

**RE: Municipal Advisory Services - Proposed Municipal Advisory Services – Kenmara Development Project**

**DATE:** September 22, 2022

This Scope Appendix is attached by reference to the above-named engagement letter (the “Engagement Letter”) between Munster Redevelopment Commission (the “Client”) and Baker Tilly US, LLP and relates to services to be provided by Baker Tilly Municipal Advisors, LLC.

**SCOPE OF WORK**

Baker Tilly Municipal Advisors, LLC (“BTMA”) will perform the following services:

**A. Project Evaluation and Preliminary Feasibility (Municipal Advisory Services)**

1. In connection with a proposed economic development project (the “Project”), discuss with Client (or Client representative) the proposed Project; potential incentives and/or related infrastructure needs; the use of tax increment financing (TIF), tax abatement and other sources of revenue and funding; preliminary financing options and feasibility analyses; timing and investment information needed for analysis; other issues and considerations.
2. Prepare an estimate of real and depreciable personal property assessed value for the proposed development based on investment information provided by the Company, the Developer or its representatives. Prepare schedules of real and depreciable personal property tax abatement reductions, if applicable.
3. Prepare a preliminary tax increment feasibility analysis to estimate the incremental property tax revenues that might be created by the Project and provide an estimate of the amount of bonds such revenues might support and potential incentive value. Discuss bond options and security needed to market bonds if applicable.
4. Review Developer-prepared tax increment projections and bonding capacity analysis, and provide written feedback to the Client, if applicable.
5. Prepare financing feasibility analysis based upon a proposed split of tax increment between a Developer and the Commission, if applicable.
6. Prepare a preliminary analysis utilizing both new and existing tax increment taking into account any outstanding obligations payable from the existing TIF, and additional or leveraged funding such as grants, developer contributions or concessions and other sources of funds, and provide additional incentive options. Research new sources of potential revenue, if applicable.
7. Discuss preliminary financing feasibility with Client and Company representatives and advisors. Attend meetings and participate in conference calls as requested.
8. If requested by the Client, prepare additional financing feasibility analyses and options as discussions and negotiations evolve.
9. If requested by the Client, prepare schedules and information on the economic and tax impact of the proposed development.
10. In connection with a new project, assist the Commission with the establishment or expansion of a TIF Area and related financial and tax impact information (if applicable). In the case of an existing TIF Area, review expiration date and discuss options for separation and establishment of new project-specific TIF Area.

**B. General Municipal Advisory Services**

Unless otherwise agreed to by the parties, in connection with any request for services relative to any financial topic, new project concept planning or other financially related topic or project (each referred to herein as a "Project"), BTMA shall perform the following services, as applicable:

1. Provide general financial advice relative to a Project.
2. Survey the resources available to determine the financial feasibility of a Project.
3. Assist in the development of a plan including alternative approaches for a particular Project that may be available and appropriate for such Project.
4. Assist the Client in selecting an approach for a Project.
5. Advise the Client generally on current market conditions, financial impacts of federal, state or other laws, and other general information and economic data that might be relevant to a Project.
6. Assist Client, as requested, in identifying other professional services that may be necessary to a Project.
7. Assist Client in coordinating the activities of the working group for a Project as needed.
8. Assist with the review of documents provided that are relevant to the development of a plan and alternative approaches for a Project.
9. Assist the Client with other components of a Project as requested and agreed upon.

**C. Securities Issuance**

Unless otherwise agreed to by the parties, in connection with any request for services relative to any debt issuance including modifying or refunding of a prior issuance or other financings (each referred to herein as a "Transaction"), BTMA shall perform the following services, as applicable:

1. Develop a preliminary estimate of project costs and provide a financial feasibility to assist the Client in its determination of what type of financing is most suitable to meet the needs of the Client for the particular issuance ("Debt Obligation").
2. Assist the Client in determination of an appropriate method of sale for the Debt Obligation (e.g. competitive, negotiated, private placement.)
3. Provide for the Client's consideration an amount, the security, maturity structure, call provisions, estimated pricing, and other terms and conditions of the Debt Obligation.
4. Advise the Client on current market conditions, financial impacts of federal, state or other laws, and other general information and economic data that might normally be expected to influence the ability to borrow or interest rates of the Debt Obligation.
5. Assist the Client in the analysis of advisability of securing a credit rating, and the selection of a credit rating firm or firms for the Debt Obligation and further assist in the development and presentation of information to obtain a credit rating or credit ratings for the Debt Obligation.
6. Assist the Client in the analysis of utilizing credit enhancement and provide assistance in seeking such credit enhancement if such credit enhancements would be advantageous to the Client.
7. Assist Client in coordinating the financing activities between various parties to any Transaction as needed.

8. Assist Client in identifying other professional services that may be necessary for the issuance or post-issuance requirements of the Debt Obligation.
9. Assist the Client in connection with the preparation, composition, review and distribution of an offering document (e.g. Preliminary and Final Official Statement, Offering Circular, Term Sheet, or Private Placement Memorandum, as applicable) of the type and nature generally prepared in connection with the sale of municipal securities, which will disclose technical data, information and schedules relating to the Client, the project and the Debt Obligation.
10. Provide relevant information for and assist with the review of other primary financing documents, including but not limited to the relevant governing body issuance resolutions/ordinances, bond purchase agreement, and official notice of sale.
11. Communicate with potential underwriters or investors, as appropriate to any Transaction, to ensure that each is furnished with information the Client has deemed to be material in order to render an independent, informed purchase or investment decision concerning the Client's proposed financing.
12. Facilitate the sale of Debt Obligations through receipt and analysis of bids in a competitive sale or analysis of pricing and terms offered by an underwriter or purchaser in a negotiated or private placement sale.
13. Coordinate with the proper parties to ensure the efficient delivery of the Debt Obligations to the applicable purchaser and receipt of proceeds.

**D. Arbitrage Monitoring Services (If Needed)**

Upon receipt of written authorization by the Client to proceed, BTMA shall, based on information supplied by Client, make arbitrage calculations (to include for purposes of this document, rebate and yield reduction calculations) required by Section 148 of the Internal Revenue Service ("IRS") Code and related U.S. Treasury regulations with respect to specified Debt Obligations for the period of time designated for any such Debt Obligation.

In carrying out its duties, BTMA shall periodically, for each specified Debt Obligation:

1. Determine the yield on the applicable Debt Obligation;
2. Determine if spending exceptions have been met;
3. Determine the amount of any arbitrage payment due the IRS;
4. Notify Client and/or its designee of any liability amount;
5. Prepare for submission by Client the form(s) with which to submit any payment amount due to the IRS at the appropriate intervals throughout the term of the engagement relative to each specified Debt Obligation.

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Client agrees to timely provide BTMA with accurate information concerning cash and investment activity within all funds relative to the subject Debt Obligations. The information to be provided shall include:

1. Deposits and withdrawals of proceeds or money from other sources within any funds subject to the IRS arbitrage rules;
2. Payments of principal and interest on the Debt Obligations; and
3. All investment activity including:
  - a. Date of purchase or acquisition;
  - b. Purchase price of investments including any accrued interest;
  - c. Face amount and maturity date;
  - d. Stated rate of interest;
  - e. Interest payment dates;
  - f. Date of sale, transfer, or other disposition;
  - g. Sale or disposition price; and
  - h. Accrued interest due on the date of sale or disposition.
4. The Client will provide copies of Debt Obligation offering or legal documents, including, but not limited to, the official statement, the information return filed upon issuance (Form 8038 or 8038-G), the arbitrage certificate, verification report and the bond ordinance/trust indenture.
5. Any other information necessary for BTMA to make the calculations required for the specified Debt Obligation.

The Client is responsible for notifying BTMA of any additional or subsequent Debt Obligations that would require arbitrage compliance services.

Our engagement will not include verifying that: proceeds were used for purpose expenditures; investments were purchased at market price; no amounts were paid to any party in order to reduce the yield on any investment; the Debt Obligation was appropriately structured or qualified as a tax-exempt offering; or information provided to us is complete and accurate.

During the performance of these procedures, it may become necessary for us to consult with your bond counsel and/or obtain information from them concerning interpretations of the above information as affected by applicable sections of the Internal Revenue Code. We will consult with you before any such action is initiated.

Subsequent changes in official interpretations of the tax law may require or permit revision of calculations by requiring or permitting a different methodology for the calculation of arbitrage rebate and yield reduction. We will be under no obligation to update our report for any events occurring, or data or information coming to our attention, subsequent to the issuance of our report.

Calculation and payment of any arbitrage rebate liability and yield reduction payment due is the responsibility of the Client. As such, management has the primary responsibility for the arbitrage rebate and/or yield reduction payment return which the Client may be required to file. You should review the report and calculations carefully upon receipt.

**E. Continuing Disclosure Services (If Needed)**

Upon receipt of written authorization by the Client to proceed, BTMA shall, based on information supplied by Client, provide continuing disclosure services with respect to specified Debt Obligations for the period of time designated for any such Debt Obligation.

In carrying out its duties, BTMA shall do the following:

1. Preparation and filing of annual reporting

BTMA will provide a list of each issue for which the Client requires continuing disclosure services ("Services"). The Client will provide BTMA with a copy of each Continuing Disclosure Undertaking ("CDU") that has been executed for each Debt Obligation, including master and supplemental CDUs if any.

BTMA will:

- Identify the Client's reporting obligations, compile and prepare, as needed, any necessary operating data, and file any required annual report and financial statements, including the audit if available, as provided for in each CDU for the reporting period;
- Provide to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access System ("EMMA"), the annual information required under each respective CDU;
- Provide additional reporting to purchasers, as set forth in Debt Obligation documents or private agreements; and
- If not filed at the time of the annual report, file the audit as set forth in the CDU pending timely receipt from the Client.

2. Assistance filing reportable events on EMMA

Upon notification of one of the events listed as set forth in each CDU (collectively, Reportable Events), BTMA will assist the Client with filing any Reportable Events. Most Reportable Events are required by the Rule to be filed within ten business days of the occurrence. Client will notify BTMA as soon as possible when they believe a reportable event has or may have occurred to enable BTMA to file a timely notice on EMMA. It is the Client's sole responsibility to notify BTMA of the potential occurrence of a Reportable Event.

3. Five-year Compliance Check

A. At the time any Debt Obligations subject to the Rule are issued, the Client must disclose in its official statement any instances in the past five years it failed to comply, in all material respects, with any previous undertakings for Debt Obligations which were subject to the Rule. BTMA will:

- Compile reporting requirements for any Debt Obligations that were outstanding during the five-year period;
- Assess the filings made on EMMA in conjunction with each applicable Debt Obligation;
- Research whether any Debt Obligations with an assigned rating changed during the look-back period, including rating changes for insured Debt Obligations; and
- Determine whether all required notices related to events and filings were made in compliance with the CDUs.

B. Remedying Deficiencies for Outstanding Debt Obligations

If a deficiency is found and the debt obligations remain outstanding at the time of BTMA's compliance check, BTMA will prepare any necessary reporting or notices to meet the CDU obligations. BTMA will provide the Client with documentation that the EMMA filing has occurred.

C. Updating Compliance.

At the time that BTMA conducts services annually under item I, BTMA will update the compliance check completed under 3.A.

4. EMMA Issuer Homepage (Upon request. Hourly rates will apply.)

BTMA will assist the Client on the creation of an Issuer Homepage on EMMA where Client and related entity filings may be shown. The Client will have the option to review the Homepage and provide additional information related to the Client.

5. Other post issuance services (Upon Request. Hourly rates will apply.)  
If requested, BTMA will provide to the Client other post issuance services including, but not limited to, consultation related to disclosure operating procedures, post issuance policies and procedures, and debt management.
6. Rating surveillance support (Upon Request. Hourly rates will apply.)  
If applicable for rated outstanding Debt Obligations, BTMA will assist with compiling responses to rating agency requests for data and information during the rating surveillance process. BTMA will also participate on rating surveillance calls and provide additional support as needed.

Client agrees to provide BTMA with the audit and accurate information with respect to compiling the annual report in a timely manner and to fully disclose to BTMA any Reportable Events as they occur.

**F. Parity Report (Agreed Upon Procedures) (If Needed)**

1. Determine the provisions of the Bond Ordinance of the now outstanding bonds which govern the issuance of the subsequent debt debentures on parity with the existing bonds.
2. Advise the Client of the requirements necessary for meeting the parity provisions of the above documents.
3. Conduct such test, if eligible, of the Client's records as are necessary for the issuance of the proposed Bonds on parity with the now outstanding bonds.
4. Prepare a written report of the above tests for submission to the Client's attorneys for the inclusion in official transcripts of the proceedings in connection with the issuance of the Bonds.

## **COMPENSATION AND INVOICING**

Fees for services set forth in Paragraph A, will be billed at BTMA's standard billing rates based upon the actual time and expenses incurred and will not exceed Twenty Thousand Dollars (\$20,000) without further authorization from the Client.

Fees for services set forth in Paragraphs B & C, will be billed at BTMA's standard billing rates based upon the actual time and expenses incurred with a minimum of Twenty-Five Thousand Dollars (\$25,000) and will not exceed Fifty-Five Thousand Dollars (\$50,000) without further authorization from the Client.

Fees for services set forth in Paragraph D, will be billed at BTMA's standard billing rates based upon the actual time and expenses incurred.

Fees for services set forth in Paragraph E, will be acknowledged in a separate Engagement Letter.

Fees for services set forth in Paragraph F, will be Four Thousand Five Hundred Dollars (\$4,500).

### Standard Hourly Rates by Job Classification

9/1/2022

Partners / Principals / Directors	\$330.00	to	\$525.00
Managers	\$220.00	to	\$325.00
Consultants	\$150.00	to	\$250.00
Support / Municipal Bond Disclosure Specialists	\$110.00	to	\$220.00
Interns	\$110.00	to	\$135.00

- *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 BTMA with the exception of expenses incurred for mileage which will be billed on a separate line item. 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<sup>®</sup>. 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.

### **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.

### **Nonattest Services**

As part of this engagement, we will perform certain nonattest services. For purposes of the Engagement Letter and this Scope Appendix, nonattest services include services that the *Government Auditing Standards* refers to as nonaudit services.

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We will not perform any management functions or make management decisions on your behalf with respect to any nonattest services we provide.

In connection with our performance of any nonattest services, you agree that you will:

- > Continue to make all management decisions and perform all management functions, including approving all journal entries and general ledger classifications when they are submitted to you.
- > Designate an employee with suitable skill, knowledge, and/or experience, preferably within senior management, to oversee the services we perform.
- > Evaluate the adequacy and results of the nonattest services we perform.
- > Accept responsibility for the results of our nonattest services.
- > Establish and maintain internal controls, including monitoring ongoing activities related to the nonattest function.

Conflicts of Interest

Attachment A to the Engagement Letter contains important disclosure information that is applicable to this Scope Appendix.

We are unaware of any additional conflicts of interest related to this Scope Appendix that exist at this time.

Termination

Notwithstanding termination provisions contained in the Engagement Letter, this Scope Appendix is intended to be ongoing and applicable individually to specific services including financings, arbitrage computations, and/or continuing disclosure engagement, ("Sub-engagements") as if they are the sole subject of the Scope Appendix. As such, termination may occur for a specific Sub-engagement without terminating the Scope Appendix itself. On termination of a Sub-engagement or the Scope Appendix, all fees and charges incurred prior to termination shall be paid promptly. Unless otherwise agreed to by the Client and Baker Tilly, the scope of services provided in a Sub-engagement performed under this Scope Appendix will terminate 60 days after completion of the services for such Sub-engagement.

If this Scope Appendix is acceptable, please sign below and return one copy to us for our files. We look forward to working with you on this important project.

Sincerely,



Matthew R. Eckerle, Principal

**Signature Section:**

The services and terms as set forth in this Scope Appendix are agreed to on behalf of the Client by:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



**APPLYING AGREED-UPON PROCEDURES ACCOUNTING SERVICES**

Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report and we will require an acknowledgment in writing of that responsibility. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which the agreed-upon procedures report has been requested or for any other purpose.

Because the agreed-upon procedures do not constitute an examination or review, we will not express an opinion or conclusion in our report. In addition, we have no obligation to perform any procedures beyond those listed in the procedures letter.

We will issue a written report upon completion of our engagement that lists the procedures performed and our findings. Our report will be addressed to the Client and other specified parties and should not be used by anyone other than these specified parties. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.