



Main Campus  
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LMH South  
3500 Clinton Place  
Lawrence, KS 66047

November 30, 2010

Ms. Diane Stoddard  
Assistant City Manager  
City of Lawrence, Kansas  
6 E. 6th Street  
Lawrence, Kansas 66044

Board of Trustees  
Allen Belot  
Jane Blocher  
Joe Flannery  
Chuck Heath  
Judy Keller  
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Verdell Taylor  
Mike Wildgen

Re: \$13,500,000 (not to exceed) City of Lawrence, Kansas Hospital Revenue Bonds, Series 2010 (The Lawrence Memorial Hospital)

President &  
Chief Executive Officer  
Gene Meyer

Dear Ms. Stoddard,

The Lawrence Memorial Hospital requests the assistance of the City in the issuance of a new series of industrial revenue bonds. Like all bonds issued for LMH, the bonds will be special obligations of the City, payable solely from payments and collateral pledged by LMH. The proposed bonds will not constitute a debt or liability of the City. This letter is in lieu of the Application Form for Economic Incentives and Tax Abatements and the appropriate application fee will be mailed to the City.

A summary of the proposed issue is attached hereto.

Under separate cover, David Queen or Gina Riekhof of Gilmore & Bell will be providing the Ordinance for the proposed Series 2010 Bonds. If possible, LMH would like to schedule first and second reading of the Ordinance at the Commission's meeting scheduled for December 7<sup>th</sup>. The closing of the bond issue is anticipated to be before the end of the year, although it could be delayed until next year based on market conditions.

Please call me if you have any questions. Thank you for your assistance.

Sincerely,

Gene Meyer  
President and CEO

cc: Simon Scholtz  
William Henderson  
Gina Riekhof  
David Queen

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November 30, 2010

### **BOND ISSUE SUMMARY**

**\$13,500,000 (not to exceed)**  
**City of Lawrence, Kansas**  
**Hospital Revenue Bonds, Series 2010**  
**(The Lawrence Memorial Hospital)**

The Board of Trustees of The Lawrence Memorial Hospital (the "Hospital") plans to adopt a resolution approving a request for issuance of the Series 2010 Bonds in the aggregate principal amount not to exceed \$13,500,000. The final sizing will be based upon market conditions at the time the Series 2010 Bonds are sold to the public.

The Series 2010 Bonds would be issued for the purpose of providing funds to (i) finance or reimburse the Hospital for the costs of an additional project (the "Series 2010 Project") and (ii) pay certain costs of issuance of the Series 2010 Bonds. The Series 2010 Project includes the following components: (i) renovation of the first floor of the main Hospital Facility to permit the expansion of laboratory facilities and services, (ii) relocation of the Endoscopy Lab and Pain Management services to the main Hospital Facility, (iii) renovation of the main kitchen on the lower level of the Hospital Facility, (iv) renovating the Fourth Street Medical Plaza to consolidate all Information Technology staff and relocate and expand the Information Technology Departments, and (v) acquisition of various items of equipment and improvements necessary to support the health care services provided by the Hospital.

After the issuance of the Series 2010 Bonds, three series of bonds will be outstanding for the benefit of the Hospital, all of which are secured on a parity with the Series 2010 Bonds.

None of the bonds issued by the City for the benefit of the Hospital constitute a debt or liability of the City or constitute a pledge of the faith and credit of the city or its taxing power, and are payable solely from revenues derived from the operation of the Hospital and a pledge of the Hospital Facility and certain other funds held under the indentures securing the bonds.

The Bonds are expected to be rated "A2" by Moody's Investors Service.

The underwriter for the Bonds is Piper Jaffray & Co., Leawood, Kansas.