



WM Financial Strategies

11710 ADMINISTRATION DRIVE
SUITE 7
ST. LOUIS, MISSOURI 63146
(314) 423-2122

April 1, 2021

**RE: City of Highland, Illinois
Request for Indications of Interest
Approximately \$1,835,000
General Obligation Sewerage System Refunding Bonds
(Alternate Revenue Source) Series 2021**

WM Financial Strategies, as municipal 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, private placement or direct purchase of bonds (the “Refunding Bonds”) to refund the City’s General Obligation Sewerage System Bonds (Alternate Revenue Source) Series 2013 (the “Series 2013 Bonds”).

The City intends for the refunding to be a current refunding for Internal Revenue Code purposes and, as a result, the issue cannot be closed until July 6, 2021. The sale is expected to be approved by passage of the bond ordinance on June 21.

The City has not applied for a rating on this issue. The Series 2013 Bonds are rated Aa3. Proposals that require a rating should be based on the assumption that the Refunding Bonds will be rated Aa3.

Gilmore & Bell, Edwardsville, Illinois, is serving as Bond Counsel. Gilmore & Bell will render the legal opinion on the Refunding Bonds that will include the opinion that the Bonds are designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

Additional Information.

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

- The City’s 2020 Fiscal Year disclosure.
- The City’s audited financial statements for the 2018, 2019 and 2020 fiscal years.
- The Official Statement for the Series 2013 Bonds. (The Official Statement includes a summary of the bond ordinance. 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 2013 Bonds.)
- The preliminary maturity schedule for the Refunding Bonds.

Projected 2021 Results

The City's 2021 Fiscal Year ends on April 30, 2021. Based on the budget and year-to-date financial results, the unassigned balance as of April 30, 2021 is projected to be approximately \$2,415,000 for the General Fund and \$4,335,000 for the Sewer Fund.

The City also maintains a savings balance in the Property Replacement Fund, which is a voluntary fund established by the City for capital expenditures in various City funds including the General Fund, but is available for any lawful purpose. The balance set aside for the General Fund is expected to equal \$4,138,000 for the 2021 Fiscal Year.

Submission.

Written statements of interest for the Refunding Bonds will be accepted until 12:00 p.m., central time, on April 15. 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 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 municipal advisor:

1. Statement of Interest. Indicate whether your firm has an interest in underwriting, purchasing or privately placing the Refunding Bonds.
2. Bond Rating. Indicate whether your proposal is based on receipt of a bond rating.
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. Costs of Transaction. The City will pay for the following fees, if applicable, Municipal Advisor, Bond Counsel, City attorney, CUSIP, Paying Agent, Escrow Agent, and Rating. If your proposal requires the payment of any other fees, please specify.
5. 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 the maturity schedule on-line at www.wmfinancialstrategies.com/RFPs.htm. Indicate how the final rates and yields will be established at the time of sale. (No rate in your response or at the time of sale may exceed 3%.)
6. Credit Approval. Indicate whether you have received preliminary credit approval for this financing. Describe in detail the process and timing required by your firm for obtaining final credit approval.

7. Redemption Provisions and Other Terms. Describe the terms by which the City will have the option to redeem the Refunding Bonds. The City expects to maintain other terms consistent with the terms of the Series 2013 Bonds. Indicate any other terms that you believe the City should consider for selecting an underwriter, bond purchaser or lender.

Based on the responses received, the City may select an underwriter, placement agent 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