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August 21, 2014

Via Email and Regular Mail

Mr. Steven Corbeille
Finance Director/Treasurer
City of Manitowoc
City Hall
900 Quay Street
Manitowoc, WI 54220

Scope of Engagement - Reporting Under the Municipalities Continuing Disclosure Cooperative Initiative

Dear Steve:

We are pleased to be working with the City in connection with the *Municipalities Continuing Disclosure Cooperative Initiative* (the "MCDC Initiative") recently announced by the Division of Enforcement (the "Division") of the U.S. Securities and Exchange Commission (the "Commission"). Please note that the City, and no other party nor any individual officer or employee of the City, is our client for purposes of this engagement. The purpose of this letter is to set forth the role we propose to serve and the responsibilities we propose to assume under this engagement. If you have any questions about this letter or the services we propose to provide, please contact us immediately.

The MCDC Initiative is an initiative of the Division intended to address what the Division has described as potentially widespread violations of securities laws by issuers and underwriters of municipal bonds arising from potentially inaccurate statements in official statements regarding issuers' compliance (or non-compliance) with their continuing disclosure agreements ("Continuing Disclosure Agreements"). Along with this letter, we are providing the City with an executive summary of the MCDC Initiative (the "Executive Summary"), attached to which is a copy of the Division's announcement describing the MCDC Initiative in detail (the "SEC Announcement") and a copy of two alerts published by the Government Finance Officers Association regarding the MCDC Initiative (the "GFOA Alerts"). We encourage you to carefully review these materials.

Scope of Services

In this engagement, we will assist the City in evaluating whether to participate in the MCDC Initiative. In this connection, we expect to:

- Assist the City in a review of the City's pertinent official statement(s) ("Official Statements") to assist the City in determining whether any such Official Statement contains potentially inaccurate statements regarding the City's compliance with its Continuing Disclosure Agreements in the relevant five-year period prior to the date of the Official Statement;
- Discuss the potentially inaccurate statements with the City and the underwriter(s), as appropriate, of the related municipal bonds; and
- Assist the City in evaluating whether it is advisable to report any such potentially inaccurate statements to the Division under the MCDC Initiative.

If the City elects to participate in the MCDC Initiative, we expect to:

- Prepare a resolution for the City's governing body to authorize the City's participation in the MCDC Initiative;
- Assist the City in completing a questionnaire ("MCDC Questionnaire") required to be submitted to the Division by issuers who choose to participate in the MCDC Initiative, which also may be used to explain the facts and circumstances surrounding related potentially inaccurate statements; and
- Provide the City with sample policies and procedures meant to help ensure future compliance. Adoption of such a policy is one of several undertakings required by the standardized settlement terms under the MCDC Initiative.

Limitations: No Responsibility for Future Compliance with Settlement Terms or Any Further Enforcement Actions

All matters and responsibilities other than those expressly set forth above are outside the scope of this engagement. We note that there are other steps required to be taken by issuers that participate in the MCDC Initiative for whom the Division recommends an enforcement action and standardized settlement terms. These steps, which are summarized in the Executive Summary and SEC Announcement, include:

- Establishing procedures and training (in addition to adopting appropriate policies) regarding continuing disclosure within a specified time period;
- Updating the issuer's delinquent filings on the Electronic Municipal Market Access ("EMMA") system within a specified time period;

- Providing the Commission with a compliance certificate on the one year anniversary date of institution of enforcement proceedings (if any) against the City; and
- Ensuring that any future City Official Statements in the five-year period following the City's participation in the MCDC Initiative disclose the related settlement terms in a clear and conspicuous fashion.

We expect to discuss these aspects of the MCDC Initiative with the City further as appropriate, and expect to highlight them for the City in further written correspondence, but the City will be responsible for taking actions necessary to satisfy these requirements.

Further, our engagement hereunder relates solely to the MCDC Initiative and related enforcement action, if one is sought by the Division, with the MCDC Initiative's standardized settlement terms. We do not undertake to represent the City in any other enforcement action or proceeding, nor will we provide assistance to the City with respect to any ongoing compliance matters, unless separately engaged to do so.

City Responsibilities

As noted above, we expect to assist the City in a review of the City's pertinent Official Statements to assist the City in determining whether any such Official Statement contains potentially inaccurate statements regarding the issuer's prior compliance with its Continuing Disclosure Agreements. In this regard, we expect to review the City's prior continuing disclosure filings on the EMMA system and other publicly available sources. If possible (and if necessary), will also seek to work with the City's financial advisor and/or underwriters to review filings that are not publicly available but may be available through certain data subscription services to which they may have access. Although we will perform a review as described above, we cannot guarantee that our review will identify all City filings or filing failures. Accordingly, we will expect the City to review its own records and provide assurances regarding facts relevant to the City's continuing disclosure filing history and facts relevant to the preparation of a MCDC Questionnaire for submission to the Division. Ultimate responsibility for these factual matters rests with the City.

Conclusion of Representation

Our responsibilities with respect to this engagement will be concluded upon the filing with the Division of the MCDC Questionnaire if the City decides to participate in the MCDC Initiative, or upon the City's decision not to participate in the MCDC Initiative.

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Diversity of Practice

We want to advise you that from time to time we represent underwriters of municipal obligations. We did not serve as counsel to the underwriter in any of the transaction(s) to which the Official Statement(s) relate, but we may have served as counsel to such underwriter(s) in other, unrelated transactions or matters. We may also be asked to represent such underwriters in future, unrelated transactions. By engaging our services under the terms of this letter, the City consents to our firm undertaking representations of this type.

Fees

Based on the duties we expect to undertake pursuant to this letter and the time we anticipate devoting to such matters, our fee for assisting the City as described herein will be \$9,000. If at any time we believe that circumstances require an adjustment to our fee above, we will consult with you. We expect to invoice the City for our fees at the conclusion of our representation hereunder.

We note that we do not expect to attend meetings of the City's governing body (or any committee thereof) or make presentations to such governing body in connection with this engagement and the fixed fee set forth above. If our attendance is required, we would expect to bill for that activity separate from the above fixed fee, at our prevailing hourly rates.

Limited Liability Partnership

Our firm is a limited liability partnership ("LLP"). Because we are an LLP, no partner of the firm has personal liability for any debts or liabilities of the firm except as otherwise required by law, and except that each partner can be personally liable for his or her own malpractice and for the malpractice of persons acting under his or her actual supervision and control. As an LLP we are required by our code of professional conduct to carry at least \$10,000,000 of malpractice insurance; currently, we carry coverage with limits substantially in excess of that amount. Please call me if you have any questions about our status as a limited liability partnership.

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Conclusion and Request for Signed Copy

If the foregoing terms of this engagement are acceptable to you, please so indicate by returning the enclosed copy of this letter dated and signed by an appropriate officer, retaining the original for your files.

Very truly yours,

QUARLES & BRADY LLP



Rebecca A. Speckhard

JDP:AGORE

Enclosures: Executive Summary, SEC Announcement and GFOA Alerts

cc: Kathleen McDaniel, Esq. (via email)
Jeffrey D. Peelen, Esq. (via email)
Alexander J. Gore, Esq. (via email)
Ms. Peggy A. Hintz (via email)

Accepted and Approved:

CITY OF MANITOWOC

By: _____

Its: _____
Title

Date: _____