

**EXECUTIVE SUMMARY**  
**JIM LEWIS FORD DEVELOPMENT AGREEMENT**  
**(HERITAGE AREA – DODGE CITY STAR BOND DISTRICT)**

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1. Parties. The City of Dodge City, Kansas (the "City") and Wyatt Earp Property, LLC, a Kansas limited liability company ("Developer").

2. Nature of the Agreement. Generally, this is an agreement (the "Agreement") to provide Kansas sales tax and revenue bonds ("STAR Bonds") and STAR Bond financing to an expansion of the existing Jim Lewis Ford automotive dealership which is generally located at 200 East Wyatt Earp Boulevard (the "Site"). This Site is located within the 166 acre Heritage Area of the STAR Bond District that the Commission originally approved on March 19, 2012 and then amended to include additional property on October 23, 2014. The Site is included in the 25 additional acres that were added to the STAR Bond District in October. The Agreement also provides the Developer with Neighborhood Revitalization Act ("NRA") rebates of real property taxes. These incentives are provided to the Developer in exchange for Developer's commitment to renovate and expand the existing auto dealership (as described in Section 3 below) by a contractually-required completion date. It is contemplated that after the satisfaction or waiver of certain conditions contained in Section 3.1, the parties will close on the on the STAR Bonds – and that this STAR Bond closing will occur prior to June 15, 2015.

3. The Developer's Project. In Section 2.2, Developer commits to expand the existing operation of its automotive dealership and construct a new dealership showroom and sales building consisting of approximately 7,800 square feet (the "Project"). The Project will also include new sidewalks, landscaping and retaining walls to make the Dealership more appealing from Wyatt Earp Blvd. The improvements to the dealership are expected to cost approximately \$2,273,000 and be completed on or before December 31, 2015.

4. STAR Bond Financing. The previously established STAR Bond District approved by the City on March 19, 2012, and amended on October 23, 2014 includes 2 separate, non-contiguous areas located within Dodge City: (a) the historic, downtown Heritage Area, which is comprised of approximately 166 acres anchored by the Boot Hill Museum and Front Street located north of Wyatt Earp Blvd., along with the areas south of Wyatt Earp that are discussed in this Agreement; and (ii) the Entertainment Area, which is comprised of approximately 360 acres of primarily undeveloped ground generally located between U.S. Highway 50 and 108<sup>th</sup> Road, south of Frontview Road. The STAR Bonds to be issued for this Project would be based solely on the increased (or "incremental") sales taxes created within the Heritage Area after a 2012 "base year". The revenues used to repay STAR Bonds will not include (i) any real property taxes, (ii) any transient guest taxes (a.k.a. the "bed tax"), or (iii) any local sales taxes committed to other uses by voters in the City – all of those revenues would be retained by the City and other taxing jurisdictions. The other terms related to the STAR Bonds are described below:

(a) It is anticipated that the STAR Bonds issued for the Heritage Area may yield approximately \$12M of net proceeds. This includes the Project described in this Agreement, the project described in the Leisure Development Agreement and the growth

expected to occur within the balance of the Heritage Area of the STAR Bond District during the life of the STAR Bonds.

(b) These STAR Bonds will be repaid solely from incremental sales tax revenues generated within the Heritage Area during the 20 year term of the bonds, and they will not be general obligation bonds – they will not be guaranteed or credit-enhanced by the City in any way.

(c) \$1.5M of net STAR Bond proceeds will be allocated to the Project, of which \$750,000 shall be used by Developer to pay its eligible costs associated with the Project and the remaining \$750,000 may be used by the City for its costs associated with the Project (and/or for eligible costs at the Boot Hill Museum or other eligible projects within the Heritage Area).

(d) Developer agrees in Section 4.2(a) of the Agreement to purchase no less than \$750,000 of the Heritage Area STAR Bonds, and that it will either purchase - or cause other qualified third parties to purchase – an additional \$750,000 of STAR Bonds. This means that Developer will be responsible for the purchase of a total of \$1.5M of the Heritage Area STAR Bonds.

5. NRA Rebates. Section 4.6 of the Agreement provides for Neighborhood Revitalization Act rebates ("NRA Rebates") in cooperation with Ford County. These NRA Rebates provide the Project with a property tax rebate on a portion of the increased (or "incremental") ad valorem real estate taxes on a particular Site Parcel as a result of the Project. The NRA Rebates are to be structured on a descending scale, with the Developer receiving a 100% rebate in Year 1 following completion of the Project, a 90% rebate in Year 2, then 80% in Year 3 and so on. In the 10<sup>th</sup> and final year of the NRA Rebates, the Developer will receive a 10% rebate on the incremental property taxes and then shall pay full property taxes again in Year 11.

6. IRBs. Section 4.7 of the Agreement provides for the issuance of industrial revenue bonds ("IRBs") for the limited purpose of obtaining an exemption on sales taxes on construction materials, equipment and furnishings. These IRBs, for purposes of this Agreement, are not to be used for abating the ad valorem taxes on the Project or the various Site Parcels.

7. Construction Obligations. In Article 6, Developer agrees that it shall be responsible for all design, construction and permitting for the build-out of the Project and Developer agrees to obtain all necessary approvals, permits and licenses and to keep the City informed throughout the construction process. The construction obligations in this Agreement are somewhat lighter than those set forth in the Leisure Development Agreement because this Developer's plans are already complete, its general contractor has already been selected and is under contract and construction of the Project has already commenced.

8. Use and Operation Obligations. During the term of this Agreement (which is for 20 years or until the STAR Bonds are fully paid off), Developer agrees to certain ongoing operational covenants for the Project. Among other things, Developer agrees to continuously operate the Project in a dignified, high quality manner. Developer also agrees to maintain and repair the Project and to fully comply with law. Developer also agrees to obtain insurance for the

Project and to rebuild any damaged portion of the Project with insurance proceeds after a fire or other casualty.

9. Indemnity. In Section 7.12 of the Agreement, Developer will provide the City with a fairly broad indemnification for design and construction of the Project, as well as damage and injury that occurs on the Site. Developer also indemnifies the City for environmental issues in Section 7.16.

10. Prohibition on Sales/Assignment. In Section 7.13 of the Agreement, the parties generally agree that Developer may not assign this Agreement or convey the Project Site without the approval of the City (in its reasonable discretion). However, the City specifically agrees and pre-approves transfers to another entity controlled by Jim Lewis' family or transfers of the beneficial interests in Developer to affiliated entities so long as Jim Lewis or one of his immediate family members retains day to day control of the Project.

11. Guaranty. In Section 8.3, Developer agrees to provide the City with a guaranty of the Project, and the City has a right to review the financials of and to approve the guarantors. This is probably only necessary for this particular Project if and to the extent that Developer transfers this Agreement out of the current Developer entity to a new, single purpose entity without significant net worth. However, if this occurs, the respective guarantor would sign a guaranty that is agreed-upon in form attached to the Agreement as Exhibit F. This guaranty unconditionally guarantees completion of the Project and then provides a more limited ongoing guarantee for the operational obligations in the Agreement. The ongoing operational guarantee expires 10 years after the STAR Bond closing and is limited to \$2M of liability.

12. Local Employment Opportunity Goals. In Section 6.3, Developer agrees that Kansas resident employees shall be given priority consideration for employment on the Project as required by the STAR Bond Act. Further, in Exhibit L, Developer agrees to use its best efforts to use local businesses to perform at least 20% of the work on the Project, as measured by the overall cost of the Project.

13. Default and Remedies. In Section 9.2 of the Agreement, the parties agree that if the Developer shall default, in addition to the City's normal remedies at law and equity, the City may (a) refuse to approve any further certificates of expenditures and/or make any further disbursements of public incentive proceeds to Developer unless and until such default is cured by the Developer, and/or (ii) terminate the Agreement, in which case Developer shall have no further rights to any proceeds or reimbursements, and/or (iii) request that Ford County terminate the NRA Rebates. The practical effect of some of these remedies may be limited after STAR Bonds have been sold and delivered, but this is nonetheless a relatively strong remedy clause given these circumstances.