

ORDINANCE NO. 9394-76

AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE
A LETTER OF AGREEMENT FOR BOND FINANCING
BETWEEN THE CITY OF URBANA AND KANE MCKENNA CAPITAL, INC.

WHEREAS, it is desirable and in the best interests of the City of Urbana, Illinois to enter into an Agreement with Kane McKenna Capital, Inc. for services to the City relating to refunding of the City's outstanding Series 1985 and Series 1990 General Obligation Bonds;

WHEREAS, a written copy of such Letter of Agreement is now before this meeting.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That the Council hereby approves the City entering into a Letter of Agreement for Bond Financing between the City of Urbana and Kane McKenna Capital, Inc..

Section 2. That the Mayor is hereby authorized to execute and deliver such Agreement on behalf of the City. The agreement shall be in substantially the form which is before this Council, a copy of which is attached hereto and incorporated herein. The City Clerk is authorized to attest to such execution thereof.

This Ordinance is hereby passed by the affirmative vote, the "ayes" and "nays" being called, of a majority of the members of the Council of the City of Urbana, Illinois, at a regular meeting of said Council.


PASSED by the City Council this 21st day of March, 1994.


Phyllis D. Clark
Phyllis D. Clark, City Clerk

APPROVED by the Mayor this 23rd day of March, 1994.

Tod Satterthwaite
Tod Satterthwaite, Mayor

**THIS IS THE ATTACHMENT WHICH IS REFERRED TO IN ORDINANCE
NO. 9394-76 AND IS INCORPORATED THEREIN BY REFERENCE.**


Phyllis D. Clark
Phyllis D. Clark, City Clerk

March 21, 1994
Date



**KANE, McKENNA
CAPITAL, INC.**

150 North Wacker Drive, Suite 1600
Chicago, Illinois 60606
Telephone: (312)444-1702
Facsimile: (312)444-9052

March 10, 1994

Mr. Ronald Eldridge
Comptroller
City of Urbana
400 South Vine Street
P. O. Box 219
Urbana, Illinois 61801-0219

RE: Letter of Agreement for Bond Financing for the City of Urbana

Dear Mr. Eldridge:

Kane, McKenna Capital, Inc. (the FINANCIAL ADVISOR") hereby agree to provide services to the City of Urbana (the "CITY") relating to refunding the CITY'S outstanding Series 1985 and Series 1990 General Obligation Bonds.

FINANCIAL ADVISOR will provide the following services to the CITY as and when required.

- (1) Evaluation of Appropriate Financing Strategy
 - Evaluation of the CITY'S resource base and creditworthiness.
 - (a) Tax base/revenue analysis: evaluate components of tax base (i.e., major taxpayers);
 - (b) Trend analysis of property tax base: evaluate changes in assessed valuation over two reassessment cycles; changes in tax base, potential development of tax base;
 - (c) Trend analysis of revenues, expenditures, changes in financial position and cash flow; composition of tax/revenue base;

KANE, McKENNA CAPITAL, INC.

Mr. Ronald Eldridge
Page Two
February 15, 1994

- (d) Trend analysis of population growth and projections;
- (e) Employment base analysis - major employers, type of employers (e.g., service, commercial);
- (f) Economic and demographic components analysis - mix of land uses, income levels, home values, nature of surrounding economic base;
- (g) Outstanding debt - nature and level of debt and debt structure; and
- (h) Inter-municipal credit comparison - analysis of the CITY relative to other municipal issuers on key financial, debt, and socio-economic factors.

The analysis will provide FINANCIAL ADVISOR and the CITY with an overall assessment of the CITY'S financial and economic well-being. This analysis aids in evaluating the CITY'S financial and economic strengths, comparison to the credit rating agencies' evaluations and perceptions of the CITY and identifying areas for improvement. It also enables FINANCIAL ADVISOR to communicate the CITY'S whole picture to bond rating agencies and investors.

- FINANCIAL ADVISOR will perform an economic analysis of the CITY'S Tax Increment Finance Districts which will include:
 - Analysis of the tax base and historical revenues of the CITY'S Tax Increment Finance Districts;
 - Projected revenues of the CITY'S Tax Increment Finance Districts:

**KANE, McKENNA
CAPITAL, INC.**

Mr. Ronald Eldridge
Page Three
March 10, 1994

- Specific analysis of projected incremental tax revenues consisting of property taxes, local sales taxes, and State sales taxes based on existing tax base and any projected development which is underway.
 - Revenues will be projected over the remaining life of the TIF Districts and, if extended pursuant to the 1993 amendments to the TIF Act, to the year 2013.
 - The annual amount of State sales taxes will be projected based on the revised State sales tax distribution procedures pursuant to the 1993 amendments to the TIF Act.
- FINANCIAL ADVISOR will analyze the proposed financing and identify bond structuring alternatives in light of the projected revenue resources of the TIF Districts.
 - FINANCIAL ADVISOR will advise the CITY on a recommended financing structure for the proposed refunding bonds which achieves the greatest net present value savings and which maximizes the utilization of projected State sales tax increment to 2013.
 - FINANCIAL ADVISOR will report regularly to the CITY and attend any meetings as required.
- (2) Implementation of Funding Strategy

At the direction of the CITY, Kane, McKenna will proceed to work with the CITY to implement the approved strategy. At this time, FINANCIAL ADVISOR will perform the following key services, where appropriate:

KANE, McKENNA CAPITAL, INC.

Mr. Ronald Eldridge

Page Four

March 10, 1994

- FINANCIAL ADVISOR will prepare all financial analyses to refund the CITY'S outstanding Series 1985 and Series 1990 Bonds;
- FINANCIAL ADVISOR will prepare a detailed terms sheet and timetable in order to coordinate the bond issuance process and the efforts of all other service providers;
- FINANCIAL ADVISOR will draft the Preliminary Official Statement, Official Statement, Notice of Sale, and Bid Form;
- FINANCIAL ADVISOR will assist in preparation of necessary ordinances, agreements, contracts, and other documents as required in conjunction with the CITY, Bond Counsel, and the City's attorney;
- FINANCIAL ADVISOR will review projected market interest rates in light of current market conditions and advise the CITY about any issues and timing considerations related thereto;
- FINANCIAL ADVISOR will prepare and submit all letters, documents, and other necessary information to credit rating agencies, to obtain the highest possible rating; FINANCIAL ADVISOR will serve as liaison in communications with credit rating agencies; FINANCIAL ADVISOR will prepare for, attend and assist the CITY in meeting with bond rating agencies;
- FINANCIAL ADVISOR will facilitate procuring services of other service providers and obtaining price quotes to minimize costs of issuance and maintain quality and efficient service;
- FINANCIAL ADVISOR will conduct all activities essential to the sale of securities including, but not limited to, arranging for: the printing of bonds and the Official Statement; the registration and delivery of the bonds; and closing the bond issue;

**KANE, McKENNA
CAPITAL, INC.**

Mr. Ronald Eldridge

Page Five

March 10, 1994

- FINANCIAL ADVISOR will assist in the purchase of securities to fund the escrow and will coordinate activities of the trustee, the verification agent and Bond Counsel to insure that the Series 1985 and Series 1990 Bonds are legally defeased;
- If bonds are to be issued via a competitive sale, FINANCIAL ADVISOR will conduct activities necessary to the competitive sale of securities including: preparing notice of sale; advertising the sale in the Bond Buyer and other media as deemed necessary or desirable by the CITY; providing Official Statements to interested bidders and answering their questions; conducting pre-marketing telephone calls to prospective bidders to generate more bids on the date of sale; evaluating bids on the date of sale and advising the CITY on the lowest responsible bid;
- FINANCIAL ADVISOR will prepare a full report to the City Council on the financing, including explanation of our review of the bond structuring, interest rates and market conditions;
- FINANCIAL ADVISOR will report to the CITY administration and staff and City Council, as appropriate; and
- FINANCIAL ADVISOR will coordinate all activities for the timely closing of the financing.

The primary personnel who will coordinate Kane, McKenna's services to the CITY are Donald F. Eslick, Consultant and Joanne Malinowski, Assistant Vice President and head of Kane, McKenna's Bond Team.

**KANE, McKENNA
CAPITAL, INC.**

Mr. Ronald Eldridge
Page Six
February 15, 1994

Compensation for Services

If employed as FINANCIAL ADVISOR, Kane, McKenna will be paid a base fee of \$7,500.00 plus 0.1% of the principal amount of bonds issued, plus out-of-pocket expenses for the performance of all financial advisory services outlined above.

If the contents of this agreement are acceptable to you, please sign both the original and the copy provided. Retain the copy for your records and return the executed original to us.

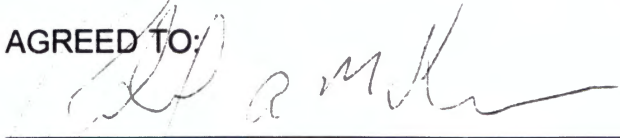
Sincerely,



Philip R. McKenna
President

Joanne Malinowski
Assistant Vice President

AGREED TO:



Philip R. McKenna, President
Kane, McKenna Capital, Inc.

3.10.94

Date

Tod Satterthwaite, Mayor
City of Urbana

Date

JM/tmc/Encls:
pturbana.jm2
3.10.94