



AGENDA ITEM #10.5

REPORT TO CITY COUNCIL

Report Prepared by: Nancy Malecha

Date: October 4, 2016

Subject: Municipal Advisor Services Agreement

Report: The City currently utilizes the professional services of Springsted Inc. for financial consulting. Recently, I was made aware that municipal advisors are now required to establish terms and conditions, by contract, of their client engagements.

Attached please find a memorandum and agreement from Springsted Inc. The memorandum highlights the key components of the Agreement for Municipal Advisor Services which has been reviewed by the City Attorney.

Council Action Requested: Council motion approving the Agreement for Municipal Advisor Services with Springsted Inc.



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MEMORANDUM

TO: Pequot Lakes Mayor and City Council
Nancy Malecha, City Administrator/Clerk

FROM: Paul T. Steinman, Vice President

DATE: September 8, 2016, 2016

SUBJECT: Municipal Advisor Contract

As a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, all Municipal Advisors (MA's) are now required to establish the terms and conditions, by contract, of their client engagements. Because the MA Contract is a relatively new standard I wanted to take the opportunity to highlight some of the components.

- 1) Dodd-Frank Compliance – As stated, this federal law mandates that contracts will be required for all MA/Client relationships.
- 2) Engagement; Duties – This section describes our role in the contractual engagement, specifically indicating the functions of an MA in Appendix A.
- 3) Compensation and Expenses – This section describes how and when the MA is to be paid as part of the engagement. The Appendix B as referenced puts forth our current fee schedule for bond financings and hourly engagements.
- 4) Term and Termination – The contract can be terminated by any party for any reason upon 30 day written notice.
- 5) Indemnification; Sole Remedy – Common contractual indemnification language.
- 6) Confidentiality; Disclosure of Information – Information the Client provides the MA is client information and that which is provided to Client, with the exception of the reports prepared for the Client, is proprietary information of the MA.

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- 7) Conflicts of Interest – This section refers to Appendix C which provides a full disclosure of actual or potential conflicts of interest.
- 8) Dispute Resolution – The parties agree to mediation of disputes, and if unsuccessful, each may pursue all available other legal remedies.
- 9) Miscellaneous - Covering other contractual issues not presented in previous sections of the contract.

Appendix A – Provides a specific scope of services that we may provide in the 4 primary areas:

- General Municipal Advisory Services
- Securities Issuance
- Arbitrage Monitoring Services
- Continuing Disclosure Services

Appendix B – Provides a description of our current compensation scale for multiple different types of bond financings. This Appendix also provides our hourly rates and fees and fees specific to Arbitrage and Rebate Monitoring Services and Continuing Disclosure Services.

Appendix C - Describes all of the actual and potential conflicts of interest presented by various forms of compensation that may occur with the scope of the services provided, and any other material conflicts of interest specific to our work with the Client.

Arbitrage Monitoring Services Authorization to Engage Services – Provides the title of each specific bond on which Client is hiring Springsted to provide Arbitrage Monitoring Services. This authorization will be updated each time new bonds are sold, so as to incorporate such new bonds into the contract for Arbitrage Monitoring Services.

Continuing Disclosure Services Authorization to Engage Services – Provides the title of each specific bond on which Client is hiring Springsted to provide Continuing Disclosure Services. The authorization will also be updated each time new bonds are sold.

AGREEMENT FOR MUNICIPAL ADVISOR SERVICES

THIS AGREEMENT FOR SERVICES ("Agreement") is made as of the 28 day of September, 2016 (the "Effective Date"), by and between the City of Pequot Lakes, Minnesota ("Client") and Springsted Incorporated ("Advisor").

WHEREAS, the Client wishes to retain the services of the Advisor on the terms and conditions set forth herein, and the Advisor wishes to provide such services; and

NOW, THEREFORE, the parties hereto agree as follows:

1. Dodd-Frank Compliance. Springsted is a Municipal Advisor as defined in Section 15B of the Securities Exchange Act of 1934 and as amended by Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. For purposes of any Municipal Advisor Services rendered by Advisor, Springsted affirms that it is registered as a Municipal Advisor and in good standing with both the Securities and Exchange Commission (registration #867-00226) and the Municipal Securities Rulemaking Board (registration #K0457). The Advisor shall maintain such registration and compliance with applicable laws and regulations as they pertain to Municipal Advisors during the term of this Agreement.
2. Engagement; Duties. On the terms and conditions set forth herein, Client hereby engages Advisor as its Municipal Advisor. Advisor shall provide those services described in **Appendix A** to Client on an as-requested basis by Client; provided, however, that Advisor's obligations under this Agreement shall be expressly limited to such services. Notwithstanding the foregoing, if Client requests Advisor to provide services in connection with a particular municipal issuance-related matter and the parties agree that the services that will be required to be provided in connection therewith differ in scope from those services set forth on **Appendix A**, the parties shall negotiate a mutually agreeable set of services that will be provided by Advisor to Client. Upon the parties' agreement to a particular set of alternate services, Advisor shall deliver to Client an addendum to this Agreement (an "Addendum"). Any such Addendum shall set forth the scope of Advisor's engagement with respect to such municipal issuance-related matter, as well as any alterations to the terms of this Agreement that may have been agreed upon by the parties in connection with such alternate services.

Client authorizes its Mayor and Administrator/Clerk ("Client Representative") to discuss with Advisor the terms of any such Addendum, and authorizes Client Representative to consult with other Client staff or counsel in order to take any and all actions necessary to negotiate, receive, acknowledge or undertake any other step(s) necessary to effectuate any such Addendum on behalf of Client.

3. Compensation and Expenses. Client shall compensate the Advisor and be responsible for the payment of such expenses as set forth on, and in accordance with, **Appendix B** attached hereto. Unless otherwise noted in Appendix B, compensation shall be due to the Advisor within thirty (30) days of the invoice date. The fees set out herein shall be effective for the twelve (12) month period immediately following the Effective Date and shall extend to any service provided by the Advisor pursuant to this Agreement within said 12-month period. Thereafter, the Advisor's compensation shall be at the rates charged other similar clients as of the time a Debt Obligation is commenced.

Standard of Care. Services provided by Advisor or its subcontractors and/or sub-consultants under this Contract will be conducted in a manner consistent with that level of care and skill ordinarily exercised by members of Advisor's profession or industry. Advisor shall be liable to the fullest extent permitted under applicable law, without limitation, for any injuries, loss, or damages proximately caused by Advisor's breach of this standard of care. Advisor shall put forth reasonable efforts to complete its duties in a timely manner. Advisor shall not be responsible for delays caused by factors beyond its control or that could not be reasonably foreseen at the time of execution of this Contract. Advisor shall be responsible for costs, delays or damages arising from unreasonable delays in the performance of its duties.

4. Term and Termination. This Agreement shall be effective as of the Effective Date and shall remain in effect until terminated by either party for any reason upon thirty (30) days prior written notice to the other party. Provided, however, that a termination of this Agreement shall not relieve Client of its obligations to pay Advisor for all services rendered and reimbursable expenses incurred prior to the effective date of termination.

Default. If Advisor fails to satisfy any of the provisions of this Contract, or so fails to perform and/or administer the services detailed in Appendix A, attached hereto, in such a manner as to endanger the performance of the Contract or the services provided hereunder, this shall constitute default. Unless Advisor's default is excused by Client, Client may, upon written notice, immediately cancel this Contract or exercise any other rights or remedies available to Client under this Contract or law. In the event of Advisor's default, Advisor shall be liable to Client for any and all costs, disbursements, attorneys and consultant fees reasonably incurred by Client in enforcing this Contract.

5. Indemnification; Sole Remedy. The Client and the Advisor each hereby agree to indemnify, defend and hold the other harmless from and against any and all losses, claims, damages, expenses, including without limitation, reasonable attorney's fees, costs, liabilities, demands and cause of action (collectively referred to herein as "Damages") which the other may suffer or be subjected to as a consequence of any act, error, material misstatement or omission of the indemnifying party in connection with any information provided, or the performance or nonperformance of its obligations hereunder, less any payment for damages made to the indemnified party by a third party.

Notwithstanding the foregoing, no party hereto shall be liable to the other for Damages suffered by the other to the extent that those Damages are the consequence of: (a) events or conditions beyond the control of the indemnifying party, including without limitation, changes in economic conditions; (b) actions of the indemnifying party which were reasonable based on facts and circumstances existing at the time and known to the indemnifying party at the time the service was provided; or (c) errors made by the indemnifying party due to its reliance on facts and materials provided to the indemnifying party by the indemnified party.

Whenever the Client or the Advisor becomes aware of a claim with respect to which it may be entitled to indemnification hereunder, it shall promptly provide written notice to the other, which shall include a description of the nature of the claim. If the claim arises from a claim made against the indemnified party by a third party, the indemnifying party shall have the right, at its expense, to contest any such claim, to assume the defense thereof, to employ legal counsel in connection therewith, and to compromise or settle the same, provided that any compromise or settlement by the indemnifying party of such claim shall be deemed an admission of liability hereunder. The remedies set forth in this section shall be the sole remedies available to either party against the other in connection with any Damages suffered by it. The indemnification provision of this Section shall not apply to the extent damages or other losses were proximately caused by or resulted from the negligence, breach of contract or willful misconduct of the non-indemnifying party. All indemnification obligations shall survive termination, expiration or cancellation of this Contract. Advisor agrees, that in order to protect itself and Client under the indemnity provisions set forth above, it will at all times during the term of this contract keep in force policies of insurance required in the Paragraph entitled, "Insurance." Nothing in this Contract shall be construed to waive any immunities or limitations to which Client is entitled under Minn. Stat. Chapter 466 or otherwise.

6. Confidentiality; Disclosure of Information.

- 6.1 Client Information. All information, files, records, memoranda and other data of the Client which the Client provides to the Advisor, or which the Advisor becomes aware of in the performance of its duties hereunder ("Client Information"), shall be deemed by the parties to be the property of the Client. Advisor may disclose Client Information to third parties in connection with the performance by it of its duties hereunder.

- 6.2 Advisor Information. The Client acknowledges that, in connection with the performance by the Advisor of its duties hereunder, the Client may become aware of internal files, records, memoranda and other data, including without limitation legal computer programs of the Advisor ("Advisor Information"). The Client acknowledges that all Advisor Information, except reports prepared by the Advisor for the Client, is confidential and proprietary to the Advisor, and Client agrees that it will not, directly or indirectly, disclose the same or any part thereof to any person or entity except upon the express written consent of the Advisor, except as otherwise provided by law.

7. Conflicts of Interest. Client acknowledges that it has received those disclosures set forth and contained within **Appendix C** attached hereto and incorporated herein by reference. Client further acknowledges that it has been given the opportunity to raise questions and discuss the above-referenced matters with Advisor and that it fully

appreciates the nature of these conflicts and corresponding disclosures. Client hereby waives such conflicts. In the event any conflict arises during the term of this Agreement, Advisor will promptly disclose the same. Upon receiving any additional disclosures, Client agrees that it will carefully consider any such conflicts, will seek independent advice if it determines it is appropriate, and will, in a writing executed by Client Representative, specifically acknowledge the conflict(s) and, so long as Client believes that Advisor is able to appropriately manage the above-referenced conflicts, authorize Advisor to proceed with the engagement.

8. Insurance Advisor shall obtain insurance covering worker's compensation, liability, and automobile insurance. All this insurance coverage shall be maintained throughout the life of this Contract.

8.1 Advisor agrees to procure and maintain, at Advisor's expense, statutory worker's compensation coverage.

8.2 Advisor agrees to procure and maintain, at Advisor's expense, general commercial liability ("CGL") and business automobile liability insurance coverage insuring Advisor against claims for bodily injury or death, or for damage to property, including loss of use, which may arise out of operations by Advisor or by any subcontractor or by anyone employed by any of them or by anyone for whose acts any of them may be liable (including automobile use). The policy(ies) shall name Client as an additional insured for the services provided under this Contract and shall provide that Advisor's coverage shall be primary and noncontributory in the event of a loss.

8.3 Advisor agrees to procure and maintain, at Advisor's expense, the following insurance policies, including the minimum coverages and limits of liability specified below, or as specified in the applicable insurance certificate(s), or as required by law, whichever is greater:

Worker's Compensation	Statutory Limits
Employer's Liability	\$500,000 each accident \$500,000 disease policy limit \$500,000 disease each employee
Commercial General Liability	\$1,000,000 property damage and bodily injury per occurrence \$2,000,000 annual aggregate \$2,000,000 annual aggregate Products – Completed Operations
Comprehensive Automobile Liability	\$1,000,000 per occurrence combined single limit for Bodily Injury and Property Damage (shall include coverage for all owned, hired and non-owned vehicles)
Umbrella or Excess Liability	\$2,000,000

8.4 Professional/Technical (Errors and Omissions) Liability Insurance. Advisor agrees to procure and maintain, at Advisor's expense, Professional/Technical (Errors and Omissions) Liability Insurance. The required policy will provide coverage for all claims Advisor may become legally obligated to pay resulting from any actual or alleged negligent act, error, or omission related to Advisor's professional services required under the contract. Advisor is required to carry the following minimum limits: \$2,000,000 – per claim or event; \$2,000,000 – annual aggregate; or as specified in the applicable insurance certificate(s), or as required by law, whichever is greater. The retroactive or prior acts date of such coverage shall not be after the effective date of this contract and Advisor shall maintain such insurance for a period of at least three (3) years, following completion of the work. If such insurance is discontinued, extended reporting period coverage must be obtained by Advisor to fulfill this requirement.

- 8.5 True, accurate and current certificates of insurance, showing evidence of the required insurance coverages, are hereby provided to Client by Advisor and are attached hereto as **Appendix D**.
 - 8.6 Advisor's insurance policies and certificate(s) shall not be cancelled or the conditions thereof altered in any manner without Ten (10) days prior written notice to CITY.
 - 8.7 Advisor's policies shall be primary insurance to any other valid and collectible insurance available to Client with respect to any claim arising out of Advisor's performance under this contract.
 - 8.8 Advisor is responsible for payment of Contract related insurance premiums and deductibles. If Advisor is self-insured, a Certificate of Self-Insurance must be attached.
 - 8.9 Advisor's policies shall include legal defense fees in addition to its liability policy limits, with the exception of the professional liability insurance, if applicable.
 - 8.10 All policies listed in Paragraph 8.3. above shall be written on an "occurrence" form ("claims made" and "modified occurrence" forms are not acceptable) and shall apply on a "per project" basis.
 - 8.11 Advisor shall obtain insurance policies from insurance companies having an "AM BEST" rating of A-(minus); Financial Size Category (FSC) VII or better, and authorized to do business in the State of Minnesota
 - 8.12 Notwithstanding the foregoing, Client reserves the right to immediately terminate this Contract if Advisor is not in compliance with the insurance requirements contained herein and retains all rights to pursue any legal remedies against Advisor.
9. Dispute Resolution. Upon any dispute under this Agreement, and for a period of 30 days following written notice of a claim or dispute, the senior management of the parties shall first attempt to resolve the dispute informally. If informal dispute resolution is unsuccessful, within 30 days thereafter, the parties shall submit the matter to non-binding mediation before a mutually agreed, certified, neutral third party mediator. If the parties cannot agree upon a mediator, the matter shall be submitted to the American Arbitration Association, Commercial Mediation Division, for selection of a mediator. The parties shall share the cost of the mediator and pay their own mediation expenses and attorney fees. If mediation is unsuccessful, the parties may pursue all available legal and equitable remedies.
10. Miscellaneous.
- 10.1 No Underwriting Participation. The Advisor shall not during the term of this Agreement directly or indirectly engage in the underwriting of any securities issuance.
 - 10.2 Delegation of Duties. The Advisor shall not delegate its duties hereunder to any third party without the express written consent of the Client.
 - 10.3 No Third Party Beneficiary. No third party shall have any rights or remedies under this Agreement.
 - 10.4 Entire Contract; Amendment. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof, and supersedes all prior written or oral negotiations, understandings or agreements with respect hereto. This Agreement may be amended in whole or in part by mutual consent of the parties, and this Agreement shall not preclude the Client and the Advisor from entering into separate agreements for other projects.
 - 10.5 Governing Law. The parties agree and acknowledge that any action brought for breach of this Agreement or to enforce any of its provisions shall be brought in Crow wing District Court, Minnesota. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.
 - 10.6 Change in Laws or Regulations. The parties agree and acknowledge that changes in law or regulations issued by federal or state authorities may affect the terms of this Agreement. If there are any changes necessary in law or regulations made after the date of this Agreement, the Client agrees to amend this Agreement if required, to maintain compliance with all applicable laws and regulations. Unless stated otherwise in this Agreement, Advisor may amend this agreement at any time by providing thirty (30) days

advance written notice to Client. If no objection is made by the client within thirty (30) days following delivery of such notice, Advisor will assume Client's inactivity constitutes consent.

- 10.7 Severability. To the extent any provision of this Agreement shall be determined invalid or unenforceable, the invalid or unenforceable portion shall be deleted from this Agreement, and the validity and enforceability of the remainder shall be unaffected.
- 10.8 Voluntary and Knowing Action. The PARTIES, by executing this Contract, state that they have carefully read this Contract and understand fully the contents hereof; that in executing this Contract they voluntarily accept all terms described in this Contract without duress, coercion, undue influence, or otherwise, and that they intend to be legally bound hereby.
- 10.9 Authorized Signatories. The PARTIES each represent and warrant to the other that (1) the persons signing this Contract are authorized signatories for the entities represented, and (2) no further approvals, actions or ratifications are needed for the full enforceability of this Contract against it; each PARTY indemnifies and holds the other harmless against any breach of the foregoing representation and warranty.
- 10.10 Independent Contractor Status. Advisor, at all times and for all purposes hereunder, shall be an independent contractor and is not an employee of Client for any purpose. No statement contained in this Contract shall be construed so as to find Advisor to be an employee of Client, and Advisor shall not be entitled to any of the rights, privileges, or benefits of employees of Client, including but not limited to, workers' compensation, health/death benefits, and indemnification for third-party personal injury/property damage claims. Advisor acknowledges that no withholding or deduction for State or Federal income taxes, FICA, FUTA, or otherwise, will be made from the payments due Advisor, and that it is Advisor's sole obligation to comply with the applicable provisions of all Federal and State tax laws. Advisor shall at all times be free to exercise initiative, judgment and discretion as to how to best perform or provide services identified herein. Advisor is responsible for hiring sufficient workers to perform the services/duties required by this Contract, withholding their taxes and paying all other employment tax obligations on their behalf.
- 10.11 Force Majeure. The PARTIES shall each be excused from performance under this Contract while and to the extent that either of them are unable to perform, for any cause beyond its reasonable control. Such causes shall include, but not be restricted to fire, storm, flood, earthquake, explosion, war, total or partial failure of transportation or delivery facilities, raw materials or supplies, interruption of utilities or power, and any act of government or military authority. In the event either PARTY is rendered unable wholly or in part by force majeure to carry out its obligations under this Contract then the PARTY affected by force majeure shall give written notice with explanation to the other PARTY immediately.
- 10.12 Compliance with Laws. Advisor shall abide by all Federal, State and local laws, statutes, ordinances, rules and regulations now in effect or hereinafter adopted pertaining to this Contract or to the facilities, programs and staff for which Advisor is responsible.
- 10.13 Non-Discrimination. The provisions of any applicable law or ordinance relating to civil rights and discrimination shall be considered part of this Contract as if fully set forth herein.
- 10.14 Interest by City Officials. No elected official, officer, or employee of Client shall during his or her tenure or employment and for one year thereafter, have any interest, direct or indirect, in this Contract or the proceeds thereof.
- 10.15 Data Practices. The PARTIES acknowledge that this Contract is subject to the requirements of Minnesota's Government Data Practices Act (Act), Minnesota Statutes, Section 13.01 et seq. Advisor agrees to abide by the applicable provisions of the Act, HIPAA requirements and all other applicable state or federal rules, regulations or orders pertaining to privacy or confidentiality. Advisor understands that all of the data created, collected, received, stored, used, maintained or disseminated by Advisor in performing those functions that the Client would perform is subject to the requirements of the Act, and Advisor must comply with those requirements as if it were a government entity. This does not create a

duty on the part of Advisor to provide the public with access to public data if the public data is available from the Client, except as required by the terms of this Contract.

10.16 No Waiver. Any PARTY's failure in any one or more instances to insist upon strict performance of any of the terms and conditions of this Contract or to exercise any right herein conferred shall not be construed as a waiver or relinquishment of that right or of that PARTY's right to assert or rely upon the terms and conditions of this Contract. Any express waiver of a term of this Contract shall not be binding and effective unless made in writing and properly executed by the waiving PARTY.

10.17 Notice. All notices required hereunder shall be in writing and shall be deemed to have been given when delivered, transmitted by first class, registered or certified mail, postage prepaid and addressed as follows:

If to the Client:

City of Pequot Lakes
4638 County Road 11
Pequot Lakes, Minnesota 56472
Attention: David Sjoblad, Mayor

If to the Advisor, to:

Springsted Incorporated
380 Jackson Street, Suite 300
Saint Paul, MN 55101-2887
Attention: Managing Principal

The foregoing Agreement is hereby entered into on behalf of the respective parties by signature of the following persons each of whom is duly authorized to bind the parties indicated.

FOR CLIENT

SPRINGSTED INCORPORATED

David Sjoblad
Print Name
Mayor
Title

Bonnie Matson
Print Name
Principal
Title

Nancy Malecha
Print Name
Administrator/Clerk
Title

APPENDIX A OF AGREEMENT BETWEEN

City of Pequot Lakes, Minnesota

AND

Springsted Incorporated

Effective as of September 28, 2016

SCOPE OF SERVICES

A. 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"), the Advisor 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 or plans for a particular Project that may be available and appropriate for such Project.
4. Recommend to the Client a plan for any Project.
5. Advise the Client on current market conditions, federal, state or other law considerations, and other general information and economic data that might be relevant to any Project.
6. Assist Client in coordinating the activities between various parties to any Project as needed.
7. Assist Client in selecting and, working with, members of a working group to procure services deemed necessary to a Project. Services that may be procured may include, but are not limited to: general counsel; special tax counsel; credit facilities; credit rating; and engineering or design services.
8. Assist with the review of all documents, including but not limited to any governing body resolutions, purchase agreement, and any other relevant documents.
9. Assist the Client with other components of a Project as requested and agreed upon.
10. Coordinate with the proper parties and oversee the completion of each Project.

B. Securities Issuance

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

1. Provide general financial advice relative to any Transaction.
2. Survey the financial resources of the Client to determine its borrowing capacity and analyze existing debt structure as compared to the existing and projected sources of revenues.
3. Assist in the development of a plan or plans for the financing or refinancing of any improvements through the issuance of general bond obligations, loans and/or notes, school bonds, revenue or refunding bonds, or other type of financing alternatives that may be available and appropriate for the particular issuance ("Debt Obligations").

4. Recommend to the Client an amount, the maturity structure, call provisions, pricing, and other terms and conditions of the Debt Obligation.
5. Advise the Client on current market conditions, forthcoming bond, loans and note issues, federal, state or other tax law considerations, and other general information and economic data that might normally be expected to influence the interest rates of the financing.
6. Assist the Client in the analysis of 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.
7. Advise the Client on utilizing credit enhancement and provide assistance in seeking such credit enhancement if, in the opinion of the Advisor, such credit enhancements would be advantageous to the Client.
8. Assist Client in coordinating the financing activities between various parties to any Transaction as needed.
9. Assist Client in selecting and, working with, members of a working group to procure services deemed necessary to the issuance or post-issuance requirements of the Debt Obligation. Services that may be procured may include, but are not limited to: bond counsel; special tax counsel; disclosure counsel; trustee selection; paying agent selection; credit facilities; underwriter; and printing services.
10. Assist with the review of all financing documents, including but not limited to the preliminary and final offering statement, any governing body resolutions, purchase agreement, and any official notice of sale.
11. Communicate with potential underwriters or investors, as appropriate to any Transaction, to ensure that each is furnished with the information they need to render an independent, informed purchase or investment decision concerning the Client's proposed financing.
12. Coordinate with the proper parties and oversee the closing process so as to ensure the efficient delivery of the Debt Obligations to the applicable purchaser.

C. Arbitrage Monitoring Services

Upon receipt of written authorization by the Client to proceed, Advisor 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, the Advisor 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;

Client agrees to timely provide the Advisor 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. Any other information necessary for the Advisor to make the calculations required for the specified Debt Obligation.

D. Continuing Disclosure Services

Upon receipt of written authorization from the Client to proceed, Advisor shall, based on the information supplied thereby, assist Client in satisfying its obligations for specified Debt Obligations under any applicable continuing disclosure undertaking executed by and requiring the Client to provide certain financial information and operating data and timely notices of the occurrence of certain events determined to be significant to investors. Such assistance will include the following for each specified Debt Obligation:

1. Compile, as needed, and file an annual report according to the continuing disclosure undertaking (the "Undertaking") executed by Client pursuant to SEC Rule 15c2-12(b)(5) for the Debt Obligation(s) for submission by Client to the Municipal Securities Rulemaking Board (MSRB) and the State Information Depository (SID), as applicable. The annual report will generally include:
 - a) An annual audited financial statement to be prepared by Client's accountants.
 - b) Updates of certain specified operating and financial data if not included in the annual audited financial statement.
2. Monitor through periodic requests for information, the significant events listed in the Undertaking and assist, as necessary, in the drafting and filing of a significant event notice relative thereto.
3. Advisor will furnish a receipt of filing for any continuing disclosure filing made within 30 days after its submission to the MSRB.

Client agrees to provide the Advisor with accurate information with respect to compiling the annual report in a timely manner and to fully disclose to Advisor any significant events as they occur.

APPENDIX B OF AGREEMENT BETWEEN

City of Pequot Lakes, Minnesota

AND

Springsted Incorporated

Effective as of September 28, 2016

A. COMPENSATION FOR SERVICES RELATING TO CLIENT'S DEBT OBLIGATIONS

1. a. General obligation debt:
 - Base fee of \$7,500 for a bond issuance, plus
 - \$5 per \$1,000 for the first \$2,500,000 of bonds issued
 - \$1 per \$1,000 for amounts over \$2,500,000 of bonds issued
- b. The foregoing schedule shall include the Advisor's services through closing of a Debt Obligation. If the Advisor performs post-closing services relative to a Debt Obligation, it shall be compensated for such services at the hourly rates set out in paragraph B of this appendix.
- c. A single Debt Obligation with multiple financing plans is charged per plan with a discount of \$4,000 per plan applied after the first plan.
- d. Non ad valorem supported debt and advance refunding shall be compensated at 1.25 times the fee set out in paragraph 1.a. above.
- e. Debt Obligations dependent on successful referenda shall be compensated at 1.10 times the fee set out in paragraph 1.a. above.
- f. In the event it is necessary for the Advisor to repeat Debt Obligation services because of events beyond the Advisor's control, the Advisor shall be compensated for such repetitive services at the hourly rates set out in the foregoing paragraph B. of this Appendix. The Advisor shall not be entitled to compensation under this section for failed referenda unless otherwise provided by agreement between the Client and the Advisor.
- g. The Advisor's fees shall be payable as follows:
 - (i) For a Debt Obligation, fees shall be contingent upon closing of the Debt Obligation, except that if the Debt Obligation is awarded but cannot be closed by reason of an error, act or omission of the Client, the Advisor shall be paid the amount which it would have been due upon closing.
 - (ii) If an issuance does not close for a reason that is beyond the control of the Client and without fault of the Client, then the Advisor shall be compensated at one-half the amount which would have been due upon closing.
 - (iii) Fees for services provided in connection with a private placement are not contingent on the successful placement of the Debt Obligation.
 - (iv) If a Client Debt Obligation is abandoned for any reason and the Advisor is without fault for such abandonment, the Advisor shall be paid a fee in the amount that would have been due if the Advisor's services to the point of abandonment had been charged at the hourly rate set out in paragraph B. herein however not more than the fee had the Debt Obligation been issued. A Debt Obligation shall be deemed abandoned upon notice by the Client to the Advisor of abandonment or whenever the Client has taken no action with respect to the Debt Obligation within one year, whichever occurs first. Delay in the issuance of Debt Obligations resulting from failed authorization

referenda shall not constitute abandonment unless otherwise provided by agreement between the Client and the Advisor.

2. The Client shall be responsible for issuance expenses including, without exclusion of other expenses: (i) posting and distributing the Official Statement, (ii) legal fees, (iii) printing, (iv) delivery and settlement, (v) travel, (vi) rating fees, (vii) out-of-pocket Debt Obligation related expenses, and (viii) governmental and governmental agency fees and charges.

B. HOURLY RATES FOR NON-DEBT ISSUANCE RELATED SERVICES

Principal, Senior Officer	\$260
Senior Professional Staff	\$215
Professional Staff.....	\$160
Associates	\$ 75

C. ARBITRAGE AND REBATE MONITORING SERVICES

1. Fees for arbitrage services shall be as applied as follows:
 - a. \$1,500 per determination per Debt Obligation when such determinations are made annually as of the selected computation date of the applicable Debt Obligation's date of issuance, or
 - b. \$1,500 for the first year, plus \$400 for each additional year up to a five year period per determination for each Debt Obligation when such determinations are made for periods in excess of one year.
2. At such time as the original proceeds and investment earnings thereon are completely expended and only a non-commingled bona fide debt service fund remains, the Advisor will notify the Client if compliance with the arbitrage provisions can be accomplished through monitoring of the Debt Service fund. In the event such recommendation is made and it is accepted by the Client, the Advisor will perform monitoring activities for a fee of \$400 for annual monitoring or \$850 for monitoring at the close of every fifth bond year. If, for any determination period, monitoring reveals that the debt service fund is no longer bona fide and a rebate calculation must be performed, any charge for monitoring for that determination period will apply toward the applicable fee for rebate and arbitrage services.
3. If (i) separate information for each Debt Obligation is not provided, (ii) Advisor is required to perform allocations of investments among funds, or (iii) the Advisor is required to perform other analysis, additional compensation will be charged for such allocations/analyses at the hourly rates in paragraph B.

D. CONTINUING DISCLOSURE SERVICES

Report preparation and filing per type of obligation:

- a. Full disclosure report created by Advisor, \$1,300, plus \$200 each debt obligation
- b. Full or limited disclosure official statement with updated data that can be referenced, \$0, plus \$200 each debt obligation
- c. Full disclosure all operating data included within CAFR, \$600, plus \$200 each debt obligation
- d. Limited disclosure, \$600, plus \$200 each debt obligation

Client shall be responsible for county auditor certification fees, if required, and any legal fees incurred in connection with determining compliance with continuing disclosure certificates or interpretation of significant events or filing of the annual report.

E. EXPENSES AND HOURLY FEES

Amounts due the Advisor for expenses and services charged at hourly rates shall not be contingent.

APPENDIX C OF AGREEMENT BETWEEN

City of Pequot Lakes, Minnesota

AND

Springsted Incorporated

Effective as of September 28, 2016

CONFLICTS OF INTEREST

Contingent Fee. The fees to be paid by the Client to Springsted are or may be based on the size of the transaction and partially contingent on the successful closing of the transaction. Although this form of compensation may be customary in the municipal securities market, it presents a conflict because Springsted 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, Springsted 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. Springsted manages and mitigates this conflict primarily by adherence to the fiduciary duty which it owes to municipal entity clients which require it to put the interests of the Client ahead of its own and its duty of fair dealing that it owes to obligated person clients which require it to deal fairly with all persons.

Affiliated Entities and Subsidiaries. Springsted's wholly owned subsidiary, Springsted Investment Advisors Incorporated ("SIA") may provide services to the Client in connection with the investment of proceeds from an issuance of securities. In such instances, services will be provided under a separate engagement, for an additional fee. Notwithstanding the foregoing, Springsted may act as solicitor for and recommend the use of SIA, but Client shall be under no obligation to retain SIA or to otherwise utilize SIA relative to Client's investments. The fees paid with respect to investments are based in part on the size of the issuance proceeds and Springsted may have incentive to recommend larger financings than would be in the Client's best interest. Springsted will manage and mitigate this potential conflict of interest by this disclosure of the affiliated entity's relationship, a Solicitation Disclosure Statement when Client retains SIA's services and adherence to Springsted's fiduciary duty and/or fair dealing obligations to the Client.

Springsted's wholly owned subsidiary, Waters & Company, Incorporated ("Waters"), may provide services to the Client in connection with human resources consulting, including, but not limited to, executive search and community survey services. In such instances, such services will be provided under a separate engagement, for an additional fee. Certain executives of the Client may have been hired after utilizing the services of Waters and may make decisions about whether to engage the services of Springsted. Notwithstanding the foregoing, Springsted may recommend the use of Waters, but Client shall be under no obligation to retain Waters or to otherwise utilize Waters relative to the Client's activities. Springsted will manage and mitigate this potential conflict of interest by this disclosure of the affiliated entity's relationship and adherence to Springsted's fiduciary duty to the Client.

No additional conflicts of interest have been identified by Springsted. To the extent any such material conflicts of interest arise after the date of this disclosure document, Springsted will provide information with respect to such conflicts in the form of a supplement to this disclosure.

LEGAL OR DISCIPLINARY EVENTS

Springsted is registered as a "municipal advisor" pursuant to Section 15B of the Securities Exchange Act and rules and regulations adopted by the SEC and the MSRB. As part of this registration Springsted is required to disclose to the SEC information regarding criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation involving Springsted. Pursuant to MSRB Rule G-42, Springsted is required to disclose any legal or disciplinary event that is material to the Client's evaluation of Springsted or the integrity of its management or advisory personnel. There are no criminal actions, regulatory

actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations or civil litigation involving Springsted. Copies of Springsted filings with the United States Securities and Exchange Commission ("SEC") can currently be found by accessing the SEC's EDGAR system Company Search Page which is currently available at <https://www.sec.gov/edgar/searchedgar/companysearch.html> and searching for either Springsted Incorporated or for our CIK number which is 1613940.

APPENDIX D OF AGREEMENT BETWEEN

City of Pequot Lakes, Minnesota

AND

Springsted Incorporated

Effective as of September 28, 2016

Certificate of Insurance



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
9/28/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Horizon Agency, Inc. 6500 City West Pkwy #100 Eden Prairie, Minnesota 55344	Phone: (952)944-2929 Fax: (952)944-3091	CONTACT NAME: Jane Doerfler PHONE (A/C, No, Ext): (952)914-7131 E-MAIL ADDRESS: jane@horizonagency.com FAX (A/C, No): (952)944-3091																				
	<table border="1"> <thead> <tr> <th colspan="2">INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A :</td> <td>Federal Insurance Company</td> <td>20281</td> </tr> <tr> <td>INSURER B :</td> <td></td> <td></td> </tr> <tr> <td>INSURER C :</td> <td></td> <td></td> </tr> <tr> <td>INSURER D :</td> <td></td> <td></td> </tr> <tr> <td>INSURER E :</td> <td></td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> <td></td> </tr> </tbody> </table>		INSURER(S) AFFORDING COVERAGE		NAIC #	INSURER A :	Federal Insurance Company	20281	INSURER B :			INSURER C :			INSURER D :			INSURER E :			INSURER F :	
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INSURED Springsted Inc.; Springsted Investment Advisors, Inc.; Waters & Company Inc 380 Jackson Street #300 St. Paul, MN 55101																						

COVERAGES **CERTIFICATE NUMBER:** 7637 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDD INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			35342568	8/11/2016	8/11/2017	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COM/POP AGG \$ 2,000,000
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			73234006	8/11/2016	8/11/2017	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 0			79764838	8/11/2016	8/11/2017	EACH OCCURRENCE \$ 2,000,000 AGGREGATE \$ 2,000,000
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	71646620	8/11/2016	8/11/2017	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 500,000 E.L. DISEASE - EA EMPLOYEE \$ 500,000 E.L. DISEASE - POLICY LIMIT \$ 500,000
A	Errors & Omissions			68039704	1/14/2016	1/14/2017	Aggregate 2,000,000 Deductible 250,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER Holder's Nature of Interest : Additional Insured City of Pequot Lakes 4638 County Road 11 Pequot Lakes, MN 56472	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE <i>Robert R. Kirschbaum</i>
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Arbitrage Monitoring Services

Authorization to Engage Services

Pursuant to the Agreement for Arbitrage Monitoring Services ("Agreement") by and between the City of Pequot Lakes, Minnesota ("Client") and Springsted Incorporated ("Advisor") effective September 28, 2016, Client wishes to retain the services of the Advisor to provide arbitrage calculations required by Section 148 of the Internal Revenue Service Code and related U.S. Treasury regulations with respect to the following Debt Obligation(s):

Bond Issue	Closing Date	Frequency
\$1,270,000 General Obligation Utility Refunding Bonds, Series 2012A	8/9/2012	5th Year

Acceptance:

FOR CLIENT

SPRINGSTED INCORPORATED

David Sjoblad

Print Name

Mayor

Title

Nancy Malecha

Print Name

Administrator/Clerk

Title

Bonnie Matson

Print Name

Principal

Title

Continuing Disclosure Services

Authorization to Engage Services

Pursuant to the Agreement for Continuing Disclosure Services ("Agreement") by and between the City of Pequot Lakes, Minnesota ("Client") and Springsted Incorporated ("Advisor") effective September 28, 2016, Client wishes to retain the services of the Advisor to provide continuing disclosure services required by Securities and Exchange Commission Rule 15c2-12(b)(5) for submissions to the Municipal Securities Rulemaking Board with respect to the following Debt Obligation(s):

- \$1,270,000 General Obligation Utility Refunding Bonds, Series 2012A

Acceptance:

FOR CLIENT

SPRINGSTED INCORPORATED

David Sjoblad

Print Name

Mayor

Title

Bonnie Matson

Print Name

Principal

Title

Nancy Malecha

Print Name

Administrator/Clerk

Title