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May 6, 2016

Dr. Brant Keller
Director of Public Works & Utilities
City of Griffin
100 S. Hill Street
P.O. Box T
Griffin, Georgia 30224

Dear Dr. Keller:

RFC is pleased to submit this engagement letter to provide continuing assistance to the City of Griffin (City) to update the water and wastewater rate and financial planning model for FY 2017 and FY2018 and to update the wholesale model used to calculate wholesale rates for the City's wholesale water customers. Our project approach is based on our understanding of the City's objectives and our experience in working with the City over the past four years providing ongoing financial assistance. This letter provides a summary of the proposed project approach and fees to complete this engagement.

To assist the City in achieving its rate and financial objectives, we have assembled a project team with extensive experience and expertise in providing utility finance and pricing services. The key members of our project team have extensive knowledge of the City system through their work with the City over the last several years. As Project Director, I will be responsible for ensuring that adequate resources are available to meet the needs of the City and that our work effort is responsive to the City's objectives. Mr. Joe Crea will serve as the Lead Consultant for this study and will perform data collection and analysis and assist with updating the model and preparing deliverables.

Task 1: Rate and Financial Planning Model Annual Update

Based on our prior work with the City and our most recent conversations with you, we believe we have developed a comprehensive understanding of the City's rate-setting and financial planning objectives. Our project approach includes the items listed below and is tailored to address these objectives.

- Review and verify the accuracy of FY 2016 revenue and cost estimates;
- Data collection and review: operating budgets, customer demand information, capital improvement plans;
- Update Model with pertinent FY 2017 information;
- Develop an updated five-year financial plan; and
- Prepare a letter report documenting recommended rates for the next fiscal year and providing a copy of the five-year financial forecast.

RFC will also conduct a review of the Model with City staff in the form of a conference call and webinar once the Model has been updated in the spring of 2017 to provide a preliminary rate forecast for FY 2018. If the City determines that it would be advantageous to make a presentation to the City Commission of the results

and recommendations for rate adjustments for FY2018, this could be addressed as a separate task and scope adjustment, if necessary.

Task 2: Update the Wholesale Rate Model

RFC understands that the City serves as a wholesale provider of regional water service to many surrounding jurisdictions based on existing contractual arrangements. The costs that are recovered from each wholesale customer and the methodologies to be used to set rates are identified in the individual contracts. In the fall of 2012 RFC developed a wholesale rate model that was used to allocate and project costs to be recovered from each wholesale customer and provided updated wholesale rates for 2013. This model also provides a projection of future rates based on forecast utility system costs and estimated consumption levels for each wholesale customer. The proposed scope of work for Task 2 provides for updating the wholesale model to reflect actual results for FY2016 as the basis for allocating costs and calculating new wholesale rates for 2017. RFC will integrate the results from the wholesale model into the retail Model to ensure future rate-setting efforts can easily align with the wholesale rate model.

Proposed Fees

We propose to complete both Tasks 1 and 2 for project fees and expenses not-to-exceed \$20,000, which would include all expected activities related to updating both models, plus other related financial planning assistance throughout FY 2017. We anticipate that the level of effort will be split fairly evenly between the two tasks but reserve the right to shift hours among personnel and tasks as circumstances may change during the project. It is our practice to bill monthly for fees and expenses as they are incurred during a project. Administrative expenses relate to telephone charges, computers, postage, and other overhead expenses. Direct expenses relate to travel, lodging, meals, etc. Total fees and expenses will be limited to the not-to-exceed amount unless specific approval for an adjustment in scope is received from the City. If actual hours incurred are less than the estimated level of effort, these savings will be retained by the City.

Registered Municipal Advisor

RFC is registered with the U.S. Securities Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB) as a Municipal Advisor. Registration as a Municipal Advisor is a requirement under the Dodd-Frank Wall Street Reform and Consumer Protection Act. All firms that provide financial forecasts that include assumptions about the size, timing, and terms for possible future debt issues, as well as debt issuance support services for specific proposed bond issues, including bond feasibility studies and coverage forecasts, must be registered with the SEC and MSRB to legally provide financial opinions and advice. RFC's registration as a Municipal Advisor means our clients can be confident that RFC is fully qualified and capable of providing financial advice related to all aspects of utility financial planning in compliance with the applicable regulations of the SEC and the MSRB.

As a registered Municipal Advisor, RFC is required to inform our clients of any existing or potential conflicts of interest that may be relevant to any proposed scope of services that may include providing "advice" as that term is defined in the Dodd-Frank Act. As of the date of this engagement letter, no conflicts of interest are known to exist. By signing this engagement letter indicating its approval and acceptance of the of the proposed scope of work and fees, the City is also explicitly acknowledging that RFC has provided the necessary disclosures addressing conflicts of interest and any limitations on the scope of Municipal Advisory services to be provided by RFC as part of this engagement.

We are delighted to have this opportunity to provide additional assistance to the City of Griffin. If you agree with the requested fees and expenses documented in this letter, please have a designated representative of the City sign in the space below, and return one copy for our files.

Should you have any questions, please do not hesitate to contact us at (704) 373-1199.

Sincerely yours,
RAFTELIS FINANCIAL CONSULTANTS, INC.



Alexis F. Warmath
Vice-President

The City of Griffin accepts the terms of this engagement letter:

_____ Signature	_____ Name of authorized agent
_____ Date	_____ Title