

Item #8:
Ordinance Re: Issuance Of \$1M IL 83 SSA Bonds

David Lothspeich

From: victor.filippini@hklaw.com
Sent: Friday, April 08, 2011 8:05 AM
To: LBilas@foley.com; praphael@williamblair.com
Cc: David Lothspeich; Betsy.Gates@hklaw.com
Subject: RE: Village of Long Grove

Dear Laura and Peter,

I had a few comments with respect to the Bond Ordinance and Placement Agreement. They are set forth below.

Placement Agreement:

--Section 2(b) mentions a Tax Agreement, but we have not seen the form. Can someone provide it before Tuesday.

--Section 2(d)(i) references an opinion of issuer's counsel. I would like to see the form of such letter that is desired before Tuesday as well.

Bond Ordinance:

--Flow of Funds: I understood that the bonds were being sold in reliance upon the taxes from Sunset Grove only, and not the taxes that will be due from the South 15 Acres. First, I wanted to confirm that. Second, based on that assumption and the structure of the SSA Tax Roll, the levies in each year should generally be close to double what is needed for debt service (this is because Sunset Grove and the South 15 Acres are obligated to pay roughly the same amount); is this in fact the case? Third, I understood that there would be provision to release all or a substantial portion of the taxes (if any) paid from the South 15 Acres, which amount would be immediately available to pay-down some of the advances already made by the Village to the SSA, but there seems to be no provision for this. Was this an oversight, or has the terms of the deal changed? [See Sections 10, 11 (penultimate sentence), and 12, as well as bond form.]

--Prepayments. This issue seems to be in conflict with prior communications. I understood that there was a desire to **not** allow any further prepayments (which can only be allowed upon such terms as the Village might authorize). I would have thought that the Bond Ordinance would have the Village make a specific undertaking not to allow further prepayments. I also thought that the prepayment provisions were confusing in light of the full prepayments that had been made by two parcels -- the money for which has already been used for the Project. Yet, Section 4(c) suggests that these funds are to be used for redeeming the bonds. This needs to be clarified at a minimum to avoid any suggestion that the original prepayors' payments are to be used for redeeming bonds, or revamped to simply eliminate the possibility of prepayments.

--Section 10, Last Paragraph. I don't understand the difference between the \$187K and \$118K. Why is there a difference, and what is to be done with the \$69K difference?

Can we get these points clarified? Thanks,

Vic

4/8/2011

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From: Bilas, Laura L. [mailto:LBilas@foley.com]

Sent: Thursday, April 07, 2011 4:04 PM

To: praphael@williamblair.com

Cc: Filippini, Vic (CHI - X66560)

Subject: FW: Village of Long Grove

From the Desk of: Laura L. Bilas

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Peter, any additional thoughts on the prepayment provisions and when you might have a prepayment schedule available?

Vic, could you let us know when we need to have the final version of the ordinance for the board?

Thanks.

Laura

Laura Bilas

Foley & Lardner LLP

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Suite 2800

Chicago, Illinois 60654-5313

Tel: 312-832-4533

Fax: 312-832-4700

From: Marinier, Stacy L. On Behalf Of Bilas, Laura L.

Sent: Thursday, April 07, 2011 3:55 PM

To: lothsd@longgrove.net; victor.filippini@hklaw.com; Bilas, Laura L.; praphael@williamblair.com;

agranchalek@williamblair.com; betsy.gates@hklaw.com; Michele Martello

Cc: Bilas, Laura L.

Subject: Village of Long Grove

Attached are clean and blacklined copies of the revised Ordinance, which incorporates changes requested by the Paying Agent.

Laura L. Bilas

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4/8/2011



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**VILLAGE OF LONG GROVE
ROUTE 83 WATER SSA, SERIES 2011
(Sunset Grove/Sunset Foods Project)**

Summary of Proposed Terms

ISSUER: Village of Long Grove, Illinois

OFFERING TYPE: Special Service Area Bonds - Fixed Rate (the "Bonds")

DATED February 1, 2011

AMOUNT: \$1,000,000*

COUPON: 7.75%

FINAL MATURITY: March 1, 2030

DENOMINATIONS: Minimum denominations of \$100,000 with increments of \$1,000 in excess thereof.

STRUCTURE: The County will levy a special tax as set forth on the attached schedules.

The Bonds are limited obligations of the Village, payable solely and only from the Special Taxes.

BANK QUALIFICATION: The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

USE OF PROCEEDS: The proceeds of the Bonds will be used to 1) construct a deep-well water system; 2) pay costs of issuance; and 3) fund a debt service reserve equal to maximum interest for any six month period.

THE AREA: The Area is comprised of seven special tax paying parcels making up over 31 acres in the Village of Long Grove, Lake County, Illinois. Four of the parcels included in the SSA comprise the Sunset Grove Shopping Center. Sunset Grove Shopping Center is a 15.6-acre site at Route 83 and Aptakistic Road with 110,000 square-foot of retail space consisting of seven buildings. In addition to a 48,000 square-foot Sunset Foods anchor, commitments for the Project have also been obtained from CVS Pharmacy, Rosin Eyewear, Zengeler Cleaners, and Chase Bank. It is anticipated that the center will include 15 additional retailers. The specific PINs are: 15-30-200-002; 15-30-200-030; 15-30-200-031; and 15-30-200-032. The remaining three parcels are comprised of 15 undeveloped acres to the south of the Sunset Grove Shopping Center. The specific PINs are: 15-30-200-22; 15-30-200-24; and 15-30-200-27.

SECURITY: A first lien on all Special Service Area Taxes imposed upon property within the Area. In addition there will be a debt service reserve fund equal to one-half maximum annual interest.

SUBORDINATED DEBT: The Village will hold a subordinate SSA Note in the amount of \$685,000 secured by a subordinate lien on taxes within the Area. Payments under the SSA Note will only be made after the annual payment has been made under the Bonds.

*Estimated, subject to change.

BILLING AND COLLECTING:

The County will include the Special Tax on the semi-annual real estate bill. Unpaid taxes are subject to the County's annual tax sale.

ESTIMATED SOURCES AND USES:*

Sources	
Bond Proceeds	\$1,000,000
Investment Income	1,000
Total	<u>\$1,001,000</u>

Uses	
Project Funds	\$877,250
Debt Service Reserve	38,750
Costs of Issuance	85,000
Total	<u>\$1,001,000</u>

RATING:

Non-rated

TAXATION:

Exempt from federal taxes; not subject to AMT; not exempt from State of Illinois income taxes.

INTEREST PAYMENT DATES:

March 1 and September 1, commencing September 1, 2011

PRINCIPAL PAYMENT DATES:

March 1, commencing March 1, 2012

OPTIONAL REDEMPTION:

The Bonds are subject to optional redemption at prior to maturity on or after March 1, 2021 at par plus accrued interest.

SPECIAL MANDATORY REDEMPTION:

The Bonds are subject to special mandatory redemption from individual property owner prepayments.

ADMINISTRATIVE EXPENSES:

The levy will include an additional fee for administrative expenses of \$500 per year. Administrative expenses include the paying agent annual fees.

BOND COUNSEL:

Foley & Lardner LLP

PAYING AGENT:

Amalgamated Bank

PLACEMENT AGENT:

William Blair & Company

AVERAGE LIFE:

12.3 years