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Res. No. 170 - 21 - 22. By Alderpersons Felde and Filicky-Peneski.
March 21, 2022.

A RESOLUTION authorizing the appropriate City officials to enter into a Master Continuing Disclosure Services Agreement that provides for Ehlers to be retained as the City's Dissemination Agent for Issuer Continuing Disclosure as required pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12.

WHEREAS, as an issuer of municipal securities, the City is required to comply with all continuing disclosure obligations enumerated in the Continuing Disclosure Agreement/Certificate/Undertaking (CDU) associated with each issue of securities subject to the Rule; and

WHEREAS, the City has hired Quarles & Brady as its disclosure counsel, but needs to also assign a Dissemination Agent to help prepare and file disclosure reports within required time frames. Quarles & Brady has indicated that it has and can work with Ehlers on our behalf in this role.

NOW, THEREFORE, BE IT RESOLVED: That the appropriate City officials are hereby authorized to execute the Master Continuing Disclosure Services Agreement, a copy of which is attached hereto and incorporated herein.

FAP

I HEREBY CERTIFY that the foregoing Resolution was duly passed by the Common Council of the City of Sheboygan, Wisconsin, on the _____ day of _____, 20____.

Dated _____ 20____. _____, City Clerk

Approved _____ 20____. _____, Mayor

March 1, 2022

MASTER CONTINUING DISCLOSURE SERVICES
AGREEMENT FOR:

City of Sheboygan, Wisconsin



Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, Minnesota 55113

BUILDING COMMUNITIES. IT'S WHAT WE DO.



March 1, 2022

City of Sheboygan
828 Center Avenue
Sheboygan, WI 53081

**Re: Letter of Engagement to Retain Ehlers as Dissemination Agent for Issuer
Continuing Disclosure Required Under Securities and Exchange Commission
(SEC) Rule 15c2-12 (the “Rule”)**

As an issuer of municipal securities, the City (“Issuer”) is required to comply with all continuing disclosure obligations enumerated in the Continuing Disclosure Agreement/Certificate/Undertaking (CDU) associated with each issue of securities subject to the Rule. Many Issuers have CDUs that vary significantly from one CDU to another. Ehlers & Associates, Inc. (“Ehlers”) can help you comply with all CDU obligations as Dissemination Agent. Fulfilling this obligation requires research, preparation and filing of disclosure reports within specific time frames.

This Letter of Engagement (“Letter”) is being presented to memorialize and clarify the terms of the Issuer’s engagement of Ehlers as the Issuer’s Dissemination Agent. In this regard, Ehlers agrees to provide Issuer with those services described in Appendix A (“Services”). Ehlers shall be entitled to compensation by the Issuer also as described in Appendix A.

This Letter shall be effective as of the date of its execution by the Issuer and shall remain in effect for a period of one (1) year (the “Initial Term”). This Letter shall renew automatically on each anniversary of the effective date of this Letter (each an “Additional Term”). Notwithstanding the foregoing, this Letter may be terminated by either party upon sixty (60) days prior written notice. The Initial Term and each Additional Term shall collectively be referred to herein as the “Term”.

In order to perform the engagement, Issuer agrees to provide Ehlers all documents and information as are deemed necessary to fulfill the Issuer’s reporting requirements under each respective CDU, and within the applicable timeframe(s) (“Disclosure Information”). With respect to Issuer’s obligation to report the occurrence of any event for which a material event notice (“Event Notice”) is to be filed, Issuer shall provide Disclosure Information related to the event to Ehlers within five (5) days of its occurrence. All other Disclosure Information must be provided to Ehlers within fourteen (14) days of Issuer’s receipt of any such request from Ehlers. If Issuer fails to provide any Disclosure Information to Ehlers in accordance with the foregoing, Ehlers shall not be held liable for any reason in the event that any necessary disclosure filing is not disseminated to the

appropriate party within the applicable timeframe(s). Further, if for any reason Issuer fails to provide required Disclosure Information to Ehlers in accordance with the foregoing and Issuer's delay results in any disclosure filing being after a stated deadline, Ehlers shall, without further direction or instruction from Issuer, file a notice(s) with the applicable recipient submitting information provided by Issuer, if any, and/or describing the failure and providing any other information as Ehlers deems appropriate.

Ehlers shall deem all Disclosure Information provided to it by the Issuer to be accurate and free of defect, as well as not containing any material misstatements, falsehoods, or omissions of fact. Issuer acknowledges that Ehlers shall be entitled to rely on all Disclosure Information provided by the Issuer without further investigation as to its completeness or accuracy.

Issuer shall indemnify, hold harmless and defend Ehlers from and against any damages, costs or other liabilities (including reasonable attorneys' fees) arising from or relating to any breach of this Letter by Issuer, including, but not limited to, damages, costs and other liabilities arising out of any Disclosure Information received and disseminated by Ehlers. Further, in no event shall Ehlers' total aggregate liability under this Letter be in excess of the amount of fees paid by Issuer to Ehlers during the Term then in effect notwithstanding anything contained herein. In addition, Issuer acknowledges that Ehlers shall not be responsible and/or liable for any errors, misstatements or omissions associated with any continuing disclosure report or filing, or for the correction thereof, that was prepared or disseminated by any party other than Ehlers.

This Letter constitutes the entire agreement between the parties and is intended to supersede any and all agreements, whether oral or written, between the parties that were entered into relative to the subject matter hereof prior to the effective date of this Letter. No amendment or modification of this Letter shall be deemed valid unless made in writing and signed by both parties.

This Letter covers the Issuer's current outstanding securities. The Issuer may request in writing that Ehlers act as the Dissemination Agent on any future securities subject to the Rule.

If our engagement under the terms of this Letter is acceptable, please sign this Letter in the appropriate signature block below and return a signed copy to us for our records. If, however, you do not wish to engage our services, please note that election and return a copy of this Letter to us.

Please contact me if you have any questions or would like to discuss our engagement further.

Sincerely,

Phil Cosson
Senior Municipal Advisor

City of Sheboygan, WI
Master Continuing Services Agreement

SO ACCEPTED BY ISSUER

Issuer hereby accepts this Letter and engages Ehlers to provide the services noted herein and executes this Letter as of the date noted below:

By: _____ Title: _____

Name: _____ Date: _____

SO DECLINED BY ISSUER

Issuer hereby acknowledges that it will be responsible for updating and submitting all necessary continuing disclosure reports and filings as may be required of Issuer without the assistance of Ehlers. Issuer further acknowledges and agrees that Ehlers assumes no responsibility for the compilation and/or submission of any such continuing disclosure reports or filings.

By: _____ Title: _____

Name: _____ Date: _____

Appendix A

EHLERS DISSEMINATION AGENT SERVICES AND FEES

Ehlers' continuing disclosure services are designed to assist the Issuer in meeting its continuing disclosure obligations. Depending on the size of a transaction and the total amount of debt outstanding at the time of issuance, different debt issues may be subject to different reporting requirements. Ehlers will provide the services identified below, which are reflective of the Issuer's requirements under its respective Continuing Disclosure Undertaking (CDU). In no event will Ehlers assist Issuer with assessing whether information provided or omitted as part of an annual filing is "material" or whether an event is "material" under the federal securities laws requiring the filing of an event notice pursuant to a CDU. If the Issuer accepts this letter and engages Ehlers as the Dissemination Agent, Ehlers shall provide the following services and charge the following fees:

Full Disclosure Services

Background

Since 1995, Securities and Exchange Commission (SEC) rule 15c2-12 (the "Rule") has required underwriters of municipal securities to ensure that issuers are obligated to provide periodic reporting of specific information with respect to certain issues of municipal securities. An issuer is classified as a "full disclosure" reporting entity when it issues securities subject to the Rule in an amount of \$1 million or more, and further provided that total securities subject to the Rule and currently outstanding exceed \$10 million. Full disclosure reporting entities must:

- File reports consisting of specific information at least annually with the Municipal Securities Rulemaking Board's (MSRB) Electronic Municipal Market Access (EMMA) system (<http://emma.msrb.org>).
- File "Event Notices" regarding enumerated events specified in SEC rules and CDUs within 10 business days of occurrence. Event Notices are filed through the same EMMA system.

Description of Services

Issuer engages Ehlers to provide the following services in connection with the preparation and dissemination of Issuer's continuing disclosure reports and Event Notice filings in connection with all outstanding debt issues of Issuer subject to the Rule and for which continuing disclosure reports or filings are required. During the Term of the engagement, Ehlers shall provide the services hereinafter described with respect to all existing and future securities of the Issuer subject to the Rule and having continuing disclosure requirements. Ehlers shall provide these services for any other securities of the Issuer when requested in writing by the Issuer.

Annual Filings, or More Frequently, if Required

- a. Review and catalog of all Continuing Disclosure Agreement/Certificate/Undertaking (CDU)'s of Issuer relative to current and future issues of securities subject to the Rule.
- b. Creation of a timetable for the anticipated schedule of events relating to the preparation of Issuer's annual (or more frequently, if required) continuing disclosure report.
- c. Collection of information from third parties and Issuer, as applicable, to the extent necessary to prepare the annual (or more frequently, if required) continuing disclosure report.
- d. Preparing the annual (or more frequently, if required) continuing disclosure report in a standardized format acceptable for submission to the EMMA system, or any future industry standard.
- e. Submission of the annual (or more frequently, if required) continuing disclosure report and any Event Notices to the designated recipient based on the applicable CDU's of Issuer and all laws, rules and regulations relative thereto.
- f. Delivering a copy of any report or notice submitted in accordance with (e. above) to Issuer for its records, as well as confirmations of receipt of filing(s).
- g. Respond to Underwriter/Investor inquiries and requests.
- h. Providing recommendations to Issuer relating to future continuing disclosure related matters.

Event Notices

- a. Informing Issuer of the types of events that may require the filing of an "Event Notice" and the required reporting period for such notices.
- b. Notifying Issuer of any information Ehlers discovers that may require the filing of an Event Notice, and preparation and filing of the required Event Notice.
- c. Upon notification by Issuer of any circumstances that may require the filing of an Event Notice, preparing, filing, and providing confirmation of filing the required Event Notice.

Description of Fees

Full Disclosure Services fees shall be assessed as follows:

Number of Issuer Continuing Disclosure Undertakings	Annual Fee
One (1) to three (3) CDU's	\$2,800
Four (4) to six (6) CDU's	\$3,300
Seven (7) or more CDU's	\$3,800

Plus, any out-of-pocket expenses.

Special Circumstances

If an Issuer's CDU requires periodic filings (quarterly or semiannually) in addition to the annual filings, a fee of \$500 per required CDU filing shall be assessed.

Limited Disclosure Services

Background

In 2009, the Securities and Exchange Commission put into place revised rules regarding a limited scope of continuing disclosure requirements for certain municipal securities issuers. These rules apply to any securities issued on or after July 1, 2009 in amounts of \$1 million or more and where the Issuer's total amount of principal outstanding and subject to the Rule is less than \$10 million upon issuance. Any issuer meeting the aforementioned parameters must comply with a limited disclosure undertaking and file annual reports. Issuers subject to limited disclosure requirements must file audited financial statements (or unaudited financial statements if allowed under a CDU) on an annual basis, rather than both financial statements and operating and statistical data.

Description of Services

Ehlers shall provide the following services in connection with the preparation and dissemination of Issuer's continuing disclosure reports and Event Notice filings for all current and future outstanding securities of Issuer subject to the Rule and for which continuing disclosure reports or filings are required. During the Term of the engagement, Ehlers shall provide the services hereinafter described with respect to all future issuances for which Ehlers provides municipal advisory services and that have continuing disclosure requirements. Ehlers will also provide these services for any other issues when requested in writing by the Issuer.

Services to be provided are as follows:

Annual Filings

- a. Review of all Continuing Disclosure Agreement/Certificate/Undertaking (CDU)'s of Issuer relative to currently outstanding issuances.
- b. Creation of a timetable for the anticipated schedule of events relating to the dissemination of Issuer's annual updated financial information and operating data.
- c. Submitting the Issuer's annual financial statements to the designated recipient thereof based on the applicable CDU's of Issuer and all laws, rules and regulations relative thereto.
- d. Delivering a copy of any report or notice submitted in accordance with (c above) to Issuer for its records.
- e. Respond to Underwriter/Investor inquiries and requests.
- f. Providing recommendations to Issuer relating to future continuing disclosure related matters.

Event Notices

- a. Informing Issuer of the types of events that may require the filing of an "Event Notice".
- b. Notifying Issuer of any information Ehlers discovers that may require the filing of an Event Notice, and preparation and filing of the required Event Notice.
- c. Upon notification by Issuer of any circumstances that may require the filing of an Event Notice, prepare and file the required Event Notice.

Description of Fees

Limited Disclosure Services shall be provided annually for a fee of \$750.

Future Fee Changes

Ehlers reserves the right to adjust fees during the Term of the engagement without prior consent of the Issuer, but not more than annually. Prior to any fee adjustments, the Issuer will be notified in writing of the revised fees and their effective date.

Appendix B

EVENT NOTICES

If any one of the listed events occurs in relation to the Issuer and/or any of the Issuer's securities subject to this agreement, you must notify Ehlers at the earliest possible time to discuss the applicability and the need for any filing of an Event Notice. The Issuer may also wish to discuss the matter with its legal counsel to gauge materiality of any occurrence.

Mandatory Event Notices

- Principal and interest payment delinquencies
- Non-payment related defaults, if material
- Unscheduled draws on debt service reserves reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers or their failure to perform
- Adverse tax opinions, IRS notices or material events affecting the tax status of the security
- Modifications to rights of security holders, if material
- Bond calls, if material
- Defeasances
- Release, substitution or sale of property securing repayment of the securities, if material
- Rating changes
- Tender offers
- Bankruptcy, insolvency, receivership or similar event of the obligated person
- Merger, consolidation, or acquisition of the obligated person, if material
- Appointment of a successor or additional trustee, or the change of name of a trustee, if material
- Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties

Additional / Voluntary Event-Based Disclosures

- Amendment to continuing disclosure undertaking
- Change in obligated person
- Notice to investors pursuant to bond documents
- Certain communications from the Internal Revenue Service
- Secondary market purchases
- Bid for auction rate or other securities
- Capital or other financing plan
- Litigation / enforcement action
- Change of tender agent, remarketing agent, or other on-going party
- Derivative or other similar transaction
- Other event-based disclosures