

[Tenant's Letterhead]

April ____, 2021

City of Arkansas City, Kansas
118 W. Central Ave.
Arkansas City, Kansas 67005

Emprise Bank
257 N. Broadway
P.O. Box 2970
Wichita, Kansas 67201

Re: City of Arkansas City, Kansas
Taxable Industrial Revenue Bonds, Series 2014
(ILS 4, LLC)

Ladies and Gentlemen:

This is to advise that ILS 4, LLC hereby elects to exercise the option to purchase the Project as described in *Section 17.1* of the Lease between the City of Arkansas City, Kansas, as Issuer, and ILS 4, LLC, a Kansas limited liability company, as Tenant, as authorized by Ordinance No. 2014-11-4372 of the Issuer. Closing is proposed to be after April 20, 2021.

Very truly yours,

ILS 4, LLC, by its manager
HOSPITALITY MANAGEMENT, LLC

By: _____
Name: Steven J. Martens
Title: Manager

**EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF ARKANSAS CITY, KANSAS
HELD ON APRIL 20, 2021**

The governing body met in regular session at the usual meeting place in the City on April 20, 2021, at 5:30 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)

Thereupon, there was presented a Resolution entitled:

**A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF ARKANSAS
CITY, KANSAS AUTHORIZING THE SALE AND CONVEYANCE OF CERTAIN
PROPERTY TO ILS 4, LLC**

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

Aye: _____.

Nay: _____.

Thereupon, the Mayor declared said 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 Arkansas City, Kansas held on the date stated therein, and that the official minutes of such proceedings are on file in my office.

[SEAL]

Deputy City Clerk

RESOLUTION NO. ____

**A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF
ARKANSAS CITY, KANSAS AUTHORIZING THE SALE AND
CONVEYANCE OF CERTAIN PROPERTY TO ILS 4, LLC**

WHEREAS, pursuant to Ordinance No. 2014-11-4372 and the Bond Agreement dated as of December 3, 2014, the City of Arkansas City, Kansas (the "Issuer") has previously issued its Taxable Industrial Revenue Bonds, Series 2014 (ILS 4, LLC) in the original aggregate principal amount of \$6,075,000 (the "Bonds") to finance the cost of acquiring, constructing and equipping a hotel facility to be used for commercial purposes (the "Project"), such Project having been leased to ILS 4, LLC, a Kansas limited liability company (the "Tenant") pursuant to a Lease dated as of December 3, 2014 between the City and the Tenant (the "Lease"); and

WHEREAS, the Tenant desires to exercise its option to purchase the Project under *Section 17.1* of the Lease and is not in default under the Lease; and

WHEREAS, the Tenant had made all the payments of Basic Rent and Additional Rent pursuant to the Lease and all principal and interest on the Bonds has been paid or payment has been provided for; and

WHEREAS, Emprise Bank, the fiscal and paying agent for the Bonds, has certified that no Bonds remain outstanding; and

WHEREAS, the Tenant has provided the City written notice of its intent to exercise its option to purchase the Project;

**NOW THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY
OF ARKANSAS CITY, KANSAS:**

Section 1. The Mayor and Clerk are authorized and directed to execute a special warranty deed, a bill of sale and a release of lease, in substantially the forms submitted to the Governing Body concurrently with the adoption of this Resolution. The Clerk is directed to deliver the executed special warranty deed, a bill of sale and a release of lease to the Tenant.

Section 2. The Mayor and Clerk are hereby further authorized and directed to sign such other instruments and certificates as shall be necessary and desirable in connection with this Resolution, and are hereby further authorized to take such further actions as may be necessary to accomplish the purposes of this Resolution.

[BALANCE OF THIS PAGE LEFT BLANK INTENTIONALLY]

ADOPTED by the governing body of the City of Arkansas City, Kansas on April 20, 2021.

CITY OF ARKANSAS CITY, KANSAS

Mayor

[SEAL]

Attest:

By: _____
Deputy City Clerk

THIS CONVEYANCE IS FOR THE PURPOSE OF RELEASING SECURITY FOR A DEBT OR OTHER OBLIGATION AND IS EXEMPT FROM THE REQUIREMENTS OF A SALES VALIDATION QUESTIONNAIRE PURSUANT TO K.S.A. 79-1437e(2).

SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED, made as of April 20, 2021 between the City of Arkansas City, Kansas, a municipal corporation, as Grantor, and ILS 4, LLC, a Kansas limited liability company, as Grantee;

WITNESSETH, that said Grantor, in furtherance of the terms of a certain Lease dated as of December 3, 2014 between Grantor and Grantee, and as authorized by a Resolution duly adopted by the governing body of the Grantor, and by these presents does hereby convey to Grantee, its successors and assigns, all the following described real estate in Cowley County, Kansas:

Lot 1, Hospitality First Addition, a Re-Plat of Lot 1, Block 3, Patterson Park Subdivision,
Arkansas City, Cowley County, Kansas

for the sum of \$100.00 and other valuable consideration;

TO HAVE AND TO HOLD, the premises described, with all and singular the rights, privileges, appurtenances and immunities thereto belonging or in any way appertaining, to Grantee and to its successors and assigns forever; and Grantor hereby covenants that the premises are free and clear of all encumbrances whatsoever, except (a) those to which the title was subject on the date of conveyance to Grantor, or to which title became subject with Grantee's written consent, or which resulted from any failure of Grantee to perform any of its covenants or obligations under the Lease from Grantor referred to above, (b) taxes and assessments, general and special, if any, and (c) the rights, titles and interests of any party having condemned or attempting to condemn title to, or the use for a limited period of, all or any part of the premises conveyed; and that it will warrant and defend the title to the premises to Grantee and Grantee's successors and assigns forever against the lawful claims and demands of anyone claiming by, through or under it.

IN WITNESS WHEREOF, Grantor has executed this deed and affixed its corporate seal on the day and year first above written.

[SEAL]

ATTEST:

CITY OF ARKANSAS CITY, KANSAS
a municipal corporation

Amanda Evinger, Deputy City Clerk

Scott Rogers, Mayor

STATE OF KANSAS)
) SS:
COUNTY OF COWLEY)

The foregoing instrument was acknowledged before me this ____ day of April, 2021 by Scott Rogers, Mayor, and Amanda Evinger, Deputy City Clerk, respectively, of the City of Arkansas City, Kansas, on behalf of said City.

[SEAL]

Notary Public

Typed or Printed Name of Notary Public

My appointment expires:_____

BILL OF SALE

In furtherance of the terms of a certain Lease dated as of December 3, 2014 between the City of Arkansas City, Kansas, as Assignor, and ILS 4, LLC, a Kansas limited liability company, as Assignee, and for valuable consideration, Assignor hereby transfers, assigns and conveys to Assignee, all personal property purchased with the proceeds of the City of Arkansas City, Kansas, Taxable Industrial Revenue Bonds, Series 2014 (ILS 4, LLC), said personal property being included in *Schedule I* attached hereto.

[SEAL]

ATTEST:

CITY OF ARKANSAS CITY, KANSAS
a municipal corporation

Amanda Evinger, Deputy City Clerk

Scott Rogers, Mayor

STATE OF KANSAS)
) SS:
COUNTY OF COWLEY)

The foregoing instrument was acknowledged before me this ____ day of April, 2021 by Scott Rogers, Mayor, and Amanda Evinger, Deputy City Clerk, respectively, of the City of Arkansas City, Kansas, on behalf of said City.

[SEAL]

Notary Public

Typed or Printed Name of Notary Public

My appointment expires:_____

SCHEDULE I

ILS 4, LLC - PERSONAL PROPERTY ITEMIZATION

Conco FFE Install Costs	\$	57,750.00
Commercial Washer (s)	\$	18,628.00
Commercial Dryer (2)	\$	9,260.00
Coin Operated Washer	\$	2,244.47
Coin Operated Dryer	\$	1,382.46
Ice Machine	\$	7,838.52
Refrigerator	\$	2,569.00
Freezer	\$	4,200.00
Glass Door Refrigerator	\$	1,604.59
Juice Dispenser	\$	1,144.62
Beverage Merchandiser	\$	905.34
Induction Chafing Dishes	\$	1,530.02
Vertical Towel Holder (2)	\$	1,766.16
Cereal Dispenser	\$	592.08
LED HDTV	\$	4,733.00
Telephone System	\$	25,916.52
WiFi System	\$	12,310.00
Router System	\$	2,201.83
Camera Security System	\$	11,470.42
PCs	\$	4,576.52
Office Furniture	\$	3,179.47
Pillow Fabrics	\$	3,217.36
Safe	\$	1,021.33
Pool Motor	\$	1,236.94
Room HDTVs	\$	30,197.01
Room Micro Fridge & Microwaves	\$	12,700.00
Room Ice Buckets, Hair Dryers, Amenity Trays, Misc.	\$	2,286.20
Room Coffeemakers, Irons, Clock Radios, Misc	\$	9,198.44
Room Shower Curtains, Hangers, Wastebaskets	\$	1,975.53
Room Coffee, Cups, Condiment Kits, Misc.	\$	3,841.69
Room Cribs	\$	179.07
Room Bed Linens	\$	16,485.86
Room Bath Linens	\$	5,020.44
Interior Design	\$	339.87
Gust Supplies	\$	8,056.94
Mats	\$	344.88
Outside Receptacles, Smoker Posts	\$	6,090.25
Interior Signage	\$	5,370.30
Office Furniture	\$	234.60
Ozone Deodorizers	\$	641.61
Hearing Aid Kits	\$	3,605.00
Housekeeping Carts	\$	5,331.86
Commercial Vacuum Cleaners	\$	860.88
Housekeeping UV Wands	\$	1,138.98
Kitchen Equipment, Supplies, Dishware	\$	5,720.64
Total:	\$	300,898.70

RELEASE OF LEASE

WHEREAS, the City of Arkansas City, Kansas (the "Issuer") has heretofore entered into a Lease dated as of December 3, 2014 (the "Lease") between the Issuer and ILS 4, LLC, a Kansas limited liability company (the "Tenant"), notice of which is recorded in Book 953 at pages 98-100 in the office of the Cowley County Register of Deeds; and

WHEREAS, the Issuer assigned its interest in the Lease to Emprise Bank, acting as fiscal and paying agent for the Issuer and others for purpose of enforcement of the Tenant's covenants under the Lease, which is recorded in Book 953 at pages 101-105 in the office of the Cowley County Register of Deeds; and

WHEREAS, the Tenant has exercised its option to purchase the facility described in the Lease (the "Project") from the Issuer; and

WHEREAS, all of the Tenant's obligations to the Issuer under the Lease have been satisfied;

THEREFORE, the property described in the attached *Schedule I* is hereby released from any claim of the Issuer and Emprise Bank under the Lease as of April 20, 2021.

CITY OF ARKANSAS CITY, KANSAS

By: _____
Scott Rogers, Mayor

[SEAL]

ATTEST:

By : _____
Amanda Evinger, Deputy City Clerk

ACKNOWLEDGMENT

STATE OF KANSAS)
) SS:
COUNTY OF COWLEY)

The foregoing instrument was acknowledged before me this ____ day of April, 2021 by Scott Rogers, Mayor, and Amanda Evinger, Deputy City Clerk, respectively, of the City of Arkansas City, Kansas, on behalf of said City.

[SEAL]

By: _____
Notary Public

Typed or Printed Name of Notary Public

My appointment expires:_____

Emprise Bank
Wichita, Kansas,
as Fiscal and Paying Agent

By: _____
Name:
Title:

STATE OF KANSAS)
) SS:
COUNTY OF SEDGWICK)

This instrument was acknowledged before me this ____ day of April, 2021 by _____,
the _____ of Emprise Bank, a state banking association or corporation.

[SEAL]

Notary Public

Typed or Printed Name of Notary Public

My appointment expires: _____

SCHEDULE I

PROPERTY SUBJECT TO LEASE

(A) The following described real estate located in Cowley County, Kansas, to wit:

Lot 1, Hospitality First Addition, a Re-Plat of Lot 1, Block 3, Patterson Park Subdivision,
Arkansas City, Cowley County, Kansas

said real property constituting the "Land" as referred to in the Lease, subject to Permitted Encumbrances.

(B) The buildings, improvements, equipment, fixtures and personal property now or hereafter acquired, constructed, or installed on the Land and financed or refinanced with proceeds of the Series 2014 Bonds, including but not limited to the following:

Best Western Plus Patterson Park Hotel

The property described in paragraphs (A) and (B) of this *Schedule I*, together with any alterations or additional improvements properly deemed a part of the Project pursuant to and in accordance with the provisions of *Sections 10.3* and *10.4* of the Lease, constitute the "Project" as referred to in both the Lease and the Bond Agreement.

FISCAL AND PAYING AGENT'S CERTIFICATION

Re: City of Arkansas City, Kansas
Taxable Industrial Revenue Bonds, Series 2014
(ILS 4, LLC) (the "Bonds")

The undersigned, on behalf of Emprise Bank, acting as the fiscal and paying agent with respect to the referenced Bonds, hereby certifies that as of the date hereof, no Bonds remain outstanding under the Bond Agreement dated December 3, 2014 authorizing and securing the Bonds, and all fees and expenses of the Emprise Bank in connection with such Bonds have been paid in full, and all obligations of the City of Arkansas City, Kansas, as issuer of the Bonds, with respect thereto, ILS 4, LLC (the "Tenant"), including the Tenant's obligations as guarantor of principal and interest on the Bonds with respect thereto, including specifically the Bank releases all obligations in the following:

- Collateral Assignment of Lease, dated December 3, 2014, from the Tenant to the Bank; and
- Guaranty Agreement, dated December 3, 2014, between the Tenant and the Bank.

Dated: April ____, 2021

Emprise Bank,
Wichita, Kansas,
as Fiscal and Paying Agent

By: _____
Name:
Title: