

## TERM SHEET

### Implementation of “Project Fort Scott”

Between the City of Fort Scott, Kansas, and 635 Holdings, LLC

December 19, 2023

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The purpose of this Term Sheet is to provide a guide for the preliminary negotiation of the terms of a development agreement (the “Development Agreement”) between the City of Fort Scott, Kansas (the “City”), and 635 Holdings, LLC, and assigns (“Applicant”) for implementation of Project Fort Scott – a proposed transformational development that is expected to create jobs, provide for infrastructure and other improvements, attract tourists, retain college graduates in the City, create new economic opportunities (and resulting tax revenues) and jobs for residents, and promote new to market retail, athletics, entertainment, dining, and lodging attractions (the “Development Project”). The Term Sheet provides written evidence of the parties’ understanding of certain material terms of the economic development incentives to be requested for the Development Project including a STAR bond project district, a community improvement district, a tax increment financing district, and a master resolution of intent for the issuance of industrial revenue bonds (the “Proposed Incentives”).

The Applicant and the City will negotiate toward the execution of a mutually-agreeable Development Agreement related to the Proposed Incentives. Because this Term Sheet is an outline of certain, but not all, matters to be requested in a Development Agreement, any final Development Agreement will contain provisions and requirements beyond the matters addressed in this Term Sheet.

#### 1. Property

This Term Sheet relates to the real property generally depicted on Exhibit A attached hereto, and any property subsequently added to the Development Project or area compromising the Proposed Incentives (the “Property”). The City and Applicant understand the real property compromising the Property is subject to adjustment because of changes to the Development Project.

#### 2. Project

The Development Project includes retail, athletics, entertainment, dining, and lodging venues, as generally depicted on the site plans contained within Exhibit B attached hereto. The parties acknowledge and agree that Applicant does not know the precise mix and location of future improvements and uses on the Property, but Exhibit B is useful to demonstrate the Project’s intended approach for implementing the Development Project.

The total cost of the Development Project is currently estimated to be \$114,300,000. The estimated costs are allocated between private Development Project costs and public Development Project costs.

Private Development Project Costs: The private portion of the total cost of the Development Project is estimated to be \$68,620,000.

Public Development Project Costs: The public portion of the total cost of the Development Project is estimated to be \$45,680,000 (plus reimbursable interest thereon, as discussed below) and consist of the Proposed Incentives set forth in Section 3 below.

The targeted development schedule for the anticipated components of the Development Project is set forth below:

New Facility	First year tax rolls	SF / Rooms / Acres / Fields
LaRoche Improvements	2026	2
QSR Pad 1	2026	3,500
QSR Pad 2	2026	3,500
QSR Pad 3	2026	3,500
Fast Casual Restaurant Pad 1	2026	3,500
RV Park	2026	5
Retail Pad 1	2026	12,000
Hotel 1	2026	110
Event Center / Music Festival	2026	2
Rodeo Building	2026	80,000
Rodeo Outdoor Area	2026	1
Multi-Purpose Field	2026	1
Senior Living	2027	40
QSR Pad 4	2027	3,500
Truck Stop/C-Store	2027	10,000
QSR Pad 5	2027	3,500
QSR Pad 6	2027	3,500
Retail Pad 2	2028	20,000
Fast Casual Restaurant Pad 2	2028	3,500
Hotel 2	2028	110
RV/Car Wash	2029	6,000

Given the Development Project’s size and scope, as well as the market-driven nature of securing users for the Development Project, the parties anticipate the need for adjustments to the costs, timing, and scope of the Development Project through the course of Development Agreement negotiations.

### 3. Public Financing

The City and Applicant recognize there are significant obstacles to bringing the Development Project to fruition and substantial costs to construct necessary public and private infrastructure. To overcome these challenges and successfully deliver the Development Project, the Applicant anticipates requesting the following Proposed Incentives:

**a. Sales Tax and Revenue (STAR) Bonds**

The City and Applicant have initiated discussions with the State of Kansas regarding formation of a STAR Bond District as generally depicted in Exhibit C attached hereto. The Applicant's initial estimates of the amount of STAR Revenues generated within the proposed STAR Bond District and available to pay for/reimburse eligible Development Project costs is \$28,397,000 (plus reimbursable interest thereon, as discussed below). The Parcel ID numbers of the real property anticipated to be requested in the proposed STAR Bond District are contained within Exhibit C.

**b. Community Improvement District ("CID")**

The Applicant anticipates requesting a CID sales and use tax in the amount of 1.0% to be levied within the real property generally depicted on Exhibit D attached hereto. The Applicant's initial estimate of the amount of CID revenues available to pay for and/or reimburse eligible Development Project costs is \$3,003,000 (plus reimbursable interest thereon, as discussed below). The Parcel ID numbers of the real property anticipated to be requested in the proposed CID are incorporated in Exhibit D.

**c. Tax Increment Financing District ("TIF")**

The Applicant anticipates requesting a TIF to be formed over the real property generally depicted on Exhibit D attached hereto. The Applicant's initial estimate of the amount of TIF increment available to reimburse eligible Development Project costs is \$12,623,000 (plus reimbursable interest thereon, as discussed below). The Parcel ID numbers of the real property anticipated to be requested in the proposed TIF are incorporated in Exhibit D.

**d. Industrial Revenue Bonds ("IRBs")**

The Applicant anticipates requesting that the City adopt an IRB master resolution of intent covering the Development Project for the purpose of providing sales tax exemption on construction materials and/or a real property tax abatement. If the master resolution of intent is approved by the City, IRBs would be issued for each individual component of the Development Project as constructed.

The Applicant anticipates requesting pay-as-you-go reimbursement with the Public Incentives for those costs that are legally reimbursable costs. However, the Applicant reserves the right to discuss the potential for one or more bond issuances with the City. Further, the City acknowledges and agrees that there may be changes to the Development Project and the Property which result in changes to the requested boundaries of the Proposed Incentives discussed within this Section.

**4. Land Contribution**

The Applicant anticipates requesting that the City contribute for no compensation and/or sell below fair market value certain Property under City ownership/control to Applicant that Applicant desires to

use for the Development Project. The Applicant also anticipates requesting that Bourbon County, Kansas (the "County") contribute Property under the County's ownership/control. The Parcel ID numbers of the real property currently being considered by Applicant for the Development Project and part of the Property are contained within Exhibit E attached hereto. The Applicant acknowledges that any transfer of City property will be subject to certain terms, conditions and restrictions, which may include but are not limited to performance requirements and repurchase rights.

#### **5. Master Developer**

The Applicant will request that the City enter into a Development Agreement with Applicant designating Applicant as the exclusive master developer for the Development Project.

#### **6. Certification of Reimbursable Development Project Costs**

For any Proposed Incentives, the Applicant shall certify all costs in a manner reasonably determined by the City and submit requests for reimbursement on a form provided by the City. Each reimbursement request shall specify the total actual costs incurred by the Applicant and shall be accompanied by such supporting documentation related to the requested reimbursement as the City shall reasonably require.

#### **7. Reimbursement of Interest Expenses**

The Applicant anticipates requesting reimbursement of interest on the principal amount of certified reimbursable Development Project costs until reimbursed.

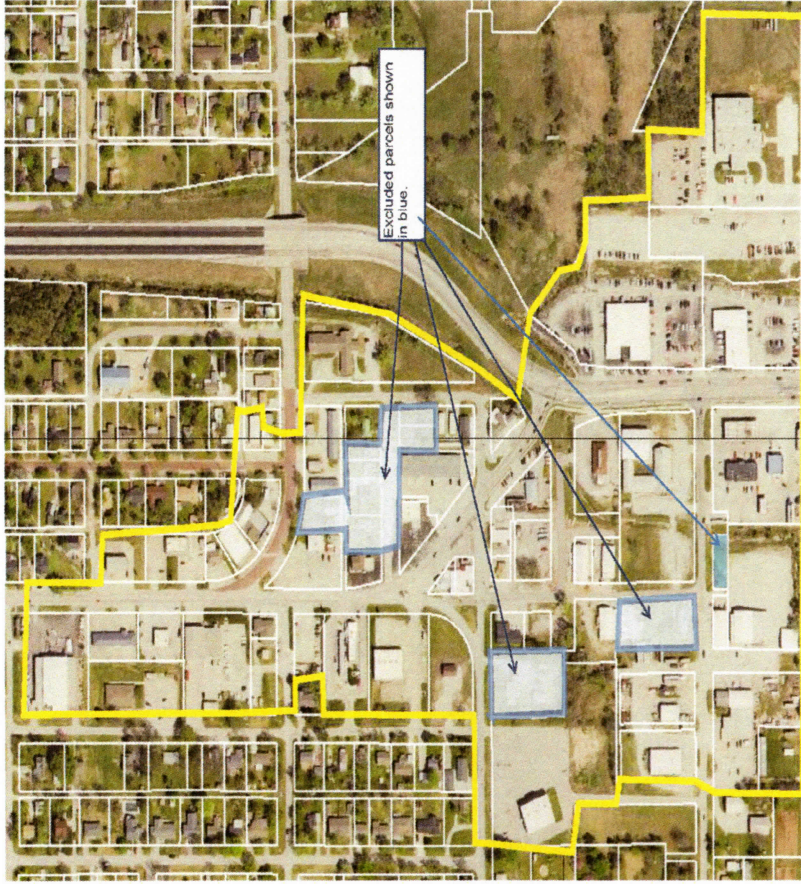
#### **8. Further Approval Required**

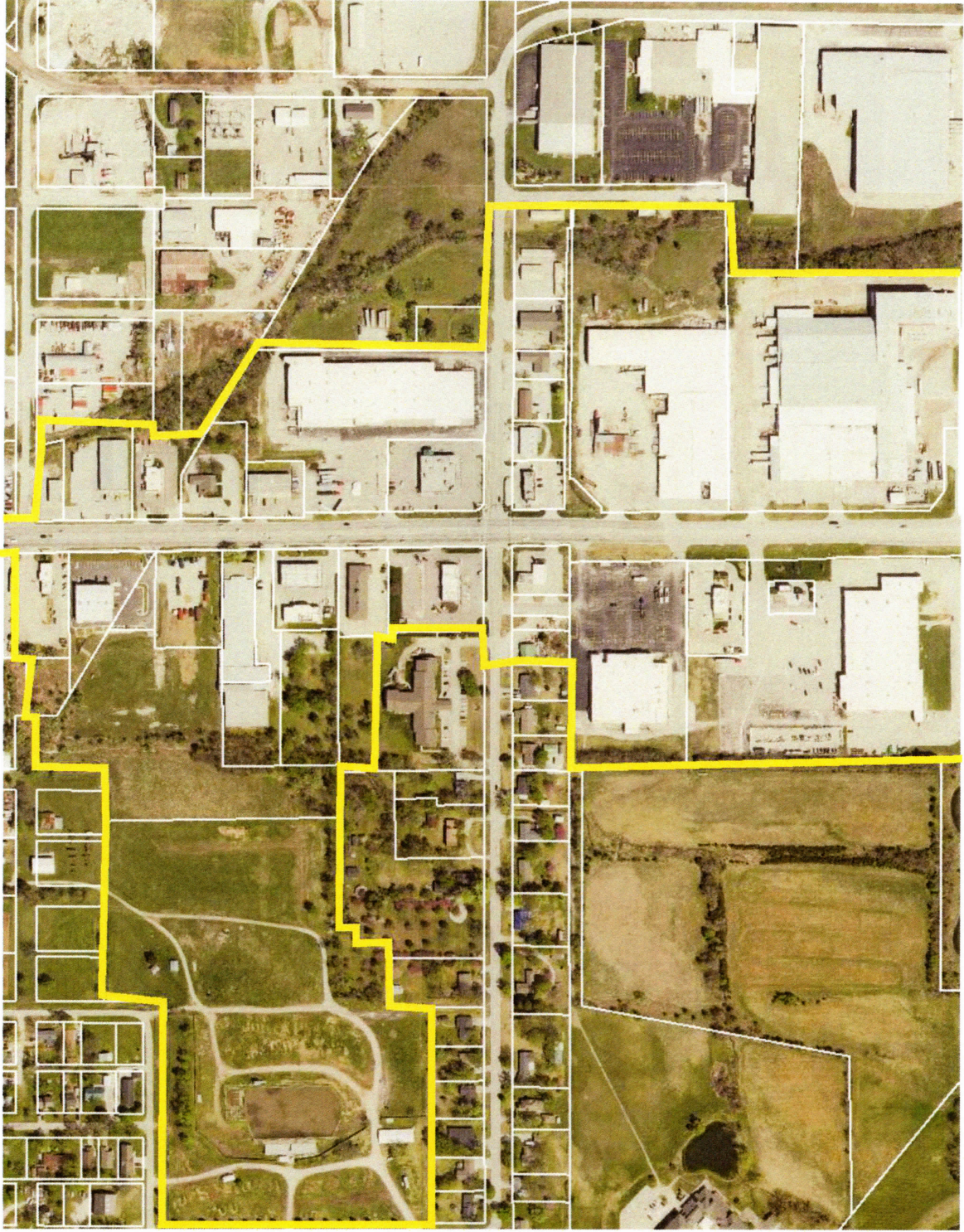
Applicant hereby acknowledges that this Term Sheet (1) does not require or compel the approval of the City's governing body (or any other jurisdiction that may be required to participate) in the granting of the public incentives discussed herein; and (2) such approvals are legislative acts of the City's governing body (or governing body of any other jurisdiction that may be required to participate) that will be considered in accordance with applicable Kansas law.

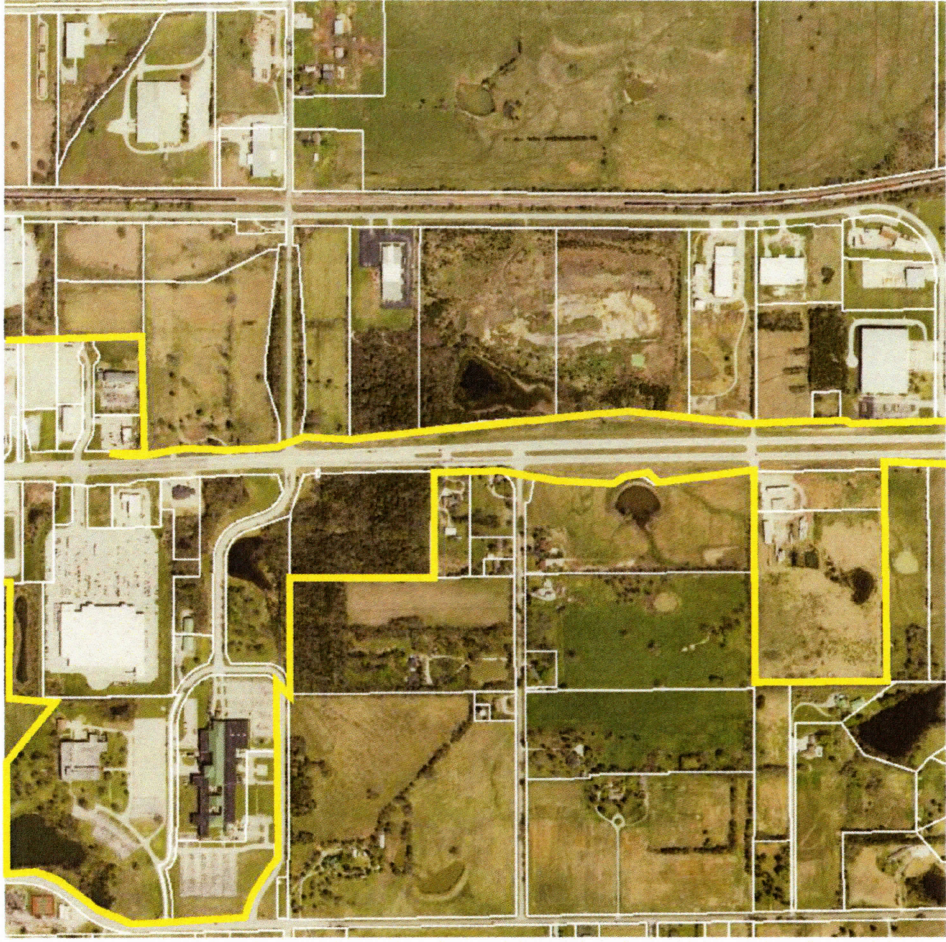
[no further text; signature page follows]

**Exhibit A**

**GENERAL DEPICTION OF PROPERTY**







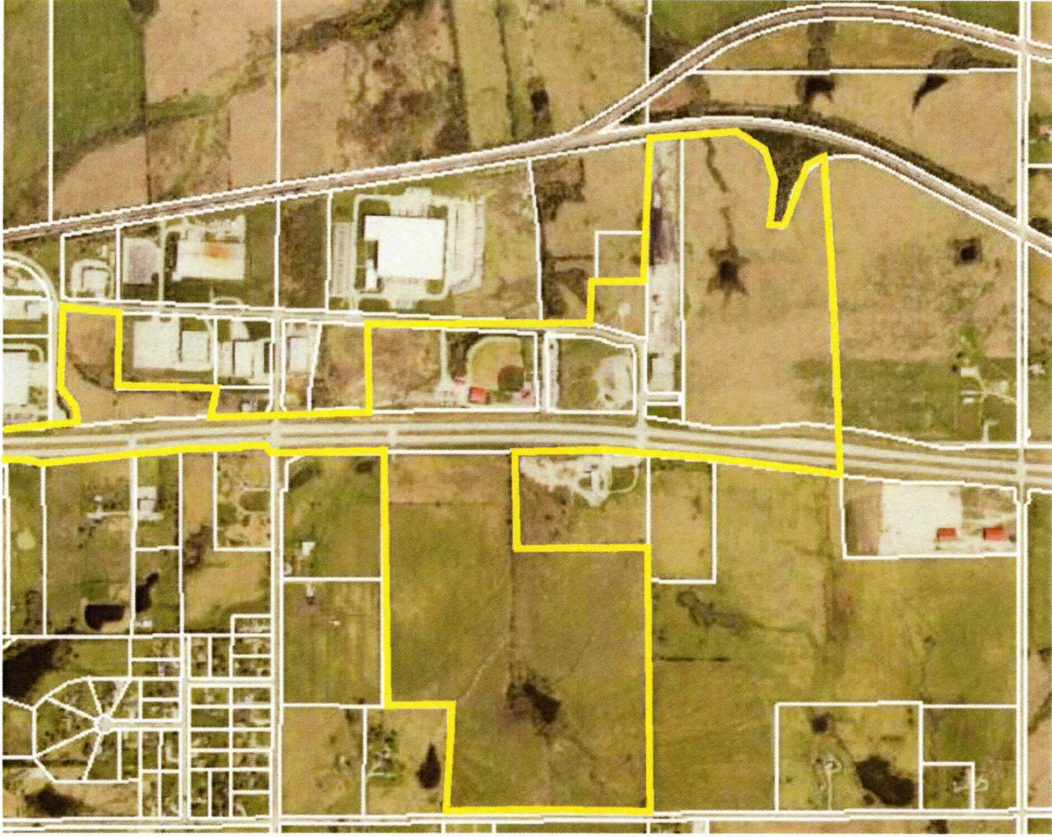
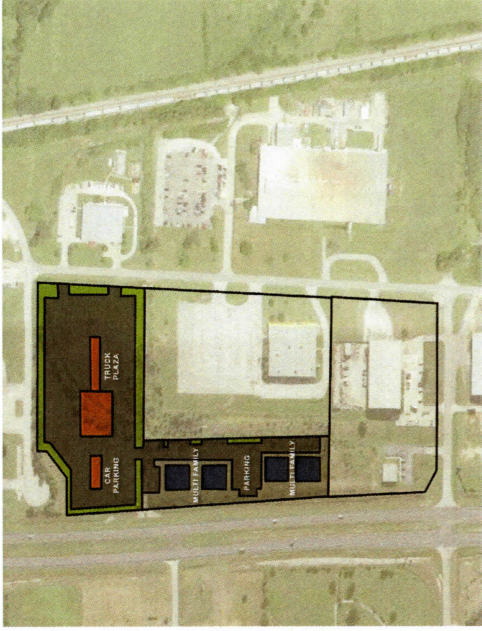




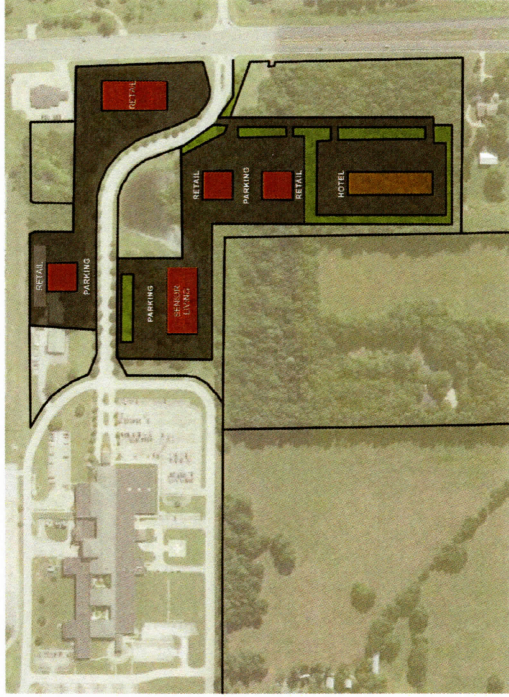
Exhibit B

CONCEPTUAL LAYOUT OF DEVELOPMENT PROJECT COMPONENTS





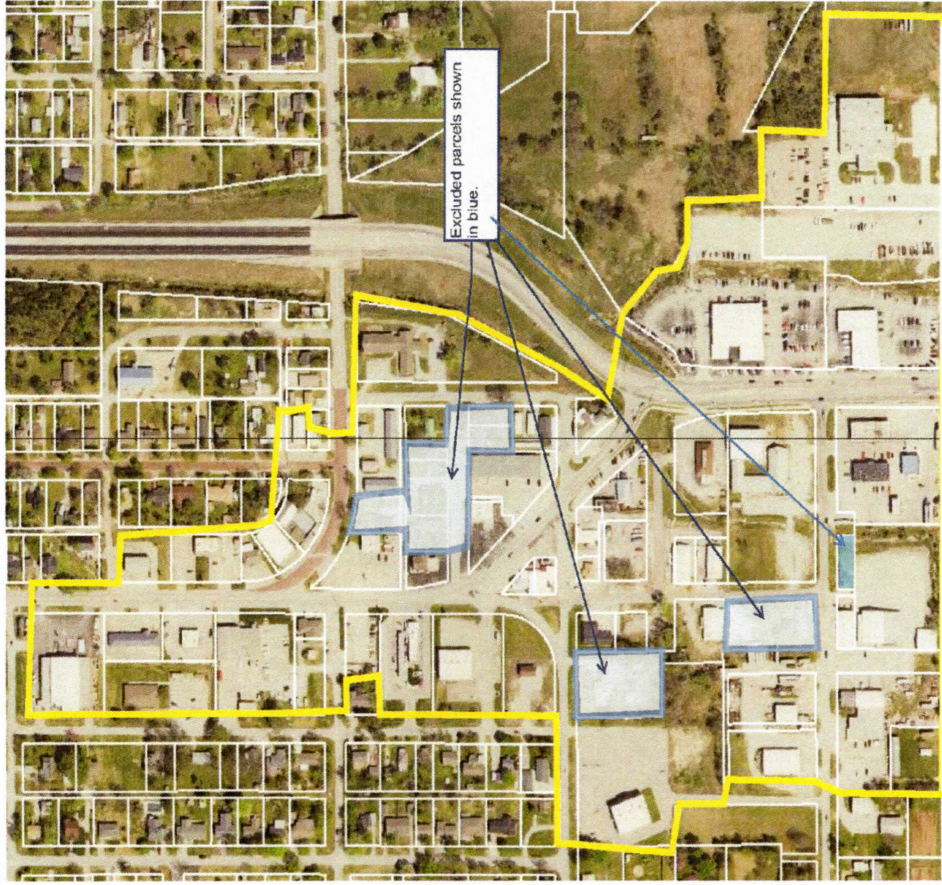
**VFLA** ARCHITECTURE + INTERIORS  
 SITE PLAN OPTION - 2  
 479 CANYON AVENUE, STE 300 FORT COLLINS, COLORADO 970.224.4151 www.vfla.com  
 FORT SCOTT EVENT CENTER 08.28.23

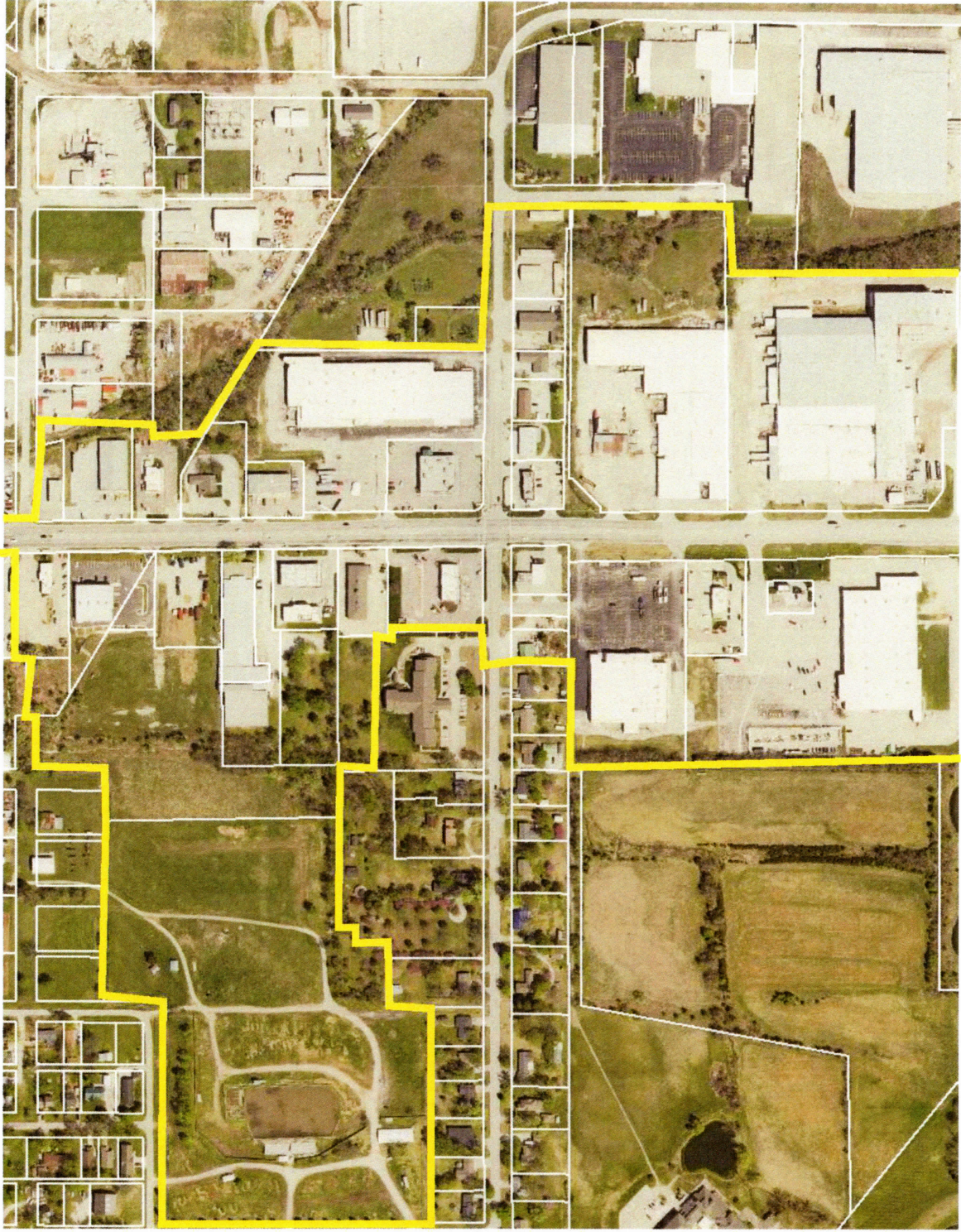


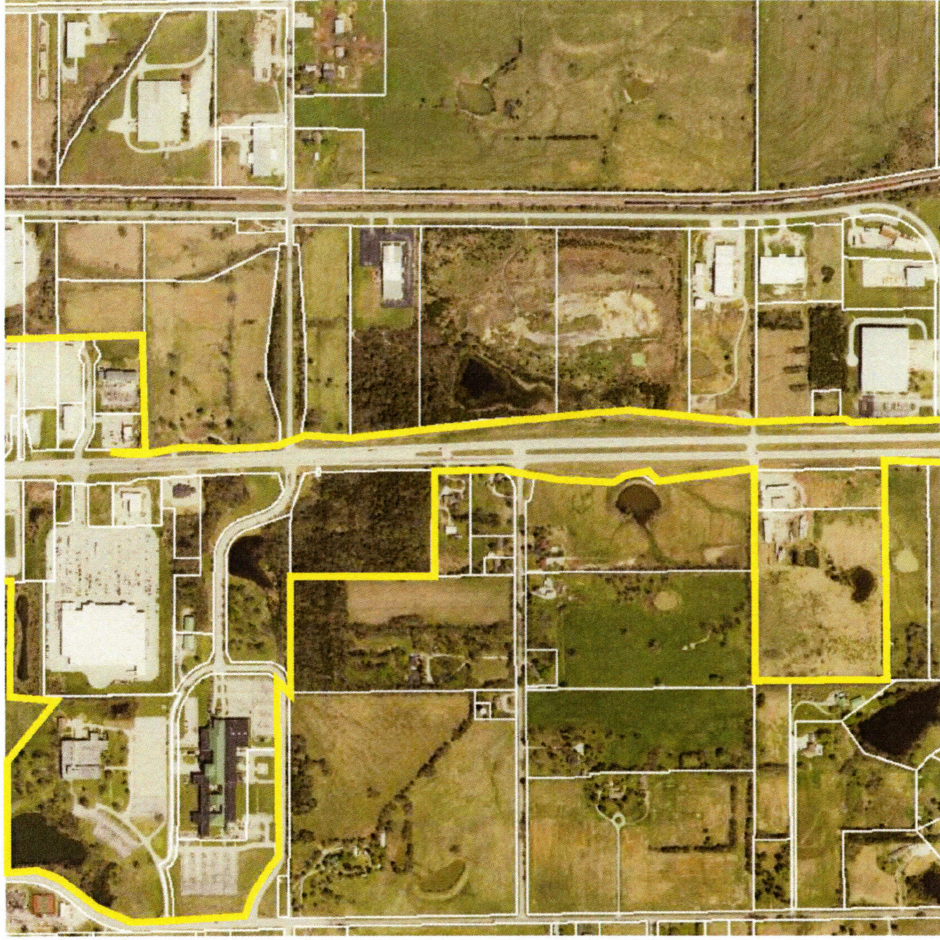
**VFLA** ARCHITECTURE + INTERIORS  
 SITE PLAN OPTION - 3  
 479 CANYON AVENUE, STE 300 FORT COLLINS, COLORADO 970.224.4151 www.vfla.com  
 FORT SCOTT EVENT CENTER 08.28.23

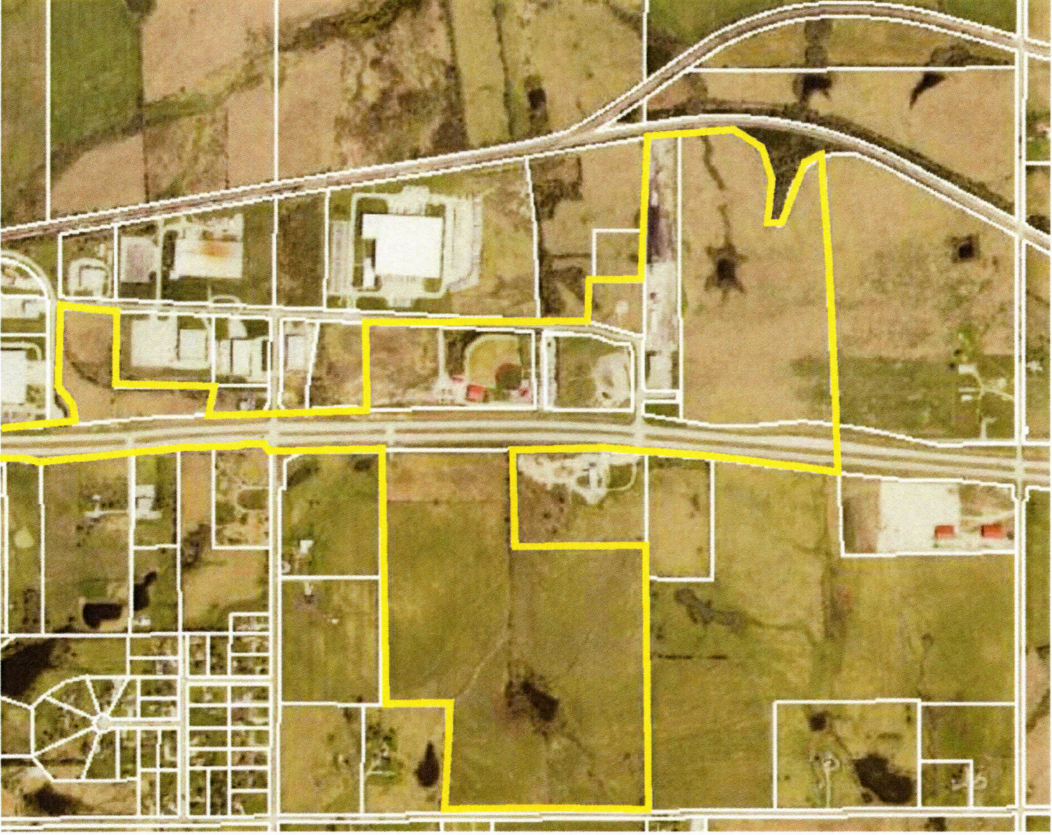
**Exhibit C**

**GENERAL DEPICTION OF STAR BOND DISTRICT**









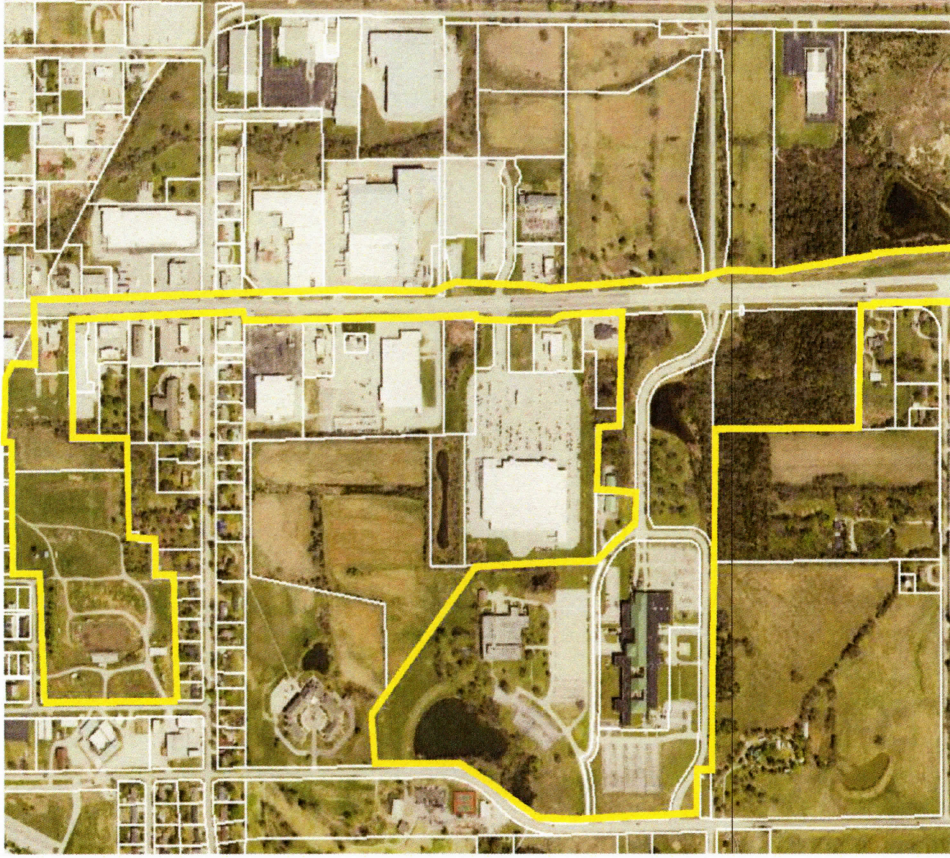
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Parcel IDs	
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0061193103015002000	0062030502015006000
0061193103015007000	0062030502015009000
0061193103015006000	0062030601018027010
0061193103016001000	0062030601018028000
0061193103016002000	0062030601018011000
0061193103015004010	0062030601018026000
0061193103016003010	0062030601018026010
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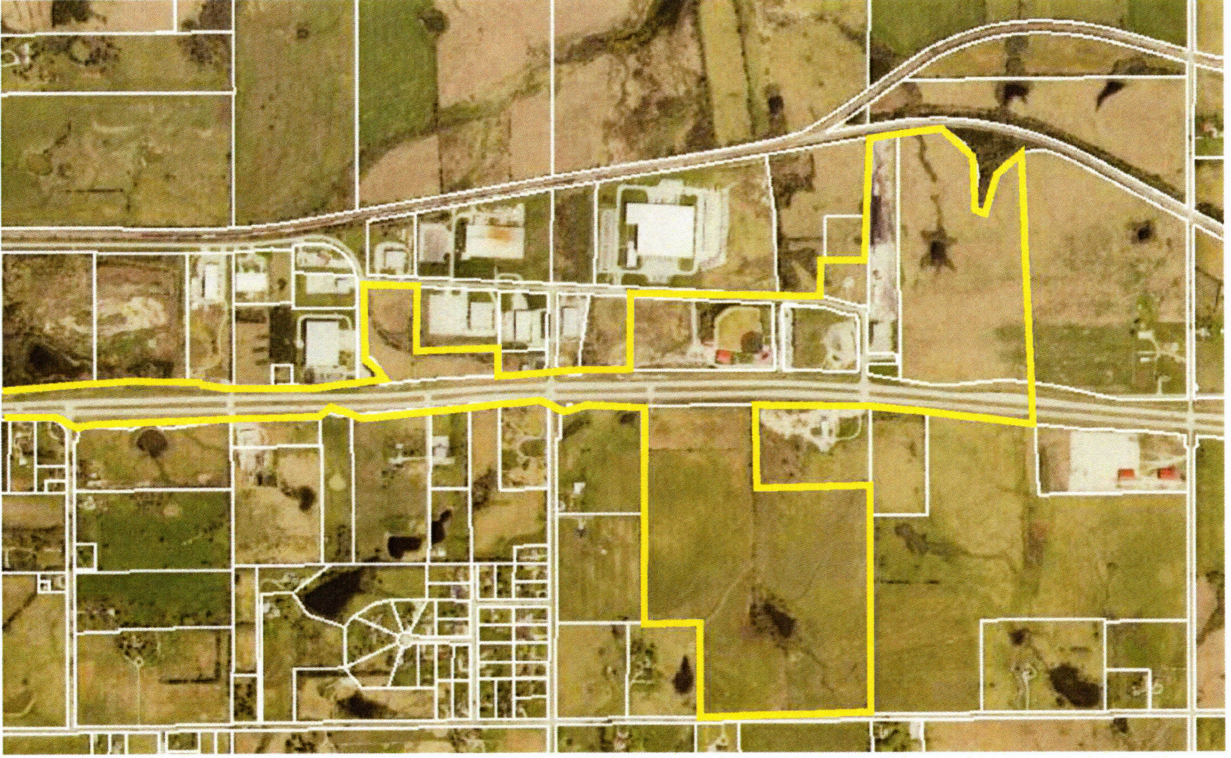
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0062030601018028010	0062041700000006000
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Exhibit D

GENERAL DEPICTION OF CID AND TIF





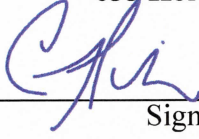
Parcel ID numbers of the real property anticipated to be included in the CID and TIF	Parcel ID
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	0062030601018028000
	0062030601018028020
	0062030604001001000
	0062030604001001030
	0062030604001001030
	0062030604001001030
	0062030701000013000
	0062041800000012000
	0062041700000007030
	0062041700000007020
	0062041700000006000
	0062041700000005000
	0062041700000004000
	00620308000000039000

**Exhibit E**

**PROPERTY OWNED/UNDER CONTROL BY THE CITY AND/OR COUNTY**

<b>Parcel ID</b>
006204170000005000
006204170000004000
0062030800000039000
0061193103015004010
0061193103015004020
0062030502005005020
0062030601018011000
0062030604001001050

635 Holdings, LLC



Signature

Robb Heineman

Authorized Signatory

December 19, 2023

Date

City of Fort Scott, Kansas



Signature

Matthew W. Wells

Mayor

12/19/2023

Date