

EXECUTIVE SUMMARY
LEISURE DEVELOPMENT, LLC DEVELOPMENT AGREEMENT
(HERITAGE AREA – DODGE CITY STAR BOND DISTRICT)

1. Parties. The City of Dodge City, Kansas (the "City") and Leisure Development, LLC, a Kansas limited liability company ("Developer"). Various components of the project will be guaranteed by other principals, individuals and entities as described in Section 18 of this Summary below.

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 a series of projects generally located south of Wyatt Earp Boulevard and west of 2nd Avenue in and around Wright Park. The various parcels of real estate that comprise the "Site" in this Agreement are all 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 Agreement also provides Developer with Neighborhood Revitalization Act ("NRA") rebates of real property taxes. These incentives are provided to Developer in exchange for Developer's commitment to design, develop and build the Project (as described in Section 3 below) by a contractually-required completion date. The Agreement also contemplates the transfer of certain City-owned and City-controlled properties to Developer and that after the satisfaction or waiver of certain conditions contained in Section 3.1, the parties will close on these land transactions simultaneously with closing on the STAR Bonds – all prior to June 15^[BRI], 2015.

3. The Developer's Project. In Section 2.3 of the Agreement, Developer hereby agrees to design, develop and build the following 3 components of its Project:

(a) The Hotel. Developer will design, construct and open a first-class hotel at the corner of 5th Avenue and West Trail Street (the "Hotel"). The Hotel will be required to be constructed as a "Holiday Inn Express" banner hotel (or an equivalent, or better, banner hotel) containing a minimum of 90 rooms and including such amenities as are customarily required by Holiday Inn Express. The Hotel is estimated to cost approximately \$9,700,000 and should be completed less than one year after the STAR Bond closing, subject to certain extensions (like "acts of God" and a failure of the City to timely build the Waterpark, as discussed in Section 8 of this Summary below).

(b) The Restaurant. Developer will also require the renovation of the historic Guymon Petro building on the northwest corner of 4th Avenue and West Trail Street. The renovated 12,000 square foot building will provide a home for a new restaurant on the first floor, and new event/banquet space on the second floor (collectively, the "Restaurant"). The Restaurant is expected to cost approximately \$1,800,000 and should be completed less than one year after the STAR Bond closing, subject to certain extensions (like "acts of God" and a failure of the City to timely build the Waterpark).

(c) The RV Park/Campground. Developer has also agreed to construct and operate a first-class campground and recreational vehicle facility (the "RV Park") located

immediately west of Wright Park and just south of the new soccer field that the City will construct on the water detention facility in the Heritage Area. The RV Park is to include approximately 100 stalls for recreational vehicles, complete with electrical services and restroom facilities. The RV Park is estimated to cost approximately \$500,000 and should be completed within one year of the STAR Bond closing, subject to certain extensions (like "acts of God" and a failure of the City to timely build the Waterpark).

4. Conveyance of Site Parcels; Demolition Obligations. The City owns the portion of the Site upon which the RV Park would be constructed (the "Campground Parcel"), but the City is in negotiations with Pos T Vac to obtain an option to purchase the site upon which the Hotel would be constructed (the "Hotel Parcel") and the City is also in negotiations with the Boot Hill Museum to obtain an option to get control of the Guymon Petro building that would be the location for the Restaurant (the "Restaurant Parcel"). Together, these 3 sites are sometimes called the "Site Parcels" in the Agreement. The City agrees to convey the Campground Parcel and the Restaurant Parcel for free, as part of the incentive to build the Project. Developer agrees to pay the City a purchase price of \$400,000 for the Hotel Parcel. The City also agrees to deliver each of the Site Parcels to Developer in "Development Ready" condition – meaning that the City shall demolish any buildings and improvements on the Hotel Parcel, remediate any environmental conditions and bring utilities to the site and bury any above-ground utilities.

5. Reversionary Rights. Because the City has agreed to give the Restaurant Parcel and the Campground Parcel to Developer for free, and to convey the Hotel Parcel to Developer at a very favorable purchase price, the City has negotiated for so-called Reversionary Rights to take these properties back from Developer if it fails to (a) timely commence construction on any of the 3 components of the Project, or (b) timely complete construction on any of the 3 components by specified deadlines – again, in both cases, subject to certain extensions (like "acts of God" and a failure of the City to timely build the Waterpark), then the City shall have a right to exercise the Reversionary Right for the particular Site Parcel for that component; provided however, that the City shall first give notices and at least a 60 day period to cure any such default. Also, the City agrees that if it exercises a Reversionary Right and takes back a Site Parcel, it must pay off any outstanding balance on that property owed to the Developer's lenders (except on the Campground Parcel, where the City will not be obligated to pay off any such lenders).

6. Right of First Refusal for Campground Parcel. Given the Campground Parcel's proximity to Wright Park, the City has negotiated for an ongoing right of first refusal (the "Right of First Refusal") to purchase the Campground Parcel if Developer (or others who own that property after Developer) ever decides to sell the Campground Parcel. This means that during the term of this Agreement (and beyond), if Developer ever wants to sell the Campground Parcel to a third party, Developer has to come to the City with the terms and conditions (and price) upon which the third party would buy the Campground Parcel and the City then has a right to match that offer and buy the Campground Parcel on those same terms.

7. Parking Improvements. The City agrees to construct the surface parking improvements for the Hotel at the City's cost, which will be reimbursed with STAR Bond proceeds. Developer shall pay for the parking improvements for the RV Park at Developer's costs, which

may be reimbursed with STAR Bond proceeds. For the Restaurant, Developer shall provide on-site parking at Developer's cost and the City shall provide, at the City's cost, non-exclusive parking easements for at least 140 additional spaces off-site in City-owned parking lots located north and northeast of the Restaurant Parcel.

8. The Waterpark. The Agreement also references the City's intention to construct the themed waterpark and aquatics facility located west of 4th Avenue and just north of Wright Park (the "Waterpark"). Some of Developer's obligations in this Agreement are connected to the construction of the Waterpark. Among other things, in Section 3.1(a)(vi) of the Agreement, Developer's obligation to proceed is conditioned upon Developer's satisfaction that the City will open the Waterpark no later than June 1, 2016, and in Section 6.12, the Developer is entitled to day-for-day extensions of its deadlines under the Agreement if the City fails to commence or complete the Waterpark on time.

9. Infrastructure Improvements. In Exhibit M to the Agreement, the City agrees to provide certain infrastructure improvements to the various Site Parcels at the City's cost, including sewer improvements, water main improvements, roads and utility connections. All other infrastructure which is necessary to develop and construct the Project shall be provided and paid for by Developer.

10. Heritage District Signage. The City agrees to design and construct a monument sign on Wyatt Earp Boulevard to provide signage for the Hotel, the Restaurant, the RV Park and the Waterpark.

11. 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 108th 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 Jim Lewis Ford 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) \$3.2M of net STAR Bond proceeds will be allocated to the Project, of which \$1.6M shall be used by Developer to pay its eligible costs associated with the Project and the remaining \$1.6M shall 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 \$1.6M of the Heritage Area STAR Bonds, and that it will either purchase - or cause other qualified third parties to purchase – an additional \$1.6M of STAR Bonds. This means that Developer will be responsible for the purchase of a total of \$3.2M of the Heritage Area STAR Bonds.

12. 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 each component of the Project with a property tax rebate on a portion of the increased (or "incremental") ad valorem real estate taxes with respect to each 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 10th 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.

13. 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.

14. Construction Obligations. In Article VI, 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.

15. 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 each component of the Project in a dignified, high quality manner. Developer also specifically agrees to have a management agreement with a professional hotel operator for the Hotel component of its Project. Developer agrees to maintain and repair the various components of the Project and to fully comply with law. Developer also agrees to obtain insurance for the Project and to rebuild any damaged components of the Project with insurance proceeds after a fire or other casualty.

16. 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.

17. 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 Agreement also provides that the City will convey, at Developer's option, each of the Site Parcels and the various components to different ownership groups (all of which shall be Affiliates of Developer), and that each such "Site Parcel Owner" shall be solely responsible for the obligations of this Agreement that pertain to their specific component. For example, one ownership group will take title to the Restaurant Parcel and that particular group will assume all of the obligations of this Agreement that govern the development, construction and operation of the Restaurant, and neither Developer nor the other Site Parcel owners will be responsible for any failure of the Restaurant Site Parcel Owner to meet its specific obligations on that Restaurant component of the Project. Each particular component will also be separately guaranteed by a different guarantor group (as discussed in further detail in Section 18 below).

18. Guarantees. In Section 8.3, Developer agrees to provide the City with guarantors for each component of the Project, and the City has a right to review the financials of and to approve each of the guarantors. The respective guarantors will each sign a guaranty that is agreed-upon in form attached to the Agreement as Exhibit F. Each guaranty unconditionally guarantees completion of that particular component 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 closing on the respective Site Parcel and is limited to \$2M of aggregate liability, which aggregate liability may be apportioned between multiple guarantors if there is more than one guarantor for that particular component of the Project.

19. 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 local businesses to perform at least 20% of the work on each component of the Project, as measured by the overall cost of each component of the Project.

20. 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.

