



June 16, 2014

Mr. David L. Corliss
City Manager
Lawrence City Hall
P.O. Box 708, 6 E. 6th Street
Lawrence, Kansas 66044-0708

Dear Mr. Corliss:

This letter ("Letter") sets forth our understanding of the terms and objectives of the engagement of Conventions, Sports & Leisure International ("CSL") by the City of Lawrence ("Client") to conduct a feasibility study of potential new conference/convention center in Lawrence, Kansas. This Letter also provides the nature and limitations of the services to be provided and the related fee arrangement.

Scope of Services

The scope of services involves the conduct of a comprehensive feasibility study of a potential new conference/convention center in Lawrence. The scope of services is divided into three primary phases. Following the completion of Phase One and presentation of findings, the Client will have the option whether or not to undertake Phase Two or Phase Three. Phases Two and Three would only be undertaken upon CSL's receipt of the Client's express written request to proceed.

PHASE ONE

Task 1. Market Demand Analysis

PHASE TWO

Task 2. Building Program and Event Levels Analysis

Task 3. Site Analysis

Task 4. Preliminary Construction Cost Analysis

Task 5. Financial Operations Analysis

Task 6. Economic and Fiscal Impact Analysis

Task 7. Funding/Ownership/Management Analysis

PHASE THREE

Task 8. Conceptual Renderings

The following pages provide a detailed description of the scope of services and the approach to be applied to the project phases and tasks.

PHASE ONE

The purpose of this first phase of work involves a comprehensive analysis of market demand associated with a potential new conference/convention center in Lawrence.

As an initial step in the engagement, we will work with you and other project representatives to establish the specific project goals and timeframe. An initial planning meeting will take place to collect pertinent project data and to identify the local organizations, officials and others that we will need to meet with at the study's outset.

Task 1. Market Demand Analysis

The purpose of this task is to identify and evaluate the likely event markets for a potential new conference/convention center in Lawrence, Kansas. The specific steps to be conducted as part of this task are summarized below.

Step 1. Existing Market Conditions Analysis

The purpose of this step is to define and evaluate the local market characteristics of the Lawrence area as well as the existing event facility infrastructure (i.e., conference, convention, meeting, civic and spectator and other such event facilities).

Initially, the analysis will focus on demographic/socioeconomic attributes and will be instrumental in understanding how Lawrence is presently positioned in the conference, convention, meeting, civic and local event industries (i.e., events with attendance bases that are primarily locally-based).

Additionally, the primary components of a successful facility destination/event package will be evaluated in order to assess the area's ability to support added conference, convention, meeting and other event activity. This aspect of the analysis is critical in understanding the community's visitor industry resources and infrastructure. The analysis will include a review of Lawrence area market data, both current and projected, to assess the area's ability to accommodate added event activity (i.e., typically economic impact generating events that have a significant portion of out-of-town attendance).

Characteristics to be evaluated as part of this analysis step include the following:

- committable, convention-quality hotel and resort properties and guest rooms;
- existing/planned conference, convention, arena, spectator, event and hotel facilities in the local area;
- hotel cost structures;
- key demographic and socioeconomic characteristics and trends, such as population, disposable income, retail sales, entertainment spending, corporate base and other such indicators;
- proximity issues to major metropolitan markets;
- academic (university/college) institution presence and characteristics;

- air, rail, ground transportation and shuttle access;
- entertainment offerings and attractions;
- key community resources; and
- other such characteristics.

Further, as the information is available, we will collect and review data associated with existing local conference, convention, civic, and other such event facilities, including facilities offered within area hotels.

Information collected and analyzed will include, but will not be limited to, the following:

- existing conference, convention, civic, exhibition, meeting and event center physical components, configuration and related issues;
- event characteristics (type, number, length of stay, origination of attendees);
- square footage and occupancy/utilization by type of space;
- event seasonality;
- lost business information;
- rental and service rates;
- operating revenues and expenses; and
- capital improvements and long-term facilities planning data.

The results of this step will be used in combination with data prepared throughout the study to assess Lawrence's competitive position within the state and regional marketplace and its ability to accommodate additional event demand. By understanding the type of business currently accommodated within the community, we can focus our recommendations on facility development that could *add* to the overall level of events, attendees and economic impact.

Step 2. Industry Characteristics and Trends Analysis

The conference, convention, civic, exposition, tradeshow, meeting and entertainment industries have undergone significant change over the past decade. Issues impacting the industry, including fluctuating demand for space, facility amenities, hotel availability, service levels and other such characteristics, have been joined by recent events such as the nationwide economic recession and credit market crisis. In addition, supply growth has impacted demand levels in individual markets.

The purpose of this step is to evaluate recent trends in the industry that may impact new conference/convention center space and event levels in Lawrence. Throughout this step, we will evaluate these and related trends, summarizing the potential impact on the proposed conference/convention center space. An evaluation of these trends will be important in "framing" and placing overall market demand estimates into the context of the industry, presently and into the foreseeable future.

Step 3. Comparable and Competitive Facility Analysis

In evaluating the market demand for a potential Lawrence conference/convention center, it is important to gain an understanding of the competitive and comparable facility environment. Within this step, we will assemble and review the operational and physical characteristics of existing and planned facilities in the region that could compete with the proposed project. Projects around the country that may offer some element of comparable insight will also be evaluated. For comparable projects, we will focus on identifying and analyzing facilities in markets similar to Lawrence, including those communities with a major university presence.

The types of data that will be assembled for comparable and competitive projects include the following.

- facility type and marketing focus;
- exhibit, meeting, ballroom and multipurpose space and capacities;
- fixed and temporary seating components;
- future expansion plans;
- layout, staging and design features;
- event characteristics (levels, attendance, utilization, future bookings, etc.);
- ancillary services and amenities;
- operating revenues and expenses;
- rental terms;
- available parking;
- area demographics;
- hotel availability, quality and proximity to the facility;
- visitor industry tax rates (i.e., hotel/motel tax);
- convention and visitor bureau marketing resources;
- location characteristics and transportation access; and
- other such characteristics.

In addition, as a part of this analysis, a number of case studies will be developed concerning comparable facilities in similar communities to Lawrence to address the respective facilities' level of use, rates, financing, source of public subsidies, size and operating expense, as well as other key facility/market information.

This analysis will assist in providing data as to how Lawrence could compete within specific event markets, as well as later assisting in the evaluation of the associated financial operations, operation structure, marketing, and economic and fiscal impacts of a potential Lawrence conference/convention center.

Step 4. Market Surveys

The purpose of this step is to develop primary industry market research specific to Lawrence. In-person, one-on-one interviews and/or focus groups with key local individuals and business leaders will be conducted in Lawrence near the outset of the study to gain an understanding of the local market's attitudes with regard to the market potential for conference/convention center space development. These interviews could include individuals such as representatives/officials of the City, County, Chamber/Visitors Bureau, hoteliers, event facility managers, restaurateurs, business leaders, and other civic and visitor industry representatives.

Beyond these local interviews, we will interview via telephone a significant sample of potential users of a Lawrence conference/convention center, both locally and from a state, regional and national basis. For a study of this type, we would anticipate targeting completion of in-person and telephone interviews with convention/meeting planners of 100 or more individual events. Such interviews allow us to go beyond simply relying on competitive and comparable facility data in order to develop market demand findings. In addition, this type of direct outreach to event planners can support our analysis of emerging industry trends from a demand perspective and in terms of the unique facility features that may provide a future competitive advantage to any new conference/convention center in Lawrence.

The analysis may include organizations or individuals from the following event segments:

- local, state, regional and national association conventions/conferences/meetings;
- corporate and trade events;
- KU-affiliated and academic-oriented events and users;
- public/consumer shows;
- SMERF events (social, military, education, religious, fraternal);
- community banquets, meetings, festivals and related events;
- local civic, service and religious organizations;
- spectator events;
- cultural events; and
- other such events.

Event organizer survey results will be analyzed to provide summaries of the following data specific to added facilities:

- likelihood of utilizing a potential conference/convention center in Lawrence;
- reasons for not choosing the Lawrence area;
- space/seating levels required to attract the event;
- overall hotel room requirements;
- other important community requirements to attract the event;

- event seasonality;
- length of event data;
- event attendance data;
- past facility use;
- requirement/preference for technology-related amenities;
- issues with respect to the proximity to nearby airports;
- perceptions of the Lawrence area; and
- other related event information and relevant opinions.

By combining the results of this step with the analysis results generated in previous steps, we will be able to identify the event markets that represent the primary sources of demand for a potential Lawrence conference/convention center, upon which future facility recommendations and event estimates are made.

PHASE TWO

The purpose of this second phase of work builds on Phase One findings and involves an analysis of supportable program, event/utilization levels, site/location, construction costs, operating costs, economic impacts, funding options, and ownership/management issues associated with a potential new conference/convention center in Lawrence. Following the presentation of Phase One findings, the Client would have the option to direct CSL to undertake this second phase of work.

Based on Phase One findings, this Phase Two analysis is expected to consider three facility scenarios for each of its constituent tasks:

- A. KU-oriented project located on or near campus
- B. City-led project located elsewhere in the community
- C. Joint KU and City project

Task 2. Building Program and Event Levels Analysis

The purpose of this task is to synthesize findings of the previous task to analyze and translate market demand into a market supportable facility program and to estimate event levels and characteristics for a potential conference/convention center in Lawrence under the three facility scenarios. The key steps comprising this task are outlined below.

Step 1. Market Supportable Facility Program Analysis

Within this step, we will prepare an analysis of the market supportable facility building program, based on market demand and related data developed as part of the market analysis determined through previous tasks. In developing the facility program, we will balance the importance of matching the size of the facility with existing/anticipated

future market conditions, financing choices and economic impact-generating and local needs ability of the potential facility.

The analysis will focus on:

- exhibit, meeting, ballroom and multipurpose space;
- fixed and temporary seating levels;
- size of support space and other functional areas;
- amount and type of other revenue-producing areas;
- space configuration and aesthetic features;
- theme possibilities;
- infrastructure needs;
- possibilities for future expansion; and
- important technological and other amenities.

This data will also be used to identify any external factors that could significantly affect the ability of the potential Lawrence conference/convention center to maximize its potential. We will discuss opportunities and constraints concerning these characteristics and issues. Factors to be identified include:

- availability of quality, committable hotel rooms;
- parking needs;
- transportation infrastructure/accessibility;
- proximity to restaurants, retail, nightlife and other amenities/attractions;
- event attendee transportation within the area; and
- other such characteristics.

The results of this step will provide you and other project representatives with a clear understanding of the type of facility that should be considered under each of the three facility scenarios. Additionally, we will outline whether any consideration should be given to an expansion, renovation or modification of an existing building in the Lawrence community as a means of adding new event space in the community. Even with private sector participation, you will be in a position to structure negotiations around achieving the facility components that best address current and future community needs. If sufficient market demand does not exist for a conference/convention center, alternate project opportunities will be discussed. These alternatives would be designed to grow new visitation and could include a public/private partnership with an existing/potential hotel, the development of other types of event facilities that could serve local community needs and other such concepts.

Step 2. Event Levels Analysis

Based on the results of the market demand and building program analyses, we will quantify the level and characteristics of events and activities that could be attracted to and retained at a potential conference/convention center during a stabilized year of operations under each of the three facility scenarios. The market potential will be presented for those sources of demand that are identified as being supportable in the Lawrence area. These event sources could include entertainment, spectator, conventions, conferences, meetings, exhibitions, civic and local community uses and other events.

The measures of event demand to be focused on will include:

- event levels by event segment;
- potential attendance (including visitor) levels by activity or use;
- origin of attendees/exhibitors (i.e., local vs. non-local) and associated traffic levels;
- length of event data;
- facility space and functionality requirements (exhibit, meeting, banquet, seating, staging, technology, etc.) by event type;
- hotel requirements;
- parking requirements; and
- seasonality data.

Task 3. Site Analysis

The focus of this task is on the site factors that impact event/meeting planners, attendees and the overall marketability and economic/financial success of a potential new conference/convention center. We will work with you and other project representatives to identify a set of potential sites for consideration, including the potential for the expansion of an existing KU, City or other local facility. We will work with you to focus our consideration on (1) downtown Lawrence; (2) Clinton Lake; (3) KU; and (4) potential other locations in Lawrence. Each of the three facility scenarios (as previously outlined) will be considered.

As part of this analysis, we will evaluate how each site/location addresses important selection factors including, but not limited to:

- site parcel size, suitability, visibility and image potential;
- entertainment/restaurant adjacencies;
- parking availability;
- ease of pedestrian access;
- hotel concentrations and adjacencies;
- access to transportation hubs and related transportation issues;
- ability to accommodate future growth;
- ability to stimulate future entertainment industry development; and
- other similar amenities.

Our analysis will also include physical evaluation of each site including inspection, photography, exploration and documentation of surrounding land uses, potential for development and expansion, and known environmental or planning issues. Our team's familiarity with Lawrence will help us to be respectful of local sensitivities regarding Lawrence's historic downtown neighborhood as well as the KU campus.

We will work with the City of Lawrence, Kansas University and other project representatives to agree upon a weighted set of evaluation criteria and will develop a site analysis matrix. Using this matrix, potential sites will be rated for each characteristic, highlighting the strengths and weaknesses of each. Ultimately, specific sites will be recommended as most appropriate for the development of a potential new conference/convention center.

Task 4. Preliminary Construction Cost Analysis

Based on a rich database of past projects, industry norms, the program information, unique site features, local cost characteristics and other relevant features, we will provide preliminary cost estimates for the recommended facility and/or facility concepts. The cost estimates will focus on per-unit data adjusted for conditions in the Lawrence area and cost data of comparable facilities modified for time and locations. The estimates will focus on the building programs and configurations developed in previous study tasks. These cost estimates will be useful for framing a discussion on overall project costs if the project gathers support for an implementation phase.

Task 5. Financial Operations Analysis

The purpose of this task is to analyze the financial operating characteristics and other cost issues pertaining to a potential Lawrence conference/convention center. Based on the results of the market demand, event levels and market supportable building program research and analysis, we will prepare a financial operating analysis for a potential Lawrence conference/convention center. Specifically, we will develop a computer-based model incorporating comparable facility data and the estimated levels of event utilization and attendance derived from the market analysis in order to develop estimates with regard to facility operating revenues and expenses.

Revenues including rental, food service, event service, parking, advertising and sponsorship revenues, and other such sources will be estimated. Expenses including salaries (permanent and event driven staff costs), utilities, maintenance, supplies, insurance, contract service costs and others will be estimated. Further, we will work with you to develop other non-operating revenue/expense assumptions in order to provide initial estimations of the financial return/risk structures associated with the project.

We will present estimates of financial performance for the facility's operations for a stabilized year of operations. The comparison of revenues and expenses will enable you to evaluate the level of facility-supportable revenues or public subsidies that may be required for annual facility operations.

Task 6. Economic and Fiscal Impact Analysis

We will estimate the economic and fiscal (tax) impacts associated with the operation of a new conference/convention center. The operation of such a facility typically attracts some level of out-of-town event delegates to the community. The non-local delegates brought into the community by conference/convention center operations represents the basis for new local economic and fiscal impacts.

As part of this analysis, we will develop estimates of total incremental out-of-town delegates to the Lawrence area generated as a result of a potential conference/convention center. We will then apply appropriate per-delegate spending estimates using industry data adjusted to the local area. The resulting delegate spending levels will be segmented by industry and applied to economic impact multipliers.

The multipliers, specific to Lawrence and provided by leading input/output multiplier models, will be used to estimate total economic output, earnings and employment generated as a result of a potential conference/convention center. From these economic impact variables, we will apply appropriate local, regional and statewide tax rates to estimate the added tax revenue generated as a result of the project.

The completion of the economic and fiscal impact analysis will allow for a comparison of key costs and benefits associated with the development and operation of a potential conference/convention center in Lawrence. If more than one program scheme and/or project concept was previously developed, costs and benefits will be comparatively evaluated to allow project stakeholders and the community to assess issues related to return on investment.

Task 7. Funding/Ownership/Management Analysis

The development of major conference/convention center facilities throughout the country typically involves some level of public funding. Many communities are willing to provide for such funding given the potential economic and fiscal impacts of the project. In the case of projects such as those which may be contemplated for Lawrence, a public sector contribution may be required to secure development. As part of this analysis, we will identify and summarize financing sources and the extent to which facility development may require funding from external sources to fund project operations and debt service. The analysis will focus on both financing mechanisms and the project revenue sources that could be used to partially fund facility development and ongoing operations.

Further, we will evaluate options for the ownership of potential conference/convention center space development located in Lawrence and to suggest appropriate key operating policies to ensure any facility developed serves as an economic development tool for the City, KU, and surrounding community. In many communities, a partnership with existing or planned lodging facility ownership is created to secure the necessary facilities. This creates important efficiencies; however, the importance to structure a development, marketing and operational agreement is very critical to protecting the needs of community. Conversely, publicly-developed project(s) could be pursued, with more of a loose operational agreement with area lodging properties, perhaps focusing on food and beverage service.

A key component of the analysis will focus on the various means of facility ownership and guidance. In addition, the study will address options for day-to-day issues of the facility (or facilities), including how the facility could be operated and marketed. We will evaluate operating and marketing relationships with public and private entities. In conducting this task, we will evaluate ownership and management structures at comparable facilities throughout the country, and provide specific pros and cons to every model analyzed. At the conclusion of the analysis process, we will develop findings and recommendations as to how the community should proceed in order to protect its priorities and to best integrate efficiencies that may be available through a partnership.

PHASE THREE

The purpose of this third phase of work involves the development of conceptual renderings associated with a potential new conference/convention center in Lawrence. Following the presentation of Phase One and Two findings, the Client would have the option to direct CSL (and its subcontractor, Convergence Design) to undertake this third phase of work.

Task 8: Conceptual Renderings

Based on work conducted in previous tasks, we will work with stakeholders to develop one or more concept design option for the proposed facility. Our extensive knowledge of the facility type allows us to rapidly develop design concepts that meet industry expectations and the ability to adapt its design to the particular needs of the site, the program and the local market. Convergence Design's senior staff have performed similar concept design exercises in communities as diverse as Miami, Florida and Missoula, Montana since 1999. In each case, our conceptual design work has recognized the unique market characteristics of each community in addition to the fairly uniform expectations of the meetings industry.

Our team's concept design deliverables will include concept site plans illustrating building placement, site development and parking strategies; building concept plans that indicate large blocks of rentable and support space at appropriate scale, and 3D explorations of building massing. These massing studies can be especially important where a downtown site is under consideration, or in a campus location where attention to the physical scale of the facility is of particular concern. These concept design studies and massing studies help to inform the analysis and recommendations of subsequent tasks to be performed.

Professional Fees and Expenses

Total professional fees for any engagement will depend on the number of hours required to complete the project and skill levels of the assigned personnel. The following exhibit outlines the professional fees associated with the scope of work outlined herein:

PHASE ONE	\$29,000
Task 1. Market Demand Analysis	
PHASE TWO	\$27,500
Task 2. Building Program and Event Levels Analysis	
Task 3. Site Analysis	
Task 4. Preliminary Construction Cost Analysis	
Task 5. Financial Operations Analysis	
Task 6. Economic and Fiscal Impact Analysis	
Task 7. Funding/Ownership/Management Analysis	
PHASE THREE	\$20,000
Task 8. Conceptual Renderings	

Professional fees associated with Phase One will not exceed \$29,000. Out-of-pocket expenses, including travel costs, postage, telephone, report preparation and reproduction will be reasonable and billed separately at cost, and will not exceed \$5,000 (unless expressly authorized by you) for Phase One. These fee and expense figures assume up to two person trips by project leaders. Professional fees and out-of-pocket expenses will be billed and are payable on a monthly basis.

Following the completion of Phase One, Phase Two would be undertaken upon the Client's request and express written consent. If undertaken, total professional fees for Phase Two will not exceed \$27,500. Out-of-pocket expenses associated with an assumed visit for presentation of findings under Phase Two will not exceed \$2,500 (unless expressly authorized by you).

Phase Three would be undertaken upon the Client's request and express written consent. If undertaken, total professional fees for Phase Three will not exceed \$20,000. Out-of-pocket expenses associated with Phase Three will not exceed \$3,000 (unless expressly authorized by you).

In the event that a decision not to proceed occurs within the time frame agreed upon for this engagement, we will cease our work, and bill you for time incurred on the project at that point in time. Should additional work be required beyond the scope of services detailed herein, professional fees will be billed on an hourly rate basis. Total professional fees for additional services will depend on the number of hours required to complete the services and skill levels of the assigned personnel.

Timing

We are prepared to commence this engagement upon receipt of notice to proceed. We anticipate that Phase One study tasks will require ten (10) to twelve (12) weeks to complete. Phase Two study tasks are estimated to require an additional four (4) to six (6) weeks to complete. Phase Three tasks are estimated to require approximately four (4) weeks to complete (and could be performed subsequent to or concurrent with Phase Two tasks).

In addition, regular progress updates will be forwarded to you in-person or via conference call during the study period. Furthermore, we anticipate completing this study in full, performing all work as set forth in the scope of work outlined herein. In the event that a decision not to proceed occurs within the time frame agreed upon for this engagement, we will cease our work, and bill you for time incurred on the project at that point in time.

Conditions of Work

Information and Data. CSL is entitled to assume, without independent verification, the accuracy of all information and data that the Client provides to CSL. All information and data to be supplied will be complete and accurate to the best of the Client's knowledge. CSL will use information and data furnished by others if CSL in good faith believes such information and data to be reliable; however, CSL shall not be responsible for, and CSL shall provide no assurance regarding, the accuracy of any such information or data. CSL shall be providing advice and recommendations to the Client; however, all decisions in connection with the implementation of such advice and recommendations shall be the Client's responsibility. CSL shall have no responsibility for any decisions made by the Client relating to CSL's services hereunder. CSL shall have no responsibility for any assumptions provided by the Client, which assumptions shall be the Client's responsibility. The reports may include estimates of annual operating results based upon courses of action that the Client expects to take prior to and during the period under analysis. The Client is responsible for representations about its plans and expectations, and for the disclosure of significant information that might affect the estimated results.

Reports. Any reports prepared by CSL are valid only when presented in their entirety and only for the purpose stated therein. It is expressly understood that (a) CSL's reports, suggestions, analyses and conclusions, if any, do not, in whole or in part, constitute a fairness or solvency opinion and (b) CSL will not perform any review, audit or other attestation procedures with respect to financial information as defined by the American Institute of Certified Public Accountants and will not issue any opinion, report or other form of assurance with respect to any financial information. There will usually be differences between the estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. Should the Client have any reservations with regard to the estimates, we will discuss them with the Client before the report is issued. Any partially completed work products and drafts presented to the Client are for internal use only.

Confidentiality. CSL will preserve the confidential nature of information received from the Client in accordance with CSL's established policies and practices. The Client agrees not to reference CSL's name or any reports, analyses or other documents prepared by CSL, in whole or in part, in any document distributed to third parties without CSL's prior written consent. The Client agrees that any reports, analyses or other documents prepared by CSL will be used only in compliance with these terms, conditions, applicable laws, and regulations.

Property. To the extent that CSL utilizes any of its property (including, without limitation, proprietary databases, proprietary information, any hardware or software) in connection with its services, such property shall remain the property of CSL, and the Client shall not acquire any right or interest in such property. CSL shall have ownership (including, without limitation, copyright ownership) and all rights to use and disclose its ideas, concepts, know-how, methods, techniques, processes and skills, and adaptations thereof (including, without limitation, generalized features of the sequence, structure and organization of any works of authorship) in conducting its business, and the Client shall not assert or cause to be asserted against CSL or its personnel any prohibition or restraint from so doing.

LIMITATION ON WARRANTIES. THIS IS A CONSULTING SERVICES AGREEMENT. DUE TO THE INHERENT UNCERTAINTY INVOLVED WITH PREDICTING FUTURE EVENTS AND LOCAL/INDUSTRY CONDITIONS, CSL MAKES NO REPRESENTATIONS OR WARRANTIES AS TO THE FINDINGS OR RECOMMENDATIONS CONTAINED WITHIN ANY OF ITS ANALYSES, INCLUDING ANY ESTIMATES AND DISCLAIMERS, AND CLIENT HEREBY EXPRESSLY WAIVES, ANY AND ALL CLAIMS BASED ON ANY POSSIBLE REPRESENTATIONS AND WARRANTIES, WHETHER EXPRESS, IMPLIED OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

LIMITATION ON DAMAGES. CSL, ITS MEMBERS, PRINCIPALS, DIRECTORS, OFFICERS, EMPLOYEES, PARENT COMPANY AND AFFILIATES SHALL NOT BE LIABLE TO THE CLIENT FOR ANY LOSSES, DAMAGES, CLAIMS, LIABILITIES, COSTS, OR EXPENSES IN ANY WAY ARISING OUT OF OR RELATING TO THIS ENGAGEMENT FOR AN AGGREGATE AMOUNT IN EXCESS OF THE FEES PAID BY THE CLIENT TO CSL FOR ITS SERVICES. IN NO EVENT SHALL CSL, ITS MEMBERS, PRINCIPALS, OR EMPLOYEES BE LIABLE FOR CONSEQUENTIAL, SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, OR EXEMPLARY LOSS, DAMAGE, COST, OR EXPENSE (INCLUDING, WITHOUT LIMITATION, LOST PROFITS AND OPPORTUNITY COSTS). THE PROVISIONS OF THIS LETTER SHALL APPLY REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, STATUTE, TORT (INCLUDING, WITHOUT LIMITATION, NEGLIGENCE), OR OTHERWISE, AND SHALL SURVIVE THE COMPLETION OR TERMINATION OF THIS ENGAGEMENT.

Findings and Recommendations. Any findings and recommendations presented as a part of this engagement will reflect the analysis of primary and secondary information provided by you and other involved parties. Information provided by third parties will not be audited or verified, unless otherwise noted, and will be assumed to be correct. As any projected information provided as a part of this engagement will be based on various trends and assumptions, there will be differences between the information presented and actual results because events and circumstances frequently do not occur as expected and those differences may be material.

Indemnification.

The Client and its affiliates shall indemnify and hold harmless CSL, its members, principals, directors, officers, employees, parent company and affiliates from and against any and all causes of actions, losses, damages, claims, liabilities, costs, and expenses (including, without limitation, legal fees and expenses) which may be asserted, brought against, paid or incurred by any of them at any time in any way arising out of or relating to CSL's services, except to the extent it is finally judicially determined that such losses have resulted from the willful misconduct of CSL.

CSL and its affiliates shall indemnify and hold harmless the Client, its elected and appointed officials, members, principals, directors, officers, employees, parent company, and affiliates from and against any and all causes of actions, losses, damages, claims, liabilities, costs, and expenses (including, without limitation, legal fees and expenses) which may be asserted, brought against, paid or incurred by any of them at any time in any way arising out of or relating to Client's performance herein, except to the extent it is finally judicially determined that such losses have resulted from the willful misconduct of Client.

Subsequent Work. CSL, by reason of the performance of its services, is not required to furnish additional work or services, or to give testimony, or to be in attendance in court with reference to the assets, properties, or business interests in question. CSL will have no responsibility to update any report, analysis, or other document relating to its services for any events or circumstances occurring subsequent to the date of such report, analysis, or other document.

Cooperation. The Client shall cooperate with CSL in connection with the performance of its services hereunder, including providing CSL with reasonable and timely access to the Client's information, data, and personnel.

Non-Exclusivity. Nothing in this Letter shall be construed as precluding or limiting in any way the right of CSL to provide consulting or other services of any kind or nature whatsoever to any person or entity as CSL in its sole discretion deems appropriate.

Force Majeure. CSL shall not be liable for any delays or failures to perform its services resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire or other casualty, act of God, strike or labor dispute, war, or other violence, or any law, order, or requirement of any governmental agency or authority.

Independent Contractor. CSL is an independent contractor and not an employee, Agent or partner of Client. CSL is not authorized directly or indirectly to represent to any person that Consultant has the authority to bind the Client to any agreement or course of conduct. However, CSL shall have the right to use subcontractors, as necessary.

Inconsistencies. In the event of any conflict or inconsistency between the provisions set forth in this Letter and any other documents, the provisions of this Letter shall govern.

Complete Agreement. This Letter constitutes the entire agreement between the Client and CSL with respect to the subject matter thereof and hereof, and supersedes all other oral or written representations, understandings, and agreements between the Client and CSL relating to the subject matter thereof and hereof. This Letter cannot be changed, except by written instrument signed by both the Client and CSL. This Letter shall be binding on the Client and CSL, and the Client's and CSL's permitted successors and assigns; however, neither the Client nor CSL may assign this Letter without the prior written consent of the other, except that the Client and

CSL may assign this Letter to any successor to all or substantially all of the business or assets of such party.

Governing Law. The Letter shall be governed by and construed under the laws of the State of Kansas.

Counterparts. This Letter may be executed in counterparts, or by facsimile or telecommunicated counterparts, each of which shall be deemed an original and both of which, when taken together, shall constitute the same agreement.

Consent and Good Faith Dealings. The parties hereby covenant, each to the other, that each will deal with the other equitably, and will take into account the reasonable commercial expectations of the other in the exercise of rights and obligations hereunder. When consent or approval is requested for any action, the party from whom approval is sought shall give full and fair consideration to the financial issues raised by the other party and shall act in a fair, timely and non-capricious manner. Unless other indicated specifically in this Letter, consent and approvals shall not be unreasonably withheld, delayed or conditioned.

* * * * *

If you are in agreement with the aforementioned, please indicate by signing in the space provided below, and returning this letter to CSL International. If you would like to discuss this letter, please contact Bill Krueger at 612-294-2003 or bkrueger@cslintl.com.

Very truly yours,



CSL International

The arrangements described above are acceptable to us and set forth the satisfactory basis which to proceed with this engagement.

By:

Title:

Date: