

[Tenant's Letterhead]

_____, 2016

City of McPherson, Kansas
400 E. Kansas Avenue
McPherson, Kansas 67460

Security Bank of Kansas City
P.O. Box 171297
Kansas City, Kansas 66117

Re: City of McPherson, Kansas
Taxable Industrial Revenue Bonds, Series 2006
(National Cooperative Refinery Association)

Ladies and Gentlemen:

This is to advise that CHS McPherson Refinery, Inc. (formerly known as National Cooperative Refinery Association) hereby elects to exercise the option to purchase the Project as described in Section 17.1 of the Lease between the City of McPherson, Kansas, as Issuer, and CHS McPherson Refinery, Inc., a Kansas cooperative marketing association, as Tenant, as authorized by Ordinance No. 2891 of the Issuer. Closing is proposed to be as soon as possible after December 5, 2016.

Very truly yours,

CHS MCPHERSON REFINERY, INC.

By: _____
Name:
Title:

**EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF MCPHERSON, KANSAS
HELD ON DECEMBER 5, 2016**

The governing body met in regular session at the usual meeting place in the City on December 5, 2016, at 8:30 a.m., the following members being present and participating, to wit:
Commissioner Wiens, Commissioner Moore, Mayor Brown

Absent: None

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
MCPHERSON, KANSAS AUTHORIZING THE SALE AND CONVEYANCE OF
CERTAIN PROPERTY TO CHS MCPHERSON REFINERY, INC.**

Thereupon, Commissioner Wiens moved that said Resolution be adopted. The motion was seconded by Commissioner Moore. 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: Three.

Nay: None.

Thereupon, the Mayor declared said Resolution duly adopted and the Resolution was then duly numbered Resolution No. 16-18 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 McPherson, Kansas held on the date stated therein, and that the official minutes of such proceedings are on file in my office.

[SEAL]

Clerk

RESOLUTION NO. 16-18

**A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF
MCPHERSON, KANSAS AUTHORIZING THE SALE AND
CONVEYANCE OF CERTAIN PROPERTY TO CHS
MCPHERSON REFINERY, INC.**

WHEREAS, pursuant to Ordinance No. 2891 and the Trust Indenture dated as of December 18, 2006, the City of McPherson, Kansas (the "Issuer") has previously issued its Taxable Industrial Revenue Bonds, Series 2006 (National Cooperative Refinery Association) in the original aggregate principal amount of \$325,000,000 (the "Bonds") to finance the cost of acquiring modifications and improvements to a certain facility to be used for commercial purposes (the "Project"), such Project having been leased to CHS McPherson Refinery, Inc. (formerly known as National Cooperative Refinery Association), a Kansas cooperative marketing association (the "Tenant") pursuant to a Lease dated as of December 18, 2006 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, Security Bank of Kansas City, Kansas City, Kansas, as Trustee 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 MCPHERSON, KANSAS:**

Section 1. The Mayor and Clerk are authorized and directed to execute 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 bill of sale and 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 McPherson, Kansas on December 5, 2016.

CITY OF MCPHERSON, KANSAS

Mayor

[SEAL]

Attest:

By: _____
Clerk

BILL OF SALE

In furtherance of the terms of a certain Lease dated as of December 18, 2006 between the City of McPherson, Kansas, as Assignor, and CHS McPherson Refinery, Inc. (formerly known as National Cooperative Refinery Association), a Kansas cooperative marketing association, 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 McPherson, Kansas, Taxable Industrial Revenue Bonds, Series 2006 (National Cooperative Refinery Association), said personal property being included in *Schedule I* attached hereto.

[SEAL]

ATTEST:

CITY OF MCPHERSON, KANSAS
a municipal corporation

Tamra K. Seely, Clerk

Thomas A. Brown, Mayor

STATE OF KANSAS)
) SS:
COUNTY OF MCPHERSON)

The foregoing instrument was acknowledged before me this 5th day of December, 2016 by Thomas A. Brown, Mayor, and Tamra K. Seely, Clerk, respectively, of the City of McPherson, Kansas, on behalf of said City.

[SEAL]

Notary Public

My appointment expires:

SCHEDULE I

All Clean Fuel Projects		Total Expenditures
10112	Unicracker Unit	\$ 114,892,335.82
10122	Flare -Unicracker/H2/Depentanizer	\$ 6,713,294.51
10132	Hydrogen Unit	\$ 32,661,668.49
10142	Platformer PSA Unit	\$ 9,492,140.26
10152	Sulfur Recovery Unit	\$ 36,088,601.34
10162	Amine/SWS Unit	\$ 14,485,623.29
10172	Engr & Cost Estimating of CF	\$ 4,427,482.02
10182	Vacuum Unit Revamp	\$ 3,334,505.96
10192	FCC Unit Revamp	\$ 1,497,607.15
10202	FCC Gas Plant Revamp	\$ 164,030.65
10222	2 new reactors for DHT Unit	\$ 14,076,672.31
10232	Net Hydrogen Compressor at Platformer	\$ 6,783,064.90
10242	Revamp Tank Farm Stg	\$ 24,918,039.47
10252	Interconnecting piping for CF	\$ 17,312,964.39
10262	Boiler Water Treatment	\$ 2,320,817.86
10272	35KV Electrical Feed	\$ 9,965,118.64
10282	Construction Site Development for CF	\$ 1,957,227.34
10292	Project Mgmt for CF	\$ 14,480,379.29
10302	CF Tie Ins and Start Ups	\$ 4,574,905.12
12343	New Control Building	\$ 2,978,052.04
12573	Connect Cenex Tanks to Refinery	\$ 1,785,906.92
17631	Design & Cost Est for New Control Bldg	\$ 89,562.23
		\$ 325,000,000.00

RELEASE OF LEASE

WHEREAS, the City of McPherson, Kansas (the "Issuer") has heretofore entered into a Lease dated as of December 18, 2006 (the "Lease") between the Issuer and CHS McPherson Refinery, Inc. (formerly known as National Cooperative Refinery Association), a Kansas cooperative marketing association (the "Tenant"); and

WHEREAS, the Issuer assigned its interest in the Lease to Security Bank of Kansas City, Kansas City, Kansas, acting as Trustee for the Issuer and others for purpose of enforcement of the Tenant's covenants under the Lease; 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 the Trustee under the Lease as of December 5, 2016.

CITY OF MCPHERSON, KANSAS

By: _____
Thomas A. Brown, Mayor

[SEAL]

ATTEST:

By : _____
Tamra K. Seely, Clerk

ACKNOWLEDGMENT

STATE OF KANSAS)
) SS:
COUNTY OF MCPHERSON)

The foregoing instrument was acknowledged before me this 5th day of December, 2016 by Thomas A. Brown, Mayor, and Tamra K. Seely, Clerk, respectively, of the City of McPherson, Kansas, on behalf of said City.

[SEAL]

By: _____

Notary Public

My appointment expires: _____

Security Bank of Kansas City
Kansas City, Kansas

By: _____
Name:
Title:

STATE OF KANSAS)
) SS:
COUNTY OF _____)

This instrument was acknowledged before me this ___ day of _____, 2016 by _____ as _____ and trust officer of the Security Bank of Kansas City, Kansas City, Kansas, a state banking association or corporation.

[SEAL]

Notary Public

My appointment expires: _____
Date

SCHEDULE I

PROPERTY SUBJECT TO LEASE

	All Clean Fuel Projects	Total Expenditures
10112	Unicracker Unit	\$ 114,892,335.82
10122	Flare -Unicracker/H2/Depentanizer	\$ 6,713,294.51
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		<hr/> \$ 325,000,000.00

TRUSTEE'S CERTIFICATION

Re: City of McPherson, Kansas
Taxable Industrial Revenue Bonds, Series 2006
(National Cooperative Refinery Association) (the "Bonds")

The undersigned, on behalf of Security Bank of Kansas City, Kansas City, Kansas, as Trustee with respect to the referenced Bonds, hereby certifies that as of the date hereof, no Bonds remain outstanding under the Trust Indenture dated December 18, 2006 authorizing and securing the Bonds, and all fees and expenses of the Trustee in connection with such Bonds have been paid in full.

Dated: December ____, 2016

Security Bank of Kansas City
Kansas City, Kansas

[SEAL]

By: _____
Name:
Title: