



November 18, 2014

David Corliss, City Manager
City of Lawrence
6 E. 6th Street
Lawrence, KS 66044

David,

To follow on questions regarding the loan documentation, RCP has confirmed with Emprise Bank that the Bliss II Loan carried an interest rate of 4.125%. By the nature of it 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 and 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.

We also reviewed the Development Agreement among the City, RCP, Bliss II and others and the Infrastructure Construction Contract between RCP and Bliss II with regard to the question about an "audit" being performed. The audit provisions are in the Infrastructure Construction Contract and refer to RCP's right to review the final pay application by Bliss II prior to approval. RCP conducted such an audit through a thorough review of the submitted costs and provided a written report to the City. Since that submittal, a few items have been supplemented based on the City's review of the documentation.

The City is not a party to the Infrastructure Construction Contract and per the Development Agreement the City is only a third party beneficiary of some of the provisions of the Infrastructure Construction Contract. Those do not include the audit provisions.

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

Respectfully submitted,

Monte Soukup
Sr. VP Property

Cc: Harry Wigner
Dale Seuferling