

# AGENDA

Water & Sanitation Committee  
218 N. Michigan Ave., Shelby, MI  
Wednesday, October 27, 2021  
Committee Meeting – 3:30 P.M.



## Agenda Topics:

1. Call to Order:
2. Roll Call:
3. Pledge of Allegiance:
4. Review minutes of the previous meeting:
  - a) April 22, 2021 meeting. **AR**
5. Additions to Agenda:
6. Public Participation (Public Participation Process is below):
7. Old Business:
8. New Business:
  - a) USDA Sewer Bond Refinance and Sewer Rate Study **AR**
9. Adjournment:

**R-Action Requested**  
**D-Discussion Item**

**VILLAGE OF SHELBY  
WATER AND SANITATION COMMITTEE MEETING  
April 22, 2021 at 4:00 P.M.  
COMMITTEE PROCEEDINGS**



**1. CALL TO ORDER:** The Water and Sanitation Committee Meeting of the Village of Shelby was called to order by Committee Chair Bill Harris at 4:03 P.M.

**2. ROLL CALL:**

Answering the roll call: Steve Crothers, Paul Inglis, and Bill Harris.

Staff present: Village Administrator Brady Selner and Village Clerk/Treasurer Crystal Budde.

**3. PLEDGE OF ALLEGIANCE:** All stood for the Pledge.

**4. MINUTES:**

a.) March 11, 2021

Steve Crothers moved to approve the minutes of the March 11, 2021 Water and Sanitation Committee meeting as corrected.

Seconded by: Paul Inglis.

Voice Vote: All in favor.

Motion Carried.

**5. CITIZEN PARTICIPATION:** No Citizen Participation.

**6. OLD BUSINESS:** No Old Business.

**7. NEW BUSINESS:**

a.) Connection Fee Schedule Amendment

The Shelby Council recently approved a water and sewer connection fee; however, this connection did not take into consideration commercial, industrial, or multi-family developments that could require 2" or greater connection into the Village's water/sewer system. The purpose of connection fees is to provide revenue to water/sewer funds to recover costs of the existing system capacity. All new customers' use of the existing water system infrastructure reduced the existing capacity and also lead to the need for construction of new water/sewer infrastructure. A common objective of connection fees is for growth to pay for growth.

Paul Inglis moved to recommend to the Shelby Village Council to amend the connection fees to include a step scale for water and sewer connection based on Michigan Rural Water Association Water Rate evaluation sheet. (See attached)

Seconded by: Steve Crothers.

Voice Vote: All in favor.

Motion Carried.

b.) MEDC WRI Grant Application

The Community Development Block Grant Water-Related Infrastructure (WRI) program is designed to assist local governments in making necessary improvements to existing public infrastructure systems. Eligible activities include upgrading existing public infrastructure systems either by replacing deteriorating or obsolete systems or by adding needed capacity to existing, but burdened systems. Don DeVries and VA Selner are recommending that the Village pursue this grant opportunity and seek funding for replacement of the Industrial Lift Station; the Harvey Lift Station; and, Well 2. The rough estimate for this project is \$750,000.00. The minimum match is 10% but the Village will receive more points if the match is 16% - 24% and even more points if the Village matched 25%. The cost for Fleis & VandenBrink to assist with the grant application would be \$1,000.00.

Paul Inglis moved to recommend to the Shelby Village Council to authorize the Village Administrator Brady Selner, and Don DeVries of Fleis & VandenBrink to submit the MEDC WRI Grant with the commitment of local a match of 25% if approved.

Seconded by: Steve Crothers.

Voice Vote: All in favor.

Motion Carried.

**8. ADJOURNMENT:** Steve Crothers moved to adjourn the meeting at 4:53 P.M.

Seconded by: Paul Inglis.

Voice Vote: All in favor.

Motion Carried.

Committee minutes are not official until approved at the next Committee meeting.

Approved

\_\_\_\_\_  
Minutes Respectfully Submitted by Crystal Budde, Village Clerk

\_\_\_\_\_  
Date



Water & Sanitation Committee  
Item Cover Page

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<b>Meeting Date:</b>	October 27, 2021
<b>Agenda Item:</b>	USDA Sewer Bond Refinance and Sewer Rate Study
<b>Budget Impact:</b>	Costs to be Included in Bond Refinance
<b>Staff Contact:</b>	Brady Selner, Village Administrator

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**Background:**

The Village's unrestricted sewer fund balance has been slowly decreasing over the last several years. Within the next two years there will likely be a negative fund balance if changes are not implemented. The USDA Sewer Bond Ordinance requiring a \$52,900 per year payment into the Sewer Repair, Replacement, and Improvement (RRI) Account is one of the primary reasons for the consistent reduction of unrestricted fund balance. In addition, sewer rates have not been increased to keep up with costs associated within the sewer fund.

The proposed solution is to refinance our current USDA Sewer Bond with a bond issued by Shelby State Bank as well as conducting a sewer rate study to determine the necessary sewer rate increase. There was a sewer rate study completed as part of the Village's SAW grant in December 2018, but the proposed sewer rate increase was never adopted by Village Council. Since that rate study, several circumstances have changed including discussion around refinancing the USDA Sewer Bond and the MEDC WRI grant award.

It is recommended that Village Council refinance the existing bond to a 15-year term. This would increase the yearly bond payment by approximately \$30,000 but would likely save the Village over \$800,000. A sewer rate increase would be necessary as the current financials would not support the increased bond payment. It should be noted, that regardless of the bond refinance, a sewer rate increase is needed. For this reason, a full rate study is warranted to make sure there is a plan for the future, but to get the debt component figured out, a simple discussion about rates for 2022/23 would be sufficient.

The Water & Sanitation Committee will need to determine the following:

1. The term of the bond refinance (15, 20, or 25 years)
2. Whether to conduct a formal rate study in conjunction with or after the bond refinance.

Included in your packets is an Engagement Letter for Baker Tilly to conduct a formal rate study. The cost would be \$10,000. In addition, there is an Engagement Letter for Baker Tilly to assist with a formal bond refinance. This process is an option but does not appear to be necessary because Shelby State Bank is willing to work with the Village to offer flexibility in the bond terms, offer a competitive rate, and sell revenue bonds. Andy Campbell will be at the meeting to provide additional information and to answer any questions the Committee might have.

**Supporting Documents:**

- Baker Tilly Municipal Advisors Engagement Letter (Rate Study)
- Dykema Gossett PLLC Engagement Letter (Rate Study)
- Bond Sale Option Summary
- Baker Tilly Municipal Advisors Engagement Letter (Bond Refinance)
- Estimated 2021 Sewer Revenue Refunding Bonds – 15 years
- Estimated 2021 Sewer Revenue Refunding Bonds – 20 years
- SAW Grant Asset Management Financial Plan
- Shelby State Bank 15 Year and 25 Year Payment Estimate
- Sewer Fund Financial Graph

**Motion \_\_\_\_\_ by seconded by \_\_\_\_\_ to recommend Village Council authorize Brady Selner, Village Administrator, to sign the Baker Tilly Municipal Advisors Engagement Letter to conduct a sewer rate study for \$10,000 which is to be rolled into the cost of the refinance.**

And / Or

**Motion \_\_\_\_\_ by seconded by \_\_\_\_\_ to recommend Village Council authorize Brady Selner, Village Administrator, to sign the Dykema Gossett PLLC Engagement Letter to serve as bond counsel for the Village of Shelby in connection with the issuance of sewer bonds for a cost not to exceed \$22,000, which is to be rolled into the cost of the refinance.**



MUNICIPAL ADVISORS

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bakertilly.com

September 16, 2021

Village of Shelby  
218 North Michigan Avenue  
Shelby, MI 49455

RE: Engagement Letter Agreement Related to Services – Sewer Rate Study

This letter agreement (the “Engagement Letter”) is to confirm our understanding of the basis upon which Baker Tilly Municipal Advisors, LLC (“Baker Tilly”) and its affiliates are being engaged by the Village of Shelby (the “Client”) to assist the Client with advisory services.

### **Scope, Objectives and Approach**

It is anticipated that projects undertaken in accordance with this Engagement Letter will be at the request of the Client. The scope of services, additional terms and associated fee for individual engagements will be contained in the Scope Appendix to this Engagement Letter. Authorization to provide services will commence upon execution and return of this Engagement Letter.

### **Management's Responsibilities**

It is understood that Baker Tilly will serve in an advisory capacity with the Client. The Client is responsible for management decisions and functions, and for designating an individual with suitable skill, knowledge or experience to oversee the services we provide. The Client is responsible for evaluating the adequacy and results of the services performed and accepting responsibility for decisions regarding implementation of the advice or recommendations included in such services. The Client is responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

The procedures we perform in our engagement will be heavily influenced by the representations that we receive from Client personnel. Accordingly, false representations could cause material errors to go undetected. The Client, therefore, agrees that Baker Tilly will have no liability in connection with claims based upon our failure to detect material errors resulting from false representations made to us by any Client personnel and our failure to provide an acceptable level of service due to those false representations unless the failure to detect such material errors is within the scope of the applicable engagement and/or Baker Tilly knew or should have known of such material error, subject to Baker Tilly’s applicable professional standard of care.

The ability to provide service according to timelines established and at fees indicated will rely in part on receiving timely responses from the Client.

The responsibility for auditing the records of the Client rests with the Client’s separately retained auditor and the work performed by Baker Tilly shall not include an audit or review of the records or the expression of an opinion on financial data.

## **Ownership of IP**

Unless otherwise stated the Scope Appendix, subject to Baker Tilly's rights in Baker Tilly's Knowledge (as defined below), Client shall own all intellectual property rights in the deliverables developed under the applicable Scope Appendix or Appendices ("Deliverables"). Notwithstanding the foregoing, Baker Tilly will maintain all ownership right, title and interest to all Baker Tilly's Knowledge. For purposes of this Agreement "Baker Tilly's Knowledge" means Baker Tilly's proprietary programs, modules, products, inventions, designs, data, or other information, including all copyright, patent, trademark and other intellectual property rights related thereto, that are (1) owned or developed by Bakery Tilly prior to the Effective Date of this Agreement or the applicable Scope Appendix or Appendices ("Baker Tilly's Preexisting Knowledge") (2) developed or obtained by Baker Tilly after the Effective Date, that are reusable from client to client and project to project, where Client has not paid for such development; and (3) extensions, enhancements, or modifications of Baker Tilly's Preexisting Knowledge which do not include or incorporate Client's confidential information. To the extent that any Baker Tilly Knowledge is incorporated into the Deliverables, Baker Tilly grants to Client a non-exclusive, paid up, perpetual royalty-free worldwide license to use such Baker Tilly Knowledge in connection with the Deliverables, and for no other purpose without the prior written consent of Baker Tilly. Additionally, Baker Tilly may maintain copies of its work papers for a period of time and for use in a manner sufficient to satisfy any applicable legal or regulatory requirements for records retention.

The supporting documentation for this engagement, including, but not limited to work papers, is the property of Baker Tilly and constitutes confidential information. We may have a responsibility to retain the documentation for a period of time sufficient to satisfy any applicable legal or regulatory requirements for records retention. If we are required by law, regulation or professional standards to make certain documentation available to required third parties, the Client hereby authorizes us to do so.

## **Timing and Fees**

Specific services will commence upon execution and return of this Engagement Letter and our professional fees will be based on the rates outlined in the Scope Appendix.

## **Dispute Resolution**

Except for disputes related to confidentiality or intellectual property rights, all disputes and controversies between the parties hereto of every kind and nature arising out of or in connection with this Engagement Letter or the applicable Scope Appendix or Appendices as to the existence, construction, validity, interpretation or meaning, performance, nonperformance, enforcement, operation, breach, continuation, or termination of this Agreement or the applicable Scope Appendix or Appendices as shall be resolved as set forth in this section using the following procedure: In the unlikely event that differences concerning the services or fees provided by Baker Tilly should arise that are not resolved by mutual agreement, both parties agree to attempt in good faith to settle the dispute by engaging in mediation administered by the American Arbitration Association under its mediation rules for professional accounting and related services disputes before resorting to litigation or any other dispute resolution procedure. Each party shall bear their own expenses from mediation and the fees and expenses of the mediator shall be shared equally by the parties. If the dispute is not resolved by mediation, then the parties may pursue any legal or equitable remedies available to them.

Because a breach of any the provisions of this Engagement Letter or the applicable Scope Appendix or Appendices as concerning confidentiality or intellectual property rights will irreparably harm the non-breaching party, Client and Baker Tilly agree that if a party breaches any of its obligations thereunder, the non-breaching party shall, without limiting its other rights or remedies, be entitled to seek equitable relief (including, but not limited to, injunctive relief) to enforce its rights thereunder, including without limitation protection of its proprietary rights. The parties agree that the parties need not invoke the mediation procedures set forth in this section in order to seek injunctive or declaratory relief.

## **Limitation on Damages**

To the extent allowed under applicable law, the aggregate liability (including attorney's fees and all other costs) of either party and its present or former partners, principals, agents or employees to the other party related to the services performed under an applicable Scope Appendix or Appendices shall not exceed (i) if Client is the at-fault-party, then the fees paid to Baker Tilly under the applicable Scope Appendix or Appendices to which the claim relates, or (ii) if Baker Tilly is the at-fault party, then a multiple of three times (3x) fees paid to Baker Tilly under the applicable Scope Appendix except to the extent finally determined to have resulted from the legally determined negligence, willful misconduct or fraudulent behavior of the at-fault party. Additionally, to the extent permitted by law, in no event shall either party be liable to the other for any lost profits, lost business opportunity, lost data, consequential, special, exemplary or punitive damages arising out of or related to this Engagement Letter or the applicable Scope Appendix or Appendices even if the other party has been advised of the possibility of such damages.

Each party recognizes and agrees that the warranty disclaimers and liability and remedy limitations in this Engagement Letter are material bargained for bases of this Engagement Letter and that they have been taken into account and reflected in determining the consideration to be given by each party under this Engagement Letter and in the decision by each party to enter into this Engagement Letter.

The terms of this section shall apply regardless of the nature of any claim asserted (including, but not limited to, contract, tort or any form of negligence, whether of you, Baker Tilly or others), but these terms shall not apply to the extent finally determined to be contrary to the applicable law or regulation. These terms shall also continue to apply after any termination of this Engagement Letter.

You accept and acknowledge that any legal proceedings arising from or in conjunction with the services provided under this Engagement Letter must be commenced within the applicable statute of limitations.

## **Other Matters**

In the event Baker Tilly is requested by the Client to produce its personnel as witnesses with respect to its Services rendered for the Client, so long as Baker Tilly is neither a party to the proceeding in which the information is sought nor Baker Tilly's Services are at issue, Client will reimburse Baker Tilly for its professional time and expenses, as well as the fees and legal expenses incurred in responding to such a request.

Neither this Engagement Letter, any claim, nor any rights or licenses granted hereunder may be assigned, delegated, or subcontracted by either party without the 'written consent of the other part. Either party may assign and transfer this Engagement Letter to any successor that acquires all or substantially all of the business or assets of such party by way of merger, consolidation, other business reorganization, or the sale of interest or assets, provided that the party notifies the other party in writing of such assignment and the successor agrees in writing to be bound by the terms and conditions of this Engagement Letter.

In the event that any provision of this Engagement Letter or statement of work contained in a Scope Appendix hereto is held by a court of competent jurisdiction to be unenforceable because it is invalid or in conflict with any law of any relevant jurisdiction, the validity of the remaining provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Engagement Letter or statement of work did not contain the particular provisions held to be unenforceable. The unenforceable provisions shall be replaced by mutually acceptable provisions which, being valid, legal and enforceable, come closest to the intention of the parties underlying the invalid or unenforceable provision. If the Services should become subject to the independence rules of the U.S. Securities and Exchange Commission with respect to Client, such that any provision of this Engagement Letter would impair Baker Tilly's independence under its rules, such provision(s) shall be of no effect.



**Termination**

Both the Client and the Baker Tilly have the right to terminate this Engagement Letter or any work being done under the Scope Appendix at any time after reasonable advance written notice. On termination, all fees and charges incurred prior to termination shall be paid promptly. Unless otherwise agreed to by the Client and Baker Tilly, the scope of services provided in a Scope Appendix will terminate 60 days after completion of the services in such Appendix.

**Important Disclosures**

Incorporated as Attachment A and part of this Engagement Letter are important disclosures. These include disclosures that apply generally and those that are applicable in the event Baker Tilly is engaged to provide municipal advisory services.

This Engagement Letter, including the attached Disclosures as updated from time to time, comprises the complete and exclusive statement of the agreement between the parties, superseding all proposals, oral or written, and all other communications between the parties. Both parties acknowledge that work performed pursuant to the Engagement Letter will be done through Scope Appendices executed and made a part of this document.

Any rights and duties of the parties that by their nature extend beyond the expiration or termination of this Engagement Letter shall survive the expiration or termination of this Engagement Letter or any statement of work contained in a Scope Appendix hereto.

If this Engagement Letter is in agreement with your understanding, please sign below and return one copy to us for our files. We look forward to working with you on this important project.

Sincerely,



Andy Campbell, CPA, Director

**Signature Section:**

The services and terms as set forth in this Engagement Letter are agreed to on behalf of the Client by:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **Attachment A Important Disclosures**

### Non-Exclusive Services

Client acknowledges and agrees that Baker Tilly, including but not limited to Baker Tilly US, LLP, Baker Tilly Municipal Advisors, LLC, Baker Tilly Capital, LLC, and Baker Tilly Investment Services, LLC, are free to render municipal advisory and other services to others and that Baker Tilly does not make its services available exclusively to the Client.

### Affiliated Entities

Baker Tilly US, LLP is an independent member of Baker Tilly International. Baker Tilly International Limited is an English company. Baker Tilly International provides no professional services to clients. Each member firm is a separate and independent legal entity and each describes itself as such. Baker Tilly US, LLP is not Baker Tilly International's agent and does not have the authority to bind Baker Tilly International or act on Baker Tilly International's behalf. None of Baker Tilly International, Baker Tilly US, LLP, nor any of the other member firms of Baker Tilly International has any liability for each other's acts or omissions. The name Baker Tilly and its associated logo is used under license from Baker Tilly International Limited.

Baker Tilly Investment Services, LLC ("BTIS"), a U.S. Securities and Exchange Commission ("SEC") registered investment adviser, may provide services to the Client in connection with the investment of proceeds from an issuance of securities. In such instances, services will be provided under a separate engagement, for an additional fee. Notwithstanding the foregoing, Baker Tilly may act as solicitor for and recommend the use of BTIS, but the Client shall be under no obligation to retain BTIS or to otherwise utilize BTIS relative to Client's investments. The fees paid with respect to investment services are typically based in part on the size of the issuance proceeds and Baker Tilly may have incentive to recommend larger financings than would be in the Client's best interest. Baker Tilly will manage and mitigate this potential conflict of interest by this disclosure of the affiliated entity's relationship, a Solicitation Disclosure Statement when Client retains BTIS's services and adherence to Baker Tilly's fiduciary duty and/or fair dealing obligations to the Client.

Baker Tilly Capital, LLC ("BTC") Baker Tilly Capital, LLC ("BTC") is a limited service broker-dealer specializing in merger and acquisition, capital sourcing, project finance and corporate finance advisory services. BTC does not participate in any municipal offerings advised on by its affiliate Baker Tilly Municipal Advisors. Any services provided to Client by BTC would be done so under a separate engagement for an additional fee.

Baker Tilly Municipal Advisors ("BTMA") is registered as a "municipal advisor" pursuant to Section 15B of the Securities Exchange Act and rules and regulations adopted by the SEC) and the Municipal Securities Rulemaking Board ("MSRB"). As such, BTMA may provide certain specific municipal advisory services to the Client. BTMA is neither a placement agent to the Client nor a broker/dealer. The offer and sale of any Bonds is made by the Client, in the sole discretion of the Client, and under its control and supervision. The Client acknowledges that BTMA does not undertake to sell or attempt to sell bonds or other debt obligations, and will not take part in the sale thereof.

Baker Tilly, may provide services to the Client in connection with human resources consulting, including, but not limited to, executive recruitment, talent management and community survey services. In such instances, services will be provided under a separate scope of work for an additional fee. Certain executives of the Client may have been hired after the services of Baker Tilly were utilized and may make decisions about whether to engage other services of Baker Tilly or its subsidiaries. Notwithstanding the foregoing, Baker Tilly may recommend the use of Baker Tilly or a subsidiary, but the Client shall be under no obligation to retain Baker Tilly or a subsidiary or to otherwise utilize either relative to the Client's activities.

## Conflict Disclosure Applicable to Municipal Advisory Services Provided by BTMA.

*Legal or Disciplinary Disclosure.* BTMA is required to disclose to the SEC information regarding criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation involving BTMA. Pursuant to MSRB Rule G-42, BTMA is required to disclose any legal or disciplinary event that is material to the Client's evaluation of BTMA or the integrity of its management or advisory personnel.

There are no criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations or civil litigation involving BTMA. Copies of BTMA filings with the SEC can currently be found by accessing the SEC's EDGAR system Company Search Page which is currently available at <https://www.sec.gov/edgar/searchedgar/companysearch.html> and searching for either Baker Tilly Municipal Advisors, LLC or for our CIK number which is 0001616995. The MSRB has made available on its website ([www.msrb.org](http://www.msrb.org)) a municipal advisory client brochure that describes the protections that may be provided by MSRB rules and how to file a complaint with the appropriate regulatory authority.

*Contingent Fee.* The fees to be paid by the Client to BTMA are or may be based on the size of the transaction and partially contingent on the successful closing of the transaction. Although this form of compensation may be customary in the municipal securities market, it presents a conflict because BTMA may have an incentive to recommend unnecessary financings, larger financings or financings that are disadvantageous to the Client. For example, when facts or circumstances arise that could cause a financing or other transaction to be delayed or fail to close, BTMA 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.

*Hourly Fee Arrangements.* Under an hourly fee form of compensation, BTMA will be paid an amount equal to the number of hours worked multiplied by an agreed upon billing rate. This form of compensation presents a potential conflict of interest if BTMA and the Client do not agree on a maximum fee under the applicable Appendix to this Engagement Letter because BTMA will not have a financial incentive to recommend alternatives that would result in fewer hours worked. In addition, hourly fees are typically payable by the Client whether or not the financing transaction closes.

*Fixed Fee Arrangements.* The fees to be paid by the Client to BTMA may be in a fixed amount established at the outset of the service. The amount is usually based upon an analysis by Client and BTMA of, among other things, the expected duration and complexity of the transaction and the work documented in the Scope Appendix to be performed by Baker Tilly. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, Baker Tilly may suffer a loss. Thus, Baker Tilly may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives.

BTMA manages and mitigates conflicts related to fees and/or other services provided primarily through clarity in the fee to be charged and scope of work to be undertaken and by adherence to MSRB Rules including, but not limited to, the fiduciary duty which it owes to the Client requiring BMTA to put the interests of the Client ahead of its own and BTMA's duty to deal fairly with all persons in its municipal advisory activities.

To the extent any additional material conflicts of interest have been identified specific to a scope of work the conflict will be identified in the respective Scope Appendix. Material conflicts of interest that arise after the date of a Scope Appendix will be provide to the Client in writing at that time.

## Scope Appendix

At option of the Village, the Firm is providing the outline below describing the scope of service for a Sewer Rate Study. The fee for this service will be \$10,000.

### *Historical and Current Financials*

Historical operating expenses are reviewed using audit and budget information.

- Three years audits and budgets.
- Current and proposed (if available) budget.

A “Test Year” is developed that reflects a baseline operating cost.

- Based on current budget with leveling for base operating cost.
- Determination of anticipated changes to operating cost.
- Inflation factors by budget line item.

### *Customer Base*

The customer base is reviewed, including the number of billable customers and volumetric sales.

- The accuracy of this data is verified by applying it to the current rate structure and compared to current audit and budget revenue.
- Other operating and non-operating revenues evaluated.

### *Forecasting*

Assumptions are made regarding the customer base through the forecasted period.

- Prediction of customer and volume counts (may include more than one scenario).
- Trending in system utilization, particularly for industry.

Projection of operating cost.

- Anticipated inflation by expense category.
- Determination of any additions or reductions based on changing operations.

Compilation of existing debt.

- Existing annual debt service by debt issue.
- Debt is separated by revenue support, in particular, debt that is paid from rates.
- Refinancing and/or restructuring possibilities are explored.

### *Operating and Capital Funding*

Capital improvement planning will identify the estimated asset investment cost by year for a selected forecast period of time.

- The annual investment cost is evaluated, and scenarios developed for cash funding and debt financing.
- Funding asset investment from cash balances is weighed against potential efficiency of grouping certain cost together for purposes of debt financing.
- Financing options are considered including State and Federal agency funding sources as well as open market bonds. Open market options will be affected by the size of the borrowing as well as other aspects such as credit and security.

The projected cash flow is solved to a cash and investment balance.

- Actual cash and investments are analyzed including restricted assets.
- A cash balance policy is developed that identifies a targeted upper limit as well as a minimum balance as appropriate for the particular system. These balances encompass legal commitments and good business practices.
- The policy includes flexibility for temporary reductions below the minimum balance based on a plan to attain the level within a given period.
- Separate capital improvement funds are considered. If utilized, policy is developed as to whether they are to be restricted, and if so, whether by resolution or ordinance.

Rate management may be accomplished with more than one approach as to rate structuring and rate adjustment timing.

- The elements of a rate structure, including the proportion of revenue generated from ready to serve and commodity charge are determined by policy decision, and other customer base characteristics.
- Rate adjustment over time may be incremental or one time in nature.



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September 20, 2021

Village of Shelby  
Attention: Brady Selner  
218 North Michigan Avenue  
Shelby, Michigan 49455

Re: Engagement Letter to serve as Bond Counsel to the Village  
for the Refinancing of the Sewer System Bonds sold to the U.S.D.A.

Ladies and Gentlemen:

We are pleased to confirm the retention of Dykema Gossett PLLC (“we” or the “Firm”) as bond counsel to the Village of Shelby in connection with the proposed bonds that would be used to refinance the sewage system bonds that were sold to the United States Department of Agriculture, Rural Development Division, in 2007 (the “Matter”). We understand that the existing bonds mature in 2047 and the outstanding principal balance is approximately \$2,500,000. This letter and the enclosed Standard Terms of Representation describe the basis on which our Firm will provide bond counsel services to the Village. The Village Administrator will be our principal client contact for this Matter. If you have questions concerning any of the information provided in this letter, please do not hesitate to call us.

**Client.** For purposes of this engagement, and for present and future conflicts of interest purposes, our client is the Village of Shelby and not any of its officers, trustees, directors, managers, employees, or agents, unless we otherwise agree in writing and/or in a separate engagement letter. Accordingly, representation of the Village in this Matter will not give rise to any conflict of interest in the event other clients of the Firm are adverse to any of such other entities or persons affiliated with the Village.

**Scope of Engagement.** We have agreed that our engagement is limited to performing services related to the Matter only, unless we agree in writing that it shall also apply for other existing or future matters.



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**Fees; Costs; Payment.** Jim Kiefer and Jarrod Smith will have primary responsibility for this Matter. They will utilize the assistance of other lawyers or paralegals in our Firm from time to time as the need arises. On bonding projects we normally bill for our services on a fixed fee basis, and the fee is payable at the time of the closing of the bond issue and is one of the costs of issuance paid with the bond proceeds. In the event that we complete substantial work on the project but bonds are not issued for the project, we would bill for our time at our standard hourly rates, but not in excess of the fixed fee set forth below. In addition to our legal fees, we also expect to be reimbursed for our out of pocket expenses, including telecommunication charges, copy charges, overnight delivery charges and mileage, but such expenses would not exceed \$300.

For our bond counsel services for the proposed sewer system refunding bonds, our services and our fees would be as follows:

Serve as bond counsel to the Village in connection with the issuance of the bonds, including preparing the Notice of Intent to Issue Bonds, if applicable, drafting the bond authorizing resolution, drafting the other required resolutions and notices, preparing the bonds, preparing the tax analysis for the transaction, including the non-arbitrage certificate, the Form 8038-G, and the related legal research, as well as delivering our opinion concerning the validity and tax status of the bonds:

Bond Counsel Fees: \$17,000 to \$22,000\*

**Standard Terms of Representation.** Additional information regarding our engagement appear in the enclosed Standard Terms of Representation, which are incorporated as part of this letter and which you should review carefully before agreeing to our engagement.

Please indicate your acceptance of the terms of this letter and the Standard Terms of Representation by signing and returning a copy of this letter to us. If you do not sign and return this letter, but use our services, such use shall be considered your acceptance of this engagement letter and the enclosed Standard Terms of Representation.

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\* We have provided a range for our bond counsel fees because the final structure of the bond issue has not yet been determined. If the bonds are sold to a local bank, and no disclosure document describing the Village is prepared, then our fees will be at the low end of this range. Alternatively, if there is a public sale of the bonds, which involves the preparation of an Official Notice of Sale, the preparation of a disclosure document, and entering into a Continuing Disclosure Agreement, then our fees will be at the high end of this range.

# DyKEMA

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We are delighted that you have chosen to refer this Matter to us, and we look forward to working with you.

Sincerely,

**DYKEMA GOSSETT** PLLC



James P. Kiefer



Jarrod T. Smith

Agreed to and Accepted:  
Village of Shelby

By: \_\_\_\_\_

Date: \_\_\_\_\_

4835-1408-3067.1



## **Dykema Gossett, PLLC**

### **Standard Terms of Representation**

The following standard terms and conditions of engagement are incorporated in and made a part of the engagement letter for each “Matter” for which Dykema Gossett PLLC (“Dykema” or “Firm”) is engaged to represent the “Client,” as those terms are defined in the engagement letter.

**Responsibility for Payment.** The Client is responsible for payment of our fees.

**Confidentiality.** We do not disclose nonpublic information about our clients or former clients to anyone, except as permitted by law and the applicable rules of professional conduct. We will preserve the confidentiality of any confidential information that the Client provides to us in the course of our representing it and will not disclose or use any such information for the benefit of any other client. Conversely, we will not disclose to the Client or use on its behalf any information with respect to which we owe a duty of confidentiality to another client or person.

**Advice about Possible Outcomes.** Either at the commencement or during the course of our representation, we may express opinions or beliefs concerning the Matter or various courses of action and the results that might be anticipated. Any such statement made by any lawyer of our Firm is intended to be an expression of opinion only, based on information available to us at the time, and does not constitute a promise or guarantee.

**Client Responsibilities.** The individual identified in the engagement letter will be our Client contact for this Matter. Client agrees to cooperate fully with us and to provide promptly all information known or available to Client that is relevant to our representation. Client also agrees to pay our statements for services and expenses as provided in the engagement letter and in these standard terms. We will keep Client informed of significant developments on all assignments through routinely providing the Client contact with copies of incoming and outgoing documents, as well as through having periodic discussions, and we will consult with the Client contact in advance of taking any major actions.

**Consent to Future Conflicts.** The Firm represents a broad base of clients on a variety of legal matters. Accordingly, absent an effective conflicts waiver, conflicts of interest may arise that could adversely

affect the Client’s ability and the ability of other clients of the Firm to choose the Firm as its counsel and preclude the Firm from representing the Client or other clients of our Firm in pending or future matters. Given that possibility, we wish to be fair not only to the Client, but to our other clients as well. Accordingly, this letter will confirm our mutual agreement that from time to time the Firm may represent clients in matters in which such clients’ interests may be adverse to the Client or its affiliates. We ask that the Client, by countersigning the engagement letter, waive any conflict that may arise in our representation of other clients in such matters and agree not to seek to disqualify us from such representation, provided that such matters are not substantially related to any matter in which we represent the Client or on a matter in which the Client has provided us with confidential information material to the matter.

**Retention and Disposition of Documents.** Following termination of our engagement, any otherwise non-public information that the Client has supplied to us with respect to such Matter and which is retained by us will be kept confidential in accordance with applicable rules of professional conduct. Upon the Client’s written request, the Client’s papers and property will be returned to the Client promptly upon receipt of payment for all outstanding fees and expenses, unless otherwise required by applicable rules of professional conduct. Our own files pertaining to the Matter will be retained by the Firm in accordance with our normal policies. These include, for example, Firm administrative records (such as time and expenses reports, personnel and staffing materials, and credit and accounting records) as well as internal lawyers’ work product (such as drafts, agreements, notes, internal memoranda and e-mail, legal and factual research and investigative reports). All records and files will be retained and disposed of in compliance with our policy in effect from time to time without further notice to the Client. Subject to future changes, it is our current policy generally not to retain records relating to a Matter for more than five years.

**Termination.** Our representation of the Client in this Matter may be terminated by either of us at any time by written notice by or to the Client. Such written notice may be (a) the Client’s notification to us of the Client’s termination of our representation, (b) our

confirmation to the Client of the completion of our representation, or (c) our notification to the Client of our withdrawal. Our representation also will end, regardless of whether or when written notice was sent by or to the Client, as of the date of our final statement for services rendered in connection with the Matter. If our services are terminated for any reason, such termination shall be effective only to terminate our services prospectively and all the terms of the engagement letter and these standard terms shall survive such termination.

We reserve the right to withdraw from our representation as permitted by applicable rules of professional conduct. In the event that we terminate the engagement, we will be entitled to be paid for all services rendered and costs or expenses incurred on behalf of the Client through the date of withdrawal. If permission for withdrawal is required by a court or arbitration panel, we will promptly request such permission and the Client agrees not to oppose our request.

**Post-Engagement Matters.** Upon cessation of our active involvement in a particular Matter (even if we continue active involvement in other matters on the Client's behalf), we will have no further duty to inform the Client of future developments or changes in law as may be relevant to such Matter. Further, unless the Client and Dykema mutually agree in writing to the contrary, we will have no obligation to monitor renewal or notice dates or similar deadlines which may arise from the Matter for which we had been retained.

**External Electronic Communication Authorization.** The Firm may send documents or other information that is covered by the attorney-client or work product privileges using external electronic communication ("EC") (via the internet or other network). The Client understands that EC is not an absolutely secure method of communication. The Client's execution of the engagement letter will serve to acknowledge and accept the risk and authorize the Firm to use EC means to communicate with the Client or others necessary to effectively represent the Client. If there are certain documents with respect to which the Client wishes to maintain absolute confidentiality, the Client must advise the Firm in writing not to send them via EC and the Firm will comply with the Client's request

**Consent to Use of Information.** In connection with future materials that, for marketing purposes, describes facets of our law practice and recite examples of matters we handle on behalf of clients,

the Client agrees that, if those materials avoid disclosing the Client's confidences and secrets as defined by applicable ethical rules, they may identify the Client as a client, may contain factual synopses of the Client's matters, and may indicate generally the results achieved, unless otherwise agreed to.

**Entire Agreement.** The engagement letter and these standard terms constitute the entire understanding and agreement between the Client and the Firm regarding the terms of our engagement in this Matter and supersedes any prior understandings and agreements, written or oral, and any subsequent billing requirements, or letters submitted to us by the Client. If any provision of the engagement letter or these standard terms is held by a court or arbitration panel to be invalid, void, or unenforceable, the remainder of the provisions shall remain in full force and effect. The engagement letter and these standard terms may be amended only by means of a subsequent, written agreement between the Client and the Firm.



MUNICIPAL  
ADVISORS

Baker Tilly Municipal Advisors, LLC  
2852 Eyde Pkwy, Suite 150  
East Lansing, MI 48823  
(517) 321-0110  
bakertilly.com

## **DISCUSSION OF POSSIBLE BOND SALE ALTERNATIVES**

Baker Tilly Municipal Advisors, LLC is an independent financial advisory firm that is registered with the SEC as a Municipal Advisor. We assist municipalities and school districts plan for and finance improvement projects. Baker Tilly is not affiliated with any bond purchasing entity and works strictly for the municipality. Below is a summary of possible bond sale options that municipalities can consider. This information is for discussion purposes only.

### **Competitive Sale**

A competitive sale is a method in which the issuer completes an official statement and obtains a bond rating for issues over \$1 million. An official statement and rating are not required if the issue is less than \$1 million. The bonds are then marketed nationwide up to the bond sale date. On the bond sale date, purchasers submit bids and the bonds are awarded to the purchaser who provides the lowest True Interest Cost ("TIC") (State Law requirement). This method may be advantageous for issuers who are completing typical municipal bond transactions (e.g. General Obligation or Utility Revenue Bonds).

#### **Strengths:**

- All potential investors are able to purchase the bonds due to the completion of an official statement.
- Issuer provides all potential purchasers the opportunity to bid on the bonds through the competitive process.
- Issuer receives lowest interest rates for that date by receiving multiple bids.

#### **Weaknesses:**

- Lower bond sale timing flexibility. Bids are only evaluated on the bond sale date.

## **Negotiated Sale**

A negotiated sale is similar to a competitive sale. The main difference being that the issuer selects the underwriter(s) or bond purchaser(s) and negotiates the interest rates with that/those purchaser(s) only. The bond sale date is flexible and can be adjusted as market conditions allow. This method is advantageous for issuers looking to obtain market flexibility or have a “story bond” such that the credit or circumstances need explaining.

### **Strengths:**

- Marketing flexibility due to being able to move the bond pricing date.
- Allows for greater financial planning due to being able to receive estimated interest rates ahead of the bond sale.

### **Weaknesses:**

- No competition or multiple bids received for the bonds.

## **Request for Proposals (“RFP”)**

This is a method of sale where the issuer prepares a bond RFP to be provided to banks or other large bond purchasing entities, but not typically underwriting firms. An official statement is not prepared and a bond rating is not obtained. This process may involve an underwriting firm to act as placement agent. The issuer receives bids on the bond sale date. Upon completion of the bond sale, the bond purchaser must sign a sophisticated investor letter stating that they understand what they are purchasing and that an official statement or other disclosure document is not required, and that they will not re-sell the bonds in the open market. The method of sale is effective for issuers looking to secure quicker, lower cost financing. It is also effective where the bond issue length is relatively short (typically 15 years or less).

### **Strengths:**

- Bond sale process is shorter.
- Lower bond issuance costs. Bond rating, official statement printing and underwriting are not required.
- Competitive process due to accepting multiple bids.

### **Weaknesses:**

- Not effective for long-term financing.
- Number of potential bidders is reduced due to not preparing an official statement.

## **Placement**

This method of bond sale follows the same process as an RFP. The main difference being that the issuer selects one bond purchaser and negotiates the interest rates with that purchaser only. No official statement is prepared and a bond rating is not obtained. This process will typically involve an underwriting firm to act as placement agent. The bond sale date is flexible and can be adjusted as market conditions allow. The attributes of this method of sale are the same as an RFP, but the competitive process is eliminated. Upon completion of the bond sale, the bond purchaser must sign a sophisticated investor letter stating that they understand what they are purchasing and that an official statement or other disclosure document is not required, and that they will not re-sell the bonds in the open market.

### **Strengths:**

- Bond sale process is shorter.
- Lower bond issuance costs. Bond rating, official statement printing and underwriting are not required.
- High market flexibility. Bond sale date can be easily adjusted.

### **Weaknesses:**

- Not effective for long-term financing.
- Number of potential purchasers is reduced due to not preparing an official statement.
- Competitive process eliminated.

## **QUESTIONS OR FURTHER INFORMATION**

Tom Traciak, Director  
tom.traciak@bakertilly.com

Andy Campbell, CPA, Director  
andy.campbell@bakertilly.com

Baker Tilly Municipal Advisors, LLC  
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MUNICIPAL ADVISORS

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T: +1 (517) 321 0110  
bakertilly.com

September 3, 2021

Village of Shelby  
218 North Michigan Avenue  
Shelby, MI 49455

RE: Engagement Letter Agreement Related to Services – 2021 Sewer Revenue Refunding Bonds

This letter agreement (the “Engagement Letter”) is to confirm our understanding of the basis upon which Baker Tilly Municipal Advisors, LLC (“Baker Tilly”) and its affiliates are being engaged by the Village of Shelby (the “Client”) to assist the Client with advisory services.

### **Scope, Objectives and Approach**

It is anticipated that projects undertaken in accordance with this Engagement Letter will be at the request of the Client. The scope of services, additional terms and associated fee for individual engagements will be contained in the Scope Appendix to this Engagement Letter. Authorization to provide services will commence upon execution and return of this Engagement Letter.

### **Management's Responsibilities**

It is understood that Baker Tilly will serve in an advisory capacity with the Client. The Client is responsible for management decisions and functions, and for designating an individual with suitable skill, knowledge or experience to oversee the services we provide. The Client is responsible for evaluating the adequacy and results of the services performed and accepting responsibility for decisions regarding implementation of the advice or recommendations included in such services. The Client is responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

The procedures we perform in our engagement will be heavily influenced by the representations that we receive from Client personnel. Accordingly, false representations could cause material errors to go undetected. The Client, therefore, agrees that Baker Tilly will have no liability in connection with claims based upon our failure to detect material errors resulting from false representations made to us by any Client personnel and our failure to provide an acceptable level of service due to those false representations unless the failure to detect such material errors is within the scope of the applicable engagement and/or Baker Tilly knew or should have known of such material error, subject to Baker Tilly’s applicable professional standard of care.

The ability to provide service according to timelines established and at fees indicated will rely in part on receiving timely responses from the Client.

The responsibility for auditing the records of the Client rests with the Client’s separately retained auditor and the work performed by Baker Tilly shall not include an audit or review of the records or the expression of an opinion on financial data.

## **Ownership of IP**

Unless otherwise stated the Scope Appendix, subject to Baker Tilly's rights in Baker Tilly's Knowledge (as defined below), Client shall own all intellectual property rights in the deliverables developed under the applicable Scope Appendix or Appendices ("Deliverables"). Notwithstanding the foregoing, Baker Tilly will maintain all ownership right, title and interest to all Baker Tilly's Knowledge. For purposes of this Agreement "Baker Tilly's Knowledge" means Baker Tilly's proprietary programs, modules, products, inventions, designs, data, or other information, including all copyright, patent, trademark and other intellectual property rights related thereto, that are (1) owned or developed by Bakery Tilly prior to the Effective Date of this Agreement or the applicable Scope Appendix or Appendices ("Baker Tilly's Preexisting Knowledge") (2) developed or obtained by Baker Tilly after the Effective Date, that are reusable from client to client and project to project, where Client has not paid for such development; and (3) extensions, enhancements, or modifications of Baker Tilly's Preexisting Knowledge which do not include or incorporate Client's confidential information. To the extent that any Baker Tilly Knowledge is incorporated into the Deliverables, Baker Tilly grants to Client a non-exclusive, paid up, perpetual royalty-free worldwide license to use such Baker Tilly Knowledge in connection with the Deliverables, and for no other purpose without the prior written consent of Baker Tilly. Additionally, Baker Tilly may maintain copies of its work papers for a period of time and for use in a manner sufficient to satisfy any applicable legal or regulatory requirements for records retention.

The supporting documentation for this engagement, including, but not limited to work papers, is the property of Baker Tilly and constitutes confidential information. We may have a responsibility to retain the documentation for a period of time sufficient to satisfy any applicable legal or regulatory requirements for records retention. If we are required by law, regulation or professional standards to make certain documentation available to required third parties, the Client hereby authorizes us to do so.

## **Timing and Fees**

Specific services will commence upon execution and return of this Engagement Letter and our professional fees will be based on the rates outlined in the Scope Appendix.

## **Dispute Resolution**

Except for disputes related to confidentiality or intellectual property rights, all disputes and controversies between the parties hereto of every kind and nature arising out of or in connection with this Engagement Letter or the applicable Scope Appendix or Appendices as to the existence, construction, validity, interpretation or meaning, performance, nonperformance, enforcement, operation, breach, continuation, or termination of this Agreement or the applicable Scope Appendix or Appendices as shall be resolved as set forth in this section using the following procedure: In the unlikely event that differences concerning the services or fees provided by Baker Tilly should arise that are not resolved by mutual agreement, both parties agree to attempt in good faith to settle the dispute by engaging in mediation administered by the American Arbitration Association under its mediation rules for professional accounting and related services disputes before resorting to litigation or any other dispute resolution procedure. Each party shall bear their own expenses from mediation and the fees and expenses of the mediator shall be shared equally by the parties. If the dispute is not resolved by mediation, then the parties may pursue any legal or equitable remedies available to them.

Because a breach of any the provisions of this Engagement Letter or the applicable Scope Appendix or Appendices as concerning confidentiality or intellectual property rights will irreparably harm the non-breaching party, Client and Baker Tilly agree that if a party breaches any of its obligations thereunder, the non-breaching party shall, without limiting its other rights or remedies, be entitled to seek equitable relief (including, but not limited to, injunctive relief) to enforce its rights thereunder, including without limitation protection of its proprietary rights. The parties agree that the parties need not invoke the mediation procedures set forth in this section in order to seek injunctive or declaratory relief.

## **Limitation on Damages**

To the extent allowed under applicable law, the aggregate liability (including attorney's fees and all other costs) of either party and its present or former partners, principals, agents or employees to the other party related to the services performed under an applicable Scope Appendix or Appendices shall not exceed (i) if Client is the at-fault-party, then the fees paid to Baker Tilly under the applicable Scope Appendix or Appendices to which the claim relates, or (ii) if Baker Tilly is the at-fault party, then a multiple of three times (3x) fees paid to Baker Tilly under the applicable Scope Appendix except to the extent finally determined to have resulted from the legally determined negligence, willful misconduct or fraudulent behavior of the at-fault party. Additionally, to the extent permitted by law, in no event shall either party be liable to the other for any lost profits, lost business opportunity, lost data, consequential, special, exemplary or punitive damages arising out of or related to this Engagement Letter or the applicable Scope Appendix or Appendices even if the other party has been advised of the possibility of such damages.

Each party recognizes and agrees that the warranty disclaimers and liability and remedy limitations in this Engagement Letter are material bargained for bases of this Engagement Letter and that they have been taken into account and reflected in determining the consideration to be given by each party under this Engagement Letter and in the decision by each party to enter into this Engagement Letter.

The terms of this section shall apply regardless of the nature of any claim asserted (including, but not limited to, contract, tort or any form of negligence, whether of you, Baker Tilly or others), but these terms shall not apply to the extent finally determined to be contrary to the applicable law or regulation. These terms shall also continue to apply after any termination of this Engagement Letter.

You accept and acknowledge that any legal proceedings arising from or in conjunction with the services provided under this Engagement Letter must be commenced within the applicable statute of limitations.

## **Other Matters**

In the event Baker Tilly is requested by the Client to produce its personnel as witnesses with respect to its Services rendered for the Client, so long as Baker Tilly is neither a party to the proceeding in which the information is sought nor Baker Tilly's Services are at issue, Client will reimburse Baker Tilly for its professional time and expenses, as well as the fees and legal expenses incurred in responding to such a request.

Neither this Engagement Letter, any claim, nor any rights or licenses granted hereunder may be assigned, delegated, or subcontracted by either party without the written consent of the other part. Either party may assign and transfer this Engagement Letter to any successor that acquires all or substantially all of the business or assets of such party by way of merger, consolidation, other business reorganization, or the sale of interest or assets, provided that the party notifies the other party in writing of such assignment and the successor agrees in writing to be bound by the terms and conditions of this Engagement Letter.

In the event that any provision of this Engagement Letter or statement of work contained in a Scope Appendix hereto is held by a court of competent jurisdiction to be unenforceable because it is invalid or in conflict with any law of any relevant jurisdiction, the validity of the remaining provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Engagement Letter or statement of work did not contain the particular provisions held to be unenforceable. The unenforceable provisions shall be replaced by mutually acceptable provisions which, being valid, legal and enforceable, come closest to the intention of the parties underlying the invalid or unenforceable provision. If the Services should become subject to the independence rules of the U.S. Securities and Exchange Commission with respect to Client, such that any provision of this Engagement Letter would impair Baker Tilly's independence under its rules, such provision(s) shall be of no effect.



**Termination**

Both the Client and the Baker Tilly have the right to terminate this Engagement Letter or any work being done under the Scope Appendix at any time after reasonable advance written notice. On termination, all fees and charges incurred prior to termination shall be paid promptly. Unless otherwise agreed to by the Client and Baker Tilly, the scope of services provided in a Scope Appendix will terminate 60 days after completion of the services in such Appendix.

**Important Disclosures**

Incorporated as Attachment A and part of this Engagement Letter are important disclosures. These include disclosures that apply generally and those that are applicable in the event Baker Tilly is engaged to provide municipal advisory services.

This Engagement Letter, including the attached Disclosures as updated from time to time, comprises the complete and exclusive statement of the agreement between the parties, superseding all proposals, oral or written, and all other communications between the parties. Both parties acknowledge that work performed pursuant to the Engagement Letter will be done through Scope Appendices executed and made a part of this document.

Any rights and duties of the parties that by their nature extend beyond the expiration or termination of this Engagement Letter shall survive the expiration or termination of this Engagement Letter or any statement of work contained in a Scope Appendix hereto.

If this Engagement Letter is in agreement with your understanding, please sign below and return one copy to us for our files. We look forward to working with you on this important project.

Sincerely,



Andy Campbell, CPA, Director

**Signature Section:**

The services and terms as set forth in this Engagement Letter are agreed to on behalf of the Client by:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **Attachment A Important Disclosures**

### Non-Exclusive Services

Client acknowledges and agrees that Baker Tilly, including but not limited to Baker Tilly US, LLP, Baker Tilly Municipal Advisors, LLC, Baker Tilly Capital, LLC, and Baker Tilly Investment Services, LLC, are free to render municipal advisory and other services to others and that Baker Tilly does not make its services available exclusively to the Client.

### Affiliated Entities

Baker Tilly US, LLP is an independent member of Baker Tilly International. Baker Tilly International Limited is an English company. Baker Tilly International provides no professional services to clients. Each member firm is a separate and independent legal entity and each describes itself as such. Baker Tilly US, LLP is not Baker Tilly International's agent and does not have the authority to bind Baker Tilly International or act on Baker Tilly International's behalf. None of Baker Tilly International, Baker Tilly US, LLP, nor any of the other member firms of Baker Tilly International has any liability for each other's acts or omissions. The name Baker Tilly and its associated logo is used under license from Baker Tilly International Limited.

Baker Tilly Investment Services, LLC ("BTIS"), a U.S. Securities and Exchange Commission ("SEC") registered investment adviser, may provide services to the Client in connection with the investment of proceeds from an issuance of securities. In such instances, services will be provided under a separate engagement, for an additional fee. Notwithstanding the foregoing, Baker Tilly may act as solicitor for and recommend the use of BTIS, but the Client shall be under no obligation to retain BTIS or to otherwise utilize BTIS relative to Client's investments. The fees paid with respect to investment services are typically based in part on the size of the issuance proceeds and Baker Tilly may have incentive to recommend larger financings than would be in the Client's best interest. Baker Tilly will manage and mitigate this potential conflict of interest by this disclosure of the affiliated entity's relationship, a Solicitation Disclosure Statement when Client retains BTIS's services and adherence to Baker Tilly's fiduciary duty and/or fair dealing obligations to the Client.

Baker Tilly Capital, LLC ("BTC") Baker Tilly Capital, LLC ("BTC") is a limited service broker-dealer specializing in merger and acquisition, capital sourcing, project finance and corporate finance advisory services. BTC does not participate in any municipal offerings advised on by its affiliate Baker Tilly Municipal Advisors. Any services provided to Client by BTC would be done so under a separate engagement for an additional fee.

Baker Tilly Municipal Advisors ("BTMA") is registered as a "municipal advisor" pursuant to Section 15B of the Securities Exchange Act and rules and regulations adopted by the SEC) and the Municipal Securities Rulemaking Board ("MSRB"). As such, BTMA may provide certain specific municipal advisory services to the Client. BTMA is neither a placement agent to the Client nor a broker/dealer. The offer and sale of any Bonds is made by the Client, in the sole discretion of the Client, and under its control and supervision. The Client acknowledges that BTMA does not undertake to sell or attempt to sell bonds or other debt obligations, and will not take part in the sale thereof.

Baker Tilly, may provide services to the Client in connection with human resources consulting, including, but not limited to, executive recruitment, talent management and community survey services. In such instances, services will be provided under a separate scope of work for an additional fee. Certain executives of the Client may have been hired after the services of Baker Tilly were utilized and may make decisions about whether to engage other services of Baker Tilly or its subsidiaries. Notwithstanding the foregoing, Baker Tilly may recommend the use of Baker Tilly or a subsidiary, but the Client shall be under no obligation to retain Baker Tilly or a subsidiary or to otherwise utilize either relative to the Client's activities.

## Conflict Disclosure Applicable to Municipal Advisory Services Provided by BTMA.

*Legal or Disciplinary Disclosure.* BTMA is required to disclose to the SEC information regarding criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation involving BTMA. Pursuant to MSRB Rule G-42, BTMA is required to disclose any legal or disciplinary event that is material to the Client's evaluation of BTMA or the integrity of its management or advisory personnel.

There are no criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations or civil litigation involving BTMA. Copies of BTMA filings with the SEC can currently be found by accessing the SEC's EDGAR system Company Search Page which is currently available at <https://www.sec.gov/edgar/searchedgar/companysearch.html> and searching for either Baker Tilly Municipal Advisors, LLC or for our CIK number which is 0001616995. The MSRB has made available on its website ([www.msrb.org](http://www.msrb.org)) a municipal advisory client brochure that describes the protections that may be provided by MSRB rules and how to file a complaint with the appropriate regulatory authority.

*Contingent Fee.* The fees to be paid by the Client to BTMA are or may be based on the size of the transaction and partially contingent on the successful closing of the transaction. Although this form of compensation may be customary in the municipal securities market, it presents a conflict because BTMA may have an incentive to recommend unnecessary financings, larger financings or financings that are disadvantageous to the Client. For example, when facts or circumstances arise that could cause a financing or other transaction to be delayed or fail to close, BTMA 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.

*Hourly Fee Arrangements.* Under an hourly fee form of compensation, BTMA will be paid an amount equal to the number of hours worked multiplied by an agreed upon billing rate. This form of compensation presents a potential conflict of interest if BTMA and the Client do not agree on a maximum fee under the applicable Appendix to this Engagement Letter because BTMA will not have a financial incentive to recommend alternatives that would result in fewer hours worked. In addition, hourly fees are typically payable by the Client whether or not the financing transaction closes.

*Fixed Fee Arrangements.* The fees to be paid by the Client to BTMA may be in a fixed amount established at the outset of the service. The amount is usually based upon an analysis by Client and BTMA of, among other things, the expected duration and complexity of the transaction and the work documented in the Scope Appendix to be performed by Baker Tilly. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, Baker Tilly may suffer a loss. Thus, Baker Tilly may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives.

BTMA manages and mitigates conflicts related to fees and/or other services provided primarily through clarity in the fee to be charged and scope of work to be undertaken and by adherence to MSRB Rules including, but not limited to, the fiduciary duty which it owes to the Client requiring BMTA to put the interests of the Client ahead of its own and BTMA's duty to deal fairly with all persons in its municipal advisory activities.

To the extent any additional material conflicts of interest have been identified specific to a scope of work the conflict will be identified in the respective Scope Appendix. Material conflicts of interest that arise after the date of a Scope Appendix will be provide to the Client in writing at that time.

## Scope Appendix

Based on discussions with the Client and given the size and duration of this intended bond issue, we are anticipating a sale process that markets the bonds to banks through a request for proposal. Our scope of service and fee are based on this assumption.

The following services are included in the process of issuing bonds:

- Assessment of market options
- Advice regarding sale formats
- Development of a timetable
- Bond sizing and specifications
- Department of Treasury liaison
- Marketing of the Bond issue
- Conduct bond sale
- Closing letter
- Monitoring of the closing procedures

The fee for these services will be \$19,900 and is payable upon completion of the financing from bond proceeds. The fee includes all routine expenses.

## Village of Shelby

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Estimated 2021 Sewer Revenue Refunding Bonds - 15 years

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## Village of Shelby

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Estimated 2021 Sewer Revenue Refunding Bonds - 15 years

## Sources & Uses

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Dated 01/02/2022 | Delivered 01/02/2022

### Sources Of Funds

Par Amount of Bonds	\$2,439,000.00
Transfers from Prior Issue Debt Service Funds	155,000.00
<b>Total Sources</b>	<b>\$2,594,000.00</b>

### Uses Of Funds

Costs of Issuance	65,000.00
Deposit to Debt Service Reserve Fund (DSRF)	198,640.00
Deposit to Current Refunding Fund	2,330,275.07
Rounding Amount	84.93
<b>Total Uses</b>	<b>\$2,594,000.00</b>

## Village of Shelby

Estimated 2021 Sewer Revenue Refunding Bonds - 15 years

### Gross Debt Service Comparison

Date	Principal	Coupon	Interest	New D/S	Old D/S	Savings
07/01/2022	144,000.00	2.000%	24,254.50	168,254.50	137,512.50	(30,742.00)
07/01/2023	148,000.00	2.000%	45,900.00	193,900.00	163,285.00	(30,615.00)
07/01/2024	148,000.00	2.000%	42,940.00	190,940.00	160,395.00	(30,545.00)
07/01/2025	148,000.00	2.000%	39,980.00	187,980.00	157,505.00	(30,475.00)
07/01/2026	149,000.00	2.000%	37,020.00	186,020.00	154,615.00	(31,405.00)
07/01/2027	149,000.00	2.000%	34,040.00	183,040.00	151,725.00	(31,315.00)
07/01/2028	165,000.00	2.000%	31,060.00	196,060.00	164,835.00	(31,225.00)
07/01/2029	164,000.00	2.000%	27,760.00	191,760.00	161,265.00	(30,495.00)
07/01/2030	164,000.00	2.000%	24,480.00	188,480.00	157,695.00	(30,785.00)
07/01/2031	164,000.00	2.000%	21,200.00	185,200.00	154,125.00	(31,075.00)
07/01/2032	164,000.00	2.000%	17,920.00	181,920.00	150,555.00	(31,365.00)
07/01/2033	184,000.00	2.000%	14,640.00	198,640.00	167,985.00	(30,655.00)
07/01/2034	183,000.00	2.000%	10,960.00	193,960.00	163,522.50	(30,437.50)
07/01/2035	183,000.00	2.000%	7,300.00	190,300.00	159,060.00	(31,240.00)
07/01/2036	182,000.00	2.000%	3,640.00	185,640.00	154,597.50	(31,042.50)
07/01/2037	-	-	-	-	150,135.00	150,135.00
07/01/2038	-	-	-	-	171,672.50	171,672.50
07/01/2039	-	-	-	-	166,105.00	166,105.00
07/01/2040	-	-	-	-	160,537.50	160,537.50
07/01/2041	-	-	-	-	154,970.00	154,970.00
07/01/2042	-	-	-	-	149,402.50	149,402.50
07/01/2043	-	-	-	-	163,835.00	163,835.00
07/01/2044	-	-	-	-	157,417.50	157,417.50
<b>Total</b>	<b>\$2,439,000.00</b>	<b>-</b>	<b>\$383,094.50</b>	<b>\$2,822,094.50</b>	<b>\$3,632,752.50</b>	<b>\$810,658.00</b>

#### PV Analysis Summary (Gross to Gross)

Gross PV Debt Service Savings	477,278.95
Transfers from Prior Issue Debt Service Fund	(155,000.00)
Amount deposited into new DSR Fund	198,640.00
Contingency or Rounding Amount	84.93
<b>Net Present Value Benefit</b>	<b>\$521,003.88</b>
Net PV Benefit / \$2,330,000 Refunded Principal	22.361%
Net PV Benefit / \$2,439,000 Refunding Principal	21.361%

#### Refunding Bond Information

Refunding Dated Date	1/02/2022
Refunding Delivery Date	1/02/2022

## Village of Shelby

### Estimated 2021 Sewer Revenue Refunding Bonds - 15 years

## Debt Service Schedule

Date	Principal	Coupon	Interest	Total
07/01/2022	144,000.00	2.000%	24,254.50	168,254.50
07/01/2023	148,000.00	2.000%	45,900.00	193,900.00
07/01/2024	148,000.00	2.000%	42,940.00	190,940.00
07/01/2025	148,000.00	2.000%	39,980.00	187,980.00
07/01/2026	149,000.00	2.000%	37,020.00	186,020.00
07/01/2027	149,000.00	2.000%	34,040.00	183,040.00
07/01/2028	165,000.00	2.000%	31,060.00	196,060.00
07/01/2029	164,000.00	2.000%	27,760.00	191,760.00
07/01/2030	164,000.00	2.000%	24,480.00	188,480.00
07/01/2031	164,000.00	2.000%	21,200.00	185,200.00
07/01/2032	164,000.00	2.000%	17,920.00	181,920.00
07/01/2033	184,000.00	2.000%	14,640.00	198,640.00
07/01/2034	183,000.00	2.000%	10,960.00	193,960.00
07/01/2035	183,000.00	2.000%	7,300.00	190,300.00
07/01/2036	182,000.00	2.000%	3,640.00	185,640.00
<b>Total</b>	<b>\$2,439,000.00</b>	<b>-</b>	<b>\$383,094.50</b>	<b>\$2,822,094.50</b>

### Yield Statistics

Bond Year Dollars	\$19,154.73
Average Life	7.854 Years
Average Coupon	2.0000000%
Net Interest Cost (NIC)	2.0000000%
True Interest Cost (TIC)	2.0000039%
Bond Yield for Arbitrage Purposes	2.0000039%
All Inclusive Cost (AIC)	2.3840171%

### IRS Form 8038

Net Interest Cost	2.0000000%
Weighted Average Maturity	7.854 Years



## Village of Shelby

### 2008 Sewage Disposal Revenue

## Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
07/01/2022	2,330,000.00	275.07	2,330,275.07	88,000.00	4.250%	49,512.50	137,512.50
07/01/2023	-	-	-	68,000.00	4.250%	95,285.00	163,285.00
07/01/2024	-	-	-	68,000.00	4.250%	92,395.00	160,395.00
07/01/2025	-	-	-	68,000.00	4.250%	89,505.00	157,505.00
07/01/2026	-	-	-	68,000.00	4.250%	86,615.00	154,615.00
07/01/2027	-	-	-	68,000.00	4.250%	83,725.00	151,725.00
07/01/2028	-	-	-	84,000.00	4.250%	80,835.00	164,835.00
07/01/2029	-	-	-	84,000.00	4.250%	77,265.00	161,265.00
07/01/2030	-	-	-	84,000.00	4.250%	73,695.00	157,695.00
07/01/2031	-	-	-	84,000.00	4.250%	70,125.00	154,125.00
07/01/2032	-	-	-	84,000.00	4.250%	66,555.00	150,555.00
07/01/2033	-	-	-	105,000.00	4.250%	62,985.00	167,985.00
07/01/2034	-	-	-	105,000.00	4.250%	58,522.50	163,522.50
07/01/2035	-	-	-	105,000.00	4.250%	54,060.00	159,060.00
07/01/2036	-	-	-	105,000.00	4.250%	49,597.50	154,597.50
07/01/2037	-	-	-	105,000.00	4.250%	45,135.00	150,135.00
07/01/2038	-	-	-	131,000.00	4.250%	40,672.50	171,672.50
07/01/2039	-	-	-	131,000.00	4.250%	35,105.00	166,105.00
07/01/2040	-	-	-	131,000.00	4.250%	29,537.50	160,537.50
07/01/2041	-	-	-	131,000.00	4.250%	23,970.00	154,970.00
07/01/2042	-	-	-	131,000.00	4.250%	18,402.50	149,402.50
07/01/2043	-	-	-	151,000.00	4.250%	12,835.00	163,835.00
07/01/2044	-	-	-	151,000.00	4.250%	6,417.50	157,417.50
<b>Total</b>	<b>\$2,330,000.00</b>	<b>\$275.07</b>	<b>\$2,330,275.07</b>	<b>\$2,330,000.00</b>	<b>-</b>	<b>\$1,302,752.50</b>	<b>\$3,632,752.50</b>

### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/02/2022
Average Life	13.153 Years
Average Coupon	4.2500000%
Weighted Average Maturity (Par Basis)	13.153 Years
Weighted Average Maturity (Original Price Basis)	13.153 Years

### Refunding Bond Information

Refunding Dated Date	1/02/2022
Refunding Delivery Date	1/02/2022

## Village of Shelby

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Estimated 2021 Sewer Revenue Refunding Bonds - 15 years

### Current Refunding Escrow

Date	Rate	Receipts	Disbursements	Cash Balance
01/02/2022	-	2,330,275.07	2,330,275.07	-
<b>Total</b>	-	<b>\$2,330,275.07</b>	<b>\$2,330,275.07</b>	-

#### Investment Parameters

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Investment Model [PV, GIC, or Securities]	Securities
Default investment yield target	Unrestricted
Cash Deposit	2,330,275.07
Total Cost of Investments	\$2,330,275.07
Target Cost of Investments at bond yield	\$2,330,275.07
Yield to Receipt	-
Yield for Arbitrage Purposes	2.0000039%

## Village of Shelby

### Estimated 2021 Sewer Revenue Refunding Bonds - 15 years

## Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
07/01/2022	Serial Coupon	2.000%	2.000%	144,000.00	100.000%	144,000.00
07/01/2023	Serial Coupon	2.000%	2.000%	148,000.00	100.000%	148,000.00
07/01/2024	Serial Coupon	2.000%	2.000%	148,000.00	100.000%	148,000.00
07/01/2025	Serial Coupon	2.000%	2.000%	148,000.00	100.000%	148,000.00
07/01/2026	Serial Coupon	2.000%	2.000%	149,000.00	100.000%	149,000.00
07/01/2027	Serial Coupon	2.000%	2.000%	149,000.00	100.000%	149,000.00
07/01/2028	Serial Coupon	2.000%	2.000%	165,000.00	100.000%	165,000.00
07/01/2029	Serial Coupon	2.000%	2.000%	164,000.00	100.000%	164,000.00
07/01/2030	Serial Coupon	2.000%	2.000%	164,000.00	100.000%	164,000.00
07/01/2031	Serial Coupon	2.000%	2.000%	164,000.00	100.000%	164,000.00
07/01/2032	Serial Coupon	2.000%	2.000%	164,000.00	100.000%	164,000.00
07/01/2033	Serial Coupon	2.000%	2.000%	184,000.00	100.000%	184,000.00
07/01/2034	Serial Coupon	2.000%	2.000%	183,000.00	100.000%	183,000.00
07/01/2035	Serial Coupon	2.000%	2.000%	183,000.00	100.000%	183,000.00
07/01/2036	Serial Coupon	2.000%	2.000%	182,000.00	100.000%	182,000.00
<b>Total</b>	-	-	-	<b>\$2,439,000.00</b>	-	<b>\$2,439,000.00</b>

### Bid Information

Par Amount of Bonds	\$2,439,000.00
Gross Production	\$2,439,000.00
Bid (100.000%)	2,439,000.00
Total Purchase Price	\$2,439,000.00
Bond Year Dollars	\$19,154.73
Average Life	7.854 Years
Average Coupon	2.0000000%
Net Interest Cost (NIC)	2.0000000%
True Interest Cost (TIC)	2.0000039%

## Village of Shelby

### 2008 Sewage Disposal Revenue

## Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
07/01/2022	88,000.00	4.250%	49,512.50	137,512.50
07/01/2023	68,000.00	4.250%	95,285.00	163,285.00
07/01/2024	68,000.00	4.250%	92,395.00	160,395.00
07/01/2025	68,000.00	4.250%	89,505.00	157,505.00
07/01/2026	68,000.00	4.250%	86,615.00	154,615.00
07/01/2027	68,000.00	4.250%	83,725.00	151,725.00
07/01/2028	84,000.00	4.250%	80,835.00	164,835.00
07/01/2029	84,000.00	4.250%	77,265.00	161,265.00
07/01/2030	84,000.00	4.250%	73,695.00	157,695.00
07/01/2031	84,000.00	4.250%	70,125.00	154,125.00
07/01/2032	84,000.00	4.250%	66,555.00	150,555.00
07/01/2033	105,000.00	4.250%	62,985.00	167,985.00
07/01/2034	105,000.00	4.250%	58,522.50	163,522.50
07/01/2035	105,000.00	4.250%	54,060.00	159,060.00
07/01/2036	105,000.00	4.250%	49,597.50	154,597.50
07/01/2037	105,000.00	4.250%	45,135.00	150,135.00
07/01/2038	131,000.00	4.250%	40,672.50	171,672.50
07/01/2039	131,000.00	4.250%	35,105.00	166,105.00
07/01/2040	131,000.00	4.250%	29,537.50	160,537.50
07/01/2041	131,000.00	4.250%	23,970.00	154,970.00
07/01/2042	131,000.00	4.250%	18,402.50	149,402.50
07/01/2043	151,000.00	4.250%	12,835.00	163,835.00
07/01/2044	151,000.00	4.250%	6,417.50	157,417.50
<b>Total</b>	<b>\$2,330,000.00</b>	<b>-</b>	<b>\$1,302,752.50</b>	<b>\$3,632,752.50</b>

### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/02/2022
Average Life	13.153 Years
Average Coupon	4.2500000%
Weighted Average Maturity (Par Basis)	13.153 Years
Weighted Average Maturity (Original Price Basis)	13.153 Years

### Refunding Bond Information

Refunding Dated Date	1/02/2022
Refunding Delivery Date	1/02/2022

**Village of Shelby**

Estimated 2021 Sewer Revenue Refunding Bonds - 15 years

**PROOF OF GROSS D/S SAVINGS @ 2.0000039%**

Part 1 of 2

Date	NEW GROSS D/S	OLD GROSS D/S	SAVINGS	PV Factor	Present Value
01/02/2022	-	-	-	1.0000000x	-
07/01/2022	168,254.50	137,512.50	(30,742.00)	0.9901537x	(30,439.31)
01/01/2023	22,950.00	47,642.50	24,692.50	0.9803502x	24,207.30
07/01/2023	170,950.00	115,642.50	(55,307.50)	0.9706437x	(53,683.88)
01/01/2024	21,470.00	46,197.50	24,727.50	0.9610334x	23,763.95
07/01/2024	169,470.00	114,197.50	(55,272.50)	0.9515182x	(52,592.79)
01/01/2025	19,990.00	44,752.50	24,762.50	0.9420972x	23,328.68
07/01/2025	167,990.00	112,752.50	(55,237.50)	0.9327695x	(51,523.85)
01/01/2026	18,510.00	43,307.50	24,797.50	0.9235341x	22,901.34
07/01/2026	167,510.00	111,307.50	(56,202.50)	0.9143902x	(51,391.02)
01/01/2027	17,020.00	41,862.50	24,842.50	0.9053368x	22,490.83
07/01/2027	166,020.00	109,862.50	(56,157.50)	0.8963731x	(50,338.07)
01/01/2028	15,530.00	40,417.50	24,887.50	0.8874981x	22,087.61
07/01/2028	180,530.00	124,417.50	(56,112.50)	0.8787110x	(49,306.67)
01/01/2029	13,880.00	38,632.50	24,752.50	0.8700108x	21,534.94
07/01/2029	177,880.00	122,632.50	(55,247.50)	0.8613968x	(47,590.02)
01/01/2030	12,240.00	36,847.50	24,607.50	0.8528681x	20,986.95
07/01/2030	176,240.00	120,847.50	(55,392.50)	0.8444239x	(46,774.75)
01/01/2031	10,600.00	35,062.50	24,462.50	0.8360632x	20,452.20
07/01/2031	174,600.00	119,062.50	(55,537.50)	0.8277854x	(45,973.13)
01/01/2032	8,960.00	33,277.50	24,317.50	0.8195895x	19,930.37
07/01/2032	172,960.00	117,277.50	(55,682.50)	0.8114747x	(45,184.94)
01/01/2033	7,320.00	31,492.50	24,172.50	0.8034403x	19,421.16
07/01/2033	191,320.00	136,492.50	(54,827.50)	0.7954854x	(43,614.48)
01/01/2034	5,480.00	29,261.25	23,781.25	0.7876093x	18,730.33
07/01/2034	188,480.00	134,261.25	(54,218.75)	0.7798112x	(42,280.39)
01/01/2035	3,650.00	27,030.00	23,380.00	0.7720903x	18,051.47
07/01/2035	186,650.00	132,030.00	(54,620.00)	0.7644458x	(41,754.03)
01/01/2036	1,820.00	24,798.75	22,978.75	0.7568770x	17,392.09
07/01/2036	183,820.00	129,798.75	(54,021.25)	0.7493832x	(40,482.61)
01/01/2037	-	22,567.50	22,567.50	0.7419635x	16,744.26
07/01/2037	-	127,567.50	127,567.50	0.7346173x	93,713.30
01/01/2038	-	20,336.25	20,336.25	0.7273439x	14,791.45
07/01/2038	-	151,336.25	151,336.25	0.7201424x	108,983.65
01/01/2039	-	17,552.50	17,552.50	0.7130123x	12,515.15
07/01/2039	-	148,552.50	148,552.50	0.7059528x	104,871.05
01/01/2040	-	14,768.75	14,768.75	0.6989631x	10,322.81
07/01/2040	-	145,768.75	145,768.75	0.6920427x	100,878.19
01/01/2041	-	11,985.00	11,985.00	0.6851907x	8,212.01
07/01/2041	-	142,985.00	142,985.00	0.6784067x	97,001.98
01/01/2042	-	9,201.25	9,201.25	0.6716898x	6,180.39
07/01/2042	-	140,201.25	140,201.25	0.6650393x	93,239.35
01/01/2043	-	6,417.50	6,417.50	0.6584548x	4,225.63

**Village of Shelby**

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Estimated 2021 Sewer Revenue Refunding Bonds - 15 years

**PROOF OF GROSS D/S SAVINGS @ 2.0000039%**

Part 2 of 2

<b>Date</b>	<b>NEW GROSS D/S</b>	<b>OLD GROSS D/S</b>	<b>SAVINGS</b>	<b>PV Factor</b>	<b>Present Value</b>
07/01/2043	-	157,417.50	157,417.50	0.6519354x	102,626.04
01/01/2044	-	3,208.75	3,208.75	0.6454806x	2,071.19
07/01/2044	-	154,208.75	154,208.75	0.6390897x	98,553.22
<b>Total</b>	<b>\$2,822,094.50</b>	<b>\$3,632,752.50</b>	<b>\$810,658.00</b>	<b>-</b>	<b>\$477,278.95</b>

## Village of Shelby

Estimated 2021 Sewer Revenue Refunding Bonds - 15 years

### Summary Of Bonds Refunded

	Issue	Maturity	Type	of Bond	Coupon	Maturity Value	Call Date	Call Price
<b>Dated 7/01/2018   Delivered 7/01/2018</b>								
2008 Sewage Disposal Revenue Bond		07/01/2022	Serial	Coupon	4.250%	88,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2023	Serial	Coupon	4.250%	68,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2024	Serial	Coupon	4.250%	68,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2025	Serial	Coupon	4.250%	68,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2026	Serial	Coupon	4.250%	68,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2027	Serial	Coupon	4.250%	68,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2028	Serial	Coupon	4.250%	84,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2029	Serial	Coupon	4.250%	84,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2030	Serial	Coupon	4.250%	84,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2031	Serial	Coupon	4.250%	84,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2032	Serial	Coupon	4.250%	84,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2033	Serial	Coupon	4.250%	105,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2034	Serial	Coupon	4.250%	105,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2035	Serial	Coupon	4.250%	105,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2036	Serial	Coupon	4.250%	105,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2037	Serial	Coupon	4.250%	105,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2038	Serial	Coupon	4.250%	131,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2039	Serial	Coupon	4.250%	131,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2040	Serial	Coupon	4.250%	131,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2041	Serial	Coupon	4.250%	131,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2042	Serial	Coupon	4.250%	131,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2043	Serial	Coupon	4.250%	151,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2044	Serial	Coupon	4.250%	151,000	01/02/2022	100.000%
	<b>Subtotal</b>	-			-	<b>\$2,330,000</b>	-	-
	<b>Total</b>	-			-	<b>\$2,330,000</b>	-	-

## Village of Shelby

### Estimated 2021 Sewer Revenue Refunding Bonds - 15 years

## Refunding Summary

Part 1 of 2

Dated 01/02/2022 | Delivered 01/02/2022

### Sources Of Funds

Par Amount of Bonds	\$2,439,000.00
Transfers from Prior Issue Debt Service Funds	155,000.00
<b>Total Sources</b>	<b>\$2,594,000.00</b>

### Uses Of Funds

Costs of Issuance	65,000.00
Deposit to Debt Service Reserve Fund (DSRF)	198,640.00
Deposit to Current Refunding Fund	2,330,275.07
Rounding Amount	84.93
<b>Total Uses</b>	<b>\$2,594,000.00</b>

### Flow of Funds Detail

State and Local Government Series (SLGS) rates for  
Date of OMP Candidates

Current Refunding Escrow Solution Method	Net Funded
Total Cost of Investments	\$2,330,275.07
Total Draws	\$2,330,275.07

  

Debt Service Reserve Fund Solution Method	Gross Funded
Total Cost of Investments	\$198,640.00
Total Draws	\$198,640.00

### Issues Refunded And Call Dates

2008 Sewage Disposal Revenue Bond	1/02/2022
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### PV Analysis Summary (Gross to Gross)

Gross PV Debt Service Savings	477,278.95
Transfers from Prior Issue Debt Service Fund	(155,000.00)
Amount deposited into new DSR Fund	198,640.00
Contingency or Rounding Amount	84.93
Net Present Value Benefit	\$521,003.88
Net PV Benefit / \$2,330,000 Refunded Principal	22.361%
Net PV Benefit / \$2,439,000 Refunding Principal	21.361%
Average Annual Cash Flow Savings	35,246.00



## Village of Shelby

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Estimated 2021 Sewer Revenue Refunding Bonds - 15 years

### Refunding Summary

Part 2 of 2

Dated 01/02/2022 | Delivered 01/02/2022

Total New Net D/S	2,623,454.50
Total Prior D/S	3,632,752.50
Total Cashflow Savings	1,009,298.00

#### Bond Statistics

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Average Life	7.854 Years
Average Coupon	2.0000000%
Net Interest Cost (NIC)	2.0000000%
Bond Yield for Arbitrage Purposes	2.0000039%
True Interest Cost (TIC)	2.0000039%
All Inclusive Cost (AIC)	2.3840171%

# Village of Shelby

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Estimated 2021 Sewer Revenue Refunding Bonds - 20 years

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## Village of Shelby

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Estimated 2021 Sewer Revenue Refunding Bonds - 20 years

## Sources & Uses

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Dated 01/02/2022 | Delivered 01/02/2022

### Sources Of Funds

Par Amount of Bonds	\$2,433,000.00
Transfers from Prior Issue Debt Service Funds	155,000.00

**Total Sources** **\$2,588,000.00**

### Uses Of Funds

Total Underwriter's Discount (1.000%)	24,330.00
Costs of Issuance	65,000.00
Deposit to Debt Service Reserve Fund (DSRF)	168,025.00
Deposit to Current Refunding Fund	2,330,275.07
Rounding Amount	369.93

**Total Uses** **\$2,588,000.00**

## Village of Shelby

Estimated 2021 Sewer Revenue Refunding Bonds - 20 years

### Gross Debt Service Comparison

Date	Principal	Coupon	Interest	New D/S	Old D/S	Savings
07/01/2022	104,000.00	2.500%	30,243.54	134,243.54	137,512.50	3,268.96
07/01/2023	101,000.00	2.500%	58,225.00	159,225.00	163,285.00	4,060.00
07/01/2024	101,000.00	2.500%	55,700.00	156,700.00	160,395.00	3,695.00
07/01/2025	101,000.00	2.500%	53,175.00	154,175.00	157,505.00	3,330.00
07/01/2026	100,000.00	2.500%	50,650.00	150,650.00	154,615.00	3,965.00
07/01/2027	100,000.00	2.500%	48,150.00	148,150.00	151,725.00	3,575.00
07/01/2028	116,000.00	2.500%	45,650.00	161,650.00	164,835.00	3,185.00
07/01/2029	115,000.00	2.500%	42,750.00	157,750.00	161,265.00	3,515.00
07/01/2030	114,000.00	2.500%	39,875.00	153,875.00	157,695.00	3,820.00
07/01/2031	113,000.00	2.500%	37,025.00	150,025.00	154,125.00	4,100.00
07/01/2032	113,000.00	2.500%	34,200.00	147,200.00	150,555.00	3,355.00
07/01/2033	133,000.00	2.500%	31,375.00	164,375.00	167,985.00	3,610.00
07/01/2034	132,000.00	2.500%	28,050.00	160,050.00	163,522.50	3,472.50
07/01/2035	131,000.00	2.500%	24,750.00	155,750.00	159,060.00	3,310.00
07/01/2036	130,000.00	2.500%	21,475.00	151,475.00	154,597.50	3,122.50
07/01/2037	128,000.00	2.500%	18,225.00	146,225.00	150,135.00	3,910.00
07/01/2038	153,000.00	2.500%	15,025.00	168,025.00	171,672.50	3,647.50
07/01/2039	151,000.00	2.500%	11,200.00	162,200.00	166,105.00	3,905.00
07/01/2040	149,000.00	2.500%	7,425.00	156,425.00	160,537.50	4,112.50
07/01/2041	148,000.00	2.500%	3,700.00	151,700.00	154,970.00	3,270.00
07/01/2042	-	-	-	-	149,402.50	149,402.50
07/01/2043	-	-	-	-	163,835.00	163,835.00
07/01/2044	-	-	-	-	157,417.50	157,417.50
<b>Total</b>	<b>\$2,433,000.00</b>	<b>-</b>	<b>\$656,868.54</b>	<b>\$3,089,868.54</b>	<b>\$3,632,752.50</b>	<b>\$542,883.96</b>

#### PV Analysis Summary (Gross to Gross)

Gross PV Debt Service Savings	328,923.36
Transfers from Prior Issue Debt Service Fund	(155,000.00)
Amount deposited into new DSR Fund	168,025.00
Contingency or Rounding Amount	369.93
<b>Net Present Value Benefit</b>	<b>\$342,318.29</b>
Net PV Benefit / \$2,330,000 Refunded Principal	14.692%
Net PV Benefit / \$2,433,000 Refunding Principal	14.070%

#### Refunding Bond Information

Refunding Dated Date	1/02/2022
Refunding Delivery Date	1/02/2022

## Village of Shelby

Estimated 2021 Sewer Revenue Refunding Bonds - 20 years

### Debt Service Schedule

Date	Principal	Coupon	Interest	Total
07/01/2022	104,000.00	2.500%	30,243.54	134,243.54
07/01/2023	101,000.00	2.500%	58,225.00	159,225.00
07/01/2024	101,000.00	2.500%	55,700.00	156,700.00
07/01/2025	101,000.00	2.500%	53,175.00	154,175.00
07/01/2026	100,000.00	2.500%	50,650.00	150,650.00
07/01/2027	100,000.00	2.500%	48,150.00	148,150.00
07/01/2028	116,000.00	2.500%	45,650.00	161,650.00
07/01/2029	115,000.00	2.500%	42,750.00	157,750.00
07/01/2030	114,000.00	2.500%	39,875.00	153,875.00
07/01/2031	113,000.00	2.500%	37,025.00	150,025.00
07/01/2032	113,000.00	2.500%	34,200.00	147,200.00
07/01/2033	133,000.00	2.500%	31,375.00	164,375.00
07/01/2034	132,000.00	2.500%	28,050.00	160,050.00
07/01/2035	131,000.00	2.500%	24,750.00	155,750.00
07/01/2036	130,000.00	2.500%	21,475.00	151,475.00
07/01/2037	128,000.00	2.500%	18,225.00	146,225.00
07/01/2038	153,000.00	2.500%	15,025.00	168,025.00
07/01/2039	151,000.00	2.500%	11,200.00	162,200.00
07/01/2040	149,000.00	2.500%	7,425.00	156,425.00
07/01/2041	148,000.00	2.500%	3,700.00	151,700.00
<b>Total</b>	<b>\$2,433,000.00</b>	<b>-</b>	<b>\$656,868.54</b>	<b>\$3,089,868.54</b>

#### Yield Statistics

Bond Year Dollars	\$26,274.74
Average Life	10.799 Years
Average Coupon	2.5000000%
Net Interest Cost (NIC)	2.5925984%
True Interest Cost (TIC)	2.6107477%
Bond Yield for Arbitrage Purposes	2.5000047%
All Inclusive Cost (AIC)	2.9147139%

#### IRS Form 8038

Net Interest Cost	2.5000000%
Weighted Average Maturity	10.799 Years

## Village of Shelby

### 2008 Sewage Disposal Revenue

## Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
07/01/2022	2,330,000.00	275.07	2,330,275.07	88,000.00	4.250%	49,512.50	137,512.50
07/01/2023	-	-	-	68,000.00	4.250%	95,285.00	163,285.00
07/01/2024	-	-	-	68,000.00	4.250%	92,395.00	160,395.00
07/01/2025	-	-	-	68,000.00	4.250%	89,505.00	157,505.00
07/01/2026	-	-	-	68,000.00	4.250%	86,615.00	154,615.00
07/01/2027	-	-	-	68,000.00	4.250%	83,725.00	151,725.00
07/01/2028	-	-	-	84,000.00	4.250%	80,835.00	164,835.00
07/01/2029	-	-	-	84,000.00	4.250%	77,265.00	161,265.00
07/01/2030	-	-	-	84,000.00	4.250%	73,695.00	157,695.00
07/01/2031	-	-	-	84,000.00	4.250%	70,125.00	154,125.00
07/01/2032	-	-	-	84,000.00	4.250%	66,555.00	150,555.00
07/01/2033	-	-	-	105,000.00	4.250%	62,985.00	167,985.00
07/01/2034	-	-	-	105,000.00	4.250%	58,522.50	163,522.50
07/01/2035	-	-	-	105,000.00	4.250%	54,060.00	159,060.00
07/01/2036	-	-	-	105,000.00	4.250%	49,597.50	154,597.50
07/01/2037	-	-	-	105,000.00	4.250%	45,135.00	150,135.00
07/01/2038	-	-	-	131,000.00	4.250%	40,672.50	171,672.50
07/01/2039	-	-	-	131,000.00	4.250%	35,105.00	166,105.00
07/01/2040	-	-	-	131,000.00	4.250%	29,537.50	160,537.50
07/01/2041	-	-	-	131,000.00	4.250%	23,970.00	154,970.00
07/01/2042	-	-	-	131,000.00	4.250%	18,402.50	149,402.50
07/01/2043	-	-	-	151,000.00	4.250%	12,835.00	163,835.00
07/01/2044	-	-	-	151,000.00	4.250%	6,417.50	157,417.50
<b>Total</b>	<b>\$2,330,000.00</b>	<b>\$275.07</b>	<b>\$2,330,275.07</b>	<b>\$2,330,000.00</b>	<b>-</b>	<b>\$1,302,752.50</b>	<b>\$3,632,752.50</b>

### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/02/2022
Average Life	13.153 Years
Average Coupon	4.2500000%
Weighted Average Maturity (Par Basis)	13.153 Years
Weighted Average Maturity (Original Price Basis)	13.153 Years

### Refunding Bond Information

Refunding Dated Date	1/02/2022
Refunding Delivery Date	1/02/2022

## Village of Shelby

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Estimated 2021 Sewer Revenue Refunding Bonds - 20 years

### Current Refunding Escrow

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Date	Rate	Receipts	Disbursements	Cash Balance
01/02/2022	-	2,330,275.07	2,330,275.07	-
<b>Total</b>	-	<b>\$2,330,275.07</b>	<b>\$2,330,275.07</b>	-

#### Investment Parameters

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Investment Model [PV, GIC, or Securities]	Securities
Default investment yield target	Unrestricted
Cash Deposit	2,330,275.07
Total Cost of Investments	\$2,330,275.07
Target Cost of Investments at bond yield	\$2,330,275.07
Yield to Receipt	-
Yield for Arbitrage Purposes	2.5000047%

## Village of Shelby

### Estimated 2021 Sewer Revenue Refunding Bonds - 20 years

## Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
07/01/2022	Serial Coupon	2.500%	2.500%	104,000.00	100.000%	104,000.00
07/01/2023	Serial Coupon	2.500%	2.500%	101,000.00	100.000%	101,000.00
07/01/2024	Serial Coupon	2.500%	2.500%	101,000.00	100.000%	101,000.00
07/01/2025	Serial Coupon	2.500%	2.500%	101,000.00	100.000%	101,000.00
07/01/2026	Serial Coupon	2.500%	2.500%	100,000.00	100.000%	100,000.00
07/01/2027	Serial Coupon	2.500%	2.500%	100,000.00	100.000%	100,000.00
07/01/2028	Serial Coupon	2.500%	2.500%	116,000.00	100.000%	116,000.00
07/01/2029	Serial Coupon	2.500%	2.500%	115,000.00	100.000%	115,000.00
07/01/2030	Serial Coupon	2.500%	2.500%	114,000.00	100.000%	114,000.00
07/01/2031	Serial Coupon	2.500%	2.500%	113,000.00	100.000%	113,000.00
07/01/2032	Serial Coupon	2.500%	2.500%	113,000.00	100.000%	113,000.00
07/01/2033	Serial Coupon	2.500%	2.500%	133,000.00	100.000%	133,000.00
07/01/2034	Serial Coupon	2.500%	2.500%	132,000.00	100.000%	132,000.00
07/01/2035	Serial Coupon	2.500%	2.500%	131,000.00	100.000%	131,000.00
07/01/2036	Serial Coupon	2.500%	2.500%	130,000.00	100.000%	130,000.00
07/01/2037	Serial Coupon	2.500%	2.500%	128,000.00	100.000%	128,000.00
07/01/2038	Serial Coupon	2.500%	2.500%	153,000.00	100.000%	153,000.00
07/01/2039	Serial Coupon	2.500%	2.500%	151,000.00	100.000%	151,000.00
07/01/2040	Serial Coupon	2.500%	2.500%	149,000.00	100.000%	149,000.00
07/01/2041	Serial Coupon	2.500%	2.500%	148,000.00	100.000%	148,000.00
<b>Total</b>	-	-	-	<b>\$2,433,000.00</b>	-	<b>\$2,433,000.00</b>

### Bid Information

Par Amount of Bonds	\$2,433,000.00
Gross Production	\$2,433,000.00
Total Underwriter's Discount (1.000%)	\$(24,330.00)
Bid (99.000%)	2,408,670.00
Total Purchase Price	\$2,408,670.00
Bond Year Dollars	\$26,274.74
Average Life	10.799 Years
Average Coupon	2.5000000%
Net Interest Cost (NIC)	2.5925984%
True Interest Cost (TIC)	2.6107477%



## Village of Shelby

### 2008 Sewage Disposal Revenue

## Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
07/01/2022	88,000.00	4.250%	49,512.50	137,512.50
07/01/2023	68,000.00	4.250%	95,285.00	163,285.00
07/01/2024	68,000.00	4.250%	92,395.00	160,395.00
07/01/2025	68,000.00	4.250%	89,505.00	157,505.00
07/01/2026	68,000.00	4.250%	86,615.00	154,615.00
07/01/2027	68,000.00	4.250%	83,725.00	151,725.00
07/01/2028	84,000.00	4.250%	80,835.00	164,835.00
07/01/2029	84,000.00	4.250%	77,265.00	161,265.00
07/01/2030	84,000.00	4.250%	73,695.00	157,695.00
07/01/2031	84,000.00	4.250%	70,125.00	154,125.00
07/01/2032	84,000.00	4.250%	66,555.00	150,555.00
07/01/2033	105,000.00	4.250%	62,985.00	167,985.00
07/01/2034	105,000.00	4.250%	58,522.50	163,522.50
07/01/2035	105,000.00	4.250%	54,060.00	159,060.00
07/01/2036	105,000.00	4.250%	49,597.50	154,597.50
07/01/2037	105,000.00	4.250%	45,135.00	150,135.00
07/01/2038	131,000.00	4.250%	40,672.50	171,672.50
07/01/2039	131,000.00	4.250%	35,105.00	166,105.00
07/01/2040	131,000.00	4.250%	29,537.50	160,537.50
07/01/2041	131,000.00	4.250%	23,970.00	154,970.00
07/01/2042	131,000.00	4.250%	18,402.50	149,402.50
07/01/2043	151,000.00	4.250%	12,835.00	163,835.00
07/01/2044	151,000.00	4.250%	6,417.50	157,417.50
<b>Total</b>	<b>\$2,330,000.00</b>	<b>-</b>	<b>\$1,302,752.50</b>	<b>\$3,632,752.50</b>

### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	1/02/2022
Average Life	13.153 Years
Average Coupon	4.2500000%
Weighted Average Maturity (Par Basis)	13.153 Years
Weighted Average Maturity (Original Price Basis)	13.153 Years

### Refunding Bond Information

Refunding Dated Date	1/02/2022
Refunding Delivery Date	1/02/2022

## Village of Shelby

Estimated 2021 Sewer Revenue Refunding Bonds - 20 years

### PROOF OF GROSS D/S SAVINGS @ 2.6107477%

Part 1 of 2

Date	NEW GROSS D/S	OLD GROSS D/S	SAVINGS	PV Factor	Present Value
01/02/2022	-	-	-	1.0000000x	-
07/01/2022	134,243.54	137,512.50	3,268.96	0.9871856x	3,227.07
01/01/2023	29,112.50	47,642.50	18,530.00	0.9744652x	18,056.84
07/01/2023	130,112.50	115,642.50	(14,470.00)	0.9619087x	(13,918.82)
01/01/2024	27,850.00	46,197.50	18,347.50	0.9495140x	17,421.21
07/01/2024	128,850.00	114,197.50	(14,652.50)	0.9372790x	(13,733.48)
01/01/2025	26,587.50	44,752.50	18,165.00	0.9252016x	16,806.29
07/01/2025	127,587.50	112,752.50	(14,835.00)	0.9132799x	(13,548.51)
01/01/2026	25,325.00	43,307.50	17,982.50	0.9015118x	16,211.44
07/01/2026	125,325.00	111,307.50	(14,017.50)	0.8898954x	(12,474.11)
01/01/2027	24,075.00	41,862.50	17,787.50	0.8784286x	15,625.05
07/01/2027	124,075.00	109,862.50	(14,212.50)	0.8671096x	(12,323.79)
01/01/2028	22,825.00	40,417.50	17,592.50	0.8559364x	15,058.06
07/01/2028	138,825.00	124,417.50	(14,407.50)	0.8449072x	(12,173.00)
01/01/2029	21,375.00	38,632.50	17,257.50	0.8340201x	14,393.10
07/01/2029	136,375.00	122,632.50	(13,742.50)	0.8232733x	(11,313.83)
01/01/2030	19,937.50	36,847.50	16,910.00	0.8126650x	13,742.17
07/01/2030	133,937.50	120,847.50	(13,090.00)	0.8021934x	(10,500.71)
01/01/2031	18,512.50	35,062.50	16,550.00	0.7918567x	13,105.23
07/01/2031	131,512.50	119,062.50	(12,450.00)	0.7816532x	(9,731.58)
01/01/2032	17,100.00	33,277.50	16,177.50	0.7715812x	12,482.25
07/01/2032	130,100.00	117,277.50	(12,822.50)	0.7616389x	(9,766.12)
01/01/2033	15,687.50	31,492.50	15,805.00	0.7518248x	11,882.59
07/01/2033	148,687.50	136,492.50	(12,195.00)	0.7421371x	(9,050.36)
01/01/2034	14,025.00	29,261.25	15,236.25	0.7325743x	11,161.69
07/01/2034	146,025.00	134,261.25	(11,763.75)	0.7231347x	(8,506.78)
01/01/2035	12,375.00	27,030.00	14,655.00	0.7138167x	10,460.98
07/01/2035	143,375.00	132,030.00	(11,345.00)	0.7046188x	(7,993.90)
01/01/2036	10,737.50	24,798.75	14,061.25	0.6955394x	9,780.15
07/01/2036	140,737.50	129,798.75	(10,938.75)	0.6865770x	(7,510.29)
01/01/2037	9,112.50	22,567.50	13,455.00	0.6777301x	9,118.86
07/01/2037	137,112.50	127,567.50	(9,545.00)	0.6689972x	(6,385.58)
01/01/2038	7,512.50	20,336.25	12,823.75	0.6603768x	8,468.51
07/01/2038	160,512.50	151,336.25	(9,176.25)	0.6518675x	(5,981.70)
01/01/2039	5,600.00	17,552.50	11,952.50	0.6434678x	7,691.05
07/01/2039	156,600.00	148,552.50	(8,047.50)	0.6351764x	(5,111.58)
01/01/2040	3,712.50	14,768.75	11,056.25	0.6269918x	6,932.18
07/01/2040	152,712.50	145,768.75	(6,943.75)	0.6189127x	(4,297.58)
01/01/2041	1,850.00	11,985.00	10,135.00	0.6109377x	6,191.85
07/01/2041	149,850.00	142,985.00	(6,865.00)	0.6030654x	(4,140.04)
01/01/2042	-	9,201.25	9,201.25	0.5952946x	5,477.45
07/01/2042	-	140,201.25	140,201.25	0.5876239x	82,385.61
01/01/2043	-	6,417.50	6,417.50	0.5800521x	3,722.48

**Village of Shelby**

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Estimated 2021 Sewer Revenue Refunding Bonds - 20 years

**PROOF OF GROSS D/S SAVINGS @ 2.6107477%**

Part 2 of 2

<b>Date</b>	<b>NEW GROSS D/S</b>	<b>OLD GROSS D/S</b>	<b>SAVINGS</b>	<b>PV Factor</b>	<b>Present Value</b>
07/01/2043	-	157,417.50	157,417.50	0.5725778x	90,133.76
01/01/2044	-	3,208.75	3,208.75	0.5651998x	1,813.58
07/01/2044	-	154,208.75	154,208.75	0.5579169x	86,035.67
<b>Total</b>	<b>\$3,089,868.54</b>	<b>\$3,632,752.50</b>	<b>\$542,883.96</b>	<b>-</b>	<b>\$328,923.36</b>

## Village of Shelby

Estimated 2021 Sewer Revenue Refunding Bonds - 20 years

### Summary Of Bonds Refunded

	Issue	Maturity	Type	of Bond	Coupon	Maturity Value	Call Date	Call Price
<b>Dated 7/01/2018   Delivered 7/01/2018</b>								
2008 Sewage Disposal Revenue Bond		07/01/2022	Serial	Coupon	4.250%	88,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2023	Serial	Coupon	4.250%	68,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2024	Serial	Coupon	4.250%	68,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2025	Serial	Coupon	4.250%	68,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2026	Serial	Coupon	4.250%	68,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2027	Serial	Coupon	4.250%	68,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2028	Serial	Coupon	4.250%	84,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2029	Serial	Coupon	4.250%	84,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2030	Serial	Coupon	4.250%	84,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2031	Serial	Coupon	4.250%	84,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2032	Serial	Coupon	4.250%	84,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2033	Serial	Coupon	4.250%	105,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2034	Serial	Coupon	4.250%	105,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2035	Serial	Coupon	4.250%	105,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2036	Serial	Coupon	4.250%	105,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2037	Serial	Coupon	4.250%	105,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2038	Serial	Coupon	4.250%	131,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2039	Serial	Coupon	4.250%	131,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2040	Serial	Coupon	4.250%	131,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2041	Serial	Coupon	4.250%	131,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2042	Serial	Coupon	4.250%	131,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2043	Serial	Coupon	4.250%	151,000	01/02/2022	100.000%
2008 Sewage Disposal Revenue Bond		07/01/2044	Serial	Coupon	4.250%	151,000	01/02/2022	100.000%
	<b>Subtotal</b>	-			-	<b>\$2,330,000</b>	-	-
	<b>Total</b>	-			-	<b>\$2,330,000</b>	-	-

## Village of Shelby

Estimated 2021 Sewer Revenue Refunding Bonds - 20 years

### Refunding Summary

Part 1 of 2

Dated 01/02/2022 | Delivered 01/02/2022

#### Sources Of Funds

Par Amount of Bonds	\$2,433,000.00
Transfers from Prior Issue Debt Service Funds	155,000.00
<b>Total Sources</b>	<b>\$2,588,000.00</b>

#### Uses Of Funds

Total Underwriter's Discount (1.000%)	24,330.00
Costs of Issuance	65,000.00
Deposit to Debt Service Reserve Fund (DSRF)	168,025.00
Deposit to Current Refunding Fund	2,330,275.07
Rounding Amount	369.93
<b>Total Uses</b>	<b>\$2,588,000.00</b>

#### Flow of Funds Detail

State and Local Government Series (SLGS) rates for  
Date of OMP Candidates

Current Refunding Escrow Solution Method	Net Funded
Total Cost of Investments	\$2,330,275.07
Total Draws	\$2,330,275.07

Debt Service Reserve Fund Solution Method	Gross Funded
Total Cost of Investments	\$168,025.00
Total Draws	\$168,025.00

#### Issues Refunded And Call Dates

2008 Sewage Disposal Revenue Bond	1/02/2022
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#### PV Analysis Summary (Gross to Gross)

Gross PV Debt Service Savings	328,923.36
Transfers from Prior Issue Debt Service Fund	(155,000.00)
Amount deposited into new DSR Fund	168,025.00
Contingency or Rounding Amount	369.93
Net Present Value Benefit	\$342,318.29

Net PV Benefit / \$2,330,000 Refunded Principal	14.692%
Net PV Benefit / \$2,433,000 Refunding Principal	14.070%

## Village of Shelby

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Estimated 2021 Sewer Revenue Refunding Bonds - 20 years

## Refunding Summary

Part 2 of 2

Dated 01/02/2022 | Delivered 01/02/2022

Average Annual Cash Flow Savings	23,603.65
Total New Net D/S	2,921,843.54
Total Prior D/S	3,632,752.50
Total Cashflow Savings	710,908.96

### Bond Statistics

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Average Life	10.799 Years
Average Coupon	2.5000000%
Net Interest Cost (NIC)	2.5925984%
Bond Yield for Arbitrage Purposes	2.5000047%
True Interest Cost (TIC)	2.6107477%
All Inclusive Cost (AIC)	2.9147139%

# UMBAUGH

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Village of Shelby  
SAW Grant  
Asset Management Financial Plan  
December 5, 2018

A primary goal of Asset Management is to develop a long term plan for revenue support of capital improvements, as well as operating cost. The following Asset Management Financial Plan (AMFP) is intended to summarize the policy formulation in the areas of rate management, capital spending, and fund balance.

## Methodology

A significant effort has been made by the Village and their consulting engineers to inventory assets, evaluate the infrastructure, and determine asset criticality. The result is the identification of asset investment cost by project and by year. The AMFP covers an extended forecast period to take this asset evaluation into account. The AMFP is a four step process: 1) historical comparison with audits and budgets, 2) test year, or normalized budget year, along with inflation assumptions for purposes of forecasting, 3) proof of rate to revenue for reliance on customer data, and 4) cash flow forecast including revenue, operating expense, capital spending, debt, and fund balance (i.e., actual cash and investment balance). The analysis is a “cash basis” approach as described in the AWWA Manual of Rate Making Practices.

From year to year, this AMFP may be used to implement policy regarding rate management and budgeting.

## Audit Comparison

One key indicator of financial health is the cash and investments found in the Comparative Statement of Net Position of the Sewer Fund. The Village has maintained this cash and investment balance at around 36 months compared to the cash operating expenses. Management of the cash balance will be discussed further under Forecast – Cash Balance.

The Sewer Fund audited Revenues, Expenses and Changes in Net Position comparison reveals consistency in annual revenues and in annual operating expenses (excluding one-time expenditures).

## Budget Comparison / Test Year

The current year budget is consistent with previous years. Certain adjustments have been made to reflect a normalized year for maintenance expenses. This has been utilized to develop the Test Year budget including expected percent inflation factors.

### Proof of Rate to Revenue

The Village bills customers based on generally accepted methods. The customers are billed a ready-to-serve charge every month and they are billed on a commodity basis for the amount of gallons used. The number of meter equivalents billed and commodity sold at the current rates tie to the revenue reflected in the audit and budget, such that we can rely on the numbers in forecasting.

### Forecast - Capital Cost

Annual cost has been forecasted based on an engineering evaluation of asset inventory, condition assessment, and criticality. These are expenses not already included in the operating and maintenance budget. The forecast reflects a mix of cash-funding and debt-funding certain projects. This combination results in good maintenance of the cash balance and utilizing debt only when needed.

### Forecast - Cash Balance

Our standard minimum target of cash and investment to operating expenses (net of depreciation) is six months. This minimum target is higher for a system of this size. Due to the size of the system and extent of capital improvements forecasted, the cash balance target is around 24 months. With the right mix of cash and debt-funding capital improvements, and inflationary rate increases, the system will be able to maintain an adequate amount of cash to respond to unforeseen events.

### Forecast - Rate Management

The revenue needs to support operations, debt, and capital improvements while solving to cash balance. The cash flow forecast demonstrates a rate track with annual increases of \$2.50 per year to the ready-to-serve charge and \$0.25 per year to the commodity charge for the next five years. Annual increases are highly recommended to keep up with expected rising expenses over time.

### Management Summary

- Rates: increase ready-to-serve by \$2.50 per year and commodity charge by \$0.25 per year for the next five years.
- Cash Balance: target of 24 months compared to cash operating expenses over forecast period.
- Capital Improvements: a mix of cash and debt funding in order to manage rates and cash effectively over time.

### AMFP – Management Tool

*The AMFP is a living document. It is most effective as a tool used annually for budget and user rate decisions.*



# UMBAUGH

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December 5, 2018

Village of Shelby  
218 N. Michigan Avenue  
Shelby, MI 49455

Re: Village of Shelby (Michigan) Sewer Fund – SAW Grant – Asset Management Financial Plan

Dear Village of Shelby:

The attached schedules (listed below) present unaudited and limited information for the purpose of discussion and consideration in the preliminary planning stage of a SAW financial plan by the appropriate officers, officials and advisors of the Village of Shelby. The use of these schedules should be restricted to this purpose, for internal use only, as the information is subject to future revision and final report.

<u>Page</u>	
2	Comparative Statement of Net Position
3	Comparative Statement of Revenues, Expenses, and Changes in Net Position
4-5	Comparative Detail of Operating Expenses
6	Schedule of Amortization of \$2,656,000 Principal Amount Outstanding of 2007 USDA Revenue Bonds
7-8	Cash Flow Analysis

We would appreciate your questions or comments on this information and would provide additional information upon request.

Sincerely,

UMBAUGH

Tom Traciak

**VILLAGE OF SHELBY (MICHIGAN) SEWER FUND**

**COMPARATIVE STATEMENT OF NET POSITION**

	As of			
	<u>2/28/2015</u>	<u>2/29/2016</u>	<u>2/28/2017</u>	<u>2/28/2018</u>
	(-----Per Audit-----)			
<b>Assets</b>				
Current assets:				
Cash and investments	\$133,737	\$103,449	\$108,069	\$105,494
Accounts receivable	42,301	41,933	39,470	50,033
Inventories	3,596	632	1,925	1,579
Total current assets	<u>179,634</u>	<u>146,014</u>	<u>149,464</u>	<u>157,106</u>
Noncurrent assets:				
Restricted cash and investments	441,750	495,650	549,987	603,597
Capital assets:				
Land	267,473	267,473	267,473	267,473
Plant and systems	5,121,810	5,120,610	5,120,610	5,120,610
Less: accumulated depreciation	<u>(1,162,379)</u>	<u>(1,281,633)</u>	<u>(1,401,478)</u>	<u>(1,521,322)</u>
Net capital assets	<u>4,226,904</u>	<u>4,106,450</u>	<u>3,986,605</u>	<u>3,866,761</u>
Total noncurrent assets	<u>4,668,654</u>	<u>4,602,100</u>	<u>4,536,592</u>	<u>4,470,358</u>
Total Assets	<u>\$4,848,288</u>	<u>\$4,748,114</u>	<u>\$4,686,056</u>	<u>\$4,627,464</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$11,844	\$5,387	\$6,345	\$6,391
Accrued liabilities	20,883	20,542	21,047	20,616
Bonds and other obligations, due within one year	38,000	40,000	42,000	44,000
Total current liabilities	<u>70,727</u>	<u>65,929</u>	<u>69,392</u>	<u>71,007</u>
Noncurrent liabilities:				
Bonds and other obligations, less amounts due within one year	<u>2,738,000</u>	<u>2,698,000</u>	<u>2,656,000</u>	<u>2,612,000</u>
Total Liabilities	<u>2,808,727</u>	<u>2,763,929</u>	<u>2,725,392</u>	<u>2,683,007</u>
<b>Net Position</b>				
Net investment in capital assets	1,450,904	1,368,450	1,288,605	1,210,761
Restricted				
Debt service	146,750	165,150	181,935	192,347
Capital outlay	275,000	311,100	348,652	392,450
Unrestricted	<u>166,907</u>	<u>139,485</u>	<u>141,472</u>	<u>148,899</u>
Total Net Position	<u>2,039,561</u>	<u>1,984,185</u>	<u>1,960,664</u>	<u>1,944,457</u>
Total Liabilities and Net Position	<u>\$4,848,288</u>	<u>\$4,748,114</u>	<u>\$4,686,056</u>	<u>\$4,627,464</u>

**VILLAGE OF SHELBY (MICHIGAN) SEWER FUND**

**COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	<b>Fiscal Year Ended</b>			
	<u>2/28/2015</u>	<u>2/29/2016</u>	<u>2/28/2017</u>	<u>2/28/2018</u>
	(-----Per Audit-----)			
<b>Operating Revenues</b>				
Charges for services	\$383,232	\$395,302	\$387,063	\$394,947
Other	12,462	-	2,620	62,282
Total operating revenues	<u>395,694</u>	<u>395,302</u>	<u>389,683</u>	<u>457,229</u>
<b>Operating Expenses</b>				
Operations and administration	206,409	222,410	187,990	250,848
Depreciation	118,941	119,914	119,845	119,844
Total operating expenses	<u>325,350</u>	<u>342,324</u>	<u>307,835</u>	<u>370,692</u>
Operating income (loss)	<u>70,344</u>	<u>52,978</u>	<u>81,848</u>	<u>86,537</u>
<b>Non-Operating Revenues (Expenses)</b>				
Investment earnings	614	7,259	10,146	9,491
Gain on sale of capital assets	7,713	960	-	-
Interest expense	(118,745)	(116,573)	(115,515)	(112,235)
Total non-operating revenue (expenses)	<u>(110,418)</u>	<u>(108,354)</u>	<u>(105,369)</u>	<u>(102,744)</u>
Capital contributions	<u>7,352</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(32,722)	(55,376)	(23,521)	(16,207)
Net position, beginning of year	<u>2,072,283</u>	<u>2,039,561</u>	<u>1,984,185</u>	<u>1,960,664</u>
Net position, end of year	<u>\$2,039,561</u>	<u>\$1,984,185</u>	<u>\$1,960,664</u>	<u>\$1,944,457</u>

VILLAGE OF SHELBY (MICHIGAN) SEWER FUND

COMPARATIVE DETAIL OF OPERATING EXPENSES

	Fiscal Year Ended		Test Year	Multiplier	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	2/28/2018	2/28/2019								
(----Per Client----)										
<b>Operating Expenses</b>										
702.000 Salaries & Wages	\$56,019	\$76,935	\$76,935	2.0%	78,474	80,043	81,644	83,277	84,942	86,641
714.000 Medicare Expense	812	733	733	2.0%	748	763	778	793	809	825
715.000 Payroll W/H FICA	3,472	3,133	3,133	2.0%	3,196	3,260	3,325	3,391	3,459	3,528
715.100 Payroll W/H Retirement	-	291	291	2.0%	297	303	309	315	321	328
716.000 Hospitalization	7,335	11,768	11,768	2.0%	12,003	12,243	12,488	12,738	12,993	13,253
727.000 Office Supplies - Gen	575	200	200	2.0%	204	208	212	216	221	225
740.000 Gen Oper Supplies	3,291	2,000	2,000	2.0%	2,040	2,081	2,122	2,165	2,208	2,252
741.000 Op Sup Sewer General	184	-	-	0.0%	-	-	-	-	-	-
752.000 Saw Grant Payable	-	10,000	-	0.0%	-	-	-	-	-	-
776.100 Rep/Maint Sup S Mains/Inter	164	100	100	2.0%	102	104	106	108	110	113
776.200 Rep/Maint Sup S Cust Service	481	-	-	0.0%	-	-	-	-	-	-
776.300 Rep/Maint Sup S Lift Stations	1,074	500	500	2.0%	510	520	531	541	552	563
776.400 Rep/Maint Sup S Lagoons	4,629	7,500	7,500	2.0%	7,650	7,803	7,959	8,118	8,281	8,446
801.000 Professional Services	2,029	2,000	2,000	2.0%	2,040	2,081	2,122	2,165	2,208	2,252
807.000 Audit Fees	1,700	1,700	1,700	2.0%	1,734	1,769	1,804	1,840	1,877	1,914
807.500 Permit Fees	3,650	3,650	3,650	2.0%	3,723	3,797	3,873	3,951	4,030	4,110
818.200 Contracted Services Sewer	3,349	5,000	5,000	2.0%	5,100	5,202	5,306	5,412	5,520	5,631
818.400 Contract Sew Sewer ECCI	10,499	12,000	12,000	2.0%	12,240	12,485	12,734	12,989	13,249	13,514
851.000 Communications Phone	316	400	400	2.0%	408	416	424	433	442	450
860.000 Millage & Meals	-	500	500	2.0%	510	520	531	541	552	563
864.000 Conferences & Workshops	-	700	700	2.0%	714	728	743	758	773	788
900.000 Printing - Publishing	-	200	200	2.0%	204	208	212	216	221	225
910.000 Insurances	292	292	292	2.0%	298	304	310	316	322	329
916.000 Workman's Comp Ins	1,645	1,645	1,645	2.0%	1,678	1,711	1,746	1,781	1,816	1,853
920.100 Utilities WWTP	42,448	47,000	47,000	2.0%	47,940	48,899	49,877	50,874	51,892	52,930
920.200 Sewer Lift Pumps	8,107	5,000	5,000	2.0%	5,100	5,202	5,306	5,412	5,520	5,631
940.000 Building Rental	3,600	3,600	3,600	2.0%	3,672	3,745	3,820	3,897	3,975	4,054
943.200 Equip Rental Sewer	21,542	18,000	18,000	2.0%	18,360	18,727	19,102	19,484	19,873	20,271
956.000 Miscellaneous	2,456	200	200	2.0%	204	208	212	216	221	225
956.100 ACH File Direct Payment	-	-	-	0.0%	-	-	-	-	-	-
957.100 Bad Debt Expense	-	-	-	0.0%	-	-	-	-	-	-
968.000 Depreciation Expense	-	-	-	0.0%	-	-	-	-	-	-
969.000 Bond Issue Amortization	-	-	-	0.0%	-	-	-	-	-	-
971.000 Capital Outlay - LSCA Monies	-	-	-	0.0%	-	-	-	-	-	-
971.100 Capital Outlay - Land	-	-	-	0.0%	-	-	-	-	-	-
972.000 Capital Outlay - Computers	-	-	-	0.0%	-	-	-	-	-	-
977.000 Equipment Purchases	-	200	200	2.0%	204	208	212	216	221	225
990.000 Principal On Bond Payments	-	- [1]	-	0.0%	-	-	-	-	-	-
995.000 Interest On Bond Payments	-	- [1]	-	0.0%	-	-	-	-	-	-
995.100 Interest Expense	-	-	-	0.0%	-	-	-	-	-	-
996.000 Agent Fees On Bond Payments	-	-	-	0.0%	-	-	-	-	-	-
999.000 Transfer To Other Funds	-	-	-	0.0%	-	-	-	-	-	-
999.100 Loan Payment To Motor Pool	-	-	-	0.0%	-	-	-	-	-	-
<b>Total Sewer Operating Expenses</b>	<b>\$179,668</b>	<b>\$215,247</b>	<b>\$205,247</b>		<b>\$209,352</b>	<b>\$213,539</b>	<b>\$217,810</b>	<b>\$222,166</b>	<b>\$226,609</b>	<b>\$231,141</b>

[1] Bond Principal and Bond Interest expenses are removed from this section of the report. These items are discussed later in the report.



VILLAGE OF SHELBY (MICHIGAN) SEWER FUND

**SCHEDULE OF AMORTIZATION OF \$2,656,000 PRINCIPAL AMOUNT OUTSTANDING  
OF 2007 USDA REVENUE BONDS**

Payment Date	Principal Balance (In Dollars)	Interest Rate (%)	Debt Service			Fiscal Year Total
			Principal	Interest	Total	
(-----In Dollars-----)						
07/01/18	\$2,656,000	4.25	\$44,000	\$56,440.00	\$100,440.00	
01/01/19	2,612,000			55,505.00	55,505.00	\$155,945.00
07/01/19	2,612,000	4.25	45,000	55,505.00	100,505.00	
01/01/20	2,567,000			54,548.75	54,548.75	155,053.75
07/01/20	2,567,000	4.25	48,000	54,548.75	102,548.75	
01/01/21	2,519,000			53,528.75	53,528.75	156,077.50
07/01/21	2,519,000	4.25	50,000	53,528.75	103,528.75	
01/01/22	2,469,000			52,466.25	52,466.25	155,995.00
07/01/22	2,469,000	4.25	52,000	52,466.25	104,466.25	
01/01/23	2,417,000			51,361.25	51,361.25	155,827.50
07/01/23	2,417,000	4.25	54,000	51,361.25	105,361.25	
01/01/24	2,363,000			50,213.75	50,213.75	155,575.00
07/01/24	2,363,000	4.25	57,000	50,213.75	107,213.75	
01/01/25	2,306,000			49,002.50	49,002.50	156,216.25
07/01/25	2,306,000	4.25	59,000	49,002.50	108,002.50	
01/01/26	2,247,000			47,748.75	47,748.75	155,751.25
07/01/26	2,247,000	4.25	62,000	47,748.75	109,748.75	
01/01/27	2,185,000			46,431.25	46,431.25	156,180.00
07/01/27	2,185,000	4.25	65,000	46,431.25	111,431.25	
01/01/28	2,120,000			45,050.00	45,050.00	156,481.25
07/01/28	2,120,000	4.25	68,000	45,050.00	113,050.00	
01/01/29	2,052,000			43,605.00	43,605.00	156,655.00
07/01/29	2,052,000	4.25	71,000	43,605.00	114,605.00	
01/01/30	1,981,000			42,096.25	42,096.25	156,701.25
07/01/30	1,981,000	4.25	74,000	42,096.25	116,096.25	
01/01/31	1,907,000			40,523.75	40,523.75	156,620.00
07/01/31	1,907,000	4.25	77,000	40,523.75	117,523.75	
01/01/32	1,830,000			38,887.50	38,887.50	156,411.25
07/01/32	1,830,000	4.25	81,000	38,887.50	119,887.50	
01/01/33	1,749,000			37,166.25	37,166.25	157,053.75
07/01/33	1,749,000	4.25	84,000	37,166.25	121,166.25	
01/01/34	1,665,000			35,381.25	35,381.25	156,547.50
07/01/34	1,665,000	4.25	88,000	35,381.25	123,381.25	
01/01/35	1,577,000			33,511.25	33,511.25	156,892.50
07/01/35	1,577,000	4.25	92,000	33,511.25	125,511.25	
01/01/36	1,485,000			31,556.25	31,556.25	157,067.50
07/01/36	1,485,000	4.25	96,000	31,556.25	127,556.25	
01/01/37	1,389,000			29,516.25	29,516.25	157,072.50
07/01/37	1,389,000	4.25	101,000	29,516.25	130,516.25	
01/01/38	1,288,000			27,370.00	27,370.00	157,886.25
07/01/38	1,288,000	4.25	105,000	27,370.00	132,370.00	
01/01/39	1,183,000			25,138.75	25,138.75	157,508.75
07/01/39	1,183,000	4.25	110,000	25,138.75	135,138.75	
01/01/40	1,073,000			22,801.25	22,801.25	157,940.00
07/01/40	1,073,000	4.25	115,000	22,801.25	137,801.25	
01/01/41	958,000			20,357.50	20,357.50	158,158.75
07/01/41	958,000	4.25	120,000	20,357.50	140,357.50	
01/01/42	838,000			17,807.50	17,807.50	158,165.00
07/01/42	838,000	4.25	125,000	17,807.50	142,807.50	
01/01/43	713,000			15,151.25	15,151.25	157,958.75
07/01/43	713,000	4.25	131,000	15,151.25	146,151.25	
01/01/44	582,000			12,367.50	12,367.50	158,518.75
07/01/44	582,000	4.25	137,000	12,367.50	149,367.50	
01/01/45	445,000			9,456.25	9,456.25	158,823.75
07/01/45	445,000	4.25	143,000	9,456.25	152,456.25	
01/01/46	302,000			6,417.50	6,417.50	158,873.75
07/01/46	302,000	4.25	149,000	6,417.50	155,417.50	
01/01/47	153,000			3,251.25	3,251.25	158,668.75
07/01/47	153,000	4.25	153,000	3,251.25	156,251.25	
Totals			<u>\$2,656,000</u>	<u>\$2,052,877.50</u>	<u>\$4,708,877.50</u>	<u>\$4,708,877.50</u>

VILLAGE OF SHELBY (MICHIGAN) SEWER FUND

CASH FLOW ANALYSIS

	<u>2018/19</u>	<u>Increases Per Year</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Increases Per Year</u>	<u>2024/25</u>
<b>Assumptions</b>									
Meter equivalents billed	892.60		892.60	892.60	892.60	892.60	892.60		892.60
Ready-to-serve charge - month	\$21.58	\$2.50	\$24.08	\$26.58	\$29.08	\$31.58	\$34.08	\$0.00	\$34.08
Commodity billed - yearly ccf	50,000		50,000	50,000	50,000	50,000	50,000		50,000
Commodity charge - ccf	\$3.04	\$0.25	\$3.29	\$3.54	\$3.79	\$4.04	\$4.29	\$0.00	\$4.29
<i>Typical homeowner's bill (assumes 6 ccf/month)</i>	\$39.82		\$43.82	\$47.82	\$51.82	\$55.82	\$59.82		
<b>Revenues</b>									
Ready-to-serve charge	\$231,148		\$257,926	\$284,704	\$311,482	\$338,260	\$365,038		\$365,038
Commodity charge	152,000		164,500	177,000	189,500	202,000	214,500		214,500
Other	23,044		23,044	23,044	23,044	23,044	23,044		23,044
Total revenues	406,192		445,470	484,748	524,026	563,304	602,582		602,582
Less: Total operating expenditures	(205,247)		(209,352)	(213,539)	(217,810)	(222,166)	(226,609)		(231,141)
Net operating revenue	200,945		236,118	271,209	306,216	341,138	375,972		371,440
Less: Current debt service payments	(155,945)		(155,054)	(156,078)	(155,995)	(155,828)	(155,575)		(156,216)
Estimated cash-funded collection system improvements			(134,900)	-	-	(55,100)	(47,800)		(66,000)
Estimated cash-funded WWTP and lift stations			(53,600)	-	-	(18,900)	(109,900)		-
Estimated cash-funded collection system maintenance			(37,300)	(37,400)	(37,700)	(37,700)	(37,700)		-
Estimated cash-funded WWTP and lift stations maintenance			(15,145)	(15,145)	(15,145)	(15,145)	(15,145)		(15,145)
Estimated debt service #1 2020/21 bonds [1]				(16,325)	(45,225)	(45,225)	(45,225)		(45,225)
Estimated debt service #2 2028/29 bonds [2]									
Net cash flow	\$45,000		(\$159,881)	\$46,261	\$52,151	\$13,240	(\$35,373)		\$88,854
<i>Cash &amp; investments</i>	\$597,500	\$642,500	\$482,619	\$528,880	\$581,031	\$594,271	\$558,899		\$647,752

[1] Estimated debt service payments based on a \$999,700 40-year USDA bond issue at the current intermediate rate (3.25%).

[2] Estimated debt service payments based on a \$1,059,000 40-year USDA bond issue at the current intermediate rate (3.25%).

VILLAGE OF SHELBY (MICHIGAN) SEWER FUND

(Continued)

CASH FLOW ANALYSIS

<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>	<u>2029/30</u>	<u>2030/31</u>	<u>2031/32</u>	<u>2032/33</u>	<u>2033/34</u>	<u>2034/35</u>	<u>2035/36</u>	<u>2036/37</u>	<u>2037/38</u>	<u>2038/39</u>
892.60	892.60	892.60	892.60	892.60	892.60	892.60	892.60	892.60	892.60	892.60	892.60	892.60	892.60
\$34.08	\$34.08	\$34.08	\$34.08	\$34.08	\$34.08	\$34.08	\$34.08	\$34.08	\$34.08	\$34.08	\$34.08	\$34.08	\$34.08
50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
\$4.29	\$4.29	\$4.29	\$4.29	\$4.29	\$4.29	\$4.29	\$4.29	\$4.29	\$4.29	\$4.29	\$4.29	\$4.29	\$4.29
\$365,038	\$365,038	\$365,038	\$365,038	\$365,038	\$365,038	\$365,038	\$365,038	\$365,038	\$365,038	\$365,038	\$365,038	\$365,038	\$365,038
214,500	214,500	214,500	214,500	214,500	214,500	214,500	214,500	214,500	214,500	214,500	214,500	214,500	214,500
23,044	23,044	23,044	23,044	23,044	23,044	23,044	23,044	23,044	23,044	23,044	23,044	23,044	23,044
602,582	602,582	602,582	602,582	602,582	602,582	602,582	602,582	602,582	602,582	602,582	602,582	602,582	602,582
(235,764)	(240,480)	(245,289)	(250,195)	(255,199)	(260,303)	(265,509)	(270,819)	(276,235)	(281,760)	(287,395)	(293,143)	(299,006)	(304,986)
366,817	362,102	357,293	352,387	347,383	342,279	337,073	331,763	326,346	320,822	315,186	309,438	303,576	297,595
(155,751)	(156,180)	(156,481)	(156,655)	(156,701)	(156,620)	(156,411)	(157,054)	(156,548)	(156,893)	(157,068)	(157,073)	(157,886)	(157,509)
(66,000)	(66,000)	(66,000)	(66,000)	(66,000)	(66,000)	(66,000)	(66,000)	(66,000)	(66,000)	(66,000)	(66,000)	(66,000)	(66,000)
-	-	-	-	-	-	-	-	-	-	-	-	-	-
(15,145)	(15,145)	(15,145)	(15,145)	(15,145)	(15,145)	(15,145)	(15,145)	(15,145)	(15,145)	(15,145)	(15,145)	(15,145)	(15,145)
(45,225)	(45,225)	(45,225)	(45,225)	(45,225)	(45,225)	(45,225)	(45,225)	(45,225)	(45,225)	(45,225)	(45,225)	(45,225)	(45,225)
			(17,225)	(48,000)	(48,000)	(48,000)	(48,000)	(48,000)	(48,000)	(48,000)	(48,000)	(48,000)	(48,000)
<u>\$84,696</u>	<u>\$79,552</u>	<u>\$74,441</u>	<u>\$52,137</u>	<u>\$16,312</u>	<u>\$11,289</u>	<u>\$6,292</u>	<u>\$339</u>	<u>(\$4,571)</u>	<u>(\$10,441)</u>	<u>(\$16,251)</u>	<u>(\$22,004)</u>	<u>(\$28,681)</u>	<u>(\$34,283)</u>
\$732,449	\$812,001	\$886,442	\$938,579	\$954,890	\$966,179	\$972,471	\$972,810	\$968,238	\$957,798	\$941,546	\$919,542	\$890,862	\$856,578



# Sewer Fund Financial Information

