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February 12, 2021

Sent via Email

City Council, Council Bluffs, Iowa
c/o Kathy Knott
Finance Director
209 Pearl Street
Council Bluffs, IA 51503

RE: Council Bluffs, Iowa – Bond Counsel [and Disclosure Counsel] Engagement Agreement

Dear Mayor and City Council:

The purpose of this Engagement Agreement (the "Agreement") is to disclose and memorialize the terms and conditions under which services will be rendered by Ahlers & Cooney, P.C. as bond and disclosure counsel to Council Bluffs, Iowa (the "Issuer") in connection with the issuance from time to time of bonds, notes, or other obligations (the "Bonds"). We understand the Issuer currently retains PFM Financial Advisors LLC, a Municipal Advisor registered with the MSRB, and expects to continue to engage a Municipal Advisor in the future with respect to the issuance of Bonds. While additional members of our firm may be involved in representing the Issuer on other matters unrelated to the Bonds, this Agreement relates to the agreed-upon scope of bond counsel and disclosure services described herein.

SCOPE OF ENGAGEMENT

Bond Counsel

In the role of Bond Counsel, we will provide the following services:

(1) Subject to the completion of proceedings and execution of documents to our satisfaction, render our legal opinion (the "Bond Opinion") regarding the validity and enforceability of the Bonds, the source of payment and security for the Bonds, and the tax status of the Bonds for federal (and State of Iowa, as applicable) income tax purposes.
(2) Prepare and review documents necessary or appropriate to the authorization, issuance and delivery of the Bonds, and coordinate the authorization and execution of such documents.
(3) Review legal issues relating to the structure of the Bond issue.
(4) Review or prepare those sections of the official statement, private placement memorandum or other form of offering or disclosure document (the "Offering Documents") to be disseminated in connection with the sale of the Bonds that describe the terms of the Bonds, Iowa and federal law pertinent to the validity of the Bonds, the tax status of interest on the Bonds, and the Bond Opinion.
(5) Upon request, assist the Issuer in presenting information to bond rating organizations and providers of credit enhancement relating to the issuance of Bonds.
(6) Prepare the notice of sale relating to the competitive sale of Bonds.
(7) Draft the Continuing Disclosure Certificate of the Issuer, if applicable.

(8) File an appropriate Form 8038 with the IRS after Closing.

As Bond Counsel, our examination will extend to the actions and approvals necessary to authorize the issuance and initial delivery of the Bonds to the original purchaser thereof. Our Bond Opinion does not extend to any re-offering of the Bonds by the original purchaser or other persons. The Bond Opinion will be delivered by us on the date the Bonds are exchanged for their purchase price (the "Closing") and will be based on facts and law existing as of its date. In rendering our Bond 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, and we will assume continuing compliance by the Issuer with applicable laws relating to the Bonds. During the course of this engagement, we will rely on the Issuer, and authorized officials, to provide us with complete and timely information on all developments pertaining to any aspect of the Bonds and their security.

Disclosure Counsel

In the role of Disclosure Counsel, we will work with the Issuer, including the officials, officers, and employees, the Municipal Advisor, and other parties to the Bond transaction to provide the following services:

(1) Consult with Issuer officials, staff, Issuer counsel, Municipal Advisor, and Underwriter (as applicable), concerning primary disclosure requirements, questions and issues relating to the initial issuance of Bonds and concerning continuing disclosure requirements.
(2) Participate or attend, upon request, any meeting of the Issuer or Issuer's staff relating to disclosure matters that pertain to Issuer's issuance of Bonds.
(3) Participate in the drafting of Issuer's Purchase Agreement for the negotiated sale of Bonds.
(4) Participate in the drafting of Issuer's public sale solicitation documents for competitive sale of Bonds.
(5) Participate in the drafting/review of the Issuer's preliminary and final official statements in connection with the offering of Bonds, with assistance of Issuer officials and staff, and the Municipal Advisor and Underwriter, as necessary.
(6) Coordinate with the printing and delivery of the preliminary and final official statements.
(7) Review all Bond documents prepared in connection with the issuance of Bonds to the extent such documents involve or affect disclosure matters.
(8) Provide written advice to the Issuer at the time the Bonds are issued as described herein.
(9) Consult with Issuer officials and staff regarding all matters relating to continuing disclosure requirements that pertain to the Bonds, specifically to include those imposed by Securities and Exchange Commission Rule 15c2-12.

Subject to the completion of the diligence process to our satisfaction, we will render our written advice addressed to the Issuer stating substantially that, in the course of our participation in the preparation of the Official Statement, no information has come to our attention which leads us to believe that the Official Statement (excluding the financial and demographic information or charts, engineering and statistical data, financial statements, statements of trends and forecasts, information concerning any bond insurance and The Depository Trust Company, included in the Official Statement, and in the Appendices, as to which we will not express any opinion or view) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. In rendering our advice, 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. During the course of the engagement, we will rely on the Issuer's staff to provide us with complete and timely information on all developments pertaining to any aspect of the Bonds and their security.

The written advice rendered hereunder will be dated and executed and delivered by us at Closing and will be based on existing law as of its date. Upon delivery of our written advice and the filing of all appropriate closing documents, our responsibilities as Disclosure Counsel will be concluded with respect to the issuance of the Bonds.

COOPERATION

To enable us to provide effective representation, the Issuer agrees to: (1) disclose to us, fully and accurately and on a timely basis, all facts and documents that are or might be material or that we may request; (2) keep us apprised on a timely basis of all developments relating to the representation that are or might be material; (3) attend meetings, conferences, and other proceedings when it is reasonable to do so; and (4) cooperate fully with us in all matters relating to the engagement. During the course of this engagement, we will rely on the Issuer's staff to provide us with complete and timely information on all developments pertaining to any aspect of the Bonds and the security for the Bonds.

LIMITATIONS

The duties covered by this engagement are limited to those expressly set forth above. Our fee ***does not*** include the following services, or any other matter not required to render our Bond Opinion or written advice as Disclosure Counsel:

(a) Preparing requests for tax rulings from the Internal Revenue Service, or "no action" letters from the Securities and Exchange Commission.
(b) Drafting state constitutional or legislative amendments.
(c) Pursuing test cases or other litigation, such as contested validation proceedings.
(d) Representing the Issuer in Internal Revenue Service examinations or inquiries, or Securities and Exchange Commission investigations.
(e) After Closing, providing continuing advice to the Issuer or any other party concerning actions necessary to assure that interest paid on the Bonds will continue to be excludable from gross income for federal income tax purposes (e.g. this Bond Counsel engagement for the Bonds does not include rebate calculations, nor continuing post-issuance compliance activities).
(f) Opining on a continuing disclosure undertaking pertaining to the Bonds and, after the execution and delivery of the Bonds, providing advice concerning any actions necessary to assure compliance with any continuing disclosure requirements;
(g) After Closing, providing continuing advice to the Issuer or any other party concerning disclosure issues or questions that relate to the Bonds, e.g., questions regarding actions necessary to assure fulfillment of continuing disclosure responsibilities.

We will provide one or more of the services listed in (a)–(g) upon your request, however, a separate, written engagement or request for services in accordance with the "*Other Advice*" section of this engagement will be required before we assume one or more of these duties. The remaining services in this list, specifically those listed in subparts (h)–(l) below, are not included in this Agreement, nor will they be provided by us at any time.

(h) Providing any advice, opinion or representation as to the financial feasibility or the fiscal prudence of issuing the Bonds, the financial condition of the Issuer, or to any other aspect of the financing, such as the proposed financing structure, use of a financial advisor, or the investment of proceeds of the Bonds.
(i) Acting as an underwriter, or otherwise marketing the Bonds.
(j) Acting in a financial advisory role.
(k) Preparing blue sky or investment surveys with respect to the Bonds.
(l) Making an investigation or expressing any view as to the creditworthiness of the Issuer or of the Bonds.

ATTORNEY-CLIENT RELATIONSHIP

Upon execution of this Agreement and upon notification by the Issuer that our Bond Counsel and/or Disclosure Counsel services are requested with regard to a specific issue of Bonds (it being understood the Issuer has discretion hereunder as to each service offered), the Issuer will be our client and an attorney-client relationship will exist between us with respect to the issuance of the Bonds. We assume that all other parties will retain such counsel as they deem necessary and appropriate to represent their interests in this transaction. We further assume that all parties understand that in this transaction we represent only the Issuer, we are not counsel to any other party, and we are not acting as an intermediary among the parties. Our services are limited to those contracted for in this Agreement; the Issuer's execution of this Agreement will constitute an acknowledgement of those limitations. Our representation of the Issuer will not affect, however, our responsibility to render an objective Bond Opinion or written advice as Disclosure Counsel.

Our representation of the Issuer and the attorney-client relationship created by this Agreement with respect to a series of Bonds will be concluded upon issuance of such Bonds. Nevertheless, subsequent to Closing, we will mail the appropriate completed Internal Revenue Service Form 8038 and prepare and distribute to the participants in the transaction a transcript of the proceedings pertaining to the Bonds.

OTHER REPRESENTATIONS

As you are aware, our firm represents many political subdivisions, companies and individuals. It is possible that during the time that we are representing the Issuer, one or more of our present or future clients will have transactions with the Issuer. We do not believe such representation, if it occurs, will adversely affect our ability to represent you as provided in this Agreement, either because such matters will be sufficiently different from the issuance of the Bonds so as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Bonds. We will decline to participate in any matter where the interests of our clients, including the Issuer, may differ to the point where separate representation is advisable. The firm historically has arranged its practice to hold such occasions to a minimum, and intends to continue doing so. Execution of this Agreement will signify the Issuer's consent to our representation of others consistent with the circumstances described in this paragraph.

FEES

We charge a flat fee for each issue of Bonds for which Bond Counsel and Disclosure Counsel services are rendered under this Agreement, as applicable. Our fees are based upon: (i) our current understanding of the terms, structure, size and schedule of the financing represented by the Bonds; (ii) the duties we will undertake pursuant to this Agreement; (iii) the time we anticipate devoting to the financing; and (iv) the responsibilities we will assume in connection therewith. We will communicate our estimated fee to the Issuer's finance team, including the Municipal Advisor, as applicable, for purposes of sizing each new Bond issue. It is anticipated that our fees will be capitalized into the Bond issue. It is understood the Finance Director is delegated authority to approve our fees. If, at any time, we believe that circumstances require an adjustment of our original fee estimate(s), we will advise the finance team. Such adjustment might be necessary in the event: (a) the principal amount of Bonds actually issued differs significantly from the amount anticipated at the time we initially estimated our fee(s); (b) material changes in the structure or schedule of the financing occur; or (c) unusual or unforeseen circumstances arise which require a significant increase or decrease in our time or responsibility, such as personal attendance at meetings, significant travel, or unexpected revision of the issuance documents at the request of the Issuer, any agent acting on your behalf (such as a financial advisor), the purchaser, a bond insurer, other counsel providing services with respect to issuance of a particular issuance of obligations.

In addition to our flat fees, we will charge for any incidental costs (copies, overnight charges, bond printing, travel reimbursement, deliveries, etc.), at actual costs incurred. We estimate that such charges will not exceed $750 per issue of Bonds. We will contact you prior to incurring expenses that exceed this amount.

The delivery of written advice, or opinions beyond the Bond Opinion, to third parties at the request of the Issuer with respect to a series of Bonds shall be subject to a separate charge in an amount established at the time of the request.

Billing Matters:

We will submit an electronic summary invoice for the professional services described herein after Closing. In the event of a substantial delay in completing the financing, we reserve the right to present an interim statement for payment. Unless other arrangements have been agreed upon in advance, we anticipate our statements to be paid in full within thirty (30) days of receipt.

If, for any reason, the financing represented by an issue of Bonds is not consummated or is completed without the delivery of our Bond Opinion or written advice as Disclosure Counsel, or our services are otherwise terminated, we will expect to be compensated at our normal hourly rates, plus client charges, as described above (not to exceed the fee we would have received if we had rendered our Bond Opinion and written advice as Disclosure Counsel). The current hourly rate of the undersigned (as of 1/1/2021) is $335 per hour. Work performed by other attorneys will be billed at their current hourly rate (currently ranging from $185-400 per hour). Work by legal assistants is currently billed at $120 per hour. The hourly rates reflected herein are subject to our periodic review and adjustment – typically annually.

Other Advice:

If requested, we will maintain one or more separate accounts for periodic services rendered to the Issuer in connection with other matters unrelated to any particular Bond financing. Such services may involve the rendering of advice, opinions or other assistance in connection with such issues including, but

not limited to (i) financing alternatives in connection with a particular project, (ii) compliance with lending programs, (iii) the impact of specified actions on tax-exempt status of outstanding Bonds, (iv) interpretation and/or required actions with regard to other "financial obligations" under a continuing disclosure certificate, or (v) other matters the Issuer may seek advice or guidance upon. Billings for such separate services will be based on our standard hourly rate of the individual attorney performing the services.

RECORDS

At your request, papers and property furnished by you will be returned promptly upon receipt of payment for outstanding fees and client charges. Our own files, including lawyer work product, pertaining to the transaction will be retained by us. We may store some or all client file materials in a digital format. After any or all paper documents are digitized, we may destroy all paper documents in the client file. We typically retain financing files for the life of the Bonds, at which point we will destroy all client file materials unless you notify us in writing that you wish to take possession of them. This clause applies to any client file materials being held or stored by a third-party vendor.

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Please carefully review the terms and conditions of this Agreement. ***If the above correctly reflects our mutual understanding, please so indicate by returning a signed and dated copy of this letter, retaining an original for your file as well.***

If you have questions regarding any aspect of the above or our representation as Bond Counsel or Disclosure Counsel, please do not hesitate to contact me.

It has been a pleasure to serve you in the past, and we look forward to our continued relationship.

Very truly yours,



J. Eric Boehlert
FOR THE FIRM

JEB:sk

Accepted:
Council Bluffs, Iowa

By: _____ Date: _____

*Approved by action of the governing body on _____, 2021.