

October 9, 2019

Town Council
Town of Yorktown
9800 West Smith Street
Yorktown, IN 47396

Baker Tilly Municipal Advisors, LLC
8365 Keystone Crossing, Ste 300
Indianapolis, IN 46240
United States of America

T: +1 (317) 465 1500
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bakertilly.com

Re: Town of Yorktown (Indiana) – Proposed Municipal Advisory Services – Proposed General Obligation
Refunding Bond of 2019.

Dear Members of the Town Council:

Thank you for requesting that Baker Tilly Municipal Advisors, LLC (the “Firm”) provide to the Town of Yorktown, Indiana (the “Client”) those services more fully set forth in Exhibit A hereto (the “Services”).

Fees and Costs

Fees charged for work performed are generally based on hourly rates, as set forth in Exhibit B, for the time expended, a fixed amount or other arrangement as mutually agreed upon as more appropriate for a particular matter. Hourly rates for work performed by our professionals vary by individual and reflect the complexity of the engagement.

Disclosure of Conflicts of Interest with Various Forms of Compensation

The Municipal Securities Rulemaking Board (MSRB) requires us, as your municipal advisor, to provide written disclosure to you about the actual or potential conflicts of interest presented by various forms of compensation. Exhibit C sets forth the potential conflicts of interest associated with various forms of compensation. By signing this letter of engagement, the signee acknowledges that he/she has received Exhibit C and that he/she has been given the opportunity to raise questions and discuss the matters contained within the exhibit with the municipal advisor.

Billing Procedures

Normally, you will receive a monthly statement showing fees and costs incurred in the prior month. Occasionally, we may bill on a less frequent basis if the time involved in the prior month was minimal or if arrangements are made for the payment of fees from bond proceeds. The account balance is due and payable on receipt of the statement. Once our representation has been concluded or terminated, a final billing will be sent to you. If requested to provide an estimate of our fees for a given matter, we will endeavor in good faith to provide our best estimate, but unless there is a mutual agreement to a fixed fee, the actual fees incurred on any project may be less than or exceed the estimate. Any questions or errors in any fee statement should be brought to our attention in writing within sixty (60) days of the billing date.

Termination

Both the Client and the Firm have the right to terminate the engagement at any time after reasonable advance written notice. On termination, all fees and charges incurred prior to termination shall be paid promptly. Unless otherwise agreed to by the Client and the Firm, the scope of services provided in Exhibit A will terminate 60 days after completion of the services in each Article.

Accountants' Opinion

In performing our engagement, we will be relying on the accuracy and reliability of information provided by Client personnel. The services provided may include financial advisory services, consulting services, and accounting report services such as compilation, preparation, and agreed upon procedures reports. Please see Exhibit A. We will not audit, review, or examine the information. Please also note that our engagement cannot be relied on to disclose errors, fraud, or other illegal acts that may exist. However, we will inform you of any material errors and any evidence or information that comes to our attention during the performance of our procedures that fraud may have occurred. In addition, we will report to you any evidence or information that comes to our attention during the performance of our procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate significant deficiencies or material weaknesses in your internal control as part of this engagement.

The procedures we perform in our engagement will be heavily influenced by the representations that we receive from Client personnel. Accordingly, false representations could cause material errors to go undetected. The Client, therefore, agrees to indemnify and hold us harmless for any liability and all reasonable costs (including legal fees) that we may incur in connection with claims based upon our failure to detect material errors resulting from false representations made to us by any Client personnel and our failure to provide an acceptable level of service due to those false representations.

The responsibility for auditing the records of the Client rests with the Indiana State Board of Accounts and the work performed by the Firm shall not include an audit or review of the records or the expression of an opinion on financial data.

Client Responsibilities

It is understood that the Firm will serve in an advisory capacity with the Client. The Client is responsible for management decisions and functions, and for designating an individual with suitable skill, knowledge or experience to oversee the services we provide. The Client is responsible for evaluating adequacy and results of the services performed and accepting responsibility for such services. The Client is responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

Additional Services

Exhibit A sets forth the scope of the Services to be provided by the Firm. From time to time, additional services may be requested by the Client beyond the scope of Exhibit A. The Firm may provide these additional services and be paid at the Firm's customary fees and costs for such services. In the alternative, the Firm and the Client may complete a revised and supplemented Exhibit A to set forth the additional services (including revised fees and costs, as needed) to be provided. In either event, the terms and conditions of this letter shall remain in effect.

E-Verify Program

The Firm participates in the E-Verify program. For the purpose of this paragraph, the E-Verify program means the electronic verification of the work authorization program of the Illegal Immigration Reform and Immigration Responsibility Act of 1996 (P.L. 104-208), Division C, Title IV, s.401(a), as amended, operated by the United States Department of Homeland Security or a successor work authorization program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work authorization status of newly hired employees under the Immigration Reform and Control Act of 1986 (P.L. 99-603). The Firm does not employ any "unauthorized aliens" as that term is defined in 8 U.S.C. 1324a(h)(3).

Investments

The Firm certifies that pursuant to Indiana Code 5-22-16.5 *et seq.* the Firm is not now engaged in investment activities in Iran. The Firm understands that providing a false certification could result in the fines, penalties, and civil action listed in I.C. 5-22-16.5-14.

Non-Discrimination

Pursuant to Indiana Code §22-9-1-10, Baker Tilly Municipal Advisors, LLC and its subcontractors, if any, shall not discriminate against any employee or applicant for employment to be employed in the performance of this Agreement, with respect to hire, tenure, terms, conditions or privileges of employment or any matter directly or indirectly related to employment, because of race, religion, color, sex, disability, national origin, ancestry, or veteran status. Breach of this covenant may be regarded as a material breach of this Agreement.

Anti-Nepotism

Baker Tilly Municipal Advisors, LLC is aware of the provisions under Indiana Code §36-1-21 *et seq.* with respect to anti-nepotism in contractual relationships with governmental entities. Baker Tilly Municipal Advisors, LLC certifies that none of the owners of Baker Tilly Municipal Advisors, LLC is a relative of any elected Town Council Member of Town.

Telephone Solicitation Act Compliance

Baker Tilly Municipal Advisors, LLC certifies that, except for de minimis and non-systematic violations, it has not violated the terms of I.C. 24-4.7, I.C. 24-5-12, or I.C. 24-5-14 in the previous three hundred sixty-five (365) days, even if I.C. 24-4.7 is preempted by federal law, and that Baker Tilly Municipal Advisors, LLC will not violate the terms of I.C. 24-4.7 for the duration of the Agreement, even if I.C. 24-4.7 is preempted by federal law. Baker Tilly Municipal Advisors, LLC further certifies that any affiliate or principal of Baker Tilly Municipal Advisors, LLC and any agent acting on behalf of Baker Tilly Municipal Advisors, LLC or on behalf of any affiliate or principal of Baker Tilly Municipal Advisors, LLC, except for de minimis and non-systematic violations, has not violated the terms of I.C. 24-4.7 in the previous three hundred sixty-five (365) days, even if I.C. 24-4.7 is preempted by federal law, and will not violate the terms of I.C. 24-4.7 for the duration of the Agreement, even if I.C. 24-4.7 is preempted by federal law.

Municipal Advisor Registration

The Firm is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, the Firm is providing certain specific municipal advisory services to the Client. The Firm is neither a placement agent to the Client nor a broker/dealer.

The offer and sale of any Bonds shall be made by the Client, in the sole discretion of the Client, and under its control and supervision. The Client agrees that the Firm does not undertake to sell or attempt to sell the Bonds, and will take no part in the sale thereof.

Mediation Provision

The Client and the Firm agree that if any dispute (other than our efforts to collect any outstanding invoice(s)) arises out of or relates to this engagement, or any prior engagement we may have performed for you, and if the dispute cannot be settled through informal negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures (or such other administrator or rules as the parties may mutually agree) before resorting to litigation. The parties agree to engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement. Any mediation initiated as a result of this engagement shall take place in Indianapolis, Indiana, or such other location as the parties may mutually agree. If the parties are unable to mutually agree on the selection of a mediator, the mediator shall be determined in accordance with the American Arbitration Association's Commercial Mediation Procedures. The results of any such mediation shall be binding only upon a written settlement agreement executed by each party to be bound. Each party shall bear its own costs and fees, including attorneys' fees and expenses, in connection with the mediation. The costs of the mediation, including without limitation the mediator's fees and expenses, shall be shared equally by the participating parties. Any ensuing litigation shall be initiated and maintained exclusively before any state or federal court having appropriate subject matter jurisdiction located in Indianapolis, Indiana.

Other Financial Industry Activities and Affiliations

Baker Tilly Investment Services, LLC ("BTIS") is an affiliate of the Firm. BTIS is registered as an investment adviser with the Securities and Exchange Commission under the federal Investment Advisers Act. BTIS provides non-discretionary investment advice with the purpose of helping clients create and maintain a disciplined approach to investing their funds prudently and effectively. BTIS may provide advisory services to the clients of the Firm.

BTIS has no other activities or arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, an investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

If the foregoing accurately represents the basis upon which we may provide Services to the Client, we ask that you execute this letter, in the space provided below setting forth your agreement. Execution of this letter can be performed in counterparts each of which will be deemed an original and all of which together will constitute the same document.

On March 1, 2019, H.J. Umbaugh & Associates, Certified Public Accountants, LLP ("Umbaugh") effected a business combination with Baker Tilly Virchow Krause, LLP, (Chicago, Illinois), a financial services and accounting firm ("Umbaugh/Baker Tilly Combination"). Baker Tilly Virchow Krause, LLP also effected a business combination with Springsted Incorporated, (Saint Paul, Minnesota), a municipal and management advisory firm, that became effective April 1, 2019. The municipal advisory business unit of Baker Tilly Virchow Krause together with Umbaugh and Springsted have formed and are operating as a wholly-owned subsidiary doing business as Baker Tilly Municipal Advisors, LLC.

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If you have any questions, please let us know. We appreciate this opportunity to be of service to you and the Town.

Very truly yours,

BAKER TILLY MUNICIPAL ADVISORS, LLC

By: John M. Seever
John M. Seever, Partner

The undersigned hereby acknowledges and agrees to the foregoing letter of engagement.

Town of Yorktown, Indiana

Date: _____

By: _____

Printed: _____

Exhibit A

Services Provided

Scope of Services

The Firm agrees to furnish and perform the following services with respect to the issuance of the Proposed Bonds (the "Bonds").

Article I. Preliminary Planning and Development Services (Municipal Advisory Services)

A. Financial Feasibility and Analysis

Based upon discussions with Client officials and members of the working group, such as local counsel and bond counsel, the Firm will develop a preliminary estimate of project costs and provide a financial feasibility study to assist the Client in its determination of what type of financing is most suitable to meet the needs of the Client. Considerations in the preliminary planning stage will include, but not be limited to:

1. The general obligation debt limit of the Client, and available debt margin.
2. Excise tax collections.
3. Internal Revenue Code restrictions for arbitrage and bank qualification.
4. Anticipated future capital needs.
5. Income tax collections.
6. Implication of Circuit Breaker, assessment provisions, or other legislative changes.

B. Discussion of the Funding Options

The findings of the financial feasibility study will be discussed with the Client and other members of the working group. Items to be considered will include but not be limited to:

1. Maturity schedule of the proposed financing.
2. Total interest cost over the term of the Bond issue.
3. Effect upon the Client's debt service tax rate, and interrelationship of overlapping taxing units, if applicable.
4. Effect on debt service coverage of revenue supported debt, if applicable.
5. Consideration of the Client's expected trends in net assessed value, if applicable.
6. Method of sale of the Client's Bonds (e.g., competitive/negotiated, multiple series of bonds, Indiana Bond Bank, etc.)
7. Alternative sources of funding, grant funding, contributions, etc.
8. Analysis of debt currently outstanding; review for possible refunding opportunities.

Exhibit A

Services Provided (cont'd)

Article II. Financial Development (Municipal Advisory Services)

A. Development of Financial Plans

1. Establish, in conjunction with the Client's other professionals, a budget of project costs including bond issuance expenses.
2. Suggest interest rates based upon varying lengths of maturities for the Bonds.
3. Suggest the probable annual debt service and/or lease rental payment requirements over the term of the Bonds.
4. Provide attorneys with financial data needed in the preparation of the Bond documents, bond sale notice, and other documents required for the project.

B. Meetings

1. Attend meetings of the Client's architect, attorney, bond counsel and other professionals as may be required to explain the financing of the project.
2. Attend public meetings to provide a detailed explanation of the financing and other matters in connection with the project.

Article III. Marketing, Sale of Bonds and Post Issuance Filings (Municipal Advisory Services)

A. Disclosure Services

1. Assist the Client in connection with the preparation, composition and distribution of an offering document (e.g. Preliminary Official Statement, Offering Circular, Term Sheet, or Private Placement Memorandum) of the type and nature generally prepared in connection with the sale of municipal securities, which will disclose technical data, information and schedules relating to the Client, the project and the Bonds.
2. Provide information to rating agencies and bond insurance companies as may be appropriate for the determination of a bond rating and potential qualification for insurance on the Bonds, if applicable. Provide information to providers of credit facilities or other credit enhancement providers, if applicable.
3. Analyze the savings realized due to bond insurance and credit enhancement, if applicable.
4. Provide additional information to underwriters or others as may be needed throughout the period between advertising and sale of the Bonds.
5. For negotiated sales or private placement of bonds, assist the Client with a Request for Proposal ("RFP") for the selection of underwriters, banks or other sophisticated investors to underwrite, place, or purchase bonds. Prepare a financing term sheet for the Client to use in preliminary discussions with potential underwriters, bond placement agents or bond purchasers.

Exhibit A

Services Provided (cont'd)

B. Sale of the Bonds

1. Facilitate the Bond sale for the purpose of assisting the Client in the receipt of bids, compute or verify bid calculations to identify lowest interest cost and to recommend such bid for acceptance by the Client.
2. As an alternative to sub-paragraph "1" above, analyze the interest rates offered by the underwriter and make recommendations concerning the acceptance of such rates and the execution of a purchase agreement for the Bonds with the underwriter if the Bonds are sold by a negotiated sale.
3. Distribute, on behalf of the Client, the Final Official Statement or other documents, if applicable.
4. Prepare instructions related to closing and delivery of the Bonds including distribution of proceeds, flow of funds, and procedures for repayment of the Bonds.
5. Prepare and file Gateway information as required by the Department of Local Government Finance ("DLGF") after the Bond sale.

Article IV. Escrow Verification Report (Agreed Upon Procedures)

- A. Test the mathematical accuracy of the Placement Agent's or Underwriter's calculations regarding the sufficiency of the cash and investments to be deposited into the escrow account to meet the principal and interest requirements and call premium for the Outstanding Bonds.
- B. Provide an Escrow Verification Report at the closing of the Refunding Bonds.

Article V. Arbitrage Compliance Services (Consulting Services)

Section 148 of the Internal Revenue Code requires issuers of tax-exempt bonds that meet certain criteria to have arbitrage rebate and/or yield reduction payment calculations performed on a periodic basis. Our services will be limited to utilizing available information to calculate the arbitrage yield on the bond issues, the yield on non-purpose investments, the amount of excess earnings, if any, of the non-purpose investments at the calculated arbitrage yield, and the rebatable arbitrage and/or yield reduction payment, if any, due as of the five-year anniversary date or more frequently as necessary. If eligible, we will prepare spend-down calculations in lieu of rebate calculations. Our services for the arbitrage compliances services computations include:

- A. Obtaining information from bond offering documents, information returns filed upon issuance (Form 8038 and 8038 G), arbitrage certificate, legal documents and statements or summaries of transactions for the funds subject to rebate and/or yield restriction defined in the documents.
- B. Providing a report which will be addressed to the Client. The report will summarize the results of the calculations performed.
- C. Assistance in preparing the IRS from 8038-T, if necessary.

Exhibit A

Services Provided (cont'd)

Calculation and payment of any arbitrage rebate liability and/or yield reduction due is the responsibility of the Client. The Client is responsible for notifying the Firm of any additional or subsequent bond issues that would require arbitrage compliance services. Our engagement will not include verifying that: proceeds were used for purpose expenditures; investments were purchased at market price; no amounts were paid to any party in order to reduce the yield on any investment; the bond issue was appropriately structured or qualified as a tax-exempt offering; or information provided to us is complete and accurate.

Exhibit B

Fees

The Firm's fees for services set forth in Exhibit A will be:

	<u>Service</u>	<u>Fees</u>
Articles I-IV	Preliminary Planning and Development Services Financial Development, Marketing, Sale of Bonds Post Issuance Filings and Escrow Sufficiency	\$20,000
Article V	Arbitrage Compliance Services	Time & Expense*

*The Firm's fees will be billed at the Firm's standard billing rates based on the actual time and expenses incurred.

Standard Hourly Rates by Job Classification 1/1/2019

Partners / Principals / Directors	\$240.00	to	\$550.00
Managers	\$200.00	to	\$325.00
Senior Consultants	\$150.00	to	\$250.00
Consultants	\$135.00	to	\$200.00
Municipal Bond Disclosure Specialists	\$120.00	to	\$190.00
Support Personnel	\$110.00	to	\$150.00
Interns	\$90.00	to	\$110.00

- Billing rates are subject to change periodically due to changing requirements and economic conditions. Actual fees will be based upon experience of the staff assigned and the complexity of the engagement.*

The above fees shall include all expenses incurred by the Firm with the exception of expenses incurred for mileage which will be billed on a separate line item. No such expenses will be incurred without the prior authorization of the Client. The fees do not include the charges of other entities such as rating agencies, bond and official statement printers, couriers, newspapers, bond insurance companies, bond counsel and local counsel, and electronic bidding services, including Parity®. Coordination of the printing and distribution of Official Statements or any other Offering Document are to be reimbursed by the Client based upon the time and expense for such services.

Exhibit C

Disclosure Statement of Municipal Advisor

PART A – Disclosures of Conflicts of Interest

MSRB Rule G-42 requires that municipal advisors provide to their clients disclosures relating to any actual or potential material conflicts of interest, including certain categories of potential conflicts of interest identified in Rule G-42, if applicable. If no such material conflicts of interest are known to exist based on the exercise of reasonable diligence by the municipal advisor, municipal advisors are required to provide a written statement to that effect.

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

General Mitigations – As general mitigations of the Firm's conflicts, with respect to all of the conflicts disclosed below, the Firm 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 the Firm to deal honestly and with the utmost good faith with Client and to act in Client's best interests without regard to the Firm's financial or other interests. The disclosures below describe, as applicable, any additional mitigations that may be relevant with respect to any specific conflict disclosed below.

- I. **Compensation-Based Conflicts.** The fees due under this Agreement are in a fixed amount established at the outset of the Agreement. The amount is usually based upon an analysis by Client and the Firm of, among other things, the expected duration and complexity of the transaction and the Scope of Services to be performed by the Firm. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, the Firm may suffer a loss. Thus, the Firm may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. This conflict of interest is mitigated by the general mitigations described above.
- II. **Other Municipal Advisor Relationships.** The Firm 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. For example, the Firm 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 this 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, the Firm could potentially face a conflict of interest arising from these competing client interests. This conflict of interest is mitigated by the general mitigations described above.

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, the Firm 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 the Firm or the integrity of the Firm'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.** The Firm'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 <http://www.sec.gov/cgij-bin/browse-edgar?action=getcompany&CIK=0001616995>.

Exhibit C

Disclosure Statement of Municipal Advisor (cont'd)

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

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 the Firm. The Firm will provide Client with any such supplement or amendment as it becomes available throughout the term of the Agreement.

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

MSRB Rule G-10 requires that municipal advisors to notify their clients of the availability of a client brochure on the MSRB's website that provides information on the processes for filing a client complaint. Accordingly, the Firm sets out below the required information.

- I. The Firm is registered as a Municipal Advisor with the Securities and Exchange Commission (867-00880) and the Municipal Securities Rulemaking Board (K1027).
- II. The website address for the Municipal Securities Rulemaking Board is www.msrb.org.
- III. The website for the Municipal Securities Rulemaking Board has a link to a brochure that describes (i) the protections that may be provided by the Municipal Securities Rulemaking Board rules and (ii) describes how to file a complaint with an appropriate regulatory authority.