

March 6, 2017

Nicolas Sparacio, Community Development Director  
City of Manitowoc  
900 Quay Street  
Manitowoc, WI 54220-4543

Re: Written Municipal Advisor Client Disclosure with the City of Manitowoc (“Client”) for the  
Amendment of Tax Increment District (TID) No. 15 (“Project”) Pursuant to MSRB Rule G-42)

Dear Nic:

As a registered Municipal Advisor, we are required by Municipal Securities Rulemaking Board (MSRB) Rule G-42 to provide you with certain written information and disclosures prior to, upon or promptly, after the establishment of a municipal advisory relationship as defined in Securities and Exchange Act Rule 15Ba1-1. To establish our engagement as your Municipal Advisor, we must inform you that:

1. When providing advice, we are required to act in a fiduciary capacity, which includes a duty of loyalty and a duty of care. This means we are required to act solely in your best interest.
2. We have an obligation to fully and fairly disclose to you in writing all material actual or potential conflicts of interest that might impair our ability to render unbiased and competent advice to you. We are providing these and other required disclosures in **Appendix A** attached hereto.
3. As your Municipal Advisor, Ehlers shall provide this advice and service at such fees, as described within **Appendix B** attached hereto.

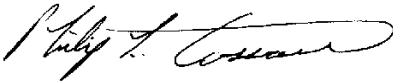
This documentation and all appendices hereto shall be effective as of its date unless otherwise terminated by either party upon 30 days written notice to the other party.

During the term of our municipal advisory relationship, this writing might be amended or supplemented to reflect any material change or additions.

We look forward to working with you on this Project.

Sincerely,

Ehlers



Philip L. Cosson, Senior Municipal Advisor/Director

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<sup>1</sup> This document is intended to satisfy the requirements of MSRB Rule G-42(b) and Rule G-42(c).

## Appendix A Disclosure of Conflicts of Interest/Other Required Information

### Actual/Potential Material Conflicts of Interest

Ehlers has no known actual or potential material conflicts of interest that might impair its ability either to render unbiased and competent advice or to fulfill its fiduciary duty to Client.

### Other Engagements or Relationships Impairing Ability to Provide Advice

Ehlers is not aware of any other engagement or relationship Ehlers has that might impair Ehlers' ability to either render unbiased and competent advice to or to fulfill its fiduciary duty to Client.

### Affiliated Entities

Ehlers offers related services through two affiliates of Ehlers, Bond Trust Service Corporation (BTSC) and Ehlers Investment Partners (EIP). BTSC provides paying agent services while Ehlers Investment Partners (EIP) provides investment related services and bidding agent service. Ehlers and these affiliates do not share fees. If either service is needed in conjunction with an Ehlers municipal advisory engagement, Client will be asked whether or not they wish to retain either affiliate to provide service. If BTSC or EIP are retained to provide service, a separate agreement with that affiliate will be provided for Client's consideration and approval.

### Solicitors/Payments Made to Obtain/Retain Client Business

Ehlers does not use solicitors to secure municipal engagements; nor does it make direct or indirect payments to obtain or retain Client business.

### Payments from Third Parties

Ehlers does not receive any direct or indirect payments from third parties to enlist Ehlers recommendation to the Client of its services, any municipal securities transaction or any financial product.

### Payments/Fee-splitting Arrangements

Ehlers does not share fees with any other parties and any provider of investments or services to the Client. However, within a joint proposal with other professional service providers, Ehlers could be the contracting party or be a subcontractor to the contracting party resulting in a fee splitting arrangement. In such cases, the fee due Ehlers will be identified in a Municipal Advisor writing and no other fees will be paid to Ehlers from any of the other participating professionals in the joint proposal.

### Material Legal or Disciplinary Events

Neither Ehlers nor any of its officers or municipal advisors have been involved in any legal or disciplinary events reported on Form MA or MA-I nor are there any other material legal or disciplinary events to be reported. Ehlers' application for permanent registration as a Municipal Advisor with the Securities and Exchange Commission (SEC) was granted on July 28, 2014 and contained the information prescribed under Section 15B(a)(2) of the Securities and Exchange Act of 1934 and rules thereunder. It did not list any information on legal or disciplinary disclosures.

Client may access Ehlers' most recent Form MA and each most recent Form MA-I by searching the Securities and Exchange Commission's EDGAR system (currently available at <http://www.sec.gov/edgar/searchedgar/companysearch.html>) and searching under either our Company Name (Ehlers & Associates, Inc.) or by using the currently available "Fast Search" function and entering our CIK number (0001604197).

Ehlers has not made any material changes to Form MA or Form MA-I since that date.

#### **Conflicts Arising from Compensation Contingent on the Size or Closing of Any Transaction**

The forms of compensation for municipal advisors vary according to the nature of the engagement and requirements of the client. Compensation contingent on the size of the transaction presents a conflict of interest because the advisor may have an incentive to advise the client to increase the size of the securities issue for the purpose of increasing the advisor's compensation. Compensation contingent on the closing of the transaction presents a conflict because the advisor may have an incentive to recommend unnecessary financings or recommend financings that are disadvantageous to the client. If the transaction is to be delayed or fail to close, an advisor may have an incentive to discourage a full consideration of such facts and circumstances, or to discourage consideration of alternatives that may result in the cancellation of the financing or other transaction.

Any form of compensation due a Municipal Advisor will likely present specific conflict of interests with the Client. If a Client is concerned about the conflict arising from Municipal Advisor compensation contingent on size and/or closing of their transaction, Ehlers is willing to discuss and provide another form of Municipal Advisor compensation. The Client must notify Ehlers in writing of this request within 10 days of receipt of this Municipal Advisor writing

## Appendix B Tax Incremental Financing Services

### Scope of Service

Client has requested that Ehlers assist Client with the amendment of TID 15 (“Project”). Ehlers proposes and agrees to provide the following scope of services:

### Phase I – Feasibility Analysis

The purpose of Phase I is to determine whether or not the Project is a statutorily and economically feasible option to achieve the Client’s objectives. This phase begins upon your authorization of this engagement, and ends on completion and delivery of a feasibility analysis report. As part of Phase I services, Ehlers will:

- Consult with appropriate Client officials to identify the Client’s objectives for the Project.
- Provide feedback as to the appropriateness of using Tax Incremental Financing in the context of the “but for” test.
- Prepare feasibility analysis report. The report will include the following information, as applicable:
  - A description of the type, maximum life, expenditure period and other features corresponding to the district to be amended.
  - A summary of the development assumptions used with respect to timing of construction and projected values.
  - Projections of tax increment revenue collections to include annual and cumulative present value calculations.
  - Qualification of the district as a donor or recipient of shared increment, and projected impact of any allocations of shared increment.
  - If debt financing is anticipated, a summary of the sizing, structure and timing of proposed debt issues.
  - A cash flow *pro forma* reflecting annual and cumulative district fund balances and projected year of closure.
  - A draft time table for the Project.
  - Ehlers will provide guidance on the district amendment within statutory limits to creatively achieve as many of the Client’s objectives as possible, and will provide liaison with State Department of Revenue as needed in the technical evaluation of options.
- Present the results of the feasibility analysis to the Client’s staff, Plan Commission or governing body.

### Phase II – Project Plan Development and Approval

If the Client elects to proceed following completion of the feasibility analysis, the Project will move to Phase II. This phase includes preparation of the Project Plan, and consideration by the Plan

Commission<sup>1</sup>, governing body, and the Joint Review Board. This phase begins after receiving notification from the Client to proceed, and ends after the Joint Review Board takes action on the Project. As part of Phase II services, Ehlers will:

- Based on the goals and objectives identified in Phase I, prepare a draft Project Plan that includes all statutorily required components.
- When necessary will coordinate with your staff, engineer, planner or other designated party to obtain a map of the boundaries of the district, a map showing existing uses and conditions of real property within the district, and a map showing proposed improvements and uses in the district.
- Submit to the Client an electronic version of the draft Project Plan for initial review and comment.
- Coordinate with Client staff to confirm dates and times for the meetings indicated within the following table. Ehlers will ensure that selected dates meet all statutory timing requirements, and will provide documentation and notices as indicated.

Meeting	Ehlers Responsibility	Client Responsibility
Initial Joint Review Board	<p>Prepare Notice of Meeting and transmit to Client’s designated paper.</p> <p>Mail meeting notice, informational materials, and draft Project Plan to overlapping taxing jurisdictions.</p> <p>Provide agenda language to Client.</p> <p>Attend meeting to present draft Project Plan.</p>	<p>Post or publish agenda and provide notification as required by the Wisconsin Open Records Law.</p> <p>Prepare meeting minutes.</p> <p>Designate Client Joint Review Board representative.</p> <p>Identify and recommend Public Joint Review Board representative for appointment.</p>
Plan Commission Public Hearing	<p>Prepare Notice of Public Hearing and transmit to Client’s designated paper.</p>	<p>Post or publish agenda and provide notification as required by the Wisconsin Open Records Law.</p>
Plan Commission Public Hearing	<p>For blighted area districts and in need of rehabilitation or conservation districts, provide a format for the required individual property owner notification letters.</p> <p>Attend hearing to present draft Project Plan.</p>	<p>Prepare and mail individual property owner notices (only for districts created as blighted area, or in need of rehabilitation or conservation).</p> <p>Prepare meeting minutes.</p>
Plan Commission	<p>Provide agenda language to Client.</p> <p>Attend meeting to present draft Project Plan.</p> <p>Provide approval resolution for Plan Commission consideration.</p>	<p>Post or publish agenda and provide notification as required by the Wisconsin Open Records Law.</p>

<sup>1</sup> If Client has created a Redevelopment Authority or a Community Development Authority, that body may fulfill the statutory requirements of the Plan Commission related to creation or amendment of the district.

		Distribute Project Plan & resolution to Plan Commission members in advance of meeting. Prepare meeting minutes.
Governing Body Action	Provide agenda language to Client. Attend meeting to present draft Project Plan. Provide approval resolution for governing body consideration.	Post or publish agenda and provide notification as required by the Wisconsin Open Records Law. Provide Project Plan & resolution to governing body members in advance of meeting. Prepare meeting minutes.
Joint Review Board Action	Mail meeting notice and copy of final Project Plan to overlapping taxing jurisdictions. Prepare Notice of Meeting and transmit to Client's designated paper. Provide agenda language to Client. Attend meeting to present final Project Plan. Provide approval resolution for Joint Review Board consideration.	Post or publish agenda and provide notification as required by the Wisconsin Open Records Law. Prepare meeting minutes.

- Throughout the meeting process, provide drafts of the Project Plan and related documents in sufficient quantity for the Client's staff, Plan Commission, governing body and Joint Review Board members.
- Provide advice and updated analysis on the impact of any changes made to the Project Plan throughout the approval process.

### Phase III – State Submittal

This phase includes final review of all file documents, preparation of filing forms, and submission of the base year or amendment packet to the Department of Revenue. This phase begins following approval of the district by the Joint Review Board, and ends with the submission of the base year or amendment packet. As part of Phase III services, Ehlers will:

- Assemble and submit to the Department of Revenue the required base year or amendment packet to include a final Project Plan document containing all required elements and information.
- Provide the Client with an electronic copy of the final Project Plan.
- Provide the municipal Clerk with a complete electronic and/or hard copy transcript of all materials as submitted to the Department of Revenue for certification.
- Act as a liaison between the Client and the Department of Revenue during the certification process in the event any questions or discrepancies arise.

## Compensation

In return for the services set forth in the “Scope of Service, the attendance at two meetings, participation in the final JRB via conference call, and the review of and comment on the financial component of a development agreement,” Client agrees to compensate Ehlers as follows:

	Amend TID No. 15
Phase I	\$ 4,000
Phase II	\$ 7,000
Phase III	\$ 1,000
<b>Total</b>	<b>\$ 12,000</b>

## Payment for Services

For all compensation due to Ehlers, Ehlers will invoice Client for the amount due at the completion of each Phase. Our fees include our normal travel, printing, computer services, and mail/delivery charges. The invoice is due and payable upon receipt by the Client.

## Client Responsibility

The following expenses are not included in our Scope of Services, and are the responsibility of Client to pay directly:

- Services rendered by Client’s engineers, planners, surveyors, appraisers, assessors, attorneys, auditors and others that may be called on by Client to provide information related to completion of the Project.
- Preparation of maps necessary for inclusion in the Project Plan.
- Preparation of maps necessary for inclusion in the base year or amendment packet.
- Publication charge for the Notice of Public Hearing and Notices of Joint Review Board meetings.
- Legal opinion advising that Project Plan contains all required elements. (Normally provided by municipal attorney).
- Preparation of District metes & bounds description. (Needed in Phase III for creation of new districts, or amendments that add or subtract territory).
- Department of Revenue annual administrative fees.

TAX INCREMENTAL DISTRICT NO. 15  
PROJECT PLAN AMENDMENT  
WITHIN THE  
CITY OF MANITOWOC, WISCONSIN

*Proposed Timetable - 3/1/17*

<u>ACTION DATE</u>	<u>STEP</u>
March	<b>City will provide</b> Ehlers with the original project plan documents, any amendment plan documents, the maps, list of projects and costs, etc.
	<b>Ehlers will</b> prepare & provide the City with a feasibility analysis report, options, and/or draft project plan document
	Plan Commission makes a motion to call for a public hearing (optional)
April 12	<b>Ehlers' will</b> e-mail a Notice to Official City Newspaper of organizational JRB meeting & public hearing. (cc: City)
	<b>Ehlers will</b> mail notification letters, along with required enclosures, to overlapping taxing jurisdictions of JRB organizational meeting & public hearing, as well as the agenda - to be posted by the City. (cc: City & attorney) <i>(Letters must be postmarked prior to first publication).</i>
April	<b>Ehlers will</b> provide City, overlapping taxing entities, and/or City Attorney with [revised] draft Project Plan document, if not yet provided and/or necessary, as well as agenda language (City to post) & resolution (City to distribute) for first meetings, and will also request legal opinion of the plan.
April 19	Publication of Public Hearing & JRB Meeting Notice <i>(At least 7 days prior to public hearing &amp; at least 5 days prior to JRB meeting)</i>
April 26	Joint Review Board meets to review plan, appoint chairperson and public member and set next meeting date. <i>(Prior to public hearing)</i>
	Plan Commission Public Hearing on Project Plan of District amendment. <i>(Within 14 days of publication)</i>
	Plan Commission reviews Project Plan & approval of District Project Plan amendment.
April – May	<b>Ehlers will</b> provide City & City Attorney with revised draft Project Plan, if necessary, as well as agenda language (City to post) & resolution (City to distribute) for Common Council meeting.
May 15	Common Council reviews Plan & adopts resolution approving District Project Plan amendment.
May 16	<b>Ehlers' will</b> e-mail a Notice to Official City Newspaper of JRB meeting. (cc: City)
	<b>Ehlers will</b> mail notices & required attachments to JRB of the final meeting, along with the Agenda (City to post). (cc: City & Attorney) <i>(Letters must be postmarked prior to publication).</i>
May 23	Publication of JRB Meeting Notice <i>(At least 5 days prior to meeting)</i>
May 30 – June 30	Joint Review Board considers approval of District Project Plan amendment. <i>(Within 45 days of notification of meeting / receipt of Plan Commission &amp; Common Council resolutions)</i>
June - July	<b>Ehlers will</b> submit documents to the State, within 60 days of JRB approval.

*Herald Times Reporter – publishes M-F.*

*Plan Commission meets: 4<sup>th</sup> Wednesday's @ 6 p.m., Council Chambers, City Hall*

*Council meets: 3<sup>rd</sup> Monday's @ 6:30 p.m. in the Council Chambers, first floor, City Hall*