WORK SESSION AGENDA
July 5, 2022
6:00 p.m.

I. <u>Work Session Discussion Items:</u>
- **i.** Gordy Heritage, LLC Industrial Revenue Bond Request

II. <u>Regular Agenda Preview:</u>

a. **Items to be Placed on the Consent Agenda**
- **i.** Meeting Minutes

b. **Items to be Placed on the Regular Agenda**
- **i.** Gordy Heritage, LLC Industrial Revenue Bond Request
- **ii.** Setting a Public Hearing for the Revenue Neutral Rate (RNR)

c. **Items to be Placed on the Land Bank Consent Agenda**
- **i.** None

d. **Executive Session**
- **i.** None

III. <u>Reports:</u>

a. City Commission Reports
b. City Manager Report

EL DORADO
KANSAS

TO: City Commission
FROM: David Dillner, City Manager
SUBJ: Gordy Heritage, LLC IRB Request
DATE: June 24, 2022

Background: Gordy Heritage, LLC requested the City issue its industrial revenue bonds (IRBs) to finance the cost of the rehabilitation of two apartment complexes, consisting of 124 units. The two existing apartment complexes under consideration for IRBs are Gordy Square (200 N. Gordy) and Heritage House Apartments (211 N. Gordy).

Investment Resources Corporation is a real estate development and holding company that specializes in multi-family and affordable housing projects. The company has received an award of low-income housing tax credits from the Kansas Housing Resources Corporation to assist with the purchase and redevelopment of the aforementioned apartment complexes.

The developer estimates the total project costs at $13.3 million with approximately $8.5 million in construction expenses. The developer requested IRBs to help offset a portion of the construction expenses.

The City's industrial revenue bond policy does not explicitly allow the issuance of IRBs for multi-family housing, although it does allow the City Commission to "deviate from any policy or procedure if the governing body determines that such deviation is of exceptional benefit to the City or extraordinary circumstances prevail."

The City Commission should make a finding as to the reasons for deviating from policy. The following points may provide sufficient justification for proceeding with the issuance of IRBs for the project:

- Goal No. 4 of the Comprehensive Plan addresses housing by stating that the City shall work to *"ensure that all El Dorado citizens have access to affordable, quality housing opportunities."* Objectives under this goal include:
    - Revitalization of existing residential areas in need of improvements; and
    - Increase and improve the supply of quality residential rental properties.
    - Meet the special housing needs of our current and future residents and improve housing choices for special needs and underserved populations (i.e., explore options to expand affordable senior-occupied homes, apartments, assisted living, and nursing home facilities).

- The City Commission defined housing as a priority. The strategic plan states that *"Collaborate with area developers and builders to facilitate* ***housing opportunities*** *for the community."*
- The subject properties are located within an Opportunity Zone. The City's IRB policy states *"the City will consider granting tax abatements to properties in the existing tax base as a taxable use if such property is included in an area designated as an Opportunity Zone where such project has the potential to serve as a significant catalyst for revitalization and investment within the designated area."*
- The developer requests an abatement only on the incremental increase in valuation and agrees to remit a payment-in-lieu of taxes (PILOT) equal to $50,000, for that portion of the project currently paying taxes.
- The cost-benefit analysis prepared by Wichita State University demonstrated a positive benefit to all taxing entities following the completion of the project.

Policy Issue: Should the City authorize the issuance of its industrial revenue bonds to help offset a portion of construction expenses for this project?

Strategic Priority: The strategic priority of the City applicable to this request is:

> **Economic Development** – *The City of El Dorado actively works to create an environment that facilitates capital investment, produces jobs, and increases the tax base of the community.*
>
> Collaborate with area developers and builders to facilitate ***housing opportunities*** for the community.

Attachments:
- Gordy Heritage, LLC Application for Industrial Revenue Bonds
- Gordy Heritage, LLC Cost-Benefit Analysis prepared by Wichita State University
- Agreement for the Payment in Lieu of Taxes (PILOT)

Fiscal Impact: The developer will make an annual PILOT of $50,000 for distribution to all taxing entities. This PILOT will pay the taxing entities for the taxes currently paid on the two apartment complexes. Therefore, the taxing entities will not see any reduction in property taxes because of approving IRBs for this project.

Legal Review: Bond Counsel reviewed the developer's request. The City has the authority under state law to issue IRBs for the benefit of the project. Bond Counsel prepared the necessary documents for the issuance of the IRBs.

Trade-offs: Without the IRBs, it is unlikely the developer will be able to justify the investment necessary to rehabilitate the apartments. The project may not proceed in the event the City Commission does not decide to authorize the issuance of IRBs.

INVESTMENT RESOURCES CORPORATION

7701 East Kellogg, Suite 820, Wichita, KS 67207
Phone (316) 652-0616 Fax (316) 652-0072

April 4, 2022

David Dillner
City Manager
220 E. 1st Ave.
El Dorado, KS 67042
ddillner@eldoks.com

Sarah Hoefgen
Executive Director of El Dorado, Inc.
201 E. Central
El Dorado, KS 67042
shoefgen@eldorado-inc.com

RE: Proposed Approximately $11,500,000, City of El Dorado, Kansas Taxable Industrial Revenue Bonds to Gordy Heritage, LLC for the Rehabilitation of Gordy Square and Heritage House Apartments in El Dorado, Kansas

Dear Mr. Dillner, Mayor Young, and Members of the City Commission:

The purpose of this correspondence is to request the approval of a Resolution of Intent to issue Industrial Revenue Bonds in an approximate amount of Eleven Million Five Hundred Thousand Dollars ($11,500,000) by the governing body of the City of El Dorado (the "City"). The proceeds of the proposed bonds will be used to finance the cost of the rehabilitation of two (2) apartment complexes, consisting of a total of 124 units, which are commonly known as Gordy Square and Heritage House Apartments, located next to each other at 200 and 211 N. Gordy Street, which provide affordable housing to the elderly residents of the City (collectively, the "Project").

Investment Resources Corporation (IRC) is a real estate development and holding company, specializing in multi-family and affordable housing projects. We currently own and operate, through affiliated entities, a number of housing projects in the City, including the Walnut River Residences (925 River Rd.) and Lawndale Senior Residences (1630 N. Main St.).

We have obtained an award of Low-Income-Housing-Tax-Credits (LIHTCs) from the Kansas Housing Resources Corporation (KHRC) to assist in the purchase and re-development of the Project. The apartment complexes operate with Section 8 Housing Assistance Payment Contracts (HAP) and Regulatory Agreements for Insured Multi-family Housing under the National Housing Act. The units are leased exclusively to senior residents in the City, and the federal subsidy associated with the HAP Contracts assist senior residents in your City that are below the median average income to afford and stay in quality housing in your community.

The total project costs are estimated to be $13,300,000 with approximately $8,500,000 in construction costs. As you are aware, construction costs have skyrocketed, and there is a limit to the amount of tax-credits that the State of Kansas can award to any specific affordable housing project. As such, we need all the help we can get to make the rehabilitation work; thereby ensuring quality housing continues to exist for the senior residents of the City. The apartment complexes have historically been fully-occupied underscoring the need for this type of housing in the community.

First, because any increase in taxes could seriously jeopardize the financing for the project, we are seeking a 10-year, 100% ad valorem property tax abatement on bond-financed property and an agreement for Payment in Lieu of Taxes (PILOT) in the maximum amount of $400 per unit beginning in the year after the Bond issuance. We request that the payments be capped at this rate for a period of ten (10) years. The PILOT will permit the applicant to proceed with the anticipated Project and result in the public benefits more fully outlined in the enclosed application attached hereto. Obviously, we will also agree to make a payment to the City to reimburse the City for its administrative costs each year in an agreed-upon amount, commencing one (1) year after delivery of the Bonds.

Second, we respectfully requested the City Council pass a Resolution Determining the Advisability of the Issuance of Industrial Revenue Bonds ("Resolution") for and on behalf of the City wherein the City declares its intent to issue approximately $11,500,000 of its City of El Dorado, Kansas, Taxable Industrial Revenue Bonds, Series 2022 for the purposes described herein. The issuance of the IRB's would be for the purpose of obtaining a sales-tax-exemption certificate for the Project.

We are aware that such a Resolution is only an indication for the City to issue the proposed bonds to assist in the financing of the project, and that such Resolution is subject in all respects to the governing body's final approval of the terms and provisions of the Bond Ordinance, Trust Indenture, Lease Agreement and other related documents as drafted by the City's bond-counsel. However, upon passage of the Resolution, we are prepared to proceed in reliance thereon. Should there be any questions or requests for further information in the course of the City's evaluation of this application, we will be pleased to promptly respond thereto.

IRC believes in the City of El Dorado and supports the community and its economy. We look forward to working with you on this project and are always available to answer questions regarding this project or any of our business activities.

Sincerely,

Investment Resources Corporation

By: RGordon

Roarke Gordon, General Counsel
roarke@investmentresources.net

CITY OF EL DORADO, KANSAS
APPLICATION FOR
INDUSTRIAL REVENUE BONDS

1. Gordy Heritage, LLC — April 1, 2022
   Name of Applicant Firm — Date of Request

2. C/o Investment Resources Corporation
   Attention: Matt Catanese and Roarke Gordon
   7701 E. Kellogg, Suite 820, Wichita, KS 67216 — (316) 652-0616
   Applicant Address — Phone Number

3. Ownership and Management. The term "Principal", as used herein, shall mean a sole proprietor, general partner, owner of 15% or more of the stock of a profit corporation, or a member of the board of directors of a non-profit corporation or any other corporation.

   a. Describe the organizational structure of applicant (sole proprietorship, partnership, corporation, other):

      The applicant is a Kansas limited liability company, formed for the purpose of purchasing, rehabilitating, owning and leasing the Gordy Square and Heritage House Apartments in the City of El Dorado, KS (the "Project").

      IRC, or an affiliate of IRC, will manage the Applicant and the Project. 99.99% of Gordy Square, LLC will be owned by a tax-credit investor. This investor will contribute equity in exchange for the tax-credits issued by the Kansas Housing Resources Corporation (KHRC) which is the state-agency responsible for allocating low-income-housing-tax-credits (LIHTCs) in Kansas. The proceeds of such equity contribution will be used for costs to rehabilitate the Project and ensure affordable housing exists for the senior residents in the City of El Dorado.

      The remaining 0.01% will be owned by an affiliate of Investment Resources Corporation ("IRC"). IRC was founded in 1975. It is a real estate development and holding company specializing in affordable housing projects. Many of our developments utilize Affordable Housing Tax Credits and bonds financing, as will be used for this Project. IRC is the largest owner/developer of affordable housing in the State of Kansas with a current portfolio which includes over 4,000 units of multifamily housing, several of which are located in the City. Affiliates of IRC own several properties in the City, including Walnut River Residences and Lawndale Senior Residences. The Walnut River project utilized the same financing sources of tax credit equity and bond financing as currently proposed for this Project.

   1. If a corporation, is it publicly owned? Not applicable.

2. If a partnership, is it limited? Applicant is treated as a partnership for tax purposes. Yes, it is limited.

3. Give name and address of each principal The principal of IRC is:

Santo M. Catanese, 7701 E. Kellogg, Suite 820, Wichita, KS 67207.

4. Nature of applicant's business:

Gordy Heritage, LLC is an entity formed to rehabilitate, own and lease the Gordy Square and Heritage House Apartments consisting of 124-units of senior apartments located at 200 and 211 N. Gordy Street, El Dorado, Kansas.

5. How long has applicant been in this business?

Gordy Square, LLC is a newly-formed, special and single-purpose entity formed for the purpose of applying for this Project. This entity was awarded tax credits by the Kansas Housing Resources Corporation. That said, the developer, Investment Resources Corporation has been actively involved in the Gordy Square and Heritage House Apartments since they were initially built in 1978-1979.

6. The products to be assembled or manufactured or service to be rendered?

The apartment complex will include 124 units, consisting of 123 one-bedroom units and 1 two-bedroom unit.

Applicant will provide affordable housing to residents of the City pursuant to a HUD-rental assistance payments.

7. Location: 200 and 211 N. Gordy Street, El Dorado, Kansas

8. Estimated amount of issue: $11,500,000

9. Are the applicant or any principals delinquent in real or personal property taxes to Butler County, Kansas?

No.

Elsewhere: **No.** If so, specify ____

10. Has the applicant or any principals been convicted of crimes or misdemeanors other than traffic violations during the last 10 years?

No. If so, specify ____

11. Are there any outstanding federal or state tax liens against the applicant or any principal?

No. If so, specify ______________________________

____

12. Are there outstanding judgments in a court of record against applicant or any principal?

No. If so, specify ______________________________

____

13. Has the applicant or any principal been declared bankrupt, filed a Chapter 11 or 13 reorganization proceeding, or been in receivership within the last 10 years?

No. If so, specify ______________________________

____

14. Has the applicant or any principal been involved in a previous industrial revenue bond issue which failed?

No. If so, specify ______________________________

____

15. Give name, address and phone number of two banking or credit references:

Equity Bank, Andrew Chaney, VP Commercial Lending, 7701 E. Kellogg, Ste. 100, Wichita, KS; (316) 858-3153

First National Bank of Hutchinson, Troy Hutton, President, 330 E. 3rd Ave., Hutchinson, KS; (620) 560-6156

16. Applicant Signature

Matt Cat

Signature: Matt Catanese

4-4-2022

Date

Title: Vice President

17. Sworn Affidavit Statement.

I, Matt Catanese, hereby certify that the above instrument is true and correct to the best of my personal knowledge.

Matt Cal

Signature

Subscribed and sworn to before me this 4th day of April, 2022.

BETTY J. DAVIS
Notary Public - State of Kansas
My Appt. Expires 11/16/2024

Betty J Davis

Notary Public

My term expires: 11/16/2024

CITY OF EL DORADO, KANSAS
QUESTIONNAIRE FOR ISSUANCE OF INDUSTRIAL REVENUE BONDS INCLUDING EXEMPTION OF AD VALOREM PROPERTY TAXES

I. GENERAL INFORMATION

1. Gordy Heritage, LLC — April 1, 2022
Name of Applicant Firm — Date of Request

2. C/o Investment Resources Corporation
Attention: Matt Catanese
7701 E. Kellogg, Suite 820, Wichita, KS 67216 — (316) 652-0616
Applicant Address — Phone Number

3. Names and addresses of all persons or corporations who would be obligated as either applicant or personal guarantors of the bond documents:

Gordy Heritage, LLC, 7701 E. Kellogg, Suite 820, Wichita, KS 67207
Name — Address

4. The products to be assembled or manufactured or service to be rendered.

The apartment complex will include 123 one-bedroom units and 1 two-bedroom unit.

5. Roarke R. Gordon, 7701 E. Kellogg, Suite 820, Wichita, KS 67207 (316) 652-0616
Applicant's Attorney — Address — Phone Number

6. Dominic Eck, Gilmore & Bell, P.C., One Main Place,
100 North Main, Suite 800, Wichita, KS — (316) 303-3116
City's Bond Counsel — Address — Phone Number

7. None (privately placed)
Applicant's Bond Underwriter — Address — Phone Number

8. Estimated amount of issue — $11,500,000

9. Number of years to retire bonds: — Approximately 17-20 years

10. List all previous participation in industrial revenue bond financing:

Government Entity	Name of Applicant/Entity	Date of Issue	Underwriter
Hutchinson, KS	Commerce Gardens Apartments, LLC	2015	Not applicable.
Hutchinson, KS	Commerce Gardens Apartments II, LLC	2019	Not applicable.
Abilene, KS	Timber Ridge Residences, L.C.	1999	Not applicable.

Junction City, KS	Coronado Park Residences, L.C.	1999	Not applicable.
Junction City, KS	Coronado Heights Residences, L.C.	2000	Not applicable.
Hays, KS	CT Residences, L.C.	2000	Not applicable.
Wichita, KS	QAC, Inc.	1999	Not applicable.
El Dorado, KS	Walnut River Residences, L.C.	1995	Not applicable.
El Dorado, KS	Walnut River Residences II, L.C.	2002	Not applicable.
El Dordado, KS	Walnut River Residences III, L.C.	2003	Not applicable.
Arkansas City, KS	Rockridge Apartments, L.C.	2003	Not applicable.
Park City, KS	Country Park Residences, L.C.	2002	Not applicable.
Park City, KS	Country Park Residences II, L.C.	2010	Not applicable.
Hutchinson, KS	North Park Village Residences, L.C.	2000	Not applicable.
Hutchinson, KS	Prairie Village Residences II, L.C.	1997	Not applicable.
Hutchinson, KS	Prairie Village Residences II, L.C.	2000	Not applicable.
Hutchinson, KS	Prairie Village Residences II, L.C.	2002	Not applicable.

II. NATURE OF IMPROVEMENTS

1. Purchase of land: $93,250

   Acres 1.865267

2. Land improvements (buildings): $11,021,750

3. Machinery and equipment $250,000

III. COSTS OF ISSUANCE

1. Capitalized debt service: $100,000

2. Underwriting expense: Not applicable

3. Attorney fees: $35,000

4. Other (specify): $__________

   TOTAL REQUEST: $11,500,000

IV. IRB PROPOSAL

1. Will the issue refinance an existing facility? No

2. Is the proposed project an expansion or replacement of another existing facility? (which) Replacement

3. Is the applicant presently doing business in the City of El Dorado? Not the Applicant, but the Applicant's affiliates are currently doing business as Walnut River Residences, L.C. and Lawndale Residences L.C.

4. What type and size of building and/or improvements will be constructed?

There will be a rehabilitation of (2) apartment buildings comprising of 124 units. There will be 123 one-bedroom units, and 1 two-bedroom unit.

5. Name and address of contractor and/or architect:

Contractor: Accel Construction, LLC, Attn: Tony Caputo, 4015 N. Woodlawn Ct., Suite #1, Bel Aire, KS 67220

Architect: Krehbiel Architecture, Attn: Jeff Krehbiel, 1300 E. Lewis St., Wichita, KS, 67211

6. What type of equipment will be financed? Appliances

V. MARKETING OF BONDS

SECTION NOT APPLICABLE AS BONDS WILL BE PRIVATELY PLACED.

1. Has a bond underwriter analyzed the marketability of the bonds? Not applicable

a) If yes, attach a copy to this application.

2. Will the bonds be sold as a public offering or privately placed? Privately Placed

3. Have arrangements for the marketing of the bonds been made? Not applicable

4. Has the tenant investigated conventional financing? Yes

5. Does the tenant intend to purchase all or any part of the industrial revenue bonds? Yes

6. Will the applicant use a local Trustee? No trustee is required for the proposed bond structure.

VI. PROPOSED LOCATION

1. Location of the proposed facility: 200 and 211 N. Gordy Street, El Dorado, KS

2. If facility is a proposed expansion or replacement of another plant, state size and location of current operations:

   This is the rehabilitation of an existing apartment complex.

3. What percentage of the facility will be occupied by the applicant? 100%

4. Is the prospective location properly zoned? Yes

5. If a zoning change is pending, cite application number and present status. N/A

   If an application has not been made, briefly describe what change will be needed and plans for submitting application:

   Not applicable.

6. If unusual demands for water or sewer will be made, specify the demands:

   Nothing unusual anticipated.

7. Has an environmental assessment study been conducted? (if so attach)

   Yes, a Phase I and Geotec Report will be prepared by Kaw Valley Engineering, Inc.

VII. FINANCIAL RESPONSIBILITY

1. How many years has the applicant been in business?

   The Developer has been in business since 1975. The applicant is a new single-purpose entity, formed for the purpose of further developing this Project. Gordy Square and Heritage House Apartments have been open and operating as an apartment project since 1978-1979.

2. What amount is the applicant to deposit in a reserve account for payment of debt service? Not applicable

3. How many years taxes would applicant be willing to place in an Escrow Account? Not applicable

4. What portion of the project is being financed from other company funds (in addition to the bond issue)? 0%

   Applicant will use tax-credit financing/equity from the Members of the Applicant in the amount of $6,015,199.00, a traditional financing from Midwest Housing Development Fund, Inc., a Kansas non-profit lender in the amount of $5,850,000, existing replacement reserves held by the properties in the amount of $318,000, income from the continued operations of the apartments throughout construction in the amount of $412,732, and a deferred development fee in the amount of $700,000 as sources of cash other than from the issuance of the bonds.

5. Attach pro-forma statements for the first five (5) years of operation after issuance of the bonds, including revenue projections, operating expense projections and a debt amortization schedule. Attached.

6. Provide a time-line in which bond transactions will be consummated.

   Resolution of Advisability to be passed by the City of El Dorado prior to 2023 year-end. The applicant anticipates issuance of the bonds in calendar year 2023.

IX. ECONOMIC BENEFIT TO COMMUNITY

1. What dollar amount of revenue is contemplated? $1,150,000 (annually)

2. What percentage of sales will be sold locally? 100%

3. What is the estimated amount of merchandise and services purchase locally, per year? $80,000

	Full Time	Part Time
4. How many people will the project employ?	4	
Type: Professional	None	
Technical	None	
Clerical	Two	
General Labor	Two	

5. Number of current full-time employees at applicant's present location — 4

6. Provide salary range information — $30,000 - $50,000

7. Will facility improvements be constructed using local contractor?

   The contractor is based in Bel Aire, KS, but intends to use local sub-contractors for a majority of the work.

X. **In order to facilitate the timely processing of the application, please attach as part of the proposal the following items**:

1. Certified copies of applicant's financial statement for the past three years.

   Not applicable. The applicant is a newly formed single-purpose entity.

2. Applicant's most recent annual or quarterly financial report.

   Not applicable. The applicant is a newly formed single-purpose entity.

3. Interim financial statements, to date, for the current fiscal year.

   Not applicable. The applicant is a newly formed single-purpose entity.

4. A financial statement, current to date, for each personal guarantor certified by a certified public accountant and the guarantor.

   Not applicable.

XI. **Applicant should be aware that additional financial data may be required if requested by the City Manager, City Attorney, Bond Counsel or the Bond Underwriter.**

Matt Cat — 4-4-2022

Signature — Date

Matt Catanese, Vice President — (316) 652-0616

**EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF EL DORADO, KANSAS
HELD ON JULY 5, 2022**

The governing body met in regular session at the usual meeting place in the City on July 5, 2022, at 6:30 p.m., the following members being present and participating, to wit:

Absent:

The Mayor declared that a quorum was present and called the meeting to order.

* * * * * * * * * * * * * *

(Other Proceedings)

Among other business, in accordance with a notice published on June 25, 2022, in ***The Butler County Times-Gazette***, a public hearing was held by the governing body relating to the proposed issuance of Taxable Industrial Revenue Bonds (Gordy Heritage, LLC Project) in a principal amount not to exceed $11,500,000 (the "Bonds") and regarding an exemption from ad valorem taxation of property constructed or purchased with the proceeds of such Bonds. All interested persons were afforded an opportunity to present their views on the issuance of the Bonds, the location and nature of the Project to be financed with the proceeds of the Bonds and the exemption from ad valorem taxation. Thereupon, the public hearing was closed.

There was presented a Resolution entitled:

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF EL DORADO, KANSAS DETERMINING THE ADVISABILITY OF ISSUING TAXABLE INDUSTRIAL REVENUE BONDS FOR THE PURPOSE OF FINANCING THE ACQUISITION, RENOVATION, CONSTRUCTION, AND EQUIPPING OF A SENIOR APARTMENTS FACILITY LOCATED IN THE CITY; AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS

Commissioner ____________________ moved that the Resolution be adopted. The motion was seconded by Commissioner ____________________. The Resolution was duly read and considered, and upon being put, the motion for the adoption of the Resolution was carried by the vote of the governing body as follows:

Aye: ________________________.

Nay: ________________________.

Thereupon, the Mayor declared the Resolution duly adopted and the Resolution was then duly numbered Resolution No. ______ and was signed by the Mayor and attested by the Clerk.

* * * * * * * * * * * * * *

(Other Proceedings)

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On motion duly made, seconded and carried, the meeting hereupon adjourned.

CERTIFICATE

I hereby certify that the foregoing Excerpt of Minutes is a true and correct excerpt of the proceedings of the governing body of the City of El Dorado, Kansas held on the date stated therein, and that the official minutes of such proceedings are on file in my office.

[SEAL]

____
Clerk

Gilmore & Bell, P.C.
06/21/2022

RESOLUTION NO. [___]

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF EL DORADO, KANSAS DETERMINING THE ADVISABILITY OF ISSUING TAXABLE INDUSTRIAL REVENUE BONDS FOR THE PURPOSE OF FINANCING THE ACQUISITION, RENOVATION, CONSTRUCTION, AND EQUIPPING OF A SENIOR APARTMENTS FACILITY LOCATED IN THE CITY; AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS

WHEREAS, the City of El Dorado, Kansas (the "Issuer") desires to promote, stimulate and develop the general economic welfare and prosperity of the City of El Dorado, and thereby to further promote, stimulate and develop the general economic welfare and prosperity of the State of Kansas; and

WHEREAS, pursuant to the provisions of the Kansas Economic Development Revenue Bond Act, as amended and codified in K.S.A. 12-1740 *et seq.* (the "Act"), the Issuer is authorized to issue revenue bonds for such purposes, and it is hereby found and determined to be advisable and in the interest and for the welfare of the Issuer and its inhabitants that revenue bonds of the Issuer in a principal amount not to exceed $11,500,000 be authorized and issued, in one or more series, to provide funds to pay the costs of the acquisition, renovation, construction, and equipping of a senior apartments facility (the "Project") located in the Issuer and to be leased by the Issuer to Gordy Heritage, LLC, a Kansas limited liability company, or another legal entity to be formed by the principals of Gordy Heritage, LLC (the "Tenant").

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF EL DORADO, KANSAS:

Section 1. Public Purpose. The governing body of the Issuer hereby finds and determines that the Project will promote, stimulate and develop the general economic welfare and prosperity of the Issuer, and thereby further promote, stimulate and develop the general economic welfare and prosperity of the State of Kansas.

Section 2. Authorization to Acquire Project; Intent to Issue Bonds. The Issuer is hereby authorized to proceed with the acquisition, renovation, construction, and equipping of the Project and to issue its revenue bonds, in one or more series, in a principal amount not to exceed $11,500,000 (the "Bonds") to pay the costs thereof, subject to satisfaction of the conditions of issuance set forth herein.

Section 3. Conditions to Issuance of Bonds. The issuance of the Bonds is subject to: (a) the passage of an ordinance authorizing the issuance of the Bonds; (b) the successful negotiation of a Trust Indenture, Bond Agreement, Site Lease, Project Lease, Bond Purchase Agreement or other legal documents necessary to accomplish the issuance of the Bonds, the terms of which shall be in compliance with the Act and mutually satisfactory to the Issuer and the Tenant; (c) the successful negotiation and sale of the Bonds to a purchaser or purchasers yet to be determined (the "Purchaser"), which sale shall be the responsibility of the Tenant and not the Issuer; (d) the receipt of the approving legal opinion of Gilmore & Bell, P.C. ("Bond Counsel") in form acceptable to the Issuer, the Tenant and the Purchaser; (e) the obtaining of all necessary governmental approvals to the issuance of the Bonds; (f) the commitment to and payment by the Tenant or Purchaser of all expenses relating to the issuance of the Bonds, including, but not limited to: (i) expenses of the Issuer and the Issuer Attorney; (ii) any underwriting or placement fees and expenses; (iii) all legal fees and expenses of Bond Counsel; and (iv) all recording and filing fees, including fees of the Kansas Board of

Tax Appeals; and (g) the execution and delivery by the Tenant of an agreement for payment in lieu of taxes in substantially the form presented to the governing body of the Issuer with this Resolution.

Section 4. Property Tax Exemption and Payment in Lieu of Taxes. The Issuer hereby determines that pursuant to the provisions of K.S.A. 79-201a *Twenty-Fourth*, the Project, to the extent purchased or constructed with the proceeds of the Bonds, should be exempt from payment of ad valorem property taxes for ten years commencing with the year following the year in which the Bonds are issued, provided proper application is made therefor; provided no exemption may be granted from the ad valorem property tax levied: (a) by a school district pursuant to the provisions of K.S.A. 72-53,113, and amendments thereto; and (b) for the uses restricted pursuant to the provisions of K.S.A. 79-201a, *Second* and *Twenty-Fourth*. In making such determination the governing body of the Issuer has conducted the public hearing and reviewed the analysis of costs and benefits of such exemption required by K.S.A. 12-1749d. The Tenant is responsible for preparing such application and providing the same to the Issuer for its review and submission to the State Board of Tax Appeals. The tax exemption granted is subject to the execution and delivery by the Tenant of an agreement for payment in lieu of taxes in substantially the form presented to the governing body of the Issuer with this Resolution.

Section 5. Sales Tax Exemption. The Governing Body hereby determines that pursuant to the provisions of K.S.A. 79-3601 *et seq*. (the "Sales Tax Act"), particularly 79-3606(b) and (d) and other applicable laws, sales of tangible personal property or services purchased in connection with construction of the Project and financed with proceeds of the Bonds are entitled to exemption from the tax imposed by the Sales Tax Act; provided proper application is made therefore. In the event that the Bonds are not issued for any reason, the Tenant will not be entitled to a sales tax exemption under the terms of the Sales Tax Act and will remit to the State Department of Revenue all sales taxes that were not paid due to reliance on the sales tax exemption certificate granted hereunder.

Section 6. Reliance by Tenant; Limited Liability of Issuer. It is contemplated that in order to expedite acquisition of the Project and realization of the benefits to be derived thereby, the Tenant may incur temporary indebtedness or expend its own funds to pay costs of the Project prior to the issuance of the Bonds. Proceeds of Bonds may be used to reimburse the Tenant for such expenditures made not more than 60 days prior to the date this Resolution is adopted. The Bonds herein authorized and all interest thereon shall be paid solely from the revenues to be received by the Issuer from the Project and not from any other fund or source. The Issuer shall not be obligated on such Bonds in any way, except as herein set out. In the event that the Bonds are not issued, the Issuer shall have no liability to the Tenant.

Section 7. Further Action. The Clerk is hereby authorized to deliver an executed copy of this Resolution to the Tenant. The Mayor, Clerk and other officials and employees of the Issuer, including the Issuer's counsel and Bond Counsel, are hereby further authorized and directed to take such other actions as may be appropriate or desirable to accomplish the purposes of this Resolution, including, but not limited to: (a) cooperate with the Tenant in filing an application for a sales tax exemption certificate with the Kansas Department of Revenue with respect to Bond-financed property; and (b) execution on behalf of the Issuer of the information statement regarding the proposed issuance of the Bonds to be filed with the State Board of Tax Appeals pursuant to the Act.

Section 8. Effective Date. This resolution shall become effective upon adoption by the Governing Body.

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ADOPTED by the governing body of the City of El Dorado, Kansas on July 5, 2022.

[SEAL]

____
Mayor

Attest:

____
Clerk

CERTIFICATE

I hereby certify that the above and foregoing is a true and correct copy of the Resolution of the Issuer adopted by the governing body on July 5, 2022, as the same appears of record in my office.

DATED: ________________________ 2022.

____
Clerk

June __, 2022

Board of Education
Unified School District No. 490
124 W. Central Ave.
El Dorado, Kansas 67042

County Clerk
Board of County Commissioners
Butler County Courthouse
205 W. Central Ave.
El Dorado, Kansas 67042

Re: $11,500,000
City of El Dorado, Kansas
Taxable Industrial Revenue Bonds
(Gordy Heritage, LLC Project)

We have enclosed for your information a Notice of the Public Hearing and Issuance of Industrial Revenue Bonds proposed by the City of El Dorado, Kansas pursuant to K.S.A. 12-1749c and K.S.A. 12-1749d, as amended.

Very truly yours,

CITY OF EL DORADO, KANSAS

Tabitha Sharp, Clerk

Enclosure

AFFIDAVIT OF MAILING AND PUBLICATION

I, the undersigned, of lawful age, upon oath or affirmation, hereby declare under the penalties of perjury:

1. I am the duly appointed and acting Clerk of the City of El Dorado, Kansas, and I was the duly appointed and acting Clerk at all times referred to in this affidavit.

2. On June ___, 2022, I mailed a letter and attached Notice of Public Hearing addressed as follows:

Board of Education
Unified School District No. 490
124 W. Central Ave.
El Dorado, Kansas 67042

County Clerk
Board of County Commissioners
Butler County Courthouse
205 W. Central Ave.
El Dorado, Kansas 67042

The foregoing items were mailed by first-class mail with adequate postage. Each envelope was endorsed with the return address of my office. Copies of the letter and notice mailed are attached to this affidavit.

3. Neither package was returned undelivered.

4. The Notice of Public Hearing mailed as stated above was published once in *The Butler County Times-Gazette*, the official City newspaper, on June 25, 2022, which date was at least seven days prior to the date the public hearing was held. A true copy of the affidavit of publication of the Notice of Hearing is attached to this affidavit.

____
Tabitha Sharp, Clerk

STATE OF KANSAS)
) SS:
COUNTY OF BUTLER)

Subscribed and sworn or affirmed before me this _____day of ____________, 2022.

[SEAL]

____
Notary Public

____
My Appointment Expires: Typed or Printed Name of Notary Public

____

Center for Economic Development and Business Research
Wichita State University
1845 Fairmount St.
Wichita, Kansas 67260-0121
(316) 978-3225

DATE OF ANALYSIS	5/31/2022
TIME OF ANALYSIS	2:20 PM
VERSION OF ANALYSIS	V2

PROJECT SUMMARY (no multipliers, no substitution)	
Company Name	Gordy Heritage
Number of new jobs for 10-year period	4
Amount of payroll for 10-year period	$1,834,400
Amount of capital investment for 10-year period	$1,000,000
Land	$0
Buildings	$628,000
Machinery and Equipment	$372,000

INCENTIVE SUMMARY	
City Incentives - El Dorado	59,320
Tax abatement	24,020
Sales tax exemption	35,300
Forgivable loans	0
Infrastructure	0
Cash value all other incentives	0

County Incentives - Butler	14,837
Tax abatement	14,837
Sales tax exemption	0
Forgivable loans	0
Infrastructure	0
Cash value all other incentives	0

Butler Co. Community College	6,911
Tax abatement	6,911
Sales tax exemption	
Forgivable loans	
Infrastructure	
Cash value all other incentives	

State Incentives	239,186
Tax abatement	9,736
Sales tax exemption	229,450
Forgivable loans	0
Training dollars	0
Infrastructure	0
Cash value all other incentives	0

School District Incentives - 490 El Dorado	7,806
Tax abatement	7,806

Center for Economic Development and Business Research
Wichita State University
1845 Fairmount St.
Wichita, Kansas 67260-0121
(316) 978-3225

DATE OF ANALYSIS	5/31/2022
TIME OF ANALYSIS	2:20 PM
VERSION OF ANALYSIS	V2

TAX ABATEMENT PARAMETERS	
Real Property	
Number of years	10
Percentage	62.7%
Personal Property	
Number of years	0
Percentage	0.0%

CONSTRUCTION IMPACTS	
Jobs Multiplier	1.7008
Earnings Multiplier	1.533

Direct jobs	61
Direct payroll earnings	$3,158,000

Total jobs	104
Total payroll earnings	$4,841,214

SUBSTITUTION		
Firm NAICS code	531000 Real estate	
Substitution percentage applied to firm operations		100.0%

FIRM MULTIPLIERS (On-going Operations)	
Jobs	1.4248
Earnings	1.8347

ECONOMIC IMPACT OF FIRM OPERATIONS	
Number of jobs 10-year period	
Direct	-
Total	-

Payroll earnings for 10-year period	
Direct	$0
Total	$0

Center for Economic Development and Business Research
Wichita State University
1845 Fairmount St.
Wichita, Kansas 67260-0121
(316) 978-3225

DATE OF ANALYSIS	5/31/2022
TIME OF ANALYSIS	2:20 PM
VERSION OF ANALYSIS	V2

FISCAL IMPACT

City Fiscal Impacts. - El Dorado	***Discounted***
Present value of net benefits	$456,297
Rate of Return on Investment	
Net public benefits 10-year period	$456,297
Public costs 10-year period	$55,276
ROI	825.5%
Benefit-Cost Ratio	
Public benefits 10-year period	$511,573
Public costs 10-year period	$55,276
Benefit-Cost Ratio	9.25

County Fiscal Impacts. - Butler	***Discounted***
Present value of net benefits	$7,341
Rate of Return on Investment	
Net public benefits 10-year period	$7,341
Public costs 10-year period	$12,339
ROI	59.5%
Benefit-Cost Ratio	
Public benefits 10-year period	$19,680
Public costs 10-year period	$12,339
Benefit-Cost Ratio	1.59

Butler Co.Community College	***Discounted***
Present value of net benefits	$9,167
Rate of Return on Investment	
Net public benefits 10-year period	$9,167
Public costs 10-year period	$5,748
ROI	159.5%
Benefit-Cost Ratio	
Public benefits 10-year period	$9,167
Public costs 10-year period	$5,748
Benefit-Cost Ratio	1.59

State Fiscal Impacts	***Discounted***
Present value of net benefits	$447,366
Rate of Return on Investment	
Net public benefits 10-year period	$447,366
Public costs 10-year period	$237,547
ROI	188.3%
Benefit-Cost Ratio	
Public benefits 10-year period	$684,912
Public costs 10-year period	$237,547
Benefit-Cost Ratio	2.88

School District Fiscal Impacts. - 490 El Dorado	***Discounted***
Present value of net benefits	$5,664
Rate of Return on Investment	
Net public benefits 10-year period	$5,664
Public costs 10-year period	$6,492
ROI	87.2%
Benefit-Cost Ratio	
Public benefits 10-year period	$12,156
Public costs 10-year period	$6,492
Benefit-Cost Ratio	1.87

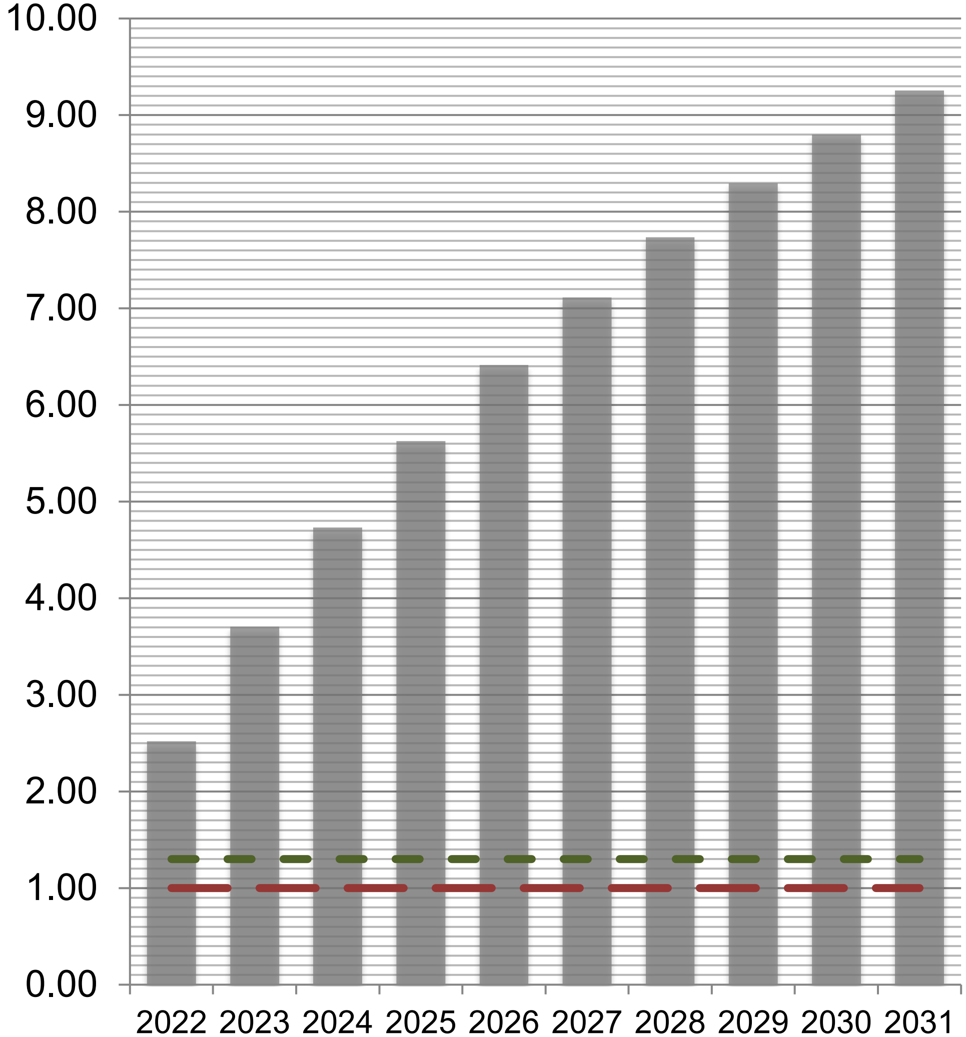
In the preparation of this report, the Center for Economic Development and Business Research assumed that all information and data provided by the applicant or others is accurate and reliable. CEDBR did not take extraordinary steps to verify or audit such information, but relied on such information and data as provided for purposes of the project.

This analysis requires CEDBR to make predictive forecasts, estimates and/or projections (hereinafter collectively referred to as "FORWARD-LOOKING STATEMENTS"). These FORWARD-LOOKING STATEMENTS are based on information and data provided by others and involve risks, uncertainties and assumptions that are difficult to predict. The FORWARD-LOOKING STATEMENTS should not be considered as guarantees or assurances that a certain level of performance will be achieved or that certain events will occur. While CEDBR believes that all FORWARD-LOOKING STATEMENTS it provides are reasonable based on the information and data available at the time of writing, actual outcomes and results are dependent on a variety of factors and may differ materially from what is expressed or forecast. CEDBR does not assume any responsibility for any and all decisions made or actions taken based upon the FORWARD-LOOKING STATEMENTS provided by CEDBR.

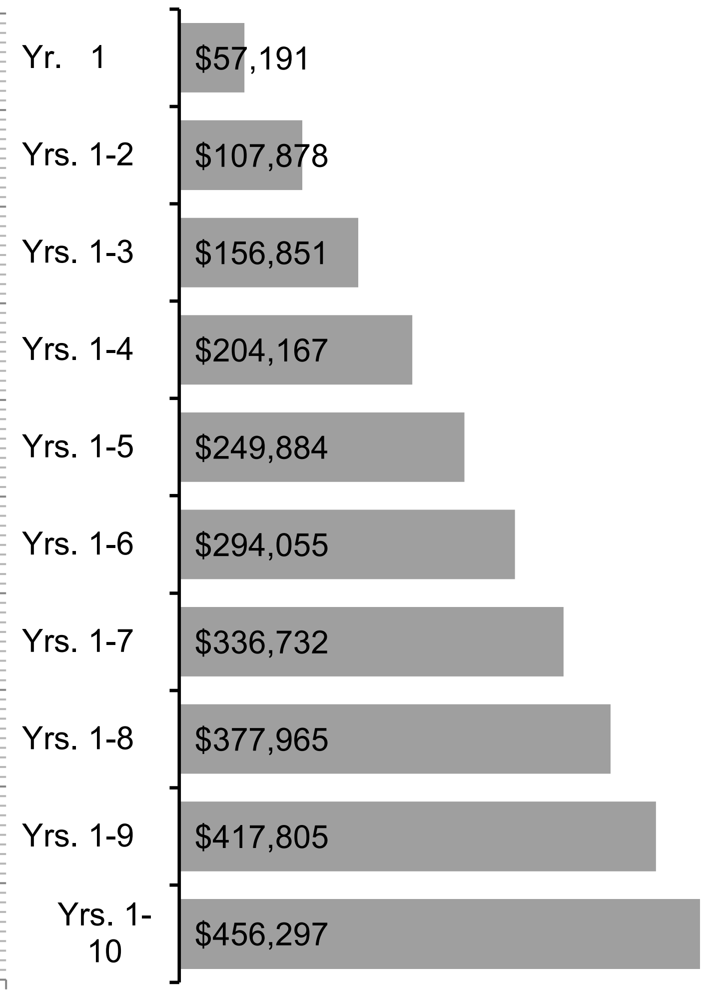
Center for Economic Development and Business Research
Wichita State University
1845 Fairmount St.
Wichita, Kansas 67260-0121
(316) 978-3225

Project or Company Name: Gordy Heritage
Date of Analysis: 5/31/2022
Version of Analysis: V2
City Fiscal Impacts. - El Dorado

Benefit-Cost Ratio



Present Value of Net Benefits



Center for Economic Development and Business Research
Wichita State University
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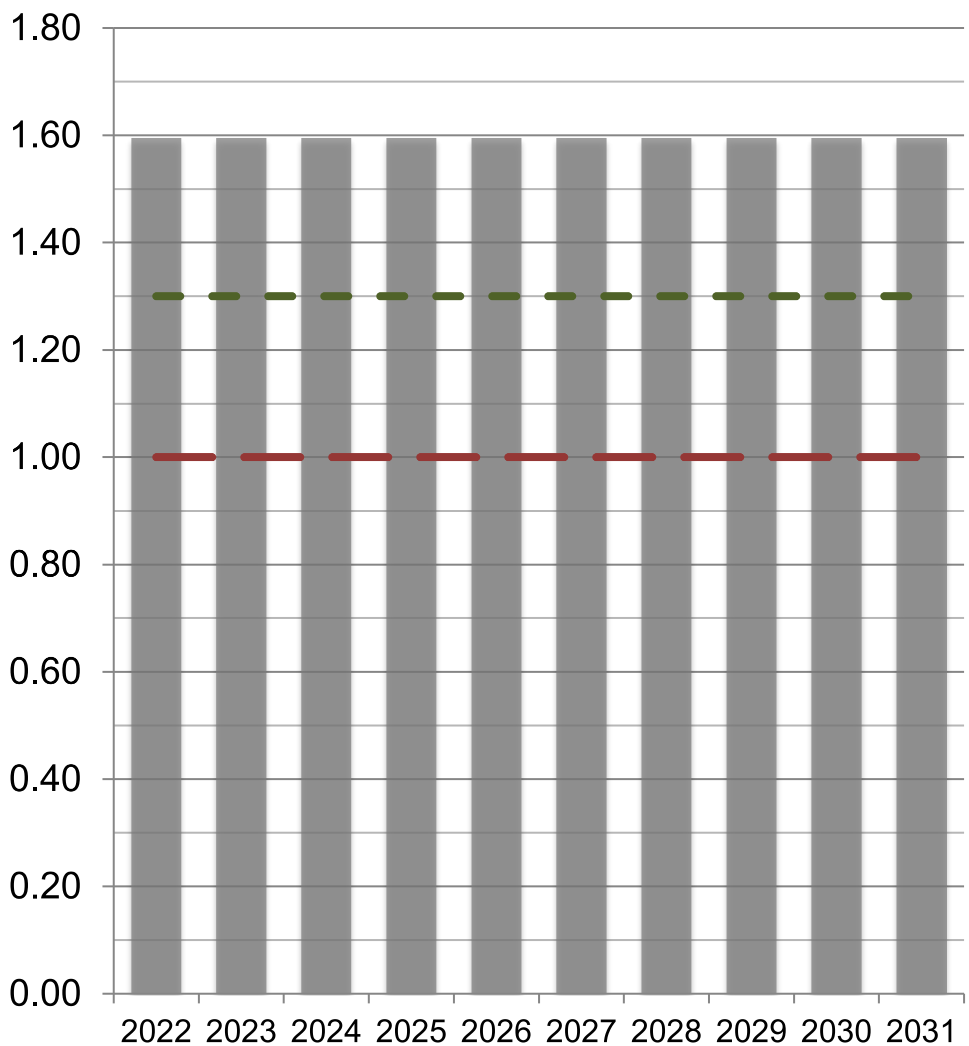
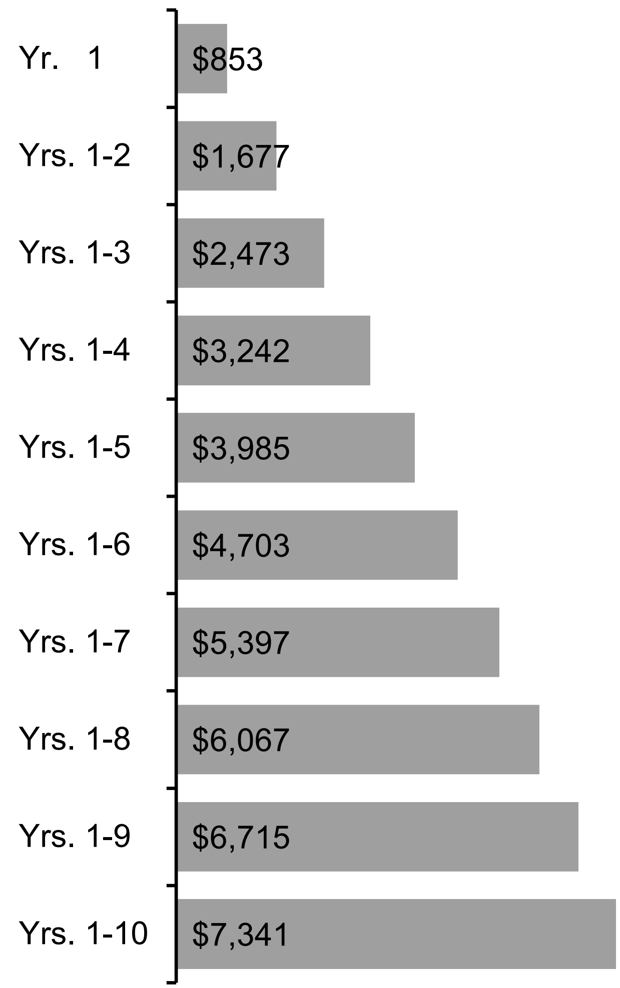
Wichita, Kansas 67260-0121
(316) 978-3225

Project or Company Name: Gordy Heritage
Date of Analysis: 5/31/2022
Version of Analysis: V2
County Fiscal Impacts. - Butler

Benefit-Cost Ratio



Present Value of Net Benefits



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Wichita State University
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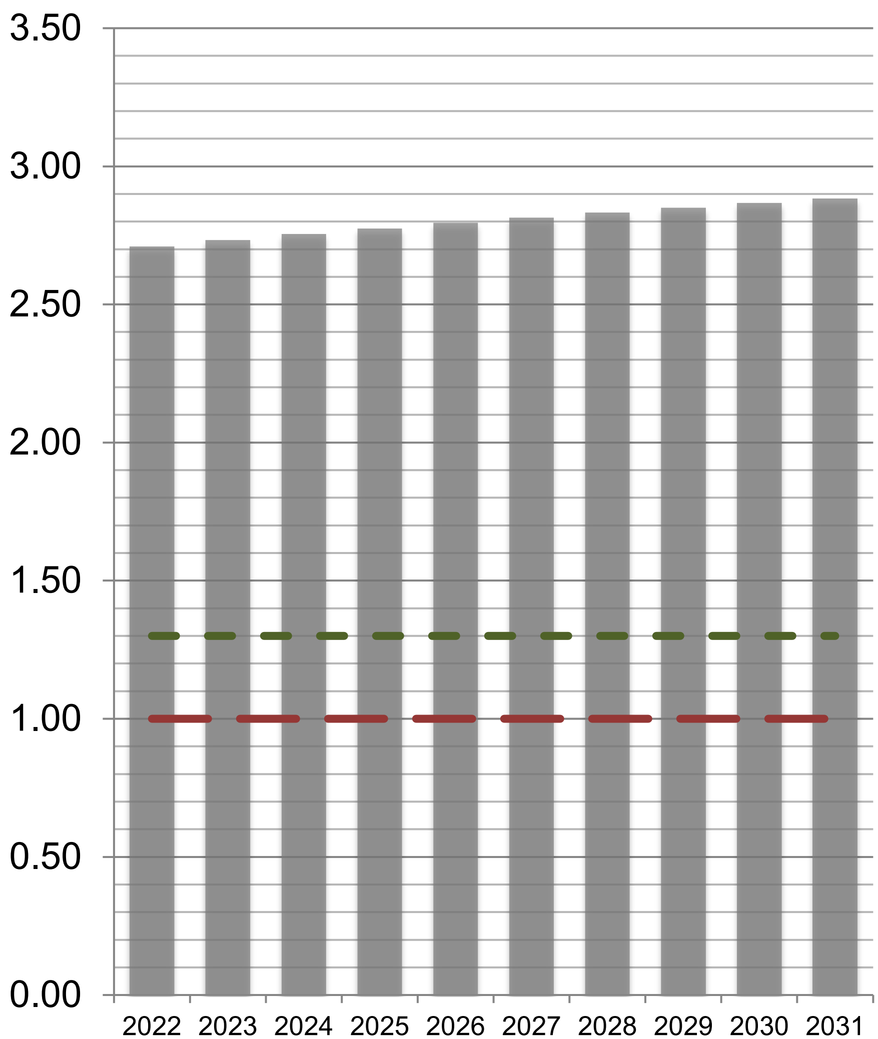
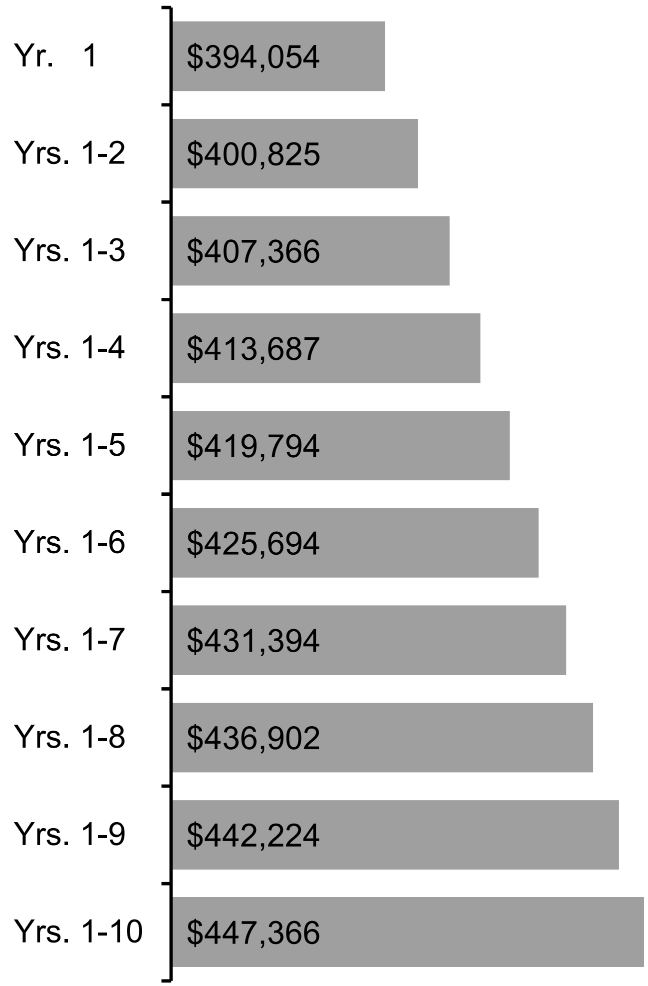
Wichita, Kansas 67260-0121
(316) 978-3225

Project or Company Name: Gordy Heritage
Date of Analysis: 5/31/2022
Version of Analysis: V2
State Fiscal Impacts

Benefit-Cost Ratio



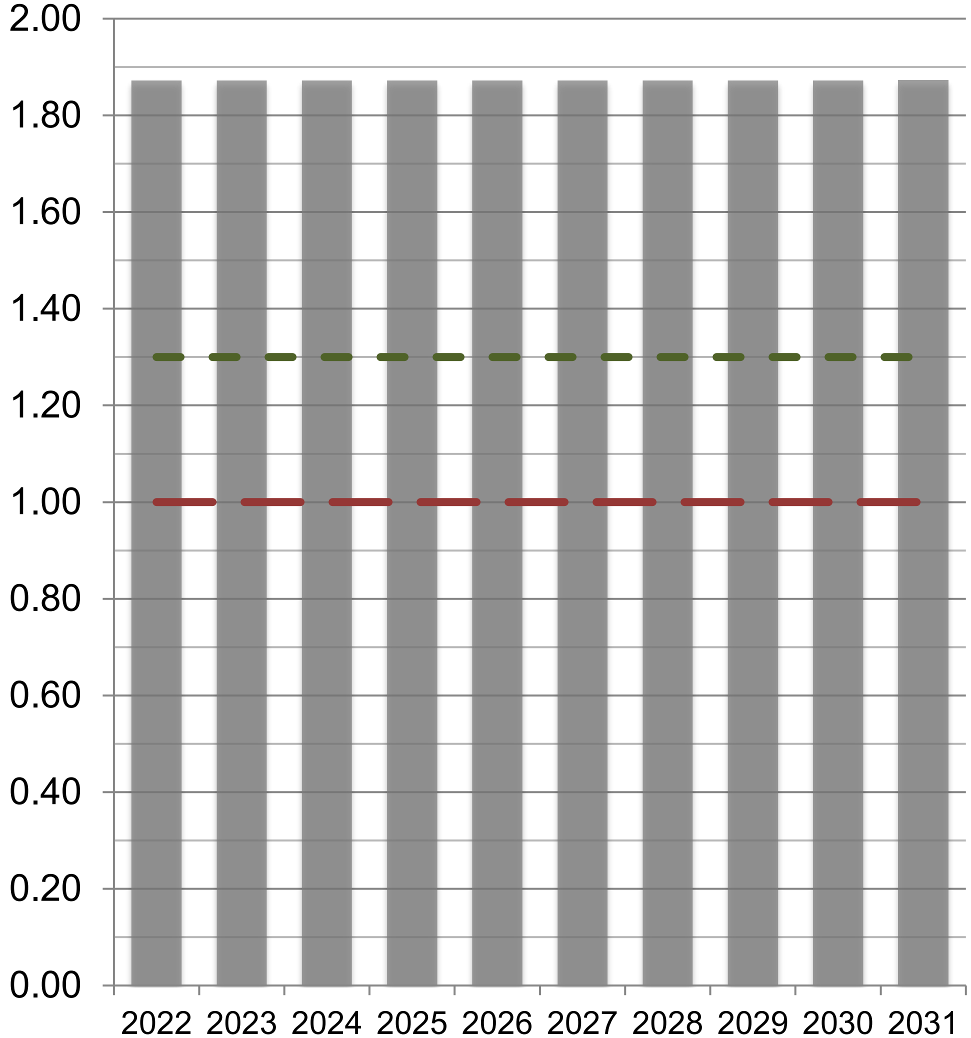
Present Value of Net Benefits



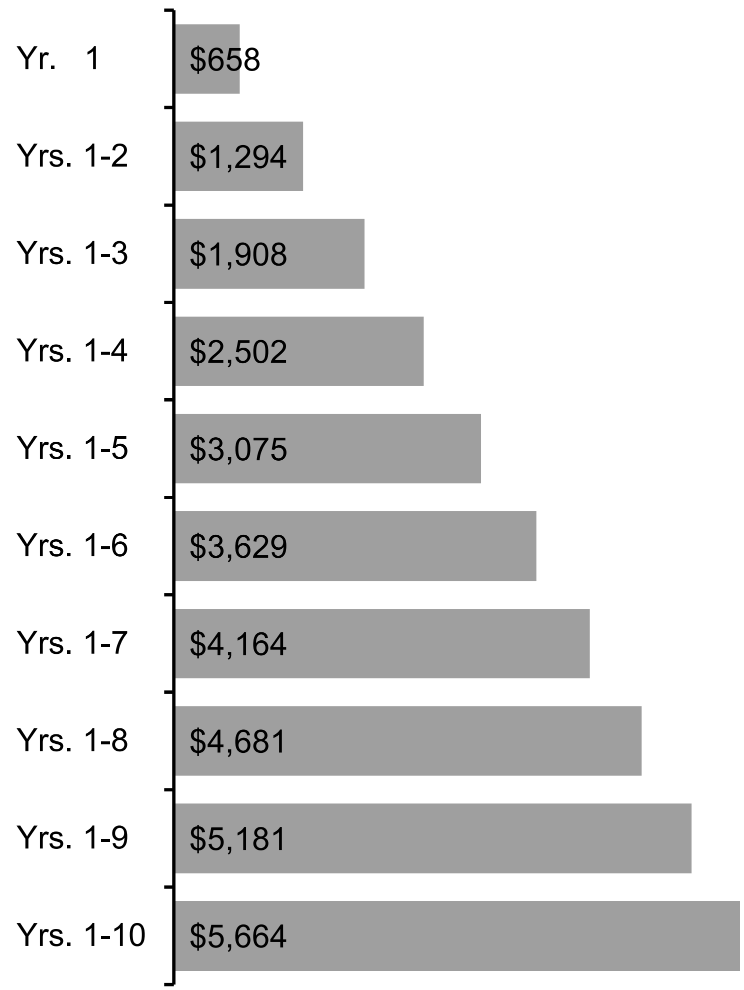
Center for Economic Development and Business Research
Wichita State University
1845 Fairmount St.
Wichita, Kansas 67260-0121
(316) 978-3225

Project or Company Name: Gordy Heritage
Date of Analysis: 5/31/2022
Version of Analysis: V2
School District Fiscal Impacts. - 490 El Dorado

Benefit-Cost Ratio



Present Value of Net Benefits



CEDBR-FISCAL IMPACT MODEL FIRM DATA SHEET

COMPANY INFORMATION	
Company name or project name	Gordy Heritage
Contact name	Matt Catanese
Contact telephone number	316.652.0616
Contact e-mail address	att@investmentresources.net
Company NAICS Code - *Please select a NAICS code from the list provided. Model parameters are set based on the NAICS selected.*	531000 Real estate
Substitution Override	
Year of application	2022

SITE LOCATION - *If incentives are being requested for more than one physical location, and these locations are in different taxing jurisdictions, then a separate firm data sheet must be filled out for each location. If the property is located in a special taxing district or industrial zone, please contact CEDBR.*	
Street Address	
City	El Dorado
County	Butler
School District	490 El Dorado

REAL PROPERTY CONSTRUCTION AND IMPROVEMENTS - *If construction is expected to significantly exceed 12-months allocate expenditures to multiple expansions.*	
Expansion #1	
Year of expansion	2022
Market value of firm's initial NEW OR ADDITIONAL investment in:	
Land	$0
Building and improvements	$628,000
Furniture, fixtures and equipment (including machinery)	$372,000
Initial construction or expansion:	
Cost of construction at the firm's new or expanded facility	$6,316,000
Amount of taxable construction materials purchased in:	
City	$3,158,000
County (should include city amount)	$3,158,000
State (should include city and county amounts)	$3,158,000
Amount of taxable furniture, fixtures and equipment purchased in:	
City	$372,000
County (should include city amount)	$372,000
State (should include city and county amounts)	$372,000
Total construction salaries	$3,158,000
Expansion #2 (if applicable)	
Year of expansion	
Market value of firm's initial NEW OR ADDITIONAL investment in:	
Land	
Building and improvements	
Furniture, fixtures and equipment (including machinery)	
Initial construction or expansion:	
Cost of construction at the firm's new or expanded facility	
Amount of taxable construction materials purchased in:	
City	
County (should include city amount)	
State (should include city and county amounts)	
Amount of taxable furniture, fixtures and equipment purchased in:	
City	
County (should include city amount)	
State (should include city and county amounts)	
Total construction salaries	

Expansion #3 (if applicable)	
Year of expansion	
Market value of firm's initial NEW OR ADDITIONAL investment in:	
Land	
Building and improvements	
Furniture, fixtures and equipment (including machinery)	
Initial construction or expansion:	
Cost of construction at the firm's new or expanded facility	
Amount of taxable construction materials purchased in:	
City	
County (should include city amount)	
State (should include city and county amounts)	
Amount of taxable furniture, fixtures and equipment purchased in:	
City	
County (should include city amount)	
State (should include city and county amounts)	
Total construction salaries	
OPERATIONS	
First Year of Full Operations As a Result of This Project	2023
New or additional sales of the firm related to this project	
Year 1	$1,130,000
Year 2	$1,153,000
Year 3	$1,177,000
Year 4	$1,200,000
Year 5	$1,224,000
Year 6	$1,248,000
Year 7	$1,274,000
Year 8	$1,300,000
Year 9	$1,325,000
Year 10	$1,352,000
Percent of these sales subject to sales taxes in the:	
City	0.0%
County	0.0%
State	0.0%
Annual net taxable income, as a percent of sales, on which state corporate income taxes will be computed:	
New or additional purchases of the firm related to this project	
Year 1	$50,000
Year 2	$51,500
Year 3	$53,000
Year 4	$54,600
Year 5	$56,200
Year 6	$57,900
Year 7	$59,600
Year 8	$61,400
Year 9	$63,200
Year 10	$65,100
Percent of these purchases subject to sales/compensating use taxes in the:	
City	100.0%
County	100.0%
State	100.0%

EMPLOYMENT	
Number of NEW employees to be hired each year as a result of this project	
Year 1	4
Year 2	0
Year 3	0
Year 4	0
Year 5	0
Year 6	0
Year 7	0
Year 8	0
Year 9	0
Year 10	0
Number of these employees moving to county each year FROM OUT-OF-STATE	
Year 1	0
Year 2	0
Year 3	0
Year 4	0
Year 5	0
Year 6	0
Year 7	0
Year 8	0
Year 9	0
Year 10	0
Number of these employees moving to county each year FROM OTHER KANSAS COUNTIES	
Year 1	0
Year 2	0
Year 3	0
Year 4	0
Year 5	0
Year 6	0
Year 7	0
Year 8	0
Year 9	0
Year 10	0
Weighted average annual salary of all NEW employees, including all employees hired to date, related to this project	
Year 1	$40,000
Year 2	$41,200
Year 3	$42,400
Year 4	$43,700
Year 5	$45,000
Year 6	$46,400
Year 7	$47,800
Year 8	$49,200
Year 9	$50,700
Year 10	$52,200

VISITORS - *Include customers, vendors and company employees from other locations in the count of visitors*	
Number of ADDITIONAL out-of-county visitors expected at the firm as a result of this project	
Year 1	372
Year 2	372
Year 3	372
Year 4	372
Year 5	372
Year 6	372
Year 7	372
Year 8	372
Year 9	372
Year 10	372
Number of days that each visitor will stay in the area	3
Number of nights that a typical visitor will stay in a local hotel or motel	2
Percentage of visitors traveling on business	0%
Percentage of visitors traveling for leisure	100%
Percentage of visitor's expenditures spent in the same city as firm's location	100%
Percentage of visitor's expenditures spent in the same county as firm's location	100%
Percentage of visitor's expenditures spent in Kansas	100%

PAYMENT BY THE COMPANY TO TAXING JURISTICTIONS - *Such as payments in lieu of taxes*	
Firm payments to the City	
Year 1	$50,000
Year 2	$50,000
Year 3	$50,000
Year 4	$50,000
Year 5	$50,000
Year 6	$50,000
Year 7	$50,000
Year 8	$50,000
Year 9	$50,000
Year 10	$50,000
Firm payments to the County	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Firm payments to the State of Kansas	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Firm payments to the School District	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

CEDBR-FISCAL IMPACT MODEL INCENTIVE INFORMATION	
CONTACT INFORMATION FOR CEDBR REGARDING INCENTIVE AMOUNTS	
Contact name	Matt Catanese
Contact telephone number	(316) 652-0616
Contact e-mail address	matt@investmentresources.net
SALES TAX EXEMPTION ON CONSTRUCTION MATERIALS	
Sales tax exemption **EXPANSION #1** (please enter yes or no)	yes
Percent of construction material costs funded by IRB for **EXPANSION #1**	100.0%
Sales tax exemption **EXPANSION #2** (please enter yes or no)	No
Percent of construction material costs funded by IRB for **EXPANSION #2**	0.0%
Sales tax exemption **EXPANSION #3** (please enter yes or no)	No
Percent of construction material costs funded by IRB for **EXPANSION #3**	0.0%

SALES TAX EXEMPTION FOR OPERATIONS	
Value of sales tax exemption for OPERATIONS -- **CITY**	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Value of sales tax exemption for OPERATIONS -- **COUNTY**	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Value of sales tax exemption for OPERATIONS -- **STATE**	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

PROPERTY TAX ABATEMENT	
Property tax abatement - Real property land and buildings	
Number of Years	10
Percentage	62.7%
Property tax abatement - Machinery and equipment	
Number of Years	0
Percentage	0.0%

FORGIVABLE LOANS - *Cash value*	
Forgivable loans (cash value) -- **CITY**	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Forgivable loans (cash value) -- **COUNTY**	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Forgivable loans (cash value) -- **STATE**	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

STATE TRAINING DOLLARS	
Training dollars KIT/KER/IMPACT (cash value)	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

INFRASTRUCTURE IMPROVEMENTS	
Infrastructure improvements (cash value) -- **CITY**	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Infrastructure improvements (cash value) -- **COUNTY**	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Infrastructure improvements (cash value) -- **STATE**	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

OTHER INCENTIVES - *Cash value*	
Cash value of all other incentives -- **CITY**	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Cash value of all other incentives -- **COUNTY**	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Cash value of all other incentives -- **STATE**	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

AGREEMENT FOR PAYMENT IN LIEU OF TAXES

This Agreement, entered into as of __________, 20__ between the City of El Dorado, Kansas (the "Issuer") and Gordy Heritage, 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 (Gordy Heritage, LLC Project), in one or more series, in an aggregate principal amount not to exceed $11,500,000 (the "Bonds") to finance the acquisition, renovation, construction, and equipping of senior apartment facilities (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 10 calendar years following the year in which the Bonds are issued, other than special assessments levied on account of special benefits and the ad valorem property tax levied by a school district pursuant to the provisions of K.S.A. 72-53,113, and amendments thereto, the Tenant shall pay by separate check to the Treasurer of Butler 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 equal to $50,000 per year, 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.

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 (other than special assessments).

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 Butler 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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 EL DORADO, KANSAS

By: ______________________________
Mayor

[SEAL]

ATTEST:

____
City Clerk

GORDY HERITAGE, LLC

By: ______________________________
Name: ______________________________
Title: ______________________________