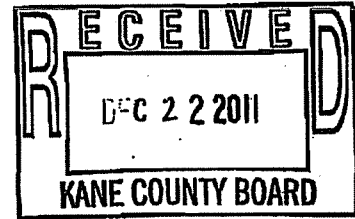
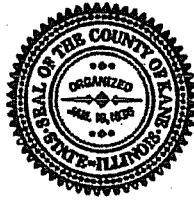


County of Kane
Office of County Board
Kane County Government Center



Karen McConnaughay
Chairman
630-232-5930



719 Batavia Avenue
Geneva, Illinois 60134
Fax 630-232-9188

DOCUMENT VET SHEET
for
Karen McConnaughay
Chairman, Kane County Board

Name of Document: Contract Execution – Financial Advisor

Submitted by: Tim Keovongsak / Purchasing Dept.

Date Submitted: December 21, 2011

Examined by:

(Print name)

(Signature)

(Date)

Post on Web:

Yes ☒

No ☐

Atty. Initials

KCS

Comments:

Request approval and Chairman's signature for execution of attach contract for professional service for Financial Advisor. RFP 22-011 – Resolution 11-261. Please notify Purchasing when available for pick up, x25929.

Attachment: Offer to Contract Form

Chairman signed:

☒ Yes

No

1-10-12
(Date)

Document returned to:

Rev. 3/11

CONTRACT FOR PROFESSIONAL SERVICES

Agreement for Financial Advisory

This agreement is entered into this ____ day of _____, 201 ____, and will be effective as of the date of final execution of this contract, between the **COUNTY OF KANE** with offices at 719 S. Batavia Avenue, Geneva, Illinois 60134 (the "**County**"), a body corporate and politic existing under the laws of the State of Illinois and a unit of local government under §1 of Article VII of the Illinois Constitution (Ill. Const., Art. VII, §1), and **Speer Financial**, with offices at 1 North LaSalle Street, Suite 4100, Chicago, Illinois 60602 (the "**Consultant**"). For and in consideration of the mutual promises set forth herein, the parties agree as follows:

§ 1. Purpose of agreement

The County hereby retains the Consultant as Financial Advisor.

§ 2. Scope of services

The services to be provided by the Consultant (the "**Work**"), are set forth in **Exhibit 1 & 2**.

§ 3. Term of this agreement

The term of this agreement will commence as of the date hereof and continue, unless earlier terminated in accordance herewith, until the Work is completed.

- (a) The Term of this agreement expires on December 31, 2012 with mutual option for continuance of service on a year-to-year basis and not to exceed five (5) years periods.

§ 4. Relationship of parties

The Consultant will serve as the County's professional financial advisory consultant in the performance of the Work. The relationship between the parties is that of a buyer and seller of professional services and as such the Consultant is an independent contractor of the County in the performance of the Work and it is understood that the parties have not entered into any joint venture or partnership. The Consultant is not an employee or the agent of the County for any purpose.

§ 5. Compensation

- (a) The County will pay the Consultant fee at the rates set forth in **Exhibit 2, Sections VI.E. Fee Proposal, VI.E.1, VI.E.2, and VI.E.3**, which the Consultant will fully complete the Work. The County will pay each such invoice within 45 days of its receipt.

§ 6. Terms and conditions

- (a) The Director of Finance Department (The "**Director**"), or his/her written designee, shall act as the County's representative (the "**Client**") with respect to the Work and shall transmit to and receive from the Consultant information with respect to the Work. The Consultant shall coordinate all work through the Client and shall report results of all work directly to the Client.
- (b) The Director may, by written order, make changes in specific work items if such changes are within the scope of services set forth in **Exhibit 1**. If any such change is not within the scope of services, the Consultant will so notify the Director and will submit a proposed change order reflecting an increase (or decrease) in the work. Hourly rates for additional work will be those set forth in **Exhibit 2**. No such change order will be effective to modify this agreement unless it has first been reduced to writing and approved by all undersigned parties.
- (c) The County may, anytime and without cause, upon notice to the Consultant terminate this agreement before completion of the Work. Upon termination, the Consultant will cease all work under this agreement and will turn over to the County all information, records, documents, data, property, publications or other material theretofore received or prepared by the Consultant under or resulting from this agreement, all of which will become the property of the County. The Consultant will submit a final invoice for all work done through the date of termination which will be paid within 45 days of its receipt. In the event of termination, only actual time spent and expenses incurred in the performance of the Work prior to termination will be compensated. The County will have no liability for lost profits, overhead or other consequential or incidental damages. In the event of termination, the County will be free to abandon the work or retain another consultant to complete the Work.
- (d) The obligations of the County under this agreement are contingent upon the prior appropriation of funds by the Kane County Board if applicable.
- (e) The Consultant will maintain books, records, documents, time sheets and other evidence pertinent to its performance of the Work according to generally accepted accounting principles and practices consistently applied. The County or its authorized representatives will have access to such books, records, documents and other evidence for inspection, audit, and copying. The Consultant will provide appropriate facilities for such access and inspection during normal business hours.

§ 7. Ownership of Documents and Confidentiality

All documents, including all original drawings, specifications, tables and data prepared or collected in the course of the Work are and remain the property of the County; shall be maintained as confidential property of the County, shall not be disclosed in whole or in part, to any non-parties to this agreement except at the direction of the County. All data obtained from the County, including digital mapping information, is to be used solely for the purpose of the Work, and shall not be retained by the Consultant for use in any other manner.

§ 8. Responsibility of Consultant

The Consultant shall perform the Work in accordance with generally accepted and currently recognized practices and principles applicable to the performance thereof and in a manner consistent with that level of care and skill ordinarily exercised by professionals currently performing such work in the same locality under similar conditions. The Consultant represents and warrants that it has thoroughly reviewed the Work; that it is thoroughly familiar with the field of knowledge bearing upon the performance of the Work; that it has any licenses, permits or approvals necessary or appropriate to perform the Work; and that it can produce the Work within the term of this agreement and for the compensation stated herein.

§ 9. Indemnity

The Consultant shall indemnify, defend (with counsel reasonably satisfactory to those parties to be defended), and hold the County, its elected officials, the Committee, the Director, and their respective agents and employees, harmless from any and all claims, demands, liabilities, damages, loss, cost or expense for or on account of any injury or damage which may arise or which may be alleged to have arisen out of or in connection with, or as a result of any negligent acts, errors and/or omissions of the Consultant, its subcontractors, and their respective employees and agents, in performing the Work. Except as to professional liability, such indemnification shall not be limited by reason of the enumeration of any insurance coverage herein provided.

§ 10. Insurance

The Consultant will obtain prior to the commencement of the Work and will maintain for a minimum of 3 years following completion of the Work the following insurance coverage:

- | | |
|----------------------------|---|
| (a) Workers Compensation | Shall be in accordance with the provisions of the laws of the State of Illinois |
| (b) General Liability | \$2,000,000 combined single limit (or equivalent); |
| (c) Automobile Liability | \$1,000,000 combined single limit (or equivalent); |
| (d) Excess Liability | \$2,000,000 each occurrence; and |
| (e) Professional Liability | \$2,000,000 per claim. |

Prior to commencement of the Work, the Consultant will furnish the County with a certificate of insurance evidencing the coverage listed above, which names the County as an additional insured on all policies except Workmen's Compensation and Professional Liability, and provides that the County will receive not less than 30 days' prior written notice of any cancellation of or material change in the policy.

§ 11. Equal Employment Opportunity

Section 6.1 of the Illinois Department of Human Rights Rules and Regulations is hereby incorporated herein by this reference as though fully set forth.

§ 12. No subcontracts

The Consultant will be held responsible for the performance of the Work. No part of the Work may be the subject of a subcontract between the Consultant and any other person without the prior written consent of the Director.

§ 13. Notice

Any notice, invoice, certification or communication required or permitted hereunder shall be sufficiently given if served personally, sent *via* fax, or sent by first class mail, postage prepaid to:

Kane County Government Center
Cheryl Pattelli
Director of Finance
719 S. Batavia Ave.
Geneva, IL 60134
Fax No. 630/208-5110

Speer Financial, Inc
David F. Phillips
Senior, Vice President
1 North LaSalle St. Suite 4100
Chicago, IL 60602
Fax No. 312/346/8833


Notice *via* fax shall be effective as of the date and time set forth on the fax transmittal sheet produced by the sending fax machine. Notice by first class mail shall be effective four days after mailing.

§ 14. Miscellaneous

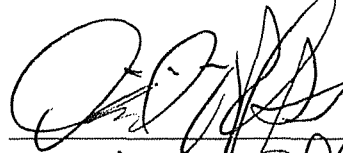
- (a) This agreement constitutes the entire agreement between the parties and supersedes any prior agreement relating to the subject matter hereof. This agreement may be modified or amended only by a duly authorized written instrument executed by the parties hereto.
- (b) The agreement shall be governed by and construed in accordance with the laws of the State of Illinois. Any action brought under or which relates to this agreement shall be brought in Kane County, Illinois.
- (c) This agreement shall be binding upon and shall inure to the benefit of the parties and their successors and assigns, provided, however, that neither party may assign this agreement without the prior written consent of the other.
- (d) The waiver by one party of any breach of this agreement or the failure of one party to enforce at any time, or for any period of time, any of the provisions hereof, shall be limited to the particular instance and shall not be deemed to be a waiver of any future breach or a waiver of any provision of this agreement.

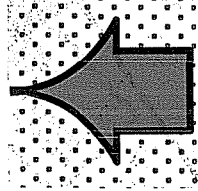
- (e) Nothing in this agreement shall be construed as creating any personal liability on the part of any officer, employee or agent of any public body that may be a party to this agreement, nor shall it be construed as giving any rights or benefits under this agreement to anyone other than the parties hereto.
- (f) All exhibits referred to in this agreement are attached and by this reference incorporated herein as though fully set forth.
- (g) This agreement may be executed in any number of counterparts, all such counterparts taken together constituting but one and the same agreement.
- (h) If any action is filed under or relating to this agreement, the non-prevailing party (as determined by the Court) shall pay, in addition to all other amounts which the non-prevailing party may be ordered to pay, the prevailing party's costs, expenses and reasonable attorney's fees.

The County of Kane


Karen McConnaughay
Chairman, Kane County Board

Speer Financial, Inc


Name: David Phillips
Title: Senior Vice President



1-10-12
Date

12/20/11
Date

EXHIBIT 1

COUNTY OF KANE

RFP 22-011 Statement of Work

STATEMENT OF WORK

For

FINANCIAL ADVISOR

Section I. Introduction

Kane County, Illinois is seeking proposals to retain the services of a financial advisor familiar with Illinois municipal finances. The retained financial advisor will perform a variety of tasks, including but not limited to, analyzing the financial needs of Kane County, constructing bond issues, assisting in selection of an underwriter or organizing a competitive sale, dealing with the rating agencies, and advising on other matters of importance such as research on potentially new revenue sources and continuing compliance findings. The selected financial advisor will be prohibited from acting as underwriter of any debt issued by Kane County during the term of the contract or for any debt issue upon which said advisor worked during the term, irrespective of when issued.

Section II. Scope of Services

1. The financial advisor will become familiar with the County's debt structure, financial condition and policies, and will advise the County on debt policies and other policies that might affect the marketability of the County's bonds and its bond rating (e.g., investment policies.)
2. The financial advisor will become familiar with the County's capital strategies and its overall plans for projects that it plans to finance with debt.
3. The financial advisor will work with the County's bond counsel and County administration to determine the most advantageous ways for the County to issue debt, including but not limited to the type of debt, repayment schedule, expected interest rates, annual maturity amounts, and call features. The financial advisor will join County administrative staff in presenting recommendations to the County Board.
4. The financial advisor will plan and implement such actions as to provide for competitive or negotiated sale of proposed debt.
5. The financial advisor will prepare tentative financing timetables setting out action dates for each respective party/person.
6. The financial advisor will estimate all costs of issuance.
7. The financial advisor will provide bond counsel with all relevant information needed for the bond ordinance and other closing documents.
8. The financial advisor will prepare the preliminary official statement (POS) and arrange for its printing. The County will provide reasonable assistance and information. The financial advisor

will provide a draft POS to the County and bond counsel for review prior to its release to the investment community.

9. The financial advisor will review the County's current bond ratings, recommend rating agencies to review the County's bond ratings and coordinate the submittal of requests for bond rating reviews to rating agencies selected by the County.
10. The financial advisor will recommend whether or not to qualify the bond issue for bond insurance and provide information as necessary to bond insurers.
11. The financial advisor will coordinate any presentations to the rating agencies that might be required for rating reviews.
12. The financial advisor will distribute the POS and any other disclosure documents to the bond market community.
13. The financial advisor will arrange for the publishing of the notice of bond sale in the appropriate publications.
14. The financial advisor will be responsible for responding to all inquiries about the proposed bond sale from potential bond purchasers.
15. The financial advisor will receive and review all submitted bids on the day of the bid opening.
16. The financial advisor will provide a written summary of bids or proposals submitted by underwriters. The financial advisor will recommend to the Finance Director and County Board Chairman the preferred underwriter whose bid (if competitive sale) or proposal (if negotiated sale) the County should accept, and the reasons for such recommendation. In a competitive issuance, such report shall be made on the day of the bid opening.
17. A principal of the firm selected as financial advisor shall attend the County Board meeting the night of any bond bid openings to present a summary of the bid opening and his or her recommendation.
18. The financial advisor will notify the successful bidder of the results of the bid opening and County Board action.
19. The financial advisor will prepare the Final Official Statement and distribute the document as required.
20. The financial advisor will coordinate the delivery of the bonds and provide any other documents normally provided by a financial advisor in order for the bonds to close.
21. The financial advisor will attend bond closings if requested by the County or bond counsel.
22. The financial advisor will monitor the market and on a semi-annual basis provide a report to Kane County on the market conditions and any refunding opportunities.

EXHIBIT 2

SPEER FINANCIAL, INC

PROPOSAL TO THE COUNTY OF KANE

March 30, 2011



KEVIN W. McCANNA
PRESIDENT

DAVID F. PHILLIPS
SR. VICE PRESIDENT

LARRY P. BURGER
VICE PRESIDENT

DANIEL D. FORBES
VICE PRESIDENT

BARBARA L. CHEVALIER
VICE PRESIDENT

RAPHALLATA MCKENZIE
VICE PRESIDENT

March 30, 2011

Mr. Timothy Keovongsak
Buyer, Purchasing Department
County of Kane
719 South Batavia Avenue, Building A
Geneva, IL 60134

Dear Mr. Keovongsak:

Speer Financial, Inc. is pleased to submit this proposal for financial advisory services for the planning and issuance of debt to the **County of Kane**. We have served the County in this capacity since 2005 and to the Kane County Public Building Commission since the late 1980's and the Kane County Forest Preserve District since the early 1990's.

COUNTY REQUIREMENT

VI.A Transmittal Letter. Proposals shall be transmitted by a letter which summarizes the key points of the proposal and is signed by an officer of the firm who is responsible for committing the firm's resources.

SPEER FINANCIAL, INC'S RESPONSE

Please refer to the enclosed transmittal letter.

COUNTY REQUIREMENT

VI.A.1. The name, title, postal address, and email address of the individual to whom the County should send notices regarding this Request for Proposal.

SPEER FINANCIAL, INC'S RESPONSE

Please contact : David F. Phillips
Title: Senior Vice President
Postal Address: 1 North LaSalle Street #4100
Chicago, IL 60602
Email: dphillips@speerfinancial.com
Telephone: 312-780-2280

COUNTY REQUIREMENT

VI.A.2. Confirmation that if selected as the County's financial advisor, neither the firm nor its principals will underwrite the County's debt, or submit a bid or proposal to purchase bonds from the County, either directly or through participation in a syndicate or other means, during the term of the firm's financial advisor contract with the County.

SPEER FINANCIAL, INC'S RESPONSE

Neither Speer Financial, Inc. nor its principals will underwrite the County's debt, or submit a bid or proposal to purchase bonds from the County, either directly or through participation in a syndicate or by other means, during the term of firm's financial advisor contract with the County.

SPEER FINANCIAL, INC.

COUNTY REQUIREMENT

VI.A.3. A statement disclosing any and all finders fees, fee splitting, and/or other relationships and/or contractual agreements of the firm that could present real or perceived conflicts of interests.

SPEER FINANCIAL, INC'S RESPONSE

Speer Financial Inc. has no finder's fees, fee splitting or any other relationships and/or contractual agreements that could present real or perceived conflicts of interest. This has been true for all of our 57 years, is true today, and we anticipate will remain true in future years as well.

COUNTY REQUIREMENT

VI.A.4. A statement of any pending investigation of the firm or enforcement or disciplinary actions taken within the past three years by the SEC or other regulatory bodies.

SPEER FINANCIAL, INC'S RESPONSE

None, ever.

COUNTY REQUIREMENT

VI.B Profile of the Proposer. Proposers shall describe:

VI.B.1. The organization and size of the proposer, and whether it is local, regional, national, or international in operations.

SPEER FINANCIAL, INC'S RESPONSE

VI.B.1.A. Background on Firm

Speer Financial, Inc. is a nationally recognized, employee-owned Midwestern regional firm of municipal finance consultants. The firm has six officers and a team of 16 employees. We are charter members of the National Association of Independent Public Finance Advisors (NAIPFA), an industry coalition seeking to develop and promote ethical and professional standards for financial advisory firms and their employees. We bring our clients years of experience in the financial markets. Since the firm's founding in 1954, Speer Financial has participated in the planning and sale of over \$23.7 Billion in taxable and tax-exempt securities for more than 810 clients. We routinely handle both new money and current and advance refunding securities such as: general obligation bonds, revenue bonds, installment purchase contracts, notes, special assessment bonds and special service area bonds. We are experienced in issuing debt for County purposes and are registered municipal advisors with the MSRB.

Speer Financial works solely with governments, and financial consulting is the firm's only business. **Speer Financial does not underwrite, purchase or sell bonds, nor is the firm affiliated with any bank, underwriter or investing institution. We are able, therefore, to render financial advice to clients without bias or conflict of interest.** Our services are solely for the benefit of our governmental clients.

SPEER FINANCIAL, INC.

The firm maintains a staff with varied backgrounds and disciplines which equip the staff to respond promptly to client questions. Speer Financial only accepts assignments within its staff's expertise and available time. Our many long-term relationships demonstrate the level of client satisfaction with our services. We base our recommendations on what a client needs to hear, not on what a client wants to hear.

As noted in our response to VI.B.2., we have two offices, the Chicago headquarters and a Waterloo, Iowa satellite office. While very active in our region, we serve only Midwestern clients.

VI.B.1.B. Speer Financial's Recent Bond Sale Experience

In the last five calendar years, Speer Financial sold through competitive sale 70.72% of our security sales, totaling over \$3.631 billion of securities and sold through negotiated sale 291 issues totaling over \$1.804 billion of securities.

We assisted in bringing 994 issues to market amounting to over \$5.435 Billion in municipal securities in the last five complete calendar years. This large number of issues and high par value of securities illustrates Speer Financial's high level of expertise and market awareness which has been developed and honed by this high level of activity.

Calendar Year	Number of Sales			Bond Volume		
	Competitive	Negotiated	Total	Competitive	Negotiated	Total Par
2006	148	62	210	\$835,710,307	\$375,935,000	\$1,211,645,307
2007	117	46	163	\$526,487,528	\$405,564,830	\$ 932,052,358
2008	129	51	180	\$680,549,178	\$233,576,072	\$ 914,125,249
2009	146	65	211	\$681,908,732	\$408,540,459	\$1,090,449,192
2010	163	67	230	\$906,403,955	\$381,116,125	\$1,287,520,080
Five Year Total	703	291	994	\$3,631,059,700	\$1,804,732,486	\$5,435,792,186
Five Year Average	141	58	199	\$726,211,940	\$ 360,946,497	\$1,087,158,437
Five Year Average%	70.72%	29.28%	100.00%	66.80%	33.20%	100.00%

VI.B.1.C. Rankings

Attached as **Appendix A1** is the summary of the top Illinois financial advisors of Long Term Municipal New Issues in 2010. This information is compiled by Thompson Securities Data Company, an independent information clearinghouse for the municipal bond industry. This 2010 ranking shows Speer Financial has retained the ranking held for more than 25 years as the most active financial advisor in Illinois, advising on 129 of 451 of tax exempt and taxable long term new money issues brought to market in Illinois. Further Speer Financial advised on 94 of the 177 (over 54.97%) competitively sold issues in Illinois for 2010.

Attached as **Appendix A2** is the summary of the top nation-wide financial advisors of Competitive Long Term Municipal New Issues in 2010. This information, also compiled by Thompson Securities Data Company shows that Speer Financial, Inc. was the seventh most active advisor in the U.S. with 127 sales of competitive long term municipal new issues in 2010.

SPEER FINANCIAL, INC.

A more detailed analysis of Speer Financial's 2010 sales shows that Speer Financial has extensive experience in selecting and completing the most cost effective type of debt offering and method of sale for each issue of each client.

SALES

	Official Statements (Par amount usually over \$1mm)		Term Sheets (Par amount usually under \$1mm)		Combined Total	
	No.	%	No.	%	No.	%
Competitive	114	65.90%	49	85.96%	163	70.87%
Negotiated	59	34.10%	8	14.04%	67	29.13%
TOTAL	173	100.00%	57	100.00%	230	100.00%
Competitive par	\$ 875,400,450		\$ 31,003,505		\$ 906,403,955	
Negotiated par	\$ 372,744,115		\$ 8,372,010		\$ 381,116,125	
Total Par	\$1,248,144,565		\$ 39,375,515		\$1,287,520,080	
Average Size	\$ 7,214,708		\$ 690,799		\$ 5,597,913	

Factors that affect the most appropriate type of sale offering include par amounts, marketability of the debt, continuing disclosure, cost efficiencies and risk. The average size of an official statement sale is approximately \$7,215,000 while the average term sheet sale size is approximately \$690,800.

VI.B.1.D Client Sales of Securities

Attached as **Appendix B1** is a listing of Speer Financial's 2011 Year-To-Date client sales of securities, while **Appendix B2** lists the 2010 Client Sales of Securities and **Appendix B3** lists the 2009 client sales of securities. We serve a broad and diverse number of clients, many for decades.

From this detailed listing of our year-to-date sales in 2011 to our 230 sales in 2010 and 211 sales in 2009, the vast majority of our advisory services are performed for Illinois issuers.

VI.B.1.E. Kane County Issuance History

Speer Financial, Inc. has also served the Kane County Public Building Commission since the 1980's and the Kane County Forest Preserve District since the late 1990's for a total of 20 issues with a total par amount of over \$400,000,000. Recent issues for the County of Kane are listed below.

Series	Date	Security	Rating	Issue Size	Method of Sale	Sale Results
Year	of sale					
2005	12/13	Debt Certificates	AA-/Aa3	\$ 9,995,000	Competitive	7 bidders
2006	6/13	Debt Certificates	AA-/Aa3	24,995,000	Competitive	4 bidders
2007	2/27	G.O. Limited	AA/Aa2	11,345,000	Competitive	13 bidders
2009A	10/15	Taxable G.O. Alternate (BAB)	AA+	23,600,000	Competitive	8 bidders
2009B	10/15	Taxable G.O. Alternate (BAB)	AA+	16,400,000	Competitive	9 bidders
2010	12/14	Taxable Recovery Zone Alternate	AA+	<u>7,670,000</u>	Competitive	<u>3 bidders</u>
			Totals	\$94,005,000		44 bidders

COUNTY REQUIREMENT

VI.B.2. The location of the office from which the work is to be done, and the number of professional staff employed at that office.

SPEER FINANCIAL, INC'S RESPONSE

The headquarters and principal office of Speer Financial, Inc. is located at:

One North LaSalle Street, Suite 4100
Chicago, IL 60602

We have an Iowa office to serve our Iowa clients, but all services will be provided to the County of Kane by the Chicago headquarters. Staffing of the respective offices is as follows:

	CHICAGO OFFICE	IOWA OFFICE	TOTAL
Officers	5	1	6
Clerical Professionals	5	1	6
Financial Analysts	3	1	4
Total	13	3	16

COUNTY REQUIREMENT

VI.B.3. A description of the range of activities performed by the group proposed to provide services to the County.

SPEER FINANCIAL, INC'S RESPONSE

Speer Financial will prepare a financial plan and then implement it through the proposed sale and issuance of debt. The County will make all final decisions, but Speer Financial will make recommendations on all aspects of the financing and work closely with the County's staff, attorney and bond counsel. We will develop alternative debt schedules for the County's review. After consultation, we will recommend maturity schedules and other terms for the proposed debt issuance to meet both the County's needs and to match market requirements.

We will research financial and economic data relating to the County and compile an Official Statement for each debt issuance. We will recommend which rating service or services to utilize and make application. If insurance is appropriate, we will make such application. We will recommend the most appropriate scope of sale and the best method of sale. When a competitive sale is appropriate we will distribute the Official Statement to underwriters and investors and work to develop bidding groups. We will attend all competitive sales, check the bids and recommend which bid to accept. When a negotiated placement is most advantageous to the County, we will work with you to select an underwriter. We will assist in negotiating the interest rates, spread, terms and conditions of the issue with the selected underwriter on your behalf.

SPEER FINANCIAL, INC.

We will arrange for the preparation and registration of the securities, the delivery of the securities to the purchaser and the simultaneous transfer of security proceeds to the County. If requested, under separate contract, we will assist the County in complying with continuing disclosure requirements. We provide a detailed listing of these services in **Appendix C**, entitled "Financial Planning and Municipal Security Sale Services". Our services include all those set forth in the RFP Section IV. Scope of Services.

COUNTY REQUIREMENT

VI.B.4 – Deleted Per Addendum #1

VI.B.5. Identification of the professional staff who will be primarily responsible for performing the services outlined in this Request for Proposal, indicating title, nature of responsibilities, education, experience, and specialized skills, and number of years with the firm. (The County understands that personnel may change from time to time, but the County expects some continuity of staff).

SPEER FINANCIAL, INC'S RESPONSE

Key Officers or Managers of the Firm

		Tenure with Speer
President -	Kevin W. McCanna	30
Senior Vice President -	David F. Phillips	25
Vice President -	Daniel D. Forbes	17
Vice President -	Barbara L. Chevalier	18
Vice President -	Raphaliata T. McKenzie	14
Vice President -	Larry Burger	<u>18</u>

To serve the County

122 years

The six officers of Speer Financial, Inc. have a combined 122 years with the firm. All are owners and shareholders. Not only are the officers invested in the success of the firm, but the four Speer Financial Analysts have a combined 21 years with the firm and our six support staff have 83 combined years with the firm. In total, the 16 members of the firm have a combined 226 years with Speer Financial, Inc., or an average of over 14 years per employee.

Speer Financial will provide a team of finance professionals to serve the County. A coordinated distribution of responsibility in the planning and issuance of the County's securities by Speer Financial benefits the County. The financing team will be composed of **Vice President Daniel Forbes**, and **Senior Vice President David Phillips**, with the latter serving as Project Manager. This is the team that has served the County for the last six years and Dave Phillips is a resident of Kane County.

Speer Financial's team approach assures that someone familiar with the issue is available at all times. Our team approach provides us with the extra flexibility to meet with County officials at your convenience without unnecessary delays. The team approach also enables varied perspectives to surface in the planning phase and for specialization, like computer modeling, within the Speer team.

While our main business activity is to provide municipal finance consulting services, our professional staff includes individuals with accounting, banking, economics, computer science, legal planning, and public management expertise. While the quality of our people is clearly more important than the quantity, it is important that the firm you select as your financial advisor be able to provide prompt and uninterrupted service to you during periods of vacations, periods of illness and conflicts in schedules. Working with a team assures you of prompt and professional service. Staff biographies for David Phillips and Daniel Forbes are presented below.

David F. Phillips, CIPFA - Senior Vice President/Director of Marketing, Director and Owner. Certified Independent Public Finance Advisor by National Association of Independent Public Finance Advisors. B.S. Municipal Park and Recreation Administration, University of Iowa; Served as Park District Manager of the Wheeling Park District in northwest suburban Chicago (1972-1986), President of the National Recreation and Park Association (NRPA) Council of Affiliate Presidents (1985); President of the Illinois Park and Recreation Association (1983), Member of the Illinois City Management Association, Illinois Government Finance Officers Association, Illinois Association of School Business Officials, Illinois Association of School Administrators, Illinois Association of School Boards, Illinois Association of Park Districts, Illinois Park and Recreation Association, and Michigan Municipal Electric Association. Contributor to various professional magazines. Speaker at local, state and national gatherings. Has been employed by Speer Financial since 1986.

Dave is the team leader interfacing with the County staff and elected officials. He develops the strategy incorporating the County's plans and goals into a implementable timeline. Dave will attend meetings with the County Board and staff and will generally serve as the 'face' of Speer Financial with the County.

Daniel D. Forbes, CIPFA - Vice President, Director and Owner, Certified Independent Public Finance Advisor by National Association of Independent Public Finance Advisors. Certified Municipal Securities Representative by the National Association of Securities Dealers (NASD), B.S. Economics, Beloit College; J.D. and M.B.A., Finance, Washington University. Served as a financial analyst with a Chicago investment banking firm (1990-1994) which specialized in municipal economic development. Previously with Chapman and Cutler (1984-1990) and served as bond counsel, underwriter's counsel and corporation counsel for health care, cultural and educational organizations. Member of the Illinois Government Finance Officers. Has been employed by Speer Financial since 1994.

Dan serves as the primary liaison to the credit rating agencies, the insurance companies and other financing professionals including bond counsel. He is responsible for drafting the Official Statement. He also will be the alternate contact to the County.

Combined, Dave and Dan have 42 years of experience with Speer Financial, Inc. including the last six years serving the County.

COUNTY REQUIREMENT

VI.B.6. A description of the firm's ethics policy, and actions of the firm to ensure adherence to it.

SPEER FINANCIAL, INC'S RESPONSE

Speer Financial works solely with governments, and financial consulting is the firm's only business since our founding in 1954. **Speer Financial does not underwrite, purchase or sell bonds, nor is the firm affiliated with any bank, underwriter or investing institution. We are able, therefore, to render financial advice to clients without bias or conflict of interest.** Our services are solely for the benefit of our governmental clients.

Speer Financial, Inc's role as an independent public financial advisor and as a charter member of the National Association of Independent Public Financial Advisors (NAIPFA) is testimony to our commitment to impartial professionalism. Dan Forbes has served on the NAIPFA Board for more than 7 years. We adhere to the NAIPFA ethics standards and periodically check internally to be sure such standards are being adhered to. The NAIPFA Code of Professional Conduct and Ethics is attached as **Appendix I.**

COUNTY REQUIREMENT

VI.B.7. A certification of a commitment to non-discrimination. The County of Kane is an Equal Opportunity Employer and does not discriminate against any persons on the basis of race, creed, color, age, gender, ethnic background or national origin.

SPEER FINANCIAL, INC'S RESPONSE

Speer Financial, Inc is committed to non-discrimination and equal opportunities. Board action has adopted the state non-discrimination and equal employment policy and it is included in Speer Financial, Inc.'s employee handbook.

COUNTY REQUIREMENT (and Speer Financial's Response)

VI.C. Firm Experience. Proposers shall provide the following information:

VI.C.1. Please provide your firm's identifying information including:

VI.C.1.a. The name and address of the organization with whom the contract will be entered into and any trade names associated with that entity;

Speer Financial, Inc. One North LaSalle Street, Suite 4100, Chicago, IL 60602.

VI.C.1.b. The firm's Federal Employer Identification Number; and
36-2515109

VI.C.1.c. The name, telephone number and e-mail address of the representative of the firm who is authorized to discuss the firm's proposal.

David F. Phillips, Senior Vice President, 312-780-2280,
dphillips@speerfinancial.com

COUNTY REQUIREMENT

VI.C.2. A summary of recent engagements where the firm served as financial advisor to a state or local government.

SPEER FINANCIAL, INC'S RESPONSE

Please refer to **Appendices B1, B2 and B3** for the 2011 year-to-date, 2010 and 2009 client sales of securities for Speer Financial.

COUNTY REQUIREMENT

VI.C.3. A listing of the firm's clients during the past two years.

SPEER FINANCIAL, INC'S RESPONSE

Please refer to **Appendices B1, B2 and B3** for the year-to-date 2011, 2010 and 2009 client sales of securities for Speer Financial.

COUNTY REQUIREMENT

VI.C.4. At least four references representing current Illinois municipal clients. Include names of issuers, names of principal representatives with whom your firm worked and their telephone numbers. We are especially interested in references from other local government entities with similar population size.

SPEER FINANCIAL, INC'S RESPONSE

Appendix D1 provides Illinois County and Forest Preserve District references, while **Appendix D2** provides Kane County Illinois regional references. Speer Financial has established many long-term client relationships that reflect a trusted working relationship among the elected officials, the staff and Speer Financial. Also refer to **Appendix D3** for a listing of long-term municipal, special district, and school district clients. We encourage you to contact our clients.

Seven specific applicable references are:

Ms. Cheryl Pattelli
Director of Finance
County of Kane
719 South Batavia Avenue
Geneva, IL 60134
(630) 232-5930
pattellicheryl@co.kane.il.us

Mr. Robert Quinlan
Business Manager
Forest Preserve District of Kane County
1996 South Kirk Road #320
Geneva, IL 60134
(630) 232-1242
quinlanrobert@co.kane.il.us

Mr. Gary Gordon
Director of Finance
County of Lake
18 North County Road
Waukegan, IL 60085
(847) 377-2233
ggordon@lakecounty.il.gov

Ms. Nancy McCaul
Executive Director
Fox Valley Park District
101 W Illinois Avenue
Aurora, IL 60506
(630) 897-0516
nmccaul@fvpd.net

SPEER FINANCIAL, INC.

Ms. Colleen Lavery
Director of Finance
City of Elgin
150 Dexter Court
Elgin, IL 60120
(847) 931-6100
Lavery_c@cityofelgin.org

Mr. Brian Caputo
Finance Director
City of Aurora
44 East Downer Place
Aurora, IL 60507
(630) 844-3613
BWCaputo@aurora-il.org

COUNTY REQUIREMENT

VI.C.5. Please provide details of any criminal or regulatory investigation or pertinent litigation pending against your firm or members of your municipal bond or public finance departments related to the offering and sale of municipal bonds.

SPEER FINANCIAL, INC'S RESPONSE

There is no such investigation or litigation pending against Speer Financial, Inc., and never has been.

COUNTY REQUIREMENT

VI.D. Approach to Services Proposal will include a discussion of the following:

VI.D.1. The process the firm uses in working with municipal officials to develop plans to finance projects, including the type of written materials that the firm typically presents to the Finance Director and/or elected officials.

SPEER FINANCIAL, INC'S RESPONSE

VI.D.1. General Response

It is important to distinguish between firms that are primarily transaction oriented and Speer Financial, which is planning and transaction oriented. We know the importance of the actual security sale, but recognize that a sale is only successful if it accomplishes your policy objectives. We will work with you in the planning phase to identify your primary policy options. We will analyze each of these options by providing financial data on levies, tax rates and related information.

Our primary responsibility is to recommend a financing program that achieves your public policy objectives and results in the most favorable cost of capital with the most favorable terms. The financing plan will cover more than just a single project or single financing, should this be appropriate.

Specific Response

Planning is an individualized process. It may begin with a meeting with governmental staff or a phone conference or just a phone call. The plan may be as simple as a 20 year debt schedule or as involved as alternate schedules for different terms, types of debt, single vs. multiple issuances, level debt and wrap around debt. The planning should reflect revenue constraint information and may be for a single project or a series of projects.

Written materials will usually be a debt schedule at the minimum and may include a planning memorandum or letter, especially if there is a presentation to be made.

As each case is somewhat different, several County of Kane specific examples are as follows:

1. 2005/2006 Debt Certificates (Adult Detention Facility)

We developed several models based on the issue sizes being considered and then suggested two series of securities. This allowed the County to achieve bank qualification for the first issuance and the use of Debt Certificates as the issuance vehicle for both issuances.

For examples of written materials please refer to:

Appendix E1 - 11/10/2005 Correspondence to Chairman Karen McConnaughay regarding the value of bank qualification.

Appendix E2 - 4/21/2006 Correspondence to Director of Finance Cheryl Pattelli regarding the second financing of the adult detention center.

2. 2007 Limited Tax General Obligation Bonds

We developed a model to fill the Debt Service Extension Base (DSEB) of the County half full over the five year retirement schedule selected and optimized the County's authority to issue limited tax general obligation bonds.

3. 2009 Taxable G.O. Alternate Build America Bonds

We developed a number of models within the identified revenue constraints until a five year maturity model was selected; at which time we recommended a two series split to allow the market to determine if the first three years of the schedule were best sold as tax-exempt bonds, or as taxable bonds with a 35% federal rebate. The County received 8 bids, 3 tax exempt and 5 taxable with the best bids being taxable with the direct pay rebate.

4. 2010 G.O. Recovery Zone Alternate Bonds

For this project we ran 10 year and 20 year models as the prospective borrowing participants explored the program and tried to ascertain whether they could beat the County program as an individual issuer. We provided each such participant with an individual debt service schedule.

5. 2011 Limited Tax General Obligation Bonds

The County is currently exploring the possibility of issuing a new series of limited tax general obligation bonds. We prepared a range of models from the existing half full DSEB model to a filled DSEB model with several iterations in between so that the projects to be financed could be linked to the fiscal impact of the sizing alternatives.

SPEER FINANCIAL, INC.

COUNTY REQUIREMENT

VI.D.2. A discussion of circumstances in which the firm would typically recommend that the County of Kane issue debt competitively and those circumstances in which the firm would typically recommend negotiated issuance.

SPEER FINANCIAL, INC'S RESPONSE

Speer Financial will examine a number of factors to determine which method of sale is best for each debt issue of the County. Neither method is inherently superior in sale results, but the openness and objectivity of the competitive sale is more attractive to most public bodies.

Speer Financial, without a conflict of interest, will analyze these factors and make a recommendation whether to pursue a competitive or negotiated sale. A preliminary analysis is presented below.

Factor to Evaluate	Method of Sale		COUNTY OF KANE
	Competitive	Negotiated	Projected Optimum Method of Sale
Issue Size	Above \$500,000 and under \$100 Million	Under \$500,000 or over \$100 Million	Competitive
Financing Structure	Traditional GOs, enterprise revenue bonds, installment contracts	Non-traditional, i.e.: TIF, SSA, Special Assessment	Competitive
Issuer	Good reputation in the bond market	No reputation or a poor reputation in the bond market	Competitive
Credit Strength	At or above investment grade	Below investment grade	Competitive
Bond Market	Relatively stable conditions	Volatile conditions	To be determined

A preliminary review of the factors involved in selecting a method of sale for a G.O. Limited Tax issue finds that all of the known factors evaluated resulted in a competitive sale recommendation for the County of Kane. The County sold a similar limited bond issue competitively in 2007 with very successful results (see **Appendix G2**).

While a negotiated sale is an option, the optimal decision based on the previous criteria for the County recommends a competitive sale which allows the various underwriters to 'sharpen their pencils' to reduce the borrowing costs in an open bidding process that encourages all interested parties to participate.

We present a further overview of these factors and the related advantages of each method of sale in **Appendix F**, entitled "Competitive and Negotiated Security Sales."

The Government Finance Officers Association's (GFOA's) Government Finance research center prepared a study of methods of sale on behalf of the City of Pittsburgh. This study analyzed the negotiated and competitive methods of selling debt and determined that **"issuers may want to strongly consider a competitive method of sale when market conditions, structural or security considerations, or issue type make this option feasible. Bonds sold through a competitive process were consistently priced at or below the market."** A copy of the executive summary is available upon request.

In 2010, 163 of Speer's 230 (70.87%) sales were competitively bid. This represents 70.40% of our dollar volume. A recent historical analysis of the most active bidders shows that even the most active bidder wins only 1 of every 3 issues. Even the most successful bidder was **not** the low bid on more than 66% of the issues on which they bid as either manager or syndicate member, proving the value of competition when it is appropriate to the situation. No single underwriting firm can claim that it is consistently the lowest cost underwriter of Illinois debt all the time, or even most of the time that they bid.

COUNTY REQUIREMENT

VI.D.3. A brief summary of the approach the firm would take in marketing the County's competitive bond issue to the bond market to ensure the lowest possible interest cost.

SPEER FINANCIAL, INC'S RESPONSE

VI.D.3. Marketing Your Securities-General

Speer Financial will develop a debt structure to encourage favorable pricing by bidders. If a competitive sale is selected, Speer Financial will circulate the sale document as widely as is appropriate. We will also directly solicit bidders to obtain the most bids possible. As an example of a recent competitive sale marketing effort, attached as **Appendix G1** is the Official Statement and "bids and bidders" results of the recent sale of \$7,670,000 Taxable General Obligation Alternate Bonds (River Boat Revenue Alternate Revenue Source) (Recovery Zone Economic Development Bonds), Series 2010 sold by the County of Kane on December 13, 2010 with 3 bidders. \$289,623.48 of interest costs separated the low bid from the high bid.

It is these types of results that help support and quantify the fact that the costs associated with the retention of an independent financial advisor and the selection of a competitive method of sale is not only cost effective, but in fact provides a significant reduction of total costs.

On any given day, the order of bidding could be reversed, so that the ability to keep all bidders active up to the day of sale is inherently to the advantage of the County. An independent financial advisor can keep this interest in bidding.

Marketing Limited G.O. Bonds and Alternate Bonds

The County, in 2007, sold \$11,345,000 of G.O. Limited Tax Bonds retired over five years. Speer Financial, Inc. conducted an open auction that generated 13 bidders which bid 45 times, or 32 bid improvements which saved an additional \$8,077.74 of open auction savings (**Appendix G2**).

The County in 2009 issued \$23,600,000 of G.O. Alternate Bonds (Regional Transportation Authority Sales Tax Alternate Revenue Source), Series 2009A which generated 5 taxable bids and 3 tax exempt bids. Among those 8 bidders they generated 27 bids or 19 bid improvements.

The winning bidder bid 5 times to keep the lead (**Appendix G3**). After the first sale, a second series was priced with 9 bidders who bid 14 times or with 5 bid improvements.

Technology

Speer Financial's web page (SpeerFinancial.com) Debt Auction Center provides a sale calendar listing of all competitive sales being sold with Preliminary Official Statements (POSs). All competitive sales with POSs (not just larger competitive sales) are aggressively marketed utilizing the latest in technology to benefit our clients, and other municipal bond market participants, including rating agencies, insurance companies, banks (bidders), registrar/paying/escrow agents, and bond counsel.

SPEER FINANCIAL, INC.

We electronically notify all potential bidders of an upcoming sale and direct them to the competitive sale calendar where they can access the Preliminary Official Statement, the Notice of Sale, the Financials and the Bid Form.

Since May of 1999, Speer Financial, Inc. has been competitively selling larger issues of securities utilizing the Internet. We were the first financial advisor in Illinois, and only the second in the United States, with a private label web site (SpeerAuction.com) for receiving bids electronically and posting bid results after the sale. In 2010, 107 of the 114 competitive sales (93.86%), using Official Statements, were sold on SpeerAuction.com totaling \$886,430,000. 44 of the 107 (41.12%) auctions were closed auctions totaling \$204,070,000 million. 62 of the 107 auctions (57.94%) were open auctions totaling \$672,195,000. During the ten and one half years of its operation, through calendar year 2010, SpeerAuction.com has facilitated the sale of 592 issues totaling over \$5.4 billion of securities.

In addition, a competitive term sheet sale calendar, material posting and electronic sale notice distribution was initiated in 2005 so that even smaller transactions can benefit by the application of technology to provide expanded services to our smaller clients.

While the role of technology in the municipal bond market is still evolving, Speer Financial, Inc. is a leading innovator in the application of technology to better serve our clients.

We utilize the most current and sophisticated software available to analyze refunding opportunities and to structure debt issues to meet very specific planning targets.

COUNTY REQUIREMENT

VI.D.4. A discussion of how the firm would ensure that the County would obtain competitive rates on a negotiated bond issue.

SPEER FINANCIAL, INC'S RESPONSE

Speer Financial, Inc. is in the market with clients over an average of about 200 times annually, or about four times a week, which provides an excellent base of information for comparable sales.

In addition, *The Bond Buyer* is a daily publication that details competitive and negotiated sales. This is an excellent resource to search for comparables.

The emma.msrb.org (EMMA) web site hosted by the MSRB is a source for all sales as well.

Various electronic data services provide updated interest rate information.

Lastly, we challenge the underwriter in a negotiated sale to develop and submit their own comparables to support their pricing proposal.

COUNTY REQUIREMENT

VI.D.5. A brief summary of the firm's philosophy on the use of rating agencies.

SPEER FINANCIAL, INC'S RESPONSE

Speer Financial is a specialist in obtaining, upgrading and preserving bond ratings for our clients. We assist our clients in presenting themselves in the best possible way to the rating agencies and insurance companies. In 2010, 75.22% (73 of 230) of Speer Financial's sales were sold with a Preliminary Official Statement (POS). Of those 173 POS sales, 79.77% (138) were rated without other credit enhancement. This is up from 51.94% in 2008 and from 65.52% in 2009 due the increasing importance of an underlying rating. As appropriate, Speer Financial will arrange for rating agency analysts to visit a client for a tour and an in-person presentation. Where it is advantageous, Speer Financial will arrange for in-person presentations at rating agency offices. Speer Financial assists in the preparation and submission of all written material for the analysts review and ultimate decision, and assists the client during telephone meetings with analysts where appropriate.

In 2010, only 2 of 173 of Speer's POS sales were insured or otherwise enhanced without an underlying rating, while 5.78% (10) were insured with an underlying rating. Insured or insured and rated issues only comprised 6.94% (12 of 173) of 2010 POS sales, including not only the traditional general obligation and revenue debt, but also installment contract certificates, debt certificates and general obligation (alternate) bonds. This 6.94% is down from 40% in 2007 which was prior to the credit crisis in the latter period of 2008. The level of insured bonds is dropping due to a weakened insurance industry with no general market insurers still Aaa/AAA rated, resulting in less competition. Higher premiums charged by the better rated companies have resulted, narrowing the cost benefit.

A credit rating and/or insurance was utilized on 86.71% (150 of 173) of POS sales in 2010 up from 79% in 2008 due to increasing pricing penalties for unrated debt.

Please refer to **Appendix H1** for more information on Credit Ratings and/or Insurance and **Appendix H2** for Credit Rating Criteria. **Appendix H3** lists Selected Speer Client Bond Ratings.

The County's general obligation bonds, including limited tax and alternate bonds, are currently rated AA+ (S&P) and Aa1 (Moody's). The County's debt certificates are currently rated AA (S&P) and Aa2 (Moody's). Prior to the sale of the County's 2011 limited bonds, we would analyze the market and recommend which (or both) of the rating agencies should rate the bonds in order for the County to receive the lowest interest costs.

COUNTY REQUIREMENT

VI.D.6. A description of the information normally presented to rating agencies.

SPEER FINANCIAL, INC'S RESPONSE

In order to facilitate the credit review by rating agencies and insurance companies, Speer Financial, Inc. normally provides, among other items, five years of audited financial statements, the issuer's most recent budget, the estimated debt service schedule for the current offering and the Official Statement. Other information may be provided such as material that is pertinent to the issuer's long term capital planning, the current project being financed and related debt planning. Supplemental information to be provided is evaluated on a case by case basis, including on-site tours.

COUNTY REQUIREMENT

VI.D.7. A brief summary of the firm's philosophy on the use of premiums, discounts and call provisions.

SPEER FINANCIAL, INC'S RESPONSE

Speer Financial believes that the use of modest premiums in order to achieve an issuer's objectives is an appropriate technique. Underwriting discounts must be reasonable and in accordance with current market conditions. Bidding specifications in competitive bond sales set out the minimum purchase price based upon this philosophy and the issuer's needs. In negotiated sales, through our oversight as independent financial advisor, our role is to insure that any premium or discount is appropriate. We do not promote excessive premiums or deep discounts.

In general, we provide for a seven to eight year call provision for smaller size non-institutional type debt instruments. The typical call provision for large offerings with longer maturity schedules that would appeal to institutional investors is ten years.

COUNTY REQUIREMENT

VI.D.8. A brief summary of the approach the firm would take in preparing the POS.

SPEER FINANCIAL, INC'S RESPONSE

Our approach in preparing the Official Statement is to present information describing the issuer, socioeconomic characteristics, debt, property tax and assessment information and finances plus appropriate text in clearly identified sections, in a complete, simple and easy to read format. Tables are typically presented with a five-year trend, where applicable. Footnotes are kept simple. The Official Statement in this format is prepared to be an easy document for the investor community to read and digest.

The information is compiled by us on behalf of the issuer from issuer, county and other sources. Our view is that issuer staff has other duties in their work day and we are to do as comprehensive a job as possible. However, the Official Statement is legally the issuer's document, not that of Speer Financial, and therefore must be reviewed carefully by the issuer. We will assist the issuer in its review of information in the Official Statement.

COUNTY REQUIREMENT

VI.D.9. A description of the information that the financial advisor would expect the County to provide for the preparation of the POS.

SPEER FINANCIAL, INC'S RESPONSE

We would expect the issuer to provide five years of financial statements, the current budget with a year to date comparison, if meaningful, a description of the project being financed, number of employees, information related to labor contracts and labor relations, description of issuer facilities, if necessary, information regarding economic development and a logo for the Official Statement. Any of this information on the issuer's website will be accessed that way.

COUNTY REQUIREMENT

VI.D.10. A detailed description of level and types of insurance carried, including the deductible amount, to cover errors and omissions, improper judgment, or negligence.

SPEER FINANCIAL, INC'S RESPONSE

Limits of Liability

- i. Each Loss Limit of Liability \$1,000,000
- ii. Aggregate Limit of Liability Each Policy Period \$2,000,000 (General Liability)
- iii. Aggregate Limit of Liability Each Policy Period \$3,000,000 (Excess Liability)

Insuring Clauses:

- A. Employment Liability
- B. Fiduciary Liability
- C. Directors and Officers Liability
- D. Outside Directorship Liability
- E. Investment Advisers Error & Omissions

Deductible Amount:

- \$50,000
- \$50,000
- \$50,000
- \$50,000
- \$50,000

COUNTY REQUIREMENT

VI.E. Fee Proposals. Proposals shall include the following with respect to its proposed fees based on a 5-year contract:

VI.E.1. Services as Financial Advisor. Proposers shall present fee proposals to serve as financial advisor for general obligation, revenue, and tax increment financing bond issues. The fee proposals shall be structured based on a \$1,000 per bond, as a fixed dollar amount, or as a fee scale with a not-to-exceed amount. Any expenses that proposers expect to be reimbursed by the County outside the quoted fees must be listed and estimated.

SPEER FINANCIAL, INC'S RESPONSE

This proposal is for our professional services only and does not include the expenditure of any funds on behalf of the County. The County is to pay all of its own ordinary expenses in connection with the issue. These include, but may not be limited to, professional services (attorney, bond counsel, architect, engineer and auditor), credit enhancement (rating, insurance, letters of credit), delivery (postage, express mail, fax service), publication/printing fees (official statement, notice of sale, bid forms, report duplication), bidding vehicles (SpeerAuction.com or SpeerBids.com) and transaction costs (CUSIP, registration/paying agent).

Our fee for security sales is payable from sale proceeds. Our fee for each sale is based upon the par amount of securities issued and is calculated as follows:

<u>Financial Advisory Fee:</u>	\$25,000 plus 1/10 of 1% of municipal securities issued in excess of \$25,000,000 with a fee cap of \$50,000 per sale.
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SPEER FINANCIAL, INC.

This is the same base fee formula which has been in place between the County and Speer Financial, Inc. since 2005 and the increment in excess of \$25,000 has been reduced from 0.25% to 0.10%.

Our fee is the same for competitive and negotiated sales. Our recommendation on the method of sale is based on the best interests of the County and is not influenced by our fee. The fee is due upon the sale of the debt instrument and payable upon receipt of proceeds. Should the debt not be sold, there is no obligation to pay our fee.

Excluding bond counsel, underwriter discount and other similar fees, a \$15,000,000 bond issue could include the following costs:

<u>Item</u>	<u>Estimated Cost</u>
Printing of the Preliminary Official Statement	\$ 2,000
Rating (per rating request)	20,000 (depends on bond issue size)
Registrar/Paying Agent	800
Postage and Mailing	1,200 (to be reimbursed to Speer)
Addendum Printing	350 (to be reimbursed to Speer)
Electronic Sale (Speer Auction)	2,750 (to be reimbursed to Speer)
Good Faith Escrow	1,000 (depends on number of bidders)
Direct Costs	<u>\$28,100</u>

COUNTY REQUIREMENT

VI.E.2. Hourly fees. Proposers shall also discuss and present fee proposals for work that the County might request that might not result in debt issuance, such as services discussed under section B4 above. Such rates shall include any and all direct and indirect costs. Proposers should discuss the extent to which it would waive fees for relatively minor work.

SPEER FINANCIAL, INC'S RESPONSE

RFP Section VI.B.4. was deleted with Addendum #1.

Speer Financial, Inc. does not typically charge for minor general work. We would rather serve a client in the broadest service scope possible and have a client feel that they can contact us without incurring hourly fees.

Substantial analytical tasks not related to capital borrowing would be done on a hourly basis, perhaps with a fee and a not-to-exceed cap.

Officers:	\$150.00/hour
Support Staff:	\$95.00/hour

COUNTY REQUIREMENT

VI.E.3. Continuing Disclosure. The financial advisor will provide the County with an estimate of the fee to be charged for the preparation of the required financial information needed to meet continuing disclosure requirements each year.

SPEER FINANCIAL, INC'S RESPONSE

The following rates are in place in 2011, but are subject to change over time:

Analysts	\$150/Hour
Support Professionals	\$95/Hour

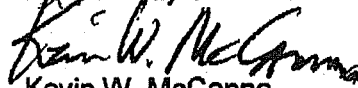
The ceiling for the out-of-pocket expenses shall be set at \$500, excluding any filing fees if instituted, and the ceiling for the hourly billings shall be set at \$3,000.

Authorization

This proposal, upon acceptance, constitutes an agreement between the County of Kane, Illinois, and Speer Financial, Inc. for financial consulting services.

We look forward to continuing to work with the County and are ready to proceed upon your notification of our employment. Should you need additional information, please call.

Respectfully submitted:


Kevin W. McCanna
President

KWM/mj

This proposal is accepted on behalf of the County of Kane, Illinois, this _____ day of _____, 2011. By this action, a contract is established between the County of Kane, Illinois and Speer Financial, Inc. This contract will extend until canceled by either party upon 90 days written notice.

COUNTY OF KANE, ILLINOIS

Authorized Party