

Request For Board Action

REFERRED TO BOARD March 16, 2015

AGENDA ITEM NO: 9

ORIGINATING DEPARTMENT: Administration

SUBJECT: Approval of a resolution Authorizing Execution of an Engagement Letter Retaining Bond Counsel for a Proposed Refunding of SSA #1

SUMMARY AND BACKGROUND OF SUBJECT MATTER:

As discussed briefly at the end of the last COW, the purchaser of the vacant lots in Neuhaven and Clublands has come forward with a significantly revised plan on the proposal he brought before the Board last summer involving refinancing of the SSA bonds. At the present time, he intends on moving only with the SSA-1 bonds that encumber property in the Neuhaven subdivision.

Without getting into too much detail prematurely, the current proposal is to revise the plat of subdivision to decrease density by changing a number of townhouse lots into single family lots, and to refinance the existing SSA bonds. The reduction in density, along with the refinancing is proposed to result in new bonds that do not live longer than the existing bonds, and which have a lower, insured, interest rate. The net impact, if everything goes well, will be to reduce the SSA payments that the current property owners pay, the Village will be reimbursed for some administrative expenses we've incurred and the near-defaulted status of the current bonds will be lifted.

To ensure the highest probability of success, staff, the Mayor and Village Attorney have conducted significant due diligence and have concluded that we need to be represented by independent, competent bond counsel in this matter. We have already engaged our usual bond attorney at Chapman and Cutler in the capacity of issuer's counsel and his advice has been quite valuable, but he cannot also serve as bond counsel. Upon his recommendation, staff and the Village Attorney have interviewed Darryl Davidson, a highly experienced bond attorney at Miller-Canfield and they strongly recommend that he be retained to serve in this capacity.

Attached is Mr. Davidson's engagement letter. This is intended to formalize the engagement, but additional material terms, including the exact fee formula will need to be clarified at a later date when more of the details involving the size and scope of the refinancing become clear. Mr. Davidson's fee for these services will, in any event, be paid from the bond issuance and not from the General Fund.

FINANCIAL IMPACT: To be determined

DOCUMENTS ATTACHED:

1. Resolution
2. Contract

RECOMMENDED MOTION:

Motion to approve a Resolution Authorizing Execution of an Engagement Letter Retaining Bond Counsel for a Proposed Refunding of SSA #1

RESOLUTION 15-xx

**A RESOLUTION AUTHORIZING EXECUTION OF AN
ENGAGEMENT LETTER, RETAINING BOND COUNSEL
FOR A PROPOSED REFUNDING OF SSA-1**

WHEREAS, Special Service Area 1 (SSA-1) was established approximately 15 years ago to provide funding for certain infrastructure and related projects in the Deercrest Subdivision, and

WHEREAS, due to the Neumann bankruptcy and the economic recession that followed quickly thereafter, there were a number of properties that were left vacant and unimproved in Deercrest, and

WHEREAS, those vacant properties were tied up in the bankruptcy proceedings, and subsequently were conveyed through several banks until ultimately falling in arrears in general *ad valorem* taxes, and

WHEREAS, SSA-1 itself has fallen into a state of declining financial viability for the foregoing reasons, and because the unimproved properties have not recently contributed toward the payments due to the bondholders, and

WHEREAS, those vacant properties were later purchased by Antioch Land Trust, LLC (“Antioch Land Trust”) whose representatives have come before the Village Board and met with staff, and who proposes to refund the current bonds secured by SSA-1, and to establish a new bond that is represented to be insurable, and carry a smaller burden on the existing improved properties, without lengthening the term of the currently remaining bonds, and

WHEREAS, the Village Board finds that it is in the best interest of the Village and in particular the residents of Deercrest to secure competent bond counsel to represent the Village in this proposed transaction, and thereby ensure that the bond documents reflect the foregoing goals and provide as much protection as possible to the existing residents and landholders, as well as the Village and its residents generally, and

WHEREAS, the Administrator and the Village Attorney have conducted an appropriate investigation of available, seasoned and well-regarded bond counsel and have recommended that Darryl Davidson of Miller, Canfield, Paddock and Stone, P.L.C., Chicago, Illinois (“**Miller Canfield**”) be retained, and

WHEREAS, attached hereto as Exhibit A is an engagement letter requested by Mr. Davidson and his firm to secure their services, understanding that some of the terms set forth therein, and particularly regarding the amount and calculation of attorney’s fees, will need to be revised at a later date once all the parameters of Antioch Land Trust’s proposal are fully fleshed out and ascertainable, and

Village of Antioch, Illinois

WHEREAS, the Village Board finds, based on the recommendation of the Village Attorney, that the form of this agreement is acceptable and proper under the unique circumstances of this matter and that the same should be executed, and

WHEREAS, the Village Board further finds that it is appropriate to formally waive any potential conflict of interest involving the investment banking firm of William Blair & Company (“William Blair”), who will serve as underwriter for the Village for placement of the bonds with investors, which company works with a number of bond counsel from time to time on projects throughout the Midwest, including Mr. Davidson and Miller Canfield,

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

SECTION ONE: The Village Administrator is directed and authorized to execute the Exhibit A engagement letter and thereby retain Darryl Davidson and the Miller Canfield firm to serve as bond counsel in the proposed transaction with Mr. Mertz.

SECTION TWO: The corporate authorities specifically waive any potential conflict of interest between the firm of William Blair, and the firm of Miller Canfield, including attorney Darryl Davidson.

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

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

MICHIGAN: Ann Arbor
Detroit • Grand Rapids
Kalamazoo • Lansing • Troy

FLORIDA: Tampa

ILLINOIS: Chicago

NEW YORK: New York

OHIO: Cincinnati

CANADA: Toronto • Windsor

CHINA: Shanghai

MEXICO: Monterrey

POLAND: Gdynia

Warsaw • Wrocław

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www.millercanfield.com

March 12, 2015

VIA E-MAIL AND U.S. MAIL

Mr. Jim Keim
Village Administrator
Village of Antioch
874 Main Street
Antioch, IL 60002

Re: Village of Antioch, Lake County, Illinois
Issuance of Refunding Bonds (Special Service Area Number 1)

Dear Mr. Keim:

We are delighted that our firm has been asked to serve the Village of Antioch, Lake County, Illinois (the “**Village**”) as bond counsel (“**Bond Counsel**”) in connection with the potential issuance of the above-referenced obligations (the “**Bonds**”) to refund certain outstanding obligations of the Village’s Special Service Area Number 1 to restructure debt service in connection with the Village’s Special Tax Bonds, Series 2003 (Deercrest Project). We value highly our relationship with the Village and you may be assured of our continuing prompt and complete attention to this financing. It is our practice when working on a new matter to send an engagement letter like this which sets forth the scope of our services as Bond Counsel and the nature of our compensation.

Bond Counsel’s Role

Bond Counsel is engaged as a recognized expert whose primary responsibility is to render an objective legal opinion with respect to the authorization and issuance of the Bonds. Our approving legal opinion with respect to the Bonds will be executed and delivered by us in written form on the date the Bonds are exchanged for their purchase price and will be based upon facts and law existing as of its date. In rendering the opinion, we will rely upon the certified proceedings and other certifications of public officials and by other persons furnished to us without undertaking independent verification of the information contained in the proceedings and certifications.

In performing our services as Bond Counsel, our client is the Village and we will represent its interests. However, our representation of the Village does not alter our

responsibility to render an objective opinion as Bond Counsel. Upon delivery of the opinion, our responsibilities as Bond Counsel will be concluded with respect to the Bonds.

Scope of Bond Counsel Services – What We Will Do

As Bond Counsel, we would provide the following services customarily performed by Bond Counsel respecting the authorization, sale, issuance and delivery of Bonds:

1. Meet or consult with Village officials, as requested, and others to explain the legal nature of a proposed borrowing, the Village's power to borrow and the limitations on that power, and consult with Village officials in the design of the bonding program and timing schedules.

2. Prepare all of the necessary ordinances, notices, agreements and other documents to authorize, issue and market the Bonds. We will assist in the preparation of the official statement respecting the Bonds. We also will advise the Village regarding relevant disclosure obligations under SEC Rule 15c2-12 in connection with the marketing and sale of municipal securities.

3. Assist as needed in arrangements for and participation in presentations to rating agencies or bond insurance providers, if applicable.

4. Prepare the Bond form for printing definitive Bonds for delivery to the purchaser. We will also participate in the sale and delivery of the Bonds to the purchaser in order to handle legal matters that may arise at those times.

5. Give the approving opinion as to validity and enforceability of the Bonds and their authorizing documents and as to the exemption of the interest on the Bonds from federal and state income taxation.

6. Review and pass on the legal accuracy of certain information regarding the Bonds and the exclusion of interest on the Bonds from gross income for taxation purposes and other legal matters relating to the bonds contained in the official statement respecting the Bonds.

Our professional responsibilities as attorneys in this matter will be limited to interpretations of law and other legal issues and the drafting of legal documents. We are not registered municipal advisors under the federal Dodd-Frank Act and therefore we will not assume the responsibilities of a municipal finance advisor or the professional responsibilities of any other advisor with respect to non-legal matters.

Additional Services

We believe that the above services encompass the normal scope of Bond Counsel activities.

Our services as Bond Counsel do not include activities outside of that norm, such as review of construction contracts, condemnation, title issues or recording deeds involved in land acquisition, representation of the Village in litigation or administrative proceedings that might arise in connection with the Bonds. In the event that serious matters or matters outside the norm arise in these areas, we would provide you at that time with a fee quote for such additional services, if the Village would decide to engage us with respect to such activities at the time.

Our engagement does not include any obligation to monitor compliance with the federal tax requirements found in the Internal Revenue Code of 1986 (the “Code”) and applicable to the Bonds, including the rebate requirements of Code Section 148(f), if applicable, as may be described in an exhibit attached to any Nonarbitrage and Tax Compliance Certificate that the Village will execute in connection with the issuance of the Bonds, or in connection with any audit or examination of the Bonds by the Internal Revenue Service. However, we would be available to assist with rebate calculations or any audit or examination as a separate engagement.

Conflict of Interest Policy

We understand and agree that this not an exclusive engagement and the Village is free to retain any other counsel of your choosing. Except as discussed above, we recognize that we shall be disqualified from representing any other client (i) in any matter which is substantially related to our representation of the Village as described herein and (ii) with respect to any matter wherein confidential information furnished to us could be used to the Village’s material disadvantage. Please be aware of our client relationship with the proposed underwriter of the Bonds, William Blair and Company, Chicago, Illinois, in unrelated matters, to which we understand the Village consents. As we discussed, we have already received Blair’s consent to this engagement. We are a relatively large law firm and we represent many other governmental entities, companies and individuals. It is possible that some of our present or future clients may have interests which conflict with the Village’s in litigation, business transactions or other legal matters during the time that we are representing the Village. Subject to the requirements of the Illinois Rules of Professional Responsibility which govern us, we may in the future consult with you about our continued representation or the undertaking of a new representation of clients in any such matter that is not substantially related to our work for the Village and does not risk potential use of confidential information to the Village’s material disadvantage.

Fees

It is our understanding that the Village intends to issue the Bonds pursuant to a negotiated sale to the proposed underwriter. Our fee quote will be delivered at the time the Village’s

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

Mr. Jim Keim

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March 12, 2015

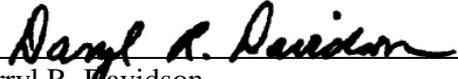
financing team is assembled and there is a clear indication of the structure and terms of the Bonds. This fee quote will be based on the terms, structure, size and schedule of financing, the time we anticipate devoting to the financing, and the responsibilities that we assume. In addition, we expect to be reimbursed for all out-of-pocket expenses, including travel costs, document production, deliveries, long distance telephone charges, filing fees, and other necessary office disbursements. As you are aware, our customary practice is to submit our invoice for payment at the time of the delivery of the Bonds to be paid from the proceeds of the Bonds or other available funds. It is also customary that in the case no financing is ever completed, we render a reduced statement of charges. As we discussed, as part of this engagement, I will also prepare the initial form of the Village's annual levy ordinance for the refunding bonds.

We welcome this opportunity to be of service to the Village and look forward to working with you and the Village's financing team. If you have any questions regarding this letter, please give me a call.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE,
P.L.C.

By: _____


Darryl R. Davidson

/cme

cc: Amanda Van Dusen, Esq. (via email)
Thomas D. Colis, Esq. (via email)
Robert J. Long, Esq. (via email)

The Village acknowledges its waiver regarding William Blair and Company, Chicago, Illinois:

ACCEPTED:

VILLAGE OF ANTIOCH

By: _____
Authorized Officer