

To: President and Members of the Munster Town Council

From: Patricia Abbott
Controller/Interim Town Manager

Date: August 19, 2024

Re: Letter of Engagement

Mr. Brad Bingham of the law firm of Barnes & Thornburg submitted a proposed letter of engagement for his services as bond counsel for the 2024 General Obligation Bond Issue. Mr. Bingham proposes (1) a fee of \$10,000.00 (plus out-of-pocket charges and expenses) for his services as bond counsel for the proposed general obligation bond issue. The base fee is consistent with last year's base fee. The Clerk-Treasurer's Office has estimated that out-of-pocket charges and expenses will not exceed \$500.00.

Historically, Munster has sold the bonds by soliciting bids from local banks and other eligible financial institutions that requested notification of bond sales. Based on conversations with bond counsel and its own research, Staff is recommending using the Indiana Bond Bank (IBB). The IBB offers a pooled financing program for essential public projects for terms up to twenty-five years. The IBB handles the bidding process and because they are issuing in large amounts, the rates are better than what the Town could achieve through its own bidding process. Bonds can be structured to the Town's needs in terms of repayment and closing date.

The process starts with a rate inquiry and completion of an application. There will be several other communities going through the same process at the same time. The IBB will then issue its own bond in order to provide the funds to each of the communities that applied to participate in that month's issuance. Munster would enter into a purchase agreement with IBB to issue the Munster bond and receive the proceeds. Applications are accepted on a rolling basis, and the Town is aiming for a September application with bond closing at the end of October.

If the Town works with IBB, there is a conflict which must be addressed. Barnes & Thornburg, and at times Brad Bingham specifically, serve as bond counsel for the pooled bond issued by the IBB each month. Bose McKinney and Evans LLP serve the IBB as the issuer's counsel for the purchase agreement that individual units enter. If there were a dispute between the Town and the Indiana Bond Bank, it would be related to the purchase agreement. In that situation, Barnes & Thornburg would withdraw and not represent either side in the dispute. Town Attorney Westland would represent Munster and Bose McKinney and Evans would represent the Bond Bank.

The Town can choose to waive the conflict, and Staff believes the Town is appropriately protected should Council decide to move forward with the engagement. By approving the engagement letter, Council will be waiving the conflict. The other options are to find a different firm to serve as bond counsel or to issue the bonds in the manner traditionally used by Munster.

Recommendation:

By motion and voice vote, confirm the letter of engagement with Barnes & Thornburg to serve as Bond Counsel for the 2024 GO Bond Issue with the Indiana Bond Bank.