

RESOLUTION NO. 98-5

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF WATHENA, KANSAS DETERMINING THE ADVISABILITY OF ISSUING INDUSTRIAL REVENUE BONDS OF SAID CITY FOR THE PURPOSE OF FINANCING THE ACQUISITION, CONSTRUCTION, INSTALLATION, AND EQUIPMENT OF A MANUFACTURING FACILITY TO BE LOCATED IN SAID CITY

WHEREAS, the City of Wathena, Kansas (the "City") desires to promote, stimulate and develop the general economic welfare and prosperity of the City, and thereby to further promote, stimulate and develop the general economic welfare and prosperity of the State of Kansas; and

WHEREAS, pursuant to the provisions of the Kansas Economic Development Revenue Bond Act, as amended and codified in K.S.A. 12-1740 *et seq.* (the "Act"), the City is authorized to issue revenue bonds for such purposes, and it is hereby found and determined to be advisable and in the interest and for the welfare of the City and its inhabitants that industrial revenue bonds of the City in the principal amount of not to exceed \$4,500,000 be authorized and issued to provide funds to pay the costs of acquiring and equipping a manufacturing facility (the "Project") to be located in the City of Wathena, Kansas, and to be leased by the City to MK Minerals, Inc., a Kansas corporation, or assigns (the "Tenant").

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

Section 1. **Public Purpose.** The governing body of the City hereby finds and determines that acquiring, constructing and equipping the Project will promote, stimulate and develop the general economic welfare and prosperity of the City, and thereby further promote, stimulate and develop the general economic welfare and prosperity of the state of Kansas.

Section 2. **Authorization to Acquire Project; Intent to Issue Bonds.** The City is hereby authorized to acquire, construct and equip the Project and to issue its industrial revenue bonds, in one or more series, in an aggregate principal amount not to exceed \$4,500,000 (the "Bonds") to pay the costs thereof, subject to satisfaction of the conditions of issuance set forth herein.

Section 3. **Conditions to Issuance of Bonds.** The issuance of the Bonds is subject to: (i) the passage, approval and publication of an ordinance authorizing the issuance of the Bonds; (ii) the

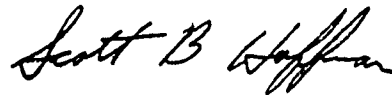
Section 3. **Conditions to Issuance of Bonds.** The issuance of the Bonds is subject to: (i) the passage, approval and publication of an ordinance authorizing the issuance of the Bonds; (ii) the successful negotiation of a Trust Indenture, Guaranty Agreement, Lease, Bond Purchase Agreement and other legal documents necessary to accomplish the issuance of the Bonds, the terms of which shall be in compliance with the Act and mutually satisfactory to the City and the Tenant; (iii) the successful negotiation and sale of the Bonds to Chapman Securities, Inc. (the "Purchaser"), which sale shall be the responsibility of the Tenant and not the City; (iv) the receipt of the approving legal opinion of Gilmore & Bell, P.C. ("Bond Counsel") in form acceptable to the City, the Tenant and the Purchaser; (v) the obtaining of all necessary governmental approvals to the issuance of the Bonds; (vi) the commitment to and payment of all expenses of the City, any underwriting fees and expenses and all legal fees and expenses of Bond Counsel and the City Attorney relating to the issuance of the Bonds by the Purchaser or the Tenant; and (vii) the satisfactory negotiation of an agreement with the Tenant relating to the payment or exemption of all or a portion of property taxes assessed against the Project after issuance of the Bonds.

Section 4. **Notices.** The City Clerk is hereby authorized and directed to publish an appropriate notice of intent to issue the Bonds and to enter into a Lease with the Tenant pursuant to the provisions of the Act, to provide all notices as required by the Act, and to publish notice of public hearing with respect to the issuance of the Bonds as required by federal law and with respect to the granting of a complete or partial property tax exemption as required by Kansas law.

Section 5. **Further Action.** The City Clerk is hereby authorized to deliver an executed copy of this Resolution to the Tenant. The Mayor, City Clerk and other officials and employees of the City, including the City Attorney and Bond Counsel, are hereby further authorized and directed to take such other actions as may be appropriate or desirable to accomplish the purposes of this Resolution, including providing all notices required by the Act, the execution on behalf of the City of the information statement regarding the proposed issuance of the Bonds to be filed with the State Board of Tax Appeals pursuant to the Act and the execution of an application to the Kansas Secretary of Commerce & Housing for a private activity bond allocation in accordance with the Kansas Private Activity Bond Allocation Act, K.S.A. 74-5058 *et seq.*

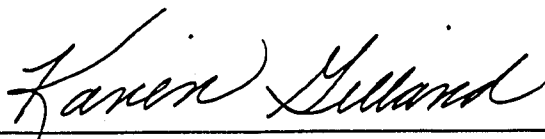
ADOPTED by the governing body of the City of Wathena, Kansas this 7th day of April, 1998.

[SEAL]



Mayor

Attest:



City Clerk