

LETTER OF INTENT BETWEEN THE UNIVERSITY OF KANSAS AND THE CITY OF LAWRENCE, KANSAS REGARDING THE ESTABLISHMENT OF A COORDINATED, CONSOLIDATED, OR MERGED TRANSIT SYSTEM

Whereas, the University of Kansas (hereinafter "KU") and the City of Lawrence, Kansas (hereinafter "City") both operate separate transit systems serving the University of Kansas and the Lawrence communities; and

Whereas, KU and the City have been working to identify opportunities to achieve increased coordination between their systems, including honoring of each others passes and coordination of routes; and

Whereas, in recognition of the findings of the joint study conducted by KU and the City to explore the feasibility of coordination and/or consolidation of transit services, both KU and the City desire to further explore the possibility of a merger of their transit systems dependent upon certain conditions occurring in the future; and

Whereas, both KU and the City desire to express their intent regarding such coordination, consolidation, or merger with a letter of intent indicating a commitment to prepare and execute the necessary documents to successfully implement seamless service by July 1, 2009, if certain funding conditions occur in the future and other conditions are met;

NOW, THEREFORE, THE UNIVERSITY OF KANSAS AND THE CITY OF LAWRENCE DO HEREBY AGREE AS FOLLOWS:

The City and KU agree, to further explore the feasibility of consolidating their transit systems, with a goal of achieving seamless service effective July 1, 2009, if the following conditions are met:

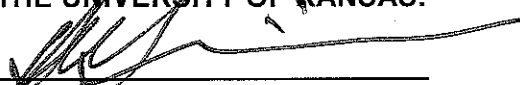
- A. KU and the City both agree to commit funding resources equal to the amount necessary to continue to fund the level of existing transit services and fleet requirements currently provided by both KU and the City, as conditioned further herein. KU and the City acknowledge that for the City this will require the voters of Lawrence to approve a sales tax proposal placed on the November 4, 2008 ballot and that the results of the election will not be known until the November 2008 election. KU and the City further agree that if the sales tax election fails, then the City will be under no further obligation to merge transit systems with KU. KU and the City further acknowledge that for KU any consolidation or merger will require appropriate approval by the University's Provost, Transit Commission, Student Senate, and other required approval authorities. KU and City agree that, if such approvals are not obtained, KU will be under no further obligation to coordinate, consolidate, or merge its transit systems with the City.
- B. KU and the City agree that any consolidation or merger of services may require a joint form of governance, to be further set forth and agreed to with a separate document which shall set forth the responsibilities and obligations of KU and the City. Any joint form of governance would include adequate representation by KU students and would ensure that the legal

obligations of both KU and the City are met. Any joint form of governance would determine the operation of the consolidated transit system, including but not limited to: personnel matters, selection of vendors for the operation and/or maintenance of vehicles, routes, passenger rates, pass and transfer policies, and hours of operation. With respect to KU, the primary goal of any consolidation or merger shall be the benefit of its students. It is the intent and the desire of both KU and the City to meet both the unique and combined needs of KU and the City in the most efficient and effective manner possible within the resources provided.

- C. The parties acknowledge that the majority of funding for KU transportation services derives from student fees and that applicable restrictions on the use of such fees must be followed. KU and the City agree that any allocation of costs shall recognize applicable restrictions on sources of funding. KU and the City agree that any merger agreement shall permit the subsequent separation of KU and City transit services if such separation is deemed necessary by KU or the City to meet the needs of its constituents.
- D. KU and the City agree that neither party shall be required to subsidize the provision of transit services to the other. KU and City further agree that the physical assets for the operation of any merged transit system, such as fixed-route buses, paratransit vehicles, computer systems, shelters, etc. shall be inventoried and as may be necessary, title to the physical assets may be transferred to the merged transit system, if the merger agreement requires such transfer. Any merger agreement should account for all intangible assets and liabilities, such as budgeted funds, claims, and encumbrances, devoted to the transit systems to be placed in a merged transit system.
- E. KU and the City agree and acknowledge that both the Federal Transit Administration (FTA) and the Kansas Department of Transportation (KDOT) are important financial and regulatory partners in the operation of transit systems, and the approval and advice of the FTA and KDOT in the coordination, consolidation, or merger may be necessary.
- F. KU and the City will work together to develop a general timeline for the steps required to successfully implement seamless service by July 1, 2009, if the conditions in this Letter of Intent are met.
- G. KU and the City agree and acknowledge that this document is a letter of intent. The parties agree to enter into this letter of intent in good faith to explore coordination, consolidation, or merger of their respective transit systems subject to the conditions outlined above; however, if unforeseen or changing legal or financial conditions preclude the ability of either KU or the City to agree to any coordination, consolidation, or merger as contemplated herein, or if the necessary approvals are not obtained, then this document shall be of no further force and effect upon the notification of one party to the other.


This letter of intent is entered into this 21 day of October, 2008.

FOR THE UNIVERSITY OF KANSAS:



Richard Larivière
Provost and
Executive Vice Chancellor

FOR THE CITY OF LAWRENCE, KANSAS:



Michael Dever
Mayor