

September 18, 2018



Homestead Affordable Housing, Inc.
603 Pennsylvania
Holton, Kansas 66436

Re: Letter of Intent to Issue IRB's and Provide Other Incentives for an Affordable Senior Housing project.

Dear Mr. Bishop,

Subject to formal IRB document approval by the City Council of Bel Aire, this Letter of Intent with Homestead Senior Residences, Bel Aire, LLC submitted in order to set forth the agreement of the parties concerning the principal elements of Homestead Affordable Housing, 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 a senior housing complex totaling 60 housing units for seniors in Bel Aire. 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 two years, unless extended by the parties. This Letter of Intent is void if not signed and accepted within 30 days from the date of Mayor's signing.

I. Industrial Revenue Bonds

At the option of Homestead Affordable Housing, LLC, 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 60 senior affordable housing units for an aggregate total not to exceed \$10,000,000.00.

The Industrial Revenue Bonds will be privately placed by Homestead Affordable Housing, LLC.

II. Other Incentives:

The City will assess a .5% origination fee. To be paid at IRB closing.

The City Council considers it appropriate to consider approval of 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 Tenant's ongoing compliance with the City's Economic Development 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.

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.

The successful 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 Homestead Senior Residences Bel Aire, 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 Homestead Senior Residences Bel Aire, LLC.

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

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.

The intent is only to include the proposed fifty four to sixty four units.

Homestead Senior Residences Bel Aire, 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.

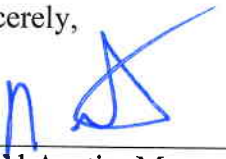
The City may revoke any ad valorem property tax abatement or impose a payment in lieu of taxes in the amount of any ad valorem property taxes abated in the event the City Council finds, upon the fourth year, that Homestead Senior Residences Bel Aire, LLC did not achieve its capital investment of \$10,000,000.00 and employment goal of 1.5 full time employees.

The applicant will exclusively use the property as senior housing and amenities.

IV. Assignment of Letter of Intent

The Letter of Intent is not assignable by Homestead Senior Residences Bel Aire, LLC, without the City's expressed approval.

Sincerely,



David Austin, Mayor

9/18/18

Date

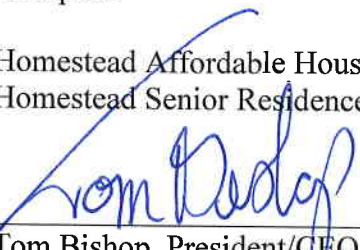
Attest:



City Manager

Accepted:

Homestead Affordable Housing, LLC
Homestead Senior Residences Bel Aire, LLC



Tom Bishop, President/CEO

9/24/18

Date