

**Scope of Services and Fee Proposal between the
Iowa City School District, Iowa (“District”) and
Public Financial Management, Inc. (“PFM”)**

I. NAMED INDIVIDUALS

A. Assignment of Named Individuals

The Financial Advisor shall assign the following individuals to the various projects to be completed under this Agreement:

<u>Name</u>	<u>Title</u>
Jenny Blankenship, CPA	Director; Project Manager
Jon Burmeister, CFA	Managing Director
Susanne Gerlach	Senior Managing Consultant
Matthew Stoffel	Analyst
Jennifer Ballard	Analyst
Owen Gerard	Analyst

B. Project Manager

The Financial Advisor shall assign a single individual to serve as Project Manager. The Project Manager shall serve as PFM's primary liaison with the District and shall be directly responsible for the day-to-day management of all financial advisory services provided under this Agreement.

C. Changes in Staff

The District has the right to approve or disapprove any proposed changes in the Financial Advisor's staff from the individuals named in subparagraphs A and B above. The District shall be provided with a resume of any proposed substitute and shall be given the opportunity to interview that person prior to its decision to approve or disapprove. Should the District not approve a suggested change, then PFM shall not make the change or PFM may suggest another proposed substitute.

D. Changes Required by the District

The District has the right to request, for any reason, that PFM replace a member of the Financial Advisor's staff. Should the District make such a request, PFM shall promptly suggest a substitute and the procedures specified in subparagraph C above should be followed until a satisfactory substitute is selected.

II. SCOPE OF SERVICES

PFM shall provide all services customarily provided to governmental entities by financial advisors, such as services related to financial planning and development of financial planning models and services related to debt transactions. The services provided shall include but not necessarily be limited to the following:

1. Services Related to Quarterly Review and Update of Comprehensive Financial and Capital Planning Models:

- **Comprehensive Financial and Capital Planning Models shall include the following:**
 - SAVE Sale Tax Cash Flow Models
 - PPEL Cash Flow Models
 - GO Debt Service Tax Analysis Cash Flow Model
 - GO Debt Capacity Model
 - Source and Uses Facility Capital Planning Model
 - Fiscal Year Construction Costs by Funding Source Model
 - Fiscal Year Construction Costs by Design State Date
- **Review and implementation of new or revised financial information:**
 - District's Audited Financial Statements
 - 100% and Taxable Valuations
 - Enrollment
 - Year-to-date Operating Revenues and Expenditures by Funding Source
 - Year-to-date Cash Balances by Funding Source
 - Actual Cash Expended on Projects versus Estimated Construction Draw Schedules
 - New Capital Project Contracts Awarded
 - Revised Monthly Construction Draw Schedules
- **PFM shall Provide a Quarterly Memorandum Summarizing Significant Changes to the Comprehensive Financial and Capital Planning Analysis**
- **PFM shall make an Annual Presentation to the Board of the Complete Comprehensive Financial and Capital Planning Analysis**

2. Debt Transaction Implementation:

- **Develop/Update the Financial Models directly associated with the type of bond issue being sold (G.O. Capacity, Debt Service Levy Analysis, PPEL Cashflow, SILO Cashflow, etc.) to make sure that the method of funding is in place prior to issuance.**
- **Develop/Oversee Financing Schedule**
- **Articulate Final Terms and Conditions for Sale of Debt**
- **Assist in Selection/Procurement of Other Finance Team Members, if applicable**
 - Paying Agent
 - Verification Agent
 - Escrow Agent
 - Printing
- **Coordinate with the Other Finance Team Members**
- **Develop and Implement Credit Review and Credit Strategy**
 - Schedule the credit call with the appropriate individuals
 - Develop and update the credit presentation to use during the credit call
 - Assist District during the credit call
- **Analyze, Negotiate and Review Legal Documents**
 - Analyze and review legal documents

- **Prepare and Review the Official Statement**
 - Compile a Request for Information from District for the Official Statement
 - Prepare the Official Statement, which shall include disclosure language that is usual and customary for the type of security being sold
 - Send the Official Statement to the appropriate individuals for review
- **Analyze and Assist in Development of Final Debt Structure, Terms and Conditions**
- **Assist and Coordinate Marketing of Bonds**
 - Timing of Sale
 - Target Potential Underwriters
 - Marketing Information
 - Disclosure Documents
 - Calls to Underwriters
- **Attend District Board Meetings; Make Presentations, (as requested)**
- **Prepare Sale Details and Conduct Pre-pricing Monitoring Analysis**
 - Review Comparable Issues (Market indices)
 - Assess Market Conditions and Information
 - Review Calendar of Economic Events
 - Target Pricing Analysis
 - Assess Sale Calendar
- **Coordinate Receipt of Competitive Underwriter Bids**
 - Calculate and Verify True Interest Cost Calculations
 - Evaluate Bids Received
 - Subscribe for SLGS for advanced refunding, as applicable
 - Conduct Final Debt Sizing Schedule
 - Obtain and Coordinate Good Faith Deposit
 - Provide Recommendation on Final Offer to Purchase
- **Prepare Final Official Statement**
- **Prepare and Review Final Financing Documents**
- **Coordinate and Execute Transaction Closing**

3. Additional Scope of Services Available (upon request, upon execution of a separate engagement letter):

- **Assist with Continuing Disclosure requirements**
- **Assist with Investment of Bond Proceeds**
- **Assist with Arbitrage Rebate calculations**
- **Assist with Escrow Services (purchase of open market securities for advanced refunding, if necessary)**

III. COMPENSATION AND TERMS OF PAYMENT AS COMPENSATION FOR SERVICES HEREUNDER, THE DISTRICT SHALL PAY PFM THE FOLLOWING:

The District shall pay the following fees to PFM for each respective scope of services identified in Section II.

1. Financial Planning and Development of Planning Models Fee

For all services provided by PFM related to Financial Planning as described under Section II.1., PFM shall receive \$15,000 for up to 85 hours of time. Should PFM's time exceed 85 hours per year, an additional agreement will need to be discussed.

2. Debt Transaction Fee

For services related to publicly offered debt transactions as described under Section II.2., PFM shall receive the following fees per bond size:

<u>Type of Bonds</u>	<u>Issue Size</u>	<u>Fee</u>
G.O. Bonds	\$1.0 to \$4.99Million	\$15,000
G.O. Bonds	\$5.0 to \$9.99 Million	\$16,000
G.O. Bonds	\$10.0 to \$14.9 Million	\$18,000
G.O. Bonds	\$15.0 to \$19.9 Million	\$20,000
G.O. Bonds	\$20.0 to \$29.9 Million	\$25,000
G.O. Bonds	\$30.0 to \$39.9 Million	\$30,000
G.O. Bonds	\$40.0 to \$49.9 Million	\$35,000
G.O. Bonds	\$50.0 to \$59.9 Million	\$40,000
G.O. Bonds	\$60.0 to \$69.9 Million	\$50,000
G.O. Bonds	\$70.0 and Over	To be Negotiated
G.O. Refunding Bonds	Same as G.O. Bonds	Same as G.O. Bonds
PPEL Capital Loan Notes	Same as G.O. Bonds	Same as G.O. Bonds
Revenue Bonds	Same as G.O. Bonds	125% of G.O. Bond Fee

PFM shall also be paid its reimbursable costs incurred by PFM in connection with the services provided to the District under this agreement. When submitting invoices for reimbursable costs, PFM shall provide the District a detailed summary or copy of invoices to be reimbursed. "Reimbursable costs" for this purpose shall mean all costs associated with the printing and distribution of the Official Statement including the posting fee to the bond calendar, mileage fees at the rate set by the Internal Revenue Service, CUSIP numbers and rating agency fees.

IV. INFORMATION TO BE FURNISHED TO THE FINANCIAL ADVISOR

All information, data, reports, and records in the possession of the District necessary for carrying out the work to be performed under this Agreement shall be furnished to the Financial Advisor without charge by the District, and the District shall cooperate with the Financial Advisor in every way possible.

V. TERM OF AGREEMENT

Unless earlier terminated, this Agreement shall terminate three (3) years after the effective date of this agreement. The parties may, by written amendment, extend the term upon mutual agreement with three annual renewals upon mutual agreement. Either party may terminate this agreement at any time for any reason upon a 30-day written notice without penalty to either party.

Indemnification

To the extent the District is authorized by law to indemnify PFM, the District will indemnify and hold harmless PFM, each individual, corporation, partnership, trust, association or other entity controlling PFM, any affiliate of PFM or any such controlling entity and their respective directors, officers, employees, partners, incorporators, shareholders, servants, trustees and agents (hereinafter the "Indemnitees") against any and all liabilities, penalties, suits, causes of action, losses, damages, claims, costs and expenses (including, without limitation, fees and disbursements of counsel) or judgments of whatever kind or nature (each a "Claim"), imposed upon, incurred by or asserted against the Indemnitees arising out of or based upon the District's negligence or wilfull acts, errors or omissions in the performance of its obligations under this Agreement.

To the extent the District is authorized by law to indemnify the PFM, PFM will indemnify and hold harmless the District, each individual, corporation, partnership, trust, association or other entity controlling the District, any affiliate of the District or any such controlling entity and their respective directors, officers, employees, partners, incorporators, shareholders, servants, trustees and agents (hereinafter the "Indemnitees") against any and all liabilities, penalties, suits, causes of action, losses, damages, claims, costs and expenses (including, without limitation, fees and disbursements of counsel) or judgments of whatever kind or nature (each a "Claim"), imposed upon, incurred by or asserted against the Indemnitees arising out of or based upon PFM's negligence or wilfull acts, errors or omissions in the performance of its obligations under this Agreement.

Notices.

Any written notice or communications required or permitted by this Agreement or by law to be served on, given to, or delivered to either party hereto, by the other party shall be in writing and shall be deemed duly served, given, or delivered when personally delivered to the party to whom it is addressed or in lieu of such personal services, when deposited in the United States' mail, first-class postage prepaid, addressed to the District at:

Educational Services Center
Iowa City Community School District
Attn: Superintendent
1725 North Dodge Street
Iowa City, IA 52245

or to PFM at:

Public Financial Management
801 Grand Avenue, Suite 3300
Des Moines, IA 50309

Consent to Jurisdiction; Service of Process.

This Agreement shall be deemed to have been executed in the State of Iowa, and the laws of the State of Iowa govern the construction of this Agreement and the rights and remedies of the respective parties hereto. Any litigation arising between the parties related in any way to this Agreement shall be initiated and maintained only in the district court for Johnson County, Iowa or the U.S. District Court for the Southern District of Iowa.

Counterparts; Severability

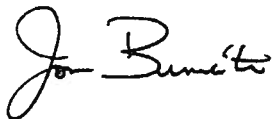
This Agreement may be executed in two or more separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction.

Parties in Interest

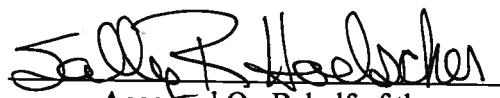
This Agreement, including rights to indemnity and contribution hereunder, shall be binding upon and inure solely to the benefit of each party hereto, any Indemnitee and their respective successors, heirs and assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

General

The failure of either of the parties to enforce any right or provision under this Agreement shall not constitute a waiver of such right or provision unless acknowledged and agreed to by such party in writing. No waiver shall be implied from a failure of either party to exercise a right or remedy. In addition, no waiver of a party's right or remedy will affect the other provisions of this Agreement. The captions in this Agreement are included for convenience of reference only and are in no way meant to define or limit any of the provisions contained in this Agreement or otherwise affect their construction or effect. When a word or phrase is enclosed in parenthesis and quotation marks (i.e., "Word"), then that word or phrase shall be interpreted as if fully written out in the following format: "(hereinafter referred to as the 'Word')," and thereafter in this Agreement, that word or phrase shall stand as an abbreviation of the longer phrase to which it relates.



Jon Burmeister, CFA
Public Financial Management, Inc.


Accepted On Behalf of the
Iowa City School District

Effective Date: June 1, 2014