
**DEVELOPMENT AGREEMENT
(RIVERBEND HEIGHTS RHID PROJECT)**

between

CITY OF LANSING, KANSAS

and

AA LANSING DEVELOPMENT, LLC

DATED AS OF _____, 2025

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DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this “Agreement”) is into by and among the **CITY OF LANSING, KANSAS**, a municipal corporation duly organized and existing under the laws of the State of Kansas as a city of the second class (the “City”) and **AA LANSING DEVELOPMENT, LLC**, a Kansas limited liability company (the “Developer”). The Developer and the City are each a “Party” and collectively the “Parties.”

RECITALS

WHEREAS, on July 17, 2025, the City passed Ordinance No. [____] creating a Reinvestment Housing Incentive District (the “District”) and approving a Development Plan (the “Development Plan”) pursuant to K.S.A. 12-5241 *et seq.* (the “RHID Act”); and

WHEREAS, the District consists of approximately 134 acres generally located southwest of the intersection of McIntyre Road and 131st Street in the City, and is legally described and depicted on **Exhibit A** attached hereto; and

WHEREAS, the City and the Developer desire to enter into this Agreement to address matters related to development of the District, the implementation of the Development Plan, and payment of Eligible Project Costs (as defined herein).

NOW, THEREFORE, in consideration of the foregoing, and of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01. Rules of Construction. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction apply in construing the provisions of this Agreement.

- A. The terms defined in this Article include the plural as well as the singular.
- B. All accounting terms not otherwise defined herein will have the meanings assigned to them, and all computations herein provided for will be made, in accordance with generally accepted accounting principles.
- C. All references herein to “generally accepted accounting principles” refer to such principles in effect on the date of the determination, certification, computation or other action to be taken hereunder using or involving such terms.
- D. All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to be the designated Articles, Sections and other subdivisions of this instrument as originally executed.
- E. The words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

F. The Article and Section headings herein are for convenience only and will not affect the construction hereof.

G. The representations, covenants and recitations set forth in the foregoing recitals are material to this Agreement and are hereby incorporated into and made a part of this Agreement as though they were fully set forth in this Section. The provisions of the Development Plan, and such resolutions and ordinances of the City adopted by the City Council which designate the District and adopt the Development Plan, and the provisions of the RHID Act, as amended, are hereby incorporated herein by reference and made a part of this Agreement, subject in every case to the specific terms hereof.

Section 1.02. Definitions of Words and Terms. Capitalized words used in this Agreement will have the meanings set forth in the Recitals to this Agreement or they will have the following meanings:

“**Affiliate**” means a principal of the Developer or an entity of which at least fifty (50) percent is owned or controlled by one or more principals of the Developer.

“**Agreement**” means this Development Agreement, as amended from time to time.

“**Certificate of Eligible Project Costs**” means a certificate relating to Eligible Project Costs in substantially the form attached hereto as **Exhibit B**.

“**Certificate of Full Completion**” means a certificate evidencing Full Completion of any Phase of the Project, in substantially the form attached hereto as **Exhibit C**.

“**Charter Ordinance**” means Charter Ordinance No. 1-2025 of the City, approved by the Governing Body of the City on April 17, 2025.

“**City**” means the City of Lansing, Kansas.

“**City Administrative Fee**” means that annual fee to the City during the RHID Term provided by **Section 4.06** hereof, equal to the lesser of (a) \$15,000 or (b) the amount of RHID Revenues held in the RHID Revenue Fund.

“**City Event of Default**” means any event or occurrence defined in **Section 8.02** of this Agreement.

“**City Representative**” means the Mayor or City Administrator of the City, and such other person or persons at the time designated to act on behalf of the City in matters relating to this Agreement.

“**Construction Plans**” means plans, drawings, specifications and related documents, and construction schedules for the construction of the Project, together with all supplements, amendments or corrections, submitted by the Developer and approved by the City in accordance with this Agreement.

“**County**” means Leavenworth County, Kansas.

“**Cutoff Date**” means the date that is ten (10) years after the date of this Agreement.

“**Developer**” means AA Lansing Development, LLC, a Kansas limited liability company, and any successors and assigns approved pursuant to this Agreement.

“**Developer Event of Default**” means any event or occurrence defined in **Section 8.01** of this Agreement.

“Development Plan” means the Development Plan for the District which was approved by the City pursuant to Ordinance No. [____].

“District” means the Riverbend Heights Reinvestment Housing Incentive District created by the City by the passage of Ordinance No. [____], pursuant to the RHID Act, and legally described and depicted on **Exhibit A** hereto.

“Eligible Project Costs” means that portion of the costs of the Project which are reimbursable to the Developer pursuant to the provisions of K.S.A. 12-5249, including associated legal, engineering and project finance costs, all as more specifically described on **Exhibit D** attached hereto and incorporated herein by this reference.

“Event of Default” means any City Event of Default or Developer Event of Default, as applicable.

“Excusable Delays” means any delay beyond the reasonable control of the Party affected, caused by pandemics and large scale medical emergencies, damage or destruction by fire or other casualty, power failure, strike, shortage of materials, unavailability of labor, delays in the receipt of Permitted Subsequent Approvals as a result of unreasonable delay on the part of the applicable Governmental Authorities, adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or abnormal duration, tornadoes, and any other events or conditions, which include but is not be limited to any litigation interfering with or delaying the construction of all or any portion of the Project in accordance with this Agreement, which in fact prevents the Party so affected from discharging its respective obligations hereunder.

“Governmental Approvals” means all plat approvals, re-zoning or other zoning changes, site plan approvals, conditional use permits, variances, building permits, architectural review or other subdivision, zoning or similar approvals required for the implementation of the Project and consistent with the Development Plan, the Site Plan, and this Agreement.

“Governmental Authorities” means any and all jurisdictions, entities, courts, boards, agencies, commissions, offices, divisions, subdivisions, departments, bodies or authorities of any type of any governmental unit (federal, state or local) whether now or hereafter in existence.

“Incremental Real Property Taxes” means that amount of eligible ad valorem taxes paid from the Leavenworth County Treasurer to the Treasurer of the City pursuant to K.S.A. 12-5250(b)(2)(A) as a result of the creation of the District and construction of the Project.

“Infrastructure Improvements” means the site preparation, construction of interior streets, street grading, paving, curbing, guttering, and surfacing, storm sewer, sanitary sewer (including installation of a lift station(s), if necessary), asphalt pavement, concrete curbs, concrete sidewalks, signage, erosion control for streets, electric improvements, and related expenses necessary to support the development of each Phase as may be set forth in the Plans for such Phase.

“McIntyre Sewer Project” means the extension of the sanitary sewer main from its current terminus approximately 900 linear feet to the south and east with sufficient capacity to serve the Project at an estimated cost of \$357,152, as generally depicted in **Exhibit F**.

“Pay As You Go” has the meaning set forth in **Section 4.02**.

“Permitted Subsequent Approvals” means the building permits and other Governmental Approvals customarily obtained prior to construction which have not been obtained on the date that this Agreement is executed, which the City or other governmental entity has not yet determined to grant.

“Phase” or **“Phases”** means, as applicable, Phase 1, Phase 2, Phase 3, Phase 4, Phase 5, and/or Phase 6 of the Project.

“Phase 1” means the McIntyre Sewer Project and the Infrastructure Improvements necessary to develop approximately 78 platted residential lots in approximately the area labeled as “Phase 1” in **Exhibit E**.

“Phase 2” means the Infrastructure Improvements necessary to develop approximately 84 platted residential lots in approximately the area labeled as “Phase 2” in **Exhibit E**.

“Phase 3” means the Infrastructure Improvements necessary to develop approximately 57 platted residential lots in approximately the area labeled as “Phase 3” in **Exhibit E**.

“Phase 4” means the Infrastructure Improvements necessary to develop approximately 76 platted residential lots in approximately the area labeled as “Phase 4” in **Exhibit E**.

“Phase 5” means the Infrastructure Improvements necessary to develop approximately 79 platted residential lots in approximately the area labeled as “Phase 5” in **Exhibit E**.

“Phase 6” means the Infrastructure Improvements necessary to develop approximately 33 platted residential lots in approximately the area labeled as “Phase 6” in **Exhibit E**.

“Plans” means Site Plans, Construction Plans and all other Governmental Approvals necessary to construct the Project in accordance with City Code, applicable laws of Governmental Authorities and this Agreement.

“Project” means the development of real property into a residential subdivision containing approximately 406 residential lots to be implemented through Developer’s construction of the McIntyre Sewer Project and the Infrastructure Improvements for each applicable Phase of the Project, all as generally depicted in the **Exhibit E** hereto.

“Project Budget” means the project budget as set forth in **Exhibit D** hereto.

“RHID Act” means K.S.A. 12-5241 *et seq.*, as amended and supplemented from time to time.

“RHID Costs Cap” means the lesser of (a) the product of the number of single-family lots for which a Certificate of Full Completion has been executed by the City prior to the Cutoff Date multiplied by fifty-two thousand five hundred dollars (\$52,500) and (b) twenty-one million eight hundred ninety-two thousand five hundred dollars (\$21,892,500).

“RHID Revenue Fund” means the Riverbend Heights RHID Revenue Fund, created pursuant to the RHID Act and **Section 4.03** hereof.

“RHID Revenues” means that portion of the Incremental Real Property Taxes which shall be pledged to the Project, deposited by City into the RHID Revenue Fund, and made available to Developer for reimbursement of Eligible Project Costs, as described in **Section 4.03** hereof.

“**RHID Term**” means the timeframe commencing the date the ordinance approving the Development Plan becomes effective to the earlier of (i) 20 years from such date, or (ii) payment to Developer of all Eligible Project Costs up to the RHID Costs Cap, unless otherwise terminated in accordance with the terms of this Agreement.

“**Site Plans**” means the final site plan for the District submitted by the Developer to the City and approved by the City pursuant to applicable City ordinances, regulations and City Code provisions, which may be approved as a whole or approved in phases or stages.

ARTICLE II REPRESENTATIONS AND WARRANTIES

Section 2.01. Representations of the Developer.

The Developer makes the following representations and warranties, which are true and correct on the date hereof, to the best of the Developer’s knowledge:

A. ***Corporate Organization.*** Developer is duly organized and existing under the laws of the State of Kansas. Throughout the term of this Agreement, Developer agrees to remain in good standing and authorized to do business in the State of Kansas.

B. ***Due Authority.*** The Developer has all necessary power and authority to execute and deliver and perform the terms and obligations of this Agreement and to execute and deliver the documents required of the Developer herein, and such execution and delivery has been duly and validly authorized and approved by all necessary proceedings. Accordingly, this Agreement constitutes the legal valid and binding obligation of the Developer, enforceable in accordance with its terms.

C. ***No Defaults or Violation of Law.*** The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, and the fulfillment of the terms and conditions hereof do not and will not conflict with or result in a breach of any of the terms or conditions of any corporate or organizational restriction or of any agreement or instrument to which it is now a party, and do not and will not constitute a default under any of the foregoing.

D. ***No Litigation.*** No litigation, proceeding or investigation is pending or, to the knowledge of the Developer, threatened against the Project, the Developer or any officer, director, member or shareholder of the Developer. In addition, no litigation, proceeding or investigation is pending or, to the knowledge of the Developer, threatened against the Developer seeking to restrain, enjoin or in any way limit the approval or issuance and delivery of this Agreement or which would in any manner challenge or adversely affect the existence or powers of the Developer to enter into and carry out the transactions described in or contemplated by the execution, delivery, validity or performance by the Developer, of the terms and provisions of this Agreement.

E. ***No Material Change.*** (1) The Developer has not incurred any material liabilities or entered into any material transactions other than in the ordinary course of business except for the transactions contemplated by this Agreement and (2) there has been no material adverse change in the business, financial position, prospects or results of operations of the Developer, which could affect the Developer’s ability to perform its obligations pursuant to this Agreement from that shown in the financial information provided by the Developer to the City prior to the execution of this Agreement.

F. ***Governmental or Corporate Consents.*** No consent or approval is required to be obtained from, and no action need be taken by, or document filed with, any governmental body or corporate entity in connection with the execution, delivery and performance by the Developer of this Agreement, other than Permitted Subsequent Approvals.

G. ***No Default.*** No default or Event of Default has occurred and is continuing, and no event has occurred and is continuing which with the lapse of time or the giving of notice, or both, would constitute a default or an Event of Default in any material respect on the part of the Developer under this Agreement, or any other material agreement or material instrument to which the Developer is a party or by which the Developer is or may be bound.

H. ***Approvals.*** Except for Permitted Subsequent Approvals, the Developer has received and is in good standing with respect to all certificates, licenses, inspections, franchises, consents, immunities, permits, authorizations and approvals, governmental or otherwise, necessary to conduct and to continue to conduct its business as heretofore conducted by it and to own or lease and operate its properties as now owned or leased by it. Except for Permitted Subsequent Approvals, the Developer has obtained all certificates, licenses, inspections, franchises, consents, immunities, permits, authorizations and approvals, governmental or otherwise, necessary to acquire, construct, equip, operate and maintain the Project. The Developer reasonably believes that all such certificates, licenses, consents, permits, authorizations or approvals which have not yet been obtained will be obtained in due course.

I. ***Construction Permits.*** Except for Permitted Subsequent Approvals, all governmental permits and licenses required by applicable law to construct, occupy and operate the Project have been issued and are in full force and effect or, if the present stage of development does not allow such issuance, the Developer reasonably believes, after due inquiry of the appropriate governmental officials, that such permits and licenses will be issued in a timely manner in order to permit the Project to be constructed.

J. ***Compliance with Laws.*** The Developer is in compliance with all valid laws, ordinances, orders, decrees, decisions, rules, regulations and requirements of every duly constituted governmental authority, commission and court applicable to any of its affairs, business, operations as contemplated by this Agreement.

K. ***Other Disclosures.*** The information furnished to the City by the Developer (including through any of Developer's representatives) in connection with the matters covered in this Agreement are true and correct and do not contain any untrue statement of any material fact and do not omit to state any material fact required to be stated therein or necessary to make any statement made therein, in the light of the circumstances under which it was made, not misleading.

L. ***Project.*** The Developer represents and warrants that the District is sufficient to construct the Project as contemplated in the Development Plan and this Agreement.

Section 2.02. Conditions to the Effectiveness of this Agreement. Contemporaneously with the execution of this Agreement, and as a precondition to the effectiveness of this Agreement, the Developer will submit the following documents to the City:

A. A copy of the Developer's organizational documents, certified by the Secretary of State of the State of Kansas; and

B. A certified copy of the bylaws, operating agreement, or partnership agreement, as applicable, of the Developer; and

C. A Certificate of Good Standing for the Developer, certified by the Secretary of State of the State of Kansas within the preceding 90 days; and

D. A tax clearance certificate for the Developer issued by the Kansas Department of Revenue within the preceding 90 days.

Section 2.03. Final Approval Required. This Agreement will be void if the District is nullified in the manner set forth in K.S.A. 12-5246.

ARTICLE III

THE PROJECT; CONSTRUCTION

Section 3.01. Project Budget. Developer will construct the Project substantially in accordance with the Project Budget attached as **Exhibit D** hereto. The parties acknowledge that the Developer is a “horizontal developer” and will be acquiring land and constructing the Project in anticipation of selling pad-ready lots to a subsequent developer that will construct the vertical, private improvements thereon.

Section 3.02. Project Improvements. The Developer will complete or cause to be completed the Phases of the Project in accordance with the Site Plan(s) and other Governmental Approvals and, as applicable, shall dedicate the Infrastructure Improvements to the City in the City’s ordinary course upon completion of the same. Developer will be responsible for securing any rights-of-way or easements from private parties necessary to construct the Project.

Section 3.03. Project Schedule. Developer will construct (or cause to be constructed) the Project in accordance with the following schedule:

- A. No later than twelve (12) months after the execution of this Agreement, construction of Phase 1 will be commenced and will be diligently executed to completion no later than December 31, 2027, such Phase to consist of no fewer than sixty (60) single-family lots.
- B. No later than December 31, 2029, no fewer than one hundred (100) single-family lots will be completed.

The completion of each Phase of the Project will be evidenced by Developer’s delivery of a Certificate of Full Completion in accordance with **Section 3.06** of this Agreement.

Subject to Excusable Delays, once the Developer has commenced construction of a Phase of the Project, Developer will not permit cessation of work on such Phase for a period in excess of 45 consecutive working days or 90 days in the aggregate (but excluding weekends and holidays) without prior written consent of the City.

Section 3.04. Project Design; Governmental Approvals.

A. The District will be developed, and the Project constructed, in accordance with the Development Plan, this Agreement, and the Plans submitted by the Developer and approved by the City. Any “substantial changes” must be mutually agreed upon in writing among the Developer and the City and will be made only in accordance with the RHID Act.

B. Before commencement of construction or development of any buildings, structures or other work or improvements, the Developer will, at its own expense, secure or cause to be secured any and all permits and approvals (including but not limited approvals related to the site plan, zoning, planning and platting approvals) which may be required by the City and any other governmental agency having jurisdiction as to such construction, development or work. The City will cooperate with and provide all usual assistance to the Developer in securing these permits and approvals, and will diligently process, review and consider all such permits and approvals as may be required by law; except provided that the City will not be required to issue any such permits or approval for any portion of the Project not in conformance with the Development Plan or this Agreement.

C. Before commencement of construction or development of any public improvements necessary to serve the District, the Developer will, at its own expense, provide, or cause to be provided, to the City engineered drawings for the proposed sanitary sewer, water, storm sewer, street, curbing, sidewalk, and any other public infrastructure improvements necessary within the District and the extension of sanitary sewer and water improvements to serve the District. The submitted drawings must be approved by the City prior to the commencement of any work and will be in accordance with City guidelines, City Code, and any applicable State and Federal Regulations. All public improvements will be located in the public right of way or properly recorded easements.

D. The Developer will (1) supply the City with construction documents and a storm water pollution prevention plan; (2) provide for construction observation, testing and inspection; (3) participate in the final inspection; (4) provide material submittals, test results, and as-built plans to the City; and (5) provide for a warranty for each Phase of the Project for a period of one year after completion thereof.

E. Certificates of occupancy for structures within the District will be granted in accordance with City Code. Nothing in this Agreement will constitute a waiver of the City's right to consider and approve or deny Governmental Approvals pursuant to the City's regulatory authority as provided by City Code and applicable State law. The Developer acknowledges that satisfaction of certain conditions contained in this Agreement requires the reasonable exercise of the City's discretionary zoning authority by the City's Planning Commission and governing body in accordance with City Code and applicable State law.

Section 3.05. Rights of Access. Representatives of the City will have the right of access to the Project, without charges or fees, at normal construction hours during the period of construction, for the purpose of ensuring compliance with this Agreement, including, but not limited to, the inspection of the work being performed in constructing, improving, equipping, repairing and installing the Project, so long as they comply with all safety rules. Except in case of emergency, prior to any such access, such representatives of the City will check in with the on-site manager. Such representatives of the City will carry proper identification, will insure their own safety, assuming the risk of injury, and will not interfere with the construction activity.

Section 3.06. Certificate of Full Completion.

A. Promptly after completion of each Phase of the Project in accordance with the provisions of this Agreement, Developer will submit a Certificate of Full Completion to the City in substantially the form attached as **Exhibit C**. "Full completion" means that Developer has completed a Phase of the Project in a manner consistent with the Development Plan.

B. The City will, within 30 days following receipt of a Certificate of Full Completion, carry out such inspections as it deems necessary to verify to its reasonable satisfaction the accuracy of the certifications contained in such Certificate of Full Completion. The City's execution of a Certificate of Full

Completion will constitute evidence of the satisfaction of the Developer's agreements and covenants to construct the Project. If the City has not executed or rejected a Certificate of Full Completion in writing within 45 days following receipt, the Certificate of Full Completion will be deemed approved.

ARTICLE IV

REIMBURSEMENT OF ELIGIBLE PROJECT COSTS

Section 4.01. Eligible Project Costs, Generally. In consideration for the Developer's agreement to construct the Project, and subject to the terms of this Agreement, the City agrees to reimburse Developer for Eligible Project Costs in a total amount not to exceed the RHID Costs Cap. The City will only be obligated to reimburse Developer from available RHID Revenues and will have no obligation to reimburse Developer from any other source of funds.

Section 4.02. Developer to Advance Costs; No Bonds Will Be Issued. The Developer agrees to advance all Eligible Project Costs as necessary to complete the Project. No general obligation or special obligation bonds will be issued by the City for the Project. Developer may be reimbursed by the City for Eligible Project Costs from RHID Revenues as funds are collected (the "Pay As You Go" method), and the City will have no obligation to reimburse Developer from any other source of funds.

Section 4.03. RHID Revenue Fund; Reimbursement of Eligible Project Costs.

A. ***Creation of Fund; Deposit of RHID Revenues.*** The City will establish and maintain a separate fund and account known as the Riverbend Heights RHID Revenue Fund (the "RHID Revenue Fund"). All RHID Revenues (as defined below) will be deposited into the RHID Revenue Fund.

B. ***Collection of Incremental Real Property Taxes; Designation of RHID Revenues.*** During the RHID Term, the City shall deposit the Incremental Real Property Taxes that it receives into the RHID Fund. Pursuant to the authority set forth Section 2 of the Charter Ordinance¹, the parties hereby contractually agree that the amount of Incremental Real Property Taxes which shall be available to Developer and pledged to the Project and to be received by the City in the RHID Fund (the "**RHID Revenues**") shall be determined in accordance with the following schedule:

RHID Term Year	RHID Percentage Capture
1-15	80%
16	75%
17	70%
18	65%
19	60%
20	55%

The balance of the Incremental Real Property Taxes not constituting RHID Revenues in each year shall be allocated to and distributed to the appropriate taxing jurisdictions in the same manner as other ad valorem taxes.

¹ Under the Charter Ordinance the City, pursuant to Article 12, Section 5 of the State Constitution, elected to exempt from and make inapplicable to it the provisions of Section 12-5250, and be governed by substitute provisions contained in Section 2 of the Charter Ordinance, which provide in relevant part that "a city may adopt a plan under [the RHID Act] in which only a specified percentage or amount of the [RHID Tax Increment] shall be paid by the treasurer of the city and deposited in the special fund of the city to pay the costs of housing projects in the district."

C. ***Reimbursement from the RHID Revenue Fund.*** All disbursements from the RHID Revenue Fund will first be made to pay the City Administrative Fee, then to reimburse payment of Eligible Project Costs up to the RHID Costs Cap. The City will have sole control of the disbursements from the RHID Revenue Fund. To the extent that the Developer has certified Eligible Project Costs that remain unreimbursed, and RHID Revenues are available in the RHID Revenue Fund, such disbursements will be made on a Pay As You Go basis no more than **twice annually**, such payments made by the City on or about each February 10 and August 10 during the RHID Term; provided, no disbursements will be made to Developer from the RHID Revenue Fund until Developer has complied with the provisions of **Section 4.03.C** below. The City will have no liability and/or responsibility to Developer for any payment greater than the amounts received from the Leavenworth County Treasurer pursuant to the provisions of K.S.A. 12-5250(b)(2)(A) as a result of the creation of the District.

The City may, to the extent permitted by law, continue to use any surplus amounts of RHID Revenues after reimbursing Developer for Eligible Project Costs for any purpose authorized by the RHID Act and Development Plan until such time as the Project is completed, but for not to exceed 20 years from the effective date of the ordinance approving the Development Plan. After Developer has been reimbursed to the RHID Costs Cap, all remaining funds in the RHID Revenue Fund will be reserved for use by the City.

D. ***Conditions Precedent to Reimbursement.*** Prior to the City disbursing any funds to Developer from the RHID Revenue Fund, Developer must:

1. Be in compliance with the terms of this Agreement.
2. Have no unpaid taxes (including any member of manager of Developer) then due to the State or any taxing jurisdiction.
3. Have received a Certificate of Full Completion executed by the City no later than the Cutoff Date for the applicable Phase for which the Developer is seeking reimbursement.

Section 4.04. Reimbursement Requests.

A. ***Form for Requests.*** All requests for reimbursement of Eligible Project Costs will be made in a Certificate of Eligible Project Costs submitted by the Developer in substantial compliance with the form attached hereto as **Exhibit B.**

B. ***Reimbursement Requests.*** Developer may submit Certificates of Eligible Project Costs no more frequently than twice in any calendar year, and no Certificates of Eligible Project Costs may be submitted after the Cutoff Date.

C. ***Actual Costs Incurred.*** The Developer will submit Certificates of Eligible Project Costs only for such costs actually incurred by the Developer, or by an Affiliate on behalf of Developer.

D. ***Evidence of Eligible Project Costs.*** The Developer will provide itemized invoices, receipts, proof of payment, or other information reasonably requested, if any, to confirm that costs submitted in any Certificate of Eligible Project Costs have been paid and qualify as Eligible Project Costs and will further provide a summary sheet detailing the costs requested to be reimbursed. Such summary sheet will be provided in Excel spreadsheet format and show the date such cost was paid, the payee, a brief description of the type of cost paid, and the amount paid. The Developer will provide such additional information as reasonably requested by the City to confirm that such costs have been paid and qualify as Eligible Project Costs.

E. ***City Inspection.*** The City reserves the right to have its engineer or other agents or employees inspect all work in respect of which a Certificate of Eligible Project Costs is submitted to examine the Developer's and others' records regarding all expenses related to the invoices to be paid, and to obtain from such parties such other information as is reasonably necessary for the City to evaluate compliance with the terms hereof.

F. ***City Review of Eligible Project Costs.*** The City will have 30 calendar days after receipt of any Certificate of Eligible Project Costs to review and respond by written notice to the Developer. If the submitted Certificate of Eligible Project Costs and supporting documentation demonstrates that (1) the request relates to the Eligible Project Costs and is permitted under this Agreement; (2) the expense has been paid; (3) Developer is not in material default under this Agreement or any other agreement between the Developer and the City; and (4) there is no fraud on the part of the Developer, then the City will approve the Certificate of Eligible Project Costs and make, or cause to be made, reimbursement to Developer from the RHID Revenue Fund in accordance with the terms of this Agreement. If the City reasonably disapproves of the Certificate of Eligible Project Costs, the City will notify the Developer in writing of the reason for such disapproval within such 30-day period. The Developer may revise and resubmit the Certificate of Eligible Project Costs, and the City will review and approve (or disapprove) the revised certificate in accordance with this Section. Approval of a Certificate of Eligible Project Costs will not be unreasonably withheld.

Section 4.05. Right to Inspect and Audit. The Developer agrees that, up to one year after the later of completion of any Phase of the Project or the City's approval of any Certificate of Eligible Project Costs, the City, with reasonable notice and during normal business hours, will have the right and authority to review, audit, and copy, from time to time, all the Developer's books and records relating to the Eligible Project Costs (including, but not limited to, all general contractor's sworn statements, general contracts, subcontracts, material purchase orders, waivers of lien, paid receipts and invoices).

Section 4.06. City Administrative Fee. The City shall be entitled to collect the City Administrative Fee from the annual RHID Revenue Fund, which shall be excluded from the RHID Costs Cap. The City Administrative Fee shall be used to cover the administration and other City costs during the RHID Term and shall be in addition to the costs identified in the Project Budget. The City Administrative Fee will be paid from the RHID Revenues held in the RHID Revenue Fund prior to reimbursements being made to Developer.

ARTICLE V

USE OF THE DISTRICT

Section 5.01. Land Use Restrictions. At all times while this Agreement is in effect, the Developer agrees that the Property will be utilized for residential purposes only (together with any amenities, if any, serving the same), in general conformance with the approved Development Plan, and all other types of land uses are prohibited in the Project or on the Property unless approved in writing by the City prior to the execution of a letter of intent, lease or prior to the sale of land; provided, Developer may sell land to a subsequent developer for the purpose of constructing single-family homes as anticipated by the Development Plan.

Section 5.02. Ongoing Performance Standards. The Project will comply with all applicable building and zoning, health, environmental and safety codes and laws and all other applicable laws, rules and regulations. The Developer will, at its own expense and to the extent it owns the Project or applicable portion thereof, secure or cause to be secured any and all permits which may be required by the City and any other governmental agency having jurisdiction for the construction and operation of the Project.

Section 5.03. Taxes, Assessments, Encumbrances and Liens.

A. So long as the Developer owns any real property within the District, the Developer will pay when due all real estate taxes and assessments on such property owned by Developer within the District. Nothing herein will be deemed to prohibit the Developer from contesting the validity or amounts of any tax, assessment, encumbrance or lien, nor to limit the remedies available to the Developer in respect thereto. The Developer will promptly notify the City in writing of a protest of real estate taxes or valuation of the Developer's property within the District.

B. Subject to **Section 5.04**, Developer agrees that no mechanics' or other liens will be established or remain against the Project, or the funds in connection with any of the Project, for labor or materials furnished in connection with any acquisition, construction, additions, modifications, improvements, repairs, renewals or replacements so made. However, the Developer will not be in default if mechanics' or other liens are filed or established and the Developer contests in good faith said mechanics' liens and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom. The Developer hereby agrees and covenants to indemnify and hold harmless the City in the event any liens are filed against the Project as a result of acts of the Developer, its agents or independent contractors.

Section 5.04. Financing During Construction; Rights of Holders.

A. ***No Encumbrances Except Mortgages during Construction.*** Notwithstanding any other provision of this Agreement, mortgages are permitted for the acquisition, construction, renovation, improvement, equipping, repair and installation of the Project and to secure permanent financing thereafter. However, nothing contained in this paragraph is intended to permit or require the subordination of general property taxes, special assessments or any other statutorily authorized governmental lien to be subordinate in the priority of payment to such mortgages.

B. ***Holder Not Obligated to Construct Improvements.*** The holder of any mortgage authorized by this Agreement will not be obligated by the provisions of this Agreement to construct or complete the Project or to guarantee such construction or completion; nor will any covenant or any other provision in the deed for the Project be construed so to obligate such holder. Nothing in this Agreement will be deemed to construe, permit or authorize any such holder to devote the Project to any uses or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

C. ***Notice of Default to Mortgage Holders; Right to Cure.*** With respect to any mortgage granted by Developer as provided herein, whenever the City delivers any notice or demand to Developer with respect to any breach or default by the Developer in completion of construction of the Project, the City will at the same time deliver to each holder of record of any mortgage authorized by this Agreement a copy of such notice or demand, but only if City has been requested to do so in writing by Developer. Each such holder will (insofar as the rights of the City are concerned) have the right, at its option, within 60 days after the receipt of the notice, to cure or remedy or commence to cure or remedy any such default and to add the cost thereof to the mortgage debt and the lien of its mortgage. Nothing contained in this Agreement will be deemed to permit or authorize such holder to undertake or continue the construction or completion of the Project (beyond the extent necessary to conserve or protect the Project or construction already made) without first having expressly assumed the Developer's obligations to the City by written agreement satisfactory to and with the City. The holder, in that event, must agree to complete, in the manner provided in this Agreement, that portion of the Project to which the lien or title of such holder relate, and submit evidence satisfactory to the City that it has the qualifications and financial responsibility necessary to perform such obligations.

D. ***Construction Period.*** The restrictions on Developer financing in this Section are intended to and apply only to financing during the construction period of the Project and any financing obtained in connection therewith. Nothing in this Agreement is intended or will be construed to prevent the Developer from obtaining any financing for the Project or any aspect thereof.

ARTICLE VI

ASSIGNMENT; TRANSFER

Section 6.01. Transfer of Obligations.

A. The rights, duties and obligations hereunder of the Developer may not be assigned, in whole or in part, to another entity, without the prior approval of the City Council by resolution following verification by the City Attorney that the assignment complies with the terms of this Agreement. Any proposed assignee will have qualifications and financial responsibility, as reasonably determined by the City Administrator, necessary and adequate to fulfill the obligations of the Developer with respect to the portion of the Project being transferred. Any proposed assignee must, by instrument in writing, for itself and its successors and assigns, and expressly for the benefit of the City, assume all of the obligations of the Developer under this Agreement and agree to be subject to all the conditions and restrictions to which the Developer is subject (or, in the event the transfer is of or relates to a portion or Phase of the Project, such obligations, conditions and restrictions to the extent that they relate to such portion or Phase). The Developer will not be relieved from any obligations set forth herein unless and until the City specifically agrees to release the Developer. Notwithstanding anything herein to the contrary, the Developer may, upon prior written notice to the City (and without the need for the City's approval), (i) assign this Agreement to an Affiliate, provided such entity assumes in writing all obligations of the Developer under this Agreement, or (ii) collaterally assign all or a portion of Developer's rights hereunder to a lender for financing purposes.

B. The Parties' obligations pursuant to this Agreement, unless earlier satisfied, will inure to and be binding upon the heirs, executors, administrators, successors and assigns of the respective Parties as if they were in every case specifically named and will be construed as a covenant running with the land, enforceable against the purchasers or other transferees as if such purchaser or transferee were originally a party and bound by this Agreement. Notwithstanding the foregoing, no owner of any single family residence or tenant of any part of the Project will be bound by any obligation of the Developer solely by virtue of being a tenant; provided, however, that no transferee or owner of property within the Project except the Developer will be entitled to any rights whatsoever or claim upon the RHID Revenues as set forth herein.

C. The foregoing restrictions on assignment, transfer and conveyance will not apply to any security interest granted to secure indebtedness to any construction or permanent lender.

Section 6.02. Corporate Reorganization. Nothing herein will prohibit (or require City approval to allow) Developer from forming additional development or ownership entities to replace or joint venture with Developer for the purpose of business and/or income tax planning; provided that Developer, or an entity controlled by Developer and/or Chris Coulson, owns not less than 51% of any new or restructured company.

Section 6.03. Transfer of the District, the Buildings or Structures Therein.

A. The Developer will be authorized to transfer any property interest within the boundaries of the District in accordance with the requirements of this **Section 6.03.**

B. Developer may sell real estate in the District in the ordinary course of its business with notice to, but without need for prior consent from, the City Administrator, if the transfer does not include a transfer of any construction or development obligations under this Agreement. Developer will notify the City in writing of such transfer not less than 30 days prior to the proposed effective date of any proposed sale or other transfer of any or all of the real property in the District or any interest therein. Such notice shall include (i) a copy of the instrument effecting such sale or other disposition, and (ii) if the transfer

includes a transfer of construction or development obligations of this Agreement thereby making the transfer subject to the approval stated in **Section 6.01A**, such notice must include evidence sufficient to the City that the proposed transferee has all of the qualifications and financial responsibility, as reasonably determined by the City, necessary and adequate to fulfill the obligations of Developer in accordance with **Section 6.01**.

C. The restrictions in this Section will not be deemed to prevent the granting of temporary or permanent easements or permits to facilitate the development of the District or to prohibit or restrict the leasing of any part or parts of a building, structure or land for a term commencing on completion.

ARTICLE VII

GENERAL COVENANTS

Section 7.01. Indemnification of City.

A. Developer agrees to indemnify and hold the City, its employees, agents and independent contractors and consultants (collectively, the “City Indemnified Parties”) harmless from and against any and all suits, claims, costs of defense, damages, injuries, liabilities, judgments, costs and/or expenses, including court costs and reasonable attorney’s fees, resulting from, arising out of, or in any way connected with:

1. The Developer’s actions and undertaking in implementation of the Project or this Agreement; and
2. The negligence or willful misconduct of Developer, its employees, agents or independent contractors and consultants in connection with the management, design, development, redevelopment, construction, and operation of the Project.
3. Any delay or expense resulting from any litigation filed against the Developer by any member or shareholder of the Developer, any prospective investor, prospective partner or joint venture partner, lender, co-proposer, architect, contractor, consultant or other vendor.

This section will not apply to willful misconduct or gross negligence of the City or its officers, employees or agents. This section includes, but is not limited to, any repair, cleanup, remediation, detoxification, or preparation and implementation of any removal, remediation, response, closure or other plan (regardless of whether undertaken due to governmental action) concerning any hazardous substance or hazardous wastes including petroleum and its fractions as defined in (i) the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”; 42 U.S.C. Section 9601, *et seq.*), (ii) the Resource Conservation and Recovery Act (“RCRA”; 42 U.S.C. Section 6901 *et seq.*) and (iii) Article 34, Chapter 65, K.S.A. and all amendments thereto, at any place where Developer owns or has control of real property pursuant to any of Developer’s activities under this Agreement. The foregoing indemnity is intended to operate as an agreement pursuant to Section 107 (e) of CERCLA to assure, protect, hold harmless and indemnify City from liability.

B. In the event any suit, action, investigation, claim or proceeding (collectively, an “Action”) is begun or made as a result of which the Developer may become obligated to one or more of the City Indemnified Parties hereunder, any one of the City Indemnified Parties will give prompt notice to the Developer of the occurrence of such event.

C. The right to indemnification set forth in this Agreement will survive the termination of this Agreement.

Section 7.02. Insurance. Developer will maintain or cause to be maintained insurance with respect to the Project covering such risks that are of an insurable nature and of the character customarily insured against by organizations operating similar properties and engaged in similar operations (including but not limited to property and casualty, worker's compensation and general liability) and in such amounts as, in the reasonable judgment of Developer, are adequate to protect the Developer and the Project. Throughout the term of this Agreement, Developer agrees to provide the City upon request evidence of property insurance and a certificate of liability insurance demonstrating compliance with this **Section 7.02.**

Section 7.03. Obligation to Restore.

A. ***Restoration of Project by Developer.*** The Developer hereby agrees that if any portion of the Project owned by Developer, or controlled by the Developer or the principals of the Developer, becomes damaged or destroyed, in whole or in part, by fire or other casualty, the Developer will promptly restore, replace or rebuild the same, or will promptly cause the same to be restored, replaced or rebuilt, to as nearly as possible the value, quality and condition it was in immediately prior to such fire or other casualty or taking, with such alterations or changes as may be approved in writing by the City, which approval will not be unreasonably withheld. In the event of damage or destruction by fire or other casualty to any of the Project owned by Developer, irrespective of the amount of such damage or destruction, Developer will make the property safe and in compliance with all applicable laws as provided herein.

B. ***Enforcement.*** The restrictions set forth in this Section are for the benefit of the City and may be enforced by the City by a suit for specific performance or for damages, or both.

Section 7.04. Non-liability of Officials, Employees and Agents of the City. No recourse will be had for the reimbursement of the Eligible Project Costs or for any claim based thereon or upon any representation, obligation, covenant or agreement contained in this Agreement against any past, present or future official, officer, employee or agent of the City, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officials, officers, employees or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Agreement.

Section 7.05. City Expenses. The Developer shall be responsible for the payment of all reasonable non-City employee legal, financial and planning consultants for direct out-of-pocket expenses and other reasonable costs resulting from services rendered to the City to review, evaluate, process, consider, amend, or administer this Agreement (the "City Expenses"), which shall be reimbursable expenses of the Developer incurred in connection with the Project, in accordance with this Agreement. The Developer shall pay all City Expenses within ten (10) days after presentation of an invoice from the City. To the extent Developer has advanced funds to pay City Expenses, such amounts may be reimbursed from the RHID Revenues in accordance with Section 4.04 of this Agreement and such reimbursements shall not be counted against the RHID Costs Cap.

Section 7.06. State Reporting Requirements. Developer hereby agrees to cooperate with the City and/or the Secretary of Commerce (the "**Secretary**") to provide information required for compliance with the reporting requirements in K.S.A. Section 74-50,226 *et seq.* Such information will be in the form and manner required by the Secretary for publication on the Kansas Department of Commerce website. Developer will pay any and all administrative fees to be collected by the Secretary in connection with these reporting requirements.

ARTICLE VIII

DEFAULTS AND REMEDIES

Section 8.01. Developer Event of Default. A “Developer Event of Default” means a default in the performance of any obligation or breach of any covenant or agreement of the Developer in this Agreement and continuance of such default or breach for a period of 30 days after City has delivered to Developer a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default or breach cannot be fully remedied within such 30-day period, but can reasonably be expected to be fully remedied and Developer is diligently attempting to remedy such default or breach, such default or breach will not constitute a Developer Event of Default if Developer promptly upon receipt of such notice diligently attempts to remedy such default or breach and thereafter prosecutes and completes the same with due diligence and dispatch. Default or breach of any other agreement between the City and the Developer will also constitute a “Developer Event of Default” under this Agreement.

Section 8.02. City Event of Default. A “City Event of Default” means a default in the performance of any obligation or breach of any covenant or agreement of the City in this Agreement and continuance of such default or breach for a period of 30 days after there has been given to the City by the Developer a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default or breach cannot be fully remedied within such 30-day period, but can reasonably be expected to be fully remedied and the City is diligently attempting to remedy such default or breach, such default or breach will not constitute a City Event of Default if the City immediately upon receipt of such notice diligently attempts to remedy such default or breach and thereafter prosecutes and completes the same with due diligence and dispatch.

Section 8.03. Remedies Upon a Developer Event of Default.

A. Upon the occurrence and continuance of a Developer Event of Default, the City will have the following rights and remedies, in addition to any other rights and remedies provided under this Agreement or by law:

1. The City will have the right to terminate this Agreement or terminate Developer’s rights under this Agreement, including the right to reimbursement from RHID Revenues.

2. The City may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce and compel the performance of the duties and obligations of the Developer as set forth in this Agreement, to enforce or preserve any other rights or interests of the City under this Agreement or otherwise existing at law or in equity and to recover any damages incurred by the City resulting from such Developer Event of Default, however Developer’s liability for monetary amounts shall be limited to the actual amount, if any, in question, and under no circumstances shall the Developer be liable for any remote, punitive or consequential damages except to the extent resulting from willful misconduct, gross negligence, or bad faith.

B. Upon termination of this Agreement for any reason, the City will have no obligation to reimburse Developer for any amounts advanced under this Agreement or costs otherwise incurred or paid by Developer.

C. If the City has instituted any proceeding to enforce any right or remedy under this Agreement by suit or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the City, then and in every case the City and the Developer will, subject

to any determination in such proceeding, be restored to their former positions and rights hereunder, and thereafter all rights and remedies of the City will continue as though no such proceeding had been instituted.

D. The exercise by the City of any one remedy will not preclude the exercise by it, at the same or different times, of any other remedies for the same default or breach. No waiver made by the City will apply to obligations beyond those expressly waived.

E. Any delay by the City in instituting or prosecuting any such actions or proceedings or otherwise asserting its rights under this Section will not operate as a waiver of such rights or limit it in any way. No waiver in fact made by the City of any specific default by the Developer will be considered or treated as a waiver of the rights with respect to any other defaults, or with respect to the particular default except to the extent specifically waived.

Section 8.04. Remedies Upon a City Event of Default.

A. Upon the occurrence and continuance of a City Event of Default the Developer will have the following rights and remedies, in addition to any other rights and remedies provided under this Agreement or by law:

1. The Developer will have the right to terminate the Developer's obligations under this Agreement.

2. The Developer may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce and compel the performance of the duties and obligations of the City as set forth in this Agreement, to enforce or preserve any other rights or interests of the Developer under this Agreement or otherwise existing at law or in equity and to recover any damages incurred by the Developer resulting from such City Event of Default, however City's liability for monetary amounts shall be limited to the actual amount, if any, in question, and under no circumstances shall the City be liable for any remote, punitive or consequential damages except to the extent resulting from willful misconduct, gross negligence, or bad faith.

B. If the Developer has instituted any proceeding to enforce any right or remedy under this Agreement by suit or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Developer, then and in every case the Developer and the City will, subject to any determination in such proceeding, be restored to their former positions and rights hereunder, and thereafter all rights and remedies of the Developer will continue as though no such proceeding had been instituted.

C. The exercise by the Developer of any one remedy will not preclude the exercise by it, at the same or different times, of any other remedies for the same default or breach. No waiver made by the Developer will apply to obligations beyond those expressly waived.

D. Any delay by the Developer in instituting or prosecuting any such actions or proceedings or otherwise asserting its rights under this paragraph will not operate as a waiver of such rights or limit it in any way. No waiver in fact made by the Developer of any specific default by the Developer will be considered or treated as a waiver of the rights with respect to any other defaults, or with respect to the particular default except to the extent specifically waived.

Section 8.05. Excusable Delays. Neither the City nor the Developer will be deemed to be in default of this Agreement because of an Excusable Delay.

Section 8.06. Legal Actions. Any legal actions related to or arising out of this Agreement must be instituted in the District Court of Leavenworth County, Kansas or, if federal jurisdiction exists, in the United States District Court for the District of Kansas.

ARTICLE IX

GENERAL AND SPECIAL PROVISIONS

Section 9.01. Mutual Assistance. The City and the Developer agree to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications as may be reasonably necessary or appropriate to carry out the terms, provisions and intent of this Agreement and to reasonably aid and assist each other in carrying out said terms, provisions and intent.

Section 9.02. Effect of Violation of the Terms and Provisions of this Agreement; No Partnership. The City is deemed the beneficiary of the terms and provisions of this Agreement, for and in its own rights and for the purposes of protecting the interests of the community and other parties, public or private, whose favor and for whose benefit this Agreement and the covenants running with the land have been provided. The Agreement will run in favor of the City, without regard to whether the City has been, remains or is an owner of any land or interest therein in the Project or the District. The City will have the right, if the Agreement or covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants may be entitled. Nothing contained herein will be construed as creating a partnership between the Developer and the City.

Section 9.03. Time of Essence. Time is of the essence of this Agreement. The Parties will make every reasonable effort to expedite the subject matters hereof and acknowledge that the successful performance of this Agreement requires their continued cooperation.

Section 9.04. Amendments. This Agreement may be amended only by the mutual consent of the Parties, by the adoption of a resolution of the City approving said amendment, as provided by law, and by the execution of said amendment by the Parties or their successors in interest.

Section 9.05. Agreement Controls. The Parties agree that the Development Plan will be implemented as agreed in this Agreement. This Agreement specifies the rights, duties and obligations of the City and Developer with respect to constructing the Project, the payment of Eligible Project Costs and all other methods of implementing the Development Plan. The Parties further agree that this Agreement contains provisions that are in greater detail than as set forth in the Development Plan and that expand upon the estimated and anticipated sources and uses of funds to implement the Development Plan. Nothing in this Agreement will be deemed an amendment of the Development Plan. Except as otherwise expressly provided herein, this Agreement supersedes all prior agreements, negotiations and discussions relative to the subject matter hereof and is a full integration of the agreement of the Parties.

Section 9.06. Conflicts of Interest.

A. No member of the City's governing body or of any branch of the City's government that has any power of review or approval of any of the Developer's undertakings will participate in any decisions relating thereto which affect such person's personal interest or the interests of any corporation or partnership in which such person is directly or indirectly interested. Any person having such interest will immediately, upon knowledge of such possible conflict, disclose, in writing, to the City the nature of such interest and

seek a determination with respect to such interest by the City and, in the meantime, will not participate in any actions or discussions relating to the activities herein proscribed.

B. The Developer warrants that it has not paid or given and will not pay or give any officer, employee or agent of the City any money or other consideration for obtaining this Agreement. The Developer further represents that, to its best knowledge and belief, no officer, employee or agent of the City who exercises or has exercised any functions or responsibilities with respect to the Project during his or her tenure, or who is in a position to participate in a decision making process or gain insider information with regard to the Project, has or will have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the Project, or in any activity, or benefit therefrom, which is part of the Project at any time during or after such person's tenure.

Section 9.07. Term. Unless earlier terminated as provided herein, this Agreement will remain in full force and effect until the expiration of the RHID Term.

Section 9.08. Validity and Severability. It is the intention of the parties that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies of State of Kansas, and that the unenforceability (or modification to conform with such laws or public policies) of any provision hereof will not render unenforceable, or impair, the remainder of this Agreement. Accordingly, if any provision of this Agreement is deemed invalid or unenforceable in whole or in part, this Agreement will be deemed amended to delete or modify, in whole or in part, if necessary, the invalid or unenforceable provision or provisions, or portions thereof, and to alter the balance of this Agreement in order to render the same valid and enforceable.

Section 9.09. Required Disclosures. The Developer will immediately notify the City of the occurrence of any material event which would cause any of the information furnished to the City by the Developer in connection with the matters covered in this Agreement to contain any untrue statement of any material fact or to omit to state any material fact required to be stated therein or necessary to make any statement made therein, in the light of the circumstances under which it was made, not misleading.

Section 9.10. Tax Implications. The Developer acknowledges and represents that (1) neither the City nor any of its officials, employees, consultants, attorneys or other agents has provided to the Developer any advice regarding the federal or state income tax implications or consequences of this Agreement and the transactions contemplated hereby, and (2) the Developer is relying solely upon its own tax advisors in this regard.

Section 9.11. Authorized Parties. Whenever under the provisions of this Agreement and other related documents, instruments or any supplemental agreement, a request, demand, approval, notice or consent of the City or the Developer is required, or the City or the Developer is required to agree or to take some action at the request of the other Party, such approval or such consent or such request will be given for the City, unless otherwise provided herein, by the City Representative and for the Developer by any officer of Developer so authorized; and any person will be authorized to act on any such agreement, request, demand, approval, notice or consent or other action and neither Party will have any complaint against the other as a result of any such action taken. The City Representative may seek the advice, consent or approval of the City Council before providing any supplemental agreement, request, demand, approval, notice or consent for the City pursuant to this Section.

Section 9.12. Notice. All notices and requests required pursuant to this Agreement will be sent as follows:

To the City:

City Administrator
City of Lansing, Kansas
800 First Terrace,
Lansing, Kansas 66043

To the Developer:

AA Lansing Development, LLC
Attn: Chris Coulson
5701 Mission Drive
Mission Hills, Kansas 66208

With a copy to:

Kevin Wempe
Gilmore & Bell, P.C.
2405 Grand Blvd., Suite 1100
Kansas City, Missouri 64108

With a copy to:

Polsinelli PC
Attn: Korb Maxwell
900 W 48th Place, Suite 900
Kansas City, Missouri 64112

or at such other addresses as the Parties may indicate in writing to the other either by personal delivery, courier, or by registered mail, return receipt requested, with proof of delivery thereof. Mailed notices will be deemed effective on the third day after mailing; all other notices will be effective when delivered.

Section 9.13. Kansas Law. This Agreement will be governed by and construed in accordance with the laws of the State of Kansas.

Section 9.14. Counterparts. This Agreement may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same agreement.

Section 9.15. Recordation of Agreement. The Parties agree to execute and deliver an original of this Agreement and any amendments or supplements hereto, in proper form for recording and/or indexing in the appropriate land or governmental records, including, but not limited to, recording in the real estate records of Leavenworth County, Kansas. This Agreement will be promptly recorded by the City at Developer's cost after execution, and proof of recording will be provided to the Developer.

Section 9.16. Consent or Approval. Except as otherwise provided in this Agreement, whenever the consent, approval or acceptance of either Party is required hereunder, such consent, approval or acceptance will not be unreasonably withheld, conditioned or unduly delayed.

Section 9.17. Electronic Transactions. The transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents will be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 9.18. Cash Basis and Budget Laws. The Parties acknowledge and agree that the ability of the City to enter into and perform certain financial obligations pursuant to this Agreement are subject to the K.S.A. 10-1101 *et seq.* and K.S.A. 79-2935 *et seq.*

*[Remainder of page left blank intentionally
Signature pages to follow]*

THIS AGREEMENT has been executed as of the date first hereinabove written.

CITY OF LANSING, KANSAS

Anthony R. McNeill, Mayor

(SEAL)

ATTEST:

Tish Sims, City Clerk

AA LANSING DEVELOPMENT, LLC

By: _____

Name: _____

Title: _____

EXHIBIT A

LEGAL DESCRIPTION AND MAP OF DISTRICT

Legal Description of District:

PROPERTY A

13209 McIntyre Rd Leavenworth, KS 66048

Approximately 34.24 acres

Tract 1:

A tract of land in the Northeast 1/4 of Section 6, Township 10 South, Range 23 East of the 6th P.M. in Leavenworth County, Kansas being more fully described as follows: Beginning at a point that is (N 90° 00' 00" W) 660.60 feet from the Northeast corner of the Northeast 1/4 of said Section 6, said point of beginning also being on the North line of the said Northeast 1/4; thence (S 00° 00' 00" W) 441.64 feet; thence (N 90° 00' 00" W) 690.42 feet; thence (N 00° 00' 00" E) 441.64 feet to a point on the North line of said Northeast 1/4; thence (S 90° 00' 00" E) 690.42 feet to the point of beginning, less any part thereof taken or used for road purposes.(hereinafter referred to as "Tract 1").

AND

Tract 2:

A tract of land in the Northeast 1/4 of Section 6, Township 10 South, Range 23 East of the 6th P.M., in Leavenworth County, Kansas being more fully described as follows: Beginning at a point that is (N 90° 00' 00" W) 418.98 feet from the Northeast corner of the Northeast 1/4 of said Section 6, said point of beginning also being on the North line of said Northeast 1/4; thence (S 05° 52' 20" W) 579.76 feet; thence (S 39° 08' 57" W) 100.80 feet; thence (S 00° 30' 34" W) 195.55 feet; thence (S 74° 41' 26" W) 1402.72 feet; thence (N 02° 30' 47" W) 1221.97 feet to a point on the North line of said Northeast 1/4; thence (N 90° 00' 00" E) 599.18 feet; thence (S 00° 00' 00" W) 441.64 feet; thence (N 90° 00' 00" E) 690.42 feet; thence (N 00° 00' 00" E) 441.64 feet to a point on the North line of said Northeast 1/4; thence (N 90° 00' 00" E) 241.62 feet to the point of beginning, less any part thereof taken or used for road purposes. (hereinafter referred to as "Tract 2")

ALSO DESCRIBED AS:

A tract of land in the Northeast Quarter of Fractional Section 6, Township 10 South, Range 23 East of the 6th P.M., in Leavenworth County, Kansas being more fully described as follows: Beginning at a point that is S 90° 00' 00" W 418.98 feet from the Northeast corner of the Northeast Quarter of said Section 6, said point of beginning also being on the North line of said Northeast Quarter; thence South 05° 52' 20" West 579.76 feet; thence South 39° 08' 57" West 100.80 feet; thence South 00° 30' 34" West 195.55 feet; thence South 74° 41' 26" West 1402.72 feet; thence North 02° 30' 47" West 1221.97 feet to a point on the North line of said Northeast Quarter; thence North 90° 00' 00" East 1531.22 feet to the point of beginning, less any part thereof taken or used for road purposes.

PROPERTY B

00000 131st St Leavenworth, KS 66048

Approximately 99.86 acres

All of the Northeast Quarter of Fractional Section 6, Township 10 South, Range 23 East of the 6th P.M., Leavenworth County, Kansas, less any part thereof taken or used for road or street purposes,

AND ALSO LESS AND EXCEPT:

A tract of land in the Northeast Quarter of Section 6, Township 10 South, Range 23 East of the 6th P.M., Leavenworth County, Kansas, more fully described as follows: Beginning at a point that is South 90° 00' 00" West 418.98 feet from the Northeast corner of the Northeast Quarter of said Section 6, said point of beginning also being on the North line of the Northeast Quarter; thence South 05° 52' 20" West 579.76 feet; thence South 39° 08' 57" West 100.80 feet; thence South 00° 30' 34" West 195.55 feet; thence South 74° 41' 26" West 1402.72 feet; thence North 02° 30' 47" West 1221.97 feet to a point on the North line of said Northeast Quarter; thence North 90° 00' 00" East 1531.22 feet to the point of beginning,

AND ALSO LESS AND EXCEPT:

A tract of land in the Southeast Quarter of the Northeast Quarter of Fractional Section 6, Township 10 South, Range 23 East of the 6th P.M., Leavenworth County, Kansas, more fully described as follows: Beginning at the East Quarter corner of said Section 6; thence South 88° 27' 20" West 485.00 feet along the South line of the Northeast Quarter of said Section 6; thence North 01° 53' 43" West 450.00 feet; thence North 88° 27' 20" East 485.00 feet to the East line of the Northeast Quarter of said Section 6; thence South 01° 53' 43" East 450.00 feet along said East line to the point of beginning, according to the Tract Split Survey dated June 29, 2010 by Hahn Surveying, as recorded on July 16, 2010 as Document No. 2010S023.

AND ALSO LESS AND EXCEPT:

Lots 1, 2, 3, 4 and 5, MILLS WOODS, a subdivision in Leavenworth County, Kansas.

PROPERTY C

24303 131st St Leavenworth, KS 66048

Approximately 11.16 acres

Lot 1, MILLS WOODS, a subdivision in Leavenworth County, Kansas.

Together with public rights-of-way adjacent thereto.

Map of District:

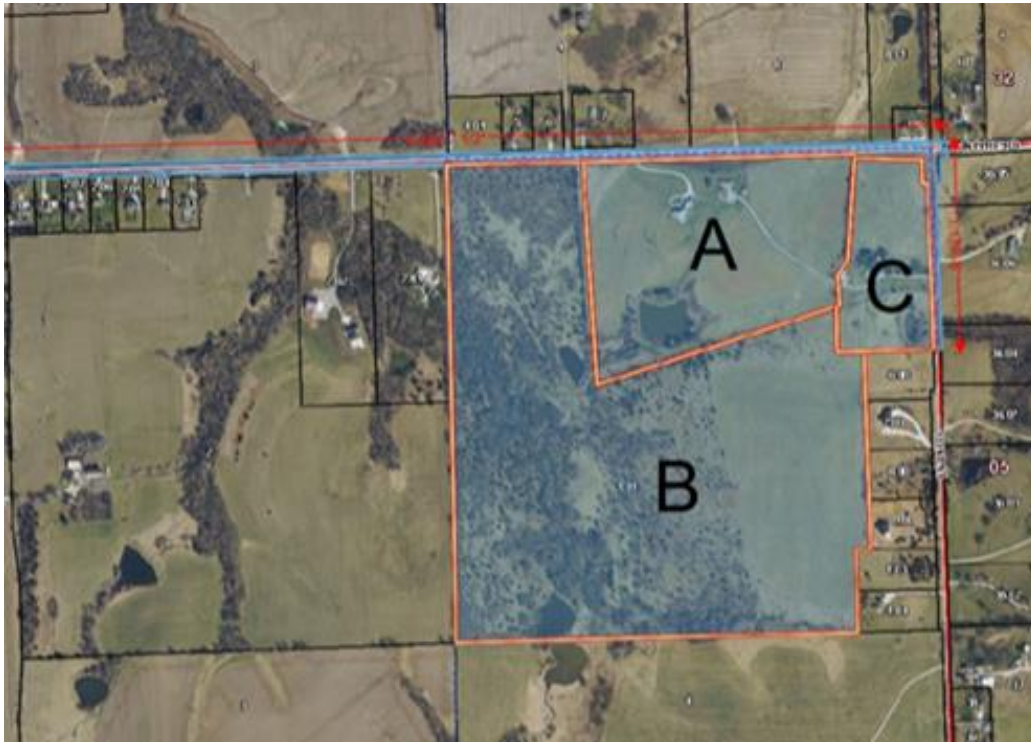


EXHIBIT B

FORM OF CERTIFICATE OF ELIGIBLE PROJECT COSTS

CERTIFICATE OF ELIGIBLE PROJECT COSTS

TO: City of Lansing, Kansas
Attention: City Administrator

Re: Riverbend Heights RHID

Terms not otherwise defined herein will have the meaning ascribed to such terms in the Development Agreement dated as of [_____] (the "Agreement") between the City and the Developer.

In connection with the Agreement, the undersigned hereby states and certifies that:

1. Attached hereto as *Schedule 1* is (a) a summary sheet detailing costs requested to be reimbursed; and (b) itemized invoices, receipts or other information confirming that such costs have been paid by [AA Lansing Development, LLC] ("Developer") and qualifies as an Eligible Project Cost, all as required by **Section 4.04** of the Agreement.

2. Each item listed on *Schedule 1* hereto is an Eligible Project Cost and was incurred after [_____] in connection with the construction of the Project.

3. These Eligible Project Costs have been paid by Developer and are reimbursable under the Agreement.

4. Each item listed on *Schedule 1* has not previously been paid or reimbursed from money derived from the RHID Revenue Fund, and no part thereof has been included in any other certificate previously filed with the City.

5. There has not been filed with or served upon Developer any notice of any lien, right of lien or attachment upon or claim affecting the right of any person, firm or corporation to receive payment of the amounts stated in this request, except to the extent any such lien is being contested in good faith.

6. All necessary permits and approvals required for the work for which this certificate relates were issued and were in full force and effect at the time such work was being performed.

7. All work for which payment or reimbursement is requested has been performed in a good and workmanlike manner and in accordance with the Agreement.

8. Developer is not in default or breach of any term or condition of the Agreement or any other agreement between the Developer and the City, and no event has occurred and no condition exists which constitutes a Developer Event of Default under the Agreement.

9. All of Developer's representations set forth in the Agreement remain true and correct as of the date hereof.

Dated this _____ day of _____, 20____.

AA LANSING DEVELOPMENT, LLC

By: _____

Printed Name: _____

Title: _____

Approved for Payment this __ day of _____, 20____.

CITY OF LANSING, KANSAS

By: _____

Title: _____

EXHIBIT C

FORM OF CERTIFICATE OF FULL COMPLETION

*Pursuant to **Section 3.06** of the Agreement, the City will, within 30 days following delivery of this Certificate, carry out such inspections as it deems necessary to verify to its reasonable satisfaction the accuracy of the certifications contained in this Certificate.*

CERTIFICATE OF FULL COMPLETION

The undersigned, AA Lansing Development, LLC (the “Developer”), pursuant to that certain Development Agreement dated as of [____], between the City of Lansing, Kansas (the “City”) and the Developer (the “Agreement”), hereby certifies to the City as follows:

Terms not otherwise defined herein will have the meaning ascribed to such terms in the Development Agreement.

1. That as of _____, 20____, the construction, renovation, repairing, equipping and constructing of Phase [____] of the Project (as such term is defined in the Agreement) has been completed in accordance with the Agreement, such Phase consisting of [____] single-family lots and Infrastructure Improvements consisting of [_____].

2. Phase [____] of the Project has been completed in a workmanlike manner and in accordance with the Construction Plans.

3. Lien waivers for Phase [____] of the Project have been obtained, or, to the extent that a good faith dispute exists with respect to the payment of any construction cost with respect to Phase [____] of the Project, Developer has provided the City with a bond or other security reasonably acceptable to the City.

4. This Certificate of Full Completion is being issued by Developer to the City in accordance with the Agreement to evidence the Developer’s satisfaction of all obligations and covenants with respect to Phase [____] of the Project.

5. The City’s execution of this Certificate will evidence the satisfaction of the Developer’s agreements and covenants to construct the Project.

This Certificate is given without prejudice to any rights against third parties which exist as of the date hereof or which may subsequently come into being.

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand this _____ day of _____, 20_____.

AA LANSING DEVELOPMENT, LLC

By: _____

Name: _____

Title: _____

ACCEPTED:

CITY OF LANSING, KANSAS

By: _____

Name: _____

Title: _____

(Insert Notary Form(s) and Legal Description)

EXHIBIT D

PROJECT BUDGET

RHID ELIGIBLE EXPENSES

Item	Amount	RHID Eligible	RHID Uses
Land Acquisition	\$ 2,060,000.00	\$ 2,060,000.00	\$ 2,060,000.00
Infrastructure Improvements	\$ 18,749,380.00	\$ 18,749,380.00	\$ 18,749,380.00
Soft Costs (Engineering, Inspections, Permitting, Permitting, Insurance, Etc.)	\$ 1,683,712.00	\$ 1,683,712.00	\$ 1,083,120.00
Third Party Professional Costs (Legal, Accounting, Financing, Etc.)	\$ 2,497,735.00	\$ 0.00	\$ 0.00
Contingency	\$ 2,153,839.00	\$ 1,784,752.00	\$ 0.00
TOTAL	\$ 27,144,666.00	\$ 23,576,212.00	\$ 21,892,500

EXHIBIT E

PROJECT PRELIMINARY SITE PLAN

PHASING PLAN		
	PHASE I	78 LOTS
	PHASE 2	84 LOTS
	PHASE 3	57 LOTS
	PHASE 4	76 LOTS
	PHASE 5	79 LOTS
	PHASE 6	33 LOTS

LOT COUNTS	
LOT DIMENSIONS	# OF LOTS
50' X 120'	406

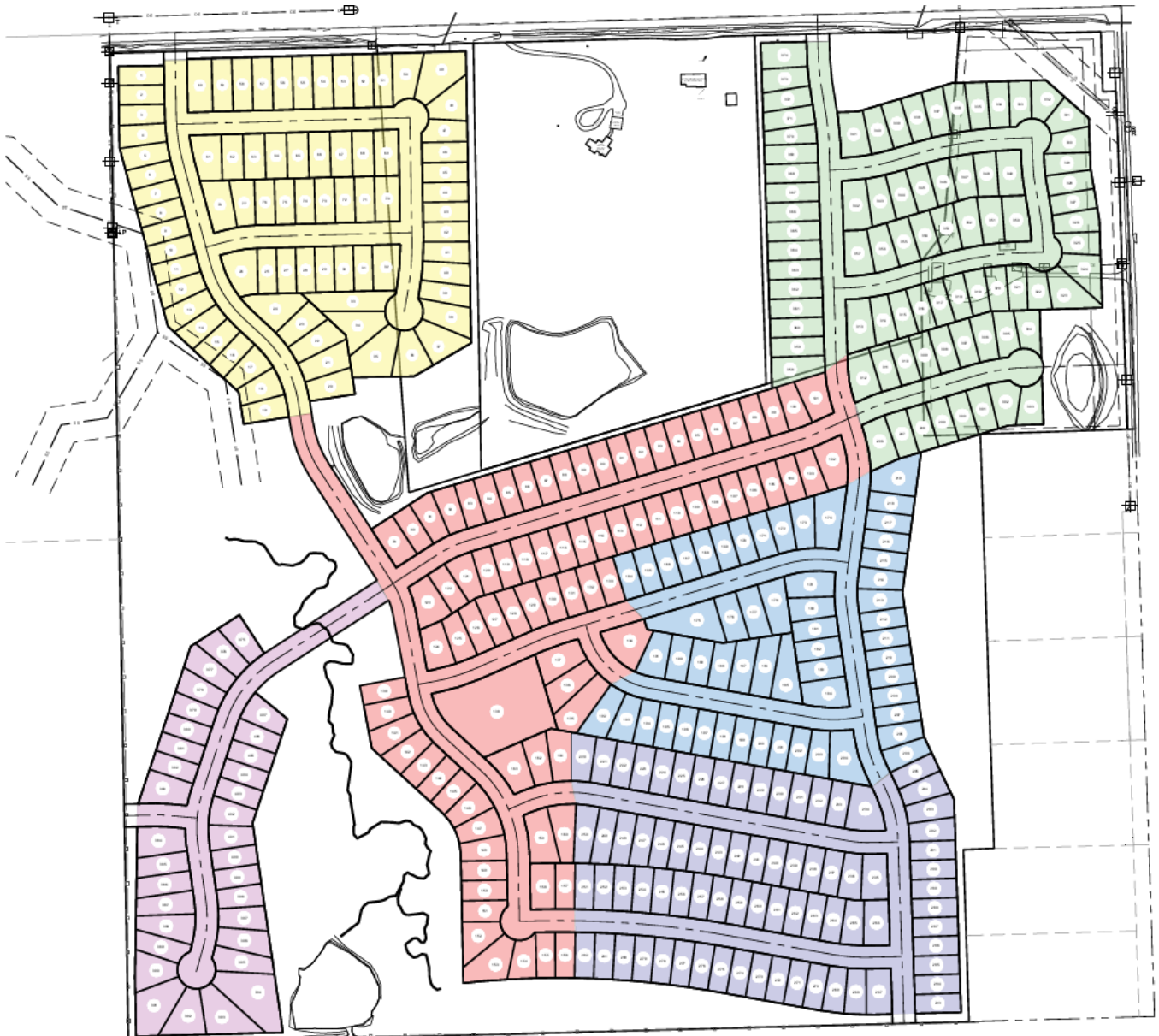


EXHIBIT F

MCINTYRE SEWER PROJECT

