

CLERK'S CONTRACT and AGREEMENT COVER PAGE

Legistar File ID#: 2014-0408

Innoprise Contract #: C14-0079

Year: 2014

Amount:

Department: Finance

Contract Type: Vendor agreement

Contractors Name: Speer Financial, Inc.

Contract Description: Supplemental Financial Services Agreement
2015 Loan Review Engagement Letter



SPEER FINANCIAL, INC.

PUBLIC FINANCE CONSULTANTS SINCE 1954

60 Years of Service

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PRESIDENT

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May 14, 2015

Ms. Annmarie Mampe
Director of Finance
Village of Orland Park
14700 South Ravinia Avenue
Orland Park, IL 60462

RE: Village of Orland Park, Cook and Will Counties, Illinois

Dear Annmarie:

Speer Financial, Inc. ("Speer") is pleased to provide this Engagement Letter to Village of Orland Park (the "Client") for our services as Municipal Advisor in connection with the review of documents affiliated with a bank loan. The purpose, briefly stated is to review the terms and conditions of a revolving line of credit between the Village and Standard Bank. We are not acting as placement agent as the Village has already selected the bank, rather we are acting as your advisor reviewing the terms and conditions of the loan (the "Project").

Speer has an existing agreement with the Client (the "Contract"). Speer is providing this Engagement Letter to you to memorialize the terms of our engagement (the "Engagement") as your Municipal Advisor with respect to the Project. This Engagement Letter provides certain additional information to the Client, such as conflict disclosures and specification of services, but does not change any of the business terms in the Contract.

Services. Speer agrees to provide to the Client the municipal advisory services (the "Services") set forth in the first paragraph of this Engagement Letter. Certain limitations to Speer's Services are set forth in the attached **Exhibit A**. The Client is also subject to certain other terms as it relates to the Project and Speer's Engagement. These terms are detailed in the attached **Exhibit B**.

Term and Termination. Speer's Engagement shall remain in effect until terminated by the Client or Speer upon at least thirty (30) days written notice to the other party, as indicated in the Contract. If the Client terminates the Engagement prior to the end of the loan process, Speer expects to negotiate with the Client a mutually agreeable compensation for the Services provided by Speer prior to such termination.

SPEER FINANCIAL, INC.

Compensation. The Speer compensation set forth below is the same as previously provided in the Contract. As compensation for Speer's provision of the Services, Speer shall receive an hourly rate, calculated as follows:

Non-Issuance Services

Fees in connection with any Non-Issuance Services rendered shall be provided at the following not to exceed hourly rates:

Municipal Advisor Personnel: \$100/hour

Administrative Personnel: \$50/hour

We will however cap our fee at \$5,000.

* * *

This fee does not include the payment of Speer's out-of-pocket costs as further described in **Exhibit A**. See the attached **Exhibit B** for a description of the conflicts of interest in connection with each form of compensation.


Representations of Client. The factual representations contained in the documents which are prepared by Speer in the course of its Engagement, and the factual representations which may also be contained in any other documents that are furnished to Speer by the Client, are essential for and provide the basis for Speer's municipal advice. Accordingly, it is important for the Client to read and understand the documents Speer provides to the Client because the Client will be confirming the truth, accuracy and completeness of matters contained in those documents. Speer's Engagement does not include the verification of the truth or accuracy of such factual representations, as further described in the attached **Exhibit C**.

Disclosure of Conflicts of Interest. Set forth in the attached **Exhibit C** is a disclosure by Speer of its conflicts of interest, if any. Should the Client have any questions or concerns with this disclosure, the Client should promptly contact Speer.

We sincerely appreciate this opportunity to be of service, and look forward to working with you.

Sincerely,

SPEER FINANCIAL, INC.

By: 
Its: Vice President

Approved and Accepted by:

 Village of Orland Park

Paul G. Grimes

date

Village Manager

EXHIBIT A

LIMITATIONS TO SPEER'S MUNICIPAL ADVISOR SERVICES

Speer's duties as Municipal Advisor are limited to the Services detailed in the first paragraph of this Engagement Letter. Among other things, Speer's Engagement does not include:

1. Giving any advice, opinion or representation as to the fiscal prudence or policy priority of entering into the loan or any other aspect of the loan transaction, including, without limitation, the undertaking of any project to be financed with the proceeds of the loan, as those are the Client's policy decisions.
2. Giving any opinion or advice on the legality of the loan or the tax status of the loan.
3. Participating in the bank loan.
4. Monitoring the actual use of loan proceeds, the timely expenditure of proceeds and the project completion status.
5. Verifying the accuracy of audited and unaudited financial statements.
6. Giving advice on the investment of loan proceeds.
7. Monitoring ongoing obligations and covenants entered into by the Client with respect to the loan, as these tasks are performed by the Client.
8. The Services do not include the payment by Speer of its "out of pocket" expenses, including but not limited to, verification services as requested by the Client, mailing, overnight and messenger delivery and copying costs.
9. Filing material events notices or otherwise assisting the Client with any its continuing disclosure obligations resulting from the loan, as such assistance is to be provided under a separate written agreement. Nothing in this Engagement Letter obligates Speer to provide, or the Client to pay for, any such continuing disclosure services.

EXHIBIT B

OTHER TERMS OF THE SPEER ENGAGEMENT

Please note the following with respect to the Client's role in connection with Services related to the Project.

1. It is important for the Client to read and understand the documents Speer provides to the Client. Speer will not perform an independent investigation or verification to determine the accuracy, completeness or sufficiency of any document related to the bank transaction. Any information in such documents does not constitute a review, audit or certified forecast of future events and any such financial information may not conform to accounting principles applicable to compilations of financial information. During the course of its Engagement, Speer will assume and rely on the Client to provide Speer with complete and timely information on all developments pertaining to the Project. Speer understands that the Client will cooperate with Speer in this regard.
2. To the extent that during the course of Speer's advising the Client a relevant matter comes to Speer's attention which appears to be contrary to what is contained in the transaction documents including any representations in the transaction documents, Speer may ask the Client about such apparent divergence of the facts; but to the extent that the facts and representations stated in the documents Speer provides to the Client, and are not corrected by the Client, Speer is then relying upon the Client's signed certifications for their truth, accuracy and completeness.
3. The Client has a duty to exercise "due diligence" in determining the accuracy and completeness of the information used in the transaction documents and the information upon which legal opinions related to the loan is based. The Client's lawyers, accountants and advisors can assist the Client in fulfilling these duties, but the Client in its corporate capacity, including the Client's knowledge, has the collective knowledge of the facts pertinent to the transaction and the ultimate responsibility for the presentation and disclosure of the relevant information.

EXHIBIT C

DISCLOSURE OF CONFLICTS OF INTEREST

VARIOUS FORMS OF COMPENSATION

The Municipal Securities Rulemaking Board (MSRB) requires Speer, as a Municipal Advisor, to provide written disclosure to the Client about the actual or potential conflicts of interest presented by various forms of compensation. Speer must provide this disclosure unless the Client has required that a particular form of compensation be used.

The forms of compensation for Municipal Advisors vary according to the nature of the engagement and requirements of the Client, among other factors. Various forms of compensation present actual or potential conflicts of interest because they may create an incentive for a Municipal Advisor to recommend one course of action over another if it is more beneficial to the Municipal Advisor to do so. This exhibit discusses various forms of compensation and the timing of payments to a Municipal Advisor.

Fixed Fee. Under a fixed fee form of compensation, the Municipal Advisor is paid a fixed amount established at the outset of the transaction. The amount is usually based upon an analysis by the Client and the Municipal Advisor of, among other things, the expected duration and complexity of the transaction and the agreed-upon scope of work that the Municipal Advisor will perform. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, the Municipal Advisor may suffer a loss. Thus, the Municipal Advisor may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. There may be additional conflicts of interest if the Municipal Advisor's fee is contingent upon the successful completion of a financing, as described below.

Hourly Fee. Under an hourly fee form of compensation, the Municipal Advisor is paid an amount equal to the number of hours worked by the Municipal Advisor times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest if the Client and the Municipal Advisor do not agree on a reasonable maximum amount at the outset of the engagement, because the Municipal Advisor does not have a financial incentive to recommend alternatives that would result in fewer hours worked. In some cases, an hourly fee may be applied against a retainer (*e.g.*, a retainer payable monthly), in which case it is payable whether or not a financing closes. Alternatively, it may be contingent upon the successful completion of a financing, in which case there may be additional conflicts of interest, as described below.

Fee Contingent upon the Completion of a Financing or Other Transaction. Under a contingent fee form of compensation, payment of a Municipal Advisor's fee is dependent upon the successful completion of a financing or other transaction. Although this form of compensation may be customary for the Client, it presents a conflict because the Municipal Advisor may have an incentive to recommend unnecessary financings or financings that are disadvantageous to the Client. For example, when facts or circumstances arise that could cause the financing or other transaction to be delayed or fail to close, a Municipal Advisor may have an incentive to discourage a full consideration of such facts and circumstances, or to discourage consideration of alternatives that may result in the cancellation of the financing or other transaction.

Fee Paid under a Retainer Agreement. Under a retainer agreement, fees are paid to a Municipal Advisor periodically (*e.g.*, monthly) and are not contingent upon the completion of a financing or other transaction. Fees paid under a retainer agreement may be calculated on a fixed fee basis (*e.g.*, a fixed fee per month regardless of the number of hours worked) or an hourly basis (*e.g.*, a minimum monthly payment, with additional amounts payable if a certain number of hours worked is exceeded). A retainer agreement does not present the conflicts associated with a contingent fee arrangement (described above).

Fee Based upon Principal or Notional Amount and Term of Transaction. Under this form of compensation, the Municipal Advisor's fee is based upon a percentage of the principal amount of an issue of securities (*e.g.*, bonds) or, in the case of a derivative, the present value of or notional amount and term of the derivative. This form of compensation presents a conflict of interest because the Municipal Advisor may have an incentive to advise the Client to increase the size of the securities issue or modify the derivative for the purpose of increasing the Municipal Advisor's compensation.

OTHER MATERIAL CONFLICTS OF INTEREST

The MSRB requires Speer, as a Municipal Advisor, to provide written disclosure to the Client about material conflicts of interest, if any. As of the date of this Engagement Letter, Speer is unaware of any material conflicts of interest.