

UMBAUGH

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June 10, 2014

Honorable Joseph Stahura, Mayor
City of Whiting
1443 119th Street
P.O. Box 591
Whiting, IN 46394-0591

Re: Whiting Redevelopment Commission - Monitoring Services for Tax Increment Financing

Dear Mayor Stahura:

You have requested that H.J. Umbaugh & Associates, Certified Public Accountants, LLP (the "Firm") provide to the Whiting Redevelopment Commission (the "Client") those services more fully set forth in Exhibit A hereto (the "Services").

Fees and Costs

Fees charged for work performed are generally based on hourly rates, as set forth in Exhibit B, for the time expended, a fixed amount or other arrangement as mutually agreed upon as more appropriate for a particular matter. Hourly rates for work performed by our professionals vary by individual and reflect the complexity of the engagement.

In addition to fees, we also charge for various ancillary services, for which you will be invoiced. Such charges may include long distance telephone charges, photocopying, facsimile transmission, computer research, mileage, travel expenses and other similar charges specifically applicable to the engagement.

Disclosure of Conflicts of Interest with Various Forms of Compensation

The Municipal Securities Rulemaking Board (MSRB) is expected to require us, as your municipal advisor, to provide written disclosure to you about the actual or potential conflicts of interest presented by various forms of compensation. Exhibit C sets forth the potential conflicts of interest associated with various forms of compensation. By signing this letter of engagement, the signee acknowledges that he/she has received Exhibit C and that he/she has been given the opportunity to raise questions and discuss the matters contained within the exhibit with the municipal advisor.

Billing Procedures

Normally, you will receive a monthly statement showing fees and costs incurred in the prior month. Occasionally, we may bill on a less frequent basis if the time involved in the prior month was minimal or if arrangements are made for the payment of fees from bond proceeds. The account balance is due and payable on receipt of the statement and we reserve the right to charge 1% interest per month for outstanding unpaid balances over thirty (30) days from the date of billing. Once our representation has been concluded or terminated, a final billing will be sent to you. If requested to provide an estimate of our fees for a given matter, we will endeavor in good faith to provide our best estimate, but unless there is a mutual agreement to a fixed fee, the actual fees incurred on any project may be less than or exceed the estimate. Any questions or errors in any fee statement should be brought to our attention in writing within sixty (60) days of the billing date.

Termination

Both the Client and the Firm have the right to terminate the engagement at any time after reasonable advance written notice. On termination, all fees and charges incurred prior to termination shall be paid promptly.

Accountants' Opinion

In performing our engagement, we will be relying on the accuracy and reliability of information provided by Client personnel. We will not audit, review, or examine the information. Please also note that our engagement cannot be relied on to disclose errors, fraud, or other illegal acts that may exist. However, we will inform you of any material errors and any evidence or information that comes to our attention during the performance of our procedures, that fraud may have occurred. In addition, we will report to you any evidence or information that comes to our attention during the performance of our procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate significant deficiencies or material weaknesses in your internal control as part of this engagement.

The responsibility for auditing the records of the Client rests with the Indiana State Board of Accounts and the work performed by the Firm shall not include an audit or review of the records or the expression of an opinion on financial data.

Client Responsibilities

It is understood that the Firm 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 adequacy and results of the services performed and accepting responsibility for such services. The Client is responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

Additional Services

Exhibit A sets forth the scope of the Services to be provided by the Firm. From time to time, additional services may be requested by the Client beyond the scope of Exhibit A. The Firm may provide these additional services and be paid at the Firm's customary fees and costs for such services. In the alternative, the Firm and the Client may complete a revised and supplemented Exhibit A to set forth the additional services (including revised fees and costs, as needed) to be provided. In either event, the terms and conditions of this letter shall remain in effect.

E-Verify Program

The Firm participates in the E-Verify program. For the purpose of this paragraph, the E-Verify program means the electronic verification of the work authorization program of the Illegal Immigration Reform and Immigration Responsibility Act of 1996 (P.L. 104-208), Division C, Title IV, s.401(a), as amended, operated by the United States Department of Homeland Security or a successor work authorization program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work authorization status of newly hired employees under the immigration Reform and Control Act of 1986 (P.L. 99-603). The Firm does not employ any "unauthorized aliens" as that term is defined in 8 U.S.C. 1324a(h)(3).

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Municipal Advisor Registration

The Firm is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, the Firm is providing certain specific municipal advisory services to the Client. The Firm is neither a placement agent to the Client nor a broker/dealer.

The offer and sale of any Bonds shall be made by the Client, in the sole discretion of the Client, and under its control and supervision. The Client agrees that the Firm does not undertake to sell or attempt to sell the Bonds, and will take no part in the sale thereof.

Other Financial Industry Activities and Affiliations

Umbaugh Cash Advisory Services, LLC ("UCAS") is a wholly-owned subsidiary of the Firm. UCAS is registered as an investment adviser with the Securities and Exchange Commission under the federal Investment Advisers Act. UCAS provides non-discretionary investment advice with the purpose of helping clients create and maintain a disciplined approach to investing their funds prudently and effectively. UCAS may provide advisory services to the clients of the Firm.

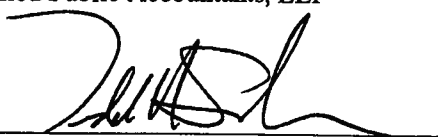
UCAS has no other activities or arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

If the foregoing accurately represents the basis upon which we may provide Services to the Client, we ask that you execute this letter, in the space provided below setting forth your agreement. Execution of this letter can be performed in counterparts each of which will be deemed an original and all of which together will constitute the same document.

If you have any questions, please let us know.

Very truly yours,

H.J. Umbaugh & Associates
Certified Public Accountants, LLP

By: 
Todd A. Samuelson, Partner

The undersigned hereby acknowledges and agrees to the foregoing letter of engagement.

Whiting Redevelopment Commission

Date: 6/11/14

By: 

EXHIBIT A

Services Provided

Scope of Services

Article I-A below describes services to be performed on an annual basis. Articles I-B and I-C describe annual services that will be provided to the level needed and with authorization from the Client. Article II describes monitoring services that will be provided to the level needed as the situation warrants and with authorization from the Client. Article III includes periodic services that would only be performed upon request.

Article I. ANNUAL TIF SERVICES

A. Monitoring of TIF revenue collections and bond payments

1. Monitor the TIF revenue generated within the Consolidated Allocation Area. Compare the TIF revenue to the debt service due on the outstanding bonds of the Commission and advise the Commission on appropriate debt service to be paid.
2. Investigate any significant variations in TIF assessed value or TIF revenue anticipated to be generated within the Consolidated Allocation Area and advise the Commission accordingly.

B. Assist with the Annual Reporting Requirements for the Commission

1. Assist the Commission in preparing the annual reporting requirements on the activities of the Commission for the previous year to be filed with the Mayor and the Department of Local Government Finance by March 15 under IC 36-7-14-13.
2. Assist the Commission in preparing the annual reporting requirements on the activities in each tax increment financing district for the previous year to be filed with the City Council and the Department of Local Government Finance by August 1 and October 1, respectively, under IC 36-7-14-13.

C. Provide Excess Assessed Value Notification Assistance

1. Assist the Commission in preparing an annual notice to the County Auditor's office and overlapping taxing units notifying them of the amount of excess assessed value that can be released to taxing units.
2. If necessary, prepare a new schedule of estimated tax increment revenue, under current law, including the impact of known new developments, estimated tax abatement reductions, depreciation tables, if applicable, and anticipated changes in tax rates.
3. If necessary, prepare a schedule demonstrating the extent to which estimated TIF revenue is expected to be sufficient to pay actual debt service or lease rentals on outstanding bonds and other planned projects for the Areas, notifying the Commission of any anticipated shortfalls or significant surplus.
4. If necessary assist with the preparation of and or supporting documentation for Captured Assessed Value Determination Resolutions.

Article II. TIF MONITORING SERVICES

A. Monitor Actual TIF Revenue

1. For each TIF Area, analyze recorded TIF revenue, comparing it to the Accountants' previous estimates, identifying the sources of material differences.
2. Identify major tax delinquencies materially affecting TIF revenue using information available from the County Auditor's office.
3. Based on input from Commission representatives, trace known major developments and tax abatement reductions into the County's property tax records; investigating, reporting and making recommendations regarding any material variances from anticipated assessed valuations and tax increment revenue.
4. Update estimated tax increment revenue projections, under current law, including the impact of known new developments, estimated tax abatement reductions, depreciation tables, if applicable, and anticipated changes in tax rates.
5. Prepare a schedule demonstrating the extent to which estimated TIF revenue is expected to be sufficient to pay actual debt service or lease rentals on outstanding bonds and other planned projects for the TIF Area, notifying the Commission of any anticipated shortfalls or significant surplus.
6. Provide an annual written Report and additional written materials as appropriate, reporting findings to the Commission. If requested, present the Report at a meeting of the Commission. Such Report is limited to the purposes set forth herein, and may not be used in conjunction with the issuance of additional debt obligations. TIF revenue estimates in support of the issuance of debt will be accomplished pursuant to the parameters of separate agreements.

B. Other TIF Services

1. At the request of the Commission, prepare analyses of TIF revenues and financing options for project planning purposes.
2. If necessary, prepare a tax increment replacement (TIR) worksheet for the Commission's submission to the Department of Local Government Finance and to the County Auditor's office.
3. Review the TIF base neutralization worksheets prepared by the County Auditor's office and provide information as needed to the County Auditor's office on behalf of the Commission.
4. Attendance at meetings and/or hearings of the Commission to discuss specific and proposed projects or other items outlined in this Agreement.

Article III. PERIODIC SERVICES - PERFORMED ON AN "AS REQUESTED" BASIS

A. Monitor TIF Databases for Missing Parcels and Parcel Changes

1. Interview Town officials and staff members and others to locate declaratory resolutions, base value dates, original maps of TIF Areas, together with any boundary changes that may have occurred subsequent to the creation of the TIF Areas.
2. Compare County Auditor's TIF parcel list and maps to determine the extent to which they reflect changes that have occurred to the TIF boundaries of each Area and incorporate parcel splits and combinations.
3. Suggest corrections to the TIF database as needed.

B. Economic Development Project Evaluation and Preliminary Feasibility

1. In connection with a proposed economic development project or prospect (the "Project"), discuss with Client (or Client representative) the proposed Project; potential incentives; the use of TIF, tax abatement and other sources of funding; preliminary financing options and feasibility analyses; timing and investment information needed for analysis; other issues and considerations.
2. Prepare an estimate of real and depreciable personal property assessed value for the proposed development based on investment information provided by the Company or its representatives. Prepare schedules of real and depreciable personal property tax abatement reductions, if applicable.
3. Prepare a preliminary TIF feasibility analysis to estimate the incremental property tax revenues that might be created by the Project and provide an estimate of the amount of bonds such revenues might support and potential incentive value. This preliminary feasibility analysis may consider the impact on the tax increment stream and bond size with and without tax abatement. Discuss bond options and security needed to market bonds if applicable.
4. If applicable, prepare a preliminary analysis utilizing both new and existing TIF revenue taking into account any outstanding obligations payable from the existing TIF, and provide additional incentive options.
5. Discuss preliminary financing feasibility with Client and Company representatives and advisors. Attend meetings and participate in conference calls as requested.
6. If requested by the Client, prepare additional TIF revenue estimates and financing feasibility analyses based on different investment assumptions and/or based on different financing terms, funding options and assumptions.
7. Assist with the establishment or expansion of a TIF Area, including TIF information for Declaratory Resolution and Economic Development Plan, preparation and distribution of a tax impact analysis required for overlapping taxing units, attendance of public hearing and other municipal and redevelopment commission meetings as necessary.

EXHIBIT B

Fees

The Firm's fees for services set forth in Exhibit A shall be billed at the Firm's standard billing rates based upon the actual time and expenses incurred. The total annual fees for services provided under Articles I and II will not exceed \$15,000 without prior authorization from the Client.

Standard Hourly Rates by Job Classification 01/01/2013

Senior Partners / Principals	\$300.00	to	\$500.00
Partners / Principals	\$210.00	to	\$350.00
Managers	\$165.00	to	\$275.00
Accountants/Financial Analysts	\$90.00	to	\$200.00
Paraprofessional Staff	\$90.00	to	\$150.00
Support Personnel	\$60.00	to	\$105.00

- *Billing rates are subject to change periodically due to changing requirements and economic conditions. Actual fees will be based upon experience of the staff assigned and the complexity of the engagement.*

The above fees shall include all expenses incurred by the Firm with the exception of expenses incurred for travel, if any, outside the State of Indiana. No such expenses will be incurred without the prior authorization of the Client. The fees do not include the charges of other entities such as rating agencies, bond and official statement printers, couriers, newspapers, bond insurance companies, bond counsel and local counsel, and electronic bidding services, including Parity®. Coordination of the printing and distribution of Official Statements or any other Offering Document are to be reimbursed by the Client based upon the time and expense for such services.

EXHIBIT C

Disclosure of Conflicts of Interest with Various Forms of Compensation

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

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

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

Fee contingent upon the completion of a financing or other transaction. Under a contingent fee form of compensation, payment of an advisor's fee is dependent upon the successful completion of a financing or other transaction. This form of compensation presents a conflict because the advisor may have an incentive to recommend unnecessary financings or financings that are disadvantageous to the client. For example, when facts or circumstances arise that could cause the financing or other transaction to be delayed or fail to close, 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.

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

Fee based upon principal or notional amount and term of transaction. Under this form of compensation, the municipal advisor's fee is based upon a percentage of the principal amount of an issue of securities (e.g., bonds) or, in the case of a derivative, the present value of or notional amount and term of the derivative. This form of compensation presents a conflict of interest because the advisor may have an incentive to advise the client to increase the size of the securities issue or modify the derivative for the purpose of increasing the advisor's compensation.