

February 7, 2023

Bayside Development LLC
3819 N. Toben Street
Wichita, KS 67226

Re: Letter of Intent to Issue IRB's and Provide Incentives for Construction of Speculative Facilities

Dear Mr. Le:

Subject to formal IRB document approval by the City Council of Bel Aire, this Letter of Intent with Bayside Development LLC is submitted in order to set forth the agreement of the parties concerning the principal elements of Bayside Development LLC's commitment to the City of Bel Aire and the City's intent to provide the incentives outlined herein, including the issuance of Taxable Industrial Revenue Bonds pursuant to K.S.A. 12-1740 *et seq.*, to construct speculative buildings for use in manufacturing, warehousing and storage to be located northwest of the intersection of 53rd Street North and Greenwich Road. 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. This letter of intent is void if not signed and accepted by Bayside Development LLC within 30 days from the date of this letter. 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 through December 31, 2032.

I. Industrial Revenue Bonds

At the option of Bayside Development LLC, the City intends to authorize the issuance of one or more series of Taxable Industrial Revenue Bonds (the "Bonds") in an aggregate total principal amount not to exceed \$150,000,000 to finance the cost of acquiring land, equipping and constructing approximately eight (8) buildings of approximately 125,000 square feet each for use in manufacturing, warehousing and storage.

The Industrial Revenue Bonds will be privately placed by Bayside Development LLC, its investors and its lenders.

II. Other Incentives:

The City will assess a 1% origination fee on each series of Bonds that will be due at closing on each series of Bonds; provided, however, the total origination fee on each series of Bonds shall not exceed \$100,000.

The City Council hereby conditionally approves a 100% ad valorem property tax exemption on the bond-financed property for ten (10) years, all subject to the tenant's ongoing compliance with the Industrial Revenue Bond Policy as well as conditions included in this letter and all related Bond documents. 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. 72-53,113, which levy may not currently exceed 8 mills.

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 statutes of the State of Kansas.

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 fifth year after the date of this letter of intent, that Bayside Development LLC has not constructed at least three (3) buildings and achieved a capital investment of \$40,000,000.

III. Other Conditions:

Issuance and closing of the Bonds is subject to negotiation of the Bond documents, including an approving Ordinance, Site Lease, Project Lease, Trust Indenture and Bond Purchase Agreement, compliance with state law and City ordinances and policies for the issuance of the Bonds, and receipt of commitments for the purchase of Bonds from lenders / equity holders.

Execution of guarantees for payment of bonds may be required by the owner of the bonds.

Bayside Development LLC agrees to:

- (1) identify all owners of Bayside Development LLC and their portion of equity;
- (2) identify the officers of Bayside Development LLC;
- (3) notify the City of any changes in ownership or officers as long as the bonds are outstanding;
- (4) provide the City with copies of current financial statements, business plan and financial projections for Bayside Development LLC facilities;
- (5) pay all costs incurred by the City for processing the application and issuance of the bonds;
- (6) pay the City an Administrative fee of \$2,500 per year for the time period in which the bonds are outstanding;
- (7) obtain a commitment for a policy of title insuring the title of the real property on which the Project will be constructed;
- (8) cooperate with any annual compliance procedures the City may require in compliance with the Bond documents, 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;
- (9) lease the Project to tenants for use as storage, warehouse and/or manufacturing facilities.

IV. Assignment of Letter of Intent

This Letter of Intent is not assignable by Bayside Development LLC without the City's express written approval.

Sincerely,

Jim Benage, Mayor

Date

Attest:

Ty Lasher, City Manager

Accepted:

Bayside Development LLC

Michael Le, Manager

Date