

CITY OF WISCONSIN DELLS MEETING AGENDA

MEETING DESCRIPTION: FINANCE COMMITTEE

DATE: Monday, February 13, 2017 **TIME:** 6:45 P.M. **LOCATION:** MUNICIPAL BUILDING COUNCIL CHAMBERS - 300 LA CROSSE STREET, WISCONSIN DELLS, WI 53965

COMMITTEE MEMBERS	
	Ald. Brian Holzem Chair
	Ald. Mike Freel
	Ald. Dar Mor
	Mayor Brian Landers
AGENDA ITEMS	
1	CALL TO ORDER, ATTENDANCE NOTED
2	APPROVAL OF THE JANUARY 16, 2017 MEETING MINUTES
3	DISCUSSION AND DECISION ON SCHEDULE OF BILLS PAYABLE DATED FEBRUARY 13, 2017; AND ANY OTHER RELATED FINANCIAL INFORMATION
4	DISCUSSION AND DECISION TO APPROVE THE AMENDED AND RESTATED LEASE OF CERTAIN PROPERTY AND IMPROVEMENTS AND APPROVE THE ISSUANCE OF BONDS BY THE AUTHORITY AND RELATED DOCUMENTS AND TRANSACTIONS
5	DISCUSSION AND DECISION TO AMENDMENT THE FINANCIAL ADVISORY AGREEMENT WITH WISCONSIN PUBLIC FINANCE PROFESSIONALS, LLC
6	DISCUSSION AND DECISION TO APPROVE THE REVISED 2016 AUDIT ENGAGEMENT LETTER WITH JOHNSON BLOCK & COMPANY, INC. TO INCLUDE THE SINGLE AUDIT
7	DISCUSSION AND DECISION TO APPROVE FUNDING FOR THE RIVER ARTS DISTRICT CAPITAL IMPROVEMENTS
8	DISCUSSION AND DECISION TO APPROVE THE USE OF \$7980 IN RIVERS & BAY SURPLUS FUNDS FOR DOCK IMPROVEMENTS
9	ITEMS FOR REFERRAL TO FUTURE MEETINGS
10	ADJOURN
	ALD. BRIAN HOLZEM, CHAIRMAN
	POSTED AND DISTRIBUTED: 02/10/2017
	<p>Open Meetings Notice: If this meeting is attended by one or more members of the Common Council who are not members of this committee, their attendance may create a quorum of another city commission, board or committee under the Wisconsin Open Meetings Law; However, no formal action will be taken by any governmental body at the above stated meeting other than the body, committee, commission, or board identified in this meeting notice. Please be advised that upon reasonable notice, the City of Wisconsin Dells will furnish appropriate auxiliary aids and services to afford individuals with disabilities an equal opportunity to participate in meeting activities.</p>

SCHEDULE OF BILLS PAYABLE
FEBRUARY 13, 2017
MONDAY
COMMON COUNCIL

10	GENERAL FUND	271,765.78
13	DEBT SERVICE FUND	
14	CAPITAL PROJECTS FUND	8,926.93
26	FIRE SERVICE FUND	11,339.21
27	RIVER & BAY FUND	218.05
50	PARKING UTILITY FUND	1,698.24
53	SEWER FUND	44,852.27
52	WATER FUND	11,773.69
59	ELECTRIC FUND	696,838.85
	TOTAL	1,047,413.02

**AMENDED AND RESTATED LEASE
AGREEMENT**

between

**COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF
WISCONSIN DELLS, WISCONSIN**

and

CITY OF WISCONSIN DELLS, WISCONSIN

THIS AMENDED AND RESTATED LEASE AGREEMENT is made and entered into as of the 8th day of March, 2017 by and between the COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WISCONSIN DELLS, a Wisconsin municipal corporation (the "Authority"), and the CITY OF WISCONSIN DELLS, WISCONSIN, a Wisconsin municipal corporation and political subdivision (the "Municipality").

WITNESSETH:

WHEREAS, the Authority has acquired and is currently in possession of the real estate described in Exhibit A hereto (the "Property"); and

WHEREAS, the Authority is carrying out a program of blight elimination, community development and urban renewal with respect to certain blighted property located in Tax Incremental District No. 3 of the Municipality, consisting of project costs and public improvements included in the Project Plan for Tax Incremental District No. 3 (collectively, the "Project"); and

WHEREAS, the Authority has heretofore financed a portion of the costs of the Project through the issuance of its Community Development Lease Revenue Bonds, Series 2005, dated September 1, 2005 (which were refinanced by the Municipality's State Trust Fund Loan, dated February 19, 2015 (the "2015 Loan")) its Community Development Lease Revenue Bonds, Series 2006, dated May 1, 2006 (the "2006 Bonds"), its Community Development Lease Revenue Bonds, Series 2007A, dated October 2, 2007 (the "2007 Bonds") and its Community Development Lease Revenue Bonds, Series 2008A, dated August 7, 2008 (the "2008 Bonds"), which were secured by an Amended and Restated Lease Agreement, dated as of August 7, 2008 between the Authority and the Municipality (the "2008 Lease"); and

WHEREAS, the Authority now finds it necessary and desirable to (a) refinance the 2015 Loan through the issuance of its \$3,835,000 Taxable Community Development Refunding Lease Revenue Bonds, Series 2017A (the "Taxable Bonds"), and (b) refinance all of the 2006 Bonds, 2007 Bonds and 2008 Bonds through the issuance of its \$9,740,000 Community Development Refunding Lease Revenue Bonds, Series 2017B, dated March 8, 2017 (the "Tax-Exempt Bonds") (the Taxable Bonds and the Tax-Exempt Bonds shall be collectively referred to herein as the "Bonds"); and

WHEREAS, in connection with the issuance of the Bonds, the Authority finds it necessary and desirable to amend and restate the 2008 Lease so that it secures the Bonds; and

WHEREAS, pursuant to the provisions of Sections 66.1335 and 66.1333(9) of the Wisconsin Statutes, the Authority has the power to lease real property and personal property in its possession to a public body for use in accordance with a redevelopment plan; and

WHEREAS, the Municipality desires to lease the Property and the other improvements described on Exhibit B hereto (the "Leased Improvements") (collectively, the Property and the Leased Improvements shall be referred to as the "Leased Property") from the Authority; and

WHEREAS, the execution, delivery and performance of this Amended and Restated Lease Agreement have been duly authorized by the Municipality and the Authority and all conditions, acts and things necessary and required by the Constitution and Statutes of the State of Wisconsin to exist, to have happened, or to have been performed precedent to or in the execution and delivery of this Amended and Restated Lease Agreement, do exist, have happened and have been performed in regular form, time and manner.

NOW, THEREFORE, in consideration of the rents, covenants and agreements herein reserved, mentioned and contained on the part of the Municipality, its successors and assigns, to be

paid, kept and performed, the Authority by these presents does hereby agree to lease, demise and let to the Municipality, and the Municipality does hereby consent to said leasing and hereby takes and hires, upon and subject to the conditions hereinafter expressed, the Leased Property.

ARTICLE I

DEFINITIONS AND USE OF PHRASES

Section 1.1 Definitions. The following terms shall have the following meanings in this Lease unless the text expressly or by necessary implication requires otherwise:

"Additional Rentals" means the additional rentals payable by the Municipality pursuant to Section 3.2(b) hereof.

"Annual Debt Service Requirement" means the amount of principal and interest payable on the Bonds in any year, whether due at maturity or upon mandatory redemption.

"Authority" means the Community Development Authority of the City of Wisconsin Dells, Wisconsin, a Wisconsin municipal corporation.

"Bonds" means the Taxable Community Development Refunding Lease Revenue Bonds, Series 2017A, dated March 8, 2017 and Community Development Refunding Lease Revenue Bonds, Series 2017B, dated March 8, 2017 issued by the Authority to provide financing for the Project.

"Commencement Date" means the date of commencement of the Leasehold Term as provided in Section 3.1 hereof.

"Debt Service Fund" means the Debt Service Fund established by the Authority in connection with the issuance of the Bonds.

"Fiscal Agent" means Associated Trust Company, National Association, Green Bay, Wisconsin, the fiscal agent and trustee for the Bonds or any successor thereto.

"Lease" means this Amended and Restated Lease Agreement dated as of March 8, 2017.

"Leased Improvements" means the improvements described in Exhibit B hereto.

"Leased Property" means the Property and all fixtures thereto, and the Leased Improvements.

"Leasehold Term" means the term of this Agreement as provided in Section 3.1 hereof.

"Municipality" means the City of Wisconsin Dells, Wisconsin, a municipal corporation and political subdivision.

"Municipality Representative" means the Mayor, the City Clerk or such other officer of the Municipality as is appointed by the Common Council to act on behalf of the Municipality under this Agreement.

"Owner" or "Owners" means, with respect to the Bonds when in book-entry-only form, the beneficial owner or owners of the Bonds.

"Project" means the program of blight elimination, community development and urban renewal carried out by the Authority, consisting of project costs and public improvements included in the Project Plan for Tax Incremental District No. 3.

"Property" means the real estate described in Exhibit A hereto.

"Quiet Enjoyment" means the right of the Municipality to peaceably and quietly have, hold and enjoy the Leased Property and to use the Leased Property for the purposes intended or permitted by this Agreement.

"Rentals" means the rentals payable by the Municipality pursuant to Section 3.2(a) hereof.

"Reserve Account" means the Reserve Account provided for the Bonds pursuant to the Resolutions.

"Reserve Requirement" means the Reserve Requirement as defined in the Resolutions.

"Resolutions" means the resolutions authorizing the issuance of the Bonds adopted by the Authority on February 13, 2017.

"Taxable Bonds" means the Taxable Community Development Refunding Lease Revenue Bonds, Series 2017A, dated March 8, 2017, issued by the Authority to provide financing for the Project.

"Tax-Exempt Bonds" means the Community Development Refunding Lease Revenue Bonds, Series 2017B, dated March 8, 2017, issued by the Authority to provide financing for the Project.

Section 1.2 Use of Phrases. The following provisions shall be applied whenever appropriate herein:

"Herein", "Hereby", "hereunder", "hereof" and other equivalent words refer to this Agreement as an entirety and not solely to the particular portion of this Lease in which any such word is used.

The definitions set forth in Section 1.1 hereof shall be deemed applicable whether the words defined are herein used in the singular or the plural.

Wherever used herein, any pronoun or pronouns shall be deemed to include both the singular and the plural and to cover all genders.

Unless otherwise provided, any determinations or reports hereunder which require the application of accounting concepts or principles shall be made in accordance with generally accepted accounting principles.

ARTICLE II

COMPLETION OF THE PROJECT

The Authority has made all contracts and done all things necessary to cause the Project to be constructed and equipped. Title to the Property and all equipment acquired with proceeds of the Bonds and all fixtures thereto shall be held by the Authority, subject to this Lease.

So long as this Lease is in full force and effect, the Authority shall have full power to carry out the acts and agreements provided in this Section, and such power is granted and conferred under this Lease to the Authority, and is accepted by the Authority and shall not be terminated or restricted by act of the Authority or the Municipality, except as provided in this Section.

ARTICLE III

TERM AND RENTS

Section 3.1 Term. The term of the Lease pursuant to this Agreement shall commence as of March 8, 2017. This Agreement shall expire on March 1, 2030, unless the parties shall sooner terminate this Agreement by mutual agreement; provided, however, that, except as provided in Section 4.7 hereof, the end of said term shall not be advanced nor shall this Agreement expire or be terminated so long as the Bonds shall be outstanding; provided, further, that when the Authority shall have fully paid (or provided for the payment of) all of the principal and interest on the Bonds, this Agreement shall automatically terminate.

Section 3.2 (a) Rentals. During the Leasehold Term the Municipality agrees to pay to the Fiscal Agent for the Authority, without deduction or offset (except as described in the following paragraph), rental payments ("Rentals") semiannually on February 1 and August 1 of each year commencing on February 1, 2018. The rental payable on any date shall be an amount equal to the sum of the following:

- (1) The amount of principal payable on the Bonds on the next succeeding interest payment date for the Bonds, whether payable at maturity or upon mandatory redemption; and
- (2) The amount of interest payable on the Bonds on the next succeeding interest payment date for the Bonds.

The schedule of principal and interest payments on the Bonds is shown on Exhibit C attached hereto and incorporated by this reference.

The amount of any Rental payable by the Municipality shall be reduced by the amount of investment earnings, contributions by the Municipality and other monies on deposit in the Debt Service Fund for the Bonds (excluding monies on deposit in the Reserve Account which shall only be applied to reduce the amount of Rental payable in connection with the final principal payment date on the Bonds).

(b) Additional Rentals. If, during the Leasehold Term, the amount on deposit in the Reserve Account for the Bonds falls below the Reserve Requirement, the Municipality agrees to pay to the Fiscal Agent for the Authority, without deduction or offset (except as described in the following paragraph), additional rental payments ("Additional Rentals") monthly on the first day of each month until the Reserve Requirement is again on deposit in the Reserve Account. The Additional Rental payable on any date shall be the initial amount required to make the amount on deposit in the Reserve Account equal to the Reserve Requirement, divided by the number of months initially remaining to the next interest payment date on the Bonds.

The amount of any Additional Rental payable by the Municipality shall be reduced by the amount of investment earnings, contributions by the Municipality or other monies deposited into the Reserve Account.

The Additional Rentals shall become payable upon receipt by the Municipality of notice of a deficiency in the Reserve Account.

The obligation of the Municipality to pay Rentals and Additional Rentals is conditioned upon (a) the Municipality's "Quiet Enjoyment" of the Leased Property and (b) annual appropriation of the rental payment by the Municipality. The parties acknowledge that the Leased Property is being leased at its fair market value.

Section 3.3 Debt Service on Bonds. The Authority covenants and agrees that the Rentals payable hereunder shall be used only to pay the principal of and interest on the Bonds, as provided in the Resolutions and that no Rentals shall be used to pay operating expenses of the Authority.

The Authority covenants and agrees that the Additional Rentals payable hereunder shall be used only to replenish the Reserve Account.

Section 3.4 Payment of Costs and Expenses. If the Municipality defaults under any provisions of this Agreement and the Authority employs attorneys or incurs other expenses for the collection of payments due or for the enforcement of performance or observance of any other obligation or agreement on the part of the Municipality herein contained, the Municipality agrees that it will on demand therefor pay to the Authority the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Authority.

Section 3.5 Not Debt. Notwithstanding anything to the contrary herein contained by implication or otherwise, the obligations of the Municipality created by or arising out of this Agreement shall not be general debt obligations of the Municipality and do not constitute or give rise to charges against its general credit or taxing powers.

Section 3.6 Repairs and Maintenance. The Municipality covenants and agrees throughout the Leasehold Term to maintain the Leased Property and keep the same in as good order and condition as the same are in upon the effective date of this Agreement.

Section 3.7 Utilities. The Municipality agrees to pay or cause to be paid all charges for gas, electricity, light, heat or power, telephone or other communication service, or any other service used, rendered or supplied upon or in connection with the Leased Property during the Leasehold Term and to protect the Authority and save it harmless against any liability or damages on such account. The Municipality shall also procure any and all necessary permits, licenses or other authorizations thereafter required for the lawful and proper installation and maintenance upon the Leased Property of wires, pipes, conduits, tubes and other equipment and appliances for use in supplying any such services to and upon the Leased Property.

Section 3.8 Prepayment. The Authority authorizes the Municipality, in its stead, to call the Bonds for redemption prior to maturity, in whole or in part, pursuant to the terms and conditions of the Resolutions, provided that the Municipality shall prepay its Rentals hereunder so that the Rentals suffice to pay the principal of, premium, if any, and interest on the Bonds due at the time of redemption. The Municipality agrees that it shall not make any prepayments of Rentals due under this Lease without calling for redemption the applicable Bonds, without the consent of the Authority.

Section 3.9 Pledge and Assignment to Fiscal Agent. Simultaneously with the delivery of this Lease, the Authority shall pledge and assign to the Fiscal Agent all of the Authority's right, title and interest in and to this Lease Agreement and all of the Authority's right to receive payments hereunder. The Municipality consents to such pledge and assignment and agrees that the Fiscal Agent enforce any and all rights, privileges and remedies of the Authority under or with respect to this Lease.

ARTICLE IV

COVENANTS OF MUNICIPALITY

Section 4.1 Restriction on Use. The Municipality covenants that the Leased Property shall be used for public purposes. The Authority covenants and agrees that the Leased Property shall be and remain open to and available for public use to the same extent and in the same manner as if the Leased Property were owned by the Municipality. The Municipality and the Authority agree that, during the term hereof, no portion of the Leased Property shall be sold to, leased to or otherwise used by a private party for an amount which would cause the Tax-Exempt Bonds to become "private activity bonds" under the provisions of the Internal Revenue Code and the regulations promulgated thereunder.

Section 4.2 Public Liability Insurance. The Municipality shall maintain or cause to be maintained during the Leasehold Term general public liability insurance against all claims for personal injury, death or property damage for which any of the parties might be liable, occurring upon, in or about the Leased Property or any buildings, facilities, sidewalks, streets and passageways, therein or thereon; such insurance to afford protection to the parties to the limit of not

less than \$1,000,000 per occurrence and \$1,000,000 in aggregate per year in respect of personal injury and death and property damage, or such other limits as may be mutually agreed upon.

Section 4.3 Hazard Insurance. (a) The Municipality shall cause any structures that are part of the Leased Property to be continually insured during the Leasehold Term against damage or destruction by fire, windstorm and any other loss or damage customarily insured in comparable structures in an amount equal to the replacement value of the property.

(b) In case of damage, loss or destruction of the Leased Property, or any part thereof, or any lost fixtures or equipment thereof during the Leasehold Term, the proceeds of any insurance which pertains to such premises, fixtures and equipment shall be used and applied by the Municipality as promptly as possible to repair, restore, rebuild or replace the same as nearly as possible to the condition existing prior to such damage, loss or destruction.

(c) In consideration of the provisions of this Agreement giving and granting to the Municipality exclusive possession, custody and control of the Leased Property, the Municipality hereby assumes all risks during the Leasehold Term in connection with any damage, loss or destruction of the Leased Property, or any part thereof, or any fixtures or equipment thereof from any and all causes whatsoever, and, in the event of any such damage, loss or destruction, the Municipality covenants and agrees to repair, restore, rebuild or replace the same as nearly as possible to the condition they were in immediately prior to such damage, loss or destruction either from the proceeds of insurance as hereinabove in this Section 4.3 provided, or, to the extent such proceeds of insurance are insufficient or unavailable therefor, from available appropriations of moneys derived from other sources.

Section 4.4 Compliance with Laws and Regulations. The Municipality agrees that throughout the Leasehold Term it will promptly comply with all laws and ordinances and the orders, rules, regulations and requirements of all federal, state and local governments and agencies and departments thereof which are applicable to the Municipality and the Leased Property, and whether or not the same requires structural repairs or alterations, which may be applicable to the Leased Property, the fixtures or equipment thereof, or the sidewalks, curbs and parking areas adjoining the demised premises, or the use or manner of use of the Leased Property. The Municipality will also observe and comply with the requirements of all policies and arrangements of insurance at any time in force during the Leasehold Term of this Agreement with respect to the Leased Property and the fixtures and equipment thereof.

Section 4.5 Alterations and Additions to Leased Property. The Municipality shall have the right at any time and from time to time during the Leasehold Term, without liability to the Authority, to make such changes, alterations and additions, structural or otherwise, to the Leased Property and any fixtures and equipment thereof, now or hereafter located on the Leased Property, as the Municipality shall deem necessary or desirable in connection with the use of the Leased Property. All such changes, alterations and additions when completed shall be of such a character as not to reduce or otherwise adversely affect the value of the Leased Property or the rental value thereof. The cost of any such change, alteration or addition shall be promptly paid and discharged so that the Leased Property shall at all times be free of liens for labor and materials supplied to the Leased Property, provided, however, that the Municipality may in good faith contest any lien if adequate security is provided during the pendency of proceedings so that the Leased Property is not

in danger of being lost through lien foreclosure or otherwise. All alterations, additions and improvements to the Leased Property shall be and become a part of the realty covering the Leased Property.

Section 4.6 Covenants Against Waste. The Municipality covenants during the term of the Lease not to do or suffer or permit any waste or damage, disfigurement or injury to the Leased Property or any building or improvement now or hereafter on the Leased Property or the fixtures or equipment thereof.

Section 4.7 Municipal Budget; Consequences of Non-Appropriation. The Municipality hereby covenants that its staff will include the Rentals and Additional Rentals to become due hereunder in its annual budget as submitted to the Common Council of the Municipality for approval during each year of the Leasehold Term, and further covenants that its staff will request the necessary appropriation from the Common Council and will exhaust all available administrative reviews and appeals in the event that portion of the budget is not approved. The Municipality reasonably believes, expects and intends that funds will be budgeted and appropriated sufficient to make all payments of Rentals and Additional Rentals during the term of this Lease Agreement.

If the Common Council of the Municipality in any year does not budget and appropriate the Rentals and Additional Rentals to become due during the next succeeding year, the Municipality will provide written notice to that effect to the Authority, to the Fiscal Agent, to Northland Securities, Inc., Minneapolis, Minnesota, the original purchaser of the Bonds (the "Purchaser"), no later than 15 days after adoption and approval of that annual budget. This Lease Agreement shall terminate 30 days after notice of any non-appropriation has been given by the Municipality to the Authority, and the Municipality shall, upon such termination, peacefully quit, surrender and deliver up to the Authority, its successors or assigns, the Leased Property in good condition, ordinary wear and tear excepted. Upon such termination, in the event any of the Leased Property has become lost, stolen, destroyed, damaged beyond repair or rendered permanently unfit for use for any reason, the Municipality shall repair or replace such Leased Property at the Municipality's sole cost prior to surrender of the Leased Property to the Authority, with said repair or replacement subject to the Authority's reasonable approval.

The Municipality will also, whether or not the Rentals and Additional Rentals due under this Agreement are budgeted and appropriated, furnish the Authority, the Purchaser and the Fiscal Agent with a copy of its annual budget within 15 days of its adoption. All obligations of the Municipality arising under this Lease Agreement during the Municipality's occupancy of the Leased Property shall survive this Lease Agreement.

Section 4.8 Tax Covenant. The Municipality and the Authority covenant for the benefit of the Owners of the Tax-Exempt Bonds that they will not take any action or omit to take any action with respect to the Tax-Exempt Bonds, the proceeds thereof, any other funds of the Municipality and the Authority or any facilities financed with the proceeds of the Tax-Exempt Bonds if such action or omission (i) would cause the interest on the Tax-Exempt Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code and applicable Regulations, or (ii) would cause interest on the Tax-Exempt Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code except to the extent such interest is required to be included in the adjusted current earnings adjustments applicable to

corporations under Section 56 of the Code in calculating corporate alternative minimum taxable income, or (iii) would subject the Municipality or the Authority to any penalties under Section 148 of the Code. The foregoing covenant shall remain in full force and effect, notwithstanding the payment in full or defeasance of the Tax-Exempt Bonds, until the date on which all obligations of the Municipality and the Authority in fulfilling the above covenant under the Code have been met.

ARTICLE V

ASSIGNMENT, SUBLETTING AND MORTGAGING

Section 5.1 Assignment and Subleasing by the Municipality. This Lease may not be assigned by the Municipality for any reason. However, the Leased Property may be subleased, as a whole or in part, by the Municipality without the necessity of obtaining the consent of the Authority, subject, however, to each of the following conditions:

(a) The Leased Property may be subleased, in whole or in part, only to an agency or department or political subdivision of the State; or to another entity or entities if, in the opinion of nationally recognized municipal bond counsel, such sublease will not cause the Municipality to violate its tax covenant in Section 4.8 hereof;

(b) This Lease, and the obligations of the Municipality hereunder, shall at all times during the Leasehold Term remain obligations of the Municipality, and the Municipality shall maintain its direct relationships with the Authority notwithstanding any sublease; and

(c) The Municipality shall furnish or cause to be furnished to the Authority a copy of any sublease agreement.

Except as permitted in this Section 5.1, so long as the Bonds are outstanding, neither the Authority nor the Municipality shall mortgage, assign or pledge its interests in the Leased Property or any rentals payable with respect thereto.

Section 5.2 Priority of Lease. No sublessee or assignee of the Leased Property shall mortgage, assign or pledge its interest in the Leased Property or any rentals payable with respect thereto unless such mortgage, assignment or pledge shall be subordinate to this Agreement.

ARTICLE VI

CONDITIONS OF LEASE

Section 6.1 Merger of Interest. It is mutually agreed by the parties hereto that so long as the Bonds are outstanding, the leasehold interest and estate created by this Agreement shall not be merged or deemed to be merged with any reversionary interest and estate of the Municipality in the Leased Property.

Section 6.2 Right to Inspect. The Municipality covenants and agrees during the Leasehold Term to permit the Authority and the authorized agents and representatives of the Authority or the owners of the Bonds to enter the Leased Property at all times during usual business hours for the purpose of inspecting the same.

Section 6.3 Character of Lease. It is mutually agreed that the Lease granted under this Agreement is an absolutely "net" lease and notwithstanding any language herein to the contrary, it is intended and the Municipality expressly covenants and agrees that all rentals and other payments herein required to be made by the Municipality to the Authority shall be made without notice or demand and without set-off, counterclaim, abatement, suspension, deduction or defense, and shall be net payments to the Authority, meaning that the Authority is not and shall not be required to expend any money or do any acts or take any steps affecting or with respect to the maintenance, preservation, repair, restoration, reconstruction, insuring or protection of the Property or any part thereof, all such obligations being the responsibility of the Municipality.

Section 6.4 Condition of Premises. The Municipality, prior to the occupancy thereof, and at all times thereafter, shall fully familiarize itself with the physical condition of the Property and any improvements, fixtures and equipment thereof. The Authority makes no representations whatever in connection with the condition of the Property or the improvements, fixtures or equipment thereof, and the Authority shall not be liable for any latent or patent defects therein.

Section 6.5 Consent to Suit. The Municipality hereby consents and agrees to the institution of any and all actions, including mandamus, against the Municipality or any of its officers which may arise out of this Agreement and, to the extent permitted by law, the Municipality waives resort prior to the bringing of any such action by the Authority, as lessor hereunder, or its assignees to any administrative claim procedure provided in the Wisconsin Statutes.

Section 6.6 Enjoyment of Property. The Authority hereby covenants that the Municipality shall during the Leasehold Term peaceably and quietly have and hold and enjoy the Property without suit, trouble or hindrance from the Authority, except as expressly required or permitted by this Lease. The Authority shall not interfere with the quiet use and enjoyment of the Property by the Municipality during the Leasehold Term so long as no event of default shall have occurred under the Lease. The Authority shall, at the request of the Municipality and at the cost of the Municipality, join and cooperate fully in any legal action in which the Municipality asserts its right to such possession and enjoyment. In addition, the Municipality may at its own expense join in any legal action affecting its possession and enjoyment of the Property and shall be joined in any action affecting its liabilities hereunder.

Section 6.7 Transfer of Title. Upon full and final payment of all Bonds (or if all Bonds shall, prior to maturity or redemption date thereof, have been discharged within the meaning of Section 13 of the Resolutions) and of all amounts due under this Lease Agreement,

(a) this Lease Agreement shall terminate and neither the Municipality nor the Authority nor any Owner of the Bonds shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested; and

(b) title to the Leased Property shall, without any further payment, be transferred to the Municipality, and the Authority shall execute any document of conveyance reasonably requested by the Municipality to evidence such transfer.

ARTICLE VII

MISCELLANEOUS

Section 7.1 Amendments. No modification, alteration or amendment to this Agreement shall be binding upon either party hereto until such modification, alteration or amendment is reduced to writing and executed by both parties hereto.

Section 7.2 Successors. Except as limited or conditioned by the express provisions hereof, the provisions of this agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

Section 7.3 Governing Law. The laws of the State of Wisconsin shall govern this Agreement.

Section 7.4 Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any of the provisions of this Agreement.

Section 7.5 Counterparts. This Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were on the same instrument.

Section 7.6 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or when mailed by certified or registered mail, postage prepaid, or by prepaid telegram addressed as follows:

If to the Municipality:

City of Wisconsin Dells
Attention: City Clerk
300 La Crosse Street
P.O. Box 655
Wisconsin Dells, WI 53965

If to the Authority:

Community Development Authority of the City of Wisconsin Dells
Attention: Executive Director/Secretary
300 La Crosse Street
P.O. Box 655
Wisconsin Dells, WI 53965

If to the Purchaser of the Bonds:

Northland Securities, Inc.
Suite 2500
45 South 7th Street
Minneapolis, MN 55402

If to the Fiscal Agent:

Associated Trust Company, National Association
200 North Adams Street
Green Bay, WI 54301

Any party may by like notice at any time, and from time to time, designate a different address to which notices shall be sent. Notices given in accordance with these provisions shall be deemed received when mailed.

Section 7.7 Severability. If any provisions of this Agreement shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provisions or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstance shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or Sections in this Agreement contained, shall not affect the remaining portions of this Agreement, or any part thereof.

Section 7.8 No Waivers. Failure of the Authority or the Municipality to exercise its rights in connection with any breach or violation of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition for any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by the Authority shall not be deemed to be a waiver of any preceding breach by the Municipality of any term, covenant or condition of this Agreement, other than the failure of the Municipality to pay the particular rental so accepted, regardless of the Authority's knowledge of such preceding breach at the time of acceptance of such rent.

Section 7.9 Recording. Either party hereto may record this Lease Agreement, or a memorandum or short form hereof, executed by both of such parties, in the office of the Registrar of Deeds for Adams County, Wisconsin.

Section 7.10 No Personal Liability. Under no circumstances shall any officer, elected official or employee of the Municipality or the Authority have any personal liability arising out of this Lease Agreement, nor shall any party seek or claim any such personal liability.

Section 7.11 Beneficiaries of Agreement. This Agreement has been entered into by the Municipality and the Authority for the benefit of the Municipality, the Authority and the Owners of the Bonds, and is not revocable by the Municipality or the Authority prior to the payment in full of the Bonds. This Agreement shall be binding upon and inure to the benefit of the Municipality and the Authority and shall constitute a third party beneficiary contract for the benefit of the Owners of

the Bonds. Nothing in this Lease Agreement expressed or implied is intended or shall be construed to give any person other than the Municipality, the Authority and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect to this Agreement or any covenants, conditions or provisions therein or herein contained; all such covenants are for the sole and exclusive benefit of the Municipality, the Authority and the Owners of the Bonds.

DRAFT

IN WITNESS WHEREOF, the City of Wisconsin Dells, Wisconsin, has caused these presents to be executed by its Mayor and City Clerk and its seal affixed, and the Community Development Authority of the City of Wisconsin Dells has caused these presents to be executed by its Chairperson and Executive Director/Secretary, all as of the day and year first hereinabove set forth.

CITY OF WISCONSIN DELLS, WISCONSIN

(SEAL)

By _____
Mayor

And _____
City Clerk

COMMUNITY DEVELOPMENT AUTHORITY OF
THE CITY OF WISCONSIN DELLS

By _____
Chairperson

Attest _____
Executive Director/Secretary

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

The property described on the attached Schedule A-1, and all public improvements located thereon and thereunder (subject to any existing liens and encumbrances on such property).

DRAFT

EXHIBIT B

DESCRIPTION OF LEASED IMPROVEMENTS

The municipally-owned sewer mains and laterals, water mains and laterals, storm sewer pipes, and related appurtenances and equipment located or to be located within Tax Incremental District No. 3 of the City of Wisconsin Dells, Wisconsin (subject to any existing liens and encumbrances upon such property).

DRAFT

EXHIBIT C

SCHEDULE OF DEBT SERVICE PAYMENTS ON THE BONDS

(SEE ATTACHED)

DRAFT



WISCONSIN PUBLIC FINANCE PROFESSIONALS, LLC
 1025 SOUTH MOORLAND ROAD, SUITE 504
 BROOKFIELD, WI 53005
 414-434-9644
 FAX: 414-226-2014

Financial Advisory Agreement Amendment

Community Development Authority of the City of Wisconsin Dells, Wisconsin \$3,835,000 Community Development Refunding Lease Revenue Bonds, Series 2017A Dated March 8, 2017

Wisconsin Public Finance Professionals, LLC ("WPFP") is a "municipal advisor" as defined by the Securities and Exchange Commission ("SEC") Final Rule adopted September 18, 2013. WPFP is registered and regulated by the SEC and the Municipal Securities Rulemaking Board ("MSRB"). The City of Wisconsin Dells, Wisconsin (the "City") by ordinance adopted February 18, 2002, created a housing and community development authority in the City to be known as the "Community Development Authority of the City of Wisconsin Dells, Wisconsin" (the "CDA"). The CDA is a municipal corporation organized and existing pursuant to the provisions of Wisconsin Statutes Section 66.1335. As Municipal Advisor to the CDA, WPFP will have fiduciary duties, including a duty of care and a duty of loyalty. WPFP is required to act in the CDA's best interests without regard to its own financial and other interests.

Amendment to Financial Advisory Agreement Executed November 21, 2016

A Financial Advisory Agreement was entered into on November 21, 2016 by the CDA, the City and WPFP (the "Agreement"), whereby WPFP would perform financial advisory services for the issuance of the CDA's tax-exempt \$13,700,000 (Est.) Community Development Refunding Lease Revenue Bonds, Series 2017 (the "Obligations"). The Agreement included disclosures in accordance with MSRB Rule G-42, WPFP's financial advisory services, fees and expenses. Subsequent to the execution of the Agreement, WPFP prepared and distributed a Request for Proposal for an underwriter for the Obligations. The underwriter's proposal selected in consultation with the City, to achieve the lowest possible cost for the CDA's borrowing, requires two series of debt issues - a taxable series and a tax-exempt, bank qualified series. Additional services and costs associated with the taxable series are identified in this Financial Advisory Agreement Amendment (the "Amendment"). The taxable series is known as \$3,835,000 Taxable Community Development Refunding Lease Revenue Bonds, Series 2017A (the "Series 2017A Bonds"). The tax-exempt, bank qualified series is known as \$9,740,000* Community Development Refunding Lease Revenue Bonds, Series 2017B (the "Series 2017B Bonds" or the Obligations).

Disclosure of Conflicts of Interest and Other Information

The disclosures included in the Agreement are hereby incorporated into this Amendment

Financial Advisory Services

WPFP will perform financial advisory services for the Series 2017A Bonds as itemized in the Agreement for the Obligations, and the CDA, as issuer, reaffirms WPFP as its Municipal Advisor to perform those services.

*Preliminary

Fees and Expenses for the Series 2017A Bonds

WPFP's fee for services performed under this Amendment for the Series 2017A Bonds shall be \$14,700. WPFP's fee includes all necessary in-state travel and general out-of-pocket expenses i.e. supplies and copying. WPFP's fee is due and payable upon the closing of the Series 2017A Bonds. The CDA shall pay the fees and expenses determined by each respective financing team participant including Bond Counsel, Disclosure Counsel, Fiscal Agent, Underwriter, and \$300 for printing and distribution of Official Statements. All fees of issuance may be paid from the proceeds of the Series 2017ABonds. If, for any reason, a financing is not consummated, WPFP shall be compensated at our normal hourly rates (\$150/hour professional staff, \$85/hour support staff) for time actually spent.

WPFP's fee for the 2017B Bonds shall remain as stated in the Agreement for the Obligations.

Indemnification; Limitation of Liability/Insurance

The indemnification, liability and insurance information included in the Agreement are hereby incorporated into this Amendment.

Termination

The termination information included in the Agreement is hereby incorporated into this Amendment.

WISCONSIN PUBLIC FINANCE
PROFESSIONALS, LLC

COMMUNITY DEVELOPMENT AUTHORITY OF
THE CITY OF WISCONSIN DELLS, WISCONSIN

By Carol Wirth
Carol Ann Wirth, President

By: _____

Title: _____

Date: _____

CITY OF WISCONSIN DELLS, WISCONSIN

By: _____

Title: _____

Date: _____



Certified Public Accountants

406 Science Drive, Suite 100 ▲ Madison, Wisconsin 53711-1097 ▲ TEL 608-274-2002 ▲ FAX 608-274-4320

February 8, 2017

To the City Council and City Treasurer
City of Wisconsin Dells
300 La Crosse Street
Wisconsin Dells, WI 53965

We are pleased to confirm our understanding of the services we are to provide the City of Wisconsin Dells for the year ended December 31, 2016. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the City of Wisconsin Dells as of and for the year ended December 31, 2016. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City of Wisconsin Dells' basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City of Wisconsin Dells' RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1. Management's Discussion and Analysis.
- 2. Budgetary comparison schedule for the general fund
- 3. Wisconsin Retirement System Schedules

We have also been engaged to report on supplementary information other than RSI that accompanies the City of Wisconsin Dells' financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

- 1. Schedule of expenditures of federal awards.
- 2. Schedule of assigned general fund balances
- 3. Combining statements of non-major governmental funds



Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the City Council of the City of Wisconsin Dells. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in



accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City of Wisconsin Dells' compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City of Wisconsin Dells' major programs. The purpose of these procedures will be to express an opinion on the City of Wisconsin Dells' compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services



We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the City of Wisconsin Dells in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review on February 28, 2017.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any



presentation of the schedule of expenditures of federal awards that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the City of Wisconsin Dells; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Johnson Block & Company, Inc. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a regulator or its designee, a federal



agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Johnson Block & Company, Inc. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by a regulator. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit in February 2017 and to issue our reports no later than June 15, 2017. Carrie Leonard, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fees for the audit and other services will not exceed \$33,300. Fees related to individual parts are estimated as follows:

General City	\$	8,600
Electric Utility		5,925
Water Utility		4,585
Sewer Utility		4,230
TIDs and CDA		5,160
BID		1,300
Single Audit		<u>2,500 - 3,500</u>
		<u>\$32,300 - 33,300</u>

Services related to GASB 68 implementation will be billed at our standard hourly rates.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. If additional services are necessary, we will discuss them with you and arrive at a fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to the City of Wisconsin Dells and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Johnson Block & Company, Inc.

Johnson, Block & Company, Inc.
Certified Public Accountants
Madison, Wisconsin



RESPONSE:

This letter correctly sets forth the understanding of the City of Wisconsin Dells.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____



ADDENDUM A

We will perform the following services:

We will compile, from information you provide, the annual Financial Report Form to the Wisconsin Department of Revenue, for the year ended December 31, 2016. Upon completion of the compilation of the annual Financial Report Form, we will provide the City with our accountant's compilation report. If, for any reason caused by or relating to affairs or management of the City, we are unable to complete the compilation or if we determine in our professional judgement the circumstances necessitate, we may withdraw and decline to submit the annual Financial Report Form to you as a result of this engagement.

Our Responsibilities and Limitations

We will be responsible for performing the compilation in accordance with *Statements on Standards for Accounting and Review Services* established by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements. We will utilize information that is the representation of management without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for the statements to be in conformity with accounting principles generally accepted in the United States of America.

Our engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist and, because of the limited nature of our work, detection is highly unlikely. However, we will inform the appropriate level of management of any material errors, and of any evidence that fraud may have occurred. In addition, we will report to you any evidence or information that comes to our attention during the performance of our compilation procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement.

Management's Responsibilities

The City's management is responsible for the financial statements referred to above. In this regard, management is responsible for (i) the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, (ii) designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements, (iii) preventing and detecting fraud, (iv) identifying and ensuring that the entity complies with the laws and regulations applicable to its activities, and (v) making all financial records and related information available to us. Management also is responsible for identifying and ensuring that the City complies with the laws and regulation applicable to its activities.

Management is responsible for providing us with the information necessary for the compilation of the financial statements and the completeness and the accuracy of that information and for making City personnel available to whom we may direct inquiries regarding the compilation. We may make specific inquiries of management and others about the representations embodied in the financial statements.



ADDENDUM B

We will perform the following services:

We will compile, from information you provide, the Public Service Commission Annual Reports, including the balance sheets of the water utility and the electric utility, enterprise funds of the City of Wisconsin Dells, as of December 31, 2016 and 2015, and the related statements of income and retained earnings for the years then ended and the supplemental schedules as of and for the year ended December 31, 2016. Upon completion of the Public Service Commission Annual Reports, we will provide the City with our accountant's compilation reports. If, for any reason caused by or relating to affairs or management of the City, we are unable to complete the compilation or if we determine in our professional judgment the circumstances necessitate, we may withdraw and decline to submit the Public Service Commission Annual Report to you as a result of this engagement.

Our Responsibilities and Limitations

We will be responsible for performing the compilation in accordance with *Statements on Standards for Accounting and Review Services* established by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements. We will utilize information that is the representation of management without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for the statements to be in conformity with accounting principles generally accepted in the United States of America.

Our engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist and, because of the limited nature of our work, detection is highly unlikely. However, we will inform the appropriate level of management of any material errors, and of any evidence that fraud may have occurred. In addition, we will report to you any evidence or information that comes to our attention during the performance of our compilation procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement.

Management's Responsibilities

The City's management is responsible for the financial statements referred to above. In this regard, management is responsible for (i) the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, (ii) designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements, (iii) preventing and detecting fraud, (iv) identifying and ensuring that the entity complies with the laws and regulations applicable to its activities, and (v) making all financial records and related information available to us. Management also is responsible for identifying and ensuring that the City complies with the laws and regulation applicable to its activities.

Management is responsible for providing us with the information necessary for the compilation of the financial statements and the completeness and the accuracy of that information and for making City personnel available to whom we may direct inquiries regarding the compilation. We may make specific inquiries of management and others about the representations embodied in the financial statements.



ADDENDUM C

We will perform the following services:

We will compile, from information you provide the special-purpose Financial Report Form of TIF Districts No. 2, 3, and 4 in accordance with requirements of the Wisconsin State Statutes from the date of creation through December 31, 2016. Upon completion of the compilation of the special-purpose Financial Report Form, we will provide the City with our accountant's compilation report. If, for any reason caused by or relating to affairs or management of the City, we are unable to complete the compilation or if we determine in our professional judgement the circumstances necessitate, we may withdraw and decline to submit the special-purpose Financial Report Form to you as a result of this engagement.

Our Responsibilities and Limitations

We will be responsible for performing the compilation in accordance with *Statements on Standards for Accounting and Review Services* established by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements. We will utilize information that is the representation of management without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for the statements to be in conformity with accounting principles generally accepted in the United States of America.

Our engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist and, because of the limited nature of our work, detection is highly unlikely. However, we will inform the appropriate level of management of any material errors, and of any evidence that fraud may have occurred. In addition, we will report to you any evidence or information that comes to our attention during the performance of our compilation procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement.

Management's Responsibilities

The City's management is responsible for the financial statements referred to above. In this regard, management is responsible for (i) the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, (ii) designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements, (iii) preventing and detecting fraud, (iv) identifying and ensuring that the entity complies with the laws and regulations applicable to its activities, and (v) making all financial records and related information available to us. Management also is responsible for identifying and ensuring that the City complies with the laws and regulation applicable to its activities.

Management is responsible for providing us with the information necessary for the compilation of the financial statements and the completeness and the accuracy of that information and for making City personnel available to whom we may direct inquiries regarding the compilation. We may make specific inquiries of management and others about the representations embodied in the financial statements.

**City of Wisconsin Dells
River Arts District - 2016/2017 Capital Improvements - DRAFT**

2016 Carry-over + 2017 Projected Revenues: \$954,414.79

Open Items		
Item #	Description	Estimated budget
1	200 Block - Furnishings	\$55,000.00
2	200 Block - Mosaic Tile for Café Zone Walls	\$20,000.00
3	200 Block - Café Zone Totem Art - Construction	\$35,000.00
4	201 Block - Café Zone Totem Art - Design	\$15,000.00
5	200 Block - Bench Replacement	\$28,800.00
6	Duchess Plaza - Electrical	\$2,500.00
7	Duchess Plaza - Safety Railing and Safety Improvements	\$5,000.00
8	Duchess Plaza - WIFI/Charging Stations	\$7,500.00
9	Downtown Traffic Study	\$18,800.00
10	Capital Improvement Plan	\$1,500.00
Subtotal =		\$189,100.00
20% Contingencies =		\$37,820.00
Open Item Total =		\$226,920.00

New Items		
Item #	Description	Estimated budget
11	Riverwalk Entrance Enhancements - Design	\$50,000.00
12	Riverwalk Entrance Enhancements - Construction	\$200,000.00
13	Wayfinding Design - Phase 1	\$17,000.00
14	Program Management	\$25,000.00
15	Maintenance	\$15,000.00

2017 Subtotal = \$307,000.00
20% Contingencies = \$61,400.00
2017 Total = \$368,400.00

Summary	
Complete 200 Block	\$153,800.00
Complete Duchess Plaza	\$15,000.00
Riverwalk Entrance	\$250,000.00
Wayfinding Phase 1 - Design	\$17,000.00
Misc	\$60,300.00
	\$496,100.00
Contingencies	20%
	\$99,220.00
	\$595,320.00

Projected Balance on 12/31/2017: \$359,094.79

Café Zone Furnishings

	<u>North Café</u>	<u>South Café</u>	<u>Cost ea.</u>	<u>North</u>	<u>South</u>	<u>Total</u>	
Cantena Table - 42" diameter	5	3	\$969.00	\$4,845.00	\$2,907.00	\$7,752.00	
Parc Center Chair with arms	20	12	\$251.75	\$5,035.00	\$3,021.00	\$8,056.00	
Umbrella	5	3	\$425.00	\$2,125.00	\$1,275.00	\$3,400.00	
			\$1,645.75	\$12,005.00	\$7,203.00	\$19,208.00	
Parc Center Table - 28" square	9	9	\$636.50	\$5,728.50	\$5,728.50	\$11,457.00	
Parc Center Chair no arms	18	18	\$223.25	\$4,018.50	\$4,018.50	\$8,037.00	Quote
			\$859.75	\$9,747.00	\$9,747.00	\$19,494.00	
Mosaic Tile in Seat Wall	1	1	\$10,000.00	\$10,000.00	\$10,000.00	\$20,000.00	MSA E
Benches	2	2	\$1,200.00	\$2,400.00	\$2,400.00	\$4,800.00	est
Planters - 3 piece	1	1	\$1,748.00	\$1,748.00	\$1,748.00	\$3,496.00	Quote
Litter Bin	2	2	\$1,650.00	\$3,300.00	\$3,300.00	\$6,600.00	March
Bike Rack	1	1	\$700.00	\$700.00	\$700.00	\$1,400.00	March
Totem Art - Design		1	\$15,000.00	\$0.00	\$15,000.00	\$15,000.00	MSA E
Totem Art Installation	1	1	\$17,500.00	\$17,500.00	\$17,500.00	\$35,000.00	MSA E
				\$57,400.00	\$67,598.00	\$124,998.00	TOTAL
						\$24,999.60	20 % c
						\$149,997.60	Reque

	<u>North</u>	<u>South</u>	<u>Cost ea</u>	<u>Total</u>			
Benches	11	13	\$1,200.00	\$13,200.00	\$15,600.00	\$28,800.00	
						\$5,760.00	20 % c
						\$34,560.00	Reque
						\$184,557.60	200 Bl

The following is a list of items that are needed this year at the boat docks. Traditionally when purchasing this quantity of items that are not needed on an annual basis, the funding has come from the Designated Rivers and Bays Surplus Account, not from the annual operating budget:

1. Marine Grade Non Skid Plywood - $\$86.00 \times 30$ sheets = \$2580 delivered
2. Brackets that are under water that stabilize the fingers are beginning to rust and break off:
 $\$400 \times 8$ brackets needed (gives us 1-2 spare) = \$3200
3. Hardware/cleats - \$1000
4. Parking bumper/stops $\$1000 \times 12 = \1200
5. Electrical work with DPW at Boat Docks – Shared cost with DPW our portion \$1566.26.

Total Cost - \$ 7980 Boat Docks

Designated Rivers and Bays Acct Balance - \$52,600.11