

RESOLUTION NO. 228

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF COLUMBUS, KANSAS DETERMINING THE ADVISABILITY OF ISSUING INDUSTRIAL REVENUE BONDS OF SAID CITY FOR THE PURPOSE OF FINANCING THE ACQUISITION, RENOVATION AND FURTHER EQUIPMENT OF AN EXISTING MANUFACTURING FACILITY LOCATED IN SAID CITY.

WHEREAS, the City of Columbus, Kansas (the "City") desires to preserve and promote, the general economic welfare and prosperity of the City, and thereby to further preserve and promote, 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 \$2,500,000 be authorized and issued to provide funds to pay the costs of acquiring, renovating and further equipping an existing manufacturing facility (the "Project") located in the City of Columbus, Kansas, to be leased by the City to Pack-Pro, an Ohio corporation, or another legal entity to be formed by the principals of Pack-Pro, Inc. or assigns (the "Tenant");

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

Section 1. Public Purpose. The governing body of the City hereby finds and determines that acquiring, renovating and further equipping the Project will preserve and promote the general economic welfare and prosperity of the City, and thereby further preserve and promote 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 issue industrial revenue bonds, for the purpose of acquiring and renovate and further equip the Project, in one or more series, in an aggregate principal amount not to exceed \$2,500,000 (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: (1) the passage, approval and publication of an ordinance authorizing the issuance of the Bonds; (2) 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; (3) the successful negotiation and sale of the Bonds to Chapman Securities, Inc. or other purchaser selected by the Tenant (the "Purchaser"), which sale shall be the responsibility of the Tenant and not the City; (4) 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; (5) the obtaining

of all necessary governmental approvals to the issuance of the Bonds; and (6) 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; (7) a one-tenth (1/10) of one (1%) percent origination fee on the face amount of the bond issue, and (8) the option of the City to exempt all, part or none of the property taxes assessed against the Project after issuance of the bonds.

Section 4. Reliance by Tenant; Limited Liability of City. It is contemplated that in order to expedite acquisition of the Project and realization of the benefits to be derived thereby, the Tenant may incur temporary indebtedness or expend its own funds to pay costs of the Project prior to the issuance of the Bonds. The Bonds and all interest thereon shall, in any event, be paid solely from the revenues to be received by the City from the Project and not from any other fund or source. The City shall not be obligated on such Bonds in any way, except as herein set out. In the event that the Bonds are not issued, the City shall have no liability to the Tenant.

Section 5. 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 law, and to provide all required notices, and to publish notice of public hearing with respect to the issuance of the Bonds as required by federal law. The publication notice will also provide all required notices, and to publish notice of the option of the City to exempt all, part or none of the property taxes assessed against the Project after issuance of the bonds as required by Kansas law.

Section 6. Further Action. The City 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 Secretary of Commerce & Housing for a private activity bond allocation in accordance with the Kansas Private Activity Bond Allocation, K.S.A. 74-5058 et seq.

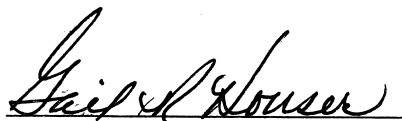
ADOPTED by the governing body of the City of Columbus, Kansas this 15TH day of June, 1998.

[SEAL]



Mayor

Attest:



City Clerk