

Request For Board Action

REFERRED TO BOARD May 4, 2015

AGENDA ITEM NO: 6

ORIGINATING DEPARTMENT: Administration

SUBJECT: Approval of a Resolution Authorizing the Execution Of A Pre-Underwriting Letter And Underwriter Disclosure Letter.

SUMMARY AND BACKGROUND OF SUBJECT MATTER:

At prior Board meetings, the Village Board authorized agreements with bond counsel Darryl Davidson and financial advisor Stephan Roberts to represent the Village in the proposed refunding of SSA bonds. Of course, integral to the process is the engagement of an underwriting firm to purchase and sell the bonds.

Pre-engagement Letter

William Blair & Co. has provided the attached pre-engagement letter stating their intent to serve as underwriter in the proposed refunding. It is important to note that this letter is non-binding and neither obligates the Village financially nor prevents the Village from engaging with any other underwriting firm.

Underwriter Disclosure Letter

The Municipal Securities Rulemaking Board requires all underwriters to provide clients with an Underwriters Disclosure Letter. The Village must acknowledge receipt of this document.

Staff recommends approval of the pre-engagement and disclosure letters.

FINANCIAL IMPACT: None

DOCUMENTS ATTACHED:

1. Resolution
2. Pre-underwriting Letter
3. Underwriter Disclosure Letter

RECOMMENDED MOTION:

Motion to approve a Resolution Authorizing the Execution Of A Pre-Underwriting Letter And Underwriter Disclosure Letter.

RESOLUTION 15-xx

**A RESOLUTION AUTHORIZING THE EXECUTION OF
A PRE-UNDERWRITING LETTER AND
UNDERWRITER DISCLOSURE LETTER**

WHEREAS, the Village has two Special Service Areas (SSA-1 and SSA-2) which were established to issue bonds payable from special taxes to provide funding for infrastructure development in the Deercrest and Clublands subdivisions more than 10 years ago, and

WHEREAS, the developer of those subdivisions failed and declared bankruptcy in 2007, and

WHEREAS, such bonds were intended to be paid from taxes on single family homes and townhouses to be built in those two subdivisions, and with the bankruptcy and subsequent national recession, much of the land in the two subdivisions remains vacant and unimproved, and

WHEREAS, a consortium of companies headed by Troy Mertz has come forward with a proposal to refund the SSA bonds, and to restart the stalled development in the two subdivisions; and,

WHEREAS, in connection with restarting the stalled developments, the Village will likely seek to refinance the existing SSA bond indebtedness currently encumbering the subdivisions through a refunding underwritten by William Blair & Co., and

WHEREAS, the current federal bonding rules require the execution of a pre-underwriting letter with the proposed underwriter as well as acknowledgement of certain federally required disclosures that the underwriter must make, and

WHEREAS, William Blair & Co., has submitted a pre-underwriting letter and disclosure letter, attached as Exhibits A and B respectively, and

WHEREAS, the corporate authorities find that it is in the best interests of the citizens of this Village to execute these two letters in order to take the next necessary step in the overall due diligence process of evaluating the proposal to refinance or refund the SSA bonds, and

WHEREAS, the letters do not impose financial requirements or risks on the Village, but rather serve to state future intentions, should the process continue to fruition,

NOW THEREFORE, BE IT RESOLVED by the Village of Antioch, Lake County, Illinois, as follows:

SECTION ONE: The Village Administrator is authorized to execute the Exhibit A pre-underwriting letter with William Blair & Co. and to take all steps necessary to implement the same as expeditiously as possible.

Village of Antioch, Illinois

SECTION TWO: The Village Administrator is authorized to execute the Exhibit B disclosure letter with William Blair & Co. and to take all steps necessary to implement the same as expeditiously as possible.

SECTION THREE: This resolution shall take effect immediately upon passage.

PASSED BY THE BOARD OF TRUSTEES OF THE VILLAGE OF ANTIOCH, ILLINOIS,
ON THIS ____ DAY OF _____, 2015.

ATTEST:

LAWRENCE M. HANSON, MAYOR

LORI K. FOLBRICK, VILLAGE CLERK

DRAFT