

VIII

R. C. No. 46- 23 - 24. By FINANCE AND PERSONNEL COMMITTEE. July 17, 2023.

Your Committee to whom was referred Res. No. 26-23-24 by Alderpersons Mitchell and Filicky-Peneski authorizing the appropriate City Officials to execute an engagement letter with Quarles & Brady LLP to serve as bond counsel regarding proposed defeasance of portion of Sheboygan General Obligation Promissory Notes dated July 2, 2018; recommends adopting the Resolution.

_____	_____
_____	_____
_____	_____

Committee

I HEREBY CERTIFY that the foregoing Committee Report was duly accepted and adopted by the Common Council of the City of Sheboygan, Wisconsin, on the _____ day of _____, 20____.

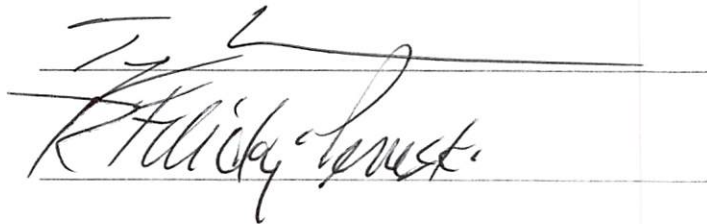
Dated _____ 20____. _____, City Clerk

Approved _____ 20____. _____, Mayor

Res. No. 26 - 23 - 24. By Alderpersons Mitchell and Filicky-Peneski.
July 3, 2023.

A RESOLUTION authorizing the appropriate City Officials to execute an engagement letter with Quarles & Brady LLP to serve as bond counsel regarding proposed defeasance of portion of Sheboygan General Obligation Promissory Notes dated July 2, 2018.

RESOLVED: That the appropriate City officials are hereby authorized to enter into the attached engagement letter with Quarles & Brady LLP to serve as bond counsel for the City of Sheboygan regarding proposed defeasance of portion of Sheboygan General Obligation Promissory Notes dated July 2, 2018.

TJP


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



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June 26, 2023

VIA EMAIL

Ms. Kaitlyn Krueger
Finance Director/Treasurer
City of Sheboygan
828 Center Avenue
Sheboygan, WI 53081

Scope of Engagement Re: Proposed Defeasance of Portion of City of Sheboygan (the "City") General Obligation Promissory Notes, dated July 2, 2018

Dear Ms. Krueger:

We are pleased to be working with you again as the City's bond counsel. Thank you for your confidence in us.

The purpose of this letter is to set forth the role we propose to serve and responsibilities we propose to assume as bond counsel to the City in connection with the defeasance of the above-referenced Notes (the "Securities") by the City. If you have any questions about this letter or the services we will provide, or if you would like to discuss modifications, please contact me.

Role of Bond Counsel

Our bond counsel engagement is a limited, special counsel engagement. Bond counsel is engaged as a recognized independent expert whose primary responsibility is to render an objective legal opinion with respect to the authorization and issuance of municipal obligations. If you desire additional information about the role of bond counsel, we would be happy to provide you with a copy of a brochure prepared by the National Association of Bond Lawyers.

As bond counsel we will: examine applicable law; prepare authorizing and closing documents; consult with the parties to the transaction, including the City's financial advisor (if any) prior to the defeasance of the Securities; review certified proceedings; and undertake such additional duties as we deem necessary to render the opinion. While we will represent the City in this engagement, as stated above, as bond counsel our primary responsibility is to render an objective independent legal opinion with respect to the issuance and authorization of the defeasance.

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Subject to the completion of proceedings to our satisfaction, we will render our opinion that:

1. The escrow agreement has been duly authorized, executed and delivered by the City and, assuming the due authorization, execution and delivery of the escrow agreement by the other parties thereto, constitutes a valid and binding obligation of the City, enforceable in accordance with its terms.
2. If the interest on the Securities is currently excludable for federal income tax purposes from the gross income of the owners of the Securities, the establishment of the escrow account will not cause the loss of such exclusion from federal income taxation.

The opinion will be executed and delivered by us in written form on the date the escrow account for defeasance of the Securities is funded (the "Closing") and will be based on facts and law existing as of its date.

Upon delivery of the opinion, our responsibilities as bond counsel will be concluded with respect to this transaction; specifically, but without implied limitation, we do not undertake (unless separately engaged) to provide any post-closing compliance services including any assistance with the City's continuing disclosure commitment, ongoing advice to the City or any other party concerning any actions necessary to assure that interest paid on the Securities will continue to be excluded from gross income for federal income tax purposes, or participating in an Internal Revenue Service, Securities Exchange Commission or other regulatory body survey or investigation regarding or audit of the Securities.

In rendering the opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation.

The services we will provide under this engagement are strictly limited to legal services. We are neither qualified nor engaged to provide financial advice and we will make no representation about the desirability of the proposed plan of finance, the feasibility of the projects financed or refinanced by the Securities, or any related matters.

Diversity of Practice: Consent to Unrelated Engagements

Because of the diversity of practice of our firm, the firm may be asked to represent other clients in matters adverse to the City, for example, in zoning, licensing, land division, real estate, property tax or other matters which are unrelated to our bond counsel work. Ethical requirements require that we obtain the City's consent to such representations. We do not represent you in legal matters regularly, although we may be called upon for special representation occasionally, and our bond counsel work does not usually provide us information

that will be disadvantageous to you in other representations. We do not believe that such representations of others would adversely affect our relationship with you, and we have found that local governments generally are agreeable to the type of unrelated representation described above. Your approval of this letter will serve to confirm that the City consents and agrees to our representation of other present or future clients in matters adverse to the City which are not substantially related to the borrowing and finance area or any other area in which we have agreed to serve it. We agree, however, that your prospective consent to conflicting representation contained in this paragraph shall not apply in any instance where, as a result of our representation of the City, we have obtained proprietary or other confidential information, that, if known to the other client, could be used by that client to your material disadvantage. We will not disclose to the other client(s) any confidential information received during the course of our representation of the City. If you have any questions or would like to discuss this consent further, please call us.

We also want to advise you that from time to time we represent underwriters and purchasers of municipal obligations, as well as other bond market participants. In past transactions or matters that are not related to the issuance of the Securities and our role as bond counsel, we may have served as counsel to the financial institution that has or will underwrite, purchase or place the Securities or that is serving as the City's financial advisor. We may also be asked to represent financial institutions and other market participants, including the underwriter, purchaser or placement agent of the Securities or the City's financial advisor, in future transactions or matters that are not related to the issuance of the Securities or our role as bond counsel. Your approval of this letter will serve to confirm that the City consents to our firm undertaking representations of this type.

Fees

Based upon: (i) our current understanding of the terms, structure, size and schedule of the defeasance transaction, (ii) the duties we will undertake pursuant to this letter, (iii) the time we anticipate devoting to the financing, and (iv) the responsibilities we assume, we estimate that our fee as bond counsel will be \$5,500. Such fee and expenses may vary: (i) if material changes in the structure of the defeasance occur, or (ii) if unusual or unforeseen circumstances arise which require a significant increase in our time, expenses or responsibility. If at any time we believe that circumstances require an adjustment of our original fee estimate, we will consult with you. It is our understanding that the City is responsible for our fee and that it will be paid out of the funds deposited in the escrow account at Closing by the escrow agent.

If, for any reason, the financing is not consummated or is completed without the rendition of our opinion as bond counsel, we will expect to be compensated at our normal hourly rates for time actually spent, plus out-of-pocket expenses. Our fee is usually paid either at the Closing or pursuant to a statement rendered shortly thereafter. We customarily do not submit any statement until the Closing unless there is a substantial delay in completing the financing.

Terms of Engagement

Either the City or Quarles & Brady may terminate the engagement at any time for any reason by written notice, subject on our part to applicable rules of professional conduct. If the City terminates our services, the City is responsible for promptly paying us for all fees, charges, and expenses incurred before the date we receive termination. We reserve the right to withdraw from representing the City if, among other things, the City fails to honor the terms of this engagement letter – including the City's failing to pay our bills, the City's failing to cooperate or follow our advice on a material matter, or our becoming aware of any fact or circumstance that would, in our view, render our continuing representation unlawful or unethical.

Unless previously terminated, our representation will terminate when we send to the City (or its representative) our final bill for services rendered. If the City requests, we will promptly return the City's original papers and property to you, consistent with our need to ensure payment of any outstanding bills. We may retain copies of the documents. We will keep our own files, including attorney work product, pertaining to our representation of the City. For various reasons, including the minimization of unnecessary storage expenses, we may destroy or otherwise dispose of documents and materials a reasonable time after termination of the engagement.

City Responsibilities

We will provide legal counsel and assistance to the City in accordance with this letter and will rely upon information and guidance the City and its personnel provide to us. We will keep the City reasonably informed of progress and developments, and respond to the City's inquiries. To enable us to provide the services set forth in this letter, the City will disclose fully and accurately all facts and keep us apprised of all developments relating to this matter. The City agrees to pay our bills for services and expenses in accordance with this engagement letter. The City will also cooperate fully with us and be available to attend meetings, conferences, hearings and other proceedings on reasonable notice, and stay fully informed on all developments relating to this matter.

Limited Liability Partnership

Our firm is a limited liability partnership ("LLP"). Because we are an LLP, no partner of the firm has personal liability for any debts or liabilities of the firm except as otherwise required by law, and except that each partner can be personally liable for his or her own malpractice and for the malpractice of persons acting under his or her actual supervision and control. As an LLP we are required by our code of professional conduct to carry at least \$10,000,000 of malpractice insurance; currently, we carry coverage with limits substantially in excess of that amount. Please call me if you have any questions about our status as a limited liability partnership.

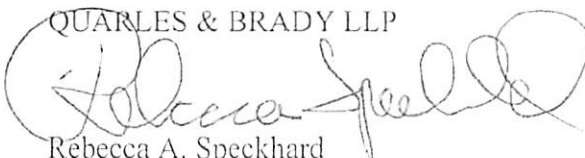
Ms. Kaitlyn Krueger
June 26, 2023
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Conclusion and Request for Signed Copy

If the foregoing terms of this engagement are acceptable to you, please so indicate by returning a copy of this letter dated and signed by an appropriate officer, retaining the original for your files. If we do not hear from you within thirty (30) days, we will assume that these terms are acceptable to you, but we would prefer to receive a signed copy of this letter from you.

We are looking forward to working with you and the City in this regard.

Very truly yours,

QUARLES & BRADY LLP

Rebecca A. Speckhard

RAS:SMW:bea
#850357.00075

cc: Ms. Meredith DeBruin (via email)
Charles C. Adams, Esq. (via email)
Mr. Philip L. Cosson (via email)
Mr. David Ferris (via email)
Ms. Kathy Myers (via email)
Thomas D. Cameron, Esq. (via email)
Ms. Sue Weber (via email)
bondsale@ehlers-inc.com

Accepted and Approved:

CITY OF SHEBOYGAN

By: _____

Its: _____

Title

Date: _____