

RE: Municipal Advisory Services - Comprehensive Financial Planning, Comprehensive TIF Report, Strategic Funding Assistance, and Economic Development Advisory Services

DATE: August 23, 2022

This Scope Appendix is attached by reference to the above-named engagement letter (the "Engagement Letter") between the Town of Munster (the "Client", or the "Town") 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. Financial Advisory, Consulting, and Compilation Services

1. Comprehensive Financial Plan (Consulting and Compilation Services)

Assist the Client in the development of a financial model as follows:

- a. Compile schedules of cash receipts, cash disbursements and fund balances of all major operating funds of the Client for the previous two years ended December 31 based upon reports and records of the Client, in order to identify trends in revenues, expenditures and fund balances.
- b. Compile a projection of cash receipts, cash disbursements and fund balances of all major operating funds of the Client for the calendar years 2022 through and including 2025. Projections will include estimates of property tax collections, circuit breaker tax credits, income tax collections and planned expenditures for Client operations, maintenance, capital expenditures and debt service requirements.
- c. Recommend a level of minimum fund balances to be maintained.
- d. Identify fund balances within non-major funds that may be available to fund General Fund or other operating expenditures and provide a description of the authorized uses of fund balances.
- e. Identify potential shortfalls in revenues and provide suggestions, as available, to bridge funding gaps.
- f. Provide a preliminary report of our findings and recommendations to the Client and present a summary of the report to the Council.

2. Annual Services / Periodic Services (Financial Advisory Services)

- a. After the initial setup of the Financial Plan, the Firm will be available as necessary and at the discretion of the Client to monitor and update the Financial Plan, attend working group meetings, and provide ongoing financial strategy and advice as warranted.
- b. Meet, as needed, with Client officials to discuss and answer questions on the Financial Plan, its findings, recommendations and alternatives.
- c. Meet, as needed, with Client officials and members of the public to explain and answer questions and concerns on the Financial Plan.
- d. Provide other financial and accounting support services.

B. Analysis of Existing Tax Increment Allocation Areas – Comprehensive TIF Report

1. Coordination with the staff of the Client regarding all available legal documents related to the establishment and amendment of the Town's Tax Increment Allocation Areas, as well as any obligations payable from tax increment revenues.
2. Work with the Town and the Lake County (the "County") Auditor's office regarding the composition of the Allocation Areas per the Commission's records and the records maintained by the County.
3. Prepare an analysis of the Allocation Areas that includes:
 - a. Estimated tax increment revenues for the remaining durations of the Allocation Areas incorporating:
 - i. Existing development
 - ii. Proposed development, if available
 - iii. The expiration of existing and proposed property tax abatements
 - iv. The impact of outstanding appeals, if available
 - b. Amortizations of outstanding tax increment obligations of the Allocation Areas.
 - c. Amortizations of illustrative obligations payable from the tax increment revenues of the Allocation Areas that may be issued by the Commission.
 - d. Schedules comparing estimated tax increment revenues to outstanding and illustrative obligations payable from tax increment.
 - e. If requested, an illustrative annual cash flow for each Allocation Area for a five-year period (or another period defined by the Commission) that accounts for debt and non-debt expenditures of the Commission.
 - f. The illustrative impact of amendments to the Allocation Areas, including Allocation Area combinations, expansions or contractions.
4. Attendance of meetings with Client representatives as needed.

C. Infrastructure Investment and Jobs Act ("IIJA") American Rescue Plan Act ("ARPA") and Other Grant Pursuit Consulting Services

Task 1: Identify potential grant opportunities including but not limited to IIJA and ARPA ("Take Bearing")

1. Determine potential projects to be financed ("Priority Projects") by reviewing Client's current capital and/or asset management plans (if available) and interviewing Client representatives.
2. Using questionnaires to be completed by Client, collect Priority Project information necessary to research grant opportunities.
3. Utilize Baker Tilly's internal ARPA and IIJA grant database and other industry sources to identify potential federal and state funding sources for Client's Priority Projects.
4. Deliver to Client a letter report detailing potential federal and state funding sources for Priority Projects.

Task 2: Create detailed action plan for projects client chooses to pursue (“Chart Course”)

1. For Priority Projects which the Client wishes to further pursue grant funding, BTMA will prepare an action plan to include:
 - a. Most current status of the grant program
 - b. Grant program deadlines
 - c. Grant application requirements
 - d. Criteria for selection and insight on what constitutes a strong application
2. As appropriate, arrange for Client to meet with grant program administrators to receive feedback on potential grant applications.
3. For grant programs which are not yet accepting applications, Baker Tilly will monitor the program on Client’s behalf and periodically inform Client of program status.

Task 3: Assist in submission of grant application (“Expedition”)

1. At the request of the Client, BTMA will assist in preparation and submission of one or more grant applications. BTMA will:
 - a. Assist the Client in developing a working group (subject matter experts).
 - b. Prepare and maintain a Schedule of Events and Distribution List
 - c. Prepare grant application materials and collect grant application materials from members of the working group
 - d. Assemble the grant application and submit it on Client’s behalf

D. As Requested, Economic Development Project Evaluation and Preliminary Feasibility

1. Economic Development Project Feasibility Analysis
 - a. In connection with a proposed economic development project or prospect (the “Project”), discuss with Client (or Client representative) the proposed Project; potential incentives; the use of TIF, tax abatement and other sources of funding; preliminary financing options and feasibility analyses; timing and investment information needed for analysis; other issues and considerations.
 - b. Prepare an estimate of real and depreciable personal property assessed value for the proposed development based on investment information provided by the Company or its representatives. Prepare schedules of real and depreciable personal property tax abatement reductions, if applicable.
 - c. Prepare a preliminary TIF 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. This preliminary feasibility analysis may consider the impact on the tax increment stream and bond size with and without tax abatement. Discuss bond options and security needed to market bonds if applicable.
 - d. If applicable, prepare a preliminary analysis utilizing both new and existing TIF revenue taking into account any outstanding obligations payable from the existing TIF, and provide additional incentive options.
 - e. Discuss preliminary financing feasibility with Client and Company representatives and advisors. Attend meetings and participate in conference calls as requested.
 - f. If requested by the Client, prepare additional TIF revenue estimates and financing feasibility analyses based on different investment assumptions and/or based on different financing terms, funding options and assumptions.

- g. Assist with the establishment or expansion of a TIF Area, including TIF information for Declaratory Resolution and Economic Development Plan, preparation and distribution of a tax impact analysis required for overlapping taxing units, attendance of public hearing and other municipal and redevelopment commission meetings as necessary.

2. Economic Development Project Impact Analysis

- a. Economic Impact During Construction: The economic impacts to be projected during construction will include economic output, jobs and salaries produced by the construction activities.
- b. Economic Impact of Future Growth Through Ongoing Operations of the Project: The economic impact of the future growth will include the annual direct and indirect economic impacts, including:
 - i. Amount of direct and indirect sales and revenues to be generated,
 - ii. Number of new direct and indirect jobs created,
 - iii. Salaries to be paid to these workers,
 - iv. Number of new workers moving to the community,
 - v. Number of new residents,
 - vi. Number of new school students,
 - vii. Additional revenues for local hotels/motels, if any, and
 - viii. Additional residential and commercial property added to local tax rolls.

Data to Be Used in the Economic Impact Project Analysis

- a. The Client will provide relevant data on the Project including detail on costs to construct (if any), employees, wages, expected revenues, and other details on the development for the analysis.
- b. Baker Tilly will gather other information, as needed for the analysis, and perform other research, as necessary.
- c. Baker Tilly will use U.S. Department of Commerce RIMS II regional economic multipliers to project job creation and other economic impacts.
- d. Baker Tilly will perform other services that may be necessary to ensure that a complete, professional economic and fiscal impact analysis report is prepared.

COMPENSATION AND INVOICING

For Section A-1, fees will be Thirty Thousand Dollars (\$30,000). Section A-2, fees will be billed at BTMA's standard billing rates based upon the actual time and expenses incurred.

For Section B, fees will be billed at BTMA's standard billing rates based upon the actual time and expenses incurred and will not exceed Thirty Thousand Dollars (\$30,000) without further authorization from the Client.

For Section C, Tasks 1 & 2, will be billed monthly at the standard hourly rates below based on actual time incurred, not to exceed Twenty Thousand Dollars (\$20,000) in total for all tasks without prior approval by the Client. Task 3 will be billed monthly at the standard hourly rates below based upon the actual time incurred. A not to exceed amount per grant application will be provided to the Town based on the type of grant prior to the commencement of work.

For Section D, fees will be at BTMA's standard billing rates based upon the actual time and expenses incurred with not-to-exceed amounts determined on a per-project basis.

Standard Hourly Rates by Job Classification
9/1/2021

Partners / Principals / Directors	\$320.00	to	\$525.00
Managers	\$205.00	to	\$315.00
Senior Consultants / Senior Financial Analysts	\$165.00	to	\$200.00
Consultants / Financial Analysts	\$140.00	to	\$160.00
Support Personnel	\$100.00	to	\$150.00
Interns			\$110.00

- *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[®]. 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.

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.

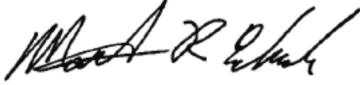
Termination

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.

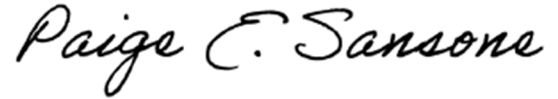
**SCOPE APPENDIX to
Engagement Letter dated: April 21, 2021
Between the Town of Munster and
Baker Tilly US, LLP**

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



Paige E. Sansone, Partner



Jeffrey P. Rowe, Partner



Jolena Presti, Managing Director

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: _____