



## WM Financial Strategies

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11710 ADMINISTRATION DRIVE  
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ST. LOUIS, MISSOURI 63146  
(314) 423-2122

April 3, 2018

**RE: City of Highland, Illinois  
Request for Indications of Interest for a Loan Totaling Approximately \$1,700,000**

WM Financial Strategies, as financial advisor to the City of Highland, Illinois (the “City”) is seeking indications of interest for a loan in the approximate amount of \$1,700,000 to be evidenced by promissory notes (the “Notes”) pursuant to 65 ILCS 5/8-1-3.1. Proceeds from the Notes will be used to make improvements to the City’s waterworks system (the “System”); principally water mains. The Notes are a general obligation of the City; however, the City expects to make payments solely from the City’s waterworks system. The City has no authority to levy additional taxes for payment of the Notes. There will be no mortgage or security interest in the property to be financed with the Notes in any property comprising the System or any other property.

The Notes will be Bank Qualified and the Note closing is expected to be this summer.

**Additional Information.**

The following information is available at [www.wmfinancialstrategies.com/RFPs.htm](http://www.wmfinancialstrategies.com/RFPs.htm):

- A report describing the System.
- The City’s audited financial statements for the past three fiscal years.
- A preliminary maturity schedule for the Notes. Principal and interest will be due on January 1 and July 1 commencing on January 1, 2019. Interest will be based on a 360-day year. The issue may be structured as a single term loan with mandatory principal prepayments provided that annual debt service must be approximately equal.

**Submissions**

Written statements of interest for the Notes will be accepted until 12:00 p.m., central time, on April 20, 2018. One copy should be sent to the City’s Financial Advisor at [Jhoward@wmfinancialstrategies.com](mailto:Jhoward@wmfinancialstrategies.com) and one copy should be sent to the City’s Director of Finance at [kkorte@highlandil.gov](mailto:kkorte@highlandil.gov). Any proposal which is not received by the designated time and date will be rejected.

Proposals should include the following:

1. Optional Redemption Provision. Describe the terms by which the City will have the option to redeem all or portions of the Notes.
2. Fees. Indicate any fees to be charged by your firm.

3. Interest Rate. What is your proposed interest rate and how long will your commitment for this rate remain in effect? If the rate is subject to change from the date of your proposal until the date the Note documents are executed, describe the process for changing the rate (e.g. is it tied to changes in the 10-year treasury rate).
4. Documentation. Will you provide the documentation for this transaction or does the City need to engage a bond attorney? If the attorney is an outside counsel, please provide the name of the attorney and firm. Do you need an opinion regarding the tax-exemption of the Notes and if so, do you have a specific attorney you engage for this purpose or may the City select its own bond counsel?
5. Costs of Issuance. The City intends to pay costs of issuance including financial advisor fees and City attorney fees. Please provide fee quotes for any other costs (e.g. purchaser's counsel) that you will require to be paid by the City. If you intend to employ a purchaser's counsel, please provide the name and address of the firm.
6. Purchase Commitment. Other than such terms and conditions as set forth herein, indicate any further internal approvals you will require as a condition to entering into a purchase agreement (e.g. credit approval by commitment committee). What is needed for this purpose and how long does it take?
7. Terms of the Notes. Describe your proposed financing terms which must include acknowledgment or further information relating to the following:
  - a) Are you agreeable to the terms described herein? If not, indicated your proposed changes.
  - b) Do you require any user rate covenants or debt coverage requirement?
  - c) Will you impose any restrictions on the City's ability to borrow funds (bonds, loans or other obligations) in the future payable from the revenues of the System? If so, describe.
8. Personnel. Provide the name and phone number for the person who will serve as the City's contact.

Based on the responses received, the City may select the purchaser or may prepare a more formal request for proposals for distribution to all or some of the firms responding to this request for indications of interest.

If you have any questions regarding this issue, please contact the undersigned.

Sincerely,

Joy A. Howard  
Principal