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January 18, 2016

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**Via United States Mail and
E-mail (twheeler@ci.lawrence.ks.us)**

Toni R. Wheeler
City Attorney
City of Lawrence, Kansas
P.O. Box 708
Lawrence, KS 66044-0708

**Re: 12th and Oread Tax Increment Financing District Redevelopment
Agreement between the City of Lawrence, Kansas and Oread Inn, L.C.
("Redevelopment Agreement")**

Dear Toni:

We have been retained by Oread Wholesale, L.C. as special sales tax counsel in connection with the demands contained within your letter of December 16, 2015, to Oread Wholesale, L.C. Oread Wholesale, L.C. is not a party to the Redevelopment Agreement. However, pursuant to Section 5.05 of the Redevelopment Agreement, the tenants of the Developer (as defined thereunder), are required to "provide to the City Manager simultaneously the submission to the Kansas Department of Revenue the monthly sales tax returns for their facilities in the development industry." Oread Wholesale, L.C. is a tenant of the Developer. This is the only obligation that exists upon Oread Wholesale, L.C. as a tenant under the Redevelopment Agreement. It is our understanding that Oread Wholesale, L.C. has provided all monthly sales tax returns to the City of Lawrence. If that is not the case, please let us know. In addition, to the knowledge of our client, there are no other agreements between Oread Wholesale, L.C. and the City of Lawrence that would require any records other than what is required under Section 5.05.B of the Redevelopment Agreement, and there is no requirement at Kansas or Lawrence local law that would provide an obligation upon Oread Wholesale, L.C. to provide the information requested in your letter. We would like to note that Oread Wholesale has provided all documents supporting several years of its sales tax returns, even though it was not required to do so under the terms of the Redevelopment Agreement or Kansas law.

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We believe that the letter you sent on December 16, 2015, is an attempt to administer, enforce and collect retailers' sales tax as such letter demands all tax records, invoices, etc. underlying Oread Wholesale, L.C.'s original sales tax returns to be turned over to you. As provided in KSA 12-189, as well as Lawrence City Ord. 6132, Section II (City Code 1-803), only the services of the Kansas Department of Revenue will be utilized to administer, enforce and collect any retailers' sales tax for the state and any city retailers' sales tax. Accordingly, we will continue to provide any documents directly requested from the Kansas Department of Revenue under an independent audit, if necessary. If you are aware of other agreements or legal requirements that form the basis for your demand, please furnish those to us. Oread Wholesale, L.C. will continue to provide its monthly sales tax returns to you, as it is required to do under Section 5.05.B of the Redevelopment Agreement, but, based upon the lack of any legal or contractual obligations increasing this obligation, will not be providing the additional information you requested.

If you have any questions about the foregoing, please do not hesitate to contact me.

Very truly yours,



Edward E. Frizell

EEF:kla

cc: Thomas S. Fritzel (Thomas@gfritzel.com)
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