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January 18, 2016

**VIA EMAIL: [twheeler@lawrenceks.org](mailto:twheeler@lawrenceks.org)**

Toni R. Wheeler, City Attorney  
City of Lawrence, City Hall  
Six East Sixth Street  
Lawrence, KS 66044

Re: 12<sup>th</sup> & Oread Tax Increment Financing District Redevelopment Agreement,  
between the City of Lawrence, Kansas and Oread Inn, L.C.

Dear Toni:

I am writing to address the City's December 16, 2015 demand that Oread Inn, L.C. turn over someone else's business records to the City's auditor. The Redevelopment Agreement specifically identifies which information Oread Inn and/or its tenants must provide. The requested documents are not among them. *See* Redevelopment Agreement § 5.05. The requested records do not belong to Oread Inn, and it does not have any right, under the Redevelopment Agreement or otherwise, to compel any Oread Inn tenant to provide business files to anyone.

I am also in receipt of Ms. Stoddard's January 14, 2016 letter stating that the City has unilaterally decided to remove money from the Tax Increment Financing ("TIF") Fund to pay fees the City owes to Allen, Gibbs, and Houlik, L.C. ("AGH"). The City independently chose and retained AGH, which prepared a one-sided report loaded with inflammatory and inaccurate conclusions. The City's demand for reimbursement of AGH's fees and its unilateral action in taking money from the TIF Fund to pay these costs are in direct violation of the Redevelopment Agreement and Kansas law.

Toni Wheeler, City Attorney

January 18, 2016

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The Redevelopment Agreement does not authorize the City to use monies from the Fund for its own purposes. The Redevelopment Agreement specifically prohibits the City from demanding that Oread Inn pay costs it incurs in connection with administering the TIF Fund. The Agreement states, "As a result of the public improvements being financed with Incremental Tax Revenues and the TDD Sales Tax, the City agrees not to charge any administrative service fees in connection with the administration and other City costs of the Incremental Tax Revenues and TDD Sales Tax." Redevelopment Agreement § 6.03; *see also* K.S.A. 12-189 ("Any county or city levying a retailers' sales tax is hereby prohibited from administering or collecting such tax locally, but shall utilize the services of the state department of revenue to administer, enforce and collect such tax.")

On what legal authority does the City rely in taking TIF Funds to pay the City's audit consultant? To date, the City has only mentioned "unjust enrichment." But the City's costs did not unjustly enrich Oread Inn. And Kansas law does not recognize reimbursement of this type of expense as an available remedy for unjust enrichment in any event.

Oread Inn has and will continue to comply with the Redevelopment Agreement. As I mentioned in my December 31, 2016 letter, Oread Inn is working to provide a more comprehensive response to the City's December 16, 2015 letter and AGH's report as quickly as possible. Oread Inn anticipates providing the response by the end of the month. Once the City has received and had an opportunity to review the response, Oread Inn requests and welcomes the opportunity to discuss these matters substantively with the City.

Sincerely,

A handwritten signature in black ink that reads "Roger N. Walter". The signature is written in a cursive, slightly stylized font.

Roger N. Walter

RNW:ajg

cc: Oread Inn, LC (by email)