

**A RESOLUTION AUTHORIZING THE CLERK-TREASURER TO EXECUTE A
ENGAGEMENT AGREEMENT WITH REEDY & PETERS, LLC, CPA's**

WHEREAS, The City Clerk-Treasurer is responsible to manage the finances and accounts of the city and to make investments of city money and in doing this she or he may employ staff or consultants to assist her or him in carrying out of these duties subject to the appropriation of funds for these purposes by the Common Council; and

WHEREAS, Reedy & Peters, LLC, Certified Public Accountants and Consultants have proposed an engagement agreement with the City of Rising Sun for 2004 as evidenced by the attached Exhibit "A";

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE
CITY OF RISING SUN, INDIANA THAT:**

The Clerk-Treasurer is hereby authorized to sign said engagement agreement on behalf of the City of Rising Sun with Reedy & Peters, LLC, Certified Public Accountants and Consultants and to pay for services provided under said agreement out of the funds provided in the Common Council Budget.

ADOPTED AND PASSED BY THE COMMON COUNCIL OF THE CITY OF RISING
SUN, INDIANA THIS 5th DAY OF February, 2004.

NAY

Michael Padgett

Gerald L. Brown

Gene Siekman

Stephanie Scott

Steven Slack

AYE

Michael Padgett
Michael Padgett

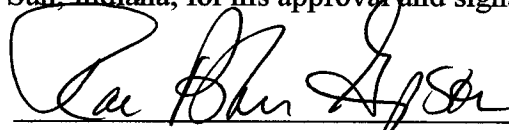
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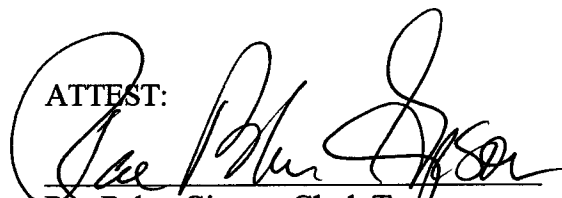
Presented by me to the Mayor of the City of Rising Sun, Indiana, for his approval and signature
this 5th day of February, 2004.


Rae Baker Gipson, Clerk Treasurer

This Ordinance approved and signed by me on this 5th day of February 2004.


William A. Marksberry, Mayor

ATTEST:


Rae Baker Gipson, Clerk Treasurer

REEDY
& PETERS, LLC

Certified Public Accountants • Consultants

P.O. BOX 542 • GREENWOOD, IN 46142

ERIC F. REEDY, CPA

317.865.0039 (PHONE) •

317.885.9979 (FAX)

REEDYEF@INSIGHTBB.COM

JEFFREY A. PETERS, MPA, CPA

317.535.6168 (PHONE) •

317.535.4912 (FAX)

PETERSJA@AOL.COM

Hon. Rae Baker Gipson
Clerk-Treasurer
City of Rising Sun
200 North Walnut / P.O. Box 172
Rising Sun, Indiana 47040

December 22, 2003

This letter is written to describe the services that Reedy & Peters, LLC are able to perform for Rising Sun, Indiana and to serve as an engagement letter for 2004.

We believe that municipal corporations have to make critical decisions based on their financial structure. Also, we believe that sound understanding of that financial structure along with solid projections of the financial impacts of those critical decisions are vital in making the best decisions. Further, we can provide the City with financial management information and advice to make those tough decisions.

Since 1995, Reedy & Peters have provided these types of services to municipal corporations throughout Indiana. Prior to 1995, Reedy & Peters were regulators with the Indiana State Board of Tax Commissioners, which was the state regulatory agency responsible for the approval of all property tax rates, property tax levies, appropriations and budgets for all local municipal corporations in the state.

Our mission is to help our clients obtain their financial goals. We make it a priority to evaluate and understand the individual financial needs and goals, so we can offer practical and creative solutions that help accomplish client objectives. Our continued existence depends on our success in helping our clients obtain their financial goals. We believe in the team concept. It is our intention to provide a uniformly high standard of quality services to every client of the practice. Functioning as a team in this regard, our strength comes from the collective contributions of all of us.

Specifically, we will assist in developing and maintaining a financial plan, based on discussions with the client regarding plans and policies the client has adopted and expects to adopt. The financial plan will include:

Exhibit "A"

All the City's major funds that are statutorily required to be reviewed by the DLGF.

- a. We will include the prior three years cash balances, encumbrances, operating balances, revenues, disbursements, and additional appropriations.
- b. We will include a three-year projection of revenues.
- c. We will include a three-year projection of expenditures based on discussions with City officials.
- d. We will include a capital improvement plan based on discussions with City officials.
- e. We will include a current year cash flow projection for all major funds.
- f. We will include an historical detail of the City's maximum property tax levy limitation and a projection of the City's property tax revenue, including analysis of the calculations made by the DLGF.
- g. We will include an historical County Adjusted Gross Income Tax (CAGIT) detail for Ohio County and projections of future CAGIT revenue to the City. We will analyze calculations made by the Department of Revenue, the State Budget Agency and others to determine the accuracy of previous distributions to Ohio County and the City.
- h. We will include a property tax rate detail, including historical property tax rates, projected property tax rates, historical net assessed valuations, projected net assessed valuations, and a property tax impact analysis of a typical taxpayer.
- i. We will include a detail of revenues and expenditures for the General Fund.
- j. Accompanying the financial projection will be economic and policy assumptions that will be the basis of our projections. These assumptions are the responsibility of the City's management and any deviation from the assumptions will cause the projections to vary.

We will not be auditing, reviewing or compiling the City's financial statements as defined by the American Institute of Certified Public Accountants (AICPA).

We will also perform the following services:

- Identify opportunities for tax levy appeals, or other opportunities to increase revenue, and advise on the procedures for securing them.
- Attend appeal hearings as appropriate.
- Identify the need for and assist in the establishment of cumulative funds.
- Review the budget advertisement.
- Translate the plans into a budget structure, presented on the appropriate prescribed forms, enabling the client to adopt budgets that are consistent with the plans.

- Assist in assuring that the budget, as adopted, will be acceptable to the DLGF. If it appears the budget will not be acceptable, we will advise the client in advance of the amounts of budget cuts or other changes the DLGF will require.
- Attend the DLGF budget hearing to help assure that any changes made by the DLGF are justified and made in a way most advantageous to the client.
- Review final budget orders by the DLGF to assure that they are consistent with decisions made at the budget hearing.
- Monitor the accounting for local option income taxes at the state and county levels to help assure distributions are made correctly to the client.

We will invoice at the beginning of each month for work performed for the City during the previous month at an hourly rate of \$115 plus out of pocket expenses. Our fees for the above listed services will not exceed \$15,000 for 2004. We normally update the financial projection once a year and present the update to City officials in April or May before the beginning of the budget process.

We will present and explain the financial plan to the Clerk-Treasurer, Mayor, and Council.

We will assist with special projects as requested by the Clerk-Treasurer. Also, we will assist as requested in the preparation of documentation and any presentation before the state to obtain approval to provide for the implementation of the agreed upon proposals of the financial plan.

We are also available to assist the City in any other financial or accounting matters. We would be happy to discuss these opportunities and present a detailed proposal.

Please sign and date below to acknowledge your agreement with the above stated terms.

Authorized Official
Rising Sun, Indiana

DATE: _____

Sincerely,


Reedy & Peters, LLC

INDEMNIFICATION AGREEMENT

This Indemnification Agreement is by and among the City of Rising Sun of Ohio County, Indiana, and Jeffrey A. Peters and Reedy & Peters, LLC, an Indiana Limited Liability Company (collectively the "Indemnitors").

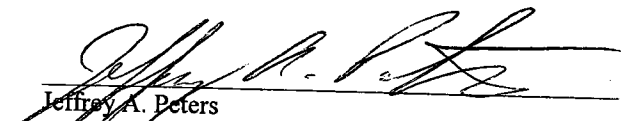
Indemnitors hereby agree to jointly and severally indemnify and hold harmless Rising Sun, its officers, elected officials, employees and agents, and their respective successors and assigns (hereby collectively the "City") from and against all liabilities, losses, costs and expenses whatsoever, including but not limited to reasonable attorneys' fees and disbursements, arising out of or incurred with respect to any and all claims made by Curtis L. Coonrod, Curtis L. Coonrod, CPA, P.C., Coonrod & Associates, Inc., or any related entity controlled by Curtis L. Coonrod, (collectively "Coonrod") relating in any way to (1) Indemnitors' prior employment by Coonrod; (2) any alleged breach of any agreement between Indemnitors and Coonrod; (3) any alleged breach of any agreement between Coonrod and any former employer of Coonrod performing services for the City through or for Indemnitors; (4) any claims or damages by Coonrod related in any way to the City's engaging Indemnitors as fiscal or accounting consultants; and (5) any other claims arising in any way out of Indemnitors' or any of Indemnitors' employees' prior employment by Coonrod.

Upon the occurrence of any event that the City asserts to be an indemnifiable event pursuant to this Agreement, the City shall promptly notify in writing the Indemnitors. If such an event involves the claim of any third person and the Indemnitors confirm in writing their desire to defend or settle such claim, the Indemnitors shall have sole control over, and shall assume all expenses with respect to, the defense and settlement of such claim; provided, however, that the City shall be entitled to participate in the defense of such claim, and to employ counsel at its own expense to assist in the handling of such claim. In the event that the Indemnitors do not assume sole control over the defense or settlement of such claim as provided herein, the City shall have the right to defend and settle the claim in such manner as may be appropriate at the cost or expense of the Indemnitors, and the Indemnitors shall promptly reimburse the City therefore, along with all costs of collection including reasonable attorneys' fees and disbursements.

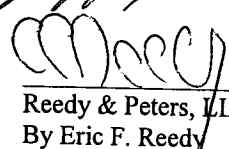
The right to indemnification, payment of damages or other remedies provided for herein shall not be affected by the knowledge of the City of the existence or non-existence of any contractual relationship between Indemnitors and Coonrod. In addition, Indemnitors hereby represent and warrant that the City has not entered into any inducement of Indemnitors to violate or breach any agreement between Coonrod and Indemnitors or any employee of Indemnitors, and the engagement of Indemnitors as fiscal and accounting consultants to the City is being undertaken at Indemnitors' specific request.

This agreement has been reviewed by counsel for Indemnitors.

Dated 12-22-03


Jeffrey A. Peters

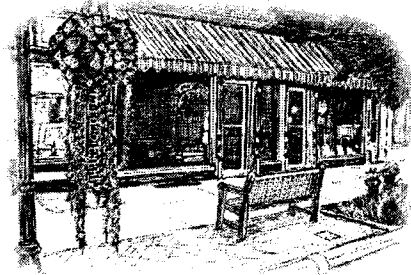
Dated 12/22/03


Reedy & Peters, LLC
By Eric F. Reedy

LANE A. SIEKMAN

ATTORNEY AT LAW

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P.O. BOX 144
RISING SUN, INDIANA 47040
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FACSIMILE (812) 438-4055
E-MAIL lane@siekmanlaw.com
www.siekmanlaw.com



File copy

January 16, 2004

Mrs. Rae Baker Gipson
Clerk/Treasurer, City of Rising Sun
City Administration Bldg
200 North Walnut Street
P.O. Box 172
Rising Sun, Indiana 47040

Re: Reedy & Peters Engagement Letter
Our File no. 2004- General

Dear Rae:

I have reviewed the above letter and accompanying documentation and have the following comments:

1. The City Clerk-Treasurer is responsible to manage the finances and accounts of the city and to make investments of city money. In doing this she or he may employ staff or consultants to assist her or him in carrying out of these duties subject to the appropriation of funds for these purposes by the Common Council.
2. The City Clerk-Treasurer as fiscal officer is not liable in an individual capacity for an act or omission occurring in connection with the performance of the duties prescribed by subsection IC 36-4-10-4.5(b), unless the act or omission constitutes gross negligence or an intentional disregard of the fiscal officer's duties.
3. The indemnification agreement provided by Reedy & Peters is a standard form and provides that the City may identify the indemnifiable events which would trigger the agreement. I believe that you have already received a legal opinion on the value of this agreement from Ice Miller law firm in Indianapolis. However, as I stressed to you in person, the value of an indemnification agreement ends at the financial net worth of the indemnifying party or its' sureties. I have not been presented with any financial

information nor do I have any available means for conducting a due diligence investigation on the financial strength or character of Reedy & Peters as consultants. I understand that the City has used Mr. Peters in the past with great success but please remember that his new firm is a separate entity that must be evaluated on its own. I suggest that you create a supporting file in your office for this agreement with documentation including a firm resume', experience, and references.

4. I would also suggest that Mr. Reedy and Mr. Peters sign a personal guarantee to indemnify you and the City of Rising Sun on this agreement.

Thank you for allowing me to review this agreement. If there are any questions, please feel free to contact me.

Yours very truly,

Lane Siekman

enclosures if checked

CC: file

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