

COMPLIANCE AGREEMENT

THIS COMPLIANCE AGREEMENT is made this 21st day of July, 2016, by and between the City of Lawrence, Kansas, a municipal corporation, and John Brown Underground, LLC, a Kansas limited liability company.

RECITALS

- A.** On June 15, 2016, John Brown Underground, LLC, a Kansas limited liability company ("JBU"), applied to renew its City drinking establishment license for that premises located at 717 E. 7th Street, Lawrence, Douglas County, Kansas ("subject property"); and
- B.** On July 19, 2016, the City of Lawrence, Kansas, a municipal corporation ("City"), through its Governing Body, approved JBU's application and granted JBU a temporary six-month City drinking establishment license at the subject property subject to certain conditions, including entering into this Compliance Agreement and complying with its terms and conditions, which are set forth below.

TERMS

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:

- 1. Grant of License.** The City granted to JBU a temporary six-month City drinking establishment license, subject to JBU's compliance with certain conditions, including the City 55% food sales requirement. At the end of that six-month period, City Staff will review JBU's tax reports and, based on that review, will recommend one of the following:
 - (a)** Termination of the temporary City drinking establishment license;
 - (b)** Extension of the six-month probationary period; or
 - (c)** Issuance of a drinking establishment license that would run concurrently and expire contemporaneously with JBU's State of Kansas drinking license.
- 2. JBU's Covenants.** In exchange therefor, JBU hereby covenants and warrants as follows:
 - (a)** JBU will establish compliance with the 55% food sales requirement during the six-month period following the date of this Compliance Agreement.

- (b) JBU will submit to the City monthly tax reports for the City's review so that the City may track JBU's ongoing compliance with the City's 55% food sales requirement.
 - (c) In the event that JBU fails to comply with the 55% food sales requirement and City Staff recommends termination of the temporary City drinking establishment license, JBU agrees to surrender voluntarily its temporary City drinking establishment license.
- 3. **Term.** This Compliance Agreement will expire contemporaneously with the expiration of JBU's six-month temporary City drinking establishment license or the expiration of any extended probationary period, whichever date is later.
- 4. **Assignment.** This Compliance Agreement may not be assigned or transferred without the prior written approval or consent of the City's Governing Body.
- 5. **Binding Effect.** This Compliance Agreement shall, at all times, be binding upon the City and JBU, including all successors and assigns.
- 6. **Severability.** If any section, sentence, clause, or phrase of this Compliance Agreement is found to be invalid by any court of competent jurisdiction, it shall not affect the validity of any remaining provision of this Compliance Agreement.
- 7. **Governing Law.** This Compliance Agreement shall be construed and enforced in accordance with and shall be governed by the laws of the State of Kansas.
- 8. **Recitals.** The above-stated recitals are by reference incorporated herein and shall be as effective as if set forth *verbatim*.

[SIGNATURE PAGES FOLLOW]

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

CITY:
CITY OF LAWRENCE, KANSAS, a
municipal corporation



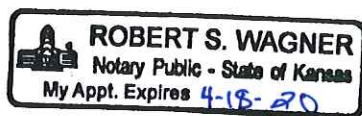
THOMAS M. MARKUS
City Manager

ACKNOWLEDGMENT

THE STATE OF KANSAS)
) ss:
THE COUNTY OF DOUGLAS)

BE IT REMEMBERED, that on this 21st day of July, 2016, before me the undersigned, a notary public in and for the County and State aforesaid, came Thomas M. Markus, as City Manager of the City of Lawrence, Kansas, who is personally known to me to be the same person who executed this instrument in writing, and said person fully acknowledged this instrument to be the act and deed of the aforementioned entity.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal, the day and year last written above.


Notary Public

My commission expires: Apr. 18, 2020

JBU:
JOHN BROWN UNDERGROUND,
LLC, a Kansas limited liability
company



SCOTT ELLIOTT
President

ACKNOWLEDGMENT

THE STATE OF KANSAS)
)
THE COUNTY OF DOUGLAS) ss:

BE IT REMEMBERED, that on this 20th day of July, 2016, before me the undersigned, a notary public in and for the County and State aforesaid, came Scott Elliott, as President of John Brown Underground, LLC, a Kansas limited liability company, who is personally known to me to be the same person who executed this instrument in writing, and said person fully acknowledged this instrument to be the act and deed of the aforementioned entity.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal, the day and year last written above.





Notary Public

My commission expires: 4-18-18