



November 5, 2009

Lawrence City Commission
Board of Douglas County Commissioners

Dear Commissioners:

On behalf of the Lawrence Douglas County Bioscience Authority (LDCBA) I am pleased to present this request for support for and assistance with the acquisition and long term lease of the West Lawrence Labs, 4950 Research Parkway, Lawrence (West Labs). During the past several months LDCBA has been in communication with the ownership group of West Labs, also with management of Critech, Inc, the anchor tenant in the West Labs building. We have conducted due diligence relative to the mechanical engineering of the building, the market and financial viability of owning and operating this facility by a public entity, and the importance of retaining Critech as a Lawrence premier life science company. Based on this diligence LDCBA believes it is in the best interest of Lawrence and Douglas County, also Kansas University and the Lawrence Chamber of Commerce, all LDCBA stakeholders, that West Labs be acquired and operated as part of the emerging bioscience infrastructure that is being developed in this community.

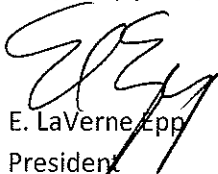
There are three primary reasons for this investment, as follows:

1. Acquiring and leasing West Labs provides an immediate opportunity for LDCBA to expand its footprint of life science laboratory and office space to include second phase graduation facilities for startup and emerging companies. It is an ideal complement to LDCBA's Bioscience and Technology Business Center currently under construction on the Kansas University west research campus. West Labs will offer space to Kansas University companies that have been fully incubated and are in growth stages adding jobs and attracting capital. (The fact that the building is contiguous to research labs already owned by KU provides natural incentive for KU technology entrepreneurs and start-up companies to consider commercialization). West Labs will also be attractive to companies considering Lawrence and Douglas County as a destination where those enterprises can locate to grow their businesses in a vibrant research and commercialization environment. Please note, as part of LDCBA's request, it recommends that West Labs remain a property tax paying asset.

2. Acquiring and leasing West Labs assures the retention of CritiTech, Inc. as one of Lawrence's own life science companies and a model enterprise for future commercialization. CritiTech, Inc. is a spin-out company from the University of Kansas and the Higuchi Bioscience Center. Its home is Lawrence. CritiTech has agreed to a long term lease agreement with LDCBA that will allow it to continue to be an integral part of our emerging life science infrastructure. CritiTech's expansion plans will provide additional jobs in the bioscience sector which is LDCBA's primary goal. CritiTech will also support the operations of the West Labs building by paying market rate rents. A profile of CritiTech, Inc. is attached which narrates the current and future success of this company.
3. Acquiring and leasing West Labs strengthens the partnership among LDCBA stakeholders, a consortium constituting government, business, and university, all collaborating to build an economic development engine. Adding this facility to our pool of assets establishes this region as a viable bioscience center of growth and development. LDCBA has already seen early stage commercialization potential relative to the development and construction of the Bioscience & Technology Business Center. We expect this to grow with additional capacity, both at KU as well as non-university companies. This unique partnership provides important leverage for Lawrence, Douglas County, and Kansas University in attracting research resources (scholars and technology entrepreneurs), commercial enterprises, and investment capital. Having expanded facilities enhances this leverage and gives the community an immediate competitive advantage in attracting commerce.

After full review and discussion, the LDCBA board took action earlier today to proceed with this initiative and to offer this request. LDCBA is committed to its primary goal of marshalling community bioscience assets and working collaboratively with its partners to produce an economic development infrastructure that will expand the economy and our community's tax base. This can be accomplished through the attraction of capital, creation of new jobs and training the young graduates out of our areas colleges and universities, also area working professionals, as the talent to fill those jobs. This fulfills LDCBA's greater purpose which is to transform ideas into commerce.

Very truly yours,



E. LaVerne Epp
President

CritiTech, Inc. Background, History and Project Description
Fall 2009

CritiTech, Inc. is a spin-out company from the University of Kansas and the Higuchi Biosciences Center. The Company has proprietary technology that enables it to improve the delivery and efficacy of many existing drugs or drugs in development. It also has proprietary coating and drug manufacturing technology that is of interest to the pharmaceutical industry. Using its proprietary technology, the Company has developed and produced, under GMP (Good Manufacturing Practices) conditions, its first oncology drug, Nanotax®, primarily for the treatment of ovarian cancer which has been approved for phase I human trials by the FDA. The trial is currently being conducted at the Cancer Center at the University of Kansas Medical Center. CritiTech and the KU Cancer Center have established a second Nanotax® trial site through the Kansas Cancer Center located in Wichita, Kansas.

The Company has completed the preclinical work on its second oncology drug, Nanothecin™ primarily for the treatment of colorectal cancer and is preparing to submit the results to the FDA within the next 60 days at a pre-IND meeting at the FDA. The Company will then submit an IND (Investigational New Drug) application to the FDA and plans to begin phase I human trials on its second drug in 2010. CritiTech expects to continue the development of promising new drugs and has under consideration additional drug candidates.

In order to take advantage of the “animal health corridor” that exists in our region, CritiTech is involved in a research project that will test our drugs for efficacy in companion animals. If our drugs appear to be efficacious in dogs the company intends to license our drugs to an established animal health company for veterinary applications. CritiTech would use this relationship to expand its production capabilities and to support the expansion of the company in the human market.

CritiTech, Inc., with an exclusive license from the University of Kansas on the proprietary technology used to make small particles, has been able to improve and increase the production of unique small particle drugs using its technology. The Company has established its own Good Manufacturing Practices (GMP) production capabilities and intends to expand its production capacity in early 2010. The Company currently has in development and is in the early stages of manufacturing a new production unit that is expected to provide ten times the production capacity of its existing GMP production unit. CritiTech, Inc. intends to manufacture clinical materials for itself and for clients using this equipment. In addition, the Company will continue to develop the coating and other proprietary manufacturing process, but will be seeking a development partners.

The Company has grown from a university research effort to 14 either full or part time employees or consultants. It has attracted millions of dollars in equity investments from primarily Kansas qualified investors and strategic partners. CritiTech has designed,

manufactured, installed and qualified its proprietary small particle manufacturing equipment according to Good Manufacturing Practices (GMP) standards. This has enabled the Company to produce its drug Nanotax® for its phase I clinical trial. CritiTech is currently involved in scaling up its production capacity and is building the next version of its small particle manufacturing equipment with Mechanical Systems, Inc. in Wichita. In addition to producing its own proprietary drugs CritiTech intends to offer this unique drug development and production capability to pharmaceutical clients. Part of CritiTech's strategic plan is to produce drugs for pre-clinical and clinical trials and eventually enter into a joint venture relationship with an established drug manufacturer for the production of commercial quantities of drug product. It is CritiTech's plan and desire to expand this drug production in Lawrence.

CritiTech is poised to grow in the drug development and production arena. If we experience the growth we hope to achieve, we will be adding a number of well paying technical, research and administrative jobs in our community. We anticipate that in addition to job creation, we will attract increasing investments of venture capital and other funding. It has always been the desire of the company to grow and expand locally because of the important support provided by the inventors, investors, the university, and many other strategic partners.