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**HINKLE  
ELKOURI**  
LAW FIRM L.L.C.

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April 1, 2004

Mr. David Corliss  
Assistant City Manager  
City of Lawrence City Hall  
P.O. Box 708  
Lawrence, Kansas 66044

Re: Proposed City of Wichita, Kansas  
Health Care Facilities Refunding and Improvement Revenue Bonds, Series 2004  
(Presbyterian Manors, Inc.)

Dear Mr. Corliss:

We are serving as bond counsel to the City of Wichita with respect to the above-referenced bond issue. It is anticipated that at its regular meeting of April 13, 2004, the Governing Body of the City of Wichita will approve a request from Presbyterian Manors, Inc. ("PMI") for a letter of intent to issue health care facilities refunding and improvement revenue bonds in an amount not to exceed \$24,000,000 (the "Proposed 2004 Bonds"), for the purpose of the purpose of paying the costs of (i) refunding, redeeming and retiring certain City of Wichita health care facilities revenue bonds issued for the benefit of PMI (the "Existing Bonds") and (ii) paying the costs of renovating and equipping certain PMI facilities, including its facilities located in Lawrence, Kansas.

The Existing Bonds consist of the City of Wichita's outstanding Health Care Facilities Refunding Revenue Bonds, Series V, 1993 (Presbyterian Manors, Inc.), Health Care Facilities Improvement Revenue Bonds, Series I, 1994 (Presbyterian Manors, Inc.), Health Care Facilities Refunding Revenue Bonds, Series IV, 1994 (Presbyterian Manors, Inc.), Health Care Facilities Refunding Revenue Bonds, Series V-A and V-B, 1995 (Presbyterian Manors, Inc.), and Health Care Facilities Refunding Revenue Bonds, Series VIII-B and VIII-C, 2001 (Presbyterian Manors, Inc.).

In 1990, the City of Wichita first authorized the issuance of industrial revenue bonds to finance or refinance improvements to PMI facilities throughout the state of Kansas for the purpose of allowing PMI to restructure its long-term indebtedness and to develop a consolidated plan of financing which would provide a vehicle for future needs. To enable the City of Wichita to issue bonds for facilities located outside its jurisdiction, the City of Wichita entered into Interlocal Cooperation Agreements with those cities in which PMI facilities are located, including the City of Lawrence. Each Interlocal Cooperation Agreement permits the City of Wichita to issue bonds on behalf of such city, provided the city consents to such issuance.

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Pursuant to this plan of finance, the City of Wichita has issued several series of industrial revenue bonds for the benefit of PMI, including the Existing Bonds. For your convenience, a copy of the City of Lawrence's Interlocal Cooperation Agreement with the City of Wichita is enclosed.

A portion of the proceeds of the Proposed 2004 Bonds (approximately \$4,200,000) will be used for major renovations to the PMI facilities in Salina and Kansas City, as well as minor capital improvements at other facilities. The issuance of the Proposed 2004 Bonds will have no effect on the property tax situation of any PMI facilities. Furthermore, the Proposed 2004 Bonds will be limited obligations of the City of Wichita, payable from rental payments made by PMI to the City of Wichita and not from the faith and credit or taxing power of the City of Wichita, the City of Lawrence, the State of Kansas or any other municipality of political subdivision thereof.

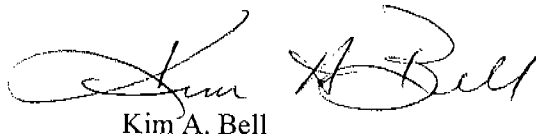
In addition to the consent of the City of Lawrence to the issuance of the Proposed 2004 Bonds which is required by its Interlocal Cooperation Agreement with the City of Wichita, the Internal Revenue Code requires public approval from each jurisdiction in which the facilities to be financed with the proceeds of the Proposed 2004 Bonds are located. This public approval requirement is met by holding a public hearing (with notice published two weeks before the public hearing in a newspaper of general circulation in the jurisdiction), followed by approval of the governing body of the jurisdiction.

Closing on the Proposed 2004 Bonds is currently scheduled for May 2004, subject to approval by the Cities of Arkansas City, Dodge City, Emporia, Fort Scott, Hutchinson, Lawrence, Newton, Salina and Topeka and the Unified Government of Wyandotte County/Kansas City, and adoption of a Bond Ordinance by the City of Wichita. We have drafted and enclosed for your review a proposed notice of public hearing and a proposed resolution approving the issuance of the Proposed 2004 Bonds. If the form of the notice and resolution meet with your approval, we ask that you allow us to publish the notice of public hearing on April 13, 2004 in *The Lawrence Journal World* and that the resolution be placed on the governing body's agenda for consideration at its meeting of April 27, 2004. Our firm will handle all publications and will provide the City Clerk with execution copies of the approving resolution. If you would like anyone from our office or from PMI to attend the City Council's meeting, please let us know.

Please do not hesitate to contact us with any questions or concerns you may have. We appreciate your assistance in this matter.

Very truly yours,

HINKLE ELKOURI LAW FIRM L.L.C.

A handwritten signature in dark ink, appearing to read "Kim A. Bell", is written over the printed name.

Kim A. Bell

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Enclosure