

## AGENDA

Central Iowa Water Works  
Finance and Audit Committee  
November 14, 2024  
West Des Moines Water Works Plant Conference Room  
1505 Railroad Avenue, WDM  
4:00 p.m.

Please join our meeting from your computer, tablet or smartphone.

### Join Zoom Meeting

[https://us06web.zoom.us/j/83853555987?pwd=G1EXFeHx5jPAZNvLti2N1mADa  
bqxLO.1](https://us06web.zoom.us/j/83853555987?pwd=G1EXFeHx5jPAZNvLti2N1mADa<br/>bqxLO.1)

Meeting ID: 838 5355 5987

Passcode: 358775

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- Item 1: Call to Order
- Item 2: Roll Call
- Item 3: Discussion of CIWW 2025 Budget presentation
- Item 4: Discussion on Status of Debt Transfer
- Item 5: Recommendation of Eide Bailly to conduct the 2024 CIWW Audit
- Item 6: Recommendation PFM Engagement Letter – SRF Loans
- Item 7: Other Business
- Item 8: Adjournment



October 31, 2024

Amy Kahler, Board Treasurer, Chief Financial Officer  
Bill Smith, Interim Director  
Central Iowa Water Works  
2201 George Flagg Parkway  
Des Moines, IA 50321

Dear Ms. Kahler and Mr. Smith,

Thank you for giving Eide Bailly LLP the opportunity to propose on audit services. We believe Eide Bailly is the right firm for Central Iowa Water Works (CIWW) for the following reasons:

### **An Experienced Firm**

Eide Bailly is a top 20 CPA firm in the nation with more than 50 offices in 17 states. Our clients benefit from local, personal service and, at the same time, enjoy access to more than 3,500 professionals with diverse skill sets and experiences. We pride ourselves on being leaders in the industries we serve, offering valuable perspectives beyond our core strength of accounting and tax compliance. We're here to help guide the strategy and operations of your organization, and we aim to make sure our clients feel connected and understand the process.

### **Government Industry Experience**

The government industry represents one of Eide Bailly's largest niche areas — with more than 1,200 government clients firmwide. We provide audit services for a variety of districts, utilities, cities, counties, school districts, colleges and universities, fire relief agencies, housing authorities, state agencies and tribal entities. Through serving these clients, our professionals have gained focused expertise in the government industry and will provide you with insightful advice that aids in managing the finances of CIWW. Our current clients include four CIWW members, Urbandale Water Utility, West Des Moines Water Works the City of Ankeny and the City of Clive.

The firm has more than 300 full-time professionals who participate in our Government Industry Group. These professionals share information, learn from others and stay up to date on industry developments. To gain the greatest benefit, the knowledge is shared with professionals across the firm. We'll proactively meet the needs of CIWW and can act as not only your auditors, but also as business advisors when new pronouncements, standards or laws become applicable. With the vast array of services we offer our government clients, our team has the experience and knowledge to address any of your concerns.

### **Audit and Assurance Experience**

Since 1917, we've provided audit services to clients across all industries including numerous water districts and authorities providing both wholesale and retail water services. These services account for approximately one-third of our work, and include audits, compilations, reviews and financial statement forecasts and projections, as well as assistance in understanding financial statements, conducting internal audits and evaluation and testing of internal controls. Our clients experience regular contact with senior-level staff, as well as work with a consistent team from year to year, with appropriate rotation. We focus on providing value beyond traditional assurance services. Clients tell us they appreciate our timeliness, attention to detail, industry expertise and peer-

**What inspires you, inspires us. | [eidebailly.com](http://eidebailly.com)**

to-peer approach. We're accessible and maintain client contact with frequent phone calls, emails and meetings to discuss what is going on in your organization.

## Audit Approach

Our staff is passionate about their work and your success. We'll customize our approach to meet your needs. Prior to beginning the engagement, we'll meet with your management team to discuss:

- The engagement timeline.
- The audit approach and process.
- Additional considerations that may affect scope, schedules and workpapers to be prepared by your personnel.

During the course of our audit services, we'll hold periodic meetings with your management. This continuous interchange of information will keep you fully informed and provide us with timely information so we can best serve your organization. We'll work with your staff to deliver a quality product and limit any disruptions in your day-to-day activities.

## Timeliness

We will meet your deadlines. Our professionals are trained to anticipate, identify and respond to your needs in a timely manner. We'll work closely with your management team to customize our audit services to your needs. We believe in clear, up-front and open communication with no surprises.

## Your Service Team

We understand personal service is important to our clients. You'll work with a team that has extensive knowledge and experience in your industry. **Brian Unsen** will lead the team and serve as Audit Engagement Partner. **Brad Theisen** will serve as the Audit Senior Manager and **Kate Banwarth**, Audit Senior Associate, will serve as the Audit In-Charge. These professionals bring strong credentials and a desire to work with CIWW. If awarded this engagement, these individuals will serve as your primary contacts. We'll complement the project team with additional resources as necessary.

We realize other firms are knowledgeable as well; however, we believe what differentiates us is personal and attentive service from all members of our service team, including partners and senior-level staff. We'll get to know you and your staff and take the time to understand your specific challenges and opportunities. We deliver honest and insightful advice beyond what is normally experienced in the public accounting industry.

## Value for Fees

You can expect quality service at reasonable fees. Eide Bailly has established a reputation of providing quality work at a fair price. Our fees are based on the complexity of the issue and the experience level of the personnel necessary to address it. In the event you request additional services, Eide Bailly will obtain your agreement on fees before such work would begin. In other words, there will be no hidden fees.

Our audit proposal is for the financial statements for the period ended December 31, 2024. Our understanding is that the financial activity for this shortened period is limited to member initial cash contribution revenue and start-up expenses and that water production, the related revenue and expenses, and capital asset activity will not commence until January 1, 2025. Even with this limited activity, audit standards require us to fully document our understanding on the entity and related risks, including the entity and environment, understanding internal controls, and inherent risks. There is also time associated with setting up the financial statement documents.

Considering this understanding, we estimate our audit fee for the period ending December 31, 2024 to be between \$27,000 and \$33,000. This is based on approximately 150 to 180 hours to complete the engagement at an hourly rate of \$185.

### **Out-of-Pocket Expenses**

The professional fees listed above are inclusive of all out-of-pocket expenses, and you will not be billed for expenses such as travel time, mileage and meals.

### **Technology Fee**

A 5% technology fee will be applied to the fees above to support and enhance the quality work we provide by investing in technology.

### **References**

As a top 20 CPA firm, we've built our business on relationships and believe our clients to be the best critics of our service. The clients below have similarities to your organization, and we encourage you to contact them to learn about their Eide Bailly experiences.

#### **Urbandale Water Utility**

**Neil Weiss, General Manager**

515.331.6836 | [nweiss@urbandalewater.org](mailto:nweiss@urbandalewater.org)

#### **West Des Moines Water Works**

**Pat Mullenbach, Finance Manager & Treasurer**

515.222.3511 | [pat.mullenbach@wdmww.com](mailto:pat.mullenbach@wdmww.com)

#### **City of Ankeny**

**Jennifer Sease, Administrative Services Director**

515.965.6409 | [jsease@ankenyiowa.gov](mailto:jsease@ankenyiowa.gov)

#### **City of Clive**

**Elizabeth Hansen, Director of Administrative Services**

515.223.6220 | [ehansen@cityofclive.com](mailto:ehansen@cityofclive.com)

### **We Want to Work with You**

We believe the qualifications of our firm merit serious consideration. You'll be a highly valued client, and we'd be proud to work with Central Iowa Water Works and build a trusting relationship with your team. Please contact me if you would like to discuss any aspect of this proposal.

Sincerely,



**Brian Unsen, CPA**

Partner

563.557.6152 | [bunsen@eidebailly.com](mailto:bunsen@eidebailly.com)



November 8, 2024

Mr. William Smith  
Interim Executive Director  
Central Iowa Water Works  
2201 George Flagg Parkway  
Des Moines, IA 50321

Dear Mr. Smith,

The purpose of this letter (this “Engagement Letter”) is to confirm our agreement that PFM Financial Advisors LLC (“PFM”) will act as municipal advisor to Central Iowa Water Works (the “Client”) in connection with the issuance of water revenue loans to be issued via the State of Iowa’s revolving fund loan program. PFM will provide, upon request of the Client, services related to financial planning and services related to debt issuance development services, as applicable and set forth in Exhibit A to this Engagement Letter. Most tasks requested by Client will not require all services provided for in Exhibit A and as such the specific scope of services for such task shall be limited to just those services required to complete the task.

PFM is a registered municipal advisor with the Securities and Exchange Commission (the “SEC”) and the Municipal Securities Rulemaking Board (the “MSRB”), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2. As of the date of this letter, Client has **not** designated PFM as its independent registered municipal advisor (“IRMA”) for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the “IRMA exemption.”). Client agrees not to represent that PFM is Client’s IRMA with respect to any aspect of a municipal securities issuance or municipal financial product, without PFM’s prior written consent.

MSRB Rules require that municipal advisors make written disclosures to their clients of all material conflicts of interest, certain legal or disciplinary events and certain regulatory requirements. Such disclosures are provided in PFM’s Disclosure Statement delivered to Client prior to or together with this Engagement Letter.

PFM’s services will commence as soon as practicable after the receipt of this Engagement Letter by Client and a request by Client for such service. Any material changes in or additions to the scope of services described in Exhibit A shall be promptly reflected in a written supplement or amendment to this Engagement Letter. Services provided by PFM which are not included in the scope of services set forth in Exhibit A of this Engagement Letter shall be completed as agreed in writing in advance between the Client and PFM. Upon request of Client, an affiliate of PFM or a third party referred or otherwise introduced by PFM may agree to additional services to be provided by such affiliate or third party, by a separate writing, including separate scope and compensation, between Client and such affiliate or third party.

For the services described in Exhibit A, PFM’s professional fees will be paid as provided in Exhibit B. All fees shall be due to PFM within thirty (30) days of the date of invoice. In addition to fees for services, PFM will be reimbursed for necessary, reasonable, and documented out-of-pocket expenses incurred, including travel, meals, lodging, telephone, mail, and other ordinary cost and any actual extraordinary cost for graphics, printing, data processing and computer time which are incurred by PFM. Upon request of Client, documentation of such expenses will be provided.

This Engagement Letter shall remain in effect until all related activities associated with these transactions are complete unless canceled in writing by either party upon thirty (30) days written notice to the other party. Upon any such termination, PFM will be paid for all services performed and costs and expenses incurred up to the termination date.

**pfm**

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801 Grand  
Suite 3300  
Des Moines, IA 50309  
515.243.2600

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pfm.com



PFM shall not assign any interest in this Engagement Letter or subcontract any of the work performed under this Engagement Letter without the prior written consent of Client; provided that PFM retains the right to enter into a sale, merger, internal reorganization, or similar transaction involving PFM's business without any such consent.

All information, data, reports, and records ("Data") in the possession of Client or any third party necessary for carrying out any services to be performed under this Engagement Letter shall be furnished to PFM. PFM may rely on the Data in connection with its provision of the services under this Engagement Letter and the provider thereof shall remain solely responsible for the adequacy, accuracy and completeness of such Data.

All notices and other communication required under this Engagement Letter will be in writing, sent by certified mail, return receipt requested, or by nationally recognized courier, with written verification of receipt. Notices shall be addressed to the party for whom it is intended, at the addresses on the first page of this Engagement Letter.

All materials, except functioning or dynamic financial models, prepared by PFM pursuant exclusively to this Engagement Letter will be the property of Client. Subject to the preceding exception, upon termination of this Engagement Letter, PFM will deliver to Client copies of any and all material pertaining to the services provided in Exhibit A.

The Des Moines office of PFM will provide the services set forth in this Engagement Letter. PFM may, from time to time, supplement or otherwise amend team members. The Client has the right to request, for any reason, PFM to replace any member of the advisory staff. Should Client make such a request, PFM will promptly suggest a substitute for approval by Client.

PFM will maintain insurance coverage with policy limits not less than as stated in Exhibit C. Except to the extent caused by willful misconduct, bad faith, gross negligence or reckless disregard of obligations or duties under this Engagement Letter, PFM shall have no liability to indemnify any party under this Engagement Letter. Nothing in this paragraph releases PFM or CIWW from liability for breach by either party under this Agreement.

PFM, its employees, officers and representatives at all times will be independent contractors and will not be deemed to be employees, agents, partners, servants and/or joint ventures of Client by virtue of this Engagement Letter or any actions or services rendered under this Engagement Letter. Nothing in this Engagement Letter is intended or shall be construed to give any person, other than the parties hereto, their successors and permitted assigns, any legal or equitable rights, remedy or claim under or in respect of this Engagement Letter or any provisions contained herein. In no event will PFM be liable for any act or omission of any third party or for any circumstances beyond PFM's reasonable control including, but not limited to, fire, flood, or other natural disaster, war, riot, strike, act of terrorism, act of civil or military authority, software and/or equipment failure, computer virus, or failure or interruption of electrical, telecommunications or other utility services.

This Engagement Letter shall be construed, enforced, and administered according to the laws of the State of Iowa. PFM and the Client agree that, should a disagreement arise as to the terms or enforcement of any provision of this Engagement Letter, each party will in good faith attempt to resolve said disagreement prior to pursuing other action

This Engagement Letter represents the entire agreement between Client and PFM and may not be amended or modified except in writing signed by both parties. For the sake of clarity, any separate agreement between Client and an affiliate of PFM or a third party referred or

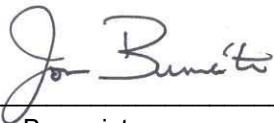


introduced by PFM shall not in any way be deemed an amendment or modification of this Engagement Letter. The invalidity in whole or in part of any provision of this Engagement Letter shall not void or affect the validity of any other provision.


Please have an authorized official of Client acknowledge receipt of this Engagement Letter and respond to us to acknowledge the terms of this engagement.

Sincerely,

**PFM FINANCIAL ADVISORS LLC**



Jon Burmeister  
Managing Director



Matthew Stoffel  
Director



## **EXHIBIT A** **SCOPE OF SERVICES**

Financial planning and debt issue development services related to the issuance of water revenue loans to be issued via the State of Iowa's revolving fund loan program.

- Develop a financing plan in concert with staff which would include recommendations as to the timing and number of series of bonds to be issued and provide advice as to the various financing alternatives available to Client.
- Develop alternatives related to debt transactions including evaluation of revenues available, maturity schedule and cash flow requirements.
- Identify key bond covenant features and advise as to the financial consequences of provisions to be included in bond resolutions regarding security, creation of reserve funds, flow of funds, redemption provisions, additional parity debt tests, etc.; review and comment on successive drafts of bond resolutions.
- Review the terms, conditions and structure of any proposed debt offering undertaken by Client and provide suggestions, modifications and enhancements where appropriate and necessary to reflect the constraints or current financial policy and fiscal capability.
- When available, PFM will review and analyze three years of audited financial statements to develop an understanding of the historical financial performance, credit strengths and weakness and financial trends.
- Based on our review of available financial information, PFM will develop a specialized financial and capital planning model to articulate the historical, current and projected financial performance.
- PFM will work with staff to develop assumptions, which will be used to project financial performance into the future.
- PFM will review the current debt and its structure, if applicable. This would include, but not limited to, reviewing the existing revenue debt for the possibility of refunding to produce debt service savings. In addition, PFM will review existing bond and note resolutions as to existing covenants regarding minimum net operating revenue requirements, debt service reserve funds and additional bond tests.
- PFM will complete a parity certificate if required by the authorizing resolutions of outstanding parity debt.
- PFM will review the magnitude and timing of capital projects identified in capital improvement plans. Financing strategies will be developed to fund the capital improvement plans. Strategies may include modifying the timing of the capital projects, use of pay-as-you-go, bond financing or the use of cash reserves.
- Through the use of our financial and capital planning model and assistance from staff, we will formulate a financing plan to fund the capital projects and the costs associated with them.

Review the requirements and submit analysis to Iowa Finance Authority as they pertain to Client's obligation, if necessary.



**EXHIBIT B**  
**COMPENSATION FOR SERVICES**

**1. Municipal Advisory Fees**

For financial planning and debt issue development services related to the debt issuance of water revenue loan to be issues. PFM will be paid a one-time fee based on the amount of each loan as listed in the table below. For Planning and Design Loans issues through the state revolving loan program PFM will be paid an administrative fee of \$2,000 per loan. Transaction fees are payable upon closing.

Amount of Loan <sup>1)</sup>	Proposed Not to Exceed Municipal Advisory Fee <sup>2)</sup>
Under \$1 Million	Greater of \$6,250 or 1% of Issue Price
\$1,000,000 to \$4,999,999	\$18,750
\$5,000,000 to \$9,999,999	\$21,875
\$10,000,000 to \$14,999,999	\$25,000
\$15,000,000 to \$19,999,999	\$28,125
\$20,000,000 to \$29,999,999	\$34,375
\$30,000,000 to \$39,999,999	\$43,750
Over \$40,000,000	\$53,125 plus \$0.75 per \$1,000 of issue price over \$40,000,000

1) Amount of issue based on final issue price (i.e., gross production).

2) Fee schedule valid through December 31, 2025 with 3.0% annual inflation adjustments effective January 1, 2025.

It is the understanding of PFM that Iowa Finance Authority will reimburse the Client for \$4,000 upon submitting PFM's invoice to them.

In the event the engagement is terminated, and PFM has performed significant work outlined in the scope of services, fees for work performed will be billed at the time of termination. Fees will be generally based upon the following hourly rates for the indicated levels of experience or their equivalents.

<b><u>Experience Level</u></b>	<b><u>Hourly Rate</u></b>
Managing Director	\$350.00
Director	\$300.00
Senior Managing Consultant	\$250.00
Senior Analyst	\$200.00
Analyst	\$175.00
Municipal Bond Assistant	\$125.00

**2. Reimbursable Expenses**

In addition to fees for services, PFM will be reimbursed for necessary, reasonable, and documented out-of-pocket expenses incurred, including travel, meals, lodging, printing, telephone, postage, internet posting, data processing and other ordinary costs which are incurred by PFM. Appropriate documentation can be provided.



**EXHIBIT C**  
**INSURANCE STATEMENT**

PFM has a complete insurance program, including property, casualty, general liability, automobile liability and workers compensation. PFM maintains professional liability and fidelity bond coverages which total \$5 million and \$5 million single loss/ \$10 million aggregate, respectively. PFM also carries a \$5 million cyber liability policy.

Our Professional Liability policy is a “claims made” policy and our General Liability policy claims would be made by occurrence.

**1. Deductibles/SIR:**

Automobile \$100 comprehensive & \$1,000 collision  
Cyber Liability \$100,000  
General Liability \$0  
Professional Liability (E&O) \$200,000  
Financial Institution Bond \$50,000

**2. Insurance Company & AM Best Rating**

Professional Liability (E&O).....	Lloyds of London; (A; Stable)
.....	AXIS Surplus Insurance Company; (A; Stable)
Financial Institution Bond.....	Berkley Regional Insurance Company; (A+; Stable)
Cyber Liability.....	Greenwich Insurance Company (A+; Stable)
General Liability.....	Valley Forge Insurance Company; (A; Stable)
Automobile Liability.....	Continental Insurance Company; (A; Stable)
Excess/Umbrella Liability.....	Continental Insurance Company; (A; Stable)
Workers Compensation & Employers Liability .....	Continental Insurance Company; (A; Stable)

**DISCLOSURE OF CONFLICTS OF INTEREST AND OTHER  
IMPORTANT MUNICIPAL ADVISORY INFORMATION  
PFM Financial Advisors LLC**

**I. Introduction**

PFM Financial Advisors LLC and PFM Swap Advisors LLC (hereinafter, referred to as “We,” “Us,” or “Our”) are registered municipal advisors with the Securities and Exchange Commission (the “SEC”) and the Municipal Securities Rulemaking Board (the “MSRB”), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2. In accordance with MSRB rules, this disclosure statement is provided by Us to each client prior to the execution of its advisory agreement with written disclosures of all material conflicts of interests and legal or disciplinary events that are required to be disclosed with respect to providing financial advisory services pursuant to MSRB Rule G-42(b) and (c) (ii). We employ a number of resources to identify and subsequently manage actual or potential conflicts of interest in addition to disclosing actual and potential conflicts of interest provided herein.

***How We Identify and Manage Conflicts of Interest***

**Code of Ethics.** The Code requires that all employees conduct all aspects of Our business with the highest standards of integrity, honesty and fair dealing. All employees are required to avoid even the appearance of misconduct or impropriety and avoid actual or apparent conflicts of interest between personal and professional relationships that would or could interfere with an employee’s independent exercise of judgment in performing the obligations and responsibilities owed to a municipal advisor and Our clients.

**Policies and Procedures.** We have adopted policies and procedures that include specific rules and standards for conduct. Some of these policies and procedures provide guidance and reporting requirements about matters that allows Us to monitor behavior that might give rise to a conflict of interest. These include policies concerning the making of gifts and charitable contributions, entertaining clients, and engaging in outside activities, all of which may involve relationships with clients and others that are important to Our analysis of potential conflicts of interest.

**Supervisory Structure.** We have both a compliance and supervisory structure in place that enables Us to identify and monitor employees’ activities, both on a transaction and Firm-wide basis, to ensure compliance with appropriate standards. Prior to undertaking any engagement with a new client or an additional engagement with an existing client, appropriate municipal advisory personnel will review the possible intersection of the client’s interests, the proposed engagement, Our engagement personnel, experience and existing obligations to other clients and related parties. This review, together with employing the resources described above, allows Us to evaluate any situations that may be an actual or potential conflict of interest.

**Disclosures.** We will disclose to clients those situations that We believe would create a material conflict of interest, such as: 1) any advice, service or product that any affiliate may provide to a client that is directly related to the municipal advisory work We perform for such client; 2) any payment made to obtain or retain a municipal advisory engagement with a client; 3) any fee-splitting arrangement with any provider of an investment or services to a client; 4) any conflict that may arise from the type of compensation arrangement We may have with a client; and 5) any other actual or potential situation that We are or become aware of that might constitute a material conflict of interest that could reasonably expect to impair Our ability to provide advice to or on behalf of clients consistent with regulatory requirements. If We identify such situations or circumstances, We will prepare meaningful disclosure that will describe the implications of the situation and how We intend to manage the situation. We will also disclose any legal or disciplinary events that are material to a client’s evaluation or the integrity of Our management or advisory personnel. We will provide this disclosure (or a means to access this information) in writing prior to starting Our proposed engagement, and will provide such additional information or clarification as the client may request. We will also advise Our clients in writing of any subsequent material conflict of interest that may arise, as well as the related implications, Our plan to manage that situation, and any additional information such client may require.

**II. General Conflict of Interest Disclosures**

***Disclosure of Conflicts Concerning the Firm’s Affiliates***

Our affiliates offer a wide variety of financial services, and Our clients may be interested in pursuing services separately provided by an affiliate. The affiliate’s business with the client could create an incentive for Us to recommend a course of action designed to increase the level of the client’s business activities with the affiliate or to recommend against a course of

action that would reduce the client's business activities with the affiliate. In either instance, We may be perceived as recommending services for a client that are not in the best interests of Our clients, but rather are in Our interests or the interests of Our affiliates. Accordingly, We mitigate any perceived conflict of interest that may arise in this situation by disclosing it to the client, and by requiring that there be a review of the municipal securities transaction or municipal financial product to ensure that it is suitable for the client in light of various factors, after reasonable inquiry, including the client's needs, objectives and financial circumstances. Further, We receive no compensation from Our affiliates with respect to a client introduction or referral. If a client chooses to work with an affiliate, We require that the client consult and enter into a separate agreement for services, so that the client can make an independent, informed, evaluation of the services offered.

***Disclosure of Conflicts Related to the Firm's Compensation***

From time to time, We may be compensated by a municipal advisory fee that is or will be set forth in an agreement with the client to be, or that has been, negotiated and entered into in connection with a municipal advisory service. Payment of such fee may be contingent on the closing of the transaction and the amount of the fee may be based, in whole or in part, on a percentage of the principal or par amount of municipal securities or municipal financial product. While this form of compensation is customary in the municipal securities market, it may be deemed to present a conflict of interest since We may appear to have an incentive to recommend to the client a transaction that is larger in size than is necessary. Further, We may also receive compensation in the form of a fixed fee arrangement. While this form of compensation is customary, it may also present a potential conflict of interest, if the transaction requires more work than contemplated and We are perceived as recommending a less time-consuming alternative contrary to the client's best interest so as not to sustain a loss. Finally, We may contract with clients on an hourly fee basis. If We do not agree on a maximum amount of hours at the outset of the engagement, this arrangement may pose a conflict of interest as We would not have a financial incentive to recommend an alternative that would result in fewer hours. We manage and mitigate all of these types of conflicts by disclosing the fee structure to the client, and by requiring that there be a review of the municipal securities transaction or municipal financial product to ensure that it is suitable for the client in light of various factors, after reasonable inquiry, including the client's needs, objectives and financial circumstances.

***Disclosure of Conflicts Related to the Firm's Compensation Structure for Our Registered Advisors.*** Pursuant to various employee compensation structures, from time to time We offer certain of Our registered municipal advisors ("Registered Advisors") financial benefits based on his or her business plan, client base, performance, and/or transactions closed. This provides an incentive for such Registered Advisors to seek to retain additional clients and/or transactions or services from clients. While this form of compensation may be customary in some segments of the municipal advisory market, provision of such financial benefits may be deemed to present a conflict of interest. We manage and mitigate these types of conflicts by Registered Advisor's adherence to Our Code of Ethics and Policies and Procedures, and by requiring that there be a review of the municipal securities transaction or municipal financial product to ensure that it is suitable for the client in light of various factors, after reasonable inquiry, including the client's needs, objectives and financial circumstances.

***Disclosure Concerning Provision of Services to State and Local Government, and Non-Profit Clients***

We regularly provide financial advisory services to state and local governments, their agencies, and instrumentalities, and non-profit clients. While Our clients have expressed that this experience in providing services to a wide variety of clients generally provides great benefit for all of Our clients, there may be or may have been clients with interests that are different from (and adverse to) other clients. If for some reason any client sees Our engagement with any other particular client as a conflict, We will mitigate this conflict by engaging in a broad range of conduct, if and as applicable. Such conduct may include one or any combination of the following: 1) disclosing the conflict to the client; 2) requiring that there be a review of the municipal securities transaction or municipal financial product to ensure that it is suitable for the client in light of various factors, including the client's needs, objectives and financial circumstances; 3) implementing procedures that establishes an "Informational Bubble" that creates physical, technological and procedural barriers and/or separations to ensure that non-public information is isolated to particular area such that certain governmental transaction team members and supporting functions operate separately during the course of work performed; and 4) in the rare event that a conflict cannot be resolved, We will withdraw from the engagement.

***Disclosure Related to Legal and Disciplinary Events***

As registered municipal advisors with the Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2, Our legal, disciplinary and judicial events are required to be disclosed on Our forms MA and MA-I filed with the SEC, in 'Item 9 Disclosure Information' of form MA, 'Item 6 Disclosure Information' of form MA-I, and if applicable, the corresponding disclosure reporting page(s) ("DRP"). To review the foregoing disclosure items and material change(s) or amendment(s), if any, clients may electronically

access PFM Financial Advisors LLC filed forms MA and MA-I on the SEC's Electronic Data Gathering, Analysis, and Retrieval system, listed by date of filing starting with the most recently filed, at:

PFM Financial Advisors LLC –

<http://www.sec.gov/cgi-bin/browse-edgar?company=PFM+Financial&owner=exclude&action=getcompany>

### **III. Specific Conflicts of Interest Disclosures – Central Iowa Water Works**

To Our knowledge, following reasonable inquiry, We make the additional disclosure(s) of actual or potential conflicts of interest cited below in connection with the municipal advisory services currently being contemplated for client.

We currently serve as a municipal advisor to certain overlapping and surrounding entities including Adel, Alleman, Altoona, Ankeny, Bondurant, Carlisle, Clive, Cumming, Des Moines, Elkhart, Grimes, Johnston, Norwalk, Pleasant Hill, Polk City, Van Meter, Waukee, West Des Moines and Windsor Heights; Ankeny Community School District, Des Moines Independent Community School District, Waukee Community School District, West Des Moines Community School District, and Southeast Polk Community School District, Des Moines Airport Authority, Des Moines Area Regional Transit Authority, Des Moines Metropolitan Wastewater Reclamation Authority, Des Moines Water Works, Metro Waste Authority, Urbandale Sanitary Sewer District, Urbandale Water Utility, Urbandale Windsor Heights Sanitary District, West Des Moines Water Works and the State of Iowa. We do not anticipate this to create a conflict of interest nor to impede Our ability to fulfill Our fiduciary duty to Central Iowa Water Works.

#### ***Conflicts Disclosure Related to Providing Services to Municipal Entity Clients and Obligated Persons on the Same Municipal Transaction***

From time to time We may represent a Municipal Entity client and an Obligated Person on the same side of a transaction. This situation may present a potential conflict of interest if Our fiduciary duty to the Municipal Entity and duty of care owed to the Obligated Person represent competing interests. Accordingly, We mitigate this conflict of interest by disclosing it to clients, requiring separately negotiated agreements between Us and each client, and requiring that there be a review of the municipal securities transaction or municipal financial product to ensure that it is suitable for the client in light of various factors, after reasonable inquiry, including the client's needs, objectives and financial circumstances. We currently serve as municipal advisor to the Iowa Finance Authority who is the lender on all State Revolving Fund loans. We do not anticipate this to create a conflict of interest nor to impede Our ability to fulfill Our fiduciary duty to Central Iowa Water Works.

### **IV. Municipal Advisory Complaint and Client Education Disclosure**

The MSRB protects state and local governments and other municipal entities and the public interest by promoting fair and efficient municipal securities markets. To that end, MSRB rules are designed to govern the professional conduct of brokers, dealers, municipal securities dealers and municipal advisors. Accordingly, if you as municipal advisory customer have a complaint about any of these financial professionals, please contact the MSRB's website at [www.msrb.org](http://www.msrb.org), and consult the MSRB's Municipal Advisory Client brochure. The MSRB's Municipal Advisory Client brochure describes the protections available to municipal advisory clients under MSRB rules, and describes the process for filing a complaint with the appropriate regulatory authority.

PFM's Financial Advisory services are provided by PFM Financial Advisors LLC. PFM's Swap Advisory services are provided by PFM Swap Advisors LLC. Both entities are registered municipal advisors with the MSRB and SEC under the Dodd Frank Act of 2010.