



Privileged and Confidential

### **Update Regarding Beneficiary's \$15M Reinvestment in Local Kansas Communities**

Beneficiary has received inquiries regarding the status of the initial [\\$15 million Community Reinvestment](#) in rural communities, colleges and universities based in Kansas as part of the TEFPI Act. This letter is meant to detail the extensive work being done to administer these funds and to verify the status of different accounts based on inquiries we've received.

As previously announced, Beneficiary is delivering, in the aggregate, \$15 million to the Kansas Department of Commerce and to charitable foundations designed to benefit Kansas Economic Growth Zones (including the city of Hesston) and Kansas colleges and universities. This \$15 million of funding is comprised of the statutory \$9 million Community Reinvestment along with an additional \$6 million generated earlier than expected. Beneficiary is working collaboratively with the Department of Commerce and with the charitable foundations to allow them the time to set up the appropriate mechanisms to receive this funding. As further described below, all Community Reinvestment has been earmarked and set aside in dedicated accounts and trusts pending the establishment of these mechanisms by our partners. All of us at Beneficiary are eager to complete this funding process and we are working diligently to ensure that the funding is not only done expeditiously but also prudently and in accordance with our obligations as a regulated fiduciary.

Of the \$15 million Community Reinvestment, approximately \$2.7 million is allocable to the Kansas Department of Commerce (Commerce) pursuant to the legislation. Dr. John Stahl, who serves as Independent Trustee over the investments and cash deposited by Beneficiary's former customers, has provided this statement regarding the status of the funds:

"As independent trustee over the assets supporting the obligation to Commerce, I have directed the distribution of \$2,725,174 in cash to Depository Accounts at Merrill Lynch. This cash is awaiting distribution to a charitable fund to be established at a Kansas-based community foundation pursuant to IRS regulations and then to be further distributed to Commerce pending Commerce's finalization of the appropriate account."

Following passage of the legislation, the Independent Trustee formed the Kansas TEFPI Economic Growth Trust (KTEGT) to directly receive Economic Growth Contributions from new customers of Beneficiary following the issuance of Beneficiary's final and permanent TEFPI charter on December 31, 2021.

During January and February of 2022, Beneficiary coordinated with community leaders in Hesston (a designated economic growth zone under the legislation) and organized the Beneficiary Heartland Foundation (Heartland Foundation). The Heartland Foundation (formed on January 20, 2022) held its organizational meeting of the 13-member Board of Directors on February 28, 2022. In addition to the Heartland Foundation, Beneficiary has been identifying several Kansas-based community foundations to form a future Beneficiary Heartland Fund (Heartland Fund) which would be a donor-advised fund under the umbrella of one or more community foundations. Pending the mutual agreement on the formation of the Heartland Fund, it would become a designated recipient of distributions from KTEGT as will the



Heartland Foundation and the Department of Commerce once each of those recipients have created and designated a bank account for the receipt of cash funding.

Until finalization of the remaining agreements and establishment of the accounts, the \$12.5 million of assets designated for charities and the Kansas economic growth zones remain in trust under the direction of the Independent Trustee. The independent trustee has provided the following statement regarding this \$12.5 million funding amount:

“An additional approximate \$21.6 million of investment assets and \$3,199,662 of cash held in a JPMorgan bank account remain in trusts for which I serve as Independent Trustee. These amounts, when combined with the \$2,725,175 of cash held in the Merrill Lynch accounts to be ultimately distributed to the Department of Commerce, totals over \$27.5 million in cash and assets directed by Beneficiary’s prior customers and is designated for the benefit of charities, including approximately \$12.5 million allocated for the benefit of the Heartland Foundation and the future Heartland Fund, and for the benefit of economic growth zones such as Hesston as well as colleges and universities within Kansas. One of the largest top-four national auditing and valuation firms will confirm the valuation of the reported investment assets as part of a 2021 year-end reporting process, and I do not anticipate any change from their 12/31/21 reported values.”

The non-cash assets held in trust which will be allocated to the economic growth zones and/or the Department of Commerce comprise investment assets and monetize to cash over time at forecasted attractive returns. The trusts are under the direction of the Independent Trustee for the benefit of either charities or the Kansas TEFFI Economic Growth Trust which benefits Commerce, The Heartland Foundation and the future Heartland Fund.

Hesston Mayor and a member of the Board of the Heartland Foundation, Dave Kauffman has provided us with the following statement regarding Ben’s partnership on the TEFFI Act and early track record of following through on its commitments under the legislation:

“Since the passage of the TEFFI act, Ben has demonstrated its desire and ability to follow through on its commitments quickly. In addition to directing \$12.5 million of contributions to the Heartland Foundation and future Heartland Fund to benefit communities such as Hesston, Ben has acquired over 2,800 square feet of office space to locate their local operations in our Main Street Central Business District and hired six full-time management-level professionals, directly supporting economic development in the community. They have acquired over 4,000 square feet of Main Street commercial space and are under contract to acquire an additional 8,000 square feet of adjacent commercial space for the community and the Heartland Foundation to take the lead in re-developing and opening of a Main Street grocery and market, which we have been without for a number of years. We are also encouraged that the Heartland Foundation is advising on the negotiation and acquisition from the City of Hesston 22 acres of land intended for future Heartland Foundation community initiatives aimed at spurring economic growth in our community. All of these steps taken by Beneficiary exceed the requirements mandated under the new TEFFI Act and demonstrate the objective to invest in small rural communities in Kansas spearheaded by visionaries within the Kansas legislature.”