

## **DECIPHERA FUNDING AND PERFORMANCE AGREEMENT**

This Deciphera Funding and Performance Agreement ("**Agreement**") is entered into by the parties below effective the \_\_\_\_ day of \_\_\_\_\_, 2007 (the "**Effective Date**"), between LAWRENCE - DOUGLAS COUNTY BIOSCIENCES AUTHORITY, INC., a Kansas not for profit corporation ("**LDCBA**"), CITY OF LAWRENCE, KANSAS ("**City**"), DOUGLAS COUNTY, KANSAS ("**County**"), DOUGLAS COUNTY DEVELOPMENT, INC., a Kansas not for profit corporation ("**DCDI**") KANSAS BIOSCIENCES AUTHORITY ("**KBA**") and DECIPHERA PHARMACEUTICALS, L.L.C. ("**Deciphera**").

### **RECITALS**

A. Deciphera has entered into an agreement to purchase the property located at 3813 Greenway Drive, Lawrence, Kansas (the "**Real Estate**") which includes a building located on the Real Estate (the "**Spec Building**").

B. A consortium consisting of the City, County, DCDI and LDCBA (the foregoing collectively, the "**Consortium**" and each, individually, a member of the Consortium) has been established to provide certain funding support to KBA and Deciphera with regard to the use and improvement of the Real Estate and the Spec Building.

C. Pursuant to an agreement among the members of the Consortium (the "**Consortium Agreement**") to which Deciphera is a third-party beneficiary, a copy of which has been or will be provided to Deciphera on or before the Effective Date, the Consortium has nominated LDCBA and LDCBA has agreed to serve as Consortium Representative, including serving as the conduit for distribution of such funding support from the Consortium to KBA and Deciphera, as well as entering into this Agreement on behalf of the Consortium and its members.

NOW, THEREFORE, for value received and in consideration of the mutual promises set forth in this Agreement, the undersigned parties hereby agree as follows:

### **AGREEMENT**

1. **Recitals.** The Recitals set forth above are a part of this Agreement.
2. **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 retention of Deciphera as a commercial enterprise in Lawrence and the creation of similar highly skilled employment positions to be worthy of additional funding support as described in this Agreement.
3. **Conditions for Distribution of Employment Awards.** Prior to KBA and LDCBA distributing any portion of the Employment Awards (as described below), Deciphera must purchase the Real Estate from DCDI. In addition to the foregoing

conditions, in order for KBA and LDCBA to contribute any portion of the Employment Awards, 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.

4. **Improvement Grant.** KBA shall pay to Deciphera the sum of Three Million and No/100 Dollars (\$3,000,000.00) ("**Improvement Grant**") within 15 days following Deciphera's acquisition of fee simple title to the Real Estate for use in defraying the costs of acquisition and improvement of the Real Estate and the acquisition of equipment for use in the operation of Deciphera's business.

5. **Tax Refund.** The Consortium shall, within 45 days after LDCBA's receipt of written notice (with substantiating documentation showing the tax amount paid) from Deciphera of each tax payment paid by Deciphera, refund to Deciphera an amount necessary to refund real property taxes paid by Deciphera on the Real Estate as described in this section (the "**Tax Refund**") (as calculated on **Exhibit A** attached to this Agreement and incorporated herein by reference) during the 10-year period which shall commence on the closing date of Deciphera's purchase of the Real Estate and end on December 31, 2017 (the "**Tax Refund Period**"). The calculation and payment of the Tax Refund shall be in accordance with Exhibit A.

6. **Employment Award(s).** If Deciphera shall meet the job creation goals described in this section during the period of time commencing on the Effective Date and ending 10 years from such date (the "**Employment Award Period**") then the Consortium and KBA shall each provide identical contributions to Deciphera on a share alike basis upon the employment creation schedule outlined in this section. The Consortium and KBA shall each pay to Deciphera a sum not to exceed \$500,000.00 (the "**Employment Award(s)**"). The Employment Award(s) shall be paid to Deciphera in accordance with the following:

A. If full-time employment in Deciphera's Lawrence, Kansas facilities reaches 50 employees and such employment level is maintained for not less than 180 days then KBA and the Consortium shall each provide an additional grant of \$125,000.00.

B. If full-time employment in Deciphera's Lawrence, Kansas facilities reaches 100 employees and such employment level is maintained for not less than 180 days then KBA and the Consortium shall each provide an additional grant of \$125,000.00.

C. If full-time employment in Deciphera's Lawrence, Kansas facilities reaches 150 employees and such employment level is maintained for not less than 180

days then KBA and the Consortium shall each provide an additional grant of \$125,000.00.

D. If full-time employment in Deciphera's Lawrence, Kansas facilities reaches 200 employees and such employment level is maintained for not less than 180 days then KBA and the Consortium shall each provide an additional grant of \$125,000.00.

E. For purposes of this Paragraph, full-time employment shall mean full-time equivalent positions based upon a forty (40) hour work week. No employee shall be counted more than once for purposes of this calculation. If a position satisfies these conditions as a full-time equivalent position as a result of more than one person filling such position (i.e. a job-share arrangement) such position shall count as one full-time equivalent position.

7. **Payment of Employment Award(s)**. Deciphera shall provide both LDCBA and KBA written notice of its belief that Deciphera has achieved employment levels such that Employment Award(s) are due. Both the Consortium and KBA shall have 30 days to verify whether Deciphera has achieved employment levels such that Employment Award(s) are due. Employment Award(s) shall be paid by KBA and the Consortium, via LDCBA, to Deciphera not later than 30 days following date KBA and LDCBA have verified the attainment of Deciphera employment levels as described in Section 6 of this Agreement.

8. **Deciphera Right of First Refusal Regarding Adjacent Real Estate**. The Consortium has agreed to cause DCDI to execute a Right of First Refusal in favor of Deciphera for the acquisition of the real property located at as shown on the map attached as **Exhibit B** and incorporated herein by reference (the "ROFR").

9. **Non Compliance**. If, at any time, Deciphera shall fail to satisfy any of the conditions described in Section 3 of this Agreement or violate the restriction provided in Section 10 (B) below (any such failure a "**Non Compliance**") and such Non Compliance shall continue for 45 days following Deciphera's receipt of written notice of Non Compliance and Deciphera has failed to initiate and pursue with reasonable diligence corrective measures, then all of the following shall apply without the necessity of additional action by, or notice to, any party:

A. The obligation of KBA and the Consortium to continue payment of any installments of the Employment Awards shall immediately terminate.

B. The obligation of the Consortium to continue payment of any installments of the Tax Refund shall immediately terminate.

C. Deciphera's ROFR shall immediately terminate.

Notwithstanding anything to the contrary in this Agreement, Deciphera's right to cure a Non Compliance shall exist with regard to one Non Compliance only. If Deciphera shall cure a Non Compliance and then a subsequent Non Compliance exists, Deciphera shall no longer have the right to cure a Non Compliance.

10. **Relocation of Operations; Use of Funds.**

A. Notwithstanding the provisions of K.S.A. 74-99b18 to the contrary, in the event Deciphera causes substantially all of its Lawrence, Kansas operations to depart from the state of Kansas within 10 years after receiving the Improvement Grant or any installment of the above Employment Awards, Deciphera shall repay the unamortized portion of all grant monies received within the immediately preceding 10-year period, less any deferred incubator deferred rent, if applicable, based upon a 10-year amortization and the date of such departure occurs, as described in **Exhibit C**, attached to and, by reference, incorporated herein, to KBA and the Consortium no later than 60 days following such departure.

B. Deciphera agrees that none of the Improvement Grant or Employment Awards shall be used for the pursuit of any research prohibited by the Kansas Bioscience Authority Act (K.S.A. 74-99b01 et seq.)

11. **No Joint and Several Obligations.** Deciphera understands that each member of the Consortium and KBA are responsible solely for the payment of their respective portions of the Employment Awards as set forth herein; KBA is solely responsible for the payment of the Improvement Grant; and the Consortium is solely responsible for the payment of the Tax Refund(s). Neither the KBA or the Consortium shall be jointly or severally liable for the other's portion of the Employment Award payments.

12. **Notices.** Except as otherwise specifically provided herein, all notices or demands under this Agreement shall be in writing and shall be served by hand delivery, by prepaid United States certified mail, return receipt requested, by telefacsimile transmission, with the original to follow by mail, or by reputable overnight delivery service guaranteeing next-day delivery and providing a receipt. All notices shall be addressed to the parties at the addresses set forth below, or as the parties may, from time to time, otherwise designate in writing:

LDCBA: Lawrence - Douglas County Biosciences Authority, Inc.  
Attn: Vice-President of Economic Development  
Lawrence Chamber of Commerce  
734 Vermont St., P.O. Box 586  
Lawrence, KS 66044

KBA: Kansas Bioscience Authority  
Attn: \_\_\_\_\_  
25501 West Valley Parkway, Suite 100  
Olathe, KS 66061

Deciphera: Deciphera Pharmaceuticals, L.L.C.  
Attn: Chief Business Officer  
4950 Research Park Way  
Lawrence, Kansas 66047

Notices shall be effective when received (if personally delivered, transmitted by telefacsimile, or delivered by overnight delivery service) or 3 days after being deposited

in the United States mail (if mailed by certified mail, regardless of whether the recipient signs the certified mail receipt).

13. **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. 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.

G. 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.

H. This Agreement may not be amended or modified without the written consent of KBA and each Consortium member.

**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.

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

**DECIPHERA**

Deciphera Pharmaceuticals, L.L.C.

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

**DCDI**

Douglas County Development, Inc.

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

**KBA**

Kansas Bioscience Authority

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

**EXHIBIT A**  
**TAX REFUND SCHEDULE**

**EXHIBIT B**  
**ROFR PROPERTY**

**EXHIBIT C**

**GRANT AMORTIZATION SCHEDULE**