



May 20, 2021

Brian Helminger, District Director
Heart of Valley Metropolitan Sewerage District, Wisconsin
801 Thilmany Rd
Kaukauna, WI 54130

Re: Written Municipal Advisor Client Disclosure with the Heart of Valley Metropolitan Sewerage District (“Client”) for Long Range Cash Flow Model and Debt Analysis (“Project” Pursuant to MSRB Rule G-42)

Dear Brian:

As a registered Municipal Advisor, we are required by Municipal Securities Rulemaking Board (MSRB) Rules to provide you with certain written information and disclosures prior to, upon or promptly, after the establishment of a municipal advisory relationship as defined in Securities and Exchange Act Rule 15Ba1-1. To establish our engagement as your Municipal Advisor, we must inform you that:

1. When providing advice, we are required to act in a fiduciary capacity, which includes a duty of loyalty and a duty of care. This means we are required to act solely in your best interest.
2. We have an obligation to fully and fairly disclose to you in writing all material actual or potential conflicts of interest that might impair our ability to render unbiased and competent advice to you. We are providing these and other required disclosures in **Appendix A** attached hereto.
3. As your Municipal Advisor, Ehlers shall provide this advice and service at such fees, as described within **Appendix B** attached hereto.

This documentation and all appendices hereto shall be effective as of its date unless otherwise terminated by either party upon 30 days written notice to the other party.

During the term of our municipal advisory relationship, this writing might be amended or supplemented to reflect any material change or additions.

We look forward to working with you on this Project.

Sincerely,

Ehlers

A handwritten signature in blue ink that reads 'Jon Cameron'. The signature is fluid and cursive, with a large 'J' and 'C'.

Jon Cameron
Senior Municipal Advisor/Vice President

¹ This document is intended to satisfy the requirements of MSRB Rule G-42(b) and Rule G-42(c).

Appendix A

Disclosure of Conflicts of Interest/Other Required Information

Actual/Potential Material Conflicts of Interest

Ehlers has no known actual or potential material conflicts of interest that might impair its ability either to render unbiased and competent advice or to fulfill its fiduciary duty to Client.

Other Engagements or Relationships Impairing Ability to Provide Advice

Ehlers is not aware of any other engagement or relationship Ehlers has that might impair Ehlers' ability to either render unbiased and competent advice to or to fulfill its fiduciary duty to Client.

Affiliated Entities

Ehlers offers related services through two affiliates of Ehlers, Bond Trust Service Corporation (BTSC) and Ehlers Investment Partners (EIP). BTSC provides paying agent services while Ehlers Investment Partners (EIP) provides investment related services and bidding agent service. Ehlers and these affiliates do not share fees. If either service is needed in conjunction with an Ehlers municipal advisory engagement, Client will be asked whether or not they wish to retain either affiliate to provide service. If BTSC or EIP are retained to provide service, a separate agreement with that affiliate will be provided for Client's consideration and approval.

Solicitors/Payments Made to Obtain/Retain Client Business

Ehlers does not use solicitors to secure municipal engagements; nor does it make direct or indirect payments to obtain or retain Client business.

Payments from Third Parties

Ehlers does not receive any direct or indirect payments from third parties to enlist Ehlers recommendation to the Client of its services, any municipal securities transaction or any financial product.

Payments/Fee-splitting Arrangements

Ehlers does not share fees with any other parties and any provider of investments or services to the Client. However, within a joint proposal with other professional service providers, Ehlers could be the contracting party or be a subcontractor to the contracting party resulting in a fee splitting arrangement. In such cases, the fee due Ehlers will be identified in a Municipal Advisor writing and no other fees will be paid to Ehlers from any of the other participating professionals in the joint proposal.

Municipal Advisor Registration

Ehlers is registered with the Securities and Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB).

Material Legal or Disciplinary Events

Neither Ehlers nor any of its officers or municipal advisors have been involved in any legal or disciplinary events reported on Form MA or MA-I nor are there any other material legal or disciplinary events to be reported. Ehlers' application for permanent registration as a Municipal Advisor with the (SEC) was granted on July 28, 2014 and contained the information prescribed under Section 15B(a)(2) of the Securities and Exchange Act of 1934 and rules thereunder. It did not list any information on legal or disciplinary disclosures.

Client may access Ehlers' most recent Form MA and each most recent Form MA-I by searching the Securities and Exchange Commission's EDGAR system (currently available at <http://www.sec.gov/edgar/searchedgar/companysearch.html>) and searching under either our Company Name (Ehlers & Associates, Inc.) or by using the currently available "Fast Search" function and entering our CIK number (0001604197).

Ehlers has not made any material changes to Form MA or Form MA-I since that date.

Conflicts Arising from Compensation Contingent on the Size or Closing of Any Transaction

The forms of compensation for municipal advisors vary according to the nature of the engagement and requirements of the client. Compensation contingent on the size of the transaction presents a conflict of interest because the advisor may have an incentive to advise the client to increase the size of the securities issue for the purpose of increasing the advisor's compensation. Compensation contingent on the closing of the transaction presents a conflict because the advisor may have an incentive to recommend unnecessary financings or recommend financings that are disadvantageous to the client. If the transaction is to be delayed or fail to close, an advisor may have an incentive to discourage a full consideration of such facts and circumstances, or to discourage consideration of alternatives that may result in the cancellation of the financing or other transaction.

Any form of compensation due a Municipal Advisor will likely present specific conflict of interests with the Client. If a Client is concerned about the conflict arising from Municipal Advisor compensation contingent on size and/or closing of their transaction, Ehlers is willing to discuss and provide another form of Municipal Advisor compensation. The Client must notify Ehlers in writing of this request within 10 days of receipt of this Municipal Advisor writing.

MSRB Contact Information

The website address of the MSRB is www.msrb.org. Posted on the MSRB website is a municipal advisory client brochure that describes the protections that may be provided by MSRB rules and how to file a complaint with the financial regulatory authorities.

Appendix B Long-Range Cash Flow and Debt Modeling Analysis

Scope of Service

Client has requested that Ehlers assist Client with a Long-Range Cash Flow and Debt Modeling Analysis (“Project”). Ehlers proposes and agrees to provide the following scope of services:

Information Gathering Needs

- For this study update we will need the following information:
 - The 2021 adopted budget for the District (we currently have this).
 - The last three years of audited financial statements for the District.
 - A copy of the last user rate study prepared for the District, if available.
 - The detailed principal and interest payments for the District’s outstanding debt. (we currently have just the total annual payments).
 - The District’s updated 5-year CIP through 2025, when available.
 - Equipment Replacement Fund:
 - Please provide the planned 2021-2025 deposits and expenditures if not readily listed in the District’s CIP.

Long Range Financial Management Plan Update

- Prepare a report on the base line status of the District’s financial situation relative to user fees, debt margins and minimum required fund balances.
- Prepare draft 15-20-year operating, capital and debt budget projections based upon current spending patterns to identify the impact on the user fees. The debt budget projections would be for the life of any debt.
 - As part of planning for the District’s upcoming large capital improvement projects, Ehlers will incorporate the following scenarios into the cash flow analysis:
 - An analysis of available cash on hand to possibly:
 - Prepay existing debt, including an identification of options for specific debt issuances;
 - Pay existing and/or future annual principal and interest payments to keep user rates as stable as possible.
- In addition to the future estimated Clean Water Fund Loan principal and interest schedules prepared by the State, Ehlers will also prepare alternative financing options of open market financings for the upcoming large capital projects, and an interim financing to Clean Water Fund Loan option.
- Prepare a report and long-term plan for submittal to the District Commission. Present the report at one Commission meeting if requested.

Compensation

In return for the services set forth in the “Scope of Service,” Client agrees to compensate Ehlers as follows:

- \$5,000

Payment for Services

Ehlers will invoice Client upon completion of the work. Our fees include our normal travel, printing, computer services, and mail/delivery charges. The invoice is due and payable upon receipt by the Client.