

## CONSORTIUM AGREEMENT

This Consortium Agreement (the “**Agreement**”) is entered into by the parties below effective the \_\_\_\_ day of \_\_\_\_\_, 2007 (the “**Effective Date**”), between CITY OF LAWRENCE, KANSAS (“**City**”), DOUGLAS COUNTY, KANSAS (“**County**”), DOUGLAS COUNTY DEVELOPMENT, INC., a Kansas not for profit corporation (“**DCDI**”) and LAWRENCE - DOUGLAS COUNTY BIOSCIENCE AUTHORITY, INC., a Kansas not for profit corporation (“**LDCBA**”) (the foregoing collectively, the “**Consortium**” and each individually a member of the Consortium).

### RECITALS

A. The members of the Consortium believe that their combined efforts are necessary to promote commercial life-science and bio-science related enterprises in Lawrence and Douglas County, Kansas.

B. The members of the Consortium share goals regarding economic growth and job creation resulting from life-science and bio-science related commercial enterprises in Lawrence and Douglas County, Kansas.

C. The members of the Consortium believe it is desirable to memorialize their general commitment to promote and enhance life-science and bio-science related commercial enterprises in Lawrence and Douglas County, Kansas.

D. The members of the Consortium are parties to a Memorandum of Understanding dated December 28, 2006 (the “**MOU**”) in which the Consortium members collectively committed \$4,000,000.00 to dedicate towards life-science and bio-science related commercial efforts in Lawrence and Douglas County, Kansas.

E. The MOU relates, among other matters, to DCDI’s sale of its property located at 3813 Greenway Drive, Lawrence, Kansas (the “**Real Estate**”) and the building located on the Real Estate (the “**Spec Building**”).

F. The Consortium and the Kansas Bioscience Authority (“**KBA**”) have agreed to commit financial resources to retain DECIPHERA PHARMACEUTICALS, L.L.C. (“**Deciphera**”) as a commercial enterprise in Lawrence and Douglas County, Kansas.

G. The Consortium will enter into separate performance agreements with each of KBA and Deciphera (the “**Performance Agreements**”) regarding the Consortium’s financial commitments and other matters.

H. The Consortium believes Deciphera is a model of the type of life-science and bio-science related commercial enterprise in which cooperative efforts of the Consortium may result in desirable job growth and economic growth for Lawrence and Douglas County, Kansas.

I. The members of the Consortium desire to establish their respective rights and obligations with regard to financial commitments to KBA and Deciphera as well as to provide a model cooperative structure for potential future joint efforts such as creation or enhancement of shared incubator or lab space for life-science and bio-science

commercial enterprises or arrangement similar to the Deciphera arrangements to which the Consortium members are a party.

NOW, THEREFORE, the undersigned parties below hereby agree as follows:

### **AGREEMENT**

1. **Recitals.** The Recitals set forth above are a part of this Agreement.
2. **Consortium Representative.** The Consortium nominates and appoints LDCBA and LDCBA agrees to serve as representative of the Consortium (“**Consortium Representative**”). As Consortium Representative, LDCBA shall serve as the conduit for distribution of funding support from the Consortium to KBA and Deciphera.
3. **Purpose of this Agreement.** The members of the Consortium enter into this Agreement for purposes including:
  - A. Establishing LDCBA as the Consortium Representative.
  - B. Providing a structure for ongoing cooperative efforts by the Consortium to promote and enhance life-science and bio-science commercial enterprises in Lawrence and Douglas County, Kansas.
  - C. To define rights, responsibilities, and roles of the Consortium members with regard to transactions between the Consortium (and its members) and both KBA and Deciphera.
  - D. Establish the financial obligation of the members of the Consortium with respect to retaining Deciphera in Lawrence and Douglas County, Kansas.
4. **Deciphera Employment.** As of the Effective Date, Deciphera is a drug discovery and development company. According to its informational materials, Deciphera states it seeks to design, optimize and introduce small molecule therapeutics for human clinical trials and the global pharmaceutical marketplace. As of the Effective Date, Deciphera employs highly skilled employees which the Consortium considers to be high-quality and desirable employment positions. The Consortium considers the creation of similar highly skilled employment positions to be worthy of additional financial award if Deciphera is successful in creating additional similar employment opportunities in Lawrence and Douglas County, Kansas.
5. **Conditions for Consortium Financial Commitments.** Prior to LDCBA distributing any portion of the Consortium Financial Commitments (as described below), Deciphera must purchase the Real Estate from DCDI. In addition to the foregoing conditions, in order for LDCBA to contribute any portion of the Consortium Financial Commitments, all of the following conditions must be (and remain) satisfied:
  - A. A building permit must be issued by the City of Lawrence, Kansas permitting construction of improvements in the Spec Building for the benefit of Deciphera.

B. Deciphera must maintain Lawrence as its world headquarters and primary location for bioscience operations; recognizing, however, that Deciphera may outsource operations to other entities in other locations.

C. Deciphera must conduct substantial commercial bioscience operations in Lawrence, Kansas.

6. **Consortium Financial Commitments.** With regard to Deciphera's acquisition and ownership of the Real Estate and Spec Building, employment award(s) for Deciphera, and the acquisition, creation and/or enhancement of incubator space for life-science or bio-science related commercial enterprises in Lawrence and Douglas County, Kansas, the members of the Consortium agree to financial commitments not to exceed a total of \$4,000,000.00 as follows:

A. An amount equal to the KBA Investment, but not to exceed \$1,500,000.00 (such investment the "**Improvement Grant**"), to KBA to match KBA's grant to Deciphera for Deciphera's costs and expenses to improve, retro-fit, furnish and equip the Spec Building. The Consortium's Improvement Grant shall be paid initially by the KBA to Deciphera and the Consortium's repayment to the KBA of the Improvement Grant shall be in accordance with, and as more particularly described in, the terms and provisions of the KBA Funding Agreement with such terms and provisions incorporated herein by reference.

B. An amount equal to KBA financial support resulting from Deciphera employment creation in Lawrence, Kansas but in no event not to exceed \$500,000.00 (the "**Employment Award(s)**"). KBA and the Consortium will provide Employment Award(s) on a share-alike basis for Deciphera's employment creation of positions which are similar to those generally described in Section 4 of this Agreement. The payment of the Employment Award(s) shall be in accordance with, and as more particularly described in, the terms and provisions of the Deciphera Funding and Performance Agreement with such terms and provisions incorporated herein by reference.

C. An amount necessary to refund real property taxes paid by Deciphera on the Real Estate (the "**Tax Refund**") in accordance with, and as more particularly described in, the terms and provisions of the Deciphera Funding and Performance Agreement with such terms and provisions incorporated herein by reference.

D. The remainder of the \$4,000,000.00 committed by the Consortium members shall be held and used by LDCBA for additional projects similar to the Deciphera arrangements or for: (i) the enhancement or creation of life-science and bio-science services and/or shared lab space; or (ii) incubator space, including equipment and/or potential leasehold subsidies.

E. Each member of the Consortium is entitled to request and receive documentation substantiating KBA's expenditures in connection with the Improvement Reimbursement and Incubator Payment. The Improvement Grant, Employment Award(s), and Tax Refund may be collectively referred to in this Agreement as the "**Consortium Financial Commitments.**"

7. **Payment, Allocation and Collection of Consortium Financial Commitments.** Each member of the Consortium shall be responsible for the following percentages of the Consortium Financial Commitments:

- |    |        |        |
|----|--------|--------|
| A. | City   | 31.25% |
| B. | County | 31.25% |
| C. | LDCBA  | 25.0%  |
| D. | DCDI   | 12.5%  |

LDCBA shall collect from the Consortium members and thereafter hold and remit all Consortium Financial Commitments in accordance with this Agreement and the Deciphera Funding and Performance Agreement and KBA Funding Agreement. The Consortium Financial Commitments shall be paid by the Consortium members to the LDCBA which shall, in turn, distribute those funds to KBA and Deciphera as further described in the Deciphera Funding and Performance Agreement and KBA Funding Agreement, with all such payments and distributions to be made in annual installments not to exceed an aggregate sum of \$400,000.00 from all Consortium members. To illustrate the foregoing, if the annual Consortium Financial Commitments is \$400,000.00, the City will pay annually \$125,000.00; the County will pay annually \$125,000.00; LDCBA will pay annually \$100,000.00; and DCDI will pay annually \$50,000.00 with such annual payments continuing until that member's portion of the Consortium Financial Commitments is satisfied.

8. **Continued Cooperative Efforts.** Because of the importance of growing sustainable commercial enterprises which will enhance the local economic conditions, the parties represent and warrant that they will undertake continued and ongoing joint cooperative efforts to further promote and enhance life-science and bio-science commercial enterprises in Lawrence and Douglas County, Kansas beyond the scope of the transactions contemplated by this Agreement and the MOU. Such continued and ongoing joint cooperative efforts may include additional arrangements similar to those made with Deciphera and KBA.

9. **Consortium Allocation of Financial Reimbursement from Deciphera.** In the event the provisions of K.S.A. 74-99b18 become applicable with regard to Deciphera, and funds are received by KBA and shared with Consortium (all as more particularly described in the Deciphera Funding and Performance Agreement) the financial reimbursement made by Deciphera to KBA to be shared with the Consortium shall be allocated among the Consortium members in proportion to the Consortium members percentages identified in section 7 of this Agreement.

10. **No Joint and Several Obligations.** Each member of the Consortium shall be responsible solely for that member's portion of the Consortium Financial Commitments. No Consortium member shall be jointly or severally liable for another Consortium member's portion of the Consortium Financial Commitments.

11. **Miscellaneous.**

A. The persons who have executed this Agreement represent and warrant that they are duly authorized to execute this Agreement in their representative capacity as indicated.

B. Paragraph and section headings of this Agreement are for convenience only and are not to be construed as part of this Agreement and shall not be construed as defining or limiting in any way the scope or intent of the provisions hereof.

C. If any term or provision of this Agreement shall to any extent be held invalid or unenforceable, the remaining terms and provisions of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

D. The terms and provisions of this Agreement shall be interpreted in accordance with and governed by the laws of the State of Kansas.

E. The terms of this Agreement shall extend to and be binding upon the permitted assigns and successors of the parties to this instrument.

F. All notices to or demands desired or required to be given under any of the provisions hereof shall be in writing. Except as expressly provided herein, any written notice, document or payment required or permitted to be delivered hereunder (a "**Notice**") shall be sent by United States Mail, registered or certified, return receipt requested, or by personal delivery with receipt acknowledged, or by Federal Express or other reputable overnight national courier service, addressed to the parties at such address as is regularly identified as the business office address of a party to this Agreement, or by electronic communication including electronic mail or telefacsimile transmission. Notice shall be effective when received (if personally delivered, transmitted by telefacsimile or electronic mail or delivered by overnight delivery service) or 3 days following the date such notice was deposited in the United States mail, registered or certified, return receipt requested.

G. The City and County each represent and warrant that the expenditures contemplated by this Agreement to be made for the current budget year are actually on hand and will not violate the Kansas cash basis laws, K.S.A. 10-1101, et. seq. The obligations of each municipality for subsequent years are subject to appropriation in accordance with the Kansas cash basis laws.

H. This Agreement may be executed simultaneously or in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement effective as of the Effective Date.

**CITY**

City of Lawrence, Kansas

**COUNTY**

Douglas County, Kansas

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**LDCBA**

Lawrence – Douglas County Bioscience Authority, Inc.

**DCDI**

Douglas County Development, Inc.

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_