

DISTRIBUTED
TCRM 12-8-14

To: President and Members of the Munster Town Council

From: David F. Shafer, IAMC, MMC, CMO, Clerk-Treasurer

DFA

Copy to: Patricia L. Abbott, IAMC, MMC, Accounting Supervisor
Dustin Anderson, Town Manager

Date: December 8, 2014

Re: Letter of Engagement – Umbaugh

On September 22, 2014, the Town Council authorized engaging the law firm of Barnes & Thornburg to assist in formulating a response to the Securities and Exchange Commission (“SEC”) regarding continuing disclosure undertaking agreements. During the course of discussions with Barnes & Thornburg, it became necessary to secure assistance from the accounting firm of Umbaugh, which firm had previously served as financial advisor for some of the bond issues being reported to the SEC.

Most recently, Umbaugh simultaneously submitted its Letter of Engagement and its invoice in the amount of \$2,101.25. Umbaugh’s work has been accomplished and no additional charges are anticipated.

RECOMMENDED ACTION:

By motion and voice vote, authorize the Clerk-Treasurer to execute a Letter of Engagement dated September 23, 2014, with Umbaugh for professional services rendered in connection with continuing disclosure undertaking agreements in an amount not to exceed \$2,101.25.

UMBAUGH

H. J. Umbaugh & Associates
Certified Public Accountants, LLP
112 IronWorks Avenue
Suite C
Mishawaka, IN 46544
Phone: 574 935-5178
Fax: 574 935-5928
www.umbaugh.com

September 23, 2014

Mr. David F. Shafer, Clerk-Treasurer
Town of Munster
1005 Ridge Road
Munster, IN 46321-1849

Re: The SEC's Municipalities Continuing Disclosure Cooperative ("MCDC") Initiative

Dear Dave:

You have requested that H.J. Umbaugh & Associates, Certified Public Accountants, LLP (the "Firm") provide to the Town of Munster (the "Client") those services more fully set forth in Exhibit A hereto (the "Services").

Fees and Costs

Fees charged for work performed are generally based on hourly rates, as set forth in Exhibit B, for the time expended, a fixed amount or other arrangement as mutually agreed upon as more appropriate for a particular matter. Hourly rates for work performed by our professionals vary by individual and reflect the complexity of the engagement.

In addition to fees, we also charge for various ancillary services, for which you will be invoiced. Such charges may include long distance telephone charges, photocopying, facsimile transmission, computer research, mileage, travel expenses and other similar charges specifically applicable to the engagement.

Disclosure of Conflicts of Interest with Various Forms of Compensation

The Municipal Securities Rulemaking Board (MSRB) is expected to require us, as your municipal advisor, to provide written disclosure to you about the actual or potential conflicts of interest presented by various forms of compensation. Exhibit C sets forth the potential conflicts of interest associated with various forms of compensation. By signing this letter of engagement, the signee acknowledges that he/she has received Exhibit C and that he/she has been given the opportunity to raise questions and discuss the matters contained within the exhibit with the municipal advisor.

Billing Procedures

Normally, you will receive a monthly statement showing fees and costs incurred in the prior month. Occasionally, we may bill on a less frequent basis if the time involved in the prior month was minimal or if arrangements are made for the payment of fees from bond proceeds. The account balance is due and payable on receipt of the statement and we reserve the right to charge 1% interest per month for outstanding unpaid balances over thirty (30) days from the date of billing. Once our representation has been concluded or terminated, a final billing will be sent to you. If requested to provide an estimate of our fees for a given matter, we will endeavor in good faith to provide our best estimate, but unless there is a mutual agreement to a fixed fee, the actual fees incurred on any project may be less than or exceed the estimate. Any questions or errors in any fee statement should be brought to our attention in writing within sixty (60) days of the billing date.

Mr. David F. Shafer, Clerk-Treasurer, Clerk-Treasurer
Town of Munster
Re: The SEC's Municipalities Continuing Disclosure Cooperative ("MCDC") Initiative
September 23, 2014
Page 2

Termination

Both the Client and the Firm have the right to terminate the engagement at any time after reasonable advance written notice. On termination, all fees and charges incurred prior to termination shall be paid promptly.

Accountants' Opinion

In performing our engagement, we will be relying on the accuracy and reliability of information provided by Client personnel. We will not audit, review, or examine the information. Please also note that our engagement cannot be relied on to disclose errors, fraud, or other illegal acts that may exist. However, we will inform you of any material errors and any evidence or information that comes to our attention during the performance of our procedures that fraud may have occurred. In addition, we will report to you any evidence or information that comes to our attention during the performance of our procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate significant deficiencies or material weaknesses in your internal control as part of this engagement.

The responsibility for auditing the records of the Client rests with the Indiana State Board of Accounts and the work performed by the Firm shall not include an audit or review of the records or the expression of an opinion on financial data.

Client Responsibilities

It is understood that the Firm will serve in an advisory capacity with the Client. The Client is responsible for management decisions and functions, and for designating an individual with suitable skill, knowledge or experience to oversee the services we provide. The Client is responsible for evaluating adequacy and results of the services performed and accepting responsibility for such services. The Client is responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

Additional Services

Exhibit A sets forth the scope of the Services to be provided by the Firm. From time to time, additional services may be requested by the Client beyond the scope of Exhibit A. The Firm may provide these additional services and be paid at the Firm's customary fees and costs for such services. In the alternative, the Firm and the Client may complete a revised and supplemented Exhibit A to set forth the additional services (including revised fees and costs, as needed) to be provided. In either event, the terms and conditions of this letter shall remain in effect.

E-Verify Program

The Firm participates in the E-Verify program. For the purpose of this paragraph, the E-Verify program means the electronic verification of the work authorization program of the Illegal Immigration Reform and Immigration Responsibility Act of 1996 (P.L. 104-208), Division C, Title IV, s.401(a), as amended, operated by the United States Department of Homeland Security or a successor work authorization program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work authorization status of newly hired employees under the Immigration Reform and Control Act of 1986 (P.L. 99-603). The Firm does not employ any "unauthorized aliens" as that term is defined in 8 U.S.C. 1324a(h)(3).

Mr. David F. Shafer, Clerk-Treasurer, Clerk-Treasurer
Town of Munster
Re: The SEC's Municipalities Continuing Disclosure Cooperative ("MCDC") Initiative
September 23, 2014
Page 3

Investments

The Firm certifies that pursuant to Indiana Code 5-22-16.5 *et seq.* the Firm is not now engaged in investment activities in Iran. The Firm understands that providing a false certification could result in the fines, penalties, and civil action listed in I.C. 5-22-16.5-14.

Municipal Advisor Registration

The Firm is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, the Firm is providing certain specific municipal advisory services to the Client. The Firm is neither a placement agent to the Client nor a broker/dealer.

Other Financial Industry Activities and Affiliations

Umbaugh Cash Advisory Services, LLC ("UCAS") is a wholly-owned subsidiary of the Firm. UCAS is registered as an investment adviser with the Securities and Exchange Commission under the federal Investment Advisers Act. UCAS provides non-discretionary investment advice with the purpose of helping clients create and maintain a disciplined approach to investing their funds prudently and effectively. UCAS may provide advisory services to the clients of the Firm.

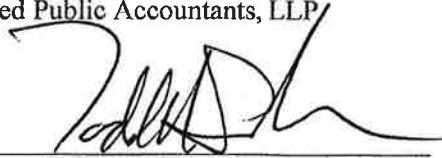
UCAS has no other activities or arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, an investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

If the foregoing accurately represents the basis upon which we may provide Services to the Client, we ask that you execute this letter, in the space provided below setting forth your agreement. Execution of this letter can be performed in counterparts each of which will be deemed an original and all of which together will constitute the same document.

If you have any questions, please let us know.

Very truly yours,

H.J. Umbaugh & Associates
Certified Public Accountants, LLP

By: 
Todd A. Samuelson

The undersigned hereby acknowledges and agrees to the foregoing letter of engagement.

Town of Munster, Indiana

Date: _____

By: _____

EXHIBIT A

Services Provided

Scope of Services

The following are the proposed Scope of Services the Firm will provide to the Client, related to the Securities and Exchange Commission's Enforcement Division (the "SEC") announced Municipalities Continuing Disclosure Cooperation ("MCDC") Initiative.

- I. Determine and confirm with the Client and local counsel/bond counsel, all bonds that were issued by the Client during the timeframe covered by the MCDC Initiative, which in general is during the last five years (2009 – 2014).
- II. For each bond issue identified in (I) above that was sold utilizing a Final Official Statement, or other similar offering document, determine what disclosure was made in the continuing disclosure compliance statement in such offering document.
- III. Obtain from Client, Final Official Statement, or the Continuing Disclosure Undertaking Agreements ("CDUAs"); the continuing disclosure filing requirements for the bonds identified in (II) above.
- IV. Research and document on EMMA and previous NRMSIRs as to what continuing disclosure filings were made, and compare the timing of such filings to the requirements identified in (III) above.
- V. Compare the continuing disclosure record determined in (IV) above to the continuing disclosure requirements determined in (III) and note any discrepancies.
- VI. Prepare a workpaper summarizing the continuing disclosure filing history as compared to the disclosure(s) made as identified in (II) above. Provide the workpaper to Client and legal counsel/bond counsel for internal purposes only.
- VII. As needed, discuss the content of the workpaper described in (VI) with Client and legal counsel/bond counsel, and answer any questions.

In completing the above steps, the Firm cannot and will not provide the Client with any legal advice or provide an opinion related to the MCDC Initiative or related matters. Also, the Firm will not provide any advice or recommendation as to whether the Client should or should not participate in the MCDC Initiative.

EXHIBIT B

Fees

The Firm's fees for services set forth in Exhibit A shall be billed at the Firm's standard billing rates based upon the actual time and expenses incurred.

Standard Hourly Rates by Job Classification 01/01/2013

Partners / Principals	\$210.00	to	\$350.00
Managers	\$165.00	to	\$275.00
Accountants/Financial Analysts	\$90.00	to	\$200.00
Paraprofessional Staff	\$90.00	to	\$150.00
Support Personnel	\$60.00	to	\$105.00

- *Billing rates are subject to change periodically due to changing requirements and economic conditions. Actual fees will be based upon experience of the staff assigned and the complexity of the engagement.*

The above fees shall include all expenses incurred by the Firm with the exception of expenses incurred for travel, if any, outside the State of Indiana. No such expenses will be incurred without the prior authorization of the Client. The fees do not include the charges of other entities such as rating agencies, bond and official statement printers, couriers, newspapers, bond insurance companies, bond counsel and local counsel, and electronic bidding services, including Parity®. Coordination of the printing and distribution of Official Statements or any other Offering Document are to be reimbursed by the Client based upon the time and expense for such services.

EXHIBIT C

Disclosure of Conflicts of Interest with Various Forms of Compensation

The forms of compensation for municipal advisors vary according to the nature of the engagement and requirements of the client, among other factors. Various forms of compensation present actual or potential conflicts of interest because they may create an incentive for an advisor to recommend one course of action over another if it is more beneficial to the advisor to do so. This exhibit discusses various forms of compensation and the timing of payments to the advisors.

Fixed fee. Under a fixed fee form of compensation, the municipal advisor is paid a fixed amount established at the outset of the transaction. The amount is usually based upon an analysis by the client and the advisor of, among other things, the expected duration and complexity of the transaction and the agreed-upon scope of work that the advisor will perform. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, the advisor may suffer a loss. Thus, the advisor may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. There may be additional conflicts of interest if the municipal advisor's fee is contingent upon the successful completion of a financing, as described below.

Hourly fee. Under an hourly fee form of compensation, the municipal advisor is paid an amount equal to the number of hours worked by the advisor times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest if the client and the advisor do not agree on a reasonable maximum amount at the outset of the engagement, because the advisor does not have a financial incentive to recommend alternatives that would result in fewer hours worked. In some cases, an hourly fee may be applied against a retainer (*e.g.*, a retainer payable monthly), in which case it is payable whether or not a financing closes. Alternatively, it may be contingent upon the successful completion of a financing, in which case there may be additional conflicts of interest, as described below.

Fee contingent upon the completion of a financing or other transaction. Under a contingent fee form of compensation, payment of an advisor's fee is dependent upon the successful completion of a financing or other transaction. This form of compensation presents a conflict because the advisor may have an incentive to recommend unnecessary financings or financings that are disadvantageous to the client. For example, when facts or circumstances arise that could cause the financing or other transaction 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.

Fee paid under a retainer agreement. Under a retainer agreement, fees are paid to a municipal advisor periodically (*e.g.*, monthly) and are not contingent upon the completion of a financing or other transaction. Fees paid under a retainer agreement may be calculated on a fixed fee basis (*e.g.*, a fixed fee per month regardless of the number of hours worked) or an hourly basis (*e.g.*, a minimum monthly payment, with additional amounts payable if a certain number of hours worked is exceeded). A retainer agreement does not present the conflicts associated with a contingent fee arrangement (described above).

Fee based upon principal or notional amount and term of transaction. Under this form of compensation, the municipal advisor's fee is based upon a percentage of the principal amount of an issue of securities (*e.g.*, bonds) or, in the case of a derivative, the present value of or notional amount and term of the derivative. This form of compensation presents a conflict of interest because the advisor may have an incentive to advise the client to increase the size of the securities issue or modify the derivative for the purpose of increasing the advisor's compensation.

H. J. Umbaugh & Associates

***Certified Public Accountants, LLP
112 IronWorks Avenue, Suite C
Mishawaka, IN 46544
574-935-5178***

*Town of Munster
c/o David Shafer, Clerk-Treasurer
1005 Ridge Road
Munster, IN 46321*

*Invoice No. 138249
Date 11/25/2014
Client No. M04800.MUN2*

Please Include Invoice No. With Remittance

For professional services provided and expenses incurred pursuant to an engagement letter dated September 23, 2014 in regard to the SEC's Municipalities Continuing Disclosure Cooperative ("MCDC") Initiative.

For services as provided under Exhibit A and
compensation as provided under Exhibit B

Current Amount Due \$ 2,101.25

PLEASE REMIT TO:
H.J. UMBROUGH & ASSOCIATES
8365 KEYSTONE CROSSING, SUITE 300
INDIANAPOLIS, IN 46240-2687