



AGENDA ITEM EXECUTIVE SUMMARY

Agenda Item:	Bond Counsel Services for the Waterworks and Sewerage System Revenue Bonds, IEPA Series 2017		
Presenter & Title:	Rita Kruse, Finance Manager		
Date:	February 13, 2017		
Please Check Appropriate Box:			
<input checked="" type="checkbox"/>	Committee of the Whole Meeting	<input type="checkbox"/>	Special Committee of the Whole Meeting
<input checked="" type="checkbox"/>	City Council Meeting	<input type="checkbox"/>	Special City Council Meeting
<input type="checkbox"/>	Public Hearing	<input type="checkbox"/>	Other -
Estimated Cost: \$20,000 FY 2017 \$10,000 FY 2018		Budgeted?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
<i>If NO, please explain how the item will be funded: This expense will be funded by the issuance of the IEPA loan.</i>			
Executive Summary:			
<p>The City retains bond counsel to assist compliance matters related to debt issuances. The IEPA also requires bond counsel's opinion for this issuance.</p> <p>Chapman and Cutler has been the City's bond counsel for over 15 years. They have provided us with excellent service and promptness on any issues that may arise. The fee for this issuance is \$30,000. The fee is comprised of \$20,000 for the initial legal work needed to authorize the underlying IEPA loan, and \$10,000 to complete the documentation and provide a final legal opinion following the first loan disbursement.</p>			
Attachments: <i>(please list)</i>			
<ul style="list-style-type: none"> • Engagement letter from Chapman and Cutler, LLP. 			
Recommendation / Suggested Action: <i>(briefly explain)</i>			
<p>Authorize the City Administrator to enter into a contract with Chapman and Cutler to serve as bond counsel for the Waterworks and Sewerage System Revenue Bonds, IEPA Series 2017.</p>			

RESOLUTION NO. 2017-17
RESOLUTION AUTHORIZING THE CITY OF GENEVA TO ENTER INTO AN
AGREEMENT WITH CHAPMAN & CUTLER, LLC.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GENEVA, KANE COUNTY, ILLINOIS, as follows:

SECTION 1: That the City Administrator is hereby authorized to sign the engagement letter with the Chapman & Cutler, LLC on behalf of the City of Geneva, in the form attached hereto as Exhibit "A", relating to professional services related to the issuance of the Waterworks and Sewerage Revenue Bonds.

SECTION 2: This Resolution shall become effective from and after its passage as in accordance with law.

PASSED by the City Council of the City of Geneva, Kane County, Illinois, this ____ day of _____, 2017.

AYES: __ NAYS: __ ABSENT: __ ABSTAINING: __ HOLDING OFFICE: __

Approved by me this 21st day of February, 2017.

Mayor

ATTEST:

City Clerk

February 7, 2017

Ms. Rita Kruse
Finance Manager
City of Geneva
22 South First Street
Geneva, Illinois 60134

Re: City of Geneva, Kane County, Illinois (the "City")
Waterworks and Sewerage System Revenue Bonds, IEPA, Series 2017

Dear Rita:

We are pleased to provide an engagement letter for our services as bond counsel for the bonds in reference (the "*Bonds*"). For convenience and clarity, we may refer to the City in its corporate capacity and to you, the City officers (including the governing body of the City) and employees and general and special counsel to the City, collectively as "*you*" (or the possessive "*your*"). You have advised us that the purpose of the issuance of the Bonds, briefly stated, is to provide for improvements to the waterworks and sewerage system of the City. You are retaining us for the limited purpose of rendering our customary approving legal opinion as described in detail below.

A. DESCRIPTION OF SERVICES

As Bond Counsel, we will work with you and the following persons and firms: the underwriters or other bond purchasers who purchase the Bonds from the City (all of whom are referred to as the "*Bond Purchasers*"), counsel for the Bond Purchasers, financial advisors, trustee, paying agent and bond registrar and their designated counsel (you and all of the foregoing persons or firms, collectively, the "*Participants*"). We intend to undertake each of the following (the "*Services*") as necessary:

1. Review relevant Illinois law, including pending legislation and other recent developments, relating to the legal status and powers of the City or otherwise relating to the issuance of the Bonds.
2. Obtain information about the Bond transaction and the nature and use of the facilities or purposes to be financed or, for any portion of the Bonds to be issued for refunding

Ms. Rita Kruse
February 7, 2017
Page 2

purposes, the facilities or purposes financed with the proceeds of the bonds to be refunded (the “*Project*”).

3. Review the proposed timetable and consult with the Participants as to the issuance of the Bonds in accordance with the timetable.

4. Prepare or review major Bond documents, including tax compliance certificates, review the bond purchase agreement, if applicable, and, at your request, draft descriptions of the documents which we have drafted. We understand that the Bonds will be purchased by the Illinois Environmental Protection Agency (the “*Purchaser*”) and that the Purchaser will independently perform its due diligence investigation with respect to the Bonds.

5. Prepare or review all pertinent proceedings to be considered by the governing body of the City; confirm that the necessary quorum, meeting and notice requirements are contained in the proceedings and draft pertinent excerpts of minutes of the meetings relating to the financing.

6. Attend or host such drafting sessions and other conferences as may be necessary, including a preclosing, if needed, and closing; and prepare and coordinate the distribution and execution of closing documents and certificates, opinions and document transcripts.

7. Render our legal opinion regarding the validity of the Bonds and the source of payment for the Bonds, which opinion (the “*Bond Opinion*”) will be delivered in written form on the date the Bonds are exchanged for their purchase price (the “*Closing*”). The Bond Opinion will be based on facts and law existing as of its date. Please see the discussion below at Part D. Please note that our opinion represents our legal judgment based upon our review of the law and the facts so supplied to us that we deem relevant and is not a guarantee of a result.

B. LIMITATIONS; SERVICES WE DO NOT PROVIDE

Our Services as Bond Counsel are limited as stated above. Consequently, unless otherwise agreed pursuant to a separate engagement letter, our Services *do not* include:

1. Giving any advice, opinion or representation as to the financial feasibility or the fiscal prudence of issuing the Bonds, including, without limitation, the undertaking of the Project, the investment of Bond proceeds, the making of any investigation of or the expression of any view as to the creditworthiness of the City, of the Project or of the Bonds or the form, content, adequacy or correctness of the financial statements of the City. We will not offer you financial advice in any capacity beyond that constituting services of a traditionally legal nature.

2. Except as described in Paragraph (A)(5) above, assisting in the preparation or review of an official statement or any other disclosure document with respect to the Bonds (which may be referred to as the “*Official Statement*”) or performing an independent investigation to determine the accuracy, completeness or sufficiency of the Official Statement or

Ms. Rita Kruse
February 7, 2017
Page 3

rendering any advice, view or comfort that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading. Please see our comments below at Paragraphs (D)(5) and (D)(6).

3. Independently establishing the veracity of certifications and representations of you or the other Participants. For example, we will not review the data available on the Electronic Municipal Market Access system website created by the Municipal Securities Rulemaking Board (and commonly known as “EMMA”) to verify the information relating to the Bonds to be provided by the Bond Purchasers, and we will not undertake a review of your website to establish that information contained corresponds to that which you provide independently in your certificates or other transaction documents.

4. Supervising any state, county or local filing of any proceedings held by the governing body of the City incidental to the Bonds.

5. Preparing any of the following — requests for tax rulings from the Internal Revenue Service (the “IRS”), blue sky or investment surveys with respect to the Bonds, state legislative amendments or pursuing test cases or other litigation.

6. Opining on securities laws compliance or as to the continuing disclosure undertaking pertaining to the Bonds; and, after the execution and delivery of the Bonds, providing advice as to any Securities and Exchange Commission investigations or concerning any actions necessary to assure compliance with any continuing disclosure undertaking.

7. Any other services not specifically set forth above in Part A.

C. ATTORNEY-CLIENT RELATIONSHIP; REPRESENTATION OF OTHERS

Upon execution of this engagement letter, the City will be our client, and an attorney-client relationship will exist between us. However, our Services as Bond Counsel are limited as set forth in this engagement letter, and your execution of this engagement letter will constitute an acknowledgment of those limitations. Also please note that the attorney-client privilege, normally applicable under state law, may be diminished or non-existent for written advice delivered with respect to Federal tax law matters.

This engagement letter will also serve to give you express written notice that from time to time we represent in a variety of capacities and consult with most underwriters, investment bankers, credit enhancers such as bond insurers or issuers of letters of credit, ratings agencies, investment providers, brokers of financial products, financial advisors, banks and other financial institutions and other persons who participate in the public finance market on a wide range of issues. Prior to the execution of this engagement letter we may have consulted with one or more of such firms regarding the Bonds including, specifically, the Bond Purchasers. We are advising

Ms. Rita Kruse
February 7, 2017
Page 4

you, and you understand that the City consents to our representation of it in this matter, notwithstanding such consultations, and even though parties whose interests are or may be adverse to the City in this transaction are clients in other unrelated matters. Your acceptance of our services constitutes consent to these other engagements. Neither our representation of the City nor such additional relationships or prior consultations will affect, however, our responsibility to render an objective Bond Opinion.

Your consent does not extend to any conflict that is not subject to waiver under applicable Rules of Professional Conduct, or to any matter that involves the assertion of a claim against the City or the defense of a claim asserted by the City. In addition, we agree that we will not use any confidential non-public information received from you in connection with this engagement to your material disadvantage in any matter in which we would be adverse to you.

Further, this engagement letter will also serve to give you express notice that we represent many other municipalities, school districts, park districts, counties, townships, special districts and units of local government both within and outside of the State of Illinois and also the State itself and various of its agencies and authorities (collectively, the “*governmental units*”). Most but not all of these representations involve bond or other borrowing transactions. We have assumed that there are no controversies pending to which the City is a party and is taking any position which is adverse to any other governmental unit, and you agree to advise us promptly if this assumption is incorrect. In such event, we will advise you if the other governmental unit is our client and, if so, determine what actions are appropriate. Such actions could include seeking waivers from both the City and such other governmental unit or withdrawal from representation.

We anticipate that the City will have its general or special counsel available as needed to provide advocacy in the Bond transaction and has had the opportunity to consult with such counsel concerning the conflict consents and other provisions of this letter; and that other Participants will retain such counsel as they deem necessary and appropriate to represent their interests.

D. OTHER TERMS OF THE ENGAGEMENT; CERTAIN OF YOUR UNDERTAKINGS

Please note our understanding with respect to this engagement and your role in connection with the issuance of the Bonds.

1. In rendering the Bond Opinion and in performing any other Services hereunder, we will rely upon the certified proceedings and other certifications you and other persons furnish us. Other than as we may determine as appropriate to rendering the Bond Opinion, we are not engaged and will not provide services intended to verify the truth or accuracy of these proceedings or certifications. We do not ordinarily attend meetings of the governing body of the City at which proceedings related to the Bonds are discussed or passed unless special circumstances require our attendance.

Ms. Rita Kruse
February 7, 2017
Page 5

2. The factual representations contained in those documents which are prepared by us, and the factual representations which may also be contained in any other documents that are furnished to us by you are essential for and provide the basis for our conclusions that there is compliance with State law requirements for the issue and sale of valid bonds. Accordingly, it is important for you to read and understand the documents we provide to you because you will be confirming the truth, accuracy and completeness of matters contained in those documents at the issuance of the Bonds.

3. If the documents contain incorrect or incomplete factual statements, you must call those to our attention. We are always happy to discuss the content or meaning of the transaction documents with you. Any untruth, inaccuracy or incompleteness may have adverse consequences affecting either the tax exemption of interest paid on the Bonds or the adequacy of disclosures made in the Official Statement under the State and Federal securities laws, with resulting potential liability for you. During the course of this engagement, we will further assume and rely on you to provide us with complete and timely information on all developments pertaining to any aspect of the Bonds and their security. We understand that you will cooperate with us in this regard.

4. You should carefully review all of the representations you are making in the transaction documents. We are available and encourage you to consult with us for explanations as to what is intended in these documents. To the extent that the facts and representations stated in the documents we provide to you appear reasonable to us, and are not corrected by you, we are then relying upon your signed certifications for their truth, accuracy and completeness.

5. Issuing the Bonds as “securities” under State and Federal securities laws and on a tax-exempt basis is a serious undertaking. As the issuer of the Bonds, the City is obligated under the State and Federal securities laws and the Federal tax laws to disclose all material facts. The City’s lawyers, financial advisers and bankers can assist the City in fulfilling these duties, but the City in its corporate capacity, including your knowledge, has the collective knowledge of the facts pertinent to the transaction and the ultimate responsibility for the presentation and disclosure of the relevant information.

6. As noted, the members of the governing body of the City also have duties under the State and Federal securities and tax laws with respect to these matters and should be knowledgeable as to the underlying factual basis for the bond issue size, use of proceeds and related matters.

7. We are also concerned about the adoption by the City of the gift ban provisions of the State Officials and Employees Ethics Act, any special ethics or gift ban ordinance, resolution, bylaw or code provision, any lobbyist registration ordinance, resolution, bylaw or code provision or any special provision of law or ordinance, resolution, bylaw or code provision relating to disqualification of counsel for any reason. We are aware of the provisions of the State Officials and Employees Ethics Act and will assume that you are aware of these provisions as well and

Ms. Rita Kruse
February 7, 2017
Page 6

that the City has adopted proceedings that are only as restrictive as such Act. However, if the City has stricter provisions than appear in such Act or has adopted such other special ethics or lobbyist provisions, we assume and are relying upon you to advise us of same.

E. FEES

As is customary, we will bill our fees as Bond Counsel on a transactional basis instead of hourly. Disbursements and other non-fee charges are included in our fees for professional services. Factors which affect our billing include: (a) the amount of the Bonds; (b) an estimate of the time necessary to do the work; (c) the complexity of the issue (number of parties, timetable, type of financing, legal issues and so forth); (d) recognition of the partially contingent nature of our fee, since it is customary that in the case no financing is ever completed, we render a greatly reduced statement of charges; and (e) a recognition that we carry the time for services rendered on our books until a financing is completed, rather than billing monthly or quarterly.

Based upon our current understanding of the terms, structure, size and schedule of the proposed financing, the duties we will undertake pursuant to this engagement letter, the time we estimate will be necessary to effectuate the transaction and the responsibilities we will assume, we expect that our fee will be \$30,000 (comprised of \$20,000 for the initial legal work needed to authorize the underlying IEPA loan, and \$10,000 to complete the documentation and provide a final legal opinion following the first loan disbursement).

Our statement of charges is customarily rendered and paid at Closing, or in some instances upon or shortly after delivery of the bond transcripts; we generally do not submit any statement for fees prior to the Closing, except in instances where there is a substantial delay from the expected timetable. In such instances, we reserve the right to present an interim statement of charges. If, for any reason, the Bonds are not issued or are issued without the rendition of our Bond Opinion as bond counsel, or our services are otherwise terminated, we expect to negotiate with you a mutually agreeable compensation.

The undersigned will be the attorney primarily responsible for the firm's services on this Bond issue, with assistance as needed from other members of our bond, securities and tax departments.

F. END OF ENGAGEMENT AND POST-ENGAGEMENT; RECORDS

Our representation of the City and the attorney-client relationship created by this engagement letter will be concluded upon the issuance of the Bonds. Nevertheless, subsequent to the Closing, we will prepare and provide the Participants a bond transcript in a CD-ROM format pertaining to the Bonds.

Please note that you are engaging us as special counsel to provide legal services in connection with a specific matter. After the engagement, changes may occur in the applicable

Ms. Rita Kruse
February 7, 2017
Page 7

laws or regulations, or interpretations of those laws or regulations by the courts or governmental agencies, that could have an impact on your future rights and liabilities. Unless you engage us specifically to provide additional services or advice on issues arising from this matter, we have no continuing obligation to advise you with respect to future legal developments.

This will be true even though as a matter of courtesy we may from time to time provide you with information or newsletters about current developments that we think may be of interest to you. While we would be pleased to represent you in the future pursuant to a new engagement agreement, courtesy communications about developments in the law and other matters of mutual interest are not indications that we have considered the individual circumstances that may affect your rights or have undertaken to represent you or provide legal services.

At your request, to be made at or prior to Closing, any other papers and property provided by the City will be promptly returned to you upon receipt of payment for our outstanding fees and client disbursements. All other materials shall thereupon constitute our own files and property, and these materials, including lawyer work product pertaining to the transaction, will be retained or discarded by us at our sole discretion. You also agree with respect to any documents or information relating to our representation of you in any matter which have been lawfully disclosed to the public in any manner, such as by posting on EMMA, your website, newspaper publications, filings with a County Clerk or Recorder or with the Secretary of State, or otherwise, that we are permitted to make such documents or information available to other persons in our reasonable discretion. Such documents might include (without limitation) legal opinions, official statements, resolutions or ordinances, or like documents as assembled and made public in a governmental securities offering.

Ms. Rita Kruse
February 7, 2017
Page 8

G. YOUR SIGNATURE REQUIRED

If the foregoing terms are acceptable to you, please so indicate by returning the enclosed copy of this engagement letter dated and signed by an authorized officer not later than 30 days after the date of this letter, retaining the original for your files. Please note that if we perform Services prior to your executing this engagement letter, this engagement letter shall be effective as of the date we have begun rendering the Services. We will provide copies of this letter to certain of the Participants to provide them with an understanding of our role. We look forward to working with you.

Very truly yours,

CHAPMAN AND CUTLER LLP

By 
Lawrence E. White

Accepted and Approved:

CITY OF GENEVA, KANE COUNTY,
ILLINOIS

By: _____

Title: _____

Date: _____, 2017

LEW/KMF:nr

Enclosure

Special Note: This letter must be signed and returned not later than 30 days after the date of this letter.