

Building Communities. It's What We Do.

Ehlers helps public sector clients build outstanding places to live, work, learn and play by delivering focused, fully-integrated municipal financial advisory services.

We build strong, long-lasting client relationships - working directly and collaboratively with your staff - to complete projects and drive initiatives forward.

We leverage decades of industry experience, deep market and community knowledge, and our unique team-based approach to successfully guide clients through all facets of public finance.

Ehlers' services include:



Financial Management Planning

- Strategic Planning
- Research, Analysis & Studies
- Policy Development
- Projection Modeling
- Utility Rate Analysis



Economic Development & Redevelopment

- Planning & Project Management
- Feasibility & Cash Flow Analysis
- Developer Selection & Negotiation
- TIF/Special District Creation & Management



Debt Issuance & Management

- Competitive, Negotiated & Private Placement
- Specialized Instruments
- Credit Rating Reviews
- Continuing Disclosures
- Paying Agent Services
- Compliance Policies



Investments & Treasury Management

- Policy Development & Evaluation
- Strategy Creation & Implementation
- Reporting
- Cash Flow Analysis & Reporting
- Treasury Management Consulting
- Arbitrage Consulting



We serve more than 1,500 public sector clients across 5 states, representing their interests alone. We do not represent underwriters, developers, investors or the private sector.

Debt Issuance & Management

Financing the future of Minnesota communities.



Knowing you'll be able to fund projects is exciting. Obtaining and managing financing can be daunting. Ehlers' municipal advisory team proactively guides you through the debt issuance and management process to help ensure your project is successful and can provide generational benefits.

Our Process

A pioneer in the municipal advisory business since 1955, Ehlers leverages deep market-knowledge, direct local government experience and industry best practices to serve as your independent fiduciary through all phases of public financing.



Our Performance

Our expertise is best demonstrated by our performance. **Ehlers consistently ranks first in Minnesota and in the top three nationwide for the number of competitive bond sales advised***. We also advise our clients on many negotiated and privately placed transactions each year.

* Source: Bloomberg - 1/1/2019 through 12/31/2019

Our Integrated Approach

Ehlers isn't in this business to simply complete transactions. We're here to help you realize a vision. **Our integrated, value-oriented client service model empowers issuers to collaborate with a single advisory firm to:**

- » Plan capital initiatives & evaluate feasibility
- » Unite public officials, project partners & constituents
- » Structure, market & execute prudent financing plans
- » Develop practical post-issuance polices (reporting, investments, arbitrage, etc.)
- » Seek optimal refunding escrow & bond proceeds investment performance
- » Monitor investment portfolios & track proceeds' expenditures for arbitrage rebate
- » Complete required & interim arbitrage reporting
- » Ensure timely debt repayment
- » Prepare and submit mandatory disclosure reporting for material events

Our Independence

Independence is simply another way of saying **we only work with our clients' best interests at heart. And we've been doing it that way since 1955.** Ehlers is an independent advisory firm. We are not affiliated with any broker-dealer or commercial bank and we serve only public sector clients. Because we don't represent investors, developers or an underwriting desk, you can be confident the advice you receive from our advisors isn't influenced by competing interests. When planning your debt issuance, we will diligently evaluate all options for a method of sale and recommend the one that makes the most sense from a cost-benefit standpoint.

Are you ready to realize the vision for your community? **Let's get started!**

 Visit ehlers-inc.com

 E-mail info@ehlers-inc.com

 Call 800-552-1171



BUILDING COMMUNITIES. IT'S WHAT WE DO.

Economic Development & Redevelopment

Innovation to help Minnesota communities reach new heights.



From start to finish, Ehlers' team of dedicated Economic Development and Redevelopment Advisors can help your municipality or development authority achieve its goals. Ehlers leverages decades of direct local government experience, strong developer relationships, deep market knowledge and collaborative processes to revitalize neighborhoods, create jobs and vibrant business districts, provide community facilities and amenities and deliver a full range of housing options. Our mission in this work is simple and powerful: To build strong, sustainable and equitable communities.

Our Process

Ehlers works as an extension of your staff, fully integrating ourselves into your organization's processes and framework for decision-making. We rely on a results-driven approach to unite community leaders and residents, drive development initiatives forward and demystify the complexities of projects in a way that's both financially feasible and meets community expectations.

1

PLANNING

- Identify community goals, facilitate strategic planning
- Develop policies for development & use of public funds/ tools
- Identify funding sources/ write grants
- Complete research & special studies
- Conduct developer roundtables & assist with developer recruitment

2

ANALYSIS

- Analyze public finance applications & complete general feasibility analysis
- Facilitate discussions & work between city, residents & developers
- Structure most effective financing solution
- Communicate recommendations clearly & concisely to community members

3

IMPLEMENTATION

- Provide project management & staffing services
- Negotiate development contracts
- Create new housing redevelopment & economic development programs
- Establish TIF districts/ tax abatements
- Complete annual TIF/ tax abatement administration (PAYGO, reporting, agreements)

Our Services

Ehlers advises clients across a wide spectrum of development and redevelopment projects. We deliver a comprehensive array of services including:

- ✓ Policy & program development
- ✓ Development risk analysis & management
- ✓ Strategic planning
- ✓ Special research & projects
- ✓ Developer recruitment/ roundtables
- ✓ Developer selection & negotiation
- ✓ Tax Increment Financing (TIF) and special district creation & management/ administration
- ✓ *Pro forma* analysis
- ✓ Grant writing administration & support
- ✓ "On staff" project management & interim staffing

Our Independence

Ehlers prides itself on transparent communication, proactive and highly responsive service and an unwavering dedication to deploying client resources in the most effective way possible. We work exclusively for local governments and represent your interests alone when negotiating public assistance. Ehlers does not work for developers, investors or private companies. While we recognize economic development and redevelopment can only be successful when there is a strong partnership between the private and public sectors, our number one job in helping clients deliver generational benefits to their communities is maximizing private investment while minimizing the financial impact on residents and taxpayers.

Are you ready to bring your development concept to life? **Contact us today!**

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EHLERS



BUILDING COMMUNITIES. IT'S WHAT WE DO.

Financial Management Planning

Strength. Stability. Success.



Whether you're creating a capital improvement plan, considering a major infrastructure project or evaluating the fiscal impacts of service and staffing alternatives, strong financial management planning seamlessly integrates all your prospective initiatives to provide a practical "road map" that helps your community not only achieve its short-term goals, but realize its long-term vision.

Our municipal advisory teams partner with you to craft dynamic forecasting models built on a foundation of policy and best practice, resulting in an interactive decision-making process that shows exactly where you are today and how to effectively and prudently get to where you want to be. We prepare detailed analyses to help you prioritize financial needs and evaluate viable options based on objective impacts and benefits.

What's the value of completing a Financial Management Plan?

A comprehensive Financial Management Plan:

- ✓ Examines your community's current financial profile
- ✓ Identifies financial opportunities & potential challenges
- ✓ Explores opportunities to amend existing financial policies or create new ones
- ✓ Provides information to help establish priorities for future operational & capital needs
- ✓ Empowers community leaders to effectively communicate fiscal priorities & establish tangible goals
- ✓ Builds consensus, confidence & support for community investment initiatives
- ✓ Streamlines annual budget preparation
- ✓ Eliminates reactionary impulses & fosters fiscally responsible decision-making

Isn't Financial Management Planning just multi-year budgeting?

Not at all. A strong, long-term Financial Management Plan doesn't replace your annual or even multi-year budgeting process. It strengthens it. Using this adaptable tool harmonizes capital and operating budgets over an extended forecast period, which in turn helps you more effectively handle the inevitability of changing financial and economic circumstances and manage growth.

Regardless of your size, Ehlers' analysis, modeling and presentation materials will foster strategic discussions amongst elected officials, staff and constituents with the goal of building resilient, sustainable communities for years to come.

Paying Agent Services



A missed or late debt payment can result in costly consequences for public debt issuers. In addition, the Depository Trust Company's (DTC) bond issuer payment submission requirements make the process far more complex. We recommend engaging a paying agent as a smart, simple way to reduce your risk of late or missed payments.

What is a paying agent?

Paying agents help securities issuers manage their debt payment obligations. When you engage a registered paying agent, they will:

- ✓ Serve as the physical custodian of your bonds.
- ✓ Maintain records of the debt obligations for which they are contracted.
- ✓ Notify you well in advance of payment due dates.
- ✓ Collect amount due and submit payment to the DTC on your behalf.
- ✓ Troubleshoot directly with the DTC whenever needed.
- ✓ Coordinate with your auditors to ensure accuracy of audit verifications.
- ✓ Complete Internal Revenue Service filings for direct-pay programs, as needed.

Your paying agent also handles administrative tasks, such as processing required redemption notices for term bonds and optional redemption notices for full or partial bond calls.

Is it important to retain one?

Yes! Engaging a qualified paying agent, such as Ehlers, is a cost-effective way to ensure:

- ✓ **Accurate & timely payments:** Missed or late debt payments are reportable events under SEC Rule 15c2-12 and must be publicly disclosed via EMMA and future official statements. Any lapse can negatively impact your rating and increase your future cost of borrowing.
- ✓ **Continuity:** Staff departures or loss of institutional knowledge can put you at risk for missed or late payments.
- ✓ **Advocacy & Representation:** When discrepancies or other problems arise, Ehlers will advocate on your behalf, working directly with the DTC to resolve any issues quickly.

Can Ehlers help?

Absolutely. Ehlers provides paying agent services to over 625 issuers. We are a member of DTC's Fast Automated Securities Transfer program, which eliminates the need to physically transfer securities by empowering us to serve as custodian for DTC while working on your behalf. Our services include:

- ✓ Paying Agent
- ✓ Registrar
- ✓ Fiscal Agent
- ✓ Upcoming Payment Reminders
- ✓ Call Notice/Redemption Filing
- ✓ Mandatory Term Bond Redemption Notifications

Bottom Line?

A missed or late debt payment is a costly mistake that can result in long-term consequences. Let Ehlers help you avoid that. **To learn more, contact Ehlers' today!**

Arbitrage Consulting Services

Monitoring Income & Expenditures. Mitigating Risk.



Managing the investment income and expenditures of tax-exempt bond proceeds is a critical responsibility for public officials and financial officers. Rely on Ehlers' arbitrage consultants to collaborate with your Municipal and Investment Advisors to devise strategies that help you better monitor project spending, optimize investment income and comply with the Federal Tax Code.

What is arbitrage?

In simple terms, Arbitrage is the profit that results from investing tax-exempt bond proceeds in higher yielding taxable securities. As the most prevalent issuers of tax-exempt debt, state and local governments, school districts and public agencies are subject to IRS restrictions (arbitrage rules) on how much interest they can earn when investing bond proceeds and must appropriately track the expenditure of those proceeds.

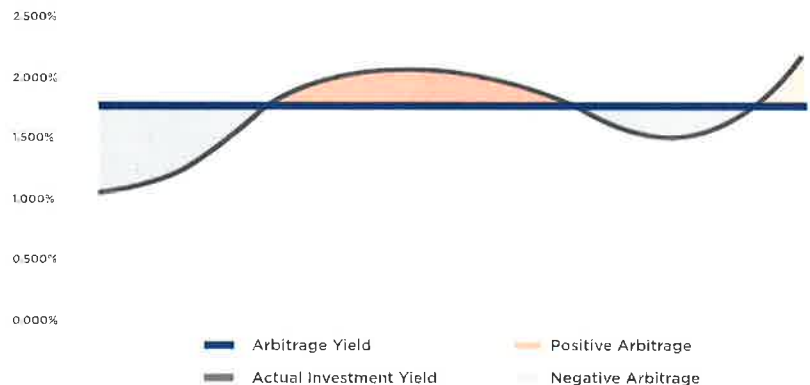
How do we manage arbitrage?

The primary objective of arbitrage management is to cogently balance the timing of bond proceeds expenditures with the income generated on invested proceeds.

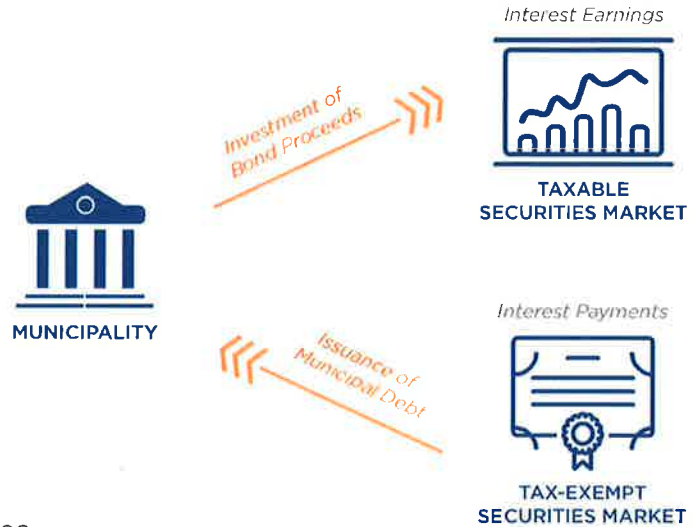
The graph below illustrates how arbitrage can ebb and flow over time:

- » The blue line represents arbitrage yield (or maximum investment yield) per the Federal Tax Code.
- » The dark grey line reflects actual investment yield over time.
- » When the investment yield rises above the arbitrage yield, you are in a position known as positive arbitrage (as shown in the orange shaded area), which means a net arbitrage amount may exist.
- » When the investment yield falls below the arbitrage yield, you are in a negative arbitrage position (the light grey shaded areas), which can help counteract any positive arbitrage you may earn.

ARBITRAGE MONITORING



ARBITRAGE CREATION



What is the role of an arbitrage consultant?

Arbitrage monitoring is a complex, work-intensive process that many communities don't have the expertise or bandwidth to complete effectively. Arbitrage consultants de-mystify both the Federal Tax Code and the monitoring process. We take the hassle out of mandatory reporting and help ensure regulatory compliance by:

- ✓ Creating arbitrage strategies, policies & procedures
- ✓ Monitoring debt obligations subject to yield restriction
- ✓ Collecting & maintaining records necessary for compliance
- ✓ Preparing arbitrage reports & IRS forms
- ✓ Delivering IRS audit guidance & support
- ✓ Providing client training & work support

Why choose Ehlers?

Ehlers' Arbitrage Consultants integrate seamlessly with your Municipal and Investment Advisors to develop and execute prudent, cost-effective arbitrage strategies. We use a proactive approach to:

- ✓ Determine arbitrage responsibilities & risks before debt issuance
- ✓ Balance investment & expenditure practices to allow for optimal earnings
- ✓ Take full advantage of available exceptions, safe harbors & elections for arbitrage reporting
- ✓ Minimize compliance risk & rebate liability

Investments & Treasury Management

Making the Most of Community Resources



Effectively managing your investable cash assets - both general and bond proceeds - is critical to maintaining long-term fiscal stability. Ehlers' Investment Advisors actively collaborate with you to prudently develop and manage investment policies and portfolios that preserve capital, optimize earnings, maintain liquidity and comply with Federal regulations.

Our Services

With a deep commitment to transparency and collaboration, Ehlers offers the following services:

- ✓ Bond proceeds investment management
- ✓ General funds investment management
- ✓ Cash flow forecasting
- ✓ Banking RFP relationship evaluation
- ✓ Refunding & defeasance escrow bidding agent

Our Process

Municipalities, school districts, public agencies, special districts and authorities all have unique needs when it comes to treasury and investment portfolio management. Ehlers' advisors take the time to know you, understand your cash flow requirements and risk tolerance and craft a custom portfolio that works best for your projects and daily operations. We never use a 'one size fits all' approach when investing your funds.

1

ANALYSIS & DEVELOPMENT

- Review current portfolios & policies
- Develop cash flow forecast
- Draft policies to align with community goals
- Create investment strategies supporting cash flow needs

2

IMPLEMENTATION

- Build investment portfolio based on approved policy & analysis
- Invest assets of portfolio
- Rebalance & adjust asset mix (as needed)
- Deliver monthly performance reporting

3

COMPLIANCE

- Examine & adjust portfolio characteristics to maintain IRS, state statute & internal policy compliance
- Collaborate with Ehlers' Arbitrage Consultants to:
 - Develop Arbitrage strategy
 - Complete interim & required reporting
 - Conduct rebate analysis

Debt Issuance Fees

Ehlers fees for single purpose debt issuances are based on the amount issued, including competitive, negotiated and refunding bonds.

PAR VALUE	FEE/\$1,000
First \$500,000	\$20.00
\$500,000 - \$1,000,000	\$10.50
\$1,000,001 - \$2,000,000	\$6.00
\$2,000,001 - \$5,000,000	\$3.00
\$5,000,001 - \$10,000,000	\$2.50
\$10,000,001 - \$15,000,000	\$1.25
\$15,000,001 - \$20,000,000	\$1.15
\$20,000,000 - \$25,000,000	\$1.00
> \$25,000,000	\$0.50

- » Multi-purpose issues are charged at 75% of fee schedule by statutory purpose or distinct repayment source, but in no case greater than 150% of the applicable fee based on issue par amount.
- » Contemporaneously sold issues with the same security are charged with the largest issue at full fee and all other issues at 80% of the fee schedule.
- » Advance refunding issues require an additional \$2,500 for added technical support per issue.
- » Use of open market securities within a defeasance escrow requires an additional \$750 per escrow.
- » Revenue-secured obligations (non-G.O.) shall carry fees at 150% of the above table of fees for general obligation debt.
- » Debt issues not requiring an official statement shall carry fees at 75% of the applicable fee for general or revenue-secured obligations that require an official statement, but in no case less than \$5,000.
- » Ehlers shall charge flat fees of \$1,500 - \$5,000 in addition to the standard bond fee for authoring of or consultation on planning documents or reports required for authorization of debt issuance, which fee shall include meeting attendance (i.e. Capital Improvement Plans, Street Reconstruction Plans, Tax Abatement, etc.). Such fee and scope of work shall be agreed upon between Client and Ehlers in advance.

The City will be responsible for the following expenses: credit rating fees, legal services, publication of notices (if any), paying agent fees (if any), escrow agent fees (if any), verification agent (if any), and any fees charged by third parties for information required for the official statement.

Continuing Disclosure Fees

Ehlers will assess Continuing Disclosure fees as follows:

CONTINUING DISCLOSURE UNDERTAKINGS	ANNUAL FEE
One (1) to three (3) CDU's	\$2,800
Four (4) to six (6) CDU's	\$3,300
Seven (7) or more CDU's	\$3,800

Investment Advisory & Arbitrage Consulting Fees

Investment Advisory Fees

Because the City is a valued Investment Services client, Ehlers will honor the terms of our existing agreement.

Arbitrage Consulting Fees

Because the City is a valued Arbitrage Client, Ehlers will honor the terms of our existing agreement.

Hourly Advisory Services Estimates

Long-Term Financial Management Planning

\$15,000 - \$30,000, depending on scope and data

Utility Rate Studies/Analysis

\$10,000 - \$30,000, depending on scope and data

The City and Ehlers may also agree to flat fee or not to arrangements for projects, as needed.

Paying Agent Services

Paying Agent Service fees are charged annually on a per-issue basis.

Initial Fee: \$450.00 upon bond sale

Annual Fee: \$475.00 per issue

Paying Agent Service Fees Chart

FEE	TERM	COVERAGES
\$450	Initial (payable at closing)	<ul style="list-style-type: none">• Review of final bond documents• Communication with advisor & bond counsel• Coordination of delivery of bonds for closing• Set up of necessary accounts/records
\$475	Annual Administration (payable in advance)	<ul style="list-style-type: none">• Invoicing & collection of scheduled debt service payments• Documentation & wiring of scheduled debt service payments• Handling correspondence & communications with The Depository Trust company• Maintenance of Issuer's account• Destruction of Bonds• Processing of optional redemption notices
\$100	Additional Services (per notice)	<ul style="list-style-type: none">• Processing of mandatory sinking fund notices

Services other than those listed above not contemplated at time of issuance are charged based on the type of service performed, expenses incurred, time involved and responsibility assumed.