

## Village Board Agenda Memo

Date: April 4, 2016

To: Finance Committee Chair Patricia Rocco  
President Discipio and Board of Trustees

From: Larry Noller, Finance Director   
Julia Cedillo, Village Manager 

Re: Financial Advisor Services for 2016 Road and Fire Bonds

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### PURPOSE

Approve an agreement with Robert W. Baird & Co., Inc. for financial advisor services for the 2016 road and fire equipment bonds.

### BACKGROUND

Following the recent approval of both the road and fire equipment bond referenda, the Village is preparing to issue the bonds. In order to proceed, the Village will engage a financial advisor to provide the required analysis and guidance with the process. The financial advisor will work with the Village to determine the parameters of the issuance, the structure and timing of the bonds, prepare bond documents, assist with rating agency presentations, and complete the sale as approved by the Village.

The Village Board selected Baird for financial advisor services following an RFP process prior to refunding the 2006 sewer bonds. Baird's proposed fee for the current bonds will depend on the actual issuance amount. The estimated amount for the 2016 issuance is currently \$6.95 million which would result in a fee of \$15,975. For comparison, Baird's fee was \$13,500 for the \$3.495 million sewer bond refunding. If the Village were to issue the full \$11.2 million in one issuance, the maximum fee would be \$18,100. It is more likely that the Village will do two issuances due to the length of the project. In that case, the second issuance will require a separate agreement.

### STAFF RECOMMENDATION

Staff recommends approval of the attached agreement at the April 12<sup>th</sup> meeting. Baird has already started work in order to meet the projected timeline.

### ACTION REQUESTED

Motion to approve an agreement with Robert W. Baird & Co., Inc. for financial advisor services for the 2016 road and fire equipment bonds in a not to exceed amount of \$18,100.

### DOCUMENTATION

- Financial Advisor Agreement

March 31, 2016

Mr. Larry Noller  
Finance Director  
Village of La Grange Park  
447 N. Catherine Street  
LaGrange Park, IL 60526

Re. Financial Advisory Services Agreement

Mr. Noller:

On behalf of Robert W. Baird & Co. Incorporated (“we” or “Baird”), we wish to thank you for the opportunity to serve as exclusive financial advisor to the Village of La Grange Park, Illinois (“you” or the “Client”) with respect to the proposed issuance of General Obligation Corporate Purpose Bonds, Series 2016 (the “Securities”). This Agreement will establish the terms and conditions under which Baird will provide financial advisory services to the Client in connection with the proposed issuance or other financing (the “Financing”).

1. Financial Advisory Services to be Provided by Baird. The Client hereby engages Baird to serve as financial advisor with respect to the Financing, and in such capacity Baird agrees to provide advice as to the structure, timing, terms and other matters regarding the Financing, including the following services, if and as requested by the Client:

- Evaluate possible options, vehicles and structures for the Financing
- Advise the Client as to the methods and types of Financing that are available and appropriate to the Client
- Assist the Client in developing and designing the terms and features of the plan of Financing
- Advise the Client as to strategies for obtaining the Financing
- Review financial and other information regarding the Client, the Financing
- Assist in the preparation and/or review and distribution of documents pertaining to the Financing, including, if applicable, the official statement and/or bid package
- Consult and meet with representatives of the Client and others involved with the Financing
- Respond to questions and requests from potential investors and other possible Financing sources
- If applicable, assist in the selection of one or more underwriters for the Financing
- If applicable, arrange and facilitate visits to, and prepare materials for, credit ratings agencies and insurers
- Prepare a closing memorandum or settlement statement for, and otherwise assist with, the closing of the Financing
- Assist the Client with its continuing disclosure obligation by filing documents on the EMMA website upon request of the Client (Baird would not be serving as dissemination agent)
- Such other usual and customary financial advisory services as may be requested by the Client, including, but not limited to the scope of services described in the Client’s RFP dated July 9, 2014

Baird represents and certifies that services shall be performed in accordance with the generally accepted standards of professional practice, care, and diligence practiced by recognized firms in performing services of a similar nature in existence at the time of performance. The representations and certifications expressed shall be in addition to any other representations and certifications expressed in this Agreement, or expressed or implied by law, which are hereby reserved unto the Client.

Baird represents that its employees, agents and subcontractors currently hold, and shall maintain throughout the term of the Agreement, all required licenses, permits and certificates, and have duly registered and otherwise complied in all respects with any applicable federal, state and local laws, regulations and ordinances applicable to the performance of this Agreement.

Under MSRB Rule G-23, Baird will not be able to serve as underwriter or placement agent for any notes, bonds or other securities to be issued and sold as part of the Financing. Baird is registered as a municipal advisor with the Securities Exchange Commission and Municipal Securities Rulemaking Board. As financial advisor to the Client in connection with the proposed Financing, Baird will have fiduciary duties, including a duty of care and a duty of loyalty. Baird is required to act in the Client's best interests without regard to its own financial and other interests.

2. Fees and Expenses. For its financial advisory services, Baird shall be entitled to a fee (the "Financial Advisory Fee") of \$12,500 plus \$0.50 per \$1,000 of the public offering price of the bonds issued, not to exceed \$18,100 to be paid by the Client. The Financial Advisory Fee shall be paid upon completion of the Financing. Baird acknowledges that if the Financing does not occur within 12 months after the termination of this Agreement, no Financial Advisory Fee will be earned or payable by the Village. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest because it may give Baird an incentive to recommend to the Client a Financing that is unnecessary or to recommend that the size of the transaction be larger than is necessary. For a competitive sale, there could be a fee to post the Village's Preliminary Official Statement on a third party website in order to broaden underwriter participation. The Village would be expected to reimburse Baird for this fee.

3. Term and Termination. The term of this engagement shall extend from the date of this Agreement to the closing of the Financing. Notwithstanding the forgoing, either party may terminate Baird's engagement at any time without liability or penalty upon at least 30 days' prior written notice to the other party. If Baird's engagement is terminated by the Client, the Client agrees to compensate Baird for the services provided and to reimburse Baird for its out-of-pocket expenses incurred until the date of termination (but limited to the Financial Advisory Fee) and if within 12 months following such termination the Client completes the Financing the Client shall pay Baird the Financial Advisory Fee, less any amounts previously paid to Baird by the Village.

4. Indemnification. To the fullest extent permitted by law, Baird shall defend, hold harmless, and indemnify the Client, their corporate authorities, trustees, officers, directors, agents, and employees from and against any and all injury, death, loss, property damage, judgments, liens, claims, suits, liabilities, actions, causes of action, demands, expenses, costs, or other liabilities of any character (including reasonable attorney's fees) arising in whole or in part, relating to or resulting from the performance under this Agreement by Baird, its Subcontractors, or others performing or furnishing any work directly or indirectly on Baird's behalf, including but not limited to (a) failure to comply with, or violation of, any federal, state or local law, statute, regulation, rule, ordinance, order, or governmental directive; (b) negligence; and, (c) failure to comply with the terms, conditions, representations, or warranties contained in the Agreement. In connection with any such liabilities, the Client, their officers, agents, employees, representatives and their assigns shall have the right to defense counsel of their choice and Baird shall be solely liable for all costs, fees and expenses of such defense. Any insurance policies required to be maintained pursuant to the Agreement shall in no way limit the extent of Baird's responsibility to indemnify as herein provided. The terms of this indemnity shall survive the suspension, expiration or termination of the Agreement.

5. No Personal Liability. No elected or appointed official or employee of the Client shall be personally liable, in law or in contract, to the Baird as the result of the execution of this Agreement.

6. Conflicts. Baird is a full service securities firm and as such Baird and its affiliates may from time to time provide advisory, brokerage, consulting and other services and products to municipalities, other institutions, and individuals including the Client, certain Client officials or employees, and potential purchasers of the Securities for which Baird may receive customary compensation; however, such services are not related to the proposed offering. Baird may also be engaged from time to time by the Client to manage investments for the Client (including the proceeds from the proposed offering) through a separate contract that sets forth the fees to be paid to Baird. Baird manages various mutual funds, and from time to time those funds may own bonds and other securities issued by the Issuer (including the Securities). Additionally, clients of Baird may from time to time purchase, hold and sell bonds and other securities issued by the Client (including the Securities).

In the ordinary course of fixed income trading business, Baird may purchase, sell, or hold a broad array of investments and may actively trade securities and other financial instruments, including the Securities and other municipal bonds, for its own account and for the accounts of customers, with respect to which Baird may receive a mark-up or mark-down, commission or other remuneration. Such investment and trading activities may involve or relate to the Financing or other assets, securities and/or instruments of the Client and/or persons and entities with relationships with the Client.

6. **Miscellaneous.** This Agreement shall be governed and construed in accordance with the laws of the State of Illinois. This Agreement may not be amended or modified except by means of a written instrument executed by both parties hereto. This Agreement may not be assigned by either party without the prior written consent of the other party.

If there is any aspect of this Agreement that you believe requires further clarification, please do not hesitate to contact us. If the foregoing is consistent with your understanding of our engagement, please sign and return the enclosed copy of this letter.

Again, we thank you for the opportunity to assist you with the Financing and the confidence you have placed in us.

Very truly yours,

**ROBERT W. BAIRD & CO. INCORPORATED**

By: Stephen Roh  
Director

Accepted this 12 day of April, 2016

**VILLAGE OF LA GRANGE PARK, ILLINOIS**

By: [Signature]  
Title: Village President