

# GILMORE & BELL

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

816-221-1000  
FAX: 816-221-1018  
WWW.GILMOREBELL.COM

2405 GRAND BOULEVARD, SUITE 1100  
KANSAS CITY, MISSOURI 64108-2521

ST. LOUIS, MISSOURI  
WICHITA, KANSAS  
LINCOLN, NEBRASKA

Scott W. Anderson

Direct Dial  
816-218-7537

E-Mail  
sanderson@gilmorebell.com

June 15, 2006

**VIA E-MAIL AND**  
**FEDERAL EXPRESS**

Mr. Dave Corliss  
Interim City Manager  
City of Lawrence, Kansas  
6 E. 6th Street  
Lawrence, Kansas 66044

Re: \$50,130,000 City of Lawrence, Kansas Hospital Revenue Bonds (The Lawrence Memorial Hospital), Series 2006

Dear Dave:

I have enclosed a copy of the Ordinance for The Lawrence Memorial Hospital bond issuance. The Hospital is requesting that this Ordinance be considered at the June 27 and July 11 Commission meetings.

I look forward to seeing you at the June 27 meeting.

Sincerely,



Scott W. Anderson

SWA/jld

Enclosure

cc: Simon Scholtz

(Published in The Lawrence Daily Journal-World on July \_\_, 2006)

ORDINANCE NO. \_\_\_\_

**AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$56,000,000 AGGREGATE PRINCIPAL AMOUNT OF HOSPITAL REVENUE BONDS, SERIES 2006 (THE LAWRENCE MEMORIAL HOSPITAL), TO PROVIDE FUNDS TO REFUND AND REDEEM CERTAIN OUTSTANDING CITY OF LAWRENCE, KANSAS HOSPITAL REVENUE BONDS ISSUED FOR THE BENEFIT OF LAWRENCE MEMORIAL HOSPITAL, TO FINANCE AN ADDITIONAL PROJECT FOR LAWRENCE MEMORIAL HOSPITAL, TO FUND A DEBT SERVICE RESERVE FUND FOR THE BONDS AND TO PAY THE COST OF ISSUING THE BONDS; AND AUTHORIZING AND APPROVING CERTAIN DOCUMENTS AND ACTIONS IN CONNECTION WITH THE ISSUANCE OF THE BONDS.**

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WHEREAS, the City of Lawrence, Kansas (the "City") is authorized pursuant to K.S.A. 12-1740 to 12-1749d, inclusive, and K.S.A. 10-116a, both as amended (collectively, the "Act"), to issue revenue bonds for the purpose of providing funds to pay the costs of purchasing, acquiring, constructing, reconstructing, improving, equipping, furnishing, repairing, enlarging or remodeling facilities for hospital purposes, and to lease any such project to any person, firm or corporation and to issue refunding revenue bonds for the purpose of refunding any bonds issued pursuant to the Act; and

WHEREAS, at the request of the Board of Trustees of the Lawrence Memorial Hospital (the "Hospital"), the City previously issued its Hospital Revenue Bonds, Series 1997 (The Lawrence Memorial Hospital), in the original principal amount of \$8,000,000 (the "Series 1997 Bonds"), its Hospital Revenue Bonds, Series 1999 (The Lawrence Memorial Hospital), in the original principal amount of \$10,380,000 (the "Series 1999 Bonds"), and its Hospital Revenue Bonds, Series 2003 (The Lawrence Memorial Hospital), in the original principal amount of \$17,450,000 (the "Series 2003 Bonds"); and

WHEREAS, the Series 1997 Bonds and Series 1999 Bonds were issued pursuant to an Indenture of Trust dated as of June 1, 1994 (the "1994 Indenture"), as supplemented by the First Supplemental Indenture dated as of July 1, 1997 (the "Supplemental Indenture"), the Second Supplemental Indenture dated as of September 1, 1999 (the "Second Supplemental Indenture"), the Third Supplemental Indenture dated as of October 1, 2003 (the "Third Supplemental Indenture,"), and the Fourth Supplemental Indenture dated as of November 1, 2003 (the "Fourth Supplemental Indenture," and together with the 1994 Indenture, the Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, and the Fourth Supplemental Indenture, the "1994 Indenture"), each between the City of Lawrence, Kansas and UMB Bank & Trust, N.A., as successor bond trustee (the "Bond Trustee"); and

WHEREAS, the proceeds of the Series 1997 Bonds and the Series 1999 Bonds were used to construct and acquire certain additions to the Hospital's facilities (the "Facility") and to refund certain

outstanding indebtedness, and the Facility was leased to the Hospital pursuant to a Supplemental Lease dated as of June 1, 1994 (the "1994 Lease"), as supplemented by the Second Supplemental Lease Agreement dated as of July 1, 1997 (the "1997 Supplement"), the Third Supplemental Lease Agreement dated as of September 1, 1999 (the "1999 Supplement"), the Fourth Supplemental Lease Agreement dated as of October 1, 2003 (the "2003 Supplement," and together with the 1994 Lease, the 1997 Supplement and the 1999 Supplement, the "1994 Lease"), pursuant to which the Hospital agreed to make rental payments in an amount sufficient to pay the principal of and premium, if any, and interest on the Series 1997 Bonds, the Series 1999 Bonds and any additional bonds issued from time to time under the 1994 Indenture and to make certain other payments provided for therein; and

WHEREAS, pursuant to **Section 209** of the 1994 Indenture and **Article XI** of the 1994 Lease, the City and the Hospital desire that the City issue its Hospital Revenue Bonds, Series 2006 (The Lawrence Memorial Hospital), in the aggregate principal amount of not to exceed \$56,000,000 (the "Series 2006 Bonds"), for the purposes of (i) refunding, redeeming and defeasing all of the remaining outstanding Series 1997 Bonds (the "Refunded Series 1997 Bonds"), (ii) refunding, redeeming and defeasing all of the remaining outstanding Series 1999 Bonds (the "Refunded Series 1999 Bonds"), (iii) financing or reimbursing the Hospital for the costs of an Additional Project (as defined in the 1994 Indenture) (the "Series 2006 Project"), (iv) funding a deposit to the Series 2006 Debt Service Reserve Fund, and (v) paying certain costs of issuance of the Series 2006 Bonds; and

WHEREAS, to further secure the payment of the Series 2003 Bonds and the Series 2006 Bonds, the City and the Trustee desire to enter into the Fifth Supplemental Indenture dated as of July 1, 2006 (the "Fifth Supplemental Indenture"), and the City and the Hospital desire to enter into the Fifth Supplemental Lease Agreement dated as of July 1, 2006 (the "Fifth Supplemental Lease"); and

WHEREAS, the City finds and determines that it is necessary and desirable in connection with the issuance of the Series 2006 Bonds that the City execute and deliver certain additional documents and that the City take certain other actions as herein provided;

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF LAWRENCE, KANSAS AS FOLLOWS:

**Section 1. Findings and Determinations.** The City hereby finds and determines that the Series 2006 Bonds are being issued for a valid purpose under and in accordance with the provisions of the 1994 Indenture and the Act, and that such Series 2006 Bonds will constitute "Additional Bonds" under the 1994 Indenture. Pursuant to **Section 209** of the 1994 Indenture, the Series 2003 Bonds and the Series 2006 Bonds shall be equally and ratably secured by the Facility and the revenues therefrom, and all such bonds shall be on a parity with one another.

**Section 2. Authorization of the Series 2006 Bonds.** In order to obtain funds to be used for the purposes set forth in the Recitals, the City is hereby authorized to issue the Series 2006 Bonds in an aggregate principal amount of not to exceed \$56,000,000, which shall be issued under and secured by and shall have the terms and provisions set forth in the 1994 Indenture, as supplemented by the Fifth Supplemental Indenture herein authorized. The Series 2006 Bonds shall bear interest at an average interest rate of not to exceed 6% per annum, and shall mature in principal installments with a final maturity not later than the year 2036, and shall have such redemption provisions, including premiums, and other terms as provided in the Fifth Supplemental Indenture. The final terms of the Series 2006 Bonds shall be specified in the Fifth Supplemental Indenture and Purchase Contract (hereinafter defined) upon the execution thereof, and the signatures of the officers of the City executing such Fifth Supplemental Indenture and Purchase Contract shall constitute conclusive evidence of their approval and the City's approval thereof.

**Section 3. Limited Obligations.** The Series 2006 Bonds shall be limited obligations of the City payable solely from the sources and in the manner as provided in the 1994 Indenture (as supplemented by the Fifth Supplemental Indenture, the "Bond Indenture"), and shall be secured by the pledge of the Facility and the revenues therefrom and by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate (as defined in the Bond Indenture) to the Bond Trustee in favor of the holders of the Series 2003 Bonds and the Series 2006 Bonds, as provided in the Bond Indenture. The Series 2006 Bonds and interest thereon shall not be deemed to constitute a debt or liability of the City, the State of Kansas (the "State") or of any political subdivision thereof within the meaning of any State constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the City, the State or of any political subdivision thereof, but shall be payable solely from the funds provided for in the Bond Indenture and the 1994 Lease (as supplemented by the Fifth Supplemental Lease, the "Lease"). The issuance of the Series 2006 Bonds shall not, directly, indirectly or contingently, obligate the City, the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. No breach by the City of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the City or any charge upon its general credit or against its taxing power.

**Section 4. Authorization and Approval of Documents.** The following documents are hereby approved in substantially the forms presented to and reviewed by the City at this meeting (copies of which documents shall be filed in the records of the City), and the City is hereby authorized to execute and deliver each of such documents (the "City Documents") with such changes therein as shall be approved by the officials of the City executing such documents, such officials' signatures thereon being conclusive evidence of their approval and the City's approval thereof:

(a) Fifth Supplemental Indenture providing for the issuance thereunder of the Series 2006 Bonds and setting forth certain terms and provisions applicable to the Series 2006 Bonds;

(b) Fifth Supplemental Lease pursuant to which the City will make the proceeds of the Series 2006 Bonds available to the Hospital for the purposes described in the Recitals in consideration of payments which will be sufficient to pay the principal of, redemption premium, if any, and interest on the Series 2006 Bonds;

(c) Purchase Contract (the "Purchase Contract") among the City, the Hospital and Piper Jaffray & Co., the underwriter of the Series 2006 Bonds (the "Underwriter"), pursuant to which the City agrees to sell the Series 2006 Bonds to the Underwriter upon the terms and conditions as set forth in the Purchase Contract; and

(d) Escrow Deposit Agreement (the "Escrow Agreement") dated as of July 1, 2006, among the City, the Hospital and UMB Bank, N.A., as escrow trustee, pursuant to which the City shall deposit cash and certain securities in amounts sufficient to provide for the payment of the redemption price of the Refunded Series 1997 Bonds and the Refunded Series 1999 Bonds and the defeasance of the lien of the Bond Indenture with respect to the Refunded Series 1997 Bonds and the Refunded Series 1999 Bonds.

**Section 5. Preliminary Official Statement; Preliminary Official Statement Deemed Final.** The draft Preliminary Official Statement submitted to the City, and the final Official Statement, in substantially the form of the Preliminary Official Statement with such changes and additions thereto as are necessary to conform to the transaction, and the public distribution of the Series 2006 Bonds by the Underwriter are hereby approved for use in connection with the Series 2006 Bonds. The City has not participated in the preparation of the Preliminary Official Statement or the final Official Statement and has not verified the accuracy of the information therein, other than information respecting the City. Accordingly, such

approvals do not constitute approval by the City of such information or a representation by the City as to the completeness or accuracy of the information contained therein. For the purpose of enabling the Underwriter to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the City hereby deems the information regarding the City contained in the Preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1), and the appropriate officers of the City are hereby authorized, if requested, to provide the Underwriter a letter or certification to such effect and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Underwriter to comply with the requirements of such Rule.

**Section 6. Execution of Series 2006 Bonds and Documents.** The Mayor of the City is hereby authorized and directed to execute the Series 2006 Bonds by manual or facsimile signature and to deliver the Series 2006 Bonds to the Bond Trustee for authentication for and on behalf of and as the act and deed of the City in the manner provided in the Bond Indenture. The Mayor of the City is hereby authorized and directed to execute and deliver the City Documents for and on behalf of and as the act and deed of the City. The City Clerk of the City is hereby authorized and directed to attest, by manual or facsimile signature, to the Series 2006 Bonds, the City Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance, and to affix or imprint the municipal seal of the City on the Series 2006 Bonds.

**Section 7. Further Authority.** The City shall, and the officials, agents and employees of the City are hereby authorized and directed to, take such further action, and execute such other documents, certificates and instruments, including, without limitation, any credit enhancement and security documents, arbitrage certificate, redemption notices, closing certificates and tax forms, as may be necessary or desirable to carry out and comply with the intent of this Ordinance, and to carry out, comply with and perform the duties of the City with respect to the Series 2006 Bonds and the City Documents. The officials, agents and employees of the City are hereby authorized to subscribe for the purchase of United States Treasury Securities, State and Local Government Series and/or Open Market Securities, in order to effect the refunding of the Refunded Series 1997 Bonds and the Refunded Series 1999 Bonds.

**Section 8. Effective Date.** This Ordinance shall take effect and be in full force immediately after its adoption by the Governing Body of the City and publication in the official newspaper of the City.

PASSED by the Governing Body of the City of Lawrence, Kansas this 27<sup>th</sup> day of June, 2006.

(Seal)

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Mayor

Attest:

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City Clerk