREENWAY DRIVE, LAWRENCE, KANSAS ("SPEC BUILDING")

DATE: 12-28, 2006

This memorandum serves to outline the general terms regarding the purchase, sale, financing of improvements and management of the Spec Building (the "Transaction").

The parties agree to the following terms which shall be reflected, as necessary, in subsequent agreements among the parties relating to the Transaction:

1. DCDI and KBA shall enter into an option agreement (the "Option Agreement") on or before 1-8, 2007 in which:
 - A. KBA shall have an option to purchase the Spec Building at anytime during the option period (which shall expire on May 1, 2007) (such period the "Option Period") to exercise its option to purchase the Spec Building for \$2,475,000.00 (the "Purchase Price").
 - B. KBA shall deposit \$5,000.00 (the "Option Fee") with an escrow agent approved by DCDI upon signing the Option Agreement and if the parties close the purchase and sale of the Spec Building the Option Fee shall be applied towards the Purchase Price; otherwise, the Option Fee shall be paid to DCDI. KBA may extend the Option Period up to an additional sixty (60) days by giving written notice to DCDI on or before May 1, 2007 of such election and depositing an additional \$5,000.00 with the escrow agent to be held and applied as part of the Option Fee.
 - C. In the event KBA shall elect to exercise its option to purchase the Spec Building, closing of the purchase and sale shall occur not more than ninety (90) days after KBA submits written notification of its election to exercise its option.
 - D. The Option Agreement shall include standard title insurance and property inspection provisions including: DCDI providing title insurance satisfactory to KBA; DCDI providing architectural drawings and updated property survey; KBA may have its architects, engineers and contractors enter the Spec Building at reasonable times; and KBA's right to perform a Phase 1 Environmental Assessment.
2. Following KBA's purchase of the Spec Building, DCDI, City, County, and LDCBA agree to contribute towards KBA's cost of renovation and equipping the Spec Building for bioscience usage as follows:

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- A. An initial \$3,000,000.00 in ten (10) equal annual payments shared among DCDI, City, County and LDCBA as follows:

DCDI (1/6) LDCBA (1/6) City (1/3) County (1/3)

The first payment will be made within thirty (30) days of notice from the KBA to DCDI, City, County and LDCBA and on the annual anniversary for each of the nine subsequent years.

- B. If KBA costs of renovation and equipping the Spec Building for bioscience usage exceed \$3,000,000.00, City, County and LDCBA will match KBA dollar-for-dollar for such additional renovation and equipment costs up to an aggregate additional maximum contribution from City, County and LDCBA of \$1,000,000.00 in ten (10) equal annual payments shared among City, County and LDCBA as follows:

LDCBA(1/2) City(1/4) County(1/4)

- C. KBA agrees to submit plans and specifications for the renovation and equipping of the Spec Building as described above to representatives of LDCBA for prior approval; such approval not to be unreasonably withheld.
- D. In the event KBA shall fail to use the Spec Building for bioscience development initiatives during the ten (10) year time period, the obligation for DCDI, LDCBA, City and County to contribute toward the costs described above, including any and all remaining annual payments, may cease only upon mutual consent of all the parties herein. KBA shall be given ninety (90) day notice stating reasonable concerns of the parties and KBA will endeavor to remedy the concerns.

3. KBA agrees to use the Spec Building for bioscience related initiatives to spur economic development. KBA agrees to the formation of an Advisory Committee to be comprised of, but not limited to, representatives of LDCBA. KBA agrees to communicate on a timely basis as to activity occurring.

4. KBA agrees that renovation and equipping of the Spec Building shall be completed in a manner consistent with bioscience. KBA's renovation and equipping of the Spec Building shall include shared lab space, including wet lab, so that tenants of the Spec Building may utilize said shared space.

5. KBA shall convey to LDCBA a Right of First Refusal to purchase the Spec Building in the event KBA desires to sell, transfer, or otherwise convey title to the Spec Building to anyone other than a bioscience tenant/purchaser approved by LDCBA. Consent will not be unreasonably withheld.

6. This Memorandum of Understanding is an expression of the parties' intent and is considered binding on the parties until such time as other superseding agreements are fully executed and delivered. It is expressly understood that the final purchase contract is subject to approval of the Kansas Bioscience Authority Board of Directors.

CP

DCDI
Douglas County Development, Inc.

By: [Signature]
Printed Name: Robert L. Stephens
Title: President
Date: 12/28, 2006

KBA
Kansas Bioscience Authority

By: [Signature]
Printed Name: CLAY BLAIR
Title: Chairman
Date: 12-28-, 2006

CITY
City of Lawrence, Kansas

By: [Signature]
Printed Name: Mike Amyx
Title: Mayor
Date: 1/2/07, 2006

COUNTY
Douglas County, Kansas

By: [Signature]
Printed Name: Bob Johnson
Title: Chairman
Date: 1/8/07, 2006

LDCBA
Lawrence - Douglas County Bioscience
Authority, Inc.

By: [Signature]
Printed Name: NaVerne Epp
Title: President
Date: 12/28, 2006

CHAMBER
Chamber of Commerce of
Lawrence, Kansas

By: [Signature]
Printed Name: Lavern Squier
Title: President & CEO
Date: 12/28, 2006