



PMA Financial Network, Inc.  
2135 CityGate Lane, 7th Floor  
Naperville, IL 60563

info@pmanetwork.com  
630.657.6400

June 28, 2013

Craig Hansel  
Chief Financial Officer  
Iowa City Community School District  
1725 North Dodge Street  
Iowa City, IA 52245

Re: PMA Financial Planning Program™ Consulting Agreement  
For Fiscal Year 2014

Dear Craig:

We are pleased to provide this engagement letter for our services as a consultant working with your District in utilizing PMA's Financial Planning Program (the "PMA FPP™"). The FPP is a financial planning tool that allows interaction with a spectrum of assumptions in order to project your District's financial position. In this role, PMA will advise and assist your District throughout all phases of the FPP process. If the situation should arise where debt issuance advice is needed, a separate Financial Advisory Agreement will need to be executed.

#### **A. Description of Services**

As part of these consulting services, PMA's financial planning specialists will generate for you and your District a detailed five-year financial projection based on your specifications. PMA will perform each of the following as applicable to your needs:

- Develop a historic database consisting of multiple years of your CAR data files and current budget;
- Incorporate District provided assumptions and factual information as applicable;
- Develop five-year financial projections and perform "what-if" analysis with information provided by District;
- Conduct Board, Finance Committee and such other presentations as reasonably requested by the District;



- Following completion of the base model financial projections, PMA will provide the District with password protected web-based access to the PMA FPP so the District may conduct "what-if" scenario management and report production at the convenience and at the discretion of the District; and
- Provide ongoing and continuous updates as requested by the District pursuant to the attached Fee Proposal Schedule.

#### **B. Description of PMA FPP Services and Scope Limitations**

PMA FPP is a financial management tool whose sole purpose is to produce financial projections based on data provided by the District. District officials shall have the capability to input different data assumptions into the PMA FPP system to generate varying outputs and reports. Because all assumptions and data input into the PMA FPP will be provided by the District, the quality of the output from FPP will be wholly dependent upon the quality and accuracy of those assumptions and data. The District understands that PMA will not undertake any investigation or examination of the data provided by the District and that any inaccuracies or incompleteness of that data, and any resulting erroneous output from the FPP generated thereby shall be solely the District's responsibility. Also, during the course of this engagement, we will rely on the District's representatives to provide us with all data in a timely manner, and we assume no responsibility to determine whether personnel providing us with such data possess the requisite authority to do so.

At the request of the District, PMA may provide opinions or representations with respect to the financial feasibility and/or fiscal prudence of any assumptions and/or projections that you or your District may select for inclusion in the District's projections, provided, however, that it is understood that the District is solely responsible for the decision and any associated risk of incorporating any particular assumption in its financial plan. Additionally, our duties and responsibilities do not include giving any opinion or advice regarding the issuance of debt instruments, unless a separate Financial Advisory Agreement is executed.

In addition, we have explained to the District in general terms the formulas and methodologies used by FPP and the District agrees that such formulas and methodologies are appropriate and suitable for the District's financial management applications. We have made no independent examination of the context in which the District intends to use FPP and cannot assure the District as to its suitability for the District's application. In addition, we assume no responsibility for any modifications to FPP requested by the District and implemented into FPP at the District's request. Furthermore, the District acknowledges that FPP may yield inconsequential results in the event of changes in the District's fiscal policies, fundamental changes in school finance (including legislative changes) or other actions that may affect the District. It is expected that the District review its PMA FPP output for reasonableness, and to verify such results or otherwise seek assistance from PMA or another third party before relying on such output in such cases.

Lastly, the District agrees and acknowledges that any investment or other decisions made utilizing the results of FPP including results generated through use of the FPP website are solely the District's decisions and are solely the District's responsibility.

#### **C. Fees & Termination of Agreement**

Your acceptance of our services and execution of this letter to evidence our Agreement constitutes your consent to pay the fees outlined in the attached FY 2014 Fee Schedule. The services set forth in this letter shall be performed in relation to the FY 2014 budget year. Renewal of the FPP services after the term expiration shall be subject to the continued acceptance of the terms for utilizing the FPP program. In the event there is a delay in executing this Agreement, the



fees outlined in the fee proposal schedule are only valid for 60 days from the date of this Agreement. If after 60 days, the District wishes to engage PMA for the services outlined herein, an updated Agreement and fee proposal schedule will be promptly forwarded to the District for execution. Once an Agreement is executed, it may be terminated by either party upon 30 day written notice. Upon receipt of a notice of termination, PMA will cease all work and will only finish portions of any work at the written direction of the District. The District will pay for any outstanding fees earned by PMA up to the date of termination.

If the District fails to provide to PMA the information required to complete the FPP process, one-half of the contractual fee will be payable to PMA and be non-refundable. In that event, PMA will provide the District with a historical report comprising of five-years of the District's CAR data and its current year budget.

#### **D. Disclaimer of Warranties, Limitation of Liability and Indemnification**

The District acknowledges and agrees that PMA makes no representations or warranties whatsoever regarding the PMA FPP, or the results that District may yield therefrom. The PMA FPP is provided "as is." To the fullest extent permitted by law, PMA and its affiliates disclaim any and all warranties and representations, express or implied, including any warranties of merchantability or fitness for a particular purpose or use as to the PMA FPP and results that District may yield therefrom. Neither PMA nor its affiliates guarantee the adequacy, accuracy, or completeness of the PMA FPP or any results therefrom. PMA and its affiliates shall not be subject to any damages or liability for any errors or omissions in the FPP or the results achieved therefrom. District' use of the PMA FPP and District's use and reliance upon the results achieved therefrom are at District's own risk.

Notwithstanding anything to the contrary in this Agreement, in no event whatsoever shall PMA or its affiliates be liable for any direct, indirect, special, incidental, punitive or consequential damages, including but not limited to lost profits, trading losses, or lost time or good will, even if they have been advised of the possibility of such damages, whether in contract, tort, strict liability or otherwise. PMA and its affiliates shall not be liable for any claims against the District by third parties, including to the fullest extent permitted by law, any governmental agency. No action, regardless of form, arising from or pertaining to the PMA FPP may be brought by the District more than one (1) year after such action has accrued.

The District agrees to indemnify and hold PMA harmless from and against any claims by or liability to any third party arising out of any claim relating to the District's use of PMA FPP including any (a) incorrect, omitted and/or unauthorized information provided by the District, (b) misrepresentations made by the District regarding the FPP program, (c) failure to comply with District policy, state, and federal law, or (d) actions or investments arising from the gross negligence or willful misconduct of the District.

#### **E. Confidentiality**

The information provided or received by the District or PMA from the other party is deemed to be confidential and the property of the disclosing party, unless such information is communicated or known to be public. Confidential information includes but is not limited to all information provided that is not known to be public, formulas, business plans, financial information, software, or other intellectual property. No licenses or rights under any intellectual property right are to be implied to be granted for use by the other party under this Agreement (except as set forth in the attached FPP License Agreement). Both Parties acknowledge that, except as required by law, disclosure of confidential information is in breach of this agreement and may result in irreparable



damage to the other Party. Distribution, reproduction or sale of any confidential information under this agreement is prohibited without the express written consent of the other.

It is expressly understood that PMA retains all rights, title and ownership to the FPP Program and any information provided to District as part of this agreement is being provided under a claim that such information is confidential and proprietary information of PMA, and is subject to claim for an exemption under any state or federal Freedom of Information Act.

#### **F. Public Dissemination of Information**

The District may use the PMA FPP reports received from PMA personnel for "public use" in such public meetings and for any other purpose provided the document is used in its entirety with such disclaimers as contained on the original document. For other documents and information from the PMA FPP web-based platform generated by the District, the District may provide such information to third-parties and otherwise make public provided that any report or information shall maintain or include the original PMA disclaimers on such written materials and PMA retains the right, prior to each instance of public dissemination or production to a third party, to review and edit any relevant content of the publication where PMA, PMA FPP or any reports or information derived therefrom are disseminated. Notwithstanding the foregoing, District may disclose the PMA FPP reports or information to its external auditors and/or its regulators as reasonably necessary. Subject to the preceding sentence, and except as otherwise required by law, District shall not release or provide access to the PMA FPP itself to any third party, including without limitation any competitor of PMA, without the prior written consent of PMA, which consent may be withheld in PMA's sole, but reasonable, discretion.

Public dissemination by the District of any material promoting PMA as an organization or the merits of FPP (including any text and graphics derived from FPP) through the use of mailings, brochures, presentations, websites, etc., is prohibited without prior written authorization from PMA.

#### **G. Privacy of Client Information**

PMA is committed to protecting your personal and financial information. Except as required by law and in accordance with the PMA Privacy Policy (attached for your review), PMA will maintain the confidentiality of communications containing client information provided directly to PMA.

#### **H. Submission of the Data on the Information Sheet**

The Financial Planning Program will be completed upon receipt of all requested data. The District will receive a customized Information Sheet directly from the financial advisor assigned to the District. Failure to submit the completed Information Sheet in a timely manner will result in a delay of the receipt of the FPP services described in Section (A) above by the District.

#### **I. Financial Planning Program License Agreement**

The terms of the attached Financial Planning Program License Agreement relating to the FPP and its reports and other information are hereby incorporated into this letter and by signing the letter below, you also agree to be bound by the FPP License Agreement.



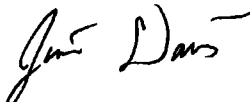
**J. Assignment**

This Agreement shall automatically and immediately terminate without notice or penalty in the event of its assignment by either Party without the giving of prior written consent to such assignment by the other Party hereto, provided that PMA may assign this Agreement to any Affiliate of such company, including Forecast 5 Analytics, Inc.



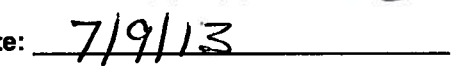
If the foregoing terms of this Consulting Agreement and the attached License Agreement are acceptable to you, please sign and date the enclosed copies of this engagement letter, retaining one original for your files and returning one original in the enclosed envelope.

Respectfully,

PMA Financial Network, Inc.

By:   
James O. Davis  
CEO

**Accepted and Approved:**

By:   
Title:   
Date: 

**Enclosures**



## ATTACHMENT TO PMA FINANCIAL PLANNING PROGRAM CONSULTING AGREEMENT

### FINANCIAL PLANNING PROGRAM LICENSE AGREEMENT

THIS FINANCIAL PLANNING PROGRAM LICENSE AGREEMENT (the "Agreement") is entered into by and between PMA FINANCIAL NETWORK, INC., an Illinois corporation ("PMA"), whose principal office is located at 2135 CityGate Lane, Naperville, IL 60563 and the Unit of Local Government that has been authorized to access this system by the PMA Financial Planning Program Consulting Agreement for Fiscal Year 2014 (hereinafter "Public Entity"). Units of Local Government include but are not limited to: School Districts, Community Colleges, municipalities, counties, cities, villages, townships, special districts, and other units of local government which exercise limited governmental powers or powers in respect to limited governmental subjects.

WHEREAS, Public Entity has entered into a PMA Financial Planning Program Consulting Agreement ("FPP Consulting Agreement"); and

WHEREAS, PMA has developed a new and improved web-based Financial Planning Program (hereinafter "PMA FPP") that enables Public Entity clients to interact directly with the PMA FPP through the web platform and input different assumptions, perform "what-if" scenarios and generate various reports within the discretion of the Public Entity; and

WHEREAS, the Public Entity desires to have access to PMA FPP for such purposes and PMA has agreed to make available to the Public Entity the PMA FPP through the web-based platform subject to the terms and conditions contained herein, and Public Entity has agreed to limit its use of the PMA FPP as herein required.

NOW, THEREFORE, intending to be legally bound hereby, the parties hereto agree as follows:

1. **License.** During the term of the FPP Consulting Agreement, PMA hereby grants to Public Entity a limited, revocable, non-transferable license to use the PMA FPP solely for its internal business needs except as expressly provided herein.
2. **Limited Use and Disclosure of PMA FPP.** There are restrictions on the use of the PMA FPP and its reports and information derived from PMA FPP as follows:
  - i) the Public Entity may use the PMA FPP reports received from PMA personnel for "public use" in such public meetings and for any other purpose provided the document is used in its entirety with such disclaimers as contained on the original document. If the public document is not provided in its entirety, PMA reserves the right, prior to each instance of public dissemination or production to a third party, to review and edit any relevant content of the publication where PMA, PMA FPP or any reports or information derived therefrom are disseminated; and
  - ii) the Public Entity may use the PMA FPP web-based platform for its use to generate, modify and archive different financial projections based on assumptions selected and utilized by the Public Entity. Public Entity may save and print reports and export data from the PMA FPP web-based at the discretion of the Public Entity, provided however, that any report or information shall maintain or insert the original PMA disclaimers on such written materials and PMA retains the right, prior to each instance of public dissemination or production to a third party, to review and edit any relevant content of the publication where PMA, PMA FPP or any reports or information derived therefrom are disseminated.Notwithstanding the foregoing, Public Entity may disclose the PMA FPP reports or information to its external auditors and/or its regulators as reasonably necessary. Subject to the preceding sentence, and except as otherwise required by law, Public Entity shall not release or provide access to the PMA FPP itself to any third party, including without limitation any competitor of PMA, without the prior written consent of PMA, which consent may be withheld in PMA's sole, but reasonable, discretion.
3. **Passwords.** PMA shall provide Public Entity with a password for employee(s) of the Public Entity (hereinafter "User") to access and use the web-based platform on behalf of Public Entity. In the event that a Public Entity is issued multiple passwords, each password will only be provided with access to the files for that particular password/User. Public Entity agrees to require that its User(s) protect and maintain the privacy of such password, and not share the password with any other persons. Public Entity agrees to be solely responsible for the safekeeping and privacy of such password and accepts any liability from the misuse of such passwords. Public Entity further agrees to contact PMA immediately in the event that the User is no





longer employed or otherwise permitted to act on behalf of Public Entity so that PMA may terminate access to such User. In that case, PMA will issue the Public Entity a new password for access to the PMA FPP system.

4. **Data Inputs.** Public Entity understands that all data and assumptions provided and used in the PMA FPP system are provided by the Public Entity, and any resulting output and reports are wholly dependant on the quality of such data. PMA does not undertake any investigation or examination with respect to such data and the completeness and accuracy of any PMA FPP reports resulting from the use of such data is solely the responsibility of the Public Entity.

5. **Disclaimer of Warranties.** Public Entity acknowledges and agrees that PMA makes no representations or warranties whatsoever regarding the PMA FPP, or the results that Public Entity may yield therefrom. The PMA FPP is provided "AS IS." TO THE FULLEST EXTENT PERMITTED BY LAW, PMA AND ITS AFFILIATES (as defined below) DISCLAIM ANY AND ALL WARRANTIES AND REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE AS TO THE PMA FPP AND ANY RESULTS THAT PUBLIC ENTITY MAY YIELD THEREFROM. NEITHER PMA NOR ITS AFFILIATES GUARANTEE THE ADEQUACY, ACCURACY, OR COMPLETENESS OF THE PMA FPP OR ANY COMPONENT THEREOF OR ANY RESULTS THEREFROM. PMA AND ITS AFFILIATES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS OR OMISSIONS IN THE FPP OR THE RESULTS ACHIEVED THEREFROM. PUBLIC ENTITY'S USE OF THE PMA FPP AND PUBLIC ENTITY'S USE AND RELIANCE UPON THE RESULTS ACHIEVED THEREFROM ARE AT PUBLIC ENTITY'S OWN RISK.

6. **Limitation of Liability.** NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IN NO EVENT WHATSOEVER SHALL PMA OR ITS AFFILIATES OR THEIR THIRD-PARTY LICENSORS BE LIABLE FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, OR LOST TIME OR GOOD WILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE. PMA AND ITS AFFILIATES SHALL NOT BE LIABLE (EXCEPT AS EXPRESSLY PROVIDED IN SECTION 7 BELOW) FOR ANY CLAIMS AGAINST PUBLIC ENTITY BY THIRD PARTIES, INCLUDING TO THE FULLEST EXTENT PERMITTED BY LAW, ANY GOVERNMENTAL AGENCY. NO ACTION, REGARDLESS OF FORM, ARISING FROM OR PERTAINING TO THE PMA FPP MAY BE BROUGHT BY PUBLIC ENTITY MORE THAN ONE (1) YEAR AFTER SUCH ACTION HAS ACCRUED.

7. **PMA's Proprietary Rights/Injunctive Relief.**

(a) All proprietary rights (including, but not limited to, copyrights, trade secrets, and trademark rights) in the PMA FPP, including all software and documentation contained or included therein, are and shall remain the sole and exclusive property of PMA and its Affiliates. The PMA FPP was created by PMA and its Affiliates through the application of methods and standards of judgment developed and applied through the expenditure of substantial time, effort and money, and the PMA FPP constitutes the valuable intellectual property of PMA and its Affiliates. Public Entity shall protect the copyrights, trade secrets, trademarks, and other proprietary rights of PMA and its Affiliates in the PMA FPP, including, but not limited to, any contractual, statutory, or common-law rights, during and after the term of this Agreement.

(b) Except as permitted in Section 2 above, Public Entity shall not disclose to any third party the PMA FPP, or its use of the same, or any reports or information from the PMA FPP. If, however, in the course of reporting to any federal or state agency, oversight board, or in the context of any litigation, arbitration, Freedom of Information Act request or other legal proceeding, Public Entity is required or subpoenaed to produce the PMA FPP, or any information relating to or from the PMA FPP or PMA, to the fullest extent permitted by law, Public Entity shall first notify PMA, affording PMA the opportunity to challenge, quash or otherwise limit the disclosure demanded. Public Entity shall fully cooperate with any such efforts undertaken by PMA.

(c) Copying of, use of, access to or distribution of the PMA FPP or any information, or software contained therein in breach of this Agreement shall cause PMA and its Affiliates irreparable injury that cannot be adequately compensated for by means of monetary damages. Any breach hereof by Public Entity may be enforced by PMA or its Affiliates by means of equitable relief (including, but not limited to, injunctive relief) in addition to any other rights and remedies that may be available. In the event PMA has reasonable grounds to believe Public Entity is violating the terms and/or conditions set forth in this Agreement, then PMA shall have the right to suspend and/or terminate the license granted herein. Public Entity and its Affiliates shall be jointly and severally liable to indemnify and hold harmless PMA and its Affiliates from and against any and all costs,



claims, damages or liabilities (including reasonable attorneys' fees) arising from any breach of the limitations or restrictions set forth in this Agreement.

8. **Termination.** The license granted hereunder is revocable in the sole, but reasonable, discretion of PMA if (i) PMA reasonably believes that Public Entity has violated any terms of this Agreement, (ii) the FPP Consulting Agreement between Public Entity and PMA has terminated for any reason; (iii) PMA determines to discontinue or replace PMA FPP for any reason. If termination is based on (iii) above due to PMA FPP being replaced by another program, provided that Public Entity is a party to FPP Consulting Agreement with PMA for the fiscal year which has not been terminated, then upon Public Entity's request, PMA and Public Entity may negotiate for a license to enable Public Entity to use the new program.

9. **Indemnification.** Public Entity shall indemnify, defend and hold harmless PMA and its Affiliates, and all of their officers, directors, shareholders, employees and agents (the "indemnified parties") from and against any and all claims arising from or relating to any use by Public Entity of the PMA FPP, and/or the results therefrom, whether direct or indirect, including but not limited to any (a) incorrect, omitted and/or unauthorized information provided by Public Entity, (b) misrepresentations made by Public Entity regarding the FPP program, (c) failure to comply with Public Entity policy, state, and federal law, or (d) actions or investments arising from the gross negligence or willful misconduct of the Public Entity.

10. **Miscellaneous.**

(a) **Governing Law.** This Agreement is made and entered into and shall be interpreted, construed and enforced in accordance with the laws of the State of Illinois without giving effect to the conflicts of laws provisions thereof. The parties hereto and their successors and permitted assigns irrevocably consent to the exclusive jurisdiction of any courts located in the State of Illinois for the resolution of any disputes arising from or related to this Agreement, whether such action is based in contract, tort or otherwise.

(b) **Definition:** The term Affiliate, as used herein, means PMA Financial Network, Inc., PMA Securities, Inc., Prudent Man Advisors, Inc., and Forecast5 Analytics, Inc.

(c) **Entire Agreement.** This Agreement represents the entire agreement between the parties with respect to its subject matter and supersedes all previous agreements, representations, discussions, understandings or writings between the parties with respect to its subject matter. There are no oral or written collateral representations, agreements or understandings.

(d) **Terms of Agreement.** Public Entity agrees and acknowledges that the terms and conditions of this Agreement shall be protected as confidential information and shall not be disclosed by Public Entity to any third parties except as expressly permitted herein.

(e) **Authority to enter into Agreement.** Each party warrants that its entry into this Agreement is lawful and does not violate any other agreement to which it is a party. The provisions and terms of any other agreement between the parties shall be of no effect and shall not in any way extend or amend the terms and conditions set forth in this Agreement unless expressly accepted in writing by an authorized officer of PMA. No amendment of this Agreement shall be binding upon the parties unless in writing and signed by an authorized representative of the parties.

(f) **Assignment.** Public Entity shall not assign this Agreement, nor the license granted herein, to any third party whatsoever without PMA's prior written consent. For purposes of this Agreement, an assignment shall include a sale of all or substantially all of Public Entity's assets, a change in control or a merger by law or otherwise.

(g) **Headings.** Headings used in this Agreement are for reference purposes only.

(h) **Waiver.** The failure of a party to insist upon strict compliance with any term or condition of this Agreement on any occasion shall not be construed as a waiver with regard to any subsequent failure to comply with such term or condition. No waiver of any term or condition of this Agreement shall be effective unless agreed to in writing by the party making the waiver.

(i) **Compliance with Law.** Public Entity shall, in its use of PMA FPP and the results therefrom, comply with all applicable laws and regulations, now or hereinafter in effect.

(j) **Severability.** If any term or condition hereof is found by a court, administrative agency or jurisdiction to be unenforceable, the remaining terms and conditions hereof shall remain in full force and effect and shall be enforceable to the maximum extent permitted by law.

10. **Notices.** All notices and other communications under this agreement shall be in writing and shall be deemed to have been duly delivered if delivered by hand or sent by prepared, registered or certified mail, return receipt requested, with acknowledgement by the receiving party as of the date received, to the address listed on the first page of the PMA Financial Planning Program Consulting Agreement or to such other address as either party shall specify in a written notice to the other.





## PMA Financial Network, Inc.

# PMA Financial Planning Program™

## FY 2014 Fee Schedule

Effective July 1, 2013

### **PMA FPP Base Model Development**

- Data collection
- Analysis & Verification
- Meetings with District Administration
- Establish Base Assumptions
- Presentations of Financial Plan to Board of Education/Finance Committee
- Customized power point presentation
- Periodic updates
- Budget review and assistance
- Online scenario development and access to files and reports

Base model development is limited in its scope not to exceed 40 hours (50 hours for first-time clients). Additional FPP services will be provided at the hourly rates listed below. Financial Advisory (FA) services regarding issuing debt are provided under separate agreement.

### **Contract Costs:**

#### **For Active Investment Members of the Iowa Schools Joint Investment Trust (ISJIT):**

The Base Model Development cost for FY14 is \$8,500 (\$10,000 for new FPP clients) and is subject to annual review. Additional hours will be billed at \$175 per hour, including travel time.

For active Forecast5 customers with a paid license, the Base Model Development cost is reduced to a discounted price of \$6,000.

#### **For Inactive Investment or Non-Members of the Iowa Schools Joint Investment Trust:**

The Base Model Development cost for FY14 is \$12,000 (\$14,500 for new FPP clients) and is subject to annual review. Additional hours will be billed at \$200 per hour, including travel time.

### **Invoicing Schedule:**

The District will be invoiced 50% of the contracted cost at signing and balance at completion of the base model. Additional hours are billed monthly.