

TAX REBATE AGREEMENT

THIS Tax Rebate Agreement is made this _____ day of April, 2012, by and between the City of Lawrence, Kansas, a municipal corporation, and 720, L.L.C., a Kansas limited liability company.

RECITALS

- A.** On April 3, 2007, the City of Lawrence, Kansas ("City"), adopted City of Lawrence, Kan., Ord. No. 8093 (Apr. 3, 2007), wherein, pursuant to the Kansas Neighborhood Revitalization Act of 1994, K.S.A. 12-17,115 *et seq.*, the City established the "City of Lawrence Neighborhood Revitalization Plan and Program 8th and Pennsylvania District" and, thereby, created a tax rebate program in order to provide incentives for property owners to stimulate revitalization of the district, to encourage the construction of private and public infrastructure within the district, and to inspire the rehabilitation, conservation, and redevelopment of the district, all with the overarching goal of promoting the public health, safety, and welfare.
- B.** On April 27, 2007, the City and Cinco Hombres, L.L.C., entered into a "Development Agreement" ("the Original Agreement"), whereby Cinco Hombres, L.L.C., agreed to redevelop and to revitalize certain tracts of land within the 8th and Pennsylvania District, as described in Ordinance No. 8093, and whereby, in accordance with state law and Ordinance No. 8093, the City agreed to provide certain tax rebates to Cinco Hombres, L.L.C., for the redevelopment and revitalization of those certain tracts of land within the district.
- C.** Since that time, 720, L.L.C., ("the Company") has purchased certain real property within the 8th and Pennsylvania District, commonly known as 720 East 9th Street, Lawrence, Douglas County, Kansas (the legal description of which is affixed hereto as **Exhibit A** and is incorporated herein by reference), and, in accordance with Ordinance No. 8093 and the Original Agreement, has redeveloped and revitalized that property ("the Property").
- D.** On November 6, 2007, the Company requested that, in accordance with the terms of the Original Agreement, the City grant it the appropriate tax rebates for redeveloping and revitalizing the Property. (A copy of the November 6, 2007, request is affixed hereto as **Exhibit B** and is incorporated herein by reference).
- E.** At its April __, 2012, regular public meeting, after reviewing the Company's November 6, 2007, request, hearing public comment, and considering the evidence adduced at that meeting, the governing body of the City voted to extend the Original Agreement to the Company and directed Staff to prepare this Tax Rebate Agreement.

- F. The City and the Company agree that the Company's receipt of certain tax rebates, as described herein, is contingent, *inter alia*, upon the execution of this Tax Rebate Agreement and compliance with its terms.

AGREEMENT

NOW, THEREFORE, in light of the mutual promises and obligations contained herein, and in exchange for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the parties agree as follows:

SECTION 1. Adoption of Recitals. The above recitals are incorporated herein by reference as if set forth in full.

SECTION 2. Purpose. The purpose of this Tax Rebate Agreement is to memorialize the agreement between the City and the Company regarding the administration of the "City of Lawrence Neighborhood Revitalization Plan and Program 8th and Pennsylvania District," the extension of certain parts of the Original Agreement to the Company as the successor-in-interest in the Property to Cinco Hombres, L.L.C., and the terms of the City's rebate of certain property taxes to the Company for certain infrastructure expenditures that it made while redeveloping and revitalizing the Property. (A copy of the Original Agreement is affixed hereto as **Exhibit C** and is incorporated herein by reference).

SECTION 3. Term. This Agreement shall commence on the date on which it is executed by the City Manager and shall expire on the date the last tax rebate payment is made, which shall occur once the "Maximum Amount" has been rebated to the Company, or upon December 31, 2032, whichever occurs first.

SECTION 4. Maximum Amount. In accordance with Exhibit D to the Original Agreement, the Maximum Amount of taxes to be rebated to the Company for the redevelopment of 720 East 9th Street shall be \$324,673.18. The tax rebates, in accordance with the Original Agreement and this Tax Rebate Agreement, assuming that the Company is eligible for a tax rebate for that year under those terms, shall be paid at 95% of the property tax increment based on the Company's actual expenditures to improve the infrastructure. (A table setting forth those expenditures is affixed hereto as **Exhibit D** and is incorporated herein by reference)

SECTION 5. Eligibility for a Tax Rebate. As a precondition to receiving payment of a tax rebate, the Company shall, for each year that it seeks a tax rebate, send a letter to the City certifying to the City that it has paid all real estate taxes levied or assessed against the Property to date. The City shall withhold payment of a tax rebate if the Company fails to certify that the real estate taxes have been paid to date. Upon later certification that that precondition has been satisfied, the City shall disburse any withheld funds to the Company.

SECTION 6. Real Estate Tax Payments May Be Made on Bi-annual Basis. The Company may elect to pay its annual real estate taxes in two installments, one in May and one in December, as currently permitted by law. However, as set forth above, the Company shall not be eligible to receive a requested Tax Rebate unless it meets the eligibility requirement of Section 5, *supra*. Also, if it elects to pay its real estate taxes on a bi-annual basis, the Company may request payment of a Tax Rebate only after its payment of the real estate taxes in December.

SECTION 7. Effect of Paying Real Estate Taxes Under Protest. If the Company's real estate tax payments have been made under protest, or the Company has filed an application to appeal the assessment of real estate taxes for any year and such dispute remains pending, the Company shall, in its letter requesting payment of a Tax Rebate, notify the City of that fact. And, so long as the Company pursues the appeal, then the non-payment of real estate taxes for the period in question shall not be used by the City as a basis for withholding payment of any Tax Rebate (provided that all other previous real estate taxes have been paid to date and all other conditions for eligibility have been satisfied).

SECTION 8. Payment of the Tax Rebate. Within thirty (30) days from the receipt of tax rebate funds from Douglas County, Kansas, assuming that all preconditions for payment have been met by the Company, the City shall, in accordance with Article II of the Original Agreement, pay from the fund the appropriate Tax Rebate to the Company, its successors, or its assigns.

SECTION 9. Payments Made to the Company, to its Successors, or to its Assigns. Upon proper application, and assuming that all preconditions for payment have been satisfied, the Tax Rebate shall be made to the Company or any person or lender to whom the Company has assigned rights to the receipt of the Tax Rebate. The Company shall provide written notice to the City of any outright or collateral assignment of any or all Tax Rebates.

SECTION 10. Effect of Foreclosure. In the event of foreclosure, the City shall make the payment of any Tax Rebate, assuming all preconditions therefor have been met and that the lender has complied with all terms of this Tax Rebate Agreement, to such lender. The Company agrees that, in the event of foreclosure or other action that would require the City to respond to preserve its rights in a court of law or other tribunal, to reimburse the City for its reasonable attorneys' fees in responding to such matter.

SECTION 11. The Company's Responsibilities. The Company agrees to adhere to and is bound by the terms of the Original Agreement, except as specifically modified by this Tax Rebate Agreement.

SECTION 12. Tax Rebate Covenant. At the Company's request, and upon the City's approval of such document, the City would agree to execute a Development and Tax Rebate Agreement and Covenant that the Company may file of record with the Office of the Register of Deeds for Douglas County, Kansas. The purpose of any such agreement would be to assign irrevocably to the Company, its successors, or assigns any interest in the Tax Rebates that any future owner of the Property may claim.

SECTION 13. Effect on Original Agreement. This Tax Rebate Agreement governs the extension of the Original Agreement to the Company and the Property. Certain terms and conditions are adopted herein explicitly. Any terms not expressly adopted herein that are necessary for the operation of this document are adopted herein by implication. Otherwise, this Tax Rebate Agreement has no effect on the Original Agreement and does not make the Company a party to the Original Agreement. The parties recognize that some sections of the Original Agreement may not be relevant to this Tax Rebate Agreement.

SECTION 14. Consent to Assignment. To the extent that it is contemplated by the Original Agreement, the City hereby consents to the Assignment from Cinco Hombres, L.L.C., to the Company of certain rights and obligations appearing thereunder.

SECTION 15. Other Agreements. Nothing in this Tax Rebate Agreement prohibits the City and the Company from entering into other agreements regarding the Property and the City's right-of-way adjoining the Property.

SECTION 16. Execution. For purposes of executing this Tax Rebate Agreement, this document, if signed and transmitted by facsimile machine or telecopier, is to be treated as an original document. This Tax Rebate Agreement may be executed in one or more counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original and all of which together shall constitute one instrument.

SECTION 17. Notices. Notices requires under this Tax Rebate Agreement shall be sent to the parties as follows:

If to City, to:

Diane Stoddard, Assistant City Manager
City of Lawrence, Kansas
6 East 6th Street
P.O. Box 708
Lawrence, Kansas 66044

With copies to:

Ed Mullins, Director Finance
City of Lawrence, Kansas
6 East 6th Street
P.O. Box 708
Lawrence, Kansas 66044

Toni R. Wheeler, City Attorney
City of Lawrence, Kansas
6 East 6th Street
P.O. Box 708
Lawrence, Kansas 66044

If to the Company, to:

Michael E. Riling
808 Massachusetts Street
P.O. Box B
Lawrence, Kansas

SECTION 18. Liberal Construction. This Tax Rebate Agreement shall be liberally construed to achieve the economic development objectives and purposes of this Agreement, the Original Agreement, and the "City of Lawrence Neighborhood Revitalization Plan and Program 8th and Pennsylvania District." Should any provision of this Tax Rebate Agreement be determined to be void, invalid, unenforceable, or illegal, such provision shall be null and void, but the remaining provisions shall be unaffected thereby and shall continue to be valid and enforceable.

SECTION 19. Entire Agreement. This Tax rebate Agreement and those relevant portions of the Original Agreement applicable herein constitute the entire agreement between the parties and may not be modified or amended except in a writing executed by the parties in the same manner as this agreement.

SECTION 20. Governing Law. This Tax Rebate Agreement shall be governed and construed according to the laws of the state of Kansas.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the undersigned have caused this Tax Rebate Agreement to be executed as of the date noted above.

Company: 720, L.L.C., a Kansas limited liability company

Michael E. Riling, President

ACKNOWLEDGMENT

STATE OF KANSAS)
) ss:
COUNTY OF DOUGLAS)

The foregoing Incentive Agreement was acknowledged before me this ____ day of _____, 2012, by Michael E. Riling, President, in behalf of 720, L.L.C., a Kansas limited liability Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal on the day and year last above written.

Notary Public

My commission expires:

**CITY: CITY OF LAWRENCE, KANSAS, a
municipal corporation**

David L. Corliss, City Manager

ACKNOWLEDGMENT

STATE OF KANSAS)
)
COUNTY OF DOUGLAS) ss:

The foregoing Incentive Agreement was acknowledged before me this ____ day of _____, 2012, by David L. Corliss, City Manager, in behalf of City of Lawrence, Kansas, a municipal corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal on the day and year last above written.

Notary Public

My commission expires:

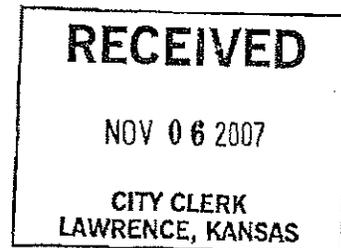
NRA : 6TH + PENN

Cinco Hombres, LLC
730 New Hampshire, Ste. 222
Lawrence, KS 66044

November 6, 2007

John Miller
Attorney at Law
City of Lawrence
6 E. 6th Street
Lawrence, KS 66044

RE: Cinco Hombres, LLC
Application for Tax Rebate under the NRA



Dear John:

Enclosed please find an original and two copies of our application for tax rebate under the Neighborhood Revitalization Act. A check for \$100.00 is also enclosed. Please help us get this where it needs to be.

Can we start construction based upon our building permit for 720 E. 9th?

Sincerely,

A handwritten signature in cursive script, appearing to read "Bo Harris".

Roger N. "Bo" Harris
Managing Member
Cinco Hombres, LLC

Check Hand Delivered
to Ed Mullins / France
on 11/8/07

- Falls Rd

MEMO	
NR	APP Fee
11011012931 225000 25 21 1109	
 Central National Bank Lawrence, Kansas	
PAY TO THE ORDER OF	City of Lawrence
One Hundred and no/100	-----
	\$ 100.00
	DOLLARS
GINCO HOMBRES, LLC 808 MASSACHUSETTS, BOX B LAWRENCE, KS 66044-2658	
83-129/101 225000282	1409
DATE	11-6-07

Ed Mullins

**CITY OF LAWRENCE APPLICATION FOR TAX REBATE UNDER THE
NEIGHBORHOOD REVITALIZATION ACT**

PART I

A refundable application fee (\$25 single family residential, \$100 for all other projects) must accompany this application.

Owner's Name: Cinco Hombres, LLC
(Please print)

Day Phone Number: 785-841-4163

Owner's Mailing Address: 730 New Hampshire, Ste. 222, Lawrence, KS 66044

Address of Property: 720 E. 9th Street, Lawrence, KS 66044

Parcel Identification Number: 023-079-31-0-10-27-001-03-0

(Copy from your tax statement or call the County Appraiser's Office 832-5133)
also available on the Douglas County website at: www.douglas-county.com (online value & tax information link)

Legal Description of Property: 8th & Pennsylvania Neighborhood Redevelopment Tract of land in NE QR 31-12-20 & Replat of Lots 14, 15, 16, 17, 18, 19, 20, 22, 24, 26, 28, 30, 32, 34 & 36 on Pennsylvania Street & Lots 1, 3, 5, 7, 9, 11, 13, 15, 17, 19, 21 & Part Lot 23 on Delaware Street and all of Lot 1 and Lot 2 Poehler Add Bik 'B' Lot 1. City of Lawrence: Douglas County, Ks.

(Use additional sheets if necessary.)

Proposed Property Use: (check all that apply)

RESIDENTIAL: New Construction OR Rehab

USE Residence Other (Explain) _____

Single Family Multi-Family Number of Units

COMMERCIAL: New OR Rehab.

Does the applicant own the land? Yes No

Will the proposed project be permanently attached to the property? Yes No

BRIEF DESCRIPTION OF THE PROJECT:

The construction/improvements consist of site work to the 720 E. 9th building. This will include demolition of existing parking lot, landscaping of surrounding site work. Once removed, a new porous surface parking lot, landscaping, lighting, and additional curbs/islands will be constructed.

I have read and do hereby agree to follow all application procedures and criteria. I further understand that this application will be void one year from the date below if improvements or construction has not begun on this project.

Rog N. Harris
Signature of Owner - Roger N. Harris

October 25 2007
Date

**CITY OF LAWRENCE APPLICATION FOR TAX REBATE UNDER THE
NEIGHBORHOOD REVITALIZATION ACT**

PART 2 RESIDENTIAL

GENERAL

Estimated Date of Completion _____

List of Buildings Proposed to be Demolished: _____

Estimated cost of Improvements: (Please attach copies of cost documentation and Blueprints or Plans)

Materials \$ _____ Labor \$ _____

Total Cost \$ _____

Please check one of the following that best describes the construction of your property.

All Contractor Built (turn-key) Pre-built Home moved on site Modular Home

Contractor built with owner participation All owner built Other _____

Amount of Owner Participation: _____ Hours _____ Percent of Project _____ Value

NEW RESIDENTIAL

Story Height _____ Basement Size _____ Heating & Cooling _____

Square Feet of Finished Living Area – Basement _____ Ground Floor _____ Upper Floor _____

Number of Bedrooms _____ Number of Bathrooms _____ Square Feet of Unfinished Area _____

Garage Size _____ Attached Detached

RESIDENTIAL REMODEL

Square Feet of Living Area Added _____ Basement Ground Floor Upper Floor

Rooms to be Remodeled (Please Mark all that Apply)

Living Room Bedroom Bathroom Kitchen Dining Room

Basement Other _____

Rooms to be added (Please Mark all that Apply)

Living Room Bedroom Bathroom Kitchen Dining Room

Basement Other _____

Signature of Owner

Date

CITY OF LAWRENCE APPLICATION FOR TAX REBATE UNDER THE
NEIGHBORHOOD REVITALIZATION ACT

PART 3 COMMERCIAL

GENERAL

Estimated Date of Completion: 12/15/07

List of Buildings Proposed to be Demolished: None

Estimated Cost of Improvements: Materials \$ _____ Labor \$ _____
See Attached. (Please attach copies of cost documentation)

Please check one of the following that best describes the construction of your property:

(X) All Contractor Built (turn-key) () Pre-Built Unit moved on site () Modular Building

() Contractor built with owner participation () All owner built () Other _____

Amount of Owner Participation: _____ Hours _____ Percent of Project _____ Value

COMMERCIAL

Type of Building Flex Office/Warehouse Use of Building: Office/Warehouse

Size of Building 22,900 sf Wall Height _____ Exterior Wall Material _____

COMMERCIAL REMODEL

Area to be Remodeled: Parking Lot & Site Improvements

Type and Use of Building: Flex office/Warehouse

Describe Improvements: The 720 E. 9th Building was 70% destroyed by a tornado. The building was rebuilt. Now the parking lot and associated site improvements will be added to the land. These improvements include a porous surface parking lot, landscaping, lighting, and additional islands and curbs.

Roger N. Harris
Signature of Owner - Roger N. Harris

October 25 2007
Date

CITY OF LAWRENCE APPLICATION FOR TAX REBATE UNDER THE
NEIGHBORHOOD REVITALIZATION ACT

PART 4 COMMENCEMENT OF CONSTRUCTION

(Please deliver or fax this part within 10 days of the commencement of construction to the
City Clerk's Office at 832-3305)

Parcel Identification Number: 023-079-31-0-10-27-001.03-0

Date of Original Application: October 25, 2007

Construction estimated to begin on: November 1, 2007

Building Permit Number _____
(where applicable)

Estimated Date of Completion of Construction: 12/15/07

Owner's Signature Roger N. Harris
Roger N. Harris

Date: October 25 2007

Project name
720 E. 9th Parking Lot
720 E. 9th St.
Lawrence
KS 66044

Estimator
SK

Labor rate table
2006 OSTD

Equipment rate table
2000 Lw-e

Bid date
11/8/2007 5:00 PM

Report format
Sorted by 'Group phase/Phase'
'Detail' summary



Standard Estimate Report
720 E. 9th Parking Lot

Item Description	Takeoff Qty	Unit Cost	Amount	Material	Subcontract	Equipment	Other	Total
			Amount	Amount	Amount	Amount	Amount	Amount
1100.00 GENERAL REQUIREMENTS								
1101.00 Personnel: Supervision								
10 Superintendent	4.00 week	2,800.00 /week	11,200			1,120		12,320
			11,200			1,120		12,320
1131.00 Personnel: Proj. Managmnt								
45 Project Managur-	4.00 week	720.00 /week	2,880			168		3,048
45 Development Expense	1.00 isum	8,500.00 /sum	8,500					8,500
			11,380			168		11,548
1158.00 Legal								
10 Legal Expense	1.00 isum				2,500 Allow			2,500
					2,500			2,500
2100.00 SITEWORK								
GENERAL REQUIREMENTS								
			22,580		0	1,288	0	26,368
2100.01 Division 2 Subcontractors								
7 Layout by Sub	24.00 hour					2,280		2,280
15 Sub - Asphalt Paving						124,430 LRM		124,430
40 Sub - Soil Testing	1.00 isum					3,950 Allow		3,950
130 Sub - Site Concrete	1.00 isum					46,124 HCS		46,124
						178,784		178,784
2260.01 Soil Stabilizer: ErosionCtrl								
10 Erosion Control	1.00 isum					500 LRM		500
						500		500
2510.01 Paving: Sidewalks								
10a 4" Concrete Walks, Patios	1.031.00 soft							
10a ADA Ramps	1.00 isum							



Standard Estimate Report
720 E. 9th Parking Lot

Item	Description	Takeoff Qty	Unit Cost	Labor	Material	Subcontract	Equipment	Other	Total
			Amount	Amount	Amount	Amount	Amount	Amount	Amount
	Improvements: Traffic Signs			100					250
	2.50 Labor hours								
2800.01	Landscape: General								
30	Landscaping Allowance	1.00	Isun			3,124 Allow			3,124
30	Irrigation Allowance	1.00	Isun			15,354 Allow			15,354
	Landscape: General					18,478			18,478
	SITWORK			3,360	2,420	211,092	0	0	216,872
	77.00 Labor hours								
5000.00	METALS								
5510.70	Misc: Misc Metals								
15	6" Bolands	10.00	each		0.001 /each				0
	Misc: Misc Metals								0
	METALS			0	0	0	0	0	0
9000.00	FINISHES								
9910.01	Painting: Exterior								
350	Paint SteelPipe Bollards 4-8" dia	10.00	each			500			500
	Painting: Exterior					500			500
	FINISHES			0	0	500	0	0	500
16000.00	ELECTRICAL								
18001.00	Electrical Complete								
n	14 Site Lighting Installation	1.00	Isun			2,480 Over			2,480
n	14 Unload and Receive Light Fixtures	1.00	Isun			500 HCC			500
n	14 Exterior Lighting	1.00	Isun			19,200 Over			19,200
	Electrical Complete					21,180			21,180
16500.00	Lighting								
530	Site Lighting - Street Poles	3.00	each		2,246.00 /each				6,738
530	Site Lighting - single lot poles	3.00	each		3,067.00 /each				9,201
530	Site Lighting - dual lot poles	2.00	each		4,354.00 /each				8,708



Standard Estimate Report
720 E. 9th Parking Lot

Estimate Totals							
Description	Amount	Totals	Hours	Rate	Cost Basis	Cost per Unit	Percent of Total
Labor	25,940		395.056 hrs				7.17%
Material	27,067						7.48%
Subcontract	241,282						66.67%
Equipment	1,288		190.120 hrs				0.36%
Other	295,577	295,577					81.67%
Sales Tax On Material	1,976						0.55%
Builder's Risk (Lump sum)	1,000						0.28%
General Liability \$8.50/1000	2,344						0.65%
Building Permit	1,930						0.53%
Civil Engineering Fee	31,500						8.70%
Contractor's Fee (%)	27,578						7.62%
Total		367,905					