

Proposal for Analysis of NCRC

City of Northfield

Northfield, Minnesota

Submitted

May 12, 2017

AEM Financial Solutions, LLC

Grandview Square

5201 Eden Avenue, Suite 250

Edina, Minnesota 55436

952.835.9090

Contact Persons

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952.715.3002

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952.715.3059

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LETTER OF TRANSMITTAL

We are pleased to submit our proposal to the City of Northfield and are confident you will find AEM Financial Solutions, LLC (AEMFS) to have the experience and expertise to exceed your expectations.

The primary contact for this engagement will be Jean McGann, CPA, President of AEMFS. Jean McGann's contact information is listed below.

Jean McGann, CPA
5201 Eden Ave
Suite 250
Edina, MN 55436
jean.mcgann@aemfinancialsolutions.com
952.715.3059



EXECUTIVE SUMMARY

Mr. Ben Martig
City of Northfield
801 Washington Street
Northfield, Minnesota 55057

Dear Ben,

Thank you for the opportunity to submit this proposal to City of Northfield for partnering on analysis of NCRC building, leases and capital improvements. We appreciate the opportunity to have met with you to learn more about the analysis that needs to be completed and to review the available information. Based on our experience with the type of work outlined in the proposal, we are confident our experience and expertise will allow us to exceed your expectations. Our proposal will demonstrate to you that AEM Financial Solutions, LLC. (AEMFS) will be the service provider of choice.

Our success has been driven by utilizing staff that is experienced and well trained in governmental planning and operations. We understand attention to detail, project approach, management plan and quality work product are important factors in your selection process. We are confident in our ability to demonstrate we are the firm to select.

Our approach to this project is to engage with staff to ensure we have an exceptional understanding of the project, each individual's role in the project, overall expectations and desires as well as exceptions to standard operations. Throughout the project there will be periodic meetings with staff to share information, solicit input and provide updates. Based on our experience, we will structure the project to emphasize efficiencies and communication.

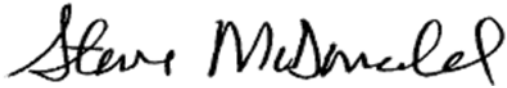
- **Ability to successfully complete all requirements** - A component of our mission statement is a philosophy that we will assist clients in reaching their maximum potential by open communications and teamwork. This means we will do the following for you:
 - Present to you a clear project plan
 - Use portal technology to share and collaborate documents
 - Provide an environment that solicits and welcomes ideas and strategies from your team
 - Present recommendations in clear, concise and non-technical terms
 - Collaborate with your team to ensure alignment
 - Return phone calls and emails promptly
- **Experience with similar projects** - We believe our experience with similar projects and our expertise in governmental accounting, operational effectiveness, analysis, process and planning is greater than any other CPA or financial advisory Firm in Minnesota.

- **Understanding of the project and ability of the firm to complete the expected scope or work on schedule and within budget** - AEMFS is committed to providing a team environment that gives us the ability to complete projects on time and on budget. We leverage our staff to ensure the work is being completed by the appropriate individuals, reviewed by the President and signed off on by the CEO. We understand the parameters and expectations of this project and will complete the expected scope of work on schedule and within budget.
- **Accomplishing project objectives** - Our approach to a project is heavily dependent on communication and technology. We believe that listening to our clients' needs, concerns and challenges is of utmost importance for a successful project. Our experience in internal operations, lease analysis, processes, procedures, analysis of outputs and knowledge of regulations allows us to partner with City of Northfield to provide recommendations based on a complete analysis of existing conditions. We use portal technology to share and collaborate on documents. This allows us to expedite our work product, provide answers to staff questions quickly and communicate instantaneously with your staff.

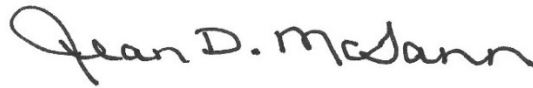
We look forward to discussing our proposal with you and appreciate this opportunity to present AEMFS for your consideration. We will contact you within two weeks to discuss your interest in our services and provide any further information you may need.

Sincerely,

AEM Financial Solutions, LLC



Steven R. McDonald, CPA
CEO



Jean D. McGann, CPA
President

Welcome to ABDO, EICK & MEYERS, LLP

“The investments into our People and Process make a difference for you, our valued client. We focus on the challenges and needs that are relevant to your business or government agency. This allows us to be thoughtful in our approach in providing you with the best solutions, and leaves you assured in the value of our deliverable.”

Steve McDonald - Managing Partner



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People

Hire

We focus recruiting efforts on Minnesota state colleges and universities. Innovative recruiting strategies, including a strong social media presence, allow us to attract top talent.

Train

We've invested in a state-of-the-art, on-site training facility and a full-time Learning Director to ensure our team is prepared to exceed your expectations.

Reward

We focus on client results and reward our team based on specific goals, not hours billed.



Process

Listen

Our process begins with listening. We invest time to better understand your goals and challenges.

Engage

Active engagement with DFK International and domestic industry associations allows us to provide maximum value to your organization.

Deliver

Combining our internal expertise and technological resources with what we've learned about you allows us to deliver a solution that exceeds your expectations.



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FIRM QUALIFICATIONS AND EXPERIENCE

For over 50 years, we've helped local governments throughout Minnesota serve their communities more efficiently. As one of the leading governmental auditing firm in the state, we provide accounting, financial, and audit services to over 200 governmental entities including cities, school districts, fire relief organizations, city owned utilities, the Minnesota State Senate, the Minnesota House of Representatives, and stand-alone EDA's and HRA's. In 2009, we established AEM Financial Solutions (AEMFS) a company dedicated to providing day-to-day accounting and financial management services for local governments. The success of AEMFS stems from having over 17 years of government finance and audit experience, six years of Big Four accounting Firm, and over 50 years of providing governmental services in Minnesota.

As an integral part of your team, we work with you to deliver one-of-a-kind solutions for improving best practices in your entire organization. You can expect to work with our partners and managers to resolve issues ranging from operational effectiveness to long term planning and workflow.

Governmental Client Services

Our governmental client base is composed of cities, municipalities and other public entities. They are as follows:

- Process evaluation studies and recommendations
- Operational effectiveness
- Work flow implementation
- Request for Proposal development
- Project feasibility analysis
- Rate studies, long term strategic planning and capital improvement planning for more than 50 municipal government agencies
- Budget development and analysis
- Finance Director services for approximately 18 cities.
 - 3 municipal clients receive the GFOA's certificate of achievement for excellence in financial reporting

Personnel

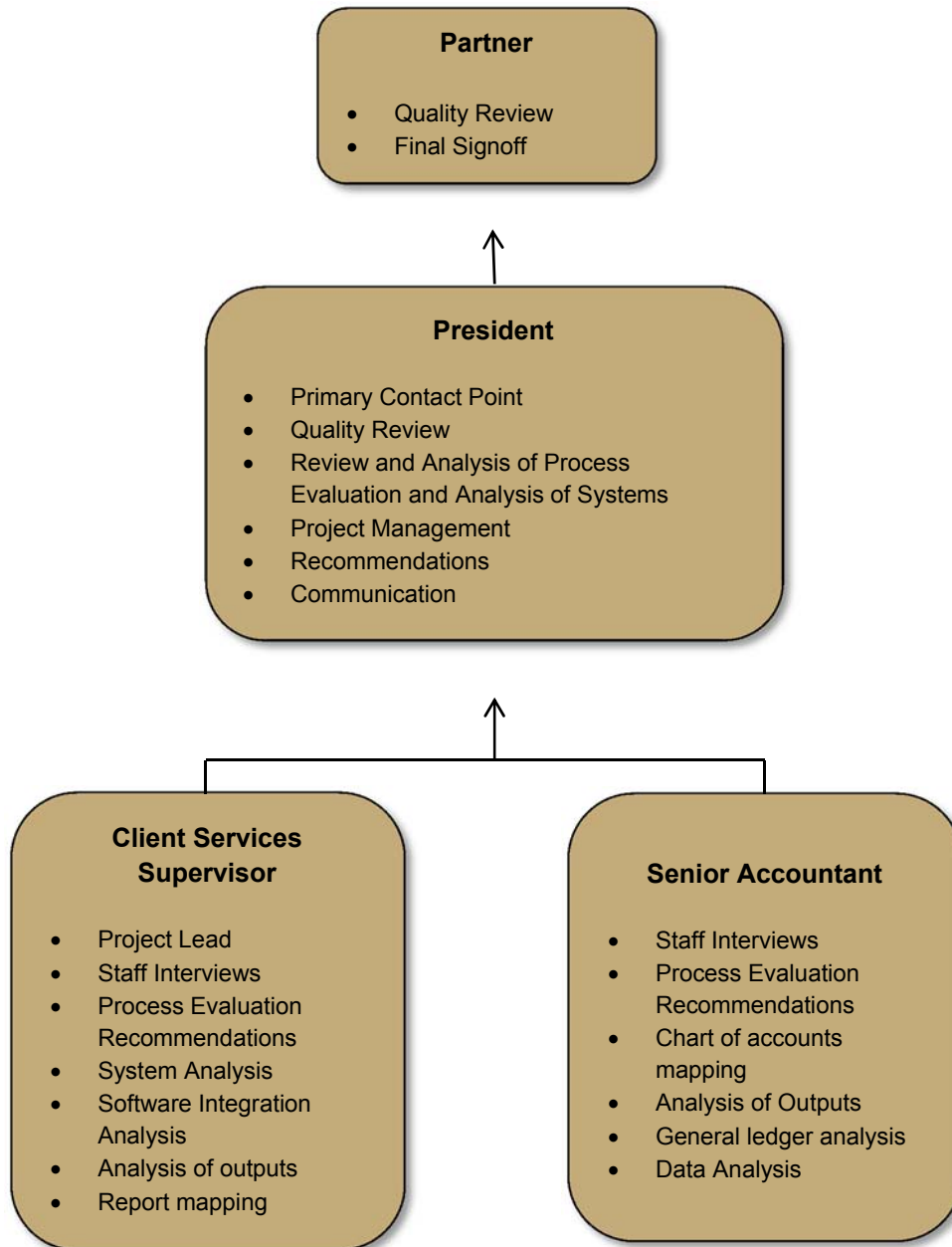
AEMFS has a tremendous level of expertise and experience in provide ng Governmental services. Detailed biographies can be found in Appendix A. This detail will demonstrate that when combined, we have over 40 years of providing solutions to governmental entities along with over 10 years of private sector experience.

Our substantial governmental client base and commitment of staff to governmental services has provided our firm with the competence to serve your professionally and efficiently.

FIRM QUALIFICATIONS AND EXPERIENCE - CONTINUED

Organizational Chart

Each component of our work encompasses a detailed analysis of work performed by all staff members ending with a final sign off based on compliance with our internal requirements. The organizational chart below outlines the roles and responsibilities of our team members.



PROJECT TEAM

AEMFS will have three primary staff members assigned to this project. Please see Appendix A for biographies. From time to time, we may call on others within AEMFS or the Firm for additional support. An organization chart depicting roles and responsibilities of each team member is included in the Executive Summary section of our proposal. Jean McGann, CPA is the single contact for all City inquiries. If this should change, we will notify the City immediately.

PROPOSED SCHEDULE

The project is sectioned into two phases and estimated time frames are outlined in the Scope of Work. AEMFS will meet with the City Administrator and staff on a consistent basis throughout the project to provide progress reports, solicit input and address any challenges.

APPROACH

Scope of Work

Phase I

Analysis of existing leases and capital improvement responsibilities

AEMFS will review all existing leases and provide analysis and recommendations in each of the following areas;

- Feasibility of keeping or selling the building now that the debt will be paid off in 2017
- Review leases and provide recommendations as to content and pricing
- Provide cost/benefit analysis to determine if tenants or city should pay for capital improvements

Phase II

Development of capital plan

If the end result of Phase I is that the decision is made to keep the building, AEMFS will work with the City to develop a capital plan.

Services will be conducted by an on-site visit and interviews, phone conversations and information provided by the City to AEMFS.

City Expectations

As part of the analysis of NCRC building, leases and capital improvements, the City of Northfield agrees to:

- Devote uninterrupted time to working with us as needed
- Make candid representations about your plans and expectations
- Provide access to database and software
- Make all management decisions and perform all management functions
- Provide an individual responsible to review and accept our work

Quality Assurance

Quality is critical the success and integrity of this project. Our internal processes ensure that all work is reviewed and approved prior to moving to the next phase of a project. Our processes require that work is reviewed by a staff member at a higher level than the person that completed it and ultimately the work is signed off on by the AEMFS President and the CEO.

Conclusion

Throughout this process we will be in constant communication with the City team to ensure their needs are being met. By utilizing our implementation and operational experience as well as our knowledge of governmental accounting, our 50 plus years of experience providing services to Minnesota municipalities and our knowledge of regulations in the State of Minnesota we can partner with City of Northfield to achieve your objectives. We are excited about this opportunity and the benefits City of Northfield will recognize as this project is finalized.

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENTAL ENTITIES

We have long-term relationships with many cities in Minnesota and have provided a sample of references of those we have completed special projects for such as; a process evaluations, capital planning, process evaluation, mapping services, strategic planning, and other large projects. Additional references are available upon request.

City of New Hope

Kirk McDonald | 763.531.5112
Engagement Partner - Steve McDonald

City of Dayton

Tina Goodroad | 763.427.4589
Engagement President - Steve McDonald

City of Forest Lake

Aaron Parrish | 651.209.9750
Engagement President - Jean McGann

City of Le Sueur

Jasper Kruggel | 507.665.6401
Engagement President - Jean McGann

City Oak Grove

Loren Wickham | 763.404.7075
Engagement Partner - Jean McGann

Appendix A



Jean McGann, CPA

Mrs. McGann joined the Firm in 2013. She is licensed to practice as a CPA in Minnesota. Jean leads the Financial Solutions group providing financial management services, day-to-day accounting and customized solutions for local governments and nonprofit agencies.

Outside of work Jean enjoys spending time with family and friends. Jean resides in Twin Cities with her husband and their 2 children.

Partner and President

Direct line 952.715.3059
jean.mcgann@aemfinancialsolutions.com

Qualifications

- 18 years of experience in government finance and auditing
- Over 7 years of experience in operations management
- Experienced in strategic planning and financial forecasting
- Experienced in identifying and implementing cost containment processes
- Policy development, internal control evaluation and project management experience

Professional Memberships

- American Institute of Certified Public Accountants (AICPA)
- Minnesota Society of Certified Public Accountants
- Minnesota Government Finance Officers Association
- Government Finance Officers Association of the United States and Canada

Education

- Bachelor of Arts, Buena Vista University, Storm Lake, Iowa
- Continuing professional education as required by AICPA and Government Accountability Office



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Gayle Bauman

Client Services Manager

Direct line 952.715.3075

gayle.bauman@aemfinancialsolutions.com

Ms. Bauman joined the firm in 2016 after working for many years in City government finance. She has previously held the position of Finance Director for two cities in Minnesota. Gayle has experience in all areas of governmental finance including budgeting, capital planning, debt, financial reporting and cash management. Finance departments provide support to all city departments and Gayle is continually looking for efficiencies to assist others in doing the best job they can do.

In her free time, Gayle enjoys golfing, reading, crafts and spending time at the family cabin in northern Wisconsin.

Qualifications

- Over 18 years of experience working in City government finance
- Experience with budgeting, capital planning and debt management
- Budget reviewer for the Government Finance Officers Association

Professional Memberships

- Minnesota Government Finance Officers Association
- Government Finance Officers Association

Education

- Bachelor of Science in Accounting, Gustavus Adolphus College
 - Minor in Mathematics
- Continuing professional education



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Zachary Doud

Zachary joined the firm in 2016 after having served as a governmental auditor for cities, school districts, and not-for-profits. He specializes in working with cities and school districts for accounting and consulting needs including audit preparation, financial statement preparation, and accounting processes.

Zachary enjoys everything outdoors from four-wheeling to hunting to venturing through the BWCA with fishing poles in hand, all alongside his great group of friends. Before these passions are pursued, he makes sure to spend time with his beloved wife and daughter. Zachary is an avid Minnesota sports fan.

Client Services Accountant

Direct line 952.715.3074
zachary.doud@aemfinancialsolutions.com

Qualifications

- 3 years of experience working with local governments in finance and administration as a governmental auditor

Professional Memberships

- Minnesota Society of Certified Public Accountants

Education

- Bachelor of Science in Accounting, University of Minnesota Duluth
- Bachelor of Business Administration in Finance, University of Minnesota Duluth
- Continuing professional education



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Appendix B

AGREEMENT FOR FINANCIAL SERVICES

THIS AGREEMENT, is made and entered into on May 12, 2017 by and between City of Northfield (hereinafter referred to as the "City"), and AEM Financial Solutions LLC (hereinafter referred to as the "Contractor").

Articles of Agreement & Recitals

WHEREAS, the City is authorized and empowered to secure from time to time certain professional services through contracts with qualified consultants; and

WHEREAS, the City desires to retain and compensate a qualified contractor to provide such services on the terms and conditions hereinafter set forth; and

WHEREAS, the Contractor understands and agrees that:

1. The Contractor will act as an Independent Contractor in the performance of all duties under this Agreement. Accordingly, the Contractor shall be responsible for payment of all taxes, including federal, state and local taxes and professional/business license fees arising out of the Contractor's activities;
2. The Contractor shall have no authority to bind the City for the performance of any services or to obligate the City. The Contractor is not an agent, servant, or employee of the City and shall not make any such representations or hold himself/herself out as such;
3. The Contractor shall be the exclusive outsourced special projects accounting service provider for these City during the term of this Agreement;
4. The Contractor shall perform all professional services in a competent and professional manner, acting in the best interests of the City at all times.
5. The Contractor shall not accrue any continuing contract rights for the services performed under this contract.

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein, it is agreed as follows:

ARTICLE I

INCORPORATION OF RECITALS

The recitals and agreement set forth above are hereby incorporated into this Agreement.

ARTICLE II

LIABILITY INSURANCE

Section 1 Liability Insurance: The Contractor shall obtain professional liability insurance, at their expense with liability insurance coverage minimums in the amount of \$2,000,000, which Contractor must secure and maintain during the term of this Agreement. Contractor will provide City with proof of liability insurance coverage prior to performing services under this Agreement in writing, by the City.

Section 2 Indemnity: The Contractor shall indemnify and hold harmless the City from any claims against it or its employees or agents arising out of any act or omission or violation of any duty by Contractor within the scope of this Agreement, including attorney's fees. The City shall indemnify and hold harmless the Contractor from any claims against it or its employees or agents arising out of any act or omission or violation of any duty by the City within the scope of this Agreement, including attorney's fees. Nothing herein shall be deemed to be a waiver by either party of any limitation on liability set forth in Minnesota Statutes, Chapter 466.

ARTICLE III

DURATION OF THE AGREEMENT

Section 1 Duration: This Agreement shall commence upon date of execution by all parties and will remain in effect until September 30, 2017 unless earlier terminated as provided in Sections 2 and 3.

Section 2 City Termination Rights: City may terminate this Agreement upon seven (7) days written notice in the event the City determines in its sole discretion that it is not in the City's best interests to continue using Contractor's services. The City may terminate on a seven (7) day written notice if the Contractor fails to perform its obligations under this Agreement.

Section 3 Contractor's Termination Rights: Contractor may terminate this Agreement upon thirty (30) days written notice to City in the event City does not pay Contractor compensation as required under Article 5, Section 9 within thirty (30) days after invoice is received by City. In the event of non-payment within thirty (30) days, Contractor shall give City an opportunity to cure the default by giving a notice of such non-payment and an additional five (5) days the City's receipt of the notice to remit such payment, prior to giving a notice of termination. Contractor can also terminate the agreement with thirty (30) days written notice if the Contractor believes it is in its best interests to terminate the agreement.

ARTICLE IV

RENEWAL OF THE AGREEMENT

Section 1 Renewal Period: Not less than thirty (30) days prior to the expiration of this Agreement, the City may provide written notice of intent to renew this agreement upon terms and conditions agreed upon by both parties to the Agreement. If no such renewal agreement is executed by the parties, the Agreement terminates without further action of either party on September 30, 2017.

ARTICLE V

GENERAL

Section 1 Authorized City Agent: The City's authorized agent for the purpose of administration of this Agreement is the General Manager. Said agent shall have final authority for approval and acceptance of the Contractor's services performed under this Agreement and shall further have responsibility for administration of the terms and conditions of this Agreement. All notices under this Agreement shall be sent to the person and address indicated below on the signature lines.

Section 2 Amendments: No amendments or variations of the terms and conditions of this Agreement shall be valid unless in writing and signed by the parties.

Section 3 Assignability: The Contractor's rights and obligations under this Agreement are not assignable or transferable.

Section 4 Data: Any data or materials, including, but not limited to, reports, studies, photographs, negatives, or any and all other documents prepared by the Contractor or its outside consultants in the performance of the Contractor's obligations under this Agreement shall be the exclusive property of the City, and any such data and materials shall be remitted to the City by the Contractor upon completion, expiration, or termination of this Agreement. Further, any such data and materials shall be treated and maintained by the Contractor and its outside consultants in accordance with applicable federal, state and local laws regarding data privacy.

Section 5 Entire Agreement: This Agreement is the entire agreement between the City and the Contractor and it supersedes all prior written or oral AEMFS agreements. There are no other covenants, promises, undertakings, or understandings outside of this Agreement other than those specifically set forth. Any term, condition, prior course of dealing, course of performance, usage of trade, understanding, or agreement purporting to modify, vary, supplement, or explain any provision of this Agreement is null and void and of no effect unless in writing and signed by representatives of both parties authorized to amend this Agreement.

Section 6 Severability: All terms and covenants contained in this Agreement are severable. In the event any provision of this Agreement shall be held invalid by any court of competent jurisdiction, this Agreement shall be interpreted as if such invalid terms or covenants were not contained herein and such holding shall not invalidate or render unenforceable any other provision hereof.

ARTICLE V - CONTINUED

GENERAL - CONTINUED

Section 7 Contractor Fiscal Decision Waiver: Contractor is responsible for providing the City with timely and accurate financial recommendations and information that allows the Board to have the ability to make well informed financial decisions. Contractor will provide final financial recommendations, but is not responsible for the final decisions made regarding financial matters.

Section 8 City Employment of Contractors Employees: Should the City desire to employ the Contractor's employee that is assigned to the City during the term of this Agreement, it must have the written consent of the Contractor to enter into a City employee contract with the Contractor's employee. If the City hires the Contractor's employee, this will result in payment to the Contractor equal to 150 percent of the Contractor's employee's annual salary. This restriction on employment applies for six months after last billing.

Section 9 Payment: The parties agree that the Contractor shall be paid compensation for the services provided hereunder, payable for work performed in accordance with this Agreement, based on the fees indicated in Table 1.

Table 1

Analysis of existing leases and capital improvement responsibilities
Development of Capital Plan

Estimated Cost

\$5,000 - \$6,000
\$4,500 - \$6,500

Payment Schedule

Contract execution
Project Completion

50% of contract
Remaining balance

Additional Services: Should the City request additional services in addition to the Contracted Services, the Contractor will provide the City with proposed fees in writing for the services required. The City shall provide a written or electronic confirmation prior to the Contractor providing the additional services.

Outside Contractors: It shall be the responsibility of Contractor to compensate any other outside consultants retained or hired by Contractor to fulfill their obligations under this Agreement.

Appendix C

AGREEMENT FOR THE PROVISION OF PROFESSIONAL SERVICES

CITY OF NORTHFIELD

WHEREFORE, this Agreement was entered into on the date set forth below and the undersigned, by execution hereof, represent that they are authorized to enter into this Agreement on behalf of the respective parties and state that this Agreement has been read by them and that the undersigned understand and fully agree to each, all and every provision hereof, and hereby, acknowledge receipt of a copy hereof.

City of Northfield
801 Washington St
Northfield, Minnesota 55057

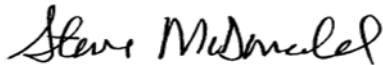
Name _____

Title _____

Date _____

AEM Financial Solutions, LLC
5201 Eden Ave. Suite 250
Edina, Minnesota 55436

Signature of
Official:



Name (typed):

Steven R. McDonald, CPA

Title:

CEO

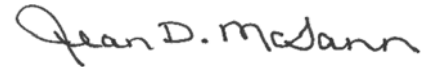
Firm:

AEM Financial Solutions, LLC

Date:

May 12, 2017

Signature of
Official:



Name (typed):

Jean D. McGann, CPA

Title:

President

Firm:

AEM Financial Solutions, LLC

Date:

May 12, 2017