

FINANCIAL PLANNING AGREEMENT

**BY AND BETWEEN
THE CITY OF LAKE ELMO, MINNESOTA
AND
NORTHLAND SECURITIES, INC.**

FINANCIAL PLANNING SERVICES II

This Agreement made and entered into by and between the City of Lake Elmo, Minnesota (hereinafter "City") and Northland Securities, Inc., of Minneapolis, Minnesota (hereinafter "NSI").

WITNESSETH

WHEREAS, the City desires to use the services of NSI for financial planning for the City's water, sanitary sewer, and storm water utility systems, including, planning for user charges and rates (hereinafter "Project").

WHEREAS, NSI desires to furnish services to the City as hereinafter described,

NOW, THEREFORE, it is agreed by and between the parties as follows:

SERVICES TO BE PROVIDED BY NSI

The scope of work to be performed by NSI is based on the following factors:

1. Using updated estimated for growth in service demand, update estimated user charges for water, sanitary sewer, and storm sewer service to ensure adequate operating revenues and reserves are maintained.
2. The analysis of user charges must consider updated future capital improvement plans to be provided by the City's engineering firm.
3. The impacts of revision to prior estimates and changes to user charges on local residents and businesses must be clearly understood and managed.

NSI will undertake the following tasks:

1. Conduct meeting with City Staff and the City's engineering firm to review project objectives, assumptions included in prior analysis, and to collect updated background data, including revised estimates for capital improvement plans.

2. Review background information about water, sanitary sewer, and storm sewer utilities. The City has the responsibility for collecting and providing NSI with information needed to conduct the study. Information sought by NSI includes:
 - a. Current user rate schedules, as adopted for 2013.
 - b. Plans for capital improvements in years 2012 through 2016 (and future years if available) including type of improvement, estimated cost, funding source, and timing.
3. Update the financial model created by NSI for the City for sanitary sewer, water, and storm sewer systems. The updated model will be used to analyze and explain the implications of alternative user charge structures. At a minimum, the model will analyze changes in: operating expenses; system usage; customers; capital improvements; and funding options.
4. Review results. NSI will meet with the City to review results of the analysis.
5. Report initial findings and recommendations. NSI will prepare a memorandum that explains the results of the analysis in Tasks 4-5 and presents a recommended course of action.

This scope of work includes up to two (2) meetings with the City to review results.

COMPENSATION

For the services specified, NSI will be paid an amount not to exceed \$3,000. The amount is based on the estimated number of hours required to complete these tasks at an hourly billing rate of \$160/hour plus reimbursable expenses for travel, printing and mailing. NSI will bill on a monthly basis for actual services performed and reimbursable expenses.

ASSIGNED NORTHLAND EMPLOYEE

The NSI employee responsible for providing services pursuant to this agreement and for the services performed is Tammy Omdal.

SUCCESSORS OR ASSIGNS

The terms and provisions of this Agreement are binding upon and inure to the benefit of the City and NSI and their successors or assigns.

DISCLAIMER

In performing service under this agreement, NSI is relying on the accuracy of information provided by the City and the services provided by Northland are based on current State Law. The parties agree that the Minnesota property tax system and other laws may change and may affect the accuracy and validity of services provided by NSI. NSI will perform its work using the best available information. The City recognizes and accepts that future property values, tax levies and tax rates may vary from the assumptions used by NSI and such changes may affect the work product produced and provided by NSI.

TERM OF THIS AGREEMENT

This Agreement may be terminated by thirty (30) days written notice by either the City or NSI. In the event of early termination by the City, NSI shall provide the City with an itemized hourly statement of services already provided. All billable hours by NSI shall be billed at the stated hourly rates should early termination occur.

Dated this ___ day of January, 2013.

Northland Securities, Inc.

By: JK Fiquel Jr

City of Lake Elmo, Minnesota

By: _____
City Administrator