



WM Financial Strategies

11710 ADMINISTRATION DRIVE
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June 12, 2019

**RE: City of Highland, Illinois
Request for Indications of Interest
Electric System Refunding Bonds**

WM Financial Strategies, as financial advisor to the City of Highland, Illinois (the “City”) is seeking indications of interest from at least three reasonably competitive market participants for an underwriting, of bonds to refund the City’s Senior Lien Electric System Revenue Bonds (Fiber-to-the Premises Project) (Build America Bonds-Direct Subsidy) Taxable Series 2010 (the “Series 2010 Revenue Bonds”) and Senior Lien Electric System Revenue Bonds (Fiber-to-the-Premises Project) Series 2012 (the “Series 2012 Revenue Bonds”) (collectively the “Refunded Bonds”).

The sale of the refunding bonds is expected to be in the fall of this year with a closing in October or November (the “Refunding Bonds”).

WM Financial Strategies is serving as financial advisor and Gilmore & Bell, Edwardsville, Illinois, is serving as Bond Counsel.

Additional Information.

The following information is available at www.wmfinancialstrategies.com/RFPs.htm:

- The City’s 2018 Fiscal Year disclosure report which includes information regarding the Electric System.
- The City’s audited financial statements for the 2016, 2017 and 2018 fiscal years.
- The Official Statements for the Refunded Bonds. (The Official Statements include a summary of the bond ordinances. The bond ordinance for the Refunding Bonds is expected to have terms and covenants similar to those set forth in the bond ordinance for the Series 2012 Revenue Bonds.)

Submissions

Written statements of interest for the Refunding Bonds will be accepted until 12:00 p.m., central time, on June 28. One copy should be sent to the City’s Municipal Advisor at Jhoward@wmfinancialstrategies.com and one copy should be sent to the City’s Director of Finance at kkorte@highlandil.gov. Any proposal which is not received by the designated time and date will be rejected.

Terms of Bonds

- The City prefers a maturity schedule that will provide approximately equal annual debt service savings.
- The City intends to maintain a debt service reserve fund equal to maximum annual debt service.

- The other terms are to be determined based on the responses received to this request for indications of interest.

If you are interested in serving as the purchaser, placement agent or underwriter of the Refunding Bonds, a response to each of the following questions should be submitted to the City and its financial advisor:

1. Statement of Interest. Indicate whether your firm has an interest in underwriting, purchasing or privately placing the Refunding Bonds.
2. Single or Two Series of Bonds (Bank Qualified). The City is considering issuing a single series of Refunding Bonds or two series (under a single Official Statement). The City has estimated that the single series would be in the approximate principal amount of \$10,580,000. As an alternative, two series of bonds could be sold; one of which refunds the Series 2010 Revenue Bonds and one of which refunds the Series 2012 Revenue Bonds. This approach would permit both series to be Bank Qualified provided that the pricing of the two series is separated by 15 days. Please indicate your preferred approach. If you have an interest in underwriting either a single non-bank qualified issue or two series of bank qualified bonds, please quantify the approximate difference in yields you would achieve for bank qualified compared to non-bank qualified bonds.
2. Bond Rating and Insurance. The Series 2010 Revenue Bonds and Series 2012 Revenue Bonds are presently rated "A" by S&P. The City is considering the feasibility of obtaining a municipal bond insurance policy. Indicate whether you have in interest in underwriting either rated bonds or insured bonds. If you have an interest in either rated or insured bonds, provide an indication of the interest rate differential between the rated and insured options.
3. Underwriting Discount or Placement Fees. Provide an indication of your underwriting discount or any placement fees. Indicate whether you will require the engagement of underwriter's counsel (or purchaser counsel) and, if required, the name of the firm and associated fees.
4. Rates and Yields. Provide an indication of the interest rates, yields to call, yields to maturity and prices per maturity you would assign to the Refunding Bonds based on current market conditions and assuming a maturity schedule that provides approximately equal annual savings. (Final maturity for the Refunded Bonds will be January 1, 2032.)
5. Redemption Provision. Describe the terms by which the City will have the option to redeem the Refunded Bonds.
6. Other Terms. Indicate any other terms that you believe the City should consider for selecting an underwriter or bond purchaser.

Based on the responses received, the City may select an underwriter or 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