



November 21, 2014

David Corliss, City Manager  
City of Lawrence  
6 E. 6<sup>th</sup> Street  
Lawrence, KS 66044

David,

To follow up on questions from the November 17, 2014 City Commission Meeting regarding the construction financing and professional fees, RCP requested Bliss II to provide whatever additional backup or documentation that they could to answer the questions raised.

Please find enclosed a letter, a loan payoff statement and a account statement prepared by Emprise Bank which shows every transaction with regard to the construction loan. There are a few items we would like to note to assist your evaluation. The first draw on the loan was prior to the official execution of the Development Agreement. Construction on the Infrastructure Improvements started shortly after the issuance of the necessary permits by the City in March of 2013. The concept of the Development Agreement was in place at this time and the University needed at least part of the parking lots and drives to be completed by the 2014 Kansas Relays. By the nature of the loan being a construction loan, the principal amount varied as periodic draws for construction payments were submitted. Emprise Bank utilized BG Consultants to review the payment applications. Payments to Morris Laing Evans Brock & Kennedy were the bank's counsel on the loan and part of the IRB process provided for in the Development Agreement. At the end of September when Bliss II submitted the information for final payment, the loan balance was \$12,936,145.12 and the interest paid to that date was \$449,081.54. As you can see from the report, since October 1, 2014 additional interest has accrued, but has not been submitted in the requested amount.

On October 1, 2014, RCP submitted the Certificate of Completion of Infrastructure Improvements in which RCP included supporting documentation for all project costs as defined in the Development Agreement. At the request of the City, RCP asked Bliss II and Polsinelli to attempt to determine which of those costs, even though covered under the definition of soft costs in the Development Agreement, could be argued to be costs that did not contribute to the final structure of the transaction with the City, to the Development Agreement or to other documentation and issues necessary for the completion of the Infrastructure Improvements as they now exists. Please find attached a letter from Polsinelli indicating the results of their review of the invoicing for that period.

Also in the October 1, 2014 submittal were supporting documents for the payments made to the design consultants. Subsequent to that on November 10, 2014, RCP supplemented the submittal with supporting invoices from the lead design consultants, Paul Werner Architects and Gould

Evans Associates. Please find attached a letter from Paul Werner Architects regarding the fee his firm negotiated with Bliss II, which ended up being less than the estimate in Exhibit I to the Development Agreement. It should be noted that the third party inspection services, normally paid for by the owner, was lumped into the professional fees line item. The total amount paid to Alpha Omega for the testing and inspections was \$84,242.72. The total amount paid to design consultants was \$470,955.98.

Please let me know if you have any questions regarding these clarifications.

Respectfully submitted,



Monte Soukup  
Sr. VP Property

Cc: Harry Wigner  
Dale Seuferling



900 W. 48th Place, Suite 900, Kansas City, MO 64112-1895 • 816.753.1000

November 21, 2014

Edward E. Frizell  
(816) 360-4158  
(816) 572-5158 Direct Fax  
tfrizell@polsinelli.com

RCP, LLC  
P.O. Box 928  
Lawrence, KS 66044-0928  
Attention: Dale Seuferling and Monte Soukup

**Re: Analysis of First Three Months' Bills of Bliss Sports II regarding City Commissioners' Questions.**

Gentlemen:

As a result of the questions raised by the City Commissioners at last Tuesday night's meeting, you have asked me to review the bills we rendered on the Bliss Sports II account for July, August, and September 2012 in an effort to determine if there are amounts in those bills that it could be argued did not directly or indirectly contribute to the final structure of the transaction with the City, to the Development Agreement or to the other documentation and issues necessary to the completion of the infrastructure improvements as they now exist. Although it remains our belief that all of the fees we billed during that time period fall within the definition of "soft costs" in Section 11.02 of the Development Agreement, I have attempted to review the bills in light of the above more restrictive standard. Our bills for those months totaled \$50,700.61. Applying this standard to these bills could reduce that amount to \$27,591.00, a reduction of \$23,109.61.

Very truly yours,

Edward E. Frizell

EEF:kla

November 21, 2014

Dear Thomas,

Per your request, I wanted to give you a little background on the professional fees related to the infrastructure at Rock Chalk Park. As documented, the project team has received professional fees in the amount of \$470,955.98 related to this project. This was spread out between Gould Evans, Hoss and Brown, Landplan Engineering, and Paul Werner Architects.

Exhibit I states specific amounts for the infrastructure costs related to Rock Chalk Park. One of these items listed is "Professional Engineering Fees". This was a lump sum quantity, with an amount of \$525,000.00.

The initial estimate of the project costs for the infrastructure was \$12,265,168.00. After removing some soft costs, a revised estimate of project costs is \$11,109,075.00.

Not only are our fees less than the lump sum in the estimate, these fees represents only 4.24% of the cost of the improvements. I believe this is substantially less than a typical fee the City of Lawrence has paid for engineering.

Please let me know if you have any other questions.

Sincerely,



Paul Werner  
Paul Werner Architects



EMPRISE BANK

1121 Wakarusa Drive  
P.O. Box 3466  
Lawrence, Kansas 66046-0466  
785-838-2001  
785-838-2024 Fax

November 21, 2014

Re: Bliss Sports II LC

To Whom It May Concern:

Emprise Bank has a loan to Bliss Sports II LC. The following fees and interest have been paid on the loan to date:

Loan Interest paid	\$554,420.59 *
Loan fees and 3 <sup>rd</sup> party fees accessed to loan	<u>\$158,643.75</u>
Total interest paid and fees loan to date	<u>\$713,064.34</u>

\* This interest amount includes accrued interest to 11-21-14 in the amount of \$61,526.17 that has not been paid as of 11-21-14.

If you have any questions, please contact me at 785-838-2001 or email me at [rscott@emprisebank.com](mailto:rscott@emprisebank.com).

Sincerely,

A handwritten signature in blue ink that reads "Rhonda L. Scott".

Rhonda L Scott  
Commercial Banking Specialist



EMPRISE BANK  
P O BOX 2970  
WICHITA, KS 67201-2970

BLISS SPORTS II LC  
209 FALL CREEK RD  
LAWRENCE KS 66049-9066

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**Loan Payoff Statement**

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Loan Payoff for:	Loan Number:	12830607
BLISS SPORTS II LC	Date Quoted:	Nov 21, 2014
209 FALL CREEK RD	Payoff Good To:	Nov 21, 2014
LAWRENCE KS 66049-9066	Method:	2/0

Collateral: Multiple

Principal:	\$12,979,958.00
Interest To Nov 21, 2014:	\$61,526.17
SATISFACTION OF MTG	\$10.00
<b>Net Amount Due:</b>	<b>\$13,041,494.17</b>

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**Additional Information**

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One Day's Interest:	\$1,466.91
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COMMERCIAL LOC FIXED 12830607

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**Note 12830607 - BLISS SPORTS II LC**

	Relationship	Date of Birth	Phone Number	Tax Identification
 BLISS SPORTS II LC	 Owner/Signer		*****	EIN ***-*****
 209 FALL CREEK RD				
LAWRENCE KS 66049-9066				

Additional Relationships

Tax Name: BLISS SPORTS II LC

**Loan To Date**

Date	Description	Transaction Amount	Principal	Interest	Principal Balance
May 09, 2013	Original Rate	Interest Rate:	4.1250%		
May 09, 2013	NEW NOTE	\$0.00	\$0.00		\$0.00
May 09, 2013	UCC FILING FEES	\$95.00	\$95.00		\$95.00
May 09, 2013	LOAN ORIGATION FEE	\$150,000.00	\$150,000.00		\$150,095.00
May 10, 2013	ADV TO DDA **6674	\$1,535,000.00	\$1,535,000.00		\$1,685,095.00
Jun 05, 2013	Payment - Extra To Principal	\$5,730.12	\$0.00	\$5,730.12	\$1,685,095.00
Jun 18, 2013	BG Consultants 6-12-13 invoice	\$211.00	\$211.00		\$1,685,306.00
Jun 19, 2013	Attorney fee to Morris Laing Evans Brock& Kennedy inv dtd 4-30-13	\$1,512.00	\$1,512.00		\$1,686,818.00
Jun 19, 2013	Attorney Fee to Morris Laing Evans Brock& Kennedy inv dtd 5-31-13	\$1,917.00	\$1,917.00		\$1,688,735.00
Jun 28, 2013	Draw 2 to dda xxxx6674	\$1,037,250.00	\$1,037,250.00		\$2,725,985.00
Jul 05, 2013	Payment - Extra To Principal	\$5,721.40	\$0.00	\$5,721.40	\$2,725,985.00
Jul 10, 2013	Draw for BG Consultants Invoice 7-8-13	\$204.50	\$204.50		\$2,726,189.50
Aug 07, 2013	Payment - Extra To Principal	\$10,840.42	\$0.00	\$10,840.42	\$2,726,189.50
Aug 28, 2013	Draw #3 to dda xxxx6674	\$1,267,000.00	\$1,267,000.00		\$3,993,189.50
Sep 12, 2013	Payment - Extra To Principal	\$9,550.99	\$0.00	\$9,550.99	\$3,993,189.50
Sep 13, 2013	Attorney bill Morris Laing Evans Brock & Kennedy Invoice 210579 8-31-13	\$324.00	\$324.00		\$3,993,513.50
Sep 19, 2013	Draw for BG Consultants inv 9-10-13	\$496.00	\$496.00		\$3,994,009.50
Oct 02, 2013	Draw #4 to dda xxxx6674	\$1,761,582.34	\$1,761,582.34		\$5,755,591.84
Oct 02, 2013	Payment - Extra To Principal	\$15,258.87	\$0.00	\$15,258.87	\$5,755,591.84
Oct 08, 2013	Draw for BG consultants inv 10-4-13	\$80.50	\$80.50		\$5,755,672.34
Oct 17, 2013	Attorney Bill Morris Laing Evans Brock & Kennedy Invoice dtd 9-30-13	\$540.00	\$540.00		\$5,756,212.34
Oct 31, 2013	Draw to wire funds for IRBs	\$8,028,787.66	\$8,028,787.66		\$13,785,000.00
Oct 31, 2013	Wire from Bank of Oklahoma for IRBs	\$8,028,787.66	\$8,028,787.66		\$5,756,212.34
Nov 08, 2013	Draw #5 to dda xxxx6674	\$2,123,700.00	\$2,123,700.00		\$7,879,912.34
Nov 19, 2013	Automatic Late Charge	\$1,077.97			\$7,879,912.34
Nov 26, 2013	Payment - Extra To Principal	\$21,559.54	\$0.00	\$21,559.54	\$7,879,912.34
Dec 02, 2013	WAIVED LATE CHARGE PER RHONDA SCOTT	\$1,077.97			\$7,879,912.34
Dec 09, 2013	Payment - Extra To Principal	\$26,956.14	\$0.00	\$26,956.14	\$7,879,912.34
Dec 13, 2013	Draw for BG Consultant inv 11-7-13	\$335.00	\$335.00		\$7,880,247.34
Dec 17, 2013	Draw for BG Consultants Inc invoice dtd 12-6-13	\$248.00	\$248.00		\$7,880,495.34
Dec 17, 2013	Draw #6 to wire to Bank of Oklahoma	\$1,450,978.00	\$1,450,978.00		\$9,331,473.34
Jan 06, 2014	Payment - Extra To Principal	\$31,379.88	\$0.00	\$31,379.88	\$9,331,473.34
Jan 14, 2014	Draw for BG Consultants invoice dtd 1-8-14	\$120.75	\$120.75		\$9,331,594.09

COMMERCIAL LOC FIXED 12830607

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Date	Description	Transaction Amount	Principal	Interest	Principal Balance
Jan 31, 2014	Draw #7 wire to Bank of Oklahoma	\$950,000.00	\$950,000.00		\$10,281,594.09
Feb 07, 2014	Payment - Extra To Principal	\$32,692.46	\$0.00	\$32,692.46	\$10,281,594.09
Feb 13, 2014	Draw for BG Consultants Inc Invoice dtd 2-7-14	\$785.00	\$785.00		\$10,282,379.09
Mar 05, 2014	Payment - Extra To Principal	\$33,503.29	\$0.00	\$33,503.29	\$10,282,379.09
Apr 03, 2014	Draw 8 to Bank of Oklahoma	\$1,232,000.00	\$1,232,000.00		\$11,514,379.09
Apr 21, 2014	Payment - Extra To Principal	\$36,023.53	\$0.00	\$36,023.53	\$11,514,379.09
May 05, 2014	Interest Payment	\$39,873.87		\$39,873.87	\$11,514,379.09
May 07, 2014	Draw #9 wire to Bank of Oklahoma	\$1,240,000.00	\$1,240,000.00		\$12,754,379.09
May 09, 2014	Rate Change	Interest Rate:	4.1250%		
May 09, 2014	ORIGINATION FEE	\$1,500.00	\$1,500.00		\$12,755,879.09
May 09, 2014	Note Renewal	\$0.00			\$12,755,879.09
May 16, 2014	Draw for BG Consultants Inc Inv dtd 5-6-14	\$275.00	\$275.00		\$12,756,154.09
Jun 10, 2014	Draw for Interest payment	\$46,411.89	\$46,411.89		\$12,802,565.98
Jun 10, 2014	Regular Payment	\$46,411.89	\$0.00	\$46,411.89	\$12,802,565.98
Jul 14, 2014	Advance for loan payment	\$43,405.96	\$43,405.96		\$12,845,971.94
Jul 14, 2014	Regular Payment	\$43,405.96	\$0.00	\$43,405.96	\$12,845,971.94
Aug 05, 2014	Advance for interest payment	\$44,985.27	\$44,985.27		\$12,890,957.21
Aug 05, 2014	Regular Payment	\$44,985.27	\$0.00	\$44,985.27	\$12,890,957.21
Sep 19, 2014	Advance for payment	\$45,187.91	\$45,187.91		\$12,936,145.12
Sep 19, 2014	Regular Payment	\$45,187.91	\$0.00	\$45,187.91	\$12,936,145.12
Oct 20, 2014	Automatic Late Charge	\$2,190.64			\$12,936,145.12
Oct 27, 2014	Draw for Interest payment	\$43,812.88	\$43,812.88		\$12,979,958.00
Oct 27, 2014	WAIVE LATE CHARGE	\$2,190.64			\$12,979,958.00
Oct 27, 2014	Regular Payment	\$43,812.88	\$0.00	\$43,812.88	\$12,979,958.00