



## MEMORANDUM

**TO:** City of Lawrence, Kansas

**FROM:** Gilmore & Bell, P.C., Bond Counsel to the City of Wichita, Kansas

**RE:** Presbyterian Manors, Inc.'s (“PMI”) Request to Authorize Issuance of Bonds by City of Wichita, Kansas

**DATE:** March 26, 2018

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This memorandum describes PMI’s request to the City of Lawrence and the other Participants named below to authorize the issuance of up to \$36 million in Health Care Facilities Revenue Bonds (the “**Bonds**”). A similar request is being sent to the following cities in Kansas (together with the City of Lawrence, the “**Participants**”):

City of Arkansas City; City of Clay Center; City of Dodge City; City of Emporia; City of Fort Scott; City of Newton; City of Olathe; and City of Topeka

The City of Wichita has acted as issuer of bonds on behalf of PMI since 1990 to finance improvements to PMI communities throughout Kansas. Having a single issuer enables PMI to have an integrated financing structure, which benefits PMI and all the communities due to improved borrowing costs. The City of Lawrence has previously facilitated bond issues for PMI, including actions in 2013 and 2016.

### **PMI Project Financing**

PMI has requested that the City of Wichita issue the Bonds, the proceeds of which will be used by PMI to (1) refinance revenue bonds issued by the City of Olathe, Kansas in 2005, the proceeds of which financed and refinanced a continuing care retirement community in Olathe, Kansas that is owned and operated by PMI; (2) finance up to \$10 million of capital expenditures at other PMI continuing-care retirement communities in Kansas, including expenditures at PMI’s community in Lawrence, Kansas; and (3) pay certain costs associated with the issuance of the Bonds.

To facilitate the issuance of the Bonds, PMI is requesting that each Participant authorize the issuance of the Bonds by the City of Wichita. No incentives (including any bond issuance, tax abatement or sales tax exemption) are being requested from any of the Participants.

### **Authority to Issue Bonds**

The federal tax code requires that a public hearing be held in each jurisdiction where tax-exempt bond proceeds will be spent and that upon conclusion of the public hearing, the governing body or highest elected official in the jurisdiction approve the issuance of the bonds. Therefore, PMI is requesting each Participant to hold a public hearing and pass a resolution authorizing the City of Wichita to issue the Bonds.

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Costs of publishing a notice of the public hearing in the official City newspaper will be paid for with proceeds of the Bonds or otherwise provided for by PMI.

Delivered with this memorandum is the following:

- Draft Notice of Public Hearing; and
- Draft Resolution authorizing issuance of the Bonds by the City of Wichita.

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