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**LMH South**  
3500 Clinton Place  
Lawrence, KS 66047

May 22, 2012

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

Re: \$10,500,000 (not to exceed) City of Lawrence, Kansas Hospital Revenue Bonds,  
Series 2012 (The Lawrence Memorial Hospital)

Dear Mr. Corliss,

The Lawrence Memorial Hospital requests the assistance of the City in the issuance of a new series of industrial revenue bonds to refund existing series 2011 bonds. Like all bonds issued for LMH, the bonds will be special obligations of the City, payable solely from payments and collateral pledged by LMH. The proposed bonds will not constitute a debt or liability of the City. This letter is in lieu of the Application Form for Economic Incentives and Tax Abatements and the appropriate application fee will be mailed to the City.

A summary of the proposed issue is attached hereto.

Under separate cover, David Queen or Scott Waller of Gilmore & Bell will be providing the Ordinance for the proposed Series 2012 Bonds. If possible, LMH would like to schedule the first reading of the Ordinance at the Commission's June 5th meeting. The closing of the bond issue is anticipated to be the week of July 1st.

Please call me if you have any questions. Thank you for your assistance.

Sincerely,

Gene Meyer  
President and CEO

cc: Joseph Pedley  
William Henderson  
David Queen  
Scott Waller  
Gina Riekoff

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May 22, 2012

**BOND ISSUE SUMMARY**

\$10,500,000 (not to exceed)  
City of Lawrence, Kansas  
Hospital Revenue Bonds, Series 2012  
(The Lawrence Memorial Hospital)

The Board of Trustees of The Lawrence Memorial Hospital (the "Hospital") plans to adopt a resolution approving a request for issuance of the Series 2012 Bonds in the aggregate principal amount not to exceed \$10,500,000.

The Series 2012 Bonds would be issued for the purpose of providing funds to (i) refund the City's outstanding Hospital Revenue Bonds, Series 2011 (The Lawrence Memorial Hospital) (the "Series 2011 Bonds") and (ii) pay certain costs of issuance of the Series 2012 Bonds. The Series 2011 Bonds will be refunded to achieve debt service savings.

After the issuance of the Series 2012 Bonds and the refunding of the Series 2011 Bonds, three series of bonds will be outstanding for the benefit of the Hospital, all of which are secured on a parity.

None of the bonds issued by the City for the benefit of the Hospital constitute a debt or liability of the City or constitute a pledge of the faith and credit of the city or its taxing power, and are payable solely from revenues derived from the operation of the Hospital and a pledge of the Hospital Facility and certain other funds held under the indentures securing the bonds.

The Bonds are expected to be sold by private placement with Clayton Holdings, LLC, as purchaser.