

Proposal

City of Lawrence, Kansas

Proposal to Provide an Analysis of Capital and Operating Budgets

April 18, 2006

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Mission Statement

Springsted provides high quality, independent financial and management advisory services to public and non-profit organizations, and works with them in the long-term process of building their communities on a fiscally sound and well-managed basis.



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LETTER OF TRANSMITTAL

April 18, 2006

Mr. Ed Mullins, Finance Director
City of Lawrence
Sixth East Sixth Street
Lawrence, Kansas 66044

Re: **Request for Proposal to Provide an Analysis of Capital and Operating Budgets**

Dear Mr. Mullins:

Springsted Incorporated welcomes the opportunity to present our proposal to build on our past financial advisory relationship with the City.

Lawrence is faced with the tandem challenges of accommodating growth and maintaining its infrastructure. As the City has demonstrated, meeting this challenge requires the financial management of operations and infrastructure investment. Springsted's organization and services are focused on building this financial management foundation, and then implementing the plan. As you review our proposal we would ask that you pay particular note to the following characteristics:

1. An Organizational Structure and Service Offerings to Meet the City's Objectives

Lawrence's scope of services focuses on developing the operating and capital financial foundation to carry it forward. Our organizational structure is built with this same objective. Over ten years ago we recognized this need and invested in distinct professional resources to develop products and provide these services. Today our fastest growing area is Management Consulting Services (MCS), offering operational and capital financial planning. MCS has experience in Kansas and nationally in delivering the City's desired outcomes. Our service approach and range makes us unique among financial advisors.

2. Our Significant Experience with Cities having Major Universities

Springsted's long-term client relationships are particularly rich in communities having major universities. These include Manhattan, Kansas; Minneapolis, St. Paul, Saint Cloud, and Mankato, Minnesota; Madison, Wisconsin; Missoula, Montana; Grand Forks and Fargo, North Dakota; Charlottesville and Blacksburg, Virginia; and Durham and Raleigh, North Carolina. Springsted serves most of the larger Kansas cities and counties, and has assisted in both the traditional financings and the 'first-ever' issuances under new statutory authorities. In 2005 Springsted was ranked the Number 1 Financial Advisor by Thomson Financial. Our team brings perspectives from other regions and includes professionals covering every aspect of financial planning and bond issuance.

3. Our Service Team Covers Lawrence's Objectives

Our professional staff reflects the range of our service offerings. Our staff selected for the Lawrence Service Team brings specific experience with the City, Kansas and the City's objectives. Our Service Team is led by Dave MacGillivray, Chairman and past lead person to the City, and Tom Kaleko, with significant Kansas management experience. Our MCS professionals will include John Moir, who has both Kansas and national financial management experience, and Nick Dragisich, Director of MCS. The Team also includes the range of professional talents to provide all required services and complement the City's established Finance Team.

4. An Established Relationship and Strategy with the Rating Agencies and Bond Insurers

The City and Springsted have shared a very deliberate approach to working with Moody's. The City has a very good rating from Moody's. In determining your plan, knowledge of the rating agencies' perspectives provides both good input as well as potential cost savings. Springsted obtains annually in excess of 300 ratings for its clients. The benefits of this constant dialogue with the agencies are reflected in our clients representing over 10% of all AAA-rated local jurisdictions nationally.

5. A Commitment to Kansas jurisdictions

Springsted's commitment to its clients is best evidenced by our long-term dedication to select regions, now approaching 20 years in the Kansas. Our project work with Lawrence goes back over 15 years. In particular over the last few years, we have expanded our Kansas presence both through establishment of a Kansas City office and expansion of our Kansas staff. This commitment reflects our ongoing growth in client relationships. Most all major Kansas entities now work with Springsted as their financial advisor. We work to give back to our Kansas local governments by taking active parts in GFOA and Johnson County Debt Management Awareness Council activities.


6. The Importance of Independence

As the City knows, Springsted is an independent advisor. With the exception of one jurisdiction we are the only independent advisor serving Kansas local governments. An independent advisor only works for the municipal bond issuer, and does not have the inherent conflict of investment bankers serving as advisors and selling bonds to investors. We believe our growth and prominence in Kansas is a direct result of the recognition by Kansas issuers of the importance of our independent advisory service.

To build upon our past work as the City's financial advisor, we must not only stand on our record, but demonstrate our ability to partner with the City in addressing its future objectives. We believe and will demonstrate in this proposal that our firm is positioned to achieve these goals.

We deeply value our work with the City. We trust not only our past performance, but our evolving talents and resources, as well as the demonstrated dedication of our staff will lead you to conclude that continuing our relationship is the best choice for the City.

Respectfully submitted,



David N. MacGillivray, Chairman
Client Representative

dww

1. Firm History

History and Leadership

Springsted is one of the largest and most established independent public sector advisory firms in the United States. For over 50 years, we have continually grown in the range of our client relationships, the comprehensiveness of our services and our prominence within the industry. Our managed growth is focused on providing clients with a balance of national perspective and local expertise.

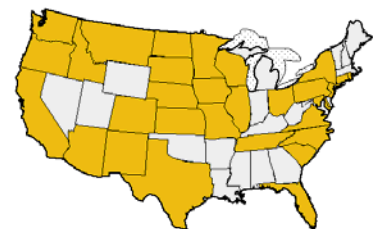
Springsted is a women-owned business. Three employee-owners lead Springsted. Our headquarters are located in Saint Paul, Minnesota, with additional offices located close to our clients throughout the Midwest, in the mid-Atlantic states, and in the Southwest. Specifically, our regional offices include Milwaukee, Wisconsin; Des Moines, Iowa; Kansas City, Missouri; Richmond and Virginia Beach, Virginia; and Mission Viejo, California.

Since our initial work in 1986, Springsted has grown to become one of the most prominent financial advisors to local Kansas governments. In the early 1990s, we opened our Kansas office, further demonstrating our longstanding commitment to serving Kansas jurisdictions, and the assurance of continued long-term dedication. Springsted believes our distinction as the leading “independent” financial advisor in the State is one key to our success. Our client innovation in Kansas has also been recognized by the *John F. Kennedy School of Government (Harvard University)* and the *Ford Foundation* with their Award for *Innovation in Government* and the *GFOA* with its *National Award for Excellence*.

Our Clients

- Non-Profit Organizations
- Hospitals
- Special Service Districts
- Cities, Towns, Townships and Villages
- Counties
- Economic Development, Redevelopment and Port Authorities
- Electric and Water Utilities
- Higher Education Authorities
- School Districts
- Housing Authorities

The states in gold reflect where Springsted's clients are located:



Bond Market Experience

Springsted continually ranks as one of the top public finance advisory firms in the nation (Thomson Financial Securities Data). Over the last decade, we have brought more bond issues to market for our clients than any other financial advisor or investment banker in the nation.

FINANCIAL ADVISORY NATIONAL RANKINGS*		
Category:	National Range of Financing (\$ Volume MM)	Number of Issues Credited to Springsted:
Competitive	\$2065.3	225
Negotiated	2120.1	49
Taxable	855.3	21
Tax Exempt	3330.1	253
Variable Rate	1275.3	16
General Obligation	1858.2	205
Revenue	2327.2	69
Refunding	1631.1	100
Education	495.5	33
Higher Education	319.6	23
Housing & Economic Development	113.7	6
Public Power	254.2	8
Transportation	144.2	21
Water/Sewer/Gas	352.4	21

*Thomson Financial Securities Data Municipal Market Analysis, year-end 2005

Springsted was the number one advisor in the Midwest in 2005. Springsted has now held this number one position for 15 consecutive years. In 2005, Springsted brought 335 issues to market nationally, with a total dollar volume in excess of \$5.0 billion.

This table presents a compilation of national statistics from Thomson statistics, year-end 2005. The table provides our dollar volume and number of issues. The frequency with which we enter the market demonstrates the firm's familiarity with the financial markets, the range of debt obligations and methods of sale. It indicates our daily interaction with all major industry participants, including the rating agencies, credit enhancement providers, investment banking, regulatory agencies, legal counsel and other ancillary service providers.

These numbers reflect our experience in serving a wide variety of clients with diverse specialty financial needs. Our specialty finance areas cover the full range of major client service areas. Our numbers indicate the range and depth of our experience.

Our experience extends to assisting our clients with regulatory compliance at the federal and various state levels. We have dedicated staff in both arbitrage/rebate compliance and in continuing disclosure. Annually we perform approximately 750 arbitrage/rebate calculations. We provide approximately 200 clients with continuing disclosure services.

The Value of an Independent Advisor

As an independent advisor, Springsted has no relationship or affiliation with any underwriting firm. In the bond sale process, we work for only one side of the transaction – for you, the issuer, as the seller of your bonds.

Unlike independent advisors, many underwriters work on both sides of the transaction and attempt to serve both the issuers and purchasers of bonds. The underwriter's conflicting goals are to obtain the lowest rates for issuers and reap the highest rates for the purchasers of those bonds.

This dual position presents an inherent conflict of interest that works to the detriment of the bond issuer. Underwriters receive the vast majority of their revenues from purchasing bonds and reselling them to investors, as opposed to

advising the bond issuer. The Municipal Securities Rulemaking Board (“MSRB”) recognizes this conflict and requires underwriters to formally resign as the issuer’s financial advisor prior to their purchasing the issue.

Our independent status yields the following client benefits:

- Objective advice to maximize advantages for bond issuers
- Free flow of information from all industry sources
- Candid evaluation of underwriter proposals, with your best interests being foremost
- Perspective to the long-term best interests of our clients, not simply a single sale
- Confidence that you have a professional resource working solely on your behalf

Charter Member of NAIPFA

Our commitment to the value that independence holds for our clients is exemplified by our role in the founding of the National Association of Independent Public Financial Advisors (“NAIPFA”). Established in the mid-1980s, NAIPFA has a goal of “Proposing, sponsoring and endorsing standards, practices, legislation, regulations, rulings and other actions... intended to protect and promote the best interests of issuers of state and local obligations.” Our independent status is recognized by the SEC and the MSRB, through frequent contacts soliciting our input on matters affecting issuers. Our leadership position in NAIPFA reflects our commitment to our sole client, the issuer.

Our Record of Innovation

Our clients are increasingly confronted with changing environments that require new ways of approaching issues. Our record of assisting clients in these areas is exceptional in the blending of both traditional and "first-ever" financial solutions. These solutions often require not only implementing new financing techniques, but also our participation in legislative efforts to expand options for our clients. The best evidence of our record of innovation is the singular national recognition received by our clients from numerous and diverse professional organizations. A sampling of this recognition follows:

- **Award for Excellence in Community Revitalization from the National Association of Housing and Redevelopment Officials (NAHRO)**
Recognized one of our client's work in the overall redevelopment of their city, crowning the achievement with a retail/residential complex that was built on the river front.
- **Award for Innovation in Government from the Ford Foundation and the John F. Kennedy School of Government, Harvard University**
Recognized one of our client's work to correct contaminated soils throughout its downtown area, through the concept of “tax decrement financing.”

- **Awards for Excellence in Debt Management and Financial Management from the Government Finance Officers Association (GFOA)**

Numerous singular national awards given in recognition of several of our client's work in developing community infrastructure investment funds, municipal economic development "Growth Funds" and for initiating new financial management systems. These awards include the prestigious "*Louisville Award for Exceptional Innovation*," for our client's multi-jurisdiction capital planning and debt management system.

- **MAGNA Award from the National School Boards Association**

Recognized another of our client's efforts to bring together three large school districts in order to construct a single, unified elementary school.

- **U.S. Conference of Mayors – The First Financial Leadership Award**

Recognized our client's work in developing variable-rate bond issuance guidelines in their formal debt management policy.

- **U.S. Conference of Mayors – Public/Private Partnership Award**

Recognized our client's work in revitalizing the core downtown of a major U.S. city, in partnership with an organization comprised of corporate CEOs.

We are very proud of our role in assisting our clients in finding new, innovative methods of achieving their objectives.

2. Services

Advisory Services Offered

Management Consulting Group

A specialized team dedicated to helping you plan and manage resources to achieve maximum efficiency and effectiveness. The team provides a variety of financial planning tools enabling you to evaluate the interface of capital infrastructure, tax policies, debt management, and operational finance.

- Operational Financial Planning
- Capital Improvement Planning
- Integrated Capital/Operational Planning
- Growth/Fiscal Impact Analysis
- User Fee Studies
- Utility Cost Recovery Studies
- Tax Impact Analysis
- Referendum Assistance
- Public/Private Partnerships
- Consolidation/Annexation Studies
- Privatization Studies
- Financial Feasibility Analysis

Public Finance Group

An extensive team of financial experts providing comprehensive services for every type of public infrastructure and operational finance area. Specialized technology and experts devoted to providing you with independent advice covering all of your options, with associated full regulatory compliance services.

- Capital Improvement Policies
- Debt Planning & Policies
- Debt Capacity Studies
- Capital Infrastructure Financing
- Cash Flow & Pooled Financing
- Individual & Master Lease Programs
- Debt Management
- Credit Rating Strategy & Enhancement
- Arbitrage/Rebate Regulatory Compliance Services
- Continuing Disclosure Regulatory Compliance Services

Housing & Economic Development Group

An experienced team to address quality of life through expanded economic opportunities, housing options and private development. Comprehensive services extend beyond planning and policy development to financing plans, project facilitation and full compliance assistance.

- Policy Development
- Incentive Capacity Analysis
- Development Strategy
- Development Process Management
- Developer Review & Negotiation
- Housing Initiatives
- Statutory Compliance Services

Organizational Management & Human Resources Group

An expert team of former public sector leaders devoted to helping governing bodies, senior management and HR departments solve their organizational and staffing needs. Complete services to provide strategic direction, organizational improvements and staffing enhancements.

- Strategic Planning
- Organizational Improvement Studies
- Compensation & Benefit Systems
- Performance Evaluation Studies
- Position Classification & Evaluation Studies
- Executive Search
- Personnel Policies

Investment Services Group

A skilled team of investment professionals with experience in policy development, cash flow and portfolio analysis, fund selection, and refunding existing debt.

- Policy Development
- Cash Flow Forecasting and Monitoring
- Portfolio Analysis
- Investment of Public Funds
- Ongoing Support and Advice
- Debt Refunding Services

Our Service Approach

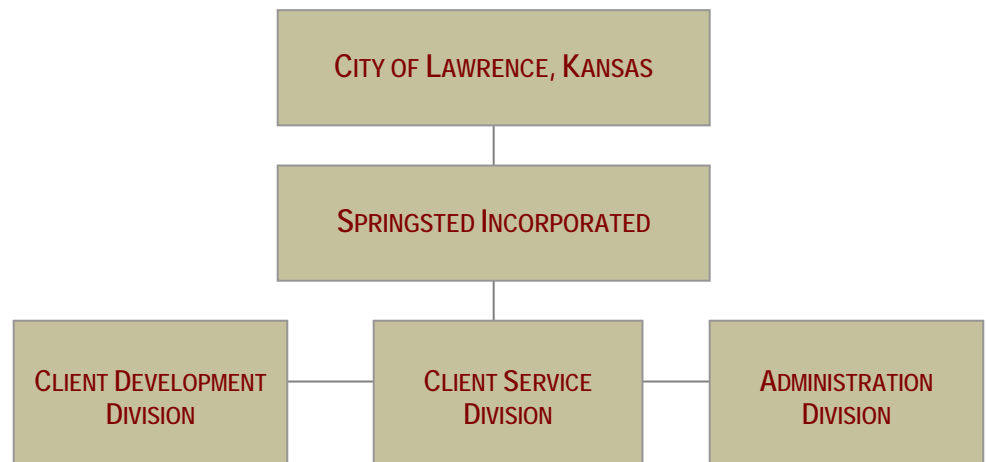
Springsted is unique among advisors in the range and quality of its total service offerings. With a foundation in public finance, Springsted has expanded its services to include all related financial and management areas. These “Specialty Service Areas” include operational finance, housing and economic development, investments, as well as organizational management and human resources. This service approach permits us to focus our dedicated specialty professional resources within the larger entity perspective. This approach ensures solutions satisfy both the immediate project objectives and the overall goals of our clients.

3. Organizational Structure

The organization of our staff is based on four principles that benefit our clients:

- By aligning our staff within both geographic and specialty service areas, our clients can work with one advisory firm to effectively address all of their capital and operational financial needs.
- With a team-based approach to service, our clients are assured that several professionals are familiar with their individual situation.
- Since work products are crafted and reviewed throughout our process, clients are assured that they will receive the highest quality final product, tailored to their individual needs.
- With well-conceived and managed processes, our services are delivered at cost-effective levels.

Our staff is organized within three divisions, with two divisions specifically dedicated to working with clients.



Client Development Division

This division has primary responsibility for working directly with our clients in defining their objectives and tailoring responsive options. It is organized both on a geographic basis – to focus expertise on the particular financial environment within each state, and in finance specialty areas – to concentrate resources in specific areas, such as management consulting, organizational processes or human resources. Each area may then draw on the resources within our other divisions to address client issues.

Geographic and Specialty Service Teams***Geographic Teams***

- Midwest
 - Iowa
 - Minnesota
 - North Dakota
 - South Dakota
 - Wisconsin
- National
 - Kansas/Missouri
 - Higher Education
 - Mid-Atlantic
 - Pacific Northwest
 - California

Specialty Services Teams

- Public Finance Services
 - Arbitrage/Rebate Services
 - Bond Services Investments
- Housing and Economic Development Services
- Human Resources Services
- Investment Services
- Management Consulting Services

Client Service Division

This division has the primary responsibility of producing our various work products in the capital finance and debt management areas. It is organized to provide comprehensive services throughout the financing process, and afterward, in the compliance areas of continuing disclosure and arbitrage reporting.

4. Staff

Staff and Experience

Our staff's breadth of experience and depth of expertise are two of our most important characteristics in providing high-quality service to clients. Many of our staff have backgrounds in municipal and county government, education, or with development firms and non-profit organizations, so they share our clients' perspectives in developing solutions.

Each client draws on the talents of many members of our staff. We assign a specific client service team to ensure primary responsibility for each project. The teams are comprised of qualified individuals who are experienced in the specific challenges confronting you. The teams are free to draw upon the expertise of our entire staff.

Our total staff is now approaching 80 individuals. This size provides us with both a size of staff to meet our client's schedules and a range of expertise to address their overall objectives.

The Service Team for Lawrence combines significant expertise in budgetary practices, Kansas local government and engineering. All of the City's scope of services are addressed with professional talents covering Kansas budgetary practices, the administration of construction activities to national best practices.

Project Team for City of Lawrence, Kansas			
Name & Title	Role	Years of Experience	Contact Information
David MacGillivray Principal	Lead client representative responsible for day-to-day contact and overall service to the City	30	Phone: 651.223.3068 Fax: 651.223-3002 E-mail: dmacgillivray@springsted.com
Tom Kaleko Vice President	Associate lead	16	Phone: 816.333.7200 Fax: 816.333.7299 E-mail: tkaleko@springsted.com
Nick Dragsich Executive Vice President	Responsible for fiscal planning modeling and engineering	17	Phone: 651.223.3012 Fax: 651.223-3002 E-mail: ndragsich@springsted.com
John Moir Senior Vice President Client Representative	Budgeting and Management Specialist	33	Phone: 651.223.3000 Fax: 651.223-3002 E-mail: jmoir@springsted.com

David N. “Dave” MacGillivray, Chairman and Client Representative, will be the lead client representative to the City of Lawrence. He will act as the primary day-to-day contact in every transaction, whether it be for a bond issuance or offering general financial advice. Dave has worked with the City on a number of projects since the early 1990’s. Dave has been our lead professional to most of our Kansas clients for approximately 20 years. He works with cities in a number of states on operating and capital budgeting management programs.

Mr. MacGillivray is an author of numerous studies and frequent lecturer on public sector financial management. His direct client responsibilities cover major cities and counties, as well as high-growth suburban jurisdictions.

Tom L. Kaleko, Vice President and Client Representative, directs Springsted’s Kansas City office and will serve as the Associate Lead on this project. As a former City Administrator in Kansas and Missouri communities, his knowledge and experience gives him a unique level of understanding and strong qualifications in assisting Kansas and Missouri local governments in meeting their finance, economic development , organizational management and housing challenges. Mr. Kaleko has a master’s in public administration in city management from the University of Kansas, Edwin O Stene Program.

Nicholas R. “Nick” Dragisich, Executive Vice President and Senior Manager of our Management Consulting Service Area, will aspects of the scope of services relating to financial modeling, and construction contract administration. Besides having served as a city manager, Nick is a licensed professional engineer, who has worked as a Public Works Director of a major city.

Mr. Dragisich is team leader for Springsted’s Management Consulting Services team. He has over 21 years of management experience ranging from city administrator to city engineer.

John Moir, Senior Vice President and Client Representative, has returned to Springsted, and serves in our Management Consulting Services Group. Prior to joining Springsted, John was the Minneapolis, Minnesota Finance Director and City Coordinator. He has been a finance director in Kansas serving in Wichita and Kansas City, Kansas, as well as the state budget office. John’s significant experience brings to this process a multitude of financial management perspectives from all sizes of entities.

5. Level of Effort

The City's Scope of Services is very comparable to a large number of similar projects we have performed for other municipalities. Our experience is that the individual jurisdictions have their own concept of the substance within each step, as well as the final product. This concept can vary significantly by jurisdiction. We are prepared to deliver a product at whatever level of complexity the City of Lawrence desires. Our approach to detailing a Level of Effort and accompanying compensation is to list three levels of response: Basic, More Detailed and Complex. As we meet to further define the City's concept, we can fine tune our final scope of services to meet your objectives. We also have many ideas as to how other entities have managed through similar processes.

Task I		Basic Report	More Detailed	Most Complex
CAPITAL BUDGET				
I-A	Review the process used by the City of Lawrence to develop its capital improvement budget and note its strengths and weaknesses. Recommend changes to improve the process if warranted.	X		
I-A-1	Review current CIP and any related policies/procedures	X		
I-A-2	Interview City Manager & Assistant City Manager, Finance Director, Public Transit Director, Police Chief, Fire Chief, Utilities Director, Planning Director, Housing and Neighborhood Development Director, Park Director, and Public Works Director		X	
I-A-3	Interview City Commission members		X	
I-A-4	Meet with City to Discuss Analysis	X		
I-A-5	Document process, if not previously documented.	X		
I-A-6	Analyze results taking into account best practices suggested by professional organizations			X
I-B	Project the debt service fund property tax levy over the next five years. Include the approved capital improvement budget as well as a list of potential projects that will be provided by city staff. Also include comments on the possible impact different levels of debt issuance may have on the city's bond rating.	X		
I-B-1	Collect information on current debt and new projects	X		
I-B-2	Collect information on City's current tax rate and historical and current assessed valuation	X		
I-B-3	Prepare projections	X		
I-B-4	Perform Sensitivity Analysis on Projections		X	
I-B-5	Meet with City to Discuss Analysis	X		
I-B-6	Prepare benchmark credit ratios to published standards and/or other Big 12 cities			X
I-C	Review the maintenance needs identified by the city's staff of the city's infrastructure and prepare a financing plan to fund desired improvements. This will also include a review of the current financing plan for the water and sewer system.	X		
I-C-1	Collect information on infrastructure maintenance needs and the current financing plan for the water and sewer system	X		
I-C-2	Collect information on currently available capital improvement funding sources, including water and sewer funds.	X		
I-C-3	Meet with City to Discuss Analysis	X		
I-C-4	Project future revenues from these funding sources, if necessary. Identify funding gap.		X	
I-C-5	Investigate increases in current revenue sources or alternative revenue sources that could be utilized to fund any gap between needs and projected available resources.			X

I-D	Analyze the city's method of constructing capital projects and recommend changes that would make the process more efficient and effective. This will include engineering selection, bid procedures, inspection services and expenditure tracking.	X		
I-D-1	Collect and review applicable policies and procedures	X		
I-D-2	Interview stakeholders from the City's Public Works, Utility and Finance Departments as well as frequently used architectural, engineering and construction companies.		X	
I-D-3	Document process, if not previously documented.	X		
I-D-4	Meet with City to Discuss Analysis	X		
I-D-5	Research best practices through internal sources and professional organizations			X
I-D-6	Draft Report For Capital Budget with Recommendations	X	X	X

II OPERATING BUDGET				
II-A	Compare operating expenditures for the 2001-2005 period for Police, Fire, Public Works, and Parks and Recreation activities.	X		
II-A-1	Profile and Analyze Expenditure Budgets for Relevant Departments	X		
II-A-2	Profile aggregate Budget Expenditure Allocation over Time	X		
II-A-2	Collect copies of budgets that reflect actual 2001 through 2005 expenditures for: Waco, TX; Boulder, CO; Ames, IA; Lawrence, KS; Manhattan, KS; Columbia, MO; Lincoln, NE; Norman, OK; Stillwater, OK; College Station, TX; Lubbock, TX; and selected Kansas cities.		X	
II-A-2	Identify specific programs provided by Lawrence's Police, Fire, Public Works and Parks and Recreation activities		X	
II-A-3	To best degree possible, tabulate operating expenditures by identified programs.		X	
II-A-4	Analyze results	X	X	
II-B	Compare the funds spent over the 2001-2005 period to maintain infrastructure and the source of funds used. This will be limited to non-utility infrastructure.	X		
II-B-1	Tabulate funds spent on road, park, and building infrastructure maintenance from previously collected budget documents.	X		
II-B-2	Analyze results			
II-C	Compare the annual cost of living increases, merit increases during the 2001-2005 period and the number of steps in the pay plan. Include how merit increases are budgeted.	X		
II-C-1	Prepare and distribute questionnaire to be sent to cities to be surveyed		X	
II-C-2	Follow-up with surveyed cities, as necessary		X	
II-C-3	Compile survey results		X	
II-C-4	Analyze results	X	X	
II-D	Project revenues in the general fund for the period 2007-2011 taking into account legislative changes in the tax base. Provide the City with documentation of the methodology used so that any models developed can be utilized by the City in future years.	X		
II-D-1	Collect documentation on the City's General Fund revenue sources, including revenue manual, if available	X		
II-D-2	If revenue manual exists, prepare a Microsoft Excel based model to forecast all General Fund revenue sources.	X	X	X
II-E	Compare the major sources of revenue in the General Fund to indicate over and under reliance on particular revenue sources.		X	
II-E-1	Tabulate General Fund major revenue sources using the budgets previously collected	X		
II-E-2	Analyze results taking into account best practices suggested by professional organizations		X	
II-F-1	Review policy	X		
II-F-2	Analyze results taking into account rating agency criteria and best practices suggested by relevant professional organizations	X		
II-F-3	Draft report section including any conclusions or recommendations	X		

Hours and Cost Estimate

BASIC	Hours	Rate	Total
Senior Officer	20	\$200	\$ 4,000
Officer/Project Manager	56	170	9,520
Senior Associate	28	130	3,640
Clerical Support	16	40	640
			\$17,800

MORE DETAILED (additional)	Hours	Rate	Total
Senior Officer	22	\$200	\$ 4,400
Officer/Project Manager	70	170	11,900
Senior Associate	42	130	5,460
Clerical Support	16	40	640
			\$22,400

COMPLEX (additional)	Hours	Rate	Total
Senior Officer	18	\$200	\$ 3,600
Officer/Project Manager	26	170	4,420
Senior Associate	14	130	1,820
Clerical Support	16	40	640
			\$10,480

6. Schedule

We are prepared to begin within two weeks of being selected. Immediately upon selection we would meet with the City to discuss that scope of services which best matches its objectives. We are prepared to then produce results which the City could use during the 2007 Budget process. Our staff size permits us to commit the resources necessary to meet the City's schedule.

7. Client References

All of the listed references are long-term, ongoing client relationships.

Advisory Areas:

General Government,
Wastewater Division,
Financial Planning

Johnson County, Kansas
Mr. Mike Press, County Manager
111 South Cherry Street, Suite 330
Olathe, KS 66061
913.715.0725
michael.press@jocogov.org

Mr. Scott Neufeld, Budget and Financial Planning Director
913.715.0553
scott.neufeld@jocogov.org

General Government,
Utilities, Financial Planning,
Economic Development

Unified Government of Wyandotte County/Kansas City, Kansas
Mr. Dennis Hays, County Administrator
701 North 7th Street
Kansas City, KS 66101-3064
913.573.5030
dhays@wycokck.org

Ms. Wendy Murray, Acting Chief Financial Officer
913.573.5275
wmurray@wycokck.org

General Government,
Utilities, Economic
Development

City of Manhattan, Kansas
Mr. Ron Fehr, City Manager
1101 Poyntz Avenue
Manhattan, KS 66502
785.587.2404
fehr@ci.manhattan.ks.us

Mr. Bernie Hayen, Director of Finance
785.587.2470
hayen@ci.manhattan.ks.us

General Government,
Financial Planning,
Economic Development

City of Lenexa, Kansas
Mr. Eric Wade, City Administrator
12350 West 87th Street Parkway
Lenexa, KS 66215-2882
913.477.7552
Ewade@ci.lenexa.ks.us

Mr. Doug Robinson, Finance Director
913.477.7544
drobinson@ci.lenexa.ks.us

General Government

Sedgwick County, Kansas
Mr. Chris Chronis, CFO, Division of Finance
525 North Main, Suite 823
Wichita, KS 67203-3703
316.660.7130
cchronis@sedgwick.gov

**Regional Centers with
Major Universities**

Madison, Wisconsin..... University of Wisconsin
Missoula, Montana University of Montana
Grand Forks, North Dakota ... University of North Dakota
Fargo, North Dakota North Dakota State University
Saint Cloud, Minnesota..... Saint Cloud State University
Mankato, Minnesota Mankato State University
Moorhead, Minnesota Moorhead State University
Minneapolis, Minnesota University of Minnesota

8. Bond Issuance Service

Springsted's Role in a Bond Sale Transaction

Springsted customarily provides a full continuum of services before, during and after the sale of your bonds to ensure the City and Utility are properly received into the bond market. Our skills and abilities to make this an organized process can make the entire bond process easier on the client.

Financial Planning Phase

- Identify client financing objectives
- Establish financial framework
- Determine type of financing
- Identify funding alternatives
- Identify preliminary sale date
- Develop financing plan
- Complete special planning studies

Issue Structuring/Documentation Phase

- Prepare and present sale recommendations
- Assist with underwriter selection (negotiated sales only)
- Coordinate timetable and activities of other participants
- Draft/review financing documents
- Coordinate selection of trustee, printer, other services
- Oversee authorization process

Credit Structuring/Enhancement Phase

- Analyze and recommend use of credit enhancement and ratings
- Prepare and attend rating agency presentation(s)
- Select credit enhancement provider, if appropriate

Marketing Phase

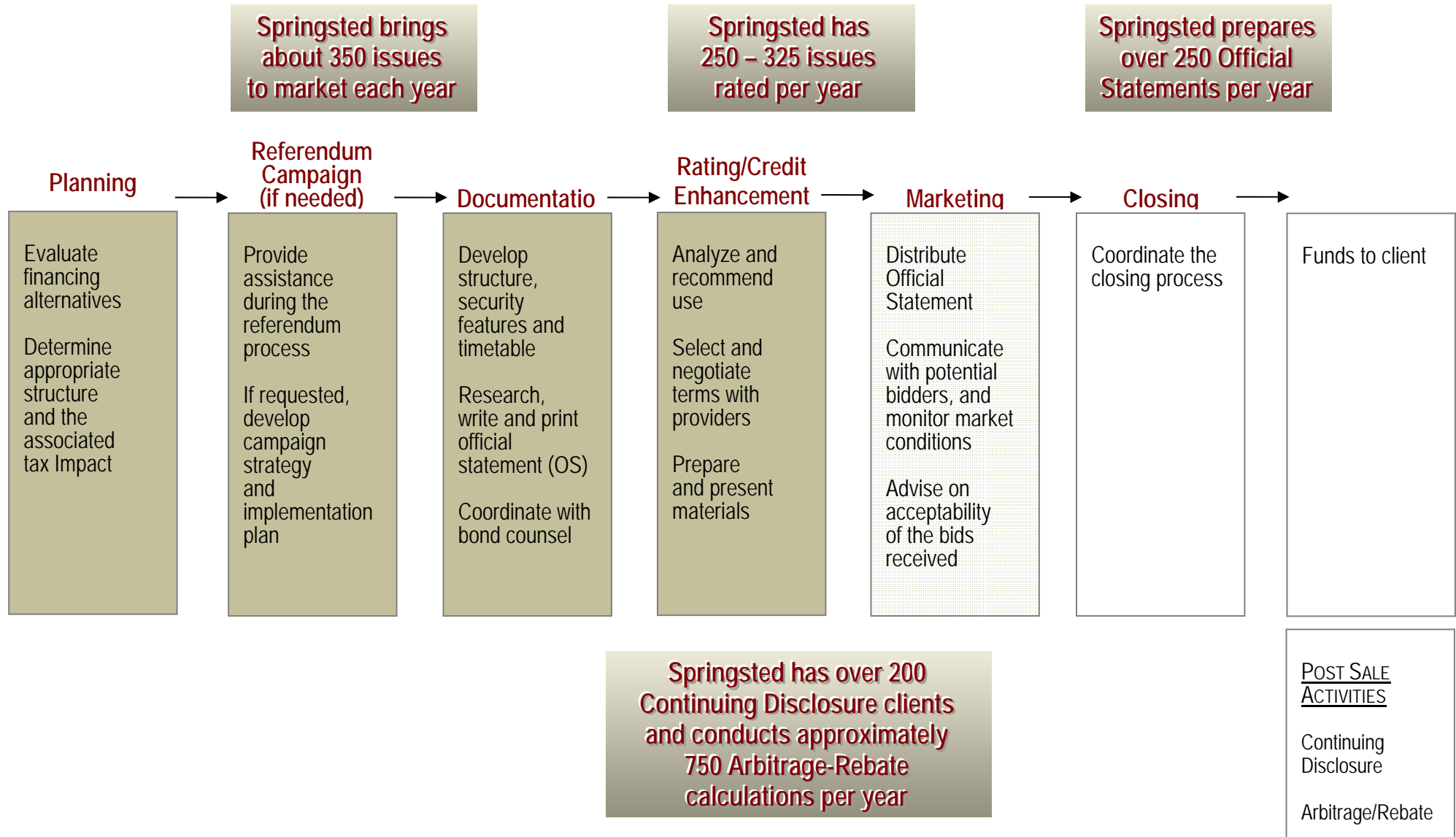
- Monitor market conditions
- Generate presale interest
- Arrange for necessary publication
- Conduct sale
- Assist with investment of bond proceeds

Closing Phase

- Coordinate closing process
- Deliver bond record
- Conduct post sale analysis

As a part of our comparison, Springsted always considers it important to distinguish our services from those of an underwriting firm performing similar financial advisory services.

The Bond Issue Process



9. Relevant Experience

These relevant experience sketches provide a small sampling of our efforts in projects similar to the City of Lawrence's Scope of Services.

Johnson County, Kansas

Visioning Process through the Year 2020

The Johnson County Board initiated a community visioning process to carry the County through the year 2020. A portion of this visioning process was an assessment of their infrastructure needs and the financing strategy for primary public infrastructure. Among the public infrastructure areas examined were public utilities, public roadways, public transportation, recreation and public buildings.

As the County's financial advisor, Springsted served as consultant throughout the process to the various committees charged with financing the final Vision 2020 policy statement, as well as conducting numerous training exercises for all individual area in total participants. Our role included determining all financing options, assessing the financial capacity of the resources, examining the financial impact both individually and across funding sources and determining a final financial plan for each.

Carver County, Minnesota

Budget Facilitation Process

Carver County asked Springsted to develop a budget process that would close a significant gap between projected revenues and expenditures. Since the County viewed reorganization as a longer term process that would not immediately generate savings, Springsted developed a process to identify discretionary services and associated costs. The Springsted consulting team worked with the County's management team to explain the objectives of the process and how the process would be conducted. Springsted also developed a form to gather data for the process and instructed County managers in the use of the form. After collecting and analyzing data, the consulting team conducted a half-day session with the County's managers using an electronic facilitation system to help managers rank discretionary services. Then the consulting team facilitated a day long session with the County commissioners to discuss discretionary services and develop revenue and expenditure options that could be used to balance the County's budget.

City of Savage, Minnesota

Complete a Community Visioning process covering the next 15 years

Springsted was retained in November 2004, to conduct a visioning process for the City of Savage. The purpose of the visioning process was to establish a long-range vision for the city over the next fifteen years, which corresponded to the full build-out of the community. A visioning process was established, and a broad-based committee was established to direct the activities. Using a multifaceted approach that included focus groups, town hall meetings and a community-wide survey, the City gathered input from all stakeholder groups.

Once the input was received, the committee worked with Springsted to identify major themes, guiding principles, and specific action steps spread over the fifteen years of the plan. The final report was presented to the City Council in June 2005.

Waukesha County, Wisconsin

Creating a vision for the future of the County, and implementing a strategic plan to achieve the goals

Springsted was retained by Waukesha County to conduct a year-long process that included community visioning and the development of a long-term strategic plan. Phase one of the project ran from April 2005 through December 2005. This visioning process included significant public involvement by stakeholders throughout the community, as well as many organizations with a financial or operational investment in the County.

The strategic plan includes creating long-range goals for the County, based upon the vision established in phase one. Springsted will be guiding the efforts to establish the goals and will work with the County Board, executive team and staff to create a strategic plan that is consistent with the community vision.

City of Manhattan, Kansas

Utilities Cost of Services Study

The City of Manhattan is located in the heart of northeast Kansas' scenic Flint Hills. First settled in 1855, it is home to Kansas State University (22,000 students) and Fort Riley (12,000 soldiers). The Manhattan community encompasses approximately 11 square miles and has a current estimated population of 44,800. The City's population for the year 2010 is projected to be 56,539. Springsted prepared a Cost of Services Study for the City's Water and Wastewater Utilities. The study was driven by the City's need to undertake an approximate \$200 million expansion to these utilities to meet future demands for services. The study included recommendations for user fees, connection fees, utility charges for customers outside the City, water conservation, and an analysis of pay-as-you-go versus pay-as-you-use financing for capital assets. It also included a comparison of rates and charges with other similar utilities in Kansas.

Mid-America Regional Council, Kansas City, Missouri

Impact Fees: Telecommunications Deregulation and Public Right-of-Way

The deregulation of telecommunications resulted in providers experiencing increased competition for new customers. In attempting to access these new customers, providers installed fiber-optic cable in the public right-of-way including roadways and utility easements. These installations often disrupted the public right-of-way and were also harmful to these public assets. MARC retained Springsted to perform one of the first national studies on determining usage fee categories and levels to recover the public costs of such installations. Springsted identified four major cost categories for potential reimbursement by private users of the public right-of-way. In many cases, these reimbursements

represented significant potential revenue sources. The study also provided a common methodology for the basis of negotiations between individual cities and major national corporations.

Johnson County, Kansas

Wastewater User Rate System Study

Springsted Incorporated was retained to review their revised wastewater user charge system to determine if its implementation and performance would be considered to fall within a general standard of anticipated results. Our review included the basis, methodology and assumptions for determining rates, the rate system and rates established, the impact on major user groups, the estimated financial performance of the wastewater utility fund, billing practices and related metering/usage issues, customer service elements of the implementation and on-going practices, recommendation on the level of cash reserves, and water conservation incentive measures (increasing block rates).

City of Gardner, Kansas

Comprehensive Debt Management Study

Springsted was retained to develop a Comprehensive Debt Management System that enabled the City of Gardner to project the current annual debt service amounts due, their timing, and funding sources and to project the impact of new capital projects financed with debt. The comprehensive debt management system was based on a computer model built in Microsoft® Excel. The model included the City's current outstanding debt by category (G.O., temporary notes, etc.), date of issue, amount of issue, maturity date, debt retirement schedule, funding source(s), and amount currently outstanding. Projected capital improvements by year and funding source(s). For capital improvements to be funded with debt, the model generated a debt schedule with user inputs for amount, term, interest rate that projected principal and interest payments with user inputs to enable the allocation of debt services payments to the appropriate fund. For capital improvement to be funded with special assessments, special assessment revenues are projected from user inputs for amount, term and interest rate. The model provided current and projected annual debt service payments from each fund (e.g. general, debt service, capital projects, electric, water, and sewer)

Madison Water Utility, Madison, Wisconsin

Water Utility Planning Model

Springsted was retained to develop a Utility Financial Planning Model that would enable the Madison Water Utility to project the utility's financial performance over a 10-year period. The model projects the anticipated revenues, operating expenditures, capital expenditures, debt service and cash balances based on user input assumptions related to growth in the customer base, the impacts of inflation and other factors that affect the utility's revenues and expenditures. The model incorporates major capital projects and purchases anticipated during the planning period and their sources of funding, including debt. The project was completed on time and within budget.