

From: "Brennan McGrath" <brennan-mcgrath@university-heights.org>
Subject: Get ready for a Rain of emails
Date: Thu, September 8, 2011 9:50 am
To: "Mike Haverkamp" <mike-haverkamp@university-heights.org>

Mike,
Under the advisement of Steve Ballard I am forwarding you all the emails relating to the financial evaluation of the Tiff. For public record. Some of these you may already have
I will try to put it in sequential order.
Thanks
Brennan

--
Brennan McGrath
University Heights, City Councilor
Finance Committee Chair
University Heights City Hall
1004 Melrose Avenue, University Heights, 52246
319-337-6900 Office

From: "Brennan McGrath" <brennan-mcgrath@university-heights.org>
Subject: Financial Information provided to City Financial Advisors
Date: Thu, September 8, 2011 9:48 am
To: "Jeff Maxwell" <jmaxwell@maxwellconstructioninc.com>
Cc: "Mayor Louise From" <louise-from@university-heights.org>, "Mike Haverkamp" <mike-haverkamp@university-heights.org>, "Pat Yeggy" <pat-yeggy@university-heights.org>, "Rosanne Hopson" <rosanne-hopson@university-heights.org>, "Stan \"the Man\" U Heights Council" <stan-laverman@university-heights.org>, "Steve Ballard U Heights Attorney" <ballard@lefflaw.com>, "City Clerk" <uhclerk@yahoo.com>

Jeff,
I'm not sure how many of the emails you have been copied on between Mr. Craven and Piper Jaffery/ Terry Lockridge and Dunn.
From our phone conversation I know your interest is to provide the information necessary to get a solid evaluation from these advisers so the city can move forward.
We have hit a road block with the unwillingness of Mr. Craven to release information to the advisers to get this report. I do not understand all the details of releasing the information, but I do believe that you as the client can instruct Mr. Craven to release the information in a manner you see fit.
If this is a contractual issue, change the contract.
The report we will receive on Tuesday will be incomplete if this information is not provided. I believe the Council has given all the direction it needs to by hiring these firms, both with intention letters on file.
If you agree with the level of information that is being provided and the format of the information please let me know.
Please work with Mr. Craven, Mike Mesch and Tim Oswald to provide the information the advisers need.
Thank you,
Brennan

--
Brennan McGrath

University Heights, City Councilor
Finance Committee Chair
University Heights City Hall
1004 Melrose Avenue, University Heights, 52246
319-337-6900 Office

From: "Brennan McGrath" <brennan-mcgrath@university-heights.org> Subject: Fwd: University Heights
Date: Thu, September 8, 2011 9:51 am To: "Mike Haverkamp" <mike-haverkamp@university-heights.org>

----- Forwarded message -----

From: Dennis Craven <dcraven@berganpaulsen.com>
Date: 2011/9/8
Subject: RE: University Heights
To: Mike Mesch <mmesch@tld-inc.com>
Cc: Brennan McGrath <brennanmcg@gmail.com>, Timothy Terry <tterry@tld-inc.com>, jmaxwell@maxwellconstructioninc.com, Tom Gelman <gelman@ptmlaw.com>, Kevin Monson <KMonson@neumannmonson.com>, ballard@lefflaw.com, louise-from@university-heights.org

Mike:****

** **

As an attempt to satisfy the Council's desire for a financial review my audit and accounting partner agreed to the procedure that was proposed: the combination of a non disclosure document and a face to face review of the material only, with no copies of our work product provided. ****

Having Jeff, or anyone else for that matter, provide our work product to you would be a breach of contract by Jeff. As I am sure you are aware, protocol for internal use only engagements includes an arrangement letter documenting the internal use only standard and obtaining the client's agreement to not disclose the work product to any third party. Jeff executed an arrangement letter last year with the firm that includes those terms and restrictions.** **

** **

It is unfortunate that you were not aware of our internal use restriction, and helps explain why you requested a copy in the first place. This restriction has been explained to the Council several times at Council and work sessions and was disclosed in writing in to them in a June 28th communication responding to questions from a member of the community. ****

** **

As to a resolution of this matter, it might be helpful for me to understand what the scope of your engagement with the City is relative to the project and what you envision your deliverable to the Council will be. With that input, maybe I can come up with a solution.****

** **

** **

Dennis ****

From: Mike Mesch [<mailto:mmesch@tld-inc.com>]
Sent: Wednesday, September 07, 2011 6:54 PM
To: Dennis Craven

Cc: Brennan McGrath; Timothy Terry; jmaxwell@maxwellconstructioninc.com;
Tom Gelman; Kevin Monson; ballard@lefflaw.com;
louise-from@university-heights.org
Subject: RE: University Heights****

** **

Dennis:****

Thanks for the attachments. We are familiar with these standards. I was not aware your engagement was internal-use only. As I read the attachments it appears we cannot review your report in a written *or* an oral format. That would suggest we cannot even meet in person to review documents.****

** **

Since your status as a CPA precludes you from providing this information, perhaps we should receive the information directly from Mr. Maxwell or his internal accountant. Would that be a possibility? I am looking for any way for us to be able to review and have these documents for our file.****

** **

We are in a similar position as you are in that we have standards that we must follow regarding our work file. I cannot provide an opinion without having supporting documents to buttress our conclusions. I often provide expert testimony in court and if I did not have a work file to support my conclusions, my report would be thrown out before I even got a chance to testify. This is not just firm policy but the policy our our governing organizations as well.****

** **

Even if we could get comfortable not having a work file (which we cannot) we would still need time to review the information you provide. Reviewing the information while you wait in our conference room is simply not practical.**

** **

We have signed the non-disclosure you provided and have taken the additional steps to limit access to any workpapers you provide to only Tim Terry and myself. Is there something more that could agree to (or the Council could agree to) that could help us through this impasse? If the appropriate party were to indemnify Bergan-Paulsen of any issues related to your liability associated with this report, would that make a difference?****

** **

We will strive to protect your work product in any way that is practical.**

** **

As always, we will make ourselves available as needed. We understand the council is anxious to move forward and so are we.****

** **

Any thoughts would be greatly appreciated.*****

** **

We appreciate your business and referrals.*****

** **

Michael Mesch, CPA/ABV, ASA, CFF*****

Business Valuation and Advisory Services*****

** **

** **

Cedar Rapids Phone: (319) 364-2945*****

Cedar Rapids Fax: (319) 362-4487*****

Iowa City Phone: (319) 339-4884*****

Iowa City Fax: (319) 358-9113*****

mmesch@tld-inc.com*****

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** **

From: Dennis Craven [<mailto:dcraven@berganpaulsen.com>]
Sent: Wednesday, September 07, 2011 3:47 PM
To: Mike Mesch
Cc: Brennan McGrath; Timothy Terry; jmaxwell@maxwellconstructioninc.com;
Tom Gelman; Kevin Monson; ballard@lefflaw.com;
louise-from@university-heights.org
Subject: RE: University Heights****

** **

Mike:****

** **

See attached regarding professional standards associated with forecasts and internal use only engagements. I hope this is helpful.****

** **

I have items #1 and #2 and am willing to meet to review them with you whenever you would like. ****

** **

The model is not that complex, nor are the key assumptions, and all of the calculations are contained within the model. Even if I were able to provide you with a copy, which I can't, it would still be prudent to walk you through it as there is limited disclosure of the formulas and assumptions in the worksheets. I suggest that you try this approach before reaching the conclusion that you can't complete your review under these terms. ****

** **

As to #3, as I stated yesterday, I do not have a copy of Jeff Maxwell's personal financial statement so can't provide that to you.****

** **

If you would like to meet let me know what will work for you. I have a number of appointments tomorrow and Friday but since this is a high priority to my client will try to reschedule if need be to meet.****

** **

Dennis****

** **

** **

** **

From: Mike Mesch [<mailto:mmesch@tld-inc.com>]
Sent: Wednesday, September 07, 2011 11:20 AM
To: Dennis Craven
Cc: Brennan McGrath; Timothy Terry
Subject: University Heights****

** **

Dennis:****

Brennan McGrath asked that I email you a list of the information we need in order to complete our review of the TIF proposal. Please see below:****

** **

1. Underlying projections and assumptions for the project****
2. Cost/Equity structure of the project****
3. Personal Financial Statement for Jeff Maxwell****

** **

As a review of this information may ultimately trigger more questions, depending on the completeness of the information provided, we may need to request additional information at a later date.****

** **

I also had another question. At our meeting yesterday you mentioned professional standards that would not allow you to release information to us (despite your client's approval and the non-disclosure agreement). Can you point me in the direction of the standard so I can review as well? Perhaps there is a work-around?****

** **

Thanks Dennis. Have a nice day.****

** **

We appreciate your business and referrals.****

** **

Michael Mesch, CPA/ABV, ASA, CFF****

Business Valuation and Advisory Services****

** **

** **

Cedar Rapids Phone: (319) 364-2945****

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** **

** **

To ensure compliance with requirements imposed by the Internal Revenue Service, we must inform you that, unless specifically indicated otherwise, any tax advice contained in our written or electronic communications with you is not intended or written to be used, and cannot be used, to either 1) avoid tax-related penalties under the Internal Revenue Code; or 2) promote, market or recommend to another party any transaction or matter addressed in such communication.****

** **

--

Brennan McGrath
University Heights, City Councilor
Finance Committee Chair
University Heights City Hall
1004 Melrose Avenue, University Heights, 52246
319-337-6900 Office

From: "Brennan McGrath" <brennan-mcgrath@university-heights.org> Subject: Fwd: Executed Non-Disclosure Date: Thu, September 8, 2011 9:56 am To: "Mike Haverkamp" <mike-haverkamp@university-heights.org>

----- Forwarded message -----

From: Mike Mesch <mmesch@tld-inc.com>

Date: 2011/9/7
Subject: Executed Non-Disclosure
To: Brennan McGrath <brennanmcg@gmail.com>

** **

Brennan:****

Attached is the executed non-disclosure agreement we signed with Bergan Paulsen (Dennis Craven) yesterday.****

** **

I thought you might like to see it. Thanks.****

** **

We appreciate your business and referrals.****

** **

Michael Mesch, CPA/ABV, ASA, CFF****

Business Valuation and Advisory Services****

** **

** **

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** **

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Terry, Lockridge & Dunn which may be confidential or privileged. The information is intended to be for the use of the individual or entity named above. If you are not the intended recipient, be aware that any disclosure, copying, distribution or use of the contents of this information (including any attachments) is prohibited. If you have received this transmission in error, please notify us by telephone (319) 364-2945 or by electronic mail ([*tld@tld-inc.com*](mailto:tld@tld-inc.com)) immediately.****

** **

From: Dennis Craven [<mailto:dcraven@berganpaulsen.com>]
Sent: Tuesday, September 06, 2011 12:43 PM
To: Mike Mesch
Cc: John Warren
Subject: FW: Attached Image****

** **

Mike:****

** **

See attached executed copy of the non disclosure document for your file.****

** **

Dennis****

** **

From: BERGAN PAULSEN & COMPANY [<mailto:scanner@berganpaulsen.com>]
Sent: Tuesday, September 06, 2011 12:38 PM
To: Dennis Craven
Subject: Attached Image****

** **

To ensure compliance with requirements imposed by the Internal Revenue Service, we must inform you that, unless specifically indicated otherwise, any tax advice contained in our written or electronic communications with you is not intended or written to be used, and cannot be used, to either 1) avoid tax-related penalties under the Internal Revenue Code; or 2) promote, market or recommend to another party any transaction or matter addressed in such communication.****

--

Brennan McGrath
University Heights, City Councilor
Finance Committee Chair
University Heights City Hall
1004 Melrose Avenue, University Heights, 52246
319-337-6900 Office

CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT

September This Confidentiality and Nondisclosure Agreement (this "Agreement"), effective ~~August 6~~, 2011 (the "Effective Date"), is made by and between Terry, Lockridge And Dunn, Inc., hereafter "TLD", and Bergan Paulsen & Company, P.C., hereafter "BP".

RECITALS

1. Jeff Maxwell ("Maxwell") has submitted to the City of University Heights, Iowa ("City"), an application for approval of a Multi-family Residential/Commercial PUD Plan ("Plan"), and in connection with the project ("Project") represented by the Plan has also submitted to the City a Tax Increment Financing proposal ("TIF Proposal"). In connection with such submittals Maxwell has engaged BP to provide to him professional consulting services. The City has engaged TLD as an independent consultant to provide analysis to the City of the TIF Proposal.

2. In connection with BP's providing consulting services to Maxwell and/or others, BP has developed certain models, formulas, assumptions, spreadsheets and other information used by BP for providing unique and specialized professional services (BP's Trade Secrets). BP has combined BP's Trade Secrets and other information relating to the Project to produce various projections and other useful information pertaining to the Project ("Specialized Project Information"), which is intended for internal use only.

3. The City's engagement of TLD requests an analysis of the TIF Proposal ("TIF Analysis"). As part of its TIF Analysis, TLD seeks to review information outside of the TIF Proposal, including certain of BP's Trade Secrets and Specialized Project Information not otherwise publicly disclosed by BP or Maxwell (hereafter collectively "Confidential Information").

4. Neither Maxwell nor BP is obligated under any ordinance, law or regulation to disclose Confidential Information.

5. TLD's request to review Confidential Information contains, as an offer of inducement for disclosure, a commitment to preserve the confidentiality of the Confidential Information, by reviewing it solely for the purposes of TLD's analysis of the TIF Proposal, and then reporting in summary fashion TLD's finding in a manner that will not violate the propriety of the Confidential Information.

6. In consideration of and subject to the covenants of this Agreement BP is willing to disclose certain Confidential Information to TLD and TLD only, and Maxwell is willing to authorize such restricted and confidential disclosure, solely for the purposes to allow TLD to reasonably complete the TIF Analysis.

7. TLD and BP wish to enter into this Agreement for the purpose of establishing terms governing the protection and disclosure of Confidential Information that BP may disclose or otherwise provide to a TLD, and to govern other matters regarding such disclosure.

7
9/6/11

TERMS AND CONDITIONS

NOW, THEREFORE, in exchange for the mutual agreements and covenants contained herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereby agree as follows:

1. Confidential Information. Confidential Information includes information of BP and/or Maxwell, including, but is not limited to, business and financial information, business plans, forecasts, trade secrets, projections, systems, methods, costs estimates, plans, and any other information relating to the TIF Proposal and the Project. Confidential Information includes all such information as well as all matters and information developed by BP from such information. Confidential Information, whether disclosed orally or in writing, shall be reasonably understood by TLD to be proprietary and confidential to the BP and/or Maxwell because of legends or other markings, the circumstances of the disclosure, or the nature of the information itself. Without limiting the foregoing, Confidential information includes:

1. Cost estimate detail from McComas Lacina Construction.
2. Other source data or assumptions used in BP's model (or otherwise provided by BP for TLD's review) relating to the financial result of the Project.

Example: TLD could disclose that BP used a 50% rollback factor as a part of property tax calculation but not the fact that BP used a specified percent as the real estate sales commission factor, or a specified per cent as the design fee.

3. The methodology used in BP's financial model or the design of the model itself.
4. Specific assumptions used by BP such as projected sales pricing details, absorption (how fast units sell), the amount of capital, all assumptions relative to financing and assumptions relative to construction cost or overhead details

TLD and BP acknowledge that disclosure of Confidential Information could, among other negative consequences, impact negotiations with potential vendors for the Project, which could cause serious financial harm to Maxwell.

Confidential Information also includes the detailed terms and conditions of this Agreement, but not the fact of the existence of this Agreement.

2. Limitations. Confidential Information shall not include any information of BP or Maxwell that:

- (a) is or becomes publicly known through no wrongful act of TLD;
- (b) is independently developed by or on behalf of TLD; or

(c) is received from a third party whose disclosure doesn't violate a confidentiality obligation.

3. Covenant of Confidentiality. Without the prior written consent of BP and Maxwell, TLD agrees to keep all Confidential Information of BP and/or Maxwell confidential and not to directly or indirectly disclose, use or reveal Confidential Information in any manner except for disclosures to TLD employees and agents with a need to know Confidential Information ("Representatives") solely for the purpose of analyzing, investigating or evaluating the TIF Proposal. TLD agrees to exercise a degree of care of not less than the care used by TLD to protect its own confidential and proprietary information, and in no event less than a reasonable degree of care. All Representatives of TLD will be bound by the confidential and proprietary nature of Confidential Information and the terms of this Agreement, with TLD responsible for any breach or threatened breach of this Agreement by any of its Representatives. TLD shall advise its respective Representatives of the obligations with respect to the Confidential Information of BP and Maxwell, and shall take all reasonable measures to restrain its Representatives from unauthorized disclosure or use of Confidential Information. TLD may in summary form report its analysis of the Confidential Information in connection with its TIF Analysis for the City, but without disclosing the details of the Confidential Information.

4. Required Disclosure. In the event TLD is requested pursuant to, or required by, applicable law, regulation or legal or administrative process to disclose any Confidential Information of BP and/or Maxwell, TLD shall promptly notify BP and Maxwell in writing so that the BP and/or Maxwell has a reasonable opportunity to obtain a protective order or other appropriate remedy that may be available under the circumstances. TLD agrees to furnish only that portion of Confidential Information sought or advised by counsel to be legally required and to first use reasonable efforts to obtain confidential treatment of such information.

5. Term/Termination/Return of Confidential Information. The term of this Agreement shall be one month from the Effective Date. Either Party may terminate this Agreement upon three (3) days advance written notice to the other, which termination shall become effective upon the expiration of such three (3) day notice period. Confidential Information is and shall remain BP's and/or Maxwell's property during and after the termination or expiration of this Agreement. Any and all Confidential Information disclosed to TLD shall upon termination or expiration of this Agreement be preserved by TLD as BP's and/or Maxwell's Confidential Information hereunder and shall not be thereafter disclosed to third-parties or used in any form by TLD or its Representatives. Notwithstanding the termination or expiration of this Agreement, all obligations under this Agreement of TLD to keep confidential and not otherwise use or disclose Confidential Information, and all rights under this Agreement of BP and/or Maxwell to enforce such obligations of confidentiality, shall survive such termination or expiration.

6. **No Representation or Warranty.** BP shall use its best efforts to have Confidential Information be as accurate as reasonably possible and to make corrections to such disclosed information when errors may be brought to BP's attention. Each Party understands and acknowledges that BP makes no representation or warranty, express or implied, as to the accuracy or completeness of Confidential Information disclosed under this Agreement. Therefore, neither BP nor Maxwell is liable or responsible for errors or omissions in, or any analysis made by TLD in reliance on, Confidential Information disclosed under this Agreement.

7. **Specific Performance.** Each party acknowledges that Confidential Information is valuable and unique and its use or disclosure in breach of this Agreement will result in irreparable harm to BP and/or Maxwell. Each party further acknowledges that TLD's Covenant of Confidentiality is a material inducement to BP and Maxwell to make disclosures of Confidential information to TLD, and that a breach of said covenant by TLD will result in irreparable harm to BP and/or Maxwell. The parties therefore agree that in the event of a TLD's breach or threatened breach of the terms of this Agreement, BP and/or Maxwell shall be entitled to equitable remedies including, but not limited to, specific performance and/or an injunction prohibiting any such breach. Any such equitable relief shall be in addition to and not in lieu of any monetary damages. The prevailing party in any action or proceeding to enforce this Agreement shall be entitled to recover its expenses of enforcement including, but not limited to, reasonable attorneys' fees, expert witness fees and court costs.

8. **Complete Agreement/Applicable Law.** This Agreement: (a) is the complete agreement of the parties concerning use and disclosure of Confidential Information and supersedes any prior such agreements; (b) may not be amended or in any manner modified except in writing signed by the parties; and (c) shall be governed by and construed in accordance with the domestic laws of the State of Iowa. If any provision of this Agreement is found to be unenforceable, the unenforceable provision shall be deemed modified to the limited extent required to permit its enforcement in a manner most closely approximating the intention of the parties as expressed herein.

9. **Third-Party Beneficiary.** Jeff Maxwell is a third-party beneficiary of this Agreement and TLD agrees that he has all rights to enforce its terms and conditions.

10. **Not Public Records.** TLD affirmatively represents and warrants that it is not a Public Body as that term is defined in Chapter 22 of the Iowa Code. As such, the parties agree as follows:

- 1) The communication of Confidential Information to TLD and/or its Representatives is totally subject to the discretion of BP and Maxwell and would not be made by BP under this Agreement or otherwise if all or any portion of such data and information, upon disclosure to TLD, would cause such to thereby be determined to become property of TLD or the City and/or otherwise available for public examination. TLD agrees that all Confidential Information that has been, or may be, disclosed to TLD is

From: "Brennan McGrath" <brennan-mcgrath@university-heights.org>
Subject: Fwd: Memorandum craven meeting
Date: Thu, September 8, 2011 9:57 am
To: "Mike Haverkamp" <mike-haverkamp@university-heights.org>

----- Forwarded message -----

From: Brennan McGrath <brennanmcg@gmail.com>
Date: Wed, Sep 7, 2011 at 11:47 AM
Subject: Fwd: Memorandum
To: City Clerk <uhclerk@yahoo.com>, MayorLouiseFrom <louisebob@mchsi.com>, Mike Haverkamp <mayhem@zeus.ia.net>, PatYeggy <patbirk@yahoo.com>, Rosanne Hopson <hopsonrc@gmail.com>, Stan 'the Man' U Heights Council <stan-laverman@university-heights.org>, Steve Ballard U Heights Attorney <ballard@lefflaw.com>

More background information, I will also forward the email from Mr. Craven recounting the meeting.
I believe Mr. Maxwell has already given more direction to continue to move this evaluation forward.
Thanks
Brennan

----- Forwarded message -----

From: Mike Mesch <mmesch@tld-inc.com>
Date: 2011/9/7
Subject: Memorandum
To: Brennan McGrath <brennanmcg@gmail.com>
Cc: Timothy Terry <tterry@tld-inc.com>

** **

Brennan:****

As promised, attached is a memorandum regarding yesterday's meeting with Mr. Craven.****

** **

Thanks.****

** **

We appreciate your business and referrals.****

** **

Michael Mesch, CPA/ABV, ASA, CFF****

Business Valuation and Advisory Services****

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-Steve Martin in The Jerk

Brennan McGrath CSW
Johnson Brothers of Iowa
Restaurant Division Sales & Education
319-855-0050 cell/text
BMcGrath@johnsonbrothers.com
BrennanMcG@gmail.com

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Brennan McGrath
University Heights, City Councilor
Finance Committee Chair
University Heights City Hall
1004 Melrose Avenue, University Heights, 52246
319-337-6900 Office

Memorandum

To: University Heights City Council
From: Tim Terry & Mike Mesch of Terry Lockridge & Dunn
Re: Meeting with Dennis Craven of Bergan-Paulsen, CPA's
Date: September 6, 2011

This memorandum is being written for the purpose of reporting the results of Terry Lockridge & Dunn's meeting with Dennis Craven of Bergan-Paulsen, CPA's on September 6, 2011.

On Thursday, September 1st, 2011 we set up a meeting with Dennis Craven of Bergan-Paulsen, CPA's for 10:00 a.m. on September 6, 2011, to review financial information that supports Mr. Maxwell's summary analysis of the TIF project.

We were provided a copy of a non-disclosure agreement and advised it would be necessary to have it executed before any information was shared with us. While we were reluctant to agree to such a broad reaching document; we acquiesced in the interest of moving this matter along in a timely fashion. We also were of the belief our agreeing to this document would clear the way for a candid exchange of the information we considered essential for our review of the proposal. This, in turn, would allow us to opine in a manner consistent with our professional standards.

We executed and brought to the meeting on the 6th non-disclosure document as provided.. To our surprise, Mr. Craven did not provide a copy signed by the other parties to the agreement. Despite our reluctance to move forward and review the information brought by Mr. Craven without a fully-executed non-disclosure, we agreed to do so as long as one would be provided later on the 6th by Mr. Craven.

Prior to reviewing the financial information, Mr. Craven informed us we would not be allowed to make or retain copies of the financial documentation and would only be allowed to review them in his presence. Furthermore, we would not be provided with a personal financial statement for Mr. Maxwell.

As part of our analysis, we fully anticipated being provided this information. A complete analysis requires more than a cursory review of this financial information that would have been possible while reviewing it in the presence of Mr. Craven. It is simply not practical to perform any meaningful analysis under these conditions. In addition, absent any documents which memorialized the data upon which we are relying for our conclusions, we would have no basis to reference the foundation for those conclusions.

Cedar Rapids
210 2nd St SE
PO Box 75006
Cedar Rapids, Iowa 52407
(319) 364-2945
(319) 362-4487 Fax

Iowa City
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Suite 200
Iowa City, Iowa 52246
(319) 339-4884
(319) 358-9113 Fax

While we assured Mr. Craven of the extraordinary steps which we had undertaken to restrict review of the documents to only the two of us, he was nevertheless unwilling to permit the duplication of the documents.

Items we would want to review, study and consider include but are not limited to:

- Underlying projections/assumptions
- Cost/equity structure of the project
- Personal Financial Statement for Jeff Maxwell – in order financial wherewithal of the developer backing the project

As a review of this information may trigger additional questions, depending on the completeness of the information we receive, we may need to request additional documentation.

Despite Mr. Craven's opinion otherwise, there are risks to the City as a result of this project. The City may ultimately receive a smaller return on its investment if, for example, the projections utilized by Mr. Maxwell are overly liberal or if costs are overly conservative. The City is also at risk if the developer ultimately cannot complete the project. A detailed review of the information requested is necessary to opine on the above risks.

We have been informed by the City Council that going forward with this TIF is a very important decision for the City. As such, we recommend the City review and consider these risks.

We will be prepared to review the viability of the City prior to the TIF project and to discuss potential risks to the City regarding the TIF project and possible ways to mitigate risk at next week's City Council meeting. However, we will not be able to opine on the financial viability of the project itself without having access to the requested information.

We understand the urgency to reach a decision on the TIF proposal; however after multiple phone calls to Mr. Craven in early August, last Thursday's email was the first and only communication we received from him. We will continue to make ourselves available, to him or any of Mr. Maxwell's advisors if they determine it is appropriate to release the information to us

Respectfully,



Mike Mesch, CPA, ABV, ASA, CFF
Terry, Lockridge and Dunn



Timothy Terry
Terry, Lockridge and Dunn

From: "Brennan McGrath" <brennan-mcgrath@university-heights.org>
Subject: Fwd: FW: Meeting with Terry Lockridge and Dunn
Date: Thu, September 8, 2011 9:58 am
To: "Mike Haverkamp" <mike-haverkamp@university-heights.org>

----- Forwarded message -----

From: Brennan McGrath <brennanmcg@gmail.com>
Date: Wed, Sep 7, 2011 at 11:49 AM
Subject: Fwd: FW: Meeting with Terry Lockridge and Dunn
To: City Clerk <uhclerk@yahoo.com>, MayorLouiseFrom <louisebob@mchsi.com>, Mike Haverkamp <mayhem@zeus.ia.net>, PatYeggy <patbirk@yahoo.com>, Rosanne Hopson <hopsonrc@gmail.com>, Stan 'the Man' U Heights Council <stan-laverman@university-heights.org>, Steve Ballard U Heights Attorney <ballard@lefflaw.com>

email from Mr. Craven.
As stated I think we have solved these issues, but I want you to have all the information I have.
Thank you,
Brennan

----- Forwarded message -----

From: Jeff Maxwell <jmaxwell@maxwellconstructioninc.com>
Date: 2011/9/6
Subject: FW: Meeting with Terry Lockridge and Dunn
To: brennanmcg@gmail.com

** ** *

Brennan:****

** **

I just opened this e-mail from Dennis Craven and thought I would forward it to you for discussion after your class at ****Kirkwood****. In an attempt to bring Terry Lockridge and Dunn and Dennis Craven together I am looking forward to your call after 5:30 at 319-631-1121.****

** **

Thank you so much, Brennan.****

** **

Jeff****

** **

From: Dennis Craven [<mailto:dcraven@berganpaulsen.com>]
Sent: Tuesday, September 06, 2011 1:35 PM
To: Jeff Maxwell

Cc: Tom Gelman; Kevin Monson
Subject: Meeting with Terry Lockridge and Dunn****

** **

Jeff:****

** **

I met with Terry Lockridge and Dunn (Tim Terry and Mike Mesch) this morning regarding ****One University Place****.****

** **

They signed the confidentiality agreement but when I explained to them that I could not give them copies of my work product they exited the room to discuss. Came back and told me that they did not want to waste anymore of mine time and would not be able to proceed. They left the conference room without further discussion.****

** **

Prior to this discussion, they asked for a copy of your personal statement. I responded that I did not have a copy and that my understanding was that the Council agreed at the August 23rd work session to eliminate that requirement from the developer agreement. I explained that I did not stay for that portion of the meeting and that maybe Tom Gelman could provide clarification from our perspective relative to that matter.****

** **

As you are aware, and has been communicated to the City Council, our engagement with you stipulates that you are on the only user of the work product we create, this is commonly referred to as an "internal use only" engagement. This is a professional standard for the industry, not just a contractual issue with the firm. Our audit and accounting folks have concluded that providing a copy of our work product to anyone but you would violate the AICPA Audit Guide standard for internal use only prospective financial information. ****

** **

The firm ultimately agreed to allow me to provide information to Terry Lockridge and Dunn to allow them to get comfortable with the representations made to the Council regarding the need for TIF in connection with this project, provided Terry Lockridge and Dunn execute the non disclosure document and not take any copies of the work product or source documents. Their conclusion was that with these two stipulations in place they did not believe Terry Lockridge and Dunn would be deemed a "user" under the AICPA standards.****

** **

I communicated this to the two of them this morning. I offered to show them the model and walk them through the calculations in detail, let them recalculate or test any of the formulas that they would like to test, show them supporting documentation for the assumptions used and respond to any

questions they might generate as a part of the review.****

** **

Also, talked to Tim Oswald earlier today regarding his engagement. I am sending him the information he requested this afternoon. ****

** **

Dennis****

** **

** **

** **

Dennis L. Craven, CPA

* *

*bergan | paulsen***

****2530 Corridor Way Ste 301*****

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[image: logoforsig]****

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** **

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** **

** **

To ensure compliance with requirements imposed by the Internal Revenue Service, we must inform you that, unless specifically indicated otherwise, any tax advice contained in our written or electronic communications with you is not intended or written to be used, and cannot be used, to either 1) avoid tax-related penalties under the Internal Revenue Code; or 2) promote, market or recommend to another party any transaction or matter addressed in

such communication.****

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-Steve Martin in The Jerk

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--

Brennan McGrath
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