

September 28, 2021

PROPOSAL TO PROVIDE INDEPENDENT FINANCIAL
ADVISOR (MUNICIPAL ADVISOR) SERVICES TO:

The City of Shakopee, MN



Ehlers
3060 Centre Pointe Drive
Roseville, Minnesota 55113

Municipal Advisor Registration Number: KO165
SEC CIK Number: 0001604197

BUILDING COMMUNITIES. IT'S WHAT WE DO.

Mr. Nate Reinhardt

City of Shakopee
485 Gorman Street
Shakopee, MN 55379

RE: Proposal for Municipal Advisory Services

Dear Mr. Reinhardt:

Thank you for the opportunity to provide the finance and development advisory services to your community. We believe our reputation in debt issuance and management, deep experience in financial management and economic development and redevelopment, fully integrated suite of advisory solutions, dedication to proactive client service and team-based project approach provide a compelling relationship option for the City to consider.

For 65 years, Ehlers has helped municipal clients build strong and vibrant communities through financial planning, debt issuance and management, and economic development consulting services. In the last five years alone, our firm has:

- Advised on 2,375 debt issues totaling more than \$15 billion
- Completed 75+ long-term financial plans
- Established over 200 TIF districts
- Completed more than 225 utility rate studies (regulated and non-regulated utilities)

We believe the following factors position Ehlers as the advisor most qualified to deliver the services requested:

Client-First Values. Ehlers prides itself on transparent communication, proactive service and an unwavering dedication to helping clients deploy resources in the most efficient and effective way possible. Ultimately, we propose to provide value to the City with ongoing dialogue and idea-sharing, insightful analysis, options customized to your situation and a competitive fee structure.

Our Expertise. Ehlers is well-known and highly regarded in the markets we serve for leveraging our knowledge of debt issuance, financial planning, community development and economic development/redevelopment to deliver innovative solutions. Our proposed advisory team of Stacie Kvilvang, Jason Aarsvold and Keith Dahl have over 60 years combined experience working in and for local units of government.

Thank you again for the opportunity to serve your community. We look forward to discussing how Ehlers can best serve the City for years to come.

Sincerely,



Stacie Kvilvang
Sr. Municipal Advisor



Jason Aarsvold
Sr. Municipal Advisor



Keith Dahl
Municipal Advisor

Scope of Services

Debt Issuance

At the City's direction, Ehlers will serve as the City's independent Municipal Advisor for the issuance of debt. Ehlers shall provide all mutually agreeable services necessary to analyze, structure, offer for sale and close the transaction. The services will be adjusted to meet the specific needs of each debt project. Examples of the scope of services include, but are not limited to:

1. Planning and Development:

- a. Meet with City officials and others as directed to define the scope and the objectives for project financing/refinancing.
- b. Assemble and analyze relevant statistical information and other data.
- c. Discuss with City officials possible funding options and the fiscal implications of each.
- d. Assist with determining strategies to meet federal arbitrage exceptions or mitigating rebate exposure.
- e. Coordinate the work of bond counsel with respect to proper authorization and any diligence related to tax status of the financing/refinancing.
- f. Prepare schedule of events related to the issuance process.
- g. Attend meetings of the City Council and other project and bond issue related meetings as needed and as requested.
- h. Structure and recommend terms for the financing/refinancing.
- i. Recommend a method of sale for the financing/refinancing.

2. Bond Sales:

- a. Prepare, and distribute the Official Statement, Notice of Sale and Bid Form to prospective bidders for competitive sales.
- b. Assist the City with primary offering diligence efforts in coordination with bond and/or disclosure counsel.
- c. Evaluate and recommend use of credit ratings and enhancement, as well as coordinate activities with third parties related to same.
- d. Ensure underwriters likely to serve as lead or sole managers through competitive underwriting have knowledge of the City's bond sales and are able to conduct diligence.

- e. Assist the City in receiving competitive bids, evaluate bids for compliance with the requirements of any Notice of Sale, tabulate results, and recommend to the City the most favorable bid for award.
- f. Coordinate the preparation of all legal documentation memorializing the sale of any debt obligations by the City's bond and any other counsel.
- g. Preparation of customary numerical reports to support the work of other professionals engaged by the City.
- h. Assist the City with negotiated sales through underwriting or direct purchase under scopes of work that will be established at the time of such transaction.

3. Post-Sale Support:

- a. Coordinate all closing activities, including the completion of any certificates and registration provisions on behalf of the City.
- b. Retain records and documentation for all debt issues advised.
- c. Regularly review the City's outstanding debt for refunding opportunities.
- d. Assist with rating surveillance requests.
- e. Assist, as requested by the City, with the investment of bond issue proceeds.

4. Paying Agent through Bond Trust Services, an Ehlers affiliate:

- a. Provide paying agent services as requested for any new debt issuance and/or existing bonds.
- b. Coordinate communication and notifications to the Depository Trust Company on behalf of the City.

5. Arbitrage:

- a. Provide arbitrage calculation, reporting, and consulting services to the City.

6. Continuing Disclosure:

Ehlers shall provide the following services to assist the City in compliance with Rule 15c2-12 adopted by the Securities and Exchange Commission (SEC) under the Securities Exchange Act of 1934 as the same may be amended from time to time (the "Rule").

- a. Monitor for and report summary and deadline dates.

- b. Track and independently confirm issuer bond calls, rating changes and other corporate actions constituting material events.
- c. Complete and deliver all required reporting and notices in compliance with the City's continuing disclosure agreements.
- d. Audit past reporting compliance to ensure accurate representations in Official Statements
- e. Field all investor and underwriter inquiries regarding past compliance and assist the City with responses.
- f. Consult with the City on secondary disclosure matters and coordinate any activities with bond and/or disclosure counsel.

Economic Development Services

At the direction of the City, Ehlers will provide economic development services, including but not limited to the following:

- g. Creation and management of tax increment financing districts.
- h. Creation and management of tax abatement programs.
- i. Annual preparation of tax increment financing payment calculations for City PAYGO and/or bond obligations.
- j. Creation and management of other public finance tolls including special service districts, housing improvement areas, special assessments and utility user fees.
- k. Review and evaluation of proposal for public financial assistance for private development.
- l. Assistance with the negotiation and management of development agreements.
- m. Creation of strategies and/or policies for the implementation of development and redevelopment projects including leading efforts for public input.
- n. Preparation of long-range financial projections and analysis of funding alternatives.
- o. Design and facilitation of group decisions making and educational workshops.
- p. Assistance with grants and other federal funding initiatives.
- q. Assistance with special legislative items and provision of regular legislative updates.
- r. Assistance with RFP preparation and evaluation for specific site development.

Performance of Services

Ehlers shall perform independent municipal advisory and other services upon request of the City and shall continue until services are completed or the City otherwise gives notice of abandonment.

Compensation for Services

For the professional services provided for herein, it is agreed that Ehlers shall be paid according to the terms and at the fees, rates and charges as enumerated in the attached Fee Chart.

Method of Payment

Ehlers shall submit itemized bills for services provided to the City on a monthly basis, except for debt issuance fees, which are invoiced and paid at closing. Ehlers billing statement shall also show the types of work done in various categories and the time spent and fees attributable to each of these categories. To the extent possible, Ehlers shall indicate for each employee his or her name, the number of hours worked, the topic and nature of the work performed and the total amount due.

Ehlers shall submit bills for debt issuance after the award of the sale unless the parties agree otherwise.

Schedule of Professional Fees & Expenses

a. Debt Issuance Fees

Ehlers fees for debt issuance are based on the amount issued, including competitive, negotiated and refunding bonds.

PAR VALUE	FEE/\$1,000
First \$500,000	\$20.00
\$500,000 - \$1,000,000	\$10.50
\$1,000,001 - \$2,000,000	\$6.00
\$2,000,001 - \$5,000,000	\$3.00
\$5,000,001 - \$10,000,000	\$2.50
\$10,000,001 - \$15,000,000	\$1.25
\$15,000,001 - \$20,000,000	\$1.15
\$20,000,000 - \$25,000,000	\$1.00
> \$25,000,000	\$0.50

- Multi-purpose issues are charged at 75% of fee schedule by purpose or distinct repayment source, but in no case greater than 150% of the applicable fee based on issue par amount.
- Contemporaneously sold issues with the same security are charged with the largest issue at full fee and all other issues at 80% of the fee schedule.
- Advance refunding issues require an additional \$2,500 for added technical support per issue.
- Use of open market securities within a defeasance escrow requires an additional \$750 per escrow.
- Revenue-secured obligations (non-G.O.) shall carry fees at 150% of the above table of fees for general obligation debt.
- Debt issues not requiring an official statement shall carry fees at 75% of the applicable fee for general or revenue-secured obligations that require an official statement, but in no case less than \$5,000.
- Ehlers shall charge flat fees of \$1,500 - \$5,000 in addition to the standard bond fee for authoring of or consultation on planning documents or reports required for authorization of debt issuance, which fee shall include meeting attendance (i.e. Capital Improvement Plans, Street Reconstruction Plans, Tax Abatement, etc.).

The City will be responsible for the following expenses: credit rating fees, legal services, publication of notices (if any), paying agent fees (if any), escrow agent fees (if any), verification agent (if any), and any fees charged by third parties for information required for the official statement.

b. Continuing Disclosure Fees

Ehlers will assess Continuing Disclosure fees as follows:

CONTINUING DISCLOSURE UNDERTAKINGS (CDUs)	ANNUAL FEE
One (1) to three (3) CDUs	\$2,800
Four (4) to six (6) CDUs	\$3,300
Seven (7) or more CDUs	\$3,800

c. Arbitrage Consulting Fees

Ehlers charges \$300/hour for projects outside of Fixed Fee Analysis. For any hourly rate projects being considered, Ehlers will complete a full scope of services and gain client approval before commencing work.

MAXIMUM FEE	ANALYSES	COVERAGES
\$1,000	Spending Exceptions	
\$3,750	Arbitrage Reporting	• Per 5-year analysis period • Prorated interim reports
\$1,000	Arbitrage Review	• Per analysis • Up to 5 years

Services other than listed above not contemplated at time of issuance are charged based on the type of service performed, expenses incurred, time involved and responsibility assumed.

d. Paying Agent Service Fees

Paying Agent Service fees are charged at the time of closing and annually on a per-issue basis.

FEE	TERM	COVERAGES
\$450	Initial (payable at closing)	• Review of final bond documents • Communication with advisor & bond counsel • Coordination of delivery of bonds for closing • Set up of necessary accounts/records
\$475	Annual Administration (payable in advance)	• Invoicing & collection of debt service payments • Documentation & wiring of debt service payments • Communications with DTC • Maintenance of Issuer's account • Destruction of Bonds • Processing of optional redemption notices
\$100	Additional Services (per notice)	• Processing of mandatory sinking fund notices

Services other than listed above not contemplated at time of issuance are charged based on the type of service performed, expenses incurred, time involved, and responsibility assumed.

e. Non-Bond Related Fees

Most non-bond related advisory services requested by the City will be billed on an hourly basis according to the following rates:

POSITION	RATE
Senior Municipal Advisor	\$265 - 300/hour
Municipal Advisor	\$250 - 300/hour
Financial Specialist	\$225 - \$265/hour
Financial Analyst	\$250 - \$265/hour
Senior Fiscal Consultant	\$265/hour
Financial Consultant	\$225 - \$265/hour