



March 20, 2024

Aspen Funds LLC
Daniel Schulte / Member
5700 West 112th Street, Suite 110
Overland Park, KS 66211

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

Dear Mr. Schulte:

Subject to formal IRB document approval by the City Council of Bel Aire, this Letter of Intent with Aspen Funds LLC (hereinafter Aspen Funds) is submitted in order to set forth the agreement of the parties concerning the principal elements of Aspen Funds 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 for industrial, manufacturing, warehouse, distribution, flex, and/or office purposes to be located immediately northeast of the intersection of 53rd Street North and Webb 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 Aspen Funds 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, 2034.

I. Industrial Revenue Bonds

At the option of Aspen Funds, 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 \$105,000,000 to finance the cost of acquiring land, equipping and constructing approximately five (5) buildings of approximately 912,925 square feet collectively for use in for industrial, manufacturing, warehouse, distribution, flex, and/or office purposes.

The Industrial Revenue Bonds will be privately placed by Aspen Funds, 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 each portion of bond-financed property and project for years 1-5 following the issuance of bonds for such property and project, and 75% ad valorem property tax exemption on each portion of bond-financed property and project for years 6-10 following the issuance of bonds for such property and project, 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 Aspen Funds LLC has not constructed at least one (1) building and achieved a capital investment over the whole development of \$16,000,000.

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.

Aspen Funds LLC agrees to:

- 1.) identify all owners of Aspen Funds LLC and their portion of equity;
- 2.) identify the officers of Aspen Funds 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 Aspen Funds 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 industrial, manufacturing, warehouse, distribution, flex, and/or office facilities.

- 10.) Aspen Funds LLC may sublease to tenants in the ordinary course without notice to the city or consent of the city as long as the tenants are using the space for industrial, manufacturing, warehouse, distribution, flex, and/or office purposes as allowed for in the Planned Unit Development Agreement.
- 11.) Abatement percentage will not be changed after a five-year review if the \$16,000,000 capital investment has been achieved.
- 12.) Applicant may assign any resolution of intent obtained for the issuance of IRBs to affiliate(s) of the Aspen Funds LLC, provided that they inform the city of this action.

IV. Assignment of Letter of Intent

This Letter of Intent is not assignable by Aspen Funds LLC without the City's express written approval, except to an affiliate.

Sincerely,

Jim Benage, Mayor

Date

Attest:

Ted Henry, City Manager

Accepted:

Aspen Funds LLC

Daniel Schulte, Member

Date