
RESOLUTION NO. 04-03

OF

THE
GOVERNING BODY OF

THE CITY OF WATHENA, KANSAS

RELATING TO THE INTENT TO ISSUE
NOT TO EXCEED
\$3,000,000
INDUSTRIAL REVENUE BONDS
(MK MINERALS, INC.)

RESOLUTION NO. 04-03

A RESOLUTION INDICATING THE INTENT OF THE GOVERNING BODY OF THE CITY OF WATHENA, KANSAS, TO ISSUE CERTAIN INDUSTRIAL REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED THREE MILLION DOLLARS (\$3,000,000) FOR THE PURPOSE OF REFUNDING AND REDEEMING ITS OUTSTANDING INDUSTRIAL REVENUE BONDS AND ACQUIRING AND INSTALLING CERTAIN MACHINERY AND EQUIPMENT IN AN EXISTING MANUFACTURING FACILITY LOCATED IN THE CITY OF WATHENA, KANSAS.

WHEREAS, the governing body of 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 K.S.A. 12-1740 to 12-1749d, inclusive, and K.S.A. 10-116a, all as amended (the "Act"), and all acts amendatory thereof or supplemental thereto, said City is authorized to issue revenue bonds of the City; and

WHEREAS, pursuant to the Act, the City previously issued its Industrial Revenue Bonds, Series 1998 (MK Minerals, Inc. Project), dated June 1, 1998, in the original principal amount of \$3,600,000, of which \$2,475,000 remain outstanding (the "Refunded Bonds") for the purpose of purchasing, acquiring, constructing and equipping a certain manufacturing facility (the "1998 Project"), which 1998 Project is currently leased to MK Minerals, Inc., a Kansas corporation (the "Tenant"); and

WHEREAS, the Tenant has requested the City to provide for the issuance of certain industrial revenue bonds (herein the "2004 Bonds") pursuant to the Act for the purpose of (i) paying the costs of purchasing, acquiring and installing certain additions to the 1998 Project (the "2004 Project"), (ii) refunding and redeeming the Refunded Bonds, and (iii) paying certain costs of issuance; and

WHEREAS, the 1998 Project; together with the 2004 Project (collectively the "Project") is and will be located at 1025 Vernon Rd within the corporate limits of the City of Wathena, Kansas; and

WHEREAS, in order to achieve interest cost savings and to provide an orderly plan of financing for the Tenant it is necessary and desirable to provide for the refunding and redemption of the Refunded Bonds maturing on or after June 1, 2005.

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

SECTION 1. The City intends and is hereby authorized to (i) provide for the refunding and redemption of the outstanding Refunded Bonds and (ii) finance the 2004 Project, subject in all respects to the negotiation of satisfactory lease arrangements for the Project with the Tenant.

SECTION 2. The City is hereby authorized to provide for the issuance of its Bonds in one or more series in an aggregate principal amount of not to exceed Three Million Dollars (\$3,000,000) for the purpose of (i) refunding and redeeming the Refunded Bonds, (ii) purchasing, acquiring and installing the 2004 Project and (iii) paying certain costs of issuance, but subject to the limitations, conditions and requirements of the provisions as hereafter set forth.

SECTION 3. The Bonds shall be issued in accordance with the provisions of an Ordinance of the City and an Indenture, Lease and Guaranty Agreement, which documents shall, among other things, describe in reasonable detail the Project, and all of the terms of which documents shall be mutually satisfactory to the City and to the Tenant. The Bonds shall be issued subject to the approving opinion of Triplett, Woolf & Garretson LLC, Bond Counsel and shall be special limited obligations of the City payable solely from the revenues derived by the City pursuant to the Lease, or otherwise in connection with the Project. The Bonds will be sold to Froggatte & Company, Wichita, Kansas, as underwriter. **THE BONDS SHALL NOT BE GENERAL OBLIGATIONS OF, OR CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF, THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION AND THE BONDS SHALL NOT BE PAYABLE IN ANY MANNER FROM TAX REVENUES.**

SECTION 4. It is contemplated that in order to expedite the (i) process of purchasing and acquiring the 2004 Project and (ii) refunding and redemption of the Refunded Bonds and the realization of the benefits to be derived thereby, the Tenant may, in reliance upon this Resolution, but subject to mutual satisfactory documents as described in the preceding Section 3, incur any temporary indebtedness and expend its own funds in connection with the anticipated 2004 Project and the refunding and redemption of the Refunded Bonds, prior to the ultimate issuance of said Bonds. The Bonds herein authorized and all interest thereon shall, in any event, be paid solely from the Trust Estate to be created pursuant to the Indenture, including the money and revenue received pursuant to the Lease of the Project to the Tenant and not from any other fund or source, and nothing contained herein shall obligate the City in any manner except as set out herein.

SECTION 5. The City does not intend this Resolution to include any agreement for ad valorem tax abatement for the 2004 Project. The consideration for ad valorem property tax abatement on the 2004 Project will be had by the Issuer at a later date in accordance with the proper publication and notice requirements of the laws of the State of Kansas.

SECTION 6. Any and all expenses incurred, and applicable fees charged, in connection with the issuance of the Bonds including administrative expenses and legal fees, incurred by the City shall be paid from the proceeds of the Bonds or from the Tenant's funds. Nothing herein contained shall obligate the City in any manner in connection with the costs of the issuance of the Bonds.

SECTION 7. The Mayor and City Clerk are hereby authorized and directed to take all such other actions not inconsistent herewith as may be appropriate or desirable to accomplish the purposes contemplated by this Resolution, including but not limited to, (1) execution on behalf of

the City of an appropriate notice of the proposed issuance of such Bonds with the Kansas State Board of Tax Appeals pursuant to K.S.A. 12-1744a, (2) providing applicable notice of a public hearing with respect to the proposed issuance of such Bonds in accordance with the Internal Revenue Code of 1986, as amended, (3) providing applicable notice of a public hearing with respect to the proposed issuance of such Bonds in accordance with K.S.A. 12-1749c and/or K.S.A. 12-1749d, (4) filing an application for any applicable private activity bond allocation with the Department of Commerce of the State of Kansas, (5) providing any necessary notice of intent to redeem the Refunded Bonds and (6) requesting any necessary approvals of the issuance of such Bonds in accordance with K.S.A. 12-1741a.

SECTION 8. This Resolution shall become effective upon its approval and passage by the governing body of the City of Wathena, Kansas.

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PASSED AND APPROVED by the governing body of the City of Wathena, Kansas this 7th day of September, 2004.

CITY OF WATHENA, KANSAS

[seal]

By James M. Anerney
James McAnerney, Mayor

ATTEST:

By Jim Richardson
Jim Richardson, City Clerk

EXCERPT OF MINUTES

The Governing Body of the City of Wathena, Kansas, met in regular session at the usual meeting place in the City on September 7, 2004, at 7:00 p.m., with the Mayor James McAnerney presiding and the following members present:

The following members were absent:

Among other business, there came on for consideration and discussion the following:

A RESOLUTION INDICATING THE INTENT OF THE GOVERNING BODY OF THE CITY OF WATHENA, KANSAS, TO ISSUE CERTAIN INDUSTRIAL REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED THREE MILLION DOLLARS (\$3,000,000) FOR THE PURPOSE OF REFUNDING AND REDEEMING ITS OUTSTANDING INDUSTRIAL REVENUE BONDS AND ACQUIRING AND INSTALLING CERTAIN MACHINERY AND EQUIPMENT IN AN EXISTING MANUFACTURING FACILITY LOCATED IN THE CITY OF WATHENA, KANSAS.


Thereupon, the Resolution was considered and discussed, and on motion of Cathy Coy, seconded by Jack Slaughter, the Resolution was adopted by vote of the majority of all members present.

Thereupon, the Resolution, having been adopted by a majority vote of the members of the governing body, it was given No. 04-03 and was directed to be signed by the Mayor and attested by the City Clerk.

CITY CLERK'S
CERTIFICATION OF EXCERPT OF MINUTES

I hereby certify that the foregoing is a true and correct Excerpt of Minutes of the September 7, 2004, meeting of the governing body of the City of Wathena, Kansas.

[seal]



Jim Richardson, City Clerk

**TENTATIVE FINANCING SCHEDULE
CITY OF WATHENA, KANSAS
INDUSTRIAL REVENUE BONDS
(MK MINERALS, INC.)**

CALENDAR OF EVENTS

<u>Date</u>	<u>Taxable Bond Proceedings</u>	<u>Responsible Party</u>
09/07/04	Adopt Resolution of Intent	City
09/10/04	Notice of TEFRA/Tax Abatement/Public Hearing Notice to Paper (publish 09/16/04)	City/TWG
09/10/04	Circulate Cost Benefit Analysis Requests	TWG
09/16/04	Mail Tax Abatement Notice to County and School District; Public Hearing Notice Publishes	City/TWG
09/22/04	Cost Benefit Analysis Information to TWG	City/Tenant/County
09/27/04	Circulate Cost Benefit Analysis	TWG
09/27/04	Circulate 1 st drafts of principal financing documents (PFDs)	TWG
10/04/04	Comments due on 1 st drafts	All Parties
10/04/04	Circulate 1 st draft of Preliminary Official Statement (POS)	UC
10/05/04	TEFRA/Tax Abatement/Public Hearing; adopt tax abatement resolution	City/TWG
10/05/04	Circulate 2 nd drafts of PFDs and closing documents	TWG
10/11/04	Comments due on 1 st draft of POS	All Parties
10/12/04	Comments Due on 2 nd drafts of PFDs & closing documents	All Parties
10/13/04	Circulate 2 nd draft of POS	UC
10/18/04	Comments due on 2 nd draft of POS	All Parties
10/19/04	Print POS and offer bonds	UC / UW
10/19/04	All Final Terms and Provisions of Bond Documents Set	All Parties
10/22/04	Circulate final drafts of all bond documents	TWG
10/28/04	Print Bonds	TWG
11/02/04	Adopt Bond Ordinance/TEFRA Hearing [ordinance publishes 11/11/04]	City/TWG
11/03/04	Circulate Official Statement (OS)	UW
11/03/04	Bond Ordinance to newspaper	TWG
11/04/04	File Information Statement	City/TWG
11/04/04	PAB Issuance Statement to KS Dept of Commerce & Housing	TWG
11/11/04	Print OS	UW
11/11/04	Bond Ordinance publishes	City
11/11/04	Bonds Delivered to Trustee	TWG
11/17/04	Bond Pre-Closing (2:00 p.m.)	All Parties
11/18/04	Bond Closing (10:00 a.m.)	All Parties
11/18/04	Call KS Dept of Commerce & Housing to confirm closing & allocation	TWG

Participants:

City = City of Wathena, Kansas

Tenant = MK Minerals, Inc.

TWG = Triplett, Woolf & Garretson, LLC, Bond Counsel

UW = Froggatte & Company, Underwriter

UC = Underwriter's Counsel