

Lawrence City Commission
Attn: City of Lawrence, Economic Development Coordinator
6 East 6th Street
Lawrence, KS 66044

Dear City of Lawrence Team:

The Board of Trustees of The Lawrence Memorial Hospital ("LMH") is submitting this letter in connection with LMH's request that the City issue revenue bonds under K.S.A. 12-1740 to 12-1749d, inclusive, as amended, (collectively, the "Revenue Bond Act").

The City is authorized under the Act to issue revenue bonds for LMH.

LMH is a municipal hospital and an instrumentality of the City created pursuant to K.S.A. 12-1615 (the "City Hospital Statute"). The board of trustees of LMH is comprised of individuals who have been appointed by the Mayor of the City subject to advice and consent of the City's Commission. Fee ownership title to certain property for LMH, including the main hospital campus at 325 Maine Street in the City, is vested in the City. More information about LMH is available at <https://www.lmh.org/about-us/>

Under the Revenue Bond Act, prior ordinances of the City, an indenture of trust, and a lease agreement between the City and LMH (as previously amended), the City has previously issued for LMH the following series of bonds: Series 1994, Series 1997, Series 1999, Series 2003, Series 2006, Series 2011, Series 2012 and Series 2013, of which the Series 2012 Bonds and Series 2013 Bonds remain outstanding.

LMH is requesting that the City assist in issuing hospital revenue bonds in one or more series ("Series 2018 Bonds") in an aggregate amount not to exceed \$65,000,000 for the purpose of providing funds (i) to finance, refinance and reimburse the costs of certain facilities for hospital purposes (the "2018 Project"), (ii) to refund all of the outstanding Series 2012 Bonds, and (iii) to pay certain costs of issuance of the Series 2018 Bonds.

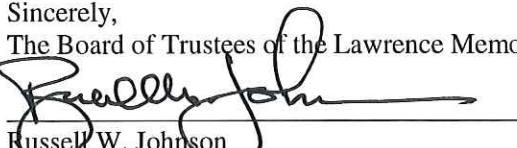
As for prior series of bonds issued by the City for LMH, the Series 2018 Bonds and the interest thereon will be special, limited obligations of the City payable solely out of rent and other amounts provided by LMH under the lease agreement and will not constitute a general obligation of the City within the meaning of any State of Kansas constitutional provision or statutory limitation. **The issuance of the bonds will not, directly, indirectly or contingently, obligate the City to levy any form of taxation therefor or to make any appropriation for their payment.**

The primary purpose of the issuance of the Series 2018 Bonds by the City is satisfying governmental issuer requirements of the federal tax code in order to permit all or a portion of the interest on the Series 2018 Bonds to be excludable from gross income for federal income tax purposes. The plan for the Series 2018 Bonds and the 2018 Project does not presently include a request for property tax abatement (as described in part 3 of the City's Economic Development Policy dated January 15, 2017 (the "ED Policy")) due to LMH's status as a municipal hospital and an instrumentality of the City under the City Hospital Statute, by which status certain property tax exemption is applicable independent of the issuance of bonds. LMH is providing this letter and the following application relating to the ED Policy, and based on its status has shown certain items in the application as inapplicable, and anticipates for this requested bond issuance, as for prior issuances for LMH, that no PIRC referral/review, performance agreement or origination fees will be required.

Based on the current proposed financing timeline, LMH is requesting the City's consideration of an ordinance authorizing the issuance of the Series 2018 Bonds and approving related transaction documents at the City's March 6th and March 20th meetings.

Thank you very much for your consideration of this request and continued assistance with bond issuances over the years.

Sincerely,
The Board of Trustees of the Lawrence Memorial Hospital



Russell W. Johnson
President & Chief Executive Officer

City of Lawrence, Kansas
Economic & Community Development
Application for Economic Development Assistance



The City of Lawrence considers support for economic or community development projects that will provide local public benefits. When requesting assistance for projects, please provide a request letter to the City Commission describing the project, details on the local public benefits it provides, a description of the assistance requested, and why this assistance is needed for the project to proceed. If available, project renderings and graphics are encouraged to be included along with your submission materials. Submit request letter along with the below, completed application for assistance, supporting materials, and applicable fees to:

Lawrence City Commission
Attn: City of Lawrence, Economic Development Coordinator
6 East 6th Street
Lawrence, KS 66044

*Request materials can be submitted electronically to the Economic Development Coordinator: at:
bcano@lawrenceks.org*

Please indicate which public benefits your project brings to the local community. *(Mark all that go above and beyond normal City requirements. Please explain in detail the project's public benefits in the request letter.)*

Affordable Housing

Sustainability

Primary job creation:

- Primary businesses typically serve customers outside of the immediate area, therefore importing dollars into the community through its sales.
- Non-primary businesses provide goods and services to the local business and consumers, thereby circulating dollars within the community.

Above average wages

Jobs with employee benefits including healthcare insurance

In-fill development

Revitalization of dilapidated, unsafe, underutilized, or historic property

Promotion of downtown density

Retention or expansion of existing business

Tax base growth

☒ Other (please explain):

The Board of Trustees of The Lawrence Memorial Hospital ("LMH") is a municipal hospital and an instrumentality of the City created pursuant to K.S.A. 12-1615 (the "City Hospital Statute"). The board of trustees of LMH is comprised of individuals who have been appointed by the Mayor of the City of Lawrence, Kansas (the "City") subject to advice and consent of the City's Commission. LMH's mission, in collaboration with its medical staff, is to providing personal and high-quality health and wellness services for the people of the City and the extended community. The facilities to be financed or refinanced with the proceeds of the proposed Series 2018 Bonds will assist LMH in furtherance of its mission. More information about LMH is available at <https://www.lmh.org/about-us/>

The information on this form will be used by the City to consider your request for development support and may also be used to prepare a cost-benefit or other analysis of the project. Information provided on this form will be available for public viewing and will be part of compliance benchmarks, if approved for assistance. Prior to submission, applicant may wish to seek technical assistance from City Staff, the Chamber of Commerce, the Small Business Development Center, or others to address questions and ensure the application is complete.

Please provide data in the cells below. Applicant is encouraged to attach additional pages as necessary to fully explain and support the answers to each question. Note anything additional you wish the City to take into consideration for your request and provide supporting documentation.

Applicant Contact Information	
Name:	Joseph Pedley
Title:	Vice President & CFO
Organization:	The Board of Trustees of the Lawrence Memorial Hospital
Address 1:	325 Maine, Lawrence, Kansas 66044
Address 2:	
Phone:	(785) 505-6133
Email:	Joseph.pedley@lmh.org
Fax:	

Economic Development Support Requested		
City Incentives	Amount	Term (in years)
Tax Increment Financing District (TIF)	n/a	n/a
Transportation Development District (TDD)	n/a	n/a
Neighborhood Revitalization Area (NRA)	n/a	n/a
Tax Abatement (TA)	n/a	n/a
Industrial Revenue Bonds (IRBs)	\$65,000,000	n/a
Community Improvement District (CID)	n/a	n/a
<i>Other (Please Describe):</i> * The plan for the Series 2018 Bonds and projects financed or refinanced with proceeds of the Series 2018 does not presently include a request for property tax abatement due to LMH's status as a municipal hospital and an instrumentality of the City under K.S.A. 12-1615, the City Hospital Statute, by which status certain property tax exemption is applicable independent of the issuance of bonds. Based on the foregoing, certain items and content boxes in the application are marked as inapplicable (n/a *)		

Project Information		
Name of Company Seeking Incentive(s):	The Board of Trustees of the Lawrence Memorial Hospital	
Project Type <i>(check one)</i> :	Expansion:	X
	New Facility:	X
Company Type <i>(check one)</i> :	Existing Local Company:	X
	Out-of-Area Company Locating Locally:	
Current Company Address:	325 Maine, Lawrence, Kansas 66044 (main hospital campus)	
Location of Proposed New Facility/Expansion Project:	See new facility/expansion project description below	
Describe the Company's Plans to Develop or Expand in the Community:		
The New Facility/Expansion Project includes the following components: - Acquisition and development of approximately 20-acre land/other real property site located northeast of intersection of Sixth Street and Kansas Highway 10 - Acquisition, construction, improvement, extension, repair, equipping and furnishing of new approximately 200,000- square-foot medical facility at the above-described site - Acquisition, improvement, extension, repair, equipping and furnishing of facilities located at 1112 W. 6th St. - Acquisition, improvement, extension, repair, equipping and furnishings of facilities located at 404 Maine Street, Lawrence Kansas - Miscellaneous capital expenditures for LMH's health care facilities in Lawrence, Kansas, including LMH's main campus and other health care facilities locations		
Operations Start Date at the Expansion or New Facility:	Late 2019-Early 2020	
Industry NAICS # for the New or Expanded Facility <i>(6-digit code)</i> :	622110	
Describe the Primary Industry the New or Expanded Facility Will Support: Health care		

Capital Investment Information for New Facility or Expansion (n/a [*])			
Estimated Size of New Facility <i>(square feet)</i> :	199,000		
Estimated Size of Land for New Facility <i>(acres)</i> :	20		
<i>For the new or expanded facility, enter the amount the company anticipates spending for initial and subsequent investments in land, buildings and improvements (do not include machinery or equipment):</i>			
Year	Buildings & Other Real Property Improvements	Land	Total
1	\$64,000,000	\$5,456,000	\$69,456,000
2			
3			
4			
5			
6			
7			

8			
9			
10			
Total			
Will land be leased from the City or County (Y/N):		N	
If yes, Monthly Lease Rate for Land:			

Local Utility Expenses (n/a [*])		
Utility	Current Local Monthly Expenses	Projected Local Monthly Expenses at New Facility
Gas		
Electricity		
Phone		
Cable		
Operating Expenditures (n/a [*])		
For Expansion Projects, Current Annual Operating Expenses at Existing Facility:		
Annual Operating Expenses after Expansion/Relocation:		
% of Additional Operating Expenses Anticipated to be Spent Locally:		
Revenues (n/a [*])		
% of Revenues at the new Lawrence Facility Anticipated to Come from Non-Local Sources.		
Anticipated Annual Gross Profits:		
Anticipated Annual Net Operating Income (at stabilization):		
Anticipated Annual Net Operating Expenses (at stabilization):		

IRB and Tax Abatement Request Information	
If you are seeking an IRB, please list the firm that will be receiving the IRB:	
The Board of Trustees of the Lawrence Memorial Hospital	
Will your firm be leasing the building or the land in your expansion or newly constructed facility? (Y/N)	No – except certain property for which ownership is vested in City

If you are leasing the building or land, and you are seeking a tax abatement without an IRB, please list the tenant and owner and the financial relationship between tenant and owner. n/a	
Total Cost of <u>Initial</u> Construction for the Project:	n/a
Estimated Cost of Construction Materials for <u>Initial</u> Construction:	\$ 30 million

Note: Applicant may be required to provide additional financial information for the project and company.

Environmental Information (n/a [*])		
Will the new facility meet Energy STAR criteria? (Y/N)		Not yet determined
Will the project seek or be designed to LEED certification standards? (Y/N)		Not yet determined
If yes, please indicate level:	Certification	
	Silver	
	Gold	
	Platinum	
Please describe environmentally friendly features of the project: Focused effort will be made to construct the building in compliance with Energy STAR and LEED certification standards for long-term sustainability and cost effectiveness as this is important to LMH. Healthcare codes, regulations and accreditation standards must also be considered as design and engineering moves forward.		
Please describe anticipated positive environmental impacts resulting from the project:		

Please describe anticipated negative environmental impacts and planned remediation efforts:

Additional Community Benefits (n/a^{*})

Describe Other Local Economic Benefits Resulting From Project: The services offered at this new, state of the art facility are expected to meet the existing and long term health needs as Lawrence grows. In addition, some services will attract patients from throughout the region who will come to Lawrence for medical services. This facility will enhance the ability of the Lawrence medical community to attract and retain physicians and other providers to our community. This is a vital strategy for addressing future forecasts of a significant gap between physician needs in our community and the supply to meet those needs. As services grow, additional full-time, benefited jobs will be created. A strong medical community is vital to attracting businesses and retirees to Lawrence. This facility promotes the high quality, patient focused healthcare services that exist in Lawrence and Douglas County.

Describe Other Quality of Life Benefits Resulting From Project: Quality health services are vital to a growing, healthy community. This facility will allow for the growth of those outpatient services and offer delivery of the services in the manner demanded by patients and consumers. This new facility will also allow certain outpatient services to be shared with the LMH main campus and lessen the traffic and parking issues in the Pinkney neighborhood.

Employment Information (n/a [*])									
Construction Employment for New Facility or Expansion									
# Full-Time, Construction Jobs:								175	
Average Annual Salary for Full-Time, Construction Workers (during construction period):								\$65,000	
Construction Period (months): 22									
For Expansion, # of Full-Time Employees Currently Working in Lawrence:									
New Employment Resulting from Project									
Net New Jobs (full-time, permanent)	Year	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary	# Jobs	Avg Annual Salary
	1								
	2								
	3								
	4								
	5								
	6								
	7								
	8								
	9								
	10								
Total									
Anticipated # of Employees to Be Relocated Locally as a Result of the Project									
# of Net New Full-Time Employees Anticipated to be Relocated From Outside of Kansas:									
# of Net New Full-Time Employees Anticipated to be Relocated from Outside of Lawrence/Douglas County:									
# of Local, Full-Time Jobs Anticipated At End of Incentives Period:									

LMH expects 15 - 30 net new jobs to be created upon opening the new facility with salaries ranging from \$25,000 to \$50,000 per year.

Employee Benefits (n/a [*])	
Description	After Expansion or Relocation
% of Employees with Company Provided Health Care Insurance	
% of Health Care Premium Covered by Company	
% of Employees with Company Provided Retirement Program	
Will You Provide Job Training for Employees? (Y/N)	
If Yes, Please Describe:	
What is the Lowest Hourly Wage Offered to New Employees?	
What Percentage of Your New Employees Will Receive this Wage?	
Will You Provide Additional Benefits to Employees? (Y/N)	
If Yes, Please Describe:	

All LMH employees are offered health insurance with approximately 69% of the premium paid by LMH. All LMH employees participate in a retirement plan that is funded by LMH. Tenants in the building may or may not offer employee benefits.

NRA Eligibility Statement (n/a^{*})

If applying for an NRA, please describe how your project meets one of the following state statute requirements for eligibility:

(1) Project is in an area in which there is a predominance of buildings or improvements which by reason of dilapidation, deterioration, obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, the existence of conditions which endanger life or property by fire and other causes or a combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime and which is detrimental to the public health, safety or welfare:

(2) Project is in an area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, defective or inadequate streets, incompatible land use relationships, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the actual value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or a combination of such factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is detrimental to the public health, safety or welfare in its present condition and use:

(3) Project is in an area in which there is a predominance of buildings or improvements which by reason of age, history, architecture or significance should be preserved or restored to productive use:

Disclosures

Company Form of Organization:

It is the policy of the City that no economic development incentive will be granted to any applicant or petitioner who owns any financial interest in any real property, anywhere within the state of Kansas, with delinquent special assessments, delinquent ad valorem taxes, or federal or state tax liens, or who is currently delinquent or in default on any debts, responsibilities, or other obligations owed to the City.

List the full name(s) of each principal (partner or member) who owns (or will own) 5% or more capital of the company. In the case of businesses owning another business (such as an umbrella LLC that is the owner of several other LLC's), the actual partners' names need to be listed, not just the registrant's name with the Secretary of State.

n/a -- LMH is a municipal hospital and an instrumentality of the City created pursuant to K.S.A. 12-1615. The board of trustees of LMH is comprised of individuals who have been appointed by the Mayor of the City subject to advice and consent of the City's Commission.

Are all above listed principals currently delinquent or in default on any debts, responsibilities, or other obligations owed to the City? If delinquent or in default, provide details on property owner name, property address, current property tax status, special assessment status, and outstanding obligations owed to the City, and why delinquent or in default.

n/a – see above

List all subsidiaries or affiliates and details of ownership: n/a

Subsidiary :

Principals:

Has Company or any of its Directors/Officers been involved in or is the Company presently involved in any type of litigation?	
---	--

Has the Company, developer or any affiliated party declared bankruptcy?	
---	--

Has the Company, developer or any affiliated party defaulted on a real estate obligation?	
---	--

Has the Company, developer or any affiliated party been the defendant in any legal suit or action?	
--	--

Has the Company, developer or any affiliated party had judgments recorded against them?	
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If the answer to any of the above question is yes, please explain:

Note: Applicant may be required to provide additional financial information for the project and company.

Economic Development Fees

Application & Administrative Fees: The City charges the below application and administrative fees.

Application Fees		Administrative Services Fees
Tax Abatement	\$500	\$200/year
Industrial Revenue Bonds (IRB)	\$1,000	Origination Fee for sales tax only IRBs
Community Improvement District (CID)	\$2,500	For all projects involving "pay-as-you-go" financing and reimbursement through the assessment of CID sales tax collected with the CID sales tax district, it is the policy of the City to negotiate any annual administrative fee between the City and the petitioner to cover the City's administrative costs.
		For all other projects, the petitioner shall pay 0.5% of the funds reimbursed to the petitioner, or any successor in interest, each year for the life of the CID to cover the City's administrative costs.
Transportation Development District (TDD)	\$2,500	0.5% of the annual TDD revenues generated
Tax Increment Financing (TIF)	\$1,000	Where the applicant only seeks reimbursement of the property tax increment, the administrative service fee shall be 0.5% of the annual increment;
		In all other cases, the administrative service fee shall be 2.5% of the annual increment.
Neighborhood Revitalization Area (NRA)	\$500	None

If the request is not considered, half (1/2) of the application fee will be returned to the Applicant. If the request is considered, application fees are not refunded, regardless of if the project is approved.

Industrial Revenue Bond (IRB) Origination Fee:

For IRBs issued just to obtain a sales tax exemption (not a property tax abatement), Applicant, at the time of bond closing, shall pay the City an IRB origination fee of the par amount of bonds being issued on behalf of a for-profit company, unless the project will create primary jobs or add affordable housing to the community.

IRB Origination Fee	
Rate	Amounts*
0.004	First \$10M or up to \$10M
\$40,000 + 0.002	2nd \$10M
\$60,000 + 0.001	Over \$20M

*Maximum fee is \$100,000

For IRBs issued on behalf of not-for-profit organizations, the City will not charge an origination fee.

**Origination fee is n/a* -- LMH is a municipal hospital and an instrumentality of the City created pursuant to K.S.A. 12-1615 which, although created pursuant to such state law is substantially similar to a not-for-profit organization (i.e., not a for-profit company), and has not been required to pay origination fees for prior issuances

Other Fees:

Applicant is responsible for paying all expenses incurred by the City for professional services pertaining to the project, regardless of if the project is approved. This may include costs associated with research and analytical services, legal publication notices, application fees to the state Board of Tax Appeals, bond counsel and other

miscellaneous costs, including but not limited to, the City reasonable costs to process any modifications. If the request proceeds the Applicant may be asked to enter into a funding agreement to cover all costs associated with processing approval for the requested assistance.

Application Submission:

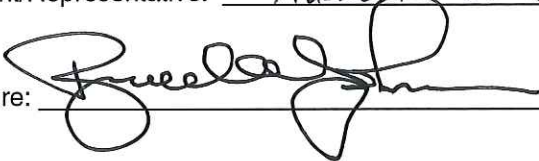
When you have completed this form to your satisfaction, please sign and send, along with applicable application fee(s) to:

City of Lawrence
Attn: Economic Development Coordinator
6 East 6th Street
Lawrence, KS 66044
Fax: 785-832-3405
Email: bcano@lawrenceks.org

Note: All economic development incentive fees are due when the application for economic development support is filed with the City. No application will be accepted until fees have been paid.

I hereby certify that the foregoing and attached information contained is true and correct, to the best of my knowledge:

Applicant/Representative: Russell W. Johnson
(Please Print)

Signature:  Date: 2/5/2018

AFFIDAVIT

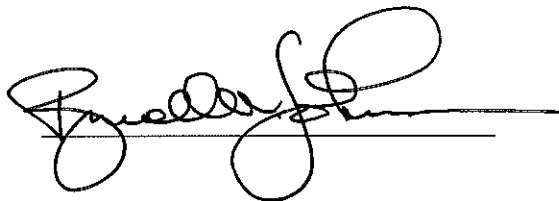
THE STATE OF Kansas)
)
THE COUNTY OF Douglas) ss:

I, Russell W. Johnson, being of lawful age, and having been first duly sworn upon my oath, do hereby state:

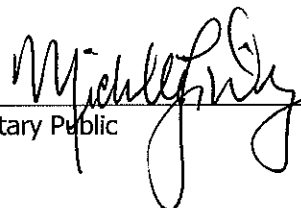
1. I am a resident of Lawrence, Kansas.

2. As of the date set forth below, I have no financial interest and no entity in which I have any interest has any financial interest in any real property, located anywhere in the state of Kansas, that is delinquent on any special assessments, delinquent on any *ad valorem* taxes, or the subject of any federal, state, or local tax lien.

3. As of the date set forth below, I am not currently delinquent or in default and no entity in which I have any interest is currently delinquent or in default on any debts, responsibilities, or other obligations owed to the City of Lawrence, Kansas.



SUBSCRIBED AND SWORN before the undersigned on this 5th day of February, 2018



Notary Public

My Appointment Expires:

