

AGREEMENT FOR PAYMENT IN LIEU OF TAXES

This Agreement, entered into as of December 28, 2023 between the City of Bel Aire, Kansas (the “Issuer”) and Bel Aire Secure Storage, LLC, formerly known as Block 49, LLC (the “Tenant”);

WITNESSETH THAT:

1. **Tax Exemption; Payment in Lieu of Taxes.** In consideration of (i) the issuance by the Issuer of its Taxable Industrial Revenue Bonds, Series 2023 (Bel Aire Secure Storage, LLC), in the principal amount of \$3,945,737.61 (the “Bonds”) to finance acquiring, equipping and constructing of a commercial storage facility (the “Project”) to be leased by the Issuer to the Tenant, (ii) the Tenant's execution of the lease of the Project financed with the proceeds of the Bonds, (iii) the laws of the State of Kansas affording exemption from *ad valorem* property taxation for the portion of the Project acquired, purchased or constructed with the proceeds of the Bonds for a period commencing with the year after calendar year in which bonds are issued, and (iv) the agreement by the Issuer to apply for the exemption if the payments provided for herein are made, the Tenant agrees to make payments in lieu of *ad valorem* property taxes in the amounts specified herein, in the manner provided for herein.

2. **Amount of Payments; Place of Payment.** In lieu of general *ad valorem* property taxes on the Project for the ten (10) calendar years following the year in which the Bonds are issued, other than special assessments levied on account of special benefits, the Tenant shall pay by separate check to the Treasurer of Sedgwick County, Kansas, or other appropriate office as directed by the Issuer, on or before December 20 in each of the years, with the privilege of half payment as provided by law for general *ad valorem* taxes, a payment in lieu of taxes, the total amount of which is specified below, to be distributed as and for a part of the general *ad valorem* tax collections for all taxing subdivisions in which the Project is located. The total amount of the payments shall be determined as follows

Calendar Year	Payment in Lieu of Taxes
2024	0%
2025	10%
2026	20%
2027	30%
2028	40%
2029	50%
2030	60%
2031	70%
2032	80%
2033	90%

(expressed as a percentage of *ad valorem* tax otherwise payable in respect of the Project)

The amount of the payment in lieu of taxes will be determined in the same manner and according to the same statutory procedure as general *ad valorem* taxes, real and personal, as the case may be, are determined, using the valuations determined by the Sedgwick County Appraiser's office. The payments shall be distributed to all applicable taxing subdivisions in Sedgwick County as provided in K.S.A. 12-1742.

3. **Reduction of Payment for Actual Taxes Paid.** Except for the *ad valorem* taxes described in **Section 4** herein, the annual amount to be paid pursuant to **Section 2** herein shall be reduced (but not below zero) by any actual *ad valorem* tax payments paid in respect of the real property constituting a part of the Project by or on behalf of the Tenant for any given year.

4. **No Exemption for Special Assessments and Capital Outlay Levy.** All special assessments and the unified school district's capital outlay levy provided in K.S.A. 72-53,113 that is levied against the real property portion of the Project, if any, will not abate and will continue to be the obligation of the Tenant, payable in the manner provided by law.

5. **Failure to Make Payment in Lieu of Taxes.** Should the Tenant fail to make the payments required above, penalties and/or interest will be assessed against the Tenant by the Sedgwick County Treasurer in accordance with applicable state laws relating to late tax payments. If the Tenant fails to make a payment required by this Agreement and the failure shall continue for one year, this Agreement shall be deemed terminated effective as of December 20 in the year the payment was originally due, and Tenant agrees that from and after the termination date, it shall pay in full the regular amount of *ad valorem* real estate and personal property taxes on the property constituting the Project.

6. **Approval of Exemption.** This Agreement is conditioned on the issuance by the Board of Tax Appeals of the State of Kansas of an order exempting the bond-financed portion of the Project from *ad valorem* taxation in accordance with Kansas law, including particularly K.S.A. 79-201a *Twenty-Fourth*.

7. **Counterparts.** This Agreement may be executed simultaneously and several counterparts, each of which shall be deemed to be an original and all of which shall constitute the same instrument.

8. **Transferability.** The benefits of this Agreement may be transferred to any assignee of the Project Lease made in accordance with the provisions of the Project Lease between the Issuer and the Tenant.

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IN WITNESS WHEREOF, the Issuer has caused this Agreement to be signed by a duly authorized official, the signature to be attested by a duly authorized officer and its official seal to be applied, and the Tenant has caused this Agreement to be signed on its behalf by a duly authorized officer, the signature attested by a duly authorized officer, and its corporate seal (if any) to be applied, as of the day and year first above written.

CITY OF BEL AIRE, KANSAS

By: _____
Jim Benage, Mayor

[SEAL]

ATTEST:

Melissa Krehbiel, City Clerk

BEL AIRE SECURE STORAGE, LLC

By: _____
Name: Andrew Reese
Title: Manager