

RESOLUTION NO. 2019-08

**RESOLUTION OF THE VILLAGE BOARD OF THE VILLAGE OF CALEDONIA
APPROVING A PROPOSAL FROM PMA SECURITIES, INC. TO PROVIDE TID
PLANNING SERVICES ASSOCIATED WITH THE CREATION OF TID NO. 5**

The Village Board of the Village of Caledonia, Racine County, Wisconsin do resolve as follows:

WHEREAS, Village Board previously approved the hiring of PMA Securities, Inc. to provide financial consultant services to the Village.

WHEREAS, the Village Board has determined that it would like to create a tax incremental financing district in the Village to address an area of the Village that is in need of conservation and rehabilitation.

WHEREAS, in order to determine whether a tax incremental district is feasible, the Village Board needs assistance in the creation and the evaluation of the feasibility of such a district.

NOW, THEREFORE, BE IT RESOLVED THAT the proposal from PMA Securities, Inc. to provide TID planning services associated with the creation of TID No. 5 attached hereto as **Exhibit A** is hereby approved and the President and Clerk are authorized and directed to accept the proposal on behalf of the Village.

BE IT FURTHER RESOLVED THAT all Village officials, officers, and employees are authorized and directed to take such steps as are lawful and necessary in furtherance of the proposal and the Village Administrator is further authorized to approve moving to Phase II and Phase III as set forth in the proposal after Phase I is completed and accepted by Village staff.

JH Adopted by the Village Board of the Village of Caledonia, Racine County, Wisconsin, this day of January, 2019.

VILLAGE OF CALEDONIA

By: *James R. Dobbs*
James R. Dobbs
Village President

Attest: *Karie Torkilsen*
Karie Torkilsen
Village Clerk



770 N. Jefferson Street, Suite 200
Milwaukee, Wisconsin 53202
www.pmanetwork.com

January 18, 2019

Dave Wagner
Capital Finance Officer
Village of Caledonia
5043 Chester Lane
Racine, WI 53402

RE: Proposal to Provide TID Planning Services associated with the Creation of TID No. 5

Dear Dave,

PMA Securities, Inc. ("PMA") would like to thank you for the opportunity to present our proposal to provide TID Planning Services associated with the Creation of TID No. 5 to the Village of Caledonia (the "Village"). As the Village's current Municipal Advisor, we believe there would be synergies associated with PMA also providing TID Planning Services.

Understanding of the Project

There are two vacant properties which are adjacent to each other on which the Village would like to see redevelopment occur. One property is the former Western Publishing site, which has an abandoned building that is a hazard and needs to be razed. The other property is the former Olympia Brown School, which has 900 feet of Lake Michigan shoreline and a bluff that needs to be stabilized.

As is the case with nearly all redevelopment projects in Wisconsin, creating a Tax Incremental District (TID) will be necessary to facilitate the cost of preparing the properties for redevelopment and potentially subsidizing the cost of the new development itself. Key issues include:

No. 1 - Type of TID

Based on PMA's understanding of the condition of the existing properties, the proposed TID No. 5 would likely be classified as a "Rehabilitation or Conservation" TID.

No. 2 - Plan Commission vs. CDA?

When creating or amending a TID, the Village can utilize either (i) its Planning Commission or (ii) the Community Development Authority (CDA) of the Village. The Village utilized the CDA during the creation of TID No. 1 and No. TID No. 3, and the Planning Commission during the creation of TID No. 4.



No. 3 - Redevelopment Plan (Optional)

If the Village wants to retain the ability to utilize CDA Lease Revenue Bonds to finance project costs for TID No. 5, then a Redevelopment Plan for all the properties located within the TID would be necessary. A Redevelopment Plan would essentially be composed of sections of the TID Project Plan. Alternatively, it is possible to create a single document that serves as both a TID Project Plan and a Redevelopment Plan.

Summary

PMA is excited about the opportunity to assist the Village with the creation of TID No. 5 and potentially a Redevelopment Plan. Thank you for your consideration.

Most Sincerely,

A handwritten signature in black ink that reads "Brian J. Della". The signature is fluid and cursive, with the first name "Brian" and last name "Della" clearly legible.

Brian J. Della
Director, Public Finance
(414) 436-3523
bdella@pmanetwork.com

The scope of services included herein is associated with the creation of TID No. 5 (the "Project"). It is understood that the TID type has not formally been determined, and either the Village's Planning Commission or the CDA of the Village will pass a resolution approving the creation of TID No. 5 and the associated Project Plan. Services associated with a Redevelopment Plan are optional and at the Village's discretion. PMA proposes and agrees to provide the following scope of services:

Phase I – Feasibility Analysis

The purpose of Phase I is to determine whether the Project is a statutorily and economically feasible option to achieve the Village's objectives. This phase begins upon the Village's approval of this proposal, and ends on completion and delivery of a feasibility analysis report. As part of Phase I services, PMA will:

- Consult with appropriate Village officials to identify the Village's objectives for the Project.
- Provide feedback as to the appropriateness of using Tax Incremental Financing in the context of the "but for" test.
- Identify preliminary boundaries and gather parcel data from the Village. Determine compliance with the following statutory requirements as applicable:
 - Equalized Value test.
 - Purpose test.
 - Not less than 50% by area of the real property within the District is in need of rehabilitation - conservation work within the meaning of Wisconsin Statutes Section 66.1337(2m).
 - The rule limiting the percentage of property standing vacant for seven years preceding adoption of the Creation Resolution is no longer in effect.
- Prepare feasibility analysis report. The report will include the following information, as applicable:
 - Identification of the type or types of districts that may be created.
 - A description of the type, maximum life, expenditure period and other features corresponding to the type of district proposed.
 - A summary of the development assumptions used with respect to timing of construction and projected values.
 - Projections of tax increment revenue collections to include annual and cumulative present value calculations.
 - If debt financing is anticipated, a summary of the sizing, structure and timing of proposed debt issues.
 - A cash flow pro forma reflecting annual and cumulative district fund balances and projected year of closure.
 - A draft timetable for the Project.

- Identification of how the creation date may affect the district's valuation date, the base value, compliance with the equalized value test, and the ability to capture current year construction values and changes in economic value.
- When warranted, evaluate and compare options with respect to boundaries, type of district, project costs and development levels.
- PMA will provide guidance on district design within statutory limits to creatively achieve as many of the Village's objectives as possible, and will serve as liaison with the Wisconsin Department of Revenue as needed in the technical evaluation of options.
- Present the results of the feasibility analysis to the Village's staff, CDA/Plan Commission or Village Board.

Phase II – Project Plan Development and Approval

If the Village elects to proceed following completion of the feasibility analysis, the Project will move to Phase II. This phase includes preparation of the Project Plan, and consideration by the CDA/Plan Commission, Village Board, and the Joint Review Board. This phase begins after receiving notification from the Village to proceed, and ends after the Joint Review Board takes action on the Project. As part of Phase II services, PMA will:

- Based on the goals and objectives identified in Phase I, prepare a draft Project Plan that includes all statutorily required components.
- Coordinate with Village staff, engineer, planner or other designated party to obtain a map of the proposed boundaries of the district, a map showing existing uses and conditions of real property within the district, and a map showing proposed improvements and uses in the district.
- Submit to the Village an electronic version of the draft Project Plan for initial review and comment.
- Coordinate with Village staff to confirm dates and times for the meetings indicated within the table on the following page. PMA will ensure that selected dates meet all statutory timing requirements, and will provide documentation and notices as indicated.
- Throughout the meeting process, provide drafts of the Project Plan and related documents in sufficient quantity for the Village's staff, CDA/Plan Commission, Village Board and Joint Review Board members.
- Provide advice and updated analysis on the impact of any changes made to the Project Plan throughout the approval process.

Meeting	PMA Responsibility	Village Responsibility
Initial Joint Review Board	<p>Prepare Notice of Meeting and transmit to <u>The Journal Times</u>.</p> <p>Mail meeting notice, informational materials, and draft Project Plan to overlapping taxing jurisdictions.</p> <p>Provide agenda language to Village.</p> <p>Attend meeting to present draft Project Plan.</p>	<p>Post or publish agenda and provide notification as required by the Wisconsin Open Records Law.</p> <p>Prepare meeting minutes.</p> <p>Designate Village Joint Review Board representative.</p> <p>Identify and recommend Public Joint Review Board representative for appointment.</p>
CDA/Plan Commission Public Hearing	<p>Prepare Notice of Public Hearing and transmit to <u>The Journal Times</u>.</p>	<p>Post or publish agenda and provide notification as required by the Wisconsin Open Records Law.</p>
CDA/Plan Commission Public Hearing	<p>Attend hearing to present draft Project Plan.</p>	<p>Prepare meeting minutes.</p>
CDA/Plan Commission	<p>Provide agenda language to Village.</p> <p>Attend meeting to present draft Project Plan.</p> <p>Provide approval resolution for Plan Commission consideration.</p>	<p>Post or publish agenda and provide notification as required by the Wisconsin Open Records Law.</p> <p>Distribute Project Plan & resolution to Plan Commission members in advance of meeting.</p> <p>Prepare meeting minutes.</p>
Village Board Action	<p>Provide agenda language to Village.</p> <p>Attend meeting to present draft Project Plan.</p> <p>Provide approval resolution for governing body consideration.</p>	<p>Post or publish agenda and provide notification as required by the Wisconsin Open Records Law.</p> <p>Provide Project Plan & resolution to governing body members in advance of meeting.</p> <p>Prepare meeting minutes.</p>

Phase III – State Submittal

This phase includes final review of all file documents, preparation of filing forms, and submission of the base year or amendment packet to the Department of Revenue. This phase begins following approval of the district by the Joint Review Board, and ends with the submission of the base year or amendment packet. As part of Phase III services, PMA will:

- Assemble and submit to the Department of Revenue the required base year or amendment packet to include a final Project Plan document containing all required elements and information.
- Provide the Village with electronic and physical copies of the final Project Plan.
- Provide the Village Clerk with a complete electronic and/or hard copy transcript of all materials as submitted to the Department of Revenue for certification.
- Act as a liaison between the Village and the Department of Revenue during the certification process in the event any questions or discrepancies arise.

Compensation

In return for the services set forth in herein, the Village agrees to compensate PMA as follows:

Phase	PMA Fee
Phase I	\$ 5,000
Phase II	8,000
Phase III	2,000
	<hr/>
	\$ 15,000
Redevelopment Plan	\$ 2,500

In the event the Village determines not to proceed with the Project once a Phase has been authorized, but prior to that Phase's completion, the compensation due for that Phase will be prorated to reflect the percentage of the work completed.

Payment for Services

For all compensation due to PMA, PMA will invoice Village for the amount due at the completion of each Phase. Our fees include our normal travel, printing, computer services, and mail/delivery charges. The invoice is due and payable upon receipt by the Village.

Village Responsibility

The following expenses are not included in our Scope of Services, and are the responsibility of the Village to pay directly:

- Services rendered by Village's engineers, planners, surveyors, appraisers, assessors, attorneys, auditors and others that may be called on by the Village to provide information related to completion of the Project.
- Preparation of maps necessary for inclusion in the Project Plan.
- Preparation of maps necessary for inclusion in the base year packet.
- Publication charge for the Notice of Public Hearing and Notices of Joint Review Board meetings.
- Legal opinion advising that Project Plan contains all required elements. (Normally provided by municipal attorney).
- Preparation of District metes & bounds description. (Needed in Phase III).
- Department of Revenue filing fee and annual administrative fees. The current Department of Revenue fee for a New TID creation is \$1,000 and the Administrative Fee per active TID per year is \$150.

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VILLAGE OF CALEDONIA, WI
EXAMPLE TID NO. 5 CREATION TIMELINE

EXHIBIT A

**Village of Caledonia, Wisconsin
Tax Incremental District No. 5 Creation
EXAMPLE Timetable (assumes CDA Approval)**

Date	Action
June 2019	Village will provide PMA with a list of the parcel tax key #'s within the amended area to the District, pertinent parcel information, the maps, list of projects and costs, etc.
	PMA will prepare & provide an applicable findings report.
	PMA will prepare & provide the Village with a feasibility analysis report, options, and/or draft project plan document.
	Community Development Authority makes a motion to call for a public hearing (optional)
Monday, August 5, 2019	PMA will e-mail a Notice to Official Village Newspaper of organizational JRB meeting & public hearing (cc: Village).
Monday, August 5, 2019	PMA will provide Village with a draft of a notice that must be sent to property owners within the proposed TID, for the Village's use.
Monday, August 5, 2019	PMA will mail notification letters, along with required enclosures, to overlapping taxing jurisdictions of JRB organizational meeting & public hearing, as well as the agenda - to be posted by the Village, (cc: Village & attorney) <i>(Letters must be postmarked prior to first publication)</i> .
Aug. 5 - Aug. 11	Village will send notices, along with required enclosures, to applicable properties within proposed boundaries, (cc: PMA & attorney). <i>(Letters must be postmarked prior to first publication & at least 15 days prior to hearing). Properties may be removed, but may not be added after publications.</i>
August 2019	PMA will provide Village, overlapping taxing entities, and/or Village Attorney with [revised] draft Project Plan document, if not yet provided and/or necessary, as well as agenda language (Village to post) & resolution (Village to distribute) for first meetings, and will also request legal opinion of the plan.
Monday, August 12, 2019	First Publication of Public Hearing & JRB Meeting Notice. <i>(Week prior to second notice & at least 5 days prior to JRB meeting)</i> .
Monday, August 12, 2019	Second Publication of Public Hearing & JRB Meeting Notice. <i>(At least 7 days prior to public hearing)</i> .
Monday, August 26, 2019	Joint Review Board meets to review plan, appoint chairperson and public member and set next meeting date. <i>(Prior to public hearing)</i> .
Monday, August 26, 2019	Community Development Authority Public Hearing on Project Plan and TID boundary. <i>(Within 14 days of second publication)</i> .
Monday, August 26, 2019	Community Development Authority reviews Plan & approval of District Project Plan and boundaries.
Aug. - Sept., 2019	PMA will provide Village & Village Attorney with revised draft Project Plan, if necessary, as well as agenda language (Village to post) & resolution (Village to distribute) for Village Board meeting.
Tuesday, September 17, 2019	Village Board reviews plan & adopts resolution approving District Project Plan and boundaries.
Wednesday, September 18, 2019	PMA will e-mail a Class 1 Notice to Official Village Newspaper of JRB meeting (cc: Village).
Sept. 18 - Sept. 24, 2019	PMA will mail notices & required attachments to JRB of the final meeting, along with the Agenda (Village to post) (cc: Village & Attorney) <i>(Letters must be postmarked prior to publication)</i> .
Wednesday, September 25, 2019	Publication of JRB Meeting Notice. <i>(At least 5 days prior to meeting)</i> .
Sept. 30 - Oct. 16, 2019	Joint Review Board considers approval of District Project Plan and boundaries. <i>(Within 30 days of notification of meeting / receipt of Community Development Authority & Village Board resolutions)</i> .
Sept. - Oct., 2019	PMA will gather, prepare, and submit state forms & required documents to the state, once the 2019 assessed parcel values are available (following the BOR) and we receive all remaining maps, legal descriptions, parcel information, documents, etc. from the Village. DOR filing deadline October 31.

Village Board meets 1st and 3rd Tuesdays at 7:00 PM

The Journal Times (Legals print M-F)

Display Legal Notices: example would include when a TID Boundary Map is included (5 business days)

In-column Legals: example would include a JRB Meeting Notice (4 business days)

Racine.Legals@journaltimes.com

PMA SECURITIES, INC.
MUNICIPAL ADVISOR DISCLOSURE STATEMENT

EXHIBIT B

December 2018



**PMA SECURITIES, INC.
MUNICIPAL ADVISOR
DISCLOSURE STATEMENT**

This Disclosure Statement is being provided by PMA Securities, Inc. ("Municipal Advisor" or the "Firm") to you as a Municipal Entity Client (the "Client") at the earlier of at or prior to engaging in municipal advisory activities with you or providing you with engagement documentation or an agreement between Municipal Advisor and you (the "Agreement"), or is an update to an earlier Disclosure Statement provided to you. The Disclosure Statement or Disclosure Statement update, as applicable, is dated as of the date reflected above. This Disclosure Statement provides information regarding conflicts of interest and legal or disciplinary events of Municipal Advisor required to be disclosed to Client pursuant to MSRB Rule G-42(b) and (c)(ii) and client education and protection disclosures required to be disclosed pursuant to MSRB Rule G-10.

PART A – Disclosures of Conflicts of Interest

MSRB Rule G-42 requires that municipal advisors provide to their clients disclosures relating to any material conflicts of interest, including certain categories of potential conflicts of interest identified in Rule G-42, if applicable.

Material Conflicts of Interest – Municipal Advisor makes the disclosures set forth below with respect to material conflicts of interest in connection with the Scope of Services under the Agreement, together with explanations of how Municipal Advisor addresses or intends to manage or mitigate each conflict.

General Mitigations – As general mitigations of Municipal Advisor's conflicts, with respect to all of the conflicts disclosed below, Municipal Advisor mitigates such conflicts through its adherence to its fiduciary duty to Client, which includes a duty of loyalty to Client in performing all municipal advisory activities for Client. This duty of loyalty obligates Municipal Advisor to deal honestly and with the utmost good faith with Client and to act in Client's best interests without regard to Municipal Advisor's financial or other interests. In addition, the success and profitability of Municipal Advisor is not dependent on maximizing short-term revenue generated from individualized recommendations to its clients but instead is dependent on long-term profitability built on a foundation of integrity, and quality of service and adherence to its fiduciary duty. Furthermore, Municipal Advisor's municipal advisory supervisory structure, leveraging our long-standing and comprehensive broker-dealer supervisory processes and practices, provides strong safeguards against individual representatives of Municipal Advisor potentially departing from their regulatory duties due to personal interests.

Background/General Mitigations - PMA Securities is a broker-dealer and municipal advisor registered with the U.S. Securities and Exchange Commission ("SEC") and Municipal Securities Rulemaking Board ("MSRB") and is a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In these roles, the Firm generally provides fixed income brokerage services and public finance services to municipal entity clients, including financial advisory services and advice with respect to the investment of proceeds of municipal securities. Municipal Advisor is affiliated with PMA Financial Network, Inc., a financial services provider, and Prudent Man Advisors, Inc., an investment adviser registered with the SEC (the "Advisory Affiliate"). These entities operate under common ownership with the Firm and are collectively referred to in this disclosure as the "PMA Affiliates or Affiliates." Each of these Affiliates also provides services to municipal entity clients and the Firm and Affiliates market the services of the other Affiliates. Unless otherwise stated, separate fees are charged for each of these products and services and referrals to its Affiliates result in an increase in revenue to the

overall Affiliated companies. Additionally, the Firm or its Affiliates may provide pricing discounts or bundled pricing for the use of services across multiple Affiliated companies.

As an additional mitigating factor, Municipal Advisor and its PMA Affiliates do not compensate staff with transaction-based compensation, including for sales activity or referrals. Instead most Municipal Advisor and PMA Affiliate personnel are paid a salary and discretionary bonus based on the combined profitability of the PMA Affiliates and individual performance. Some staff have a series of goals, a portion of which include growing assets and annual revenue for the PMA Affiliates, for which they would receive additional compensation. In addition, some management personnel are compensated in part based on the profitability of an office or business unit for which they have responsibility, but no personnel receive compensation that is specifically based on transactions that they generate or recommend. The disclosures below describe, as applicable, any additional mitigations that may be relevant with respect to any specific conflict disclosed below. Moreover, if any conflict cannot be properly managed or mitigated, the Municipal Advisor will not engage in that municipal advisory relationship.

I. Municipal Advisory Business. Municipal Advisor provides certain municipal advisory services to or on behalf of municipal entity clients such as Client that Client may elect to utilize. These services include financial advisory services, under which Municipal Advisor provides advice with respect to the issuance of municipal securities, and services relating to the investment of proceeds of municipal securities. If you elect to retain Municipal Advisor to provide financial advisory services, and you elect to retain Municipal Advisor to provide advice with respect to the investment of proceeds of municipal securities, you will sign a separate agreement with Municipal Advisor regarding the terms of each financial advisory engagement and an omnibus agreement for the investment of bond proceeds, and Municipal Advisor will earn a fee for each service as set forth in the applicable agreement. Municipal Advisor's providing these two distinct types of services creates an incentive for Municipal Advisor, when acting in a financial advisory capacity, to recommend a transaction that results in a greater amount of bond proceeds, or proceeds available for investment for a longer duration, because of the possibility that Municipal Advisor, in providing advice with respect to the investment of bond proceeds, would receive additional compensation. To mitigate this conflict, in the event that Municipal Advisor makes a recommendation as a financial advisor to any client either retaining or considering to retain the Firm for investment of such bond proceeds, that could influence the amount to be invested, Municipal Advisor will consider alternatives to such recommendation, which will be disclosed to Client along with the impact that the recommendation and its alternatives would have on the business activities of Client with Municipal Advisor. In addition, different products or different structures have different fees. A recommendation to invest in certain products or structures with higher fees will result in Municipal Advisor earning higher fees. In mitigation, Municipal Advisor will review the structure or portfolio construction, as applicable, in an effort to ensure that the recommendations are in the best interest of the Client.

II. Broker-Dealer Business. Municipal Advisor is a broker-dealer which engages in a broad range of securities-related activities to service its clients in addition to serving as municipal advisor. In addition, such securities-related activities, which may include but are not limited to the buying and selling of new issue and outstanding securities, including securities of Client, may be undertaken on behalf of, or as counterparty to, Client, personnel of Client, and current or potential investors in the securities of Client. These other clients may, from time to time and depending on the specific circumstances, have interests in conflict with those of Client, such as when their buying or selling of Client's securities may have an adverse effect on the market for Client's securities, and the interests of such other clients could create the incentive for Municipal Advisor to make recommendations to Client that could result in more advantageous pricing for the other clients. Furthermore, any potential conflict arising from Municipal Advisor's effecting or otherwise assisting such other clients in connection with such transactions is mitigated by means of such activities being engaged in on customary terms through units of Municipal Advisor that operate independently from Municipal Advisor's public finance municipal advisory business, thereby reducing the likelihood that the interests of such other clients would have an impact on the services provided by Municipal Advisor to Client under the public finance Agreement. Further, Municipal Advisor's policies prohibit it from purchasing or selling municipal securities of a Client for itself or clients in the primary market when Municipal Advisor acted as the financial adviser on the transaction.

III. Affiliate Conflict. Municipal Advisor's Affiliates provide certain other services to or on behalf of municipal entity clients such as Client, or to local government investment pools ("LGIPS") of which Client may be a participant. Some or all of these may relate to or affect Municipal Advisor's activities within the Scope of Services under the Agreement.

Prudent Man Advisors- as the Advisory Affiliate provides investment advisory services to municipal entity clients such as Client and to LGIPS of which Client may be a participant. In the event Client is also a client of the Advisory Affiliate, the Advisory Affiliate will earn investment advisory fees as set forth in the advisory agreement between the Advisory Affiliate and Client. Moreover, the Advisory Affiliate will earn an advisory fee for management of the LGIP assets as set forth in the applicable Information Statement. In addition to the general mitigations reflected above, if these services relate to the investment of bond proceeds through the investment adviser, the potential conflict for Prudent Man Advisors is mitigated by the fact that the Advisory Affiliate is subject to its own comprehensive regulatory regime as an investment adviser under the Investment Advisers Act of 1940. Further, the Advisory Affiliate's procedures prohibit it from purchasing or selling municipal securities of a Municipal Advisor Client for itself or clients in the primary market when Municipal Advisor acted as the financial adviser on the transaction.

PMA Financial Network- serves as administrator, providing transfer agent and fund accounting services, for LGIPs of which Client may be a participant and PMA Financial Network also provides fixed rate investment services for municipal entity clients. PMA Financial Network earns an administration fee based on a percentage of the average daily net assets under administration for the applicable LGIP and earns a mark-up/transaction fee for its fixed rate investments per the applicable fee schedule. Thus, Client may be a participant in an LGIP and may purchase fixed rate investments through PMA Financial Network for its operating funds. PMA Financial Network also provides services that help municipal entity clients identify its cash flow and periods of financing needs through its Cash Flow analysis. In providing financial forecasting, PMA Financial Network has an incentive to recommend a course of action resulting in the need for a financing resulting in an increase the level of Client's business activities with Municipal Advisor, or to validate or support a plan proposed for financial advisory services. Representatives of the Affiliates making any such recommendations are either associated with the Municipal Advisor as a Municipal Advisor Representative, or may only offer to introduce the Client to a representative who is associated with the Firm as a Municipal Advisor Representative.

In addition to the general mitigations above, these considerations are mitigated by the fact that the municipal entity clients are providing their financial data and assumptions into the data models in order to generate the results. If the financial forecasting generated for a client indicates a need for financing or support of a financing, representatives of PMA Financial Network recommending that a client engage Municipal Advisor in connection with the financing have a conflict of interest in making these recommendations because of the potential benefit to Municipal Advisor, which is affiliated with the entity. In each case, the recommendation of Municipal Advisor by an Affiliate's representative is made by a person registered as municipal advisor representative with Municipal Advisor, and therefore subject to the regulatory requirements under municipal advisor rules and registrations. Moreover, in the event that Municipal Advisor is making a recommendation to Client based on the financial forecasting by an Affiliate, Municipal Advisor will review the analysis to validate support for the recommendation.

IV. Payments to Obtain/Retain Business. Municipal Advisor does not retain any firms to obtain or retain Client's municipal advisory business under the Agreement as a municipal advisor registered under the Securities Exchange Act of 1934. However, representatives of Affiliates of Municipal Advisor (who are also associated with the Firm as a Municipal Advisor Representative) that are providing non-municipal advisory services to a client may recommend that the client engage Municipal Advisor to provide municipal advisory services. These representatives are not compensated for such recommendations, however, the representatives receive compensation from the Municipal Advisor and its Affiliates based on the overall profitability of the Municipal Advisor and its PMA Affiliates and the individual performance of the employee as outlined in the Background section of this disclosure. This relationship creates an incentive for the representative who is also associated with Municipal Advisor to recommend that a client hire Municipal Advisor even if doing so is not in the client's best interests. In addition to the general mitigations described above, this conflict of interest is mitigated by the disclosure to Client of such

association, in that knowledge of such association can be considered by Client in determining whether the recommendation by the Affiliate was biased. Furthermore, this potential conflict is mitigated by the fact that the Affiliate's personnel are also registered as Municipal Advisor Representatives of Municipal Advisor and therefore subject to the comprehensive regulatory regime for municipal advisors under the Securities Exchange Act.

V. Fee-Splitting Arrangements. With respect to the investment of proceeds of municipal securities, Municipal Advisor has paid a portion of the fee it has received from Client for services under the Agreement to several third parties ("Third Parties") in connection with municipal advisory investment services provided by Third Party to Client. Municipal Advisor and its Affiliates pay a Royalty and Sponsorship fee to LGIP Funds, various associations that sponsor such LGIP Funds as well as associations such as the Independent Community Bankers of America. These royalty fees are generally paid for the right and license to use the names and logos of such organizations to denote their sponsorship of the LGIP and PMA Affiliates, or for marketing to their membership. These royalty fees to associations or sponsors, which are typically based on total assets under administration in the LGIP, including assets in an associated fixed income investment program, are disclosed in the applicable Fund's Information Statement. In other instances, they may be based on a transaction fee for investments provided by their membership. In addition, the Firm pays third party brokerage fees for placement of fixed income deposit products. These fees are paid from the gross rate, and are only offered to Clients in the event the net rate exceeds rates by other providers

Municipal Advisor's payment of royalty fees to Third Parties creates an incentive on the part of the recipients to recommend that a particular participant in an LGIP (an "LGIP Client") hire Municipal Advisor whether or not hiring Municipal Advisor is in the best interests of the LGIP Client. In addition to the general mitigations described above, this conflict of interest is mitigated by the fact that in many instances, the LGIP directed the royalty fee, thereby obviating the potential for the payment to influence either party's loyalty. This conflict of interest is also mitigated by the fact that the royalty payments are disclosed in the applicable LGIP's Information Statement, or disclosure to LGIP Client of such payment, in that knowledge of such fees can be considered by Client in determining whether Municipal Advisor or the Third Party have competing loyalties to others besides Client. In addition, the mitigations described below with respect to Compensation-Based Conflicts also generally serve to mitigate this potential conflict of interest. Finally, with respect to third party transaction fees, these transaction fees will be disclosed as requested, may be calculated from the confirmation, and are only offered if they exceed the net rates offered by other providers.

VI. Compensation-Based Conflicts. The fees due for municipal advisory activities will be contingent on the size or closing of the transaction as to which Municipal Advisor is providing advice. While this form of compensation is customary in the municipal securities market, it presents a conflict because it creates an incentive for Municipal Advisor to recommend unnecessary financings or financings that are disadvantageous to Client, or to advise Client to increase the size of the issue. With respect to advice regarding the investment of proceeds of municipal securities, it creates an incentive to recommend the purchase of investments which would result fees to the Firm (including the conflict from different product fees discussed in Section I above). This conflict of interest is mitigated by the general mitigations described above. In addition, Municipal Advisor has implemented policies and procedures designed to ensure that recommendations are suitable and in the best interest of the clients, are based on factors other than fees to the Firm and that the Municipal Advisor not receive excessive compensation.

VII. Other Municipal Advisor Relationships. Municipal Advisor serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of Client. Among others, the Firm acts as a financial advisor or bond proceeds investment provider to numerous municipal entity clients, and at any given time a particular municipal advisor representative for Municipal Advisor may be involved in numerous different transactions in different capacities. Accordingly, these Municipal Advisor Representatives have a conflict of interest in allocating their time and activity between clients. Municipal Advisor's compensation varies for different transactions, and municipal advisor professionals have an incentive to devote more of their time and attention to transactions for which Municipal Advisor receives greater compensation. For example, Municipal Advisor serves as municipal

advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to Client under the Agreement. These other clients may, from time to time and depending on the specific circumstances, have competing interests, such as accessing the new issue market with the most advantageous timing and with limited competition at the time of the offering. In acting in the interests of its various clients, Municipal Advisor sometimes faces a conflict of interest arising from these competing client interests. None of these other engagements or relationships would impair Municipal Advisor's ability to fulfill its regulatory duties to Client.

Fees charged Municipal Advisor clients can and do differ based on the services for the engagement, market conditions, geographic location, LGIP or other restrictive requirements, expansion of business to new locations or client base, state presence and other competitive reasons. Nonetheless, the fees charged are considered in light of the regulatory duties owed to all Municipal Advisor clients.

VIII. Secondary Market Transactions in Client's Securities. The Firm, in connection with its sales and trading non-municipal advisory activities, may acquire securities in a riskless principal transaction, including securities of Client, and therefore the Firm could have interests in conflict with those of Client with respect to the value of Client's securities as a principal transaction and the levels of mark-up or mark-down that may be available in connection with purchases and sales thereof. In particular, the Firm or its Affiliates may submit orders for and acquire Client's securities issued in an issue under the Agreement from other broker-dealers provided it is not in the primary market, for the accounts of its customers in a riskless principal capacity. This activity results in a conflict of interest with Client in that it creates the incentive for the Firm to make recommendations to Client that could result in more advantageous pricing of Client's bond in the marketplace. Any such conflict is mitigated by means of such activities being engaged in on customary terms through units of Firm that operate independently from the Firm's public finance municipal advisory business, thereby reducing the likelihood that such investment activities would have an impact on the services provided by the Firm to Client under the Agreement.

IX. Charitable Contributions at Request of Client Personnel. While we do not believe that the following creates a conflict of interest on the part of Municipal Advisor, we note that Municipal Advisor often makes contributions to charitable organizations, or to fundraisers for such charitable organizations, including foundations associated with our Clients, at the request of personnel of Client. Municipal Advisor believes that contributions to charitable organizations are important philanthropic contributions to society and the goals of our Clients but nonetheless recognizes that it could be viewed as a potential conflict of interest and potentially subject to rules limiting participation. If Client desires specific information on charitable contributions that may have been made with respect to a charitable organization at the request of its personnel, upon written request of Client, Municipal Advisor will provide such information to Client and Client may wish to consider such information to determine if it has any impact on how it conducts its activities with Municipal Advisor under the Agreement. Moreover, in certain circumstance, Municipal Advisor may deem it appropriate to provide a specific disclosure to the Client of the related contribution at the request of client personnel.

X. Other Conflicts of Interest. To the extent there are other conflicts specific to you, they will be set forth in your Agreement or in a supplemental disclosure.

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PART B – Disclosures of Information Regarding Legal Events and Disciplinary History

MSRB Rule G-42 requires that municipal advisors provide to their clients certain disclosures of legal or disciplinary events material to its client's evaluation of the municipal advisor or the integrity of the municipal advisor's management or advisory personnel. Accordingly, Municipal Advisor sets out below required disclosures and related information in connection with such disclosures.

I. Material Legal or Disciplinary Event. There are no legal or disciplinary events that are material to Client's evaluation of Municipal Advisor or the integrity of Municipal Advisor's management or advisory personnel disclosed, or that should be disclosed, on any Form MA or Form MA-I filed with the SEC.

II. How to Access Form MA and Form MA-I Filings. Municipal Advisor's most recent Form MA and each most recent Form MA-I filed with the SEC are available on the SEC's EDGAR system at <https://www.sec.gov/cgi-bin/browse-edgar?company=English+Concepts%2C+Inc.&owner=exclude&action=getcompany> and searching for English Concepts, Inc., which is the formal corporate legal name for Municipal Advisor. The SEC permits certain items of information required on Form MA or MA-I to be provided by reference to such required information already filed by Municipal Advisor in its capacity as a broker-dealer on Form BD or Form U4 or as an investment adviser on Form ADV, as applicable. Information provided by Municipal Advisor on Form BD or Form U4 is publicly accessible through reports generated by BrokerCheck at <http://brokercheck.finra.org>. For purposes of accessing such BrokerCheck reports, Municipal Advisor's CRD number is 30397. Further, the Form ADV for Prudent Man Advisors, Inc., as an affiliate of Municipal Advisor, is publicly accessible at the Investment Adviser Public Disclosure website at <http://www.adviserinfo.sec.gov> by searching for "Prudent Man Advisors, Inc."

III. Most Recent Change in Legal or Disciplinary Event Disclosure. Municipal Advisor has not made any material legal or disciplinary event disclosures on Form MA or any Form MA-I filed with the SEC.

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PART C – Future Supplemental Disclosures

As required by MSRB Rule G-42, this Disclosure Statement may be supplemented or amended, from time to time as needed, to reflect changed circumstances resulting in new conflicts of interest or changes in the conflicts of interest described above, or to provide updated information with regard to any legal or disciplinary events of Municipal Advisor. Municipal Advisor will provide Client with any such supplement or amendment as it becomes available throughout the term of the Agreement.

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PART D- MSRB Rule G-10: Investor and Municipal Advisory Client Education and Protection Disclosures

MSRB Rule G-10(a) requires that each broker-dealer and municipal securities dealer provide the following items of information:

- (i) The broker-dealer is registered with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board;
- (ii) The website address for the Municipal Securities Rulemaking Board is www.msrb.org;
- (iii) An investor brochure is available and posted on the website of the Municipal Securities Rulemaking Board that describes the protections that may be provided by the Municipal Securities Rulemaking Board rules and how to file a complaint with an appropriate regulatory authority.

MSRB Rule G-10(b) requires that each municipal advisor provide the following items of information:

- (i) Municipal Advisor is registered with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board;
- (ii) The website address for the Municipal Securities Rulemaking Board is www.msrb.org;
- (iii) A municipal advisory client brochure is available and posted on the website of the Municipal Securities Rulemaking Board that describes the protections that may be provided by the Municipal Securities Rulemaking Board rules and how to file a complaint with an appropriate regulatory authority.