

# MEMORANDUM

To: Mayor Ed Eilert and Members of the City Council of Overland Park, Kansas

From: Black & Veatch

Re: Fifth Amendment to Sublease Agreement and Release of Guaranty of Sublease (OPLA Holdings, L.L.C.) relating to the Black & Veatch Building at 11401 Lamar, Overland Park, Kansas

Date: June 12, 2002

Black & Veatch LLP and Black & Veatch Holding Company (collectively, “Black & Veatch”) are replacing their existing senior credit facility with a new senior credit facility from a group of domestic and international banks. Black & Veatch uses this credit facility for general corporate purposes and to provide letters of credit in support of its activities worldwide. The new credit facility, agented by Harris Trust and Savings Bank, LaSalle Bank and U.S. Bank, is proposed to be secured by certain assets of Black & Veatch and its subsidiaries.

The contemplated grant of security by Black & Veatch requires the consent of certain parties, including the City and the Trustee (upon approval of the requisite percentage of Bondholders) under agreements entered into in 1995 in connection with the City’s issuance of \$53,000,000 Taxable Lease-Backed Revenue Bonds, Series 1995 (Black & Veatch Project). In connection with obtaining such consents, Black & Veatch proposes to similarly grant security to the Bondholders and the Lessee under the existing Sublease Agreement by which it occupies the building at 11401 Lamar (the building constructed with the Bond proceeds) and to the holders of certain subordinated notes of Black & Veatch.

Black & Veatch also proposes that certain provisions of the Sublease affecting a related entity, OPLA Holdings, L.L.C., be amended, and that OPLA Holdings be released from its obligations under its guaranty of the Sublease. OPLA Holdings has no operating revenues and it conducts no part of Black & Veatch’s business.

The Trustee’s security and right to repayment from the proceeds of any sale of the building as provided in the Indenture relating to the Bonds will be unaffected, as will the status of all obligations as “non-recourse” to the City. The outstanding principal of the Bonds currently stands at about \$37,000,000 and is substantially less than the value of the building. In effect, the Sublease obligations (which are the anticipated source of repayment for the Lease-Backed Revenue Bonds) will be secured by an interest in additional collateral provided by Black & Veatch for so long as the senior credit facility is so secured.

Black & Veatch requests that the City consent to (i) a Fifth Amendment to Sublease Agreement and an Intercreditor Agreement in order to allow it to enter into the proposed senior credit facility and to grant security, and to modify provisions of the Sublease affecting OPLA Holdings, L.L.C., and (ii) a Release of Guaranty of Sublease relating to OPLA Holdings, L.L.C.