

**RESOLUTION 2021-55
(12-21-2021)**

**RESOLUTION BY THE ECONOMIC DEVELOPMENT & REDEVELOPMENT
COMMITTEE AUTHORIZING A CONTRACT WITH EHLERS PUBLIC FINANCE
ADVISORS FOR THE SAWALL PROFORMA REVIEW**

WHEREAS, the Village of Sturtevant has requested that Ehlers undertake a financial analysis of the project *pro forma* for a mixed use residential and commercial development submitted by Sawall;

WHEREAS, Ehlers proposes and agrees to provide the following scope of services: 1) Review developer's data and back-up materials, 2) Conduct analysis on the project *pro forma*, both with public assistance and without, 3) Estimate Client revenues from TIF or other sources, 4) Prepare a summary report for the Village of Sturtevant, 5) Participate in Developer Negotiation, as requested by the Village of Sturtevant;

WHEREAS, the Village is satisfied with the Proposal from Ehlers Public Finance Advisors; and

WHEREAS, at this time the Village would like to proceed with the Ehlers written Municipal Advisor Client Disclosure for Sawall Proforma Review.


NOW THEREFORE, the Village Board of the Village of Sturtevant, Racine County, Wisconsin does hereby resolve:

1. Ehlers Public Financial Advisors is authorized to proceed with the Written Municipal Advisor Client Disclosure with the Village of Sturtevant for Sawall Proforma Review for a cost not to exceed \$6,250.
2. That the funds for said work shall be taken from account 204-51300-210.
3. That the Village President and Village Clerk are authorized to execute contracts, agreements or other documents necessary to carry out the intent of this resolution.

Adopted by the Village Board of the Village of Sturtevant, Racine County, Wisconsin, this 21st day of December, 2021.

Village of Sturtevant

By 
Michael Rosenbaum, President

Attest 
Cheryl Zamecnik, Village Clerk

December 6, 2021

Amanda Gain, Administrator/Treasurer
Village of Sturtevant, Wisconsin
2801 89th St
Sturtevant, WI 53177

Re: Written Municipal Advisor Client Disclosure with the Village of Sturtevant ("Client") for Sewall Proforma Review (TID #4) ("Project" Pursuant to MSRB Rule G-42)

Dear Amanda:

As a registered Municipal Advisor, we are required by Municipal Securities Rulemaking Board (MSRB) Rules to provide you with certain written information and disclosures prior to, upon or promptly, after the establishment of a municipal advisory relationship as defined in Securities and Exchange Act Rule 15Ba1-1. To establish our engagement as your Municipal Advisor, we must inform you that:

1. When providing advice, we are required to act in a fiduciary capacity, which includes a duty of loyalty and a duty of care. This means we are required to act solely in your best interest.
2. We have an obligation to fully and fairly disclose to you in writing all material actual or potential conflicts of interest that might impair our ability to render unbiased and competent advice to you. We are providing these and other required disclosures in **Appendix A** attached hereto.

As your Municipal Advisor, Ehlers shall provide this advice and service at such fees, as described within **Appendix B** attached hereto.

This documentation and all appendices hereto shall be effective as of its date unless otherwise terminated by either party upon 30 days written notice to the other party.

During the term of our municipal advisory relationship, this writing might be amended or supplemented to reflect any material change or additions.

We look forward to working with you on this Project.

Sincerely,

Ehlers



Greg Johnson
Senior Municipal Advisor/Vice President

¹ This document is intended to satisfy the requirements of MSRB Rule G-42(b) and Rule G-42(c).

Appendix A

DISCLOSURE OF CONFLICTS OF INTEREST/OTHER REQUIRED INFORMATION

Actual/Potential Material Conflicts of Interest

Ehlers has no known actual or potential material conflicts of interest that might impair its ability either to render unbiased and competent advice or to fulfill its fiduciary duty to Client.

Other Engagements or Relationships Impairing Ability to Provide Advice

Ehlers is not aware of any other engagement or relationship Ehlers has that might impair Ehlers' ability to either render unbiased and competent advice to or to fulfill its fiduciary duty to Client.

Affiliated Entities

Ehlers offers related services through two affiliates of Ehlers, Bond Trust Service Corporation (BTSC) and Ehlers Investment Partners (EIP). BTSC provides paying agent services while Ehlers Investment Partners (EIP) provides investment related services and bidding agent service. Ehlers and these affiliates do not share fees. If either service is needed in conjunction with an Ehlers municipal advisory engagement, Client will be asked whether or not they wish to retain either affiliate to provide service. If BTSC or EIP are retained to provide service, a separate agreement with that affiliate will be provided for Client's consideration and approval.

Solicitors/Payments Made to Obtain/Retain Client Business

Ehlers does not use solicitors to secure municipal engagements; nor does it make direct or indirect payments to obtain or retain Client business.

Payments from Third Parties

Ehlers does not receive any direct or indirect payments from third parties to enlist Ehlers recommendation to the Client of its services, any municipal securities transaction or any financial product.

Payments/Fee-splitting Arrangements

Ehlers does not share fees with any other parties and any provider of investments or services to the Client. However, within a joint proposal with other professional service providers, Ehlers could be the contracting party or be a subcontractor to the contracting party resulting in a fee splitting arrangement. In such cases, the fee due Ehlers will be identified in a Municipal Advisor writing and no other fees will be paid to Ehlers from any of the other participating professionals in the joint proposal.

Municipal Advisor Registration

Ehlers is registered with the Securities and Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB).

Material Legal or Disciplinary Events

Neither Ehlers nor any of its officers or municipal advisors have been involved in any legal or disciplinary events reported on Form MA or MA-I nor are there any other material legal or disciplinary events to be reported. Ehlers' application for permanent registration as a Municipal Advisor with the (SEC) was granted on July 28, 2014 and contained the information prescribed under Section 15B(a)(2) of the Securities and Exchange Act of 1934 and rules thereunder. It did not list any information on legal or disciplinary disclosures.

Client may access Ehlers' most recent Form MA and each most recent Form MA-I by searching the Securities and Exchange Commission's EDGAR system (currently available at <http://www.sec.gov/edgar/searchedgar/companysearch.html>) and searching under either our Company Name (Ehlers & Associates, Inc.) or by using the currently available "Fast Search" function and entering our CIK number (0001604197).

Ehlers has not made any material changes to Form MA or Form MA-I since that date.

Conflicts Arising from Compensation Contingent on the Size or Closing of Any Transaction

The forms of compensation for municipal advisors vary according to the nature of the engagement and requirements of the client. Compensation contingent on the size of the transaction presents a conflict of interest because the advisor may have an incentive to advise the client to increase the size of the securities issue for the purpose of increasing the advisor's compensation. Compensation contingent on the closing of the transaction presents a conflict because the advisor may have an incentive to recommend unnecessary financings or recommend financings that are disadvantageous to the client. If the transaction is to be delayed or fail to close, an advisor 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.

Any form of compensation due a Municipal Advisor will likely present specific conflict of interests with the Client. If a Client is concerned about the conflict arising from Municipal Advisor compensation contingent on size and/or closing of their transaction, Ehlers is willing to discuss and provide another form of Municipal Advisor compensation. The Client must notify Ehlers in writing of this request within 10 days of receipt of this Municipal Advisor writing.

MSRB Contact Information

The website address of the MSRB is www.msrb.org. Posted on the MSRB website is a municipal advisory client brochure that describes the protections that may be provided by MSRB rules and how to file a complaint with the financial regulatory authorities.

Appendix B Project Pro Forma Analysis and Developer Negotiations

Client has requested that Ehlers undertake a financial analysis of the project *pro forma* for a mixed use residential and commercial development ("Project") submitted by Sawall ("Developer").

Project Background

Developer has submitted a plan to construct multifamily and commercial structures. Client is now considering a request from the Developer for public assistance. The Developer suggests that without public financing assistance, the Project would not proceed as planned.

As the Client's independent advisor, Ehlers will conduct the following analyses:

- 1) Review the Project's anticipated sources, uses and revenues/expenditures to assess financial feasibility, identify the "gap", if any, and evaluate the need for public assistance, including whether it satisfies the "but for" test;
- 2) Analyze the financing structure and market indicators to confirm cost estimates;
- 3) As appropriate, evaluate alternative scenarios and structures to provide Client with empirical results to determine if, and how, to provide requested assistance.

Scope of Service

Ehlers proposes and agrees to provide the following scope of services:

- 1) **Review developer's data and back-up materials.** Ehlers will compile and conduct analysis on the Developer's proposed work. Prior to beginning our analysis, we will require the following materials from the Developer:
 - a) Description of structure of public assistance needed and a narrative for why it is being requested.
 - b) A live Excel version of the Developer's *pro forma* template including property tax projections and anticipated returns.
 - c) Backup documentation for:
 - i) Construction costs
 - ii) Any proposed commercial tenants, rents and pass-throughs
 - iii) Any developer financing related to the project and specific terms.
 - d) "As is" appraisal for Project Site, Purchase and Sale Agreement, or other backup for the purchase price
 - e) Project specs including square footage of all commercial/residential space and gross square footage for the project.
 - f) Site plan and conceptual elevations.
 - g) A GANTT Chart or proposed timeline for project completion and lease-up, if necessary.

- 2) **Conduct analysis on the project *pro forma*, both with public assistance and without it.** Ehlers will review the developer's projected revenues and expenses associated with the ongoing operation of the completed Project as compared to Ehlers' model and assumptions utilizing industry resources, such as CoStar, RS Means, as well as local market expertise. Ehlers will prepare other alternate scenarios to provide the Client a reasonable expectation of the developer's projected returns within market ranges, and any associated risks for the Client.
- 3) **Estimate Client revenues from TIF or other sources.** Ehlers will build a cash flow model from the proposed project that may support financing the developer's "gap," if any, and compare to the developer's numbers. Ehlers will examine whether these revenues are appropriate to fill the "gap," if any. Ehlers will review and provide feedback on whether any of the developer's project costs are eligible expenses under state statutes. Finally, Ehlers will identify options for financing any needed Client portion of the project, if necessary.
- 4) **Prepare a summary report for the Client.** The report will summarize the results of our analysis and make recommendations as appropriate to the Client. Ehlers will conduct a conference call with Client's staff to discuss the analysis, potential costs and benefits of the project and review any additional feedback from the Client prior to the final report. Ehlers will be available to make a presentation to the Client Board/Council as appropriate.
- 5) **Participate in Developer Negotiation, as requested by the Client.** As needed, Ehlers will participate with the Client's negotiating team in developer negotiations to create or review terms sheets, development or redevelopment agreements, and financing options. If needed, Ehlers staff will provide support to the Client in discussions and developing iterations of a Development Agreement. The final agreement is subject to Client's attorney approval.

Based on the financial analysis outlined above, Ehlers will make recommendations to the Client on possible incentives or assistance to Developer, and the use of "Look Back" provisions in the Development Agreement, so that if the Project is more successful than originally projected when submitting a TIF requested, the Developer returns a portion of the funds to the Client.

If warranted, Ehlers will conduct further analysis, modeling and "what-if" scenarios as part of this engagement. The Ehlers team assigned to the Client is available for questions and encourages as much collaboration as possible.

Additional Services (Elective)

Though not a part of this scope of services, should a "Look Back" provision be incorporated into a development or redevelopment agreement, Client may authorize Ehlers, under a separate engagement, to perform a "Look Back" analysis upon Project sale or another milestone. Ehlers will review the Developer's actual costs and return numbers in accordance with the timing and returns outlined in the respective development agreement. Ehlers will inform Client of the results and prepare a summary report for Client, and if authorized by Client, for review by Developer. This scope of services will be billed on an hourly basis, based on prevailing rates at the time of the engagement.

Compensation

Ehlers will charge Client a flat fee of not to exceed \$6,250 for preparation of the analysis detailed in Scope of Service items 1), 2) and 3).

In the event the work effort required to complete the Scope of Service increases substantially due to significant changes to the developer's *pro forma*, introduction of new information, preparation of multiple alternative scenarios or protracted negotiations, Ehlers will discuss with Client and may request an adjustment to the fees listed.

For any service directed by Client and not covered by this, or another applicable Appendix, Ehlers will bill Client at an hourly rate that is dependent upon the task staff required to meet Client request at n less than \$125.00 hour and not to exceed \$300.00/hour.

Payment for Services

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

The above Proposal is hereby accepted by Sturtevant, Wisconsin, by its authorized officer:

Signed	Title	Date
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