



January 17, 2017

DGM Properties  
4747 N. Webb Road  
Bel Aire, KS 67226

Re: Letter of Intent to Issue IRB's and Provide Other Incentives for Expansion of  
DGM Properties, LLC Manufacturing and Warehouse.

Dear Mr. Wickham,

Subject to formal IRB document approval by the City Council of Bel Aire, this Letter of Intent with DGM Properties, LLC is submitted in order to set forth the agreement of the parties concerning the principal elements of DGM Properties, LLC commitment to the City of Bel Aire and the City's intent to provide the incentives outlined herein, including the issuance of Industrial Revenue Bonds pursuant to K.S.A. 12-1740 et seq., to construct one building expansion totaling at least 30,000 square foot for manufacturing and warehouse in the Bel Aire Industrial Park. This Letter of Intent is subject in all respects to subsequent actions by the City Council to authorize specific incentives outlined herein and does not constitute a binding obligation of the parties, until such actions have been taken and all documents contemplated herein are executed. Absent subsequent rescission or extension by action of the Governing Body, this Letter of Intent to issue bonds and provide other incentives will remain in effect for six months, unless extended by the parties. This Letter of Intent is void if not signed and accepted within 30 days from the date of Mayors signing.

**I. Industrial Revenue Bonds**

At the option of DGM Properties, LLC, the City intends to authorize the issuance of tax exempt Industrial Revenue Bonds ("bonds" or "IRB's") to finance the cost of acquiring land, equipping and constructing an addition totaling at least 30,000 square foot to house additional manufacturing and warehouse facilities in Bel Aire for an aggregate total not to exceed \$4,300,000.

The Industrial Revenue Bonds will be privately placed by DGM Properties, LLC to its lenders.

**II. Other Incentives:**

The City will assess a 1% origination fee.

The City Council hereby conditionally approves a 100% ad valorem property tax exemption on the Bond-financed property, for a five year term, with an additional five year term to be considered thereafter, at the discretion of the City Council, all subject to the

1001 East Central Park Avenue

Bel Aire, Kansas 67226

PHONE (316) 744-2451

FAX (316) 744-3739

Tenant's ongoing compliance with the City's Economic Development Policy as well as conditions included in this LOI.

Based on the assessed valuation of the current property tax which is payable for that year.

### **III. Other Conditions:**

Closing of the IRB and issuance is subject to negotiation of the IRB bond documents, compliance with state law and City ordinances and policies for the issuance of the IRB bonds, and receipt of commitments for the purchase of IRB bonds from lenders.

Negotiation of a lease agreement.

Preparation of appropriate bond ordinance.

Execution of guarantees for payment of bonds to the extent required by the owner of the bonds.

The applicant will identify all owners of DGM Properties, LLC and their portion of equity as well as officers. The applicant will notify the City of any changes in ownership or officers as long as the bonds are outstanding.

Provide the City with a copy of the current financial statements, business plan and financial projections for DGM Properties, LLC.

Agreement to pay all costs incurred by the City for processing the application and issuance of the bonds.

Agreement to pay the City an Administrative fee of \$1,000.00 per year for the time period in which the bonds are outstanding.

An agreement that prior to the issuance of the bonds, the prospective tenant will obtain a suitable commitment for a policy of title insuring the title of any real property conveyed to the City in connection with the financing.

This agreement only covers the proposed expansion totaling at least 30,000 square foot.

DGM Properties, LLC will cooperate with any annual compliance procedures the City may require in compliance with the Lease Agreements and IRB's including any annual reports required of the applicant as well as any inspections of the applicant's premises or interviews with the applicant's staff.

The City may revoke any ad valorem property tax abatement or impose a payment in lieu of taxes in the amount of any ad valorem property taxes abated in the event the City

Council finds, upon the fourth year, that Wickham Glass did not achieve its capital investment of \$5,000,000 and employment goal of 19 full time employees.

The applicant will continue using the property as manufacturing and warehouse.

**IV. Assignment of Letter of Intent**

The Letter of Intent is not assignable by DGM Properties, LLC, without the City's expressed approval.

Sincerely,

  
\_\_\_\_\_  
David Austin, Mayor

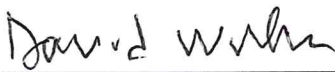
1/17/17  
Date

Attest:

  
\_\_\_\_\_  
Stacey Cook, City Clerk

Accepted:

DGM Properties, LLC

  
\_\_\_\_\_  
David Wickham, Member

1-19-2017  
Date