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January 12, 2006

Mayor and City Commission  
City of Lawrence, Kansas  
Lawrence, Kansas

**Re: \$6,750,000 Original Principal Amount Commercial Development Revenue  
Refunding Bonds (Holiday Inn Project), Senior Series 1997A**

In 1997 the City of Lawrence, Kansas issued the above-referenced bonds and subordinate Series 1997B Bonds (which have been previously pre-paid) in connection with the Lawrence Holidome facility. On August 8, 2005 JPMorgan Chase Bank, National Association, successor to Texas Commerce Bank, National Association, as trustee under the Trust Indenture dated as of January 1, 1997 between the City and the trustee issued a Notice of Default and Acceleration. The trustee then engaged a professional hotel brokerage company to value and market the project. The tenant under the lease and related parties entered into a settlement agreement with the trustee dated August 31, 2005. The hotel brokerage company has secured a purchaser who has executed a purchase agreement to purchase the facility on January 31, 2006.

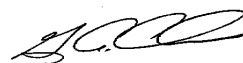
In order to convey clean title to the purchaser, the City has been requested to deed its fee simple interest to the purchaser and after that conveyance to terminate the IRB lease.

The trustee and current tenant have directed the City to perform these tasks and have released the City from liability in connection with such actions. The trustee, the company and various parties will be executing mutual releases among themselves and the City in connection with the transaction.

The resolution for consideration by the City Commission authorizes the various actions by the City to accomplish the transfer of fee simple title and to terminate the City's involvement in the project.

Based on the default status of the bonds and the direction from the trustee and the company and the mutual releases, we recommend that the City Commission adopt the resolution as presented.

Very truly yours,



Gary A. Anderson

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