

May 16, 2023

Hailey Roessler, Clerk/Treasurer  
Village of Ridgeway, Wisconsin  
208 Jarvis Street  
Suite A  
Ridgeway, WI 53582

**Re: Written Municipal Advisor Client Disclosure with the Village of Ridgeway (“Client”) for 2023 Water and Sewer Utilities Long Range Cash Flow Analysis (“Project” Pursuant to MSRB Rule G-42)**

Dear Hailey:

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.

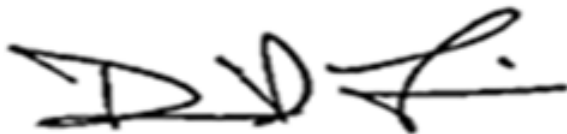
This documentation and all appendices hereto shall be effective as of its date unless otherwise terminated by either party upon 30 days written notice to the other party.

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 & Associates

A handwritten signature in black ink, appearing to read 'D. Ferris', is written over a horizontal line.

David Ferris, CPA  
Senior Municipal Advisor

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<sup>1</sup> 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](http://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

## Utilities Financial Planning Services

### Scope of Service

Client has requested that Ehlers conduct utilities consulting services for its water and sanitary sewer utilities. (“Project”). Ehlers proposes and agrees to provide the following scope of services in three separate phases:

#### Phase I – Information Review

- Request and review the following (we may have this information on file):
  - Audits for each utility for the past four years.
  - Detailed actual revenues and expenses for each of the utilities for the past three years, to the extent they are available.
  - Most recent available Budgets for the utilities
  - Detailed debt service schedules for all outstanding debt for each utility.
  - Capital improvement plans for each utility.
  - Current cash balances of the utilities both Restricted and Unrestricted.
- Review budget for the two utilities:
  - Historical revenues by revenue type for the past four years
  - Historical expenses by line item for the past four years to as detailed a level as possible based upon existing utility financial records.
  - Actual utility debt service payments

#### Phase II – Long Range Cash Flow Analysis for each Utility

- Prepare separate detailed cash flow analysis for both utilities with the following:
  - Actual (for the past four years) and budgeted revenues and expenses for each utility based upon the work completed in Phase I above.
  - Development of annual operating expenses for the utilities using an assumed rate of inflation based on historical expenses and discussions with staff.
  - Actual annual debt service expenses for existing utility debt.
  - Planned capital improvement expenses for each utility.
  - The development of preliminary financing plans for planned capital improvement expenses including the use of cash vs. debt financing for each utility.
  - The planned debt service for each utility’s upgrades recommended in taking into consideration available and minimum recommended

reserves, existing debt and existing revenue bond covenants if applicable.

- Project revenues and identify projected user rate increases to meet all financial obligations of each utility in future years.
- Use benchmarking analysis to put forth a plan for fiscal sustainability. Using key metrics established by rating agencies, creditors, underwriters, and the PSC, create a plan that focuses on self-sustaining rates.
- Provide Village staff with draft analysis to discuss and review the analysis.

**Phase III – Presentation and Report**

- Be available for one (1) meeting with the Village Board or other designated governing body to present the cash flow analysis for each utility.
- Provide final report Village to staff.

**Compensation**

In return for the services set forth in the “Scope of Service,” Client agrees to compensate Ehlers, as follows:

Service	Water	Sewer	Total
Phase I & II - Cash Flow Preparation	\$2,500	\$2,500	<b>\$5,000</b>
Phase III – Presentation			<b>\$500</b>
<b>Total</b>			<b>\$5,500</b>

**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.

**Hourly Charges**

For any service directed by Client and not covered by this, or another applicable Appendix, Client will be charged on an hourly basis. Current hourly rates are:

Senior Municipal Advisor	\$250-300/hour
Municipal Advisor	\$225-250/hour
Financial Specialist	\$200/hour
Senior Financial Analyst	\$200-230/hour
Financial Analyst	\$195-215/hour
Clerical Support	\$100/hour

**Client Engagement**

The above Proposal is hereby accepted by the Village of Ridgeway, Wisconsin,

by its authorized officer this                      day of                      , 2023.

Signature:

Title: