

State of Kansas
Department of Administration
Division of Accounts and Reports
DA-146a (Rev. 9-93)

Agency No. 30 Contract No. 98-KPF-010

CONTRACTUAL PROVISIONS ATTACHMENT

Important: This form contains mandatory contract provisions and must be attached to or incorporated in all copies of any contractual agreement. If it is attached to the vendor/contractor's standard contract form, then that form must be altered to contain the following provision:

The provisions found in Contractual Provisions Attachment (form DA-146a), which is attached hereto, are hereby incorporated in this contract and made a part hereof.

The parties agree that the following provisions are hereby incorporated into the contract to which it is attached and made a part thereof, said contract being the 17th day of MARCH, 1998.

1. **TERMS HEREIN CONTROLLING PROVISIONS**

It is expressly agreed that the terms of each and every provision in this attachment shall prevail and control over the terms of any other conflicting provision in any other document relating to and a part of the contract in which this attachment is incorporated.

2. **AGREEMENT WITH KANSAS LAW**

All contractual agreements shall be subject to, governed by, and construed according to the laws of the State of Kansas.

3. **TERMINATION DUE TO LACK OF FUNDING APPROPRIATION**

If, in the judgment of the Director of Accounts and Reports, Department of Administration, sufficient funds are not appropriated to continue the function performed in this agreement and for the payment of the charges hereunder, State may terminate this agreement at the end of its current fiscal year. State agrees to give written notice of termination to contractor at least 30 days prior to the end of its current fiscal year, and shall give such notice for a greater period prior to the end of such fiscal year as may be provided in this contract, except that such notice shall not be required prior to 90 days before the end of such fiscal year. Contractor shall have the right, at the end of such fiscal year, to take possession of any equipment provided State under the contract. State will pay to the contractor all regular contractual payments incurred through the end of such fiscal year, plus contractual charges incidental to the return of any such equipment. Upon termination of the agreement by State, title to any such equipment shall revert to contractor at the end of State's current fiscal year. The termination of the contract pursuant to this paragraph shall not cause any penalty to be charged to the agency or the contractor.

4. **DISCLAIMER OF LIABILITY**

Neither the State of Kansas nor any agency thereof shall hold harmless or indemnify any contractor beyond that liability incurred under the Kansas Tort Claims Act (K.S.A. 75-6101 et seq.).

5. **ANTI-DISCRIMINATION CLAUSE**

The contractor agrees: (a) to comply with the Kansas Act Against Discrimination (K.S.A. 44-1001 et seq.) and the Kansas Age Discrimination in Employment Act (K.S.A. 44-1111 et seq.) and the applicable provisions of the Americans With Disabilities Act (42 U.S.C. 12101 et seq.) (ADA) and to not discriminate against any person because of race, religion, color, sex, disability, national origin or ancestry, or age in the admission or access to, or treatment or employment in, its programs or activities; (b) to include in all solicitations or advertisements for employees, the phrase "equal opportunity employer"; (c) to comply with the reporting requirements set out at K.S.A. 44-1031 and K.S.A. 44-1116; (d) to include those provisions in every subcontract or purchase order so that they are binding upon such subcontractor or vendor; (e) that a failure to comply with the reporting requirements of (c) above or if the contractor is found guilty of any violation of such acts by the Kansas Human Rights Commission, such violation shall constitute a breach of contract and the contract may be canceled, terminated or suspended, in whole or in part, by the contracting state agency or the Kansas Department of Administration; (f) if it is determined that the contractor has violated applicable provisions of the ADA, such violation shall constitute a breach of contract and the contract may be canceled, terminated or suspended, in whole or in part, by the contracting state agency or the Kansas Department of Administration.

Parties to this contract understand that the provisions of this paragraph number 5 (with the exception of those provisions relating to the ADA) are not applicable to a contractor who employs fewer than four employees during the term of such contract or whose contracts with the contracting state agency cumulatively total \$5,000 or less during the fiscal year of such agency.

6. **ACCEPTANCE OF CONTRACT**

This contract shall not be considered accepted, approved or otherwise effective until the statutorily required approvals and certifications have been given.

7. **ARBITRATION, DAMAGES, WARRANTIES**

Notwithstanding any language to the contrary, no interpretation shall be allowed to find the State or any agency thereof has agreed to binding arbitration, or the payment of damages or penalties upon the occurrence of a contingency. Further, the State of Kansas shall not agree to pay attorney fees and late payment charges beyond those available under the Kansas Prompt Payment Act (K.S.A. 75-6403), and no provision will be given effect which attempts to exclude, modify, disclaim or otherwise attempt to limit implied warranties of merchantability and fitness for a particular purpose.

8. **REPRESENTATIVE'S AUTHORITY TO CONTRACT**

By signing this document, the representative of the contractor thereby represents that such person is duly authorized by the contractor to execute this document on behalf of the contractor and that the contractor agrees to be bound by the provisions thereof.

9. **RESPONSIBILITY FOR TAXES**

The State of Kansas shall not be responsible for, nor indemnify a contractor for, any federal, state or local taxes which may be imposed or levied upon the subject matter of this contract.

10. **INSURANCE**

The State of Kansas shall not be required to purchase, any insurance against loss or damage to any personal property to which this contract relates, nor shall this contract require the State to establish a "self-insurance" fund to protect against any such loss or damage. Subject to the provisions of the Kansas Tort Claims Act (K.S.A. 75-6101 et seq.), the vendor or lessor shall bear the risk of any loss or damage to any personal property in which vendor or lessor holds title.

11. **INFORMATION**

No provisions of this contract shall be construed as limiting the Legislative Division of Post Audit from having access to information pursuant to K.S.A. 46-1101 et seq.

RECEIVED

MAR 12 1998

KANSAS DEPT OF
COMMERCE & HOUSINGKANSAS PARTNERSHIP FUND
Application Guidelines

1.

Name of Applicant:	City of Lawrence	/	Douglas County Commission
Applicant Contact:	Mike Wildgen	/	Craig Weinaug
Contact Title:	City Manager	/	County Administrator
2.

Chief Elected Official:	Bonnie Augustine	/	Tom Taul
Official Title:	Mayor	/	Chair
Address:	City Hall	/	County Court
	PO Box 708	/	11 th and Massachusetts
City, ST, Zip:	Lawrence, KS 66044	/	Lawrence, KS 66044
Phone:	(785)832-3400	/	(785)832-5268
FAX:	(785)832-3405	/	(785)841-4036
3. **Loan Requested:** \$300,000
4. **Proposed Start Date:** Immediate
5. **Estimated Completion:** July 1, 1998
6. **Applicant's Need for a Partnership Fund Loan:** The Kansas Partnership Fund loan is necessary and appropriate since its availability to conduct site excavation, site preparation, drainage improvements and utility extensions was a major factor in the decision of ProSoCo and Sauer-Sundstrand to locate in Kansas. The 1998 City and County budgets had already been approved ^{by the} the companies seriously began to consider locating in Lawrence. The City and County did not budget this expenditure for 1998. The City and County, therefore, request the Partnership Fund loan as the financing source for this project.
7. **Project Narrative:** The project involves the excavation and movement of fill within the East Hills Business Park. Excavation is required to make lots 8 & 9 of Block 3 (owned by Douglas County) suitable for the construction of a new manufacturing facility by ProSoCo, Inc.

The excavated fill from lots 8 and 9 will be delivered to lot 1 of Block 3 where Sauer-Sundstrand's contractor will spread and compact the fill. This portion of the project will satisfy the County's legal obligation to raise the 19.2 acre site above the 500 year flood plain and to improve drainage within the Park. Douglas County owned this parcel from 1986 until March 2, 1998 when it was transferred to Sauer-Sundstrand so topsoil could be stripped in anticipation of receiving fill.

The estimated cost of this portion of the project is \$274,120.

The project also involves the extension of a sewer line to serve Sauer-Sundstrand. The estimated cost of this portion of the project is \$25,880. A public easement has been dedicated for this purpose.

Total project cost is \$300,000. The City of Lawrence will construct the project with the cost and Partnership Fund repayment shared equally between the City and Douglas County.
8. **Need for Economic Development:** While the unemployment rate in Douglas County is low (4.1 percent in January 1998), it still exceeds the rate for the State of Kansas and the other metropolitan statistical areas in Kansas (except Shawnee County).

Kansas Partnership Fund Application (cont.)

A larger problem in Douglas County is underemployment. While there have been significant increases in employment in the retail and service sectors, typically lower paying jobs, the manufacturing sector has been relatively stable. According to the U.S. Bureau of Labor Statistics, the average annual pay in Douglas County (\$21,198) in 1996 was significantly lower than the average annual pay in the other metropolitan areas in Kansas (Wichita - 27,688; Topeka - \$25,454; Kansas City - \$28,774).

The proposed project would create at least 230 good paying jobs over a five year period. At an average annual wage of \$28,679 (\$13.79 per hour), these jobs would be significantly higher than the average wage for the County as a whole.

9. **Job Statistics:** Total Jobs to be created: 230 (Sauer-Sundstrand - 155; ProSoCo, Inc. - 75)

Fund \$/Job Created: \$1,304.35

10. **Project Impact of Resulting Business Activity on the Project Area:** A copy of the benefit cost analyses conducted by the Kansas University Institute for Public Policy and Business Research in connection with this project is enclosed. Direct and indirect incremental personal income for Lawrence as a result of the project is estimated to be \$7,795,361 per year.

The combined net benefit to the city, county and school district over a fifteen-year period is estimated to be \$734,608 for ProSoCo and \$1,576,424 for Sauer-Sundstrand for a total net benefit of \$2,311,032. The analyses indicate that a benefit to cost ratio for local governmental entities of 1.48 to 1 for ProSoCo and 1.56 to 1 for Sauer-Sundstrand will result from the project. The net benefit to the State of Kansas is estimated to be \$322,980 per year.

Revenue will be generated for local taxing jurisdictions through increases in property, franchise and sales tax revenues.

11. **Total Project Costs:** The total cost of the project is estimated to be \$300,000. A budget estimate from Landplan Engineering is attached.
12. **Availability of Other Funds:** ProSoCo has committed \$6.35 million and Sauer-Sundstrand has committed \$30.6 million to the project for land, building and equipment. Douglas County Development, Inc., a countywide not-for-profit economic development corporation, has committed \$100,000 in the form of a forgivable loan and the State of Kansas, through the Kansas Economic Initiatives Opportunity Fund, has committed a \$200,000 forgivable loan to cover additional costs for Sauer-Sundstrand.

13.
19 **Statement of Assurance and Certification:** The applicant hereby assures and certifies the following to the Secretary of Commerce & Housing, with respect to this loan application:

- The applicant is an eligible city or county unit of government with legal jurisdiction over the site of the proposed infrastructure improvement, or with a properly executed interlocal agreement in effect which covers such site.
- The proposed public infrastructure improvement is necessary to serve a specific Kansas basic enterprise on a specific site.
- The proposed project will serve a demonstrable public purpose.
- The proposed infrastructure improvement will be located on public property, public easements, public right-of-ways, or shall extend a public utility service to an eligible Kansas basic enterprise.
- The proposed project will not cause a significant adverse competitive disadvantage to an existing enterprise in Kansas, to the best knowledge of the applicant.

Kansas Partnership Fund Application - page 4 of 5

Revised 10/95

13. Applicant's Credit Standing: Attach a copy of the latest available city or county audit. If the application is for a public utility infrastructure improvement, also attach the latest utility audit. Show the current S&P or Moody's long-term debt rating. Moody GO Rating = Aa2; Moody Rev. Rating = A1

Indicate the past seven year historical long-term (greater than one year) indebtedness including general obligation and revenue bond debt and any other long-term debt.

<u>Year</u>	<u>Total Debt (\$ million)</u>	<u>Debt as a % of Assessed Value</u>	<u>Debt as a % of Market Value</u>	<u>Debt per Capita</u>
1997	63.250	11.06	1.66	590.25
1996	56.305	11.53	1.73	578.34
1995	28.270	5.14	0.77	244.91
1994	27.360	5.12	0.77	223.84
1993	28.380	6.81	0.97	281.41
1992	23.415	7.18	0.98	297.26
1991	23.484	7.28	1.16	293.39

14. Defaults: Discuss any default by the proposed borrower and the circumstances. Attach a detailed list.
none

15. Current Indebtedness: List all outstanding long-term (greater than one year) debt.

<u>Title of Debt Issue</u>	<u>Amount of Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Principal Balance</u>
See City of Lawrence - Attachment 1 and 2				Total \$ 63,250,000

16. Debt Service Requirements for Outstanding Long-Term Indebtedness:

<u>FY End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
See City of Lawrence - Attachment 3			63,451,575
See City of Lawrence - Attachment 4			24,697,504

17. Projected Future Long-Term Debt Obligations: List all anticipated long-term borrowing needs.

<u>FY End</u>	<u>Description of Need</u>	<u>\$ Amount</u>
See City of Lawrence - Attachment 5		89,682,000
See City of Lawrence - Attachment 6		18,000,000

18. Consistency with Applicant's Comprehensive and Five-Year Capital Improvement Plans: Attach copies of applicant's comprehensive and five-year capital improvement plans. Explain any inconsistencies of the proposed project with these plans.

CITY OF LAWRENCE ATTACHMENT 1

DEBT STRUCTURE OF THE CITY

Current Indebtedness of the City

The following table sets forth as of September 1, 1997, all of the outstanding general obligation indebtedness of the City and the Notes and Bonds being issued.

<u>General Obligation Bonds</u>			
<u>Category of Indebtedness</u>	<u>Date of Indebtedness</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
General Obligation Refunding and Improvement Bonds Series 1992	06/01/92	09/01/04	\$9,350,000
General Obligation Bonds Series N 1992	10/01/92	09/01/02	785,000
General Obligation Bonds Series O 1993	06/01/93	09/01/02	590,000
General Obligation Bonds Series P 1994	05/15/94	09/01/03	1,265,000
General Obligation Bonds Series Q 1995	05/15/95	09/01/04	2,200,000
General Obligation Sales Tax Bonds Series R 1995	10/01/95	09/01/05	1,980,000
General Obligation Bonds Series S 1995	10/01/95	09/01/05	235,000
General Obligation Bonds Series T 1996	05/01/96	09/01/15	8,125,000
General Obligation Bonds Series U 1996	09/01/96	09/01/06	495,000
General Obligation Sales Tax Bonds Series V 1996	09/01/96	09/01/06	15,740,000
General Obligation Airport Bonds Series W 1996	09/01/96	09/01/06	360,000
General Obligation Bonds Series X 1997	05/01/97	09/01/06	2,605,000
General Obligation Bonds Series Y 1997*	09/01/97	09/01/07	<u>2,900,000</u>
Total			\$46,630,000

* The Bonds currently being issued

Temporary Notes

<u>Category of Indebtedness</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>
Series 1996-C (1)	09/01/96	10/01/97	\$6,940,000

CITY OF LAWRENCE ATTACHMENT 2

Series 1997-A (2)	05/01/97	06/01/98	7,015,000
Series 1997-B (3)	09/01/97	10/01/98	<u>6,020,000</u>
Total			\$19,975,000(4)

- (1) The entire principal amount of these notes will be paid from cash, the proceeds of the Bonds currently being issued or from renewal notes which are included as a part of the Series 1997-B note issue.
- (2) \$470,000 principal amount of these notes will be redeemed on December 1, 1997, from proceeds of the Bonds.
- (3) The Notes currently being issued.
- (4) On October 1, 1997, the City will have outstanding \$12,565,000 of Temporary Notes.

In November, 1994, the voters of Douglas County (which includes the City) approved a one percent County-wide sales tax. A portion of the proceeds of the sales tax will be paid to the City which will, in turn, use such moneys primarily to fund recreation improvements and public health facilities. The City's Series R 1995 Bonds have previously been issued for a new swimming pool. The Series V 1996 Bonds were issued to, among other things, finance an adult softball complex and one-half of the estimated \$14.2 million cost of certain improvements to accommodate publicly funded health facilities (the balance of said cost to be paid by Douglas County). While general obligation bonds have been issued, the source of funding will be sales tax proceeds. See "FINANCIAL INFORMATION CONCERNING THE CITY -- Sales Tax."

The following table sets forth as of September 1, 1997, all of the outstanding revenue bonds of the City:

<u>Revenue Bonds</u>			
<u>Category of Indebtedness</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
Water and Sewer Revenue Bonds	06/01/94	11/01/03	2,740,000 5,110,000
Water and Sewer Revenue Bonds	10/01/92	11/01/02	1,665,000 1,955,000
Water and Sewer Revenue Bonds	07/01/96	11/01/15	5,760,000 5,945,000
Water and Sewer Revenue Bonds	07/01/97	11/01/16	6,400,000 <u>7,900,000</u>
			6,455,000
Total Revenue Bonds			16,620,000 \$18,910,000

The City is planning to issue additional bonds in the future that will be payable from the revenues of the water and sewer system. Proceeds of the issues will be used to fund a five year capital improvement program for the water and sewer system. No revenue bonds are anticipated to be issued in 1998.

CITY OF LAWRENCE ATTACHMENT 3

Combined G.O.

	Principal	Interest	Total
1998	4,100,000	2,433,947	6,533,947
1999	4,105,000	2,212,678	6,317,678
2000	4,325,000	1,980,156	6,305,156
2001	4,500,000	1,743,380	6,243,380
2002	4,770,000	1,501,774	6,271,774
2003	5,180,000	1,255,541	6,435,541
2004	4,250,000	987,526	5,237,526
2005	2,925,000	799,508	3,724,508
2006	2,065,000	657,138	2,722,138
2007	1,140,000	556,300	1,696,300
2008	825,000	500,290	1,325,290
2009	865,000	457,705	1,322,705
2010	915,000	412,036	1,327,036
2011	965,000	363,101	1,328,101
2012	1,015,000	310,761	1,325,761
2013	1,075,000	254,636	1,329,636
2014	1,140,000	195,193	1,335,193
2015	1,200,000	132,493	1,332,493
2016	1,270,000	67,413	1,337,413
	<u>46,630,000</u>	<u>16,821,575</u>	<u>63,451,575</u>

CITY OF LAWRENCE ATTACHMENT 4

	Principal	Interest	Total
1998	1,105,000	881,119	1,986,119
1999	1,155,000	820,725	1,975,725
2000	1,220,000	756,510	1,976,510
2001	1,285,000	687,975	1,972,975
2002	1,345,000	615,325	1,960,325
2003	1,035,000	545,970	1,580,970
2004	540,000	494,720	1,034,720
2005	570,000	468,958	1,038,958
2006	600,000	441,338	1,041,338
2007	635,000	411,663	1,046,663
2008	665,000	379,768	1,044,768
2009	705,000	345,700	1,050,700
2010	745,000	308,878	1,053,878
2011	795,000	269,408	1,064,408
2012	840,000	226,493	1,066,493
2013	895,000	180,923	1,075,923
2014	945,000	132,383	1,077,383
2015	1,005,000	81,833	1,086,833
2016	535,000	27,820	562,820
	16,620,000	8,077,504	24,697,504

CITY OF LAWRENCE ATTACHMENT 5

Table 2

**City of Lawrence, Kansas
Combined Water and Wastewater Utilities
Major Capital Improvement Program Financing**

	Calendar Year					Total
	1997	1998	1999	2000	2001	
	\$	\$	\$	\$	\$	\$
Source of Funds						
Beginning of Year Balance	6,178,700	4,638,400	2,500,900	3,579,900	3,705,300	6,178,700
Bond Proceeds	6,900,000	0	11,200,000	19,100,000	18,700,000	55,900,000
Cash Financing of Construction	2,500,000	7,300,000	6,100,000	5,700,000	5,700,000	27,300,000
Interest Income	380,700	178,500	331,000	487,400	429,100	1,806,700
Total Funds Available	15,959,400	12,116,900	20,131,900	28,867,300	28,534,400	91,185,400
Application of Funds						
Major Capital Improvements						
Water System	2,215,000	3,036,000	4,339,000	2,362,000	2,634,000	14,586,000
Wastewater System	9,037,000	6,580,000	12,101,000	22,609,000	24,210,000	74,537,000
Total Capital Improvements	11,252,000	9,616,000	16,440,000	24,971,000	26,844,000	89,123,000
Bond Issuance Costs	69,000	0	112,000	191,000	187,000	559,000
Total Funds Applied	11,321,000	9,616,000	16,552,000	25,162,000	27,031,000	89,682,000
End of Year Fund Balance	4,638,400	2,500,900	3,579,900	3,705,300	1,503,400	1,503,400

CITY OF LAWRENCE ATTACHMENT 6

CITY AT LARGE PORTION

1998 - 20002 CAPITAL IMPROVEMENT BUDGET SUMMARY

PROJECTS	1998	1999	2000	2001	2002
Public Building Improvements					
Connecting Link Project East 23rd (KLINK)	\$350,000	\$350,000	\$350,000	\$400,000	\$400,000
Major Thoroughfare Improvement	\$200,000	\$200,000	\$250,000	\$250,000	\$300,000
Downtown Lighting	\$500,000	\$550,000	\$550,000	\$600,000	\$600,000
Traffic Signal Renovation	\$50,000	\$50,000	\$0	\$0	\$0
Sub-Total	\$1,200,000	\$1,250,000	\$1,300,000	\$1,400,000	\$1,500,000
Creek Wood Drainage	\$500,000				
East Hills Industrial Park	\$650,000				
Satellite Public Works Facility on Wakanusa	\$550,000				
Downtown Parking Design & Construction/Development*	\$750,000	\$750,000			\$600,000
Michigan, 7th to 9th		\$600,000			
Monterey Way, 15th to Harvard Design		\$100,000			
Arts Center		\$1,500,000	\$1,500,000		
Florida, 6th to 7th			\$350,000		
Police Substation	\$50,000		\$150,000	\$1,350,000	
Fire Station Relocation/Construction - Southeast			\$150,000	\$1,250,000	
Traffic Signal	\$150,000		\$200,000		\$200,000
Sub-Total	\$2,650,000	\$2,950,000	\$2,350,000	\$2,600,000	\$800,000
TOTAL	\$3,850,000	\$4,200,000	\$3,650,000	\$4,000,000	\$2,300,000

* 50% benefit district.

Kansas Partnership Fund Application (cont.)

- f) The proposed project does not involve the relocation of an enterprise from another location in the state without advance approval by official action of both the county commission and the city or other municipality losing the enterprise.
- g) The proposed project is not directly related to a facility where games of chance are played for money other stakes.
- h) No member, officer, or employee of the applicant, its designees or agents, and no other public official who exercises any authority or has any responsibility to the proposed project during his/her tenure or for one year thereafter, shall any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the project to be assisted under the Partnership Fund program. All contracts or subcontracts related to this project shall include a provision prohibiting such interest pursuant to this certification.
- i) This project shall be conducted in compliance with all applicable local, state, and federal law, rules, and regulation, including all applicable environmental standards.

I hereby certify that the information contained herein is correct and accurate to the best of my knowledge, and I am authorized to submit this applicaion on behalf of the governing body of the applicant. (Resolution must be attached.)

CHIEF ELECTED OFFICIALS:

Dean Nieder
(Signature)

3/6/98
(Date)

Dean Nieder
(Typed or printed name)

County Commissioner
(Title)

(Signature)

(Date)

(Typed or printed name)

(Title)

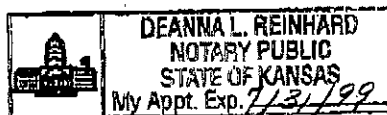
Date subscribed and sworn before me: March 6, 1998

Printed Name of Notary Public: DEANNA L. REINHARD

Signature of Notary Public: Deanna L. Reinhard

Notary Public in and for the State of Kansas, County of Douglas

Date Commission Expires: 7/31/99



I hereby certify that the information contained herein is correct and accurate to the best of my knowledge, and I am authorized to submit this application on behalf of the governing body of the applicant.

CHIEF ELECTED OFFICIALS:

(Signature)

Bonnie Augustine
Bonnie Augustine

(Date)

Mayor

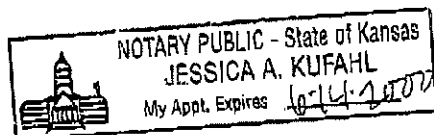
Date subscribed and sworn before me: March 11, 1998

Printed Name of Notary Public: JESSICA A KUFahl

Signature of Notary Public: Jessica A. Kufahl

Notary Public in and for the State of Kansas, County of DOUGLAS

Date Commission Expires: 6-14-2000



Kansas Partnership Fund Application - page 2 of 5

Revised 10/95

KANSAS PARTNERSHIP FUND LOAN

PROPOSED BUDGET

Applicant: Lawrence/Douglas CountyProject Title: ProSoCo/Sauer-Sundstrand

Activity Category	Partnership Fund Loan	Other Public Funds		Leveraged Private Funds	Total Cost
1. Land acquisition, disposition, clearance	\$	\$	\$	\$922,500	\$922,500
"2. Public Facilities					
a. water lines	\$	\$	\$	\$	\$
b. water treatment fac.	\$	\$	\$	\$	\$
c. sewer lines	\$20,880	\$	\$	\$	\$20,880
d. sewage treatment fac.	\$	\$	\$	\$	\$
e. storm sewers & drainage facilities	\$	\$	\$	\$	\$
f. electrical utilities	\$	\$	\$	\$	\$
g. natural gas utilities	\$	\$	\$	\$	\$
h. solid waste collection	\$	\$	\$	\$	\$
i. solid waste disposal	\$	\$	\$	\$	\$
j. roads and streets	\$	\$	\$	\$	\$
k. highways	\$	\$	\$	\$	\$
l. other public facilities	\$	\$	\$	\$	\$
1) Excavation	\$250,120	\$	\$	\$	\$250,120
2)	\$	\$	\$	\$	\$
3. Architectural fees	\$	\$	\$	\$	\$
4. Engineering costs	\$29,000	\$	\$	\$	\$29,000

Kansas Partnership Fund Application - page 3 of 5

Revised 10/95

KANSAS PARTNERSHIP FUND LOAN

PROPOSED BUDGET

Applicant: Lawrence/Douglas County

Project Title: Pro800/Sauv-Sundstrand

Activity Category	Partnership Fund Loan	Other Public Funds	Leveraged Private Funds	Total Cost
5. Administration	\$	\$	\$	\$
6. Legal Fees	\$	\$	\$	\$
7. Planning	\$	\$	\$	\$
8. Public Infrastructure	XXXXXXXXXXXX	\$	\$100,000	\$100,000
9. Buildings	XXXXXXXXXXXX	\$200,000	\$13,500,000	\$13,700,000
10. Machinery and Equipment	XXXXXXXXXXXX	\$	\$22,524,000	\$22,524,000
11. Furnishings	XXXXXXXXXXXX	\$	\$	\$
12. Landscaping, Parking	XXXXXXXXXXXX	\$	\$	\$
13. Contingencies	XXXXXXXXXXXX	\$	\$	\$
14. Working Capital	XXXXXXXXXXXX	\$	\$	\$
15. Other (Net)	XXXXXXXXXXXX	\$	\$	\$
a.	\$	\$	\$	\$
b.	\$	\$	\$	\$
16. Operations and Maintenance	XXXXXXXXXXXX	\$	\$	\$
a. Initial	XXXXXXXXXXXX	\$	\$	\$
b. Reserve	XXXXXXXXXXXX	\$	\$	\$
17. Total Project Cost	\$300,000	\$200,000	\$37,046,500	\$37,546,500

* Includes transportation construction, labor, and materials costs
 NOTE: All costs shown under "Partnership Fund Loan" must be directly related to a public infrastructure improvement only.

**Engineers Estimate
Project No. 9-GR-298(C)
East Hills Business Park**

Lots 8 & 9, Block 3

Grading

No.	Description	Total Price
1	Topsoil Stripping and Replace	\$13,200
2	Unclassified Excavation	\$221,620
3	Erosion Control	\$4,000
4	Haul Road	\$2,000
5	Seeding	\$3,300
6	Staking	\$1,500
7	Mobilization	\$2,000
8	Bonding	\$2,500
		<hr/> \$250,120
	Design	\$24,000
	Subtotal	<hr/> \$274,120

Lot 1, Block 3

Sanitary Sewer

No.	Description	Total Price
1	Sanitary Sewer	\$17,880
2	Manholes	\$3,000
		<hr/> \$20,880
	Design	\$5,000
	Subtotal	<hr/> \$24,000
Total		<hr/> \$300,000

KANSAS PARTNERSHIP FUND**LOAN AGREEMENT #98-KPF-010
between the****STATE OF KANSAS
DEPARTMENT OF COMMERCE & HOUSING****and****THE CITY OF LAWRENCE, KANSAS****and****DOUGLAS COUNTY, KANSAS****I. Loan Agreement**

- A. This Loan Agreement, hereinafter called "the Agreement," is between the State of Kansas, through the Department of Commerce & Housing, hereinafter called "the Department," and The City of Lawrence, Kansas and Douglas County, Kansas, hereinafter called "the Loan Recipients". This Agreement also includes the following documents which are incorporated herein by reference:

Approved Project Application, hereinafter called "the Application"

Approved "Conditions of Final Loan Approval", hereinafter called "the Loan Approval"
and the following attachments which are incorporated herein:

Attachment A - Contractual Provisions Attachment

- B. Together with these attachments, this document represents the entire Agreement between the Department and the Loan Recipients with respect to this loan program. All prior agreements, representations, statements, negotiations, and understandings with respect to this program are superseded by this document.

II. Authority

- A. The Department has approved the application of the Loan Recipients for a public infrastructure loan necessary for a new or expanding Kansas Basic enterprise and is making this loan in accordance with the provisions of K.S.A. 1988 Supp. 74-5055 *et seq.*, hereinafter called "the Act," and K.A.R. 110-3 *et seq.*
- B. This agreement shall be deemed to be amended when required to comply with any changes in the Act or in the program rules and regulations. The Department may provide notification of such changes, but it is the sole responsibility of the Loan Recipients to maintain compliance with all applicable laws, rules, and regulations.
- C. The City of Lawrence, Kansas and Douglas County, Kansas, as joint Loan Recipients, shall be jointly and severally liable for all obligations and responsibilities pursuant to this Agreement, including all financial obligations pursuant to this Agreement. The City shall be considered the lead local agency for implementation of the project and loan administration. The City shall pay project costs and be reimbursed by the Department for such costs pursuant to this Agreement. The City and the County agree that they shall each be responsible for fifty percent (50%) of the costs of loan payments pursuant to the provisions of this Agreement. The County shall pay to the Department fifty percent (50%) of the loan payments and the City shall pay to the Department fifty percent (50%) of the loan payments.

III. Description of Activities

The Loan Recipients agree to perform, or cause to be performed, the work specified in the Application.

IV. Period of Performance

The period of performance for all activities assisted by this Agreement shall commence on March 13, 1998 called the "Commencement Date," and shall be complete on July 1, 1998, hereinafter called the "Completion Date." All activities, except for those activities required to close out the project, such as the Final Project Report and the Final Audit Report, shall be completed by the Completion Date.

V. Eligible Project Costs

- A. The Loan Recipients may only be reimbursed for costs which are determined by the Department to be reasonable and necessary to the project and which are allowable under the program rules and regulations. The Loan Recipients will remain responsible for payment of all other costs related to the project.
- B. Upon the date of the notification of award, the Loan Recipients may begin to incur reasonable costs related to the project. However, any project activities performed by the Loan Recipients before the execution of this Agreement shall be performed at the sole risk of the Loan Recipients.
- C. Costs incurred after the Completion Date may not be reimbursed, except with advance written approval by the Department.
- D. At any time during the period of performance under this Agreement and for one year thereafter, the Department may review all project costs incurred by the Loan Recipients and all payments made to date. Upon such review, the Department may disallow any items of expense which are determined not to be allowable or are in excess of approved expenditures.
- E. The Department shall provide written notice to the Loan Recipients which shall specify any disallowed expenditures. The Department shall refuse to reimburse any costs for which payment has not yet been made, and may deduct under this Agreement or require that the Loan Recipients refund the amount of the disallowed costs if payment has already been made.

VI. Compensation

- A. In consideration of the Loan Recipients' satisfactory performance of the work required under this Agreement and the Loan Recipients' compliance with the terms of this Agreement, the Department shall loan the Loan Recipients up to three hundred thousand dollars (\$300,000.00) from the Kansas Partnership Fund. Such funds shall be used by the Loan Recipients in accordance with the activities listed and budgeted in the Application.
- B. It is expressly understood and agreed that any additional funds required to complete the project activities set forth in this Agreement shall be the responsibility of the Loan Recipients.
- C. The Loan Recipients understand that this Agreement is contingent upon the availability of State funds for this program. In the event that the funds available are inadequate to fund the project specified in the Application, the Department may terminate or amend this Agreement.
- D. It is hereby agreed that funds committed to be provided by the Department are also contingent upon the availability and use of funds to be provided by the Loan Recipients from other sources as shown in the proposed budget included in the Application.
- E. It is understood that in the event that any portion of the funds from other sources are not made available, or are not used for activities as listed and budgeted, the Department may, at its discretion, withdraw or proportionately reduce the funds to be provided to the Loan Recipients pursuant to subsection (A) or paragraph V.

VII. Terms of the Loan

- A. Loan proceeds shall be made available to the Loan Recipients incrementally on a receipts-only basis. Eligible costs receipts shall be reimbursed after they have been submitted to and approved by the Department. Loan disbursements shall not ordinarily be made more frequently than monthly or in amounts less than \$5,000.
- B. Any costs incurred for improvements beyond what is necessary to accommodate the Kansas basic enterprise or enterprises identified in the Application or the Loan Approval shall not be eligible for reimbursement under this Agreement.
- C. Interest will be payable on all loan amounts received from the Kansas Partnership Fund for this project at an annually adjusted rate indexed to the federal cost of funds rate as published in the Wall Street Journal. The initial rate will be determined by the federal cost of funds rate, as noted above, for the day of final execution of the Agreement or first business day following such execution. The rate will be adjusted on each annual anniversary as determined by the first payment date specified in paragraph VII(D) of this Agreement. Interest shall accrue from the date of disbursement to the date of the first payment. Interest shall only be due on loan amounts actually received.
- D. The term of the loan shall be ten (10) years, starting with the first actual disbursement of funds to the Loan Recipients. The first payment of loan principal and interest shall be due on January 1, 1999. Payments shall be due thereafter on a semi-annual basis, and the payments shall be adjusted so that the total of principal and interest shall be in approximately equal amounts throughout the life of the loan. All payments should be made payable to the "Kansas Department of Commerce & Housing" and should reference the Kansas Partnership Fund and loan number on each payment.
- E. A delinquency charge of 1.5% per month shall be applied to any payments more than thirty (30) days overdue.
- F. The Loan Recipients may make advance payments on the loan obligation, or prepay the balance of the loan at any time. Interest charges shall be adjusted accordingly.

VIII. Repayment Assurances

- A. The Department and the Loan Recipients acknowledge that the Loan Recipients may budget for only one year at a time, and the Loan Recipients will make a good faith effort to meet their successive one-year obligations. However, future financial conditions and decisions of future governing bodies could result in the Loan Recipients being unable to meet their future one-year obligations under this Agreement. In the event that the Loan Recipients default during the term of the Agreement, the Loan Recipients will then be ineligible to receive any additional funding from the Kansas Partnership Fund, the Kansas Economic Opportunity Initiatives Fund (KEOIF), the Kansas Existing Industry Expansion Program KEIEP, or other Department funding programs until the loan has been repaid in full. However, in the event of such default, the Loan Recipients will not be responsible for any further repayment amounts, except from any funds lawfully budgeted and appropriated for such purpose.
- B. The Loan Recipients may be required by the Department to levy an annual property tax sufficient to pay the loan principal and interest, which annually may be reduced by non-property tax revenue sources that may be lawfully available for loan repayment.
- C. As provided in K.S.A. 75-6201 et seq., and amendments thereto, delinquent loan repayments shall be collected by deducting the delinquent amount from payments made by state agencies to the local governmental entity that is delinquent in its loan repayment.
- D. If the Loan Recipients are more than six months delinquent with any scheduled loan repayment, foreclosure proceedings shall be initiated by the Department. Foreclosure actions may include the seizure of any public improvements or property paid for with Partnership Fund loan proceeds. All loan amounts and accrued interest outstanding may be declared to be payable on demand.

IX. Financial Management

- A. The Loan Recipients shall establish and maintain a financial management system which assures effective control over and accountability for all funds, property and other assets used in association with this project.
- B. The Loan Recipients shall certify to the Department, in writing, prior to making the first requisition of funds that their financial management systems shall conform to the following standards:
 1. Separate accounting records and source documentation must be maintained for the project;
 2. Provision must be made for accurate, current, and complete disclosure of the financial status of the project;
 3. Records of budgets and expenditures for each approved activity must be maintained;
 4. Procedures must follow generally accepted accounting principles as specified by the Kansas Department of Administration.

X. Retention of and Access to Records

- A. Financial records, supporting documents, statistical records, and all other records pertinent to this project shall be retained in accordance with the Department's Procedures (Attachment C of OMB Circular A-102).
- B. Authorized representatives of the Department shall have access to all books, accounts, records, files, papers, things, or property belonging to, or in use by, the Loan Recipients pertaining to the administration of this loan as may be necessary to make audits, examinations, excerpts, and transcripts.
- C. Any contract or agreement entered into by the Loan Recipients shall contain language comparable to Paragraph (B) so as to assure access by authorized parties to the pertinent records or any sub-recipient, contractor, or sub-contractor.

XI. Obligations of Loan Recipients

- A. All of the activities required by this Agreement shall be performed by personnel of the Loan Recipients or by third parties (sub-recipients, contractors, or subcontractors) under the direct supervision of the Loan Recipients and in accordance with the terms of written contracts. Any such contracts may be made subject to approval by the Department.
- B. Except as may otherwise be provided in this Agreement, the Loan Recipients may contract or subcontract any of the work or services covered by this Agreement.
- C. The Loan Recipients shall remain fully obligated and liable under the provisions of this Agreement, notwithstanding their designation of any third party or parties for the undertaking of all or any part of the project being assisted under this loan.
- D. The Loan Recipients shall require any third party to comply with all lawful requirements necessary to insure that the project is carried out in accordance with this Agreement.

XII. Conflict of Interest

- A. No member, officer, or employee of the Loan Recipients, or their designees or agents, and no other person who exercises any authority or has any responsibility with respect to the project during his or her tenure or for one year thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the project to be assisted under the Partnership Fund program.
- B. The Loan Recipients shall ensure that all contracts or subcontracts related to this project shall include a provision prohibiting such interest pursuant to paragraph (A).
- C. The Loan Recipients shall not employ, nor shall permit any third party involved with this project to employ any employee of the Department.

XIII. Procurement Procedures

- A. The Loan Recipients shall use established procurement procedures which reflect all applicable Federal, State, and local laws and regulations.
- B. The Loan Recipients are responsible for the settlement of all contractual and administrative issues related to the procurement of any goods or services in conjunction with this project.

XIV. Bonding Requirements

- A. The Loan Recipients shall require bid guarantees and performance bonds on all contracts for projects in excess of \$10,000. If applicable, nonresident contractor's bonds on all contracts in excess of \$1,000 shall also be required.
- B. The Department reserves the right to establish and enforce bonding procedures and requirements for any project.
- C. All bonds shall be procured from a surety company registered and licensed to do business in the State of Kansas and countersigned by its Kansas resident agent.

XV. Monitoring and Reporting

- A. The Loan Recipients shall monitor the activities of the project, including those of contractors and subcontractors, to assure that all program requirements are being met.
- B. The Loan Recipients shall submit progress and financial reports to the Department. These reports shall be submitted to the Department on or before ten (10) days after the end of each calendar quarter (January 10, April 10, July 10, and October 10). A Quarterly Progress and Financial Report shall be submitted for each quarter, or portion thereof, during the Period of Performance as provided in Section IV. These reports shall be in a format prescribed by the Department. Any extension of time approved by the Department will require additional Quarterly Progress and Financial Reports to be submitted in accordance with the above-referenced schedule.
- C. The Loan Recipients shall submit a Final Project Report no later than ninety (90) days following the Completion Date.
- D. The Loan Recipients shall submit any other data and information requested by the Department whenever a request in writing is made by the Department.
- E. Failure to report as required or to respond to requests for data or information in a timely manner may be grounds for suspension or termination of the Loan.

XVI. Terms of Suspension

- A. If the Loan Recipients fail to comply with the loan award stipulations, standards, or conditions, the following actions may be taken by the Department, after providing written notice:
 - 1. The loan may be suspended in whole or in part and any further payments withheld; and
 - 2. The Loan Recipients may be prohibited from incurring additional obligations for loan funds. Only necessary and proper costs, as determined by the Department, which could not reasonably have been avoided during the suspension period shall be allowable.
- B. Within thirty (30) days from the date of the notice, the Loan Recipients shall take corrective action and provide a detailed written explanation to the Department which describes the corrective actions taken.
- C. Within twenty-one (21) calendar days of receiving the written explanation, the explanation shall be reviewed by the Department, and a written response shall be provided to the Loan Recipients indicating that:
 - 1. Sufficient corrective action has been taken; or
 - 2. Formal loan termination procedures will be taken under the terms of paragraph XVII of this Agreement.
- D. Suspension shall be considered a temporary action pending either corrective action or termination, and therefore shall not be considered a "final" action with any right of appeal.

XVII. Termination Procedures

- A. The Loan Agreement may be terminated by the Department in whole or in part at any time if the Loan Recipients fail in a material way to comply with the terms and conditions of a loan or to take adequate corrective actions while under a suspension.
- B. Written notice of the proposed termination shall be provided by the Department which shall include:
 1. Notification that the loan will be terminated;
 2. An explanation of the reason or reasons for termination proceedings;
 3. The date by which the Loan Recipients must respond to the notification; and
 4. An explanation of the appeal procedure.
- C. The Loan Recipients shall have thirty (30) calendar days from the date of the notice of proposed termination to respond in writing to the Department before a loan is actually terminated. The response shall set forth the proposed actions to be taken by the Loan Recipients to prevent the proposed termination action.
- D. Within twenty-one (21) calendar days following receipt of a written response or the expiration of the 30-day response time, whichever occurs first, the recipient shall be notified, in writing, whether the Department will proceed with termination and the basis for this decision.
- E. Within thirty (30) calendar days of the date of the decision, the Loan Recipients may file an appeal, which shall be in the form of a written resolution to the Secretary of Commerce & Housing adopted by the appropriate governing body.
- F. Upon the expiration of the 30-day period provided in paragraph (E):
 1. The loan may be terminated by the Department if no additional appeal has been made; or
 2. The appeal may be reviewed and a final decision may be issued by the Secretary of Commerce & Housing on termination.
- G. A loan may be terminated for convenience when the Department and the Loan Recipients mutually agree, in writing, that any further expenditure of loan funds is not warranted or will not be beneficial for the designated project. In such cases, the loan may be terminated in whole or in part, and the following conditions shall apply:
 1. The Loan Recipients shall not incur any new obligations for the loan funds after the effective date of termination and shall cancel as many outstanding obligations as possible.
 2. Full credit shall be allowed for any non-cancelable obligations properly incurred prior to termination.
 3. An agreement between the Department and the Loan Recipients shall be reached regarding:
 - (a) The effective date of termination;
 - (b) In the event of partial termination, the portion to be terminated; and
 - (c) All other termination conditions.
- H. Upon formal termination of any loan, an encumbrance cancellation shall be issued by the Department in the amount of any unused loan funds.
- I. The Loan Recipients shall be responsible for all necessary and appropriate actions to allow the Department to properly document formal loan termination.
- J. Upon termination, the loan may be foreclosed and any loan principal and accrued interest may be declared to be payable on demand.

XVIII. Project Close-out Procedures

- A. Project Close-out is the process by which the Department determines that all applicable administrative and financial actions and all required work of the project including audit and resolution of audit findings have been completed or that there are no additional benefits likely to occur by continuation of project activities or costs. All findings from Department monitoring visits must be cleared prior to close-out.
- B. The Completion Date is the date specified in Section IV of this Agreement or amendment thereto, on which assistance ends for all program activities except those required to complete the close-out or the date on which the loan is suspended or terminated.
- C. The Loan Recipients shall submit to the Department a Final Project Report and Final Audit Report covering the entire project within ninety (90) days of the Completion Date. Additionally, one copy must be placed where other project documents are available for public review, and at least one copy must remain in the Loan Recipients' files. The Department may grant extensions to the time for submission of this report if requested by the Loan Recipients in writing.

XIX. Project Audit

- A. The Loan Recipients may arrange for an independent financial and compliance audit of the project covered by this Agreement. Such an audit shall be due within six months of the project Completion Date of July 1, 1998. This review is to be conducted in accordance with generally accepted audit standards and the Department's

- Audit Procedures. The Loan Recipients are responsible for sending one copy of this audit to the Department for review and acceptance. The Department shall review the audit, resolve any deficiencies, and, if approved, send the Loan Recipients an audit acceptance letter within sixty (60) days of receipt.
- B. Alternatively, the Loan Recipients shall be permitted to satisfy the project audit requirements by conducting a single municipal government-wide financial audit.
 - C. The audit report shall cover all financial, performance, and other reports required as a condition of this loan. The Loan Recipients are responsible for sending one copy of its annual audit to the Department for review and acceptance. An audit is required for each year that the Loan Recipients receive money from the Department. The Department will review the audit, resolve any deficiencies, and, if approved, send the Loan Recipients an audit acceptance letter within sixty (60) days of receipt.
 - D. If any expenditures are disallowed as a result of the Department's audit review process, those amounts may be declared to be due and payable on demand to the Kansas Partnership Fund by the Loan Recipients as specified in Section V (D) of this Agreement.

XX. Revisions and Amendments

- A. The Loan Recipients may revise the amounts listed in the "Total" column in the budget form of the Application; provided that:
 - 1. The cumulative effect of the revision(s) is not to increase the amount of Partnership Fund monies budgeted for any line item by more than ten percent (10%) and the total loan amount requested is not increased;
 - 2. The amount budgeted for Administration may in no case exceed ten percent (10%) of the total Partnership Fund loan;
 - 3. The revision shall not significantly change the scope, location or objectives of the approved activities; and
 - 4. The Department is provided written notification of the revision(s).
- B. The Loan Recipients may, upon prior written request to and approval from the Department, extend the Completion Date of this Agreement.
- C. Any other changes to this Agreement shall constitute an amendment.
- D. The Loan Recipients shall notify the Department if, through the use of other funds, there is an intention to expand, enhance, or add to the scope of the program covered by the Agreement or if there is a proposal to undertake activities that will have an impact upon the facilities financed through this program. The Department reserves the right to require an amendment to this Agreement if deemed necessary.
- E. Amendments other than those provided for by paragraph II.B. to the terms and conditions of this Agreement shall not become effective unless reduced to writing, numbered, and signed by the Secretary of the Department and the duly authorized representative of the Loan Recipients.

XXI. Legal Compliance

The Loan Recipients agree to conduct this project in compliance with all applicable local, state, and federal laws, rules, and regulations, including all applicable environmental standards.

XXII. Waiver of Enforcement

No waiver by the Department of the right to enforce any provision of this Agreement shall be deemed to be a waiver of the right to enforce each and all of the provisions hereof.

XXIII. Indemnification

The Loan Recipients shall indemnify, defend, and hold harmless the State and its officers and employees from any liabilities, claims, suits, judgments, and damages arising as a result of the performance of the obligations under this Agreement by the Loan Recipients or any sub-recipient, contractor, subcontractor, or person. The liability of the Loan Recipients under this Agreement shall continue after the termination of the Agreement with respect to any liabilities, claims, suits, judgments, and damages resulting from acts occurring prior to termination of this Agreement.

Dated by the Department this 17 day of March, 1998.

STATE OF KANSAS, DEPARTMENT OF COMMERCE & HOUSING

By: [Signature]
Gary Sherrer, Lieutenant Governor/Secretary

Notary: [Signature] 3/17/98



CHIEF ELECTED OFFICIAL FOR THE CITY OF LAWRENCE:

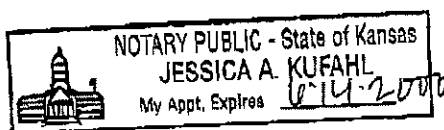
[Signature]
(Signature)

03-13-98
(Date)

BONNIE S AUGUSTINE
(Typed or Printed Name)

Mayor
(Title)

Notary: Jessica A. Kufahl 3-13-98



CHIEF ELECTED OFFICIAL FOR DOUGLAS COUNTY:

[Signature]
(Signature)

3-16-98
(Date)

Tom Taul
(Typed or Printed Name)

Chair, County Commission
(Title)

Notary: Debi Moore 3/16/98

