

City of Lawrence, Kansas

Recommendations for Issuance of Obligations

\$9,610,000 General Obligation Improvement Bonds, Series 2015-A

\$10,880,000 General Obligation Temporary Notes, Series 2015-I

The City Commission has under consideration the issuance of bonds (the “Bonds”) and temporary notes (the “Notes”) (together, the “Obligations”) to refinance two maturing temporary notes and fund additional project costs. This document provides information relative to the proposed issuance.

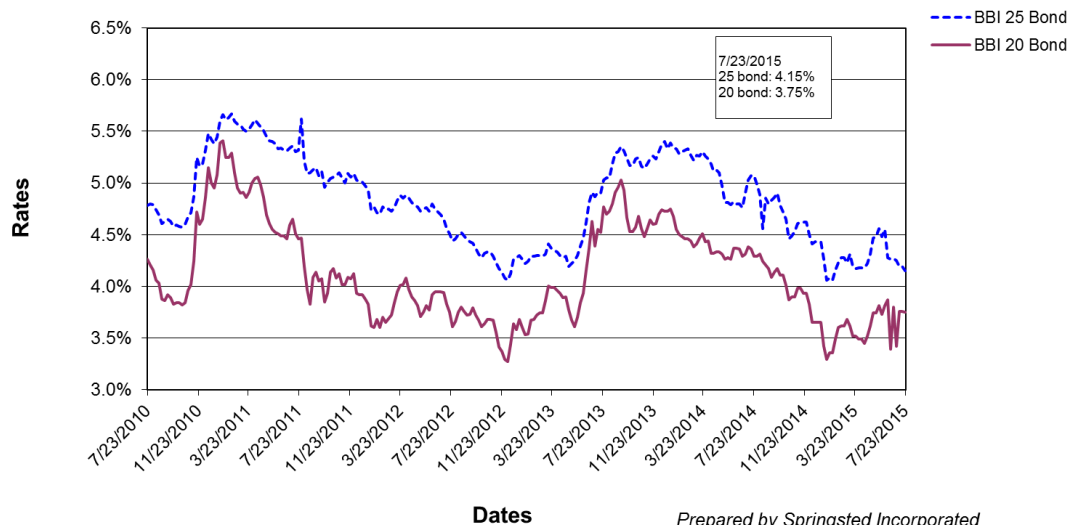
KEY EVENTS: The following summary schedule includes the timing of some of the key events that will occur relative to the bond issuance.

August 4, 2015	City Commission sets sale date and terms
Week of August 10, 2015	Rating conference is conducted
August 25, 2015, 11:00 AM	Competitive bids are received
August 25, 2015, 5:45 PM	City Commission considers award of bonds
On or about September 29, 2015	Proceeds are received

RATING: An application will be made to Moody's Investors Service for a rating on the Bonds and Notes. The City's general obligation debt is currently rated 'Aa1' by Moody's.

THE MARKET: Performance of the tax-exempt market is often measured by the Bond Buyer's Index (“BBI”) which measures the yield of high grade municipal bonds in the 20th year for general obligation bonds (the BBI 20 Bond Index) and the 30th year for revenue bonds (the BBI 25 Bond Index). The following chart illustrates these two indices over the past five years.

BBI 25-bond (Revenue) and 20-bond (G.O.) Rates for 5 Years Ending 7/23/2015



**POST ISSUANCE
COMPLIANCE:**

The issuance of these bonds will result in post-issuance compliance responsibilities. The responsibilities are in two primary areas: i) compliance with federal arbitrage requirements and ii) compliance with secondary disclosure requirements.

Federal arbitrage requirements include a wide range of implications that have been taken into account as this issue has been structured. Post-issuance compliance responsibilities for tax-exempt issues include both rebate and yield restriction provisions of the IRS Code. In general terms the arbitrage requirements control the earnings on unexpended bond proceeds, including investment earnings and moneys held for debt service payments (which both are considered to be proceeds under the IRS regulations), and/or reserves. Under certain circumstances any “excess earnings” will need to be paid to the IRS to maintain the tax-exempt status of the Bonds. Any interest earnings on gross bond proceeds or debt service funds should not be spent until it has been determined based on actual facts that they are not “excess earnings” as defined by the IRS Code.

The arbitrage rules provide spend-down exceptions for proceeds that are spent within either a 6-month, 18-month or 24-month period in accordance with certain spending criteria. Proceeds that qualify for an exception will be exempt from rebate. These exceptions are based on actual expenditures and not based on reasonable expectations, and expenditures, including any investment proceeds will have to meet the spending criteria to qualify for the exclusion. Because the proceeds will be expended within 90 days of closing, both issues will qualify for the 6-month spending exception.

Regardless of whether the issues qualify for an exemption from the rebate provisions, yield restriction provisions will apply to the debt service fund under certain conditions and any unspent bond proceeds remaining after three years. These funds should be monitored throughout the life of the obligations.

Secondary disclosure requirements result from an SEC requirement that underwriters provide ongoing disclosure information to investors. To meet this requirement, any prospective underwriter will require the City Commission to commit to providing the information needed to comply under a continuing disclosure agreement.

Springsted and the City have entered into an Agreement for Municipal Advisor Services, under which Springsted will provide arbitrage and continuing disclosure compliance services for the City.

**SUPPLEMENTAL
INFORMATION AND
BOND RECORD:**

Supplementary information will be available to staff including detailed terms and conditions of sale, comprehensive structuring schedules and information to assist in meeting post-issuance compliance responsibilities.

Upon completion of the financing, a bond record will be provided that contains pertinent documents and final debt service calculations for the transaction.

\$9,610,000 General Obligation Improvement Bonds, Series 2015-A

Description of Issue

PURPOSE:	<p>Proceeds of the Bonds, together with unspent proceeds from the Series 2014-II Temporary Notes, will be used to provide permanent financing for all or a portion of two series of maturing temporary notes and provide the City with funding for additional project costs. The maturing temporary notes to be refinanced are the following:</p> <ul style="list-style-type: none">• \$5,560,000 Series 2014-II, dated April 29, 2014, maturing October 1, 2015, being redeemed in its entirety, with accrued interest, by the Bonds.• \$13,470,000 Series 2014-III, dated September 25, 2014, maturing October 1, 2015, \$3,535,000 being redeemed, with accrued interest, by the Bonds with the \$9,935,000 balance being redeemed by the Notes as described below.
AUTHORITY:	<p>The Bonds are being issued pursuant to KSA 12-6a(01) <i>et. seq.</i></p>
SECURITY AND SOURCE OF PAYMENT:	<p>The Bonds will be general obligations of the City, secured by its full faith and credit and taxing power. The Bonds will be paid from a combination of property taxes and special assessments against benefited properties.</p>
STRUCTURING SUMMARY:	<p>In consultation with the City, the Bonds have been structured over a term of 15 years with level annual debt service.</p>
SCHEDULES ATTACHED:	<p>Schedules attached include a sources and uses of funds and estimated debt service requirements for the issue as a whole and by purpose, given the current interest environment.</p>
RISKS/SPECIAL CONSIDERATIONS:	<p>The outcome of this financing will rely on the market conditions at the time of the sale. Any projections included herein are estimates based on current market conditions.</p>
SALE TERMS AND MARKETING:	<p><u>Variability of Issue Size:</u> A specific provision in the sale terms permits modifications to the issue size and/or maturity structure to customize the issue once the price and interest rates are set on the day of sale.</p> <p><u>Prepayment Provisions:</u> Bonds maturing on or after September 1, 2025 may be prepaid at a price of par plus accrued interest on or after September 1, 2024.</p> <p><u>Bank Qualification:</u> The City has issued more than \$10 million in tax-exempt obligations in the current calendar year; therefore the Bonds are not designated as bank qualified.</p> <p><u>Good Faith Deposit:</u> The lowest bidder will be required to provide a good faith deposit within a specified time after receipt of proposals. The good faith deposit will be deducted from the purchase price otherwise due at the time of closing. In the event the lowest bidder fails to comply with the accepted bid proposal, the Issuer will retain the good faith deposit.</p>

\$10,880,000 General Obligation Temporary Notes, Series 2015-I

Description of Issue

PURPOSE:	Proceeds of the Notes will be used to provide (i) additional temporary project funding and (ii) temporary refinancing for a portion of the \$13,470,000 Series 2014-III Temporary Notes, dated September 25, 2014, maturing October 1, 2015. Of the total par amount of the Series 2014-III Notes, \$3,535,000 plus accrued interest is being redeemed, as described above, by the Bonds, with the remaining balance of \$9,935,000 plus accrued interest being redeemed by the Notes.
AUTHORITY:	The Notes are being issued pursuant to K.S.A. 10-123, K.S.A. 12-6a01 <i>et seq.</i> and K.S.A. 65-163d <i>et seq.</i> , as amended.
SECURITY AND SOURCE OF PAYMENT:	The Notes will be general obligations of the City, secured by its full faith and credit and taxing power. The Notes will be paid from a combination of property taxes and special assessments against benefited properties.
STRUCTURING SUMMARY:	At the direction of the City, the Notes have been structured as a single maturity with multiple purposes and a term of two years.
SCHEDULES ATTACHED:	Schedules attached include a sources and uses of funds and estimated debt service requirements, given the current interest environment.
RISKS/SPECIAL CONSIDERATIONS:	The outcome of this financing will rely on the market conditions at the time of the sale. Any projections included herein are estimates based on current market conditions.
SALE TERMS AND MARKETING:	<p><u>Variability of Issue Size:</u> A specific provision in the sale terms permits modifications to the issue size and/or maturity structure to customize the issue once the price and interest rates are set on the day of sale.</p> <p><u>Prepayment Provisions:</u> The Notes may be prepaid at a price of par plus accrued interest on or after October 1, 2016.</p> <p><u>Bank Qualification:</u> The City has issued more than \$10 million in tax-exempt obligations in the current calendar year; therefore the Bonds are not designated as bank qualified.</p> <p><u>Good Faith Deposit:</u> The lowest bidder will be required to provide a good faith deposit within a specified time after receipt of proposals. The good faith deposit will be deducted from the purchase price otherwise due at the time of closing. In the event the lowest bidder fails to comply with the accepted bid proposal, the Issuer will retain the good faith deposit.</p>

\$9,610,000

City of Lawrence, Kansas

**General Obligation Improvement Bonds, Series 2015-A
Issue Summary**

Total Issue Sources And Uses

Dated 09/29/2015 | Delivered 09/29/2015

	Series 2014-II Temp Notes Portion	Series 2014-III Temp Notes (partial) Portion	New Project Portion	Issue Summary
Sources Of Funds				
Par Amount of Bonds.....	\$5,275,000.00	\$3,635,000.00	\$700,000.00	\$9,610,000.00
Remaining Note Proceeds.....	437,614.32	-	-	437,614.32
Total Sources.....	\$5,712,614.32	\$3,635,000.00	\$700,000.00	\$10,047,614.32
Uses Of Funds				
Deposit to Escrow Fund.....	5,615,600.00	3,570,350.00	-	9,185,950.00
Deposit to Project Construction Fund.....	-	-	687,966.98	687,966.98
Total Underwriter's Discount (1.150%).....	60,662.50	41,802.50	8,050.00	110,515.00
Costs of Issuance.....	32,720.37	22,547.59	4,342.04	59,610.00
Rounding Amount.....	3,631.45	299.91	(359.02)	3,572.34
Total Uses.....	\$5,712,614.32	\$3,635,000.00	\$700,000.00	\$10,047,614.32

\$9,610,000

City of Lawrence, Kansas
General Obligation Improvement Bonds, Series 2015-A
Issue Summary

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
09/01/2016	580,000.00	0.650%	213,132.47	793,132.47
09/01/2017	565,000.00	1.000%	227,337.50	792,337.50
09/01/2018	570,000.00	1.300%	221,687.50	791,687.50
09/01/2019	580,000.00	1.500%	214,277.50	794,277.50
09/01/2020	590,000.00	1.750%	205,577.50	795,577.50
09/01/2021	600,000.00	2.050%	195,252.50	795,252.50
09/01/2022	610,000.00	2.350%	182,952.50	792,952.50
09/01/2023	625,000.00	2.550%	168,617.50	793,617.50
09/01/2024	635,000.00	2.700%	152,680.00	787,680.00
09/01/2025	660,000.00	2.850%	135,535.00	795,535.00
09/01/2026	675,000.00	3.000%	116,725.00	791,725.00
09/01/2027	695,000.00	3.150%	96,475.00	791,475.00
09/01/2028	720,000.00	3.250%	74,582.50	794,582.50
09/01/2029	740,000.00	3.350%	51,182.50	791,182.50
09/01/2030	765,000.00	3.450%	26,392.50	791,392.50
Total	\$9,610,000.00	-	\$2,282,407.47	\$11,892,407.47

SIGNIFICANT DATES

Dated Date.....	9/29/2015
Delivery Date.....	9/29/2015
First Coupon Date.....	3/01/2016

Yield Statistics

Bond Year Dollars.....	\$80,087.56
Average Life.....	8.334 Years
Average Coupon.....	2.8498903%
Net Interest Cost (NIC).....	2.9878830%
True Interest Cost (TIC).....	2.9805386%
Bond Yield for Arbitrage Purposes.....	2.8204758%
All Inclusive Cost (AIC).....	3.0679732%

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Net Interest Cost.....	2.8498903%
Weighted Average Maturity.....	8.334 Years

\$5,275,000

City of Lawrence, Kansas
General Obligation Improvement Bonds, Series 2015-A
Series 2014-II Temp Notes Portion

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
09/01/2016	320,000.00	0.650%	116,923.94	436,923.94
09/01/2017	310,000.00	1.000%	124,705.00	434,705.00
09/01/2018	315,000.00	1.300%	121,605.00	436,605.00
09/01/2019	320,000.00	1.500%	117,510.00	437,510.00
09/01/2020	320,000.00	1.750%	112,710.00	432,710.00
09/01/2021	330,000.00	2.050%	107,110.00	437,110.00
09/01/2022	335,000.00	2.350%	100,345.00	435,345.00
09/01/2023	345,000.00	2.550%	92,472.50	437,472.50
09/01/2024	350,000.00	2.700%	83,675.00	433,675.00
09/01/2025	360,000.00	2.850%	74,225.00	434,225.00
09/01/2026	370,000.00	3.000%	63,965.00	433,965.00
09/01/2027	380,000.00	3.150%	52,865.00	432,865.00
09/01/2028	395,000.00	3.250%	40,895.00	435,895.00
09/01/2029	405,000.00	3.350%	28,057.50	433,057.50
09/01/2030	420,000.00	3.450%	14,490.00	434,490.00
Total	\$5,275,000.00	-	\$1,251,553.94	\$6,526,553.94

SIGNIFICANT DATES

Dated Date..... 9/29/2015
Delivery Date..... 9/29/2015
First Coupon Date..... 3/01/2016

Yield Statistics

Bond Year Dollars..... \$43,924.72
Average Life..... 8.327 Years
Average Coupon..... 2.8493155%

Net Interest Cost (NIC)..... 2.9874211%
True Interest Cost (TIC)..... 2.9800513%
Bond Yield for Arbitrage Purposes..... 2.8204758%
All Inclusive Cost (AIC)..... 3.0675503%

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Net Interest Cost..... 2.8493155%
Weighted Average Maturity..... 8.327 Years

\$3,635,000

City of Lawrence, Kansas
General Obligation Improvement Bonds, Series 2015-A
Series 2014-III Temp Notes (partial) Portion

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
09/01/2016	220,000.00	0.650%	80,588.39	300,588.39
09/01/2017	215,000.00	1.000%	85,955.00	300,955.00
09/01/2018	215,000.00	1.300%	83,805.00	298,805.00
09/01/2019	220,000.00	1.500%	81,010.00	301,010.00
09/01/2020	225,000.00	1.750%	77,710.00	302,710.00
09/01/2021	225,000.00	2.050%	73,772.50	298,772.50
09/01/2022	230,000.00	2.350%	69,160.00	299,160.00
09/01/2023	235,000.00	2.550%	63,755.00	298,755.00
09/01/2024	240,000.00	2.700%	57,762.50	297,762.50
09/01/2025	250,000.00	2.850%	51,282.50	301,282.50
09/01/2026	255,000.00	3.000%	44,157.50	299,157.50
09/01/2027	265,000.00	3.150%	36,507.50	301,507.50
09/01/2028	270,000.00	3.250%	28,160.00	298,160.00
09/01/2029	280,000.00	3.350%	19,385.00	299,385.00
09/01/2030	290,000.00	3.450%	10,005.00	300,005.00
Total	\$3,635,000.00	-	\$863,015.89	\$4,498,015.89

SIGNIFICANT DATES

Dated Date.....	9/29/2015
Delivery Date.....	9/29/2015
First Coupon Date.....	3/01/2016

Yield Statistics

Bond Year Dollars.....	\$30,282.28
Average Life.....	8.331 Years
Average Coupon.....	2.8499041%
Net Interest Cost (NIC).....	2.9879469%
True Interest Cost (TIC).....	2.9805736%
Bond Yield for Arbitrage Purposes.....	2.8204758%
All Inclusive Cost (AIC).....	3.0680404%

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Net Interest Cost.....	2.8499041%
Weighted Average Maturity.....	8.331 Years

\$700,000

City of Lawrence, Kansas
General Obligation Improvement Bonds, Series 2015-A
New Project Portion

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
09/01/2016	40,000.00	0.650%	15,620.14	55,620.14
09/01/2017	40,000.00	1.000%	16,677.50	56,677.50
09/01/2018	40,000.00	1.300%	16,277.50	56,277.50
09/01/2019	40,000.00	1.500%	15,757.50	55,757.50
09/01/2020	45,000.00	1.750%	15,157.50	60,157.50
09/01/2021	45,000.00	2.050%	14,370.00	59,370.00
09/01/2022	45,000.00	2.350%	13,447.50	58,447.50
09/01/2023	45,000.00	2.550%	12,390.00	57,390.00
09/01/2024	45,000.00	2.700%	11,242.50	56,242.50
09/01/2025	50,000.00	2.850%	10,027.50	60,027.50
09/01/2026	50,000.00	3.000%	8,602.50	58,602.50
09/01/2027	50,000.00	3.150%	7,102.50	57,102.50
09/01/2028	55,000.00	3.250%	5,527.50	60,527.50
09/01/2029	55,000.00	3.350%	3,740.00	58,740.00
09/01/2030	55,000.00	3.450%	1,897.50	56,897.50
Total	\$700,000.00	-	\$167,837.64	\$867,837.64

SIGNIFICANT DATES

Dated Date.....	9/29/2015
Delivery Date.....	9/29/2015
First Coupon Date.....	3/01/2016

Yield Statistics

Bond Year Dollars.....	\$5,880.56
Average Life.....	8.401 Years
Average Coupon.....	2.8541120%
Net Interest Cost (NIC).....	2.9910038%
True Interest Cost (TIC).....	2.9840004%
Bond Yield for Arbitrage Purposes.....	2.8204758%
All Inclusive Cost (AIC).....	3.0707866%

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Net Interest Cost.....	2.8541120%
Weighted Average Maturity.....	8.401 Years

\$10,880,000

City of Lawrence, Kansas
General Obligation Temporary Notes, Series 2015-I
Issue Summary

Total Issue Sources And Uses

Dated 09/29/2015 | Delivered 09/29/2015

	Roll 2014-III (partial) Portion	New Projects Portion	Issue Summary
Sources Of Funds			
Par Amount of Bonds.....	\$10,135,000.00	\$745,000.00	\$10,880,000.00
Total Sources.....	\$10,135,000.00	\$745,000.00	\$10,880,000.00
Uses Of Funds			
Deposit to Current Refunding Fund.....	10,034,350.00	-	10,034,350.00
Deposit to Project Construction Fund.....	-	735,228.04	735,228.04
Total Underwriter's Discount (0.500%).....	50,675.00	3,725.00	54,400.00
Costs of Issuance.....	49,557.17	3,642.83	53,200.00
Rounding Amount.....	417.83	2,404.13	2,821.96
Total Uses.....	\$10,135,000.00	\$745,000.00	\$10,880,000.00

\$10,880,000

City of Lawrence, Kansas
General Obligation Temporary Notes, Series 2015-I
Issue Summary

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
10/01/2015	-	-	-	-
10/01/2016	-	-	109,404.45	109,404.45
10/01/2017	10,880,000.00	1.000%	108,800.00	10,988,800.00
Total	\$10,880,000.00	-	\$218,204.45	\$11,098,204.45

SIGNIFICANT DATES

Dated Date..... 9/29/2015
Delivery Date..... 9/29/2015
First Coupon Date..... 4/01/2016

Yield Statistics

Bond Year Dollars..... \$21,820.44
Average Life..... 2.006 Years
Average Coupon..... 1.0000000%

Net Interest Cost (NIC)..... 1.2493075%
True Interest Cost (TIC)..... 1.2532251%
Bond Yield for Arbitrage Purposes..... 0.9999930%
All Inclusive Cost (AIC)..... 1.5024212%

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Net Interest Cost..... 1.0000000%
Weighted Average Maturity..... 2.006 Years

\$10,135,000

City of Lawrence, Kansas
General Obligation Temporary Notes, Series 2015-I
Roll 2014-III (partial) Portion

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
10/01/2015	-	-	-	-
10/01/2016	-	-	101,913.06	101,913.06
10/01/2017	10,135,000.00	1.000%	101,350.00	10,236,350.00
Total	\$10,135,000.00	-	\$203,263.06	\$10,338,263.06

SIGNIFICANT DATES

Dated Date.....	9/29/2015
Delivery Date.....	9/29/2015
First Coupon Date.....	4/01/2016

Yield Statistics

Bond Year Dollars.....	\$20,326.31
Average Life.....	2.006 Years
Average Coupon.....	1.0000000%
Net Interest Cost (NIC).....	1.2493075%
True Interest Cost (TIC).....	1.2532251%
Bond Yield for Arbitrage Purposes.....	0.9999930%
All Inclusive Cost (AIC).....	1.5024212%

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Net Interest Cost.....	1.0000000%
Weighted Average Maturity.....	2.006 Years

\$745,000

City of Lawrence, Kansas
General Obligation Temporary Notes, Series 2015-I
New Projects Portion

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
10/01/2015	-	-	-	-
10/01/2016	-	-	7,491.39	7,491.39
10/01/2017	745,000.00	1.000%	7,450.00	752,450.00
Total	\$745,000.00	-	\$14,941.39	\$759,941.39

SIGNIFICANT DATES

Dated Date.....	9/29/2015
Delivery Date.....	9/29/2015
First Coupon Date.....	4/01/2016

Yield Statistics

Bond Year Dollars.....	\$1,494.14
Average Life.....	2.006 Years
Average Coupon.....	1.0000001%
Net Interest Cost (NIC).....	1.2493076%
True Interest Cost (TIC).....	1.2532251%
Bond Yield for Arbitrage Purposes.....	0.9999930%
All Inclusive Cost (AIC).....	1.5024212%

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Net Interest Cost.....	1.0000001%
Weighted Average Maturity.....	2.006 Years