

November 22, 2011

Ms. Cindy Johnson, President
Board of Directors
Theatre Lawrence, Inc.
1501 New Hampshire Street
Lawrence, KS 66046

Re: Terms for City's \$100,000 Pledge to Theatre Lawrence, Inc.

Dear Cindy:

I am following up on the City Commission's action taken on September 6, 2011, in which it authorized the City to make a commitment to Theatre Lawrence's capital campaign. The City Commission authorized a pledge of five annual installments of \$20,000, for a total of \$100,000. The purpose of this letter is to identify the schedule of pledge payments. Any expenditure by the City in fulfillment of this pledge shall be in compliance with the Kansas cash basis laws, K.S.A. 10-1101, et seq. The obligations of the City for subsequent years are subject to appropriation, in accordance with the Kansas cash basis laws.

The five annual installments will occur as follows:

1. First installment of \$20,000 shall be made after Theatre Lawrence, Inc. or its general contractor obtains a building permit from the Planning and Development Services Department for the 300-seat new theater and education facility in the Bauer Farms development on West 6th Street.
2. The second installment of \$20,000 shall be made after Theatre Lawrence, Inc. obtains its occupancy permit from the Planning and Development Services Department for the theater and education facility.

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3. The third, fourth, and fifth installments of \$20,000 each shall be made annually thereafter on or before September 15th of the year the pledge payment is due.

4. Theatre Lawrence, Inc. shall timely make a written request for each of the five pledge payments in accordance with the schedule set forth above. Please send the required request to the City Manager, P.O. Box 708, Lawrence, KS 66044.

5. Theatre Lawrence, Inc. shall provide the City Manager with a copy of the ruling or letter from the United States Department of Treasury verifying the organizational status of Theatre Lawrence, Inc. before it makes its request for payment of the first installation. If at any time before the final pledge payment is made the Theatre Lawrence, Inc.'s status as a not-for-profit corporation changes, please notify the City Manager immediately at the address set forth above.

6. Theatre Lawrence, Inc. shall provide a copy of its IRS Form 990 to the City Manager at the address set forth above demonstrating Theatre Lawrence, Inc. made the appropriate filing with the Internal Revenue Service for each annual pledge payment from the City.

7. Failure to comply with the terms of this letter agreement may adversely affect outstanding pledge payments.

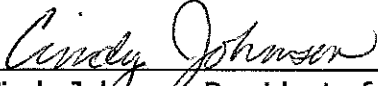
Please sign and date below if you agree to the terms set forth above. If you have any questions, please feel free to contact me at 832-3400.

Sincerely,

David L. Corliss
City Manager

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I AGREE TO AND ACCEPT THE TERMS SET FORTH ABOVE CONCERNING THE CITY'S PLEDGE TO THEATRE LAWRENCE, INC.'S CAPITAL CAMPAIGN. I am authorized by Theatre Lawrence, Inc. to agree to the terms and to bind Theatre Lawrence, Inc. to the terms set forth above.



Cindy Johnson, President of Board of Directors
Theatre Lawrence, Inc.