



March 5, 2024

Brett Walton, Manager  
Waltons 53<sup>rd</sup> Holdings LLC  
3639 N Comotara St  
Wichita, KS 67226

Re: Letter of Intent to Issue IRB's and Provide Other Incentives for Construction of a Warehouse, Distribution, Office, and Retail Facility.

Dear Mr. Walton:

Subject to formal IRB document approval by the City Council of Bel Aire, this Letter of Intent with Waltons 53<sup>rd</sup> Holdings LLC (hereinafter Waltons Holdings) is submitted in order to set forth the agreement of the parties concerning the principal elements of Waltons Holdings 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 purchase land, to purchase equipment and to construct a warehouse, distribution, office and retail building totaling 100,000 square feet on Lot 8, Block C in the Sunflower Commerce Park Addition.

Waltons Holdings is the exchange accommodation titleholder in a Qualified Exchange Accommodation Arrangement. Walton's Inc. will occupy the new facility.

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 signing. This LOI shall expire On December 31, 2024, if no IRB is issued in 2024.

I. Description of Walton's Inc.

Walton's Inc. provides supplies and equipment to commercial and home meat processors across North America. Walton's offers same-day shipment of over 5,000 different items for meat processors. It also has a retail store for local customers. After 22

years of consecutive growth, Walton’s has outgrown its 60,000 sq ft in Wichita. The 100,000 sq ft building it proposes to build, plus the space for an additional 50,000 sq ft, allows for many years of growth.

**II. Industrial Revenue Bonds**

At the option of Waltons Holdings, the City intends to authorize the issuance of taxable Industrial Revenue Bonds (“bonds” or “IRB’s”) to finance the cost of acquiring land, equipping and constructing a building totaling 100,000 square feet for warehouse, distribution, office and retail in Bel Aire for an aggregate total not to exceed \$12,000,000.00.

The Industrial Revenue Bonds will be privately placed by Waltons Holdings, its investors and its lenders.

**III. Other Incentives:**

The City will assess a 1% origination fee due at closing, total shall not exceed \$100,000.00. This fee shall be paid in equal installments over a 5-year period beginning in 2024.

The City Council hereby conditionally approves a 100% ad valorem property tax exemption on the bond-financed property for a 10-year term ad valorem property tax exemption, all subject to the tenant’s ongoing compliance with the Industrial Revenue Bond Policy as well as conditions included in this LOI. Under state law, no exemption may be granted from the ad valorem property tax levied by a school district for the capital outlay fund pursuant to the provisions of K.S.A. 72-8801, which levy may not exceed 8 mills.

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

The City Council hereby conditionally approves a sales tax exemption in connection with the purchase of materials and equipment used in construction and equipping of the project based on IRB statues of the State of Kansas.

The following Payment in Lieu of Taxes (PILOT) shall be required:

Year 1	0%
Year 2	10%
Year 3	20%
Year 4	30%
Year 5	40%
Year 6	50%
Year 7	60%
Year 8	70%

Year 9	80%
Year 10	90%

**IV. 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 / equity holders.

- a) Negotiation of a lease agreement.
- b) Preparation of appropriate bond ordinance.
- c) Execution of guarantees for payment of bonds to the extent required by the owner of the bonds.
- d) The applicant will identify all owners of Waltons Holdings 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.
- e) Provide the City with a copy of the current financial statements, business plan and financial projections for the occupant of the building, Walton's Inc .
- f) Agreement to pay all costs incurred by the City for processing the application and issuance of the bonds.
- g) Agreement to pay the City an administrative fee of \$2,500.00 per year for the time period in which the bonds are outstanding.
- h) 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.
- i) This agreement only covers the proposed building totaling 100,000 square feet.
- j) Waltons Holdings 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.
- k) 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 Waltons did not achieve its

capital investment of \$12,000,000.00 and employment goal of 10 full time employees within five (5) years after the building is constructed.

- 1) The applicant will continue using the property as a warehouse, distribution, offices and retail facility.

**V. Assignment of Letter of Intent**

This Letter of Intent is not assignable by Waltons Holdings without the City's expressed written approval.

Sincerely,

\_\_\_\_\_  
Jim Benage, Mayor

\_\_\_\_\_  
Date

Attest:

\_\_\_\_\_  
City Manager

Accepted:

Waltons 53<sup>rd</sup> Holdings LLC

\_\_\_\_\_  
Brett Walton, Manager

\_\_\_\_\_  
Date