

April 19, 2022

VIA EMAIL

Mayor and City Council
City of Diamondhead, Mississippi
5000 Diamondhead Circle
Diamondhead, Mississippi 39525

Re: Diamondhead, Mississippi (the "City"), \$6,000,000 General Obligation Bonds,
Series 2022 (the "Bonds")

Dear Mayor & Council:

The purpose of this engagement letter is to set forth certain matters concerning the services we will perform as bond counsel to the City in connection with the issuance of the above-referenced Bonds. We understand that the Bonds are being issued for the purpose of (i) constructing, maintaining, reconstructing, improving, and repairing roads and streets and acquiring rights-of-way therefore if necessary; (ii) erecting, repairing, improving, extending or maintaining waterworks or water distribution systems, and repairing, improving and extending the same; (iii) establishing erecting, repairing, improving, extending or maintaining sanitary, storm, drainage or sewerage systems; (iv) constructing, maintaining, reconstructing, improving, and repairing bridges and culverts; and (v) for other authorized purposes under Sections 21-33-301 et seq. and Sections 31-25-1 et seq., Mississippi Code of 1972, as amended and supplemented from time to time (collectively, the "Project"), and the Bonds may be secured by the full faith and credit of the City, or as otherwise authorized by Mississippi (the "State") law and may be taxable or tax-exempt. It is also our understanding that the Bonds may be issued through the Mississippi Development Bank and sold at a negotiated sale.

SCOPE OF ENGAGEMENT

In connection with this engagement, we expect to perform the following duties:

1. Subject to the completion of proceedings to our satisfaction, render our legal opinion (the "Bond Opinion") regarding the validity and binding effect of the Bonds, the source of payment and security for the Bonds, and the excludability of interest on the Bonds from gross income for federal and State income tax purposes;
2. Prepare and review documents necessary or appropriate for the authorization, issuance and delivery of the Bond and coordinate the authorization and execution of such documents;

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3. Assist the City in seeking from any other governmental authorities such approvals, permissions, and exemptions as we determine are necessary or appropriate in connection with the authorization, issuance and delivery of the Bonds, except that we will not be responsible for any required Blue Sky filings;

4. Review legal issues relating to the structure of the Bond issue;

5. Pursue validation proceedings under State law;

6. If applicable, assist the City in preparing the official statement (the "**Official Statement**") and subject to satisfactory completion of our review, provide to the City written advice that in the course of our participation, no information has come to our attention that leads us to believe that the Official Statement, as of its date (except for financial statements, other statistical data, feasibility reports and statements of trends and forecasts and book-entry language contained in the Official Statement and its appendices, as to which we will express no opinion), contains any untrue statement of material fact or omits to state any material fact necessary to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading; and provided, that if we prepare an Official Statement then there will be a fee not to exceed \$3,000.00 in addition to the fee quoted below;

7. Assist the City in presenting information to bond or bond rating organizations, if necessary, and providers of credit enhancement relating to legal issues affecting the issuance of the Bonds;

8. Prepare and review the notice of sale pertaining to the competitive sale of the Bonds;
and

9. If applicable, draft the continuing disclosure undertaking of the City. However, based on our review and discussions with the City's municipal advisor, if it is determined that the City is not in compliance with any of its existing continuing disclosure undertakings, then with your permission, we will update said undertakings for a separate fee.

Our Bond Opinion will be addressed to the City and will be delivered by us on the date of delivery of the Bonds. The Bond Opinion will be based on facts and laws existing as of its date. In rendering our Bond Opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation, and we will assume continuing compliance by the City with applicable laws relating to the Bonds. During the course of this engagement, we will rely on you to provide us with complete and timely information on all developments pertaining to any aspect of the Bonds and their security. We understand that you will direct members of your staff and other employees of the City to cooperate with us in this regard. In rendering our Bond Opinion, we will expressly rely upon other counsel as to due authorization, execution and delivery of Bond documents executed by the City.

Our duties in this engagement are limited to those expressly set forth above. Among other things, our duties under this engagement, without a separate engagement as may hereafter be agreed between the parties, do not include:

(a) Except as described in paragraph 6 above, assisting in the preparation or review of the Official Statement or any other disclosure document, if applicable, with respect to the Bonds, or performing an independent investigation to determine the accuracy, completeness or sufficiency of any such document or rendering advice that the Official Statement or other disclosure document, if applicable, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading;

(b) Preparing request for tax rulings from the Internal Revenue Service ("IRS") or no action letters from the Securities and Exchange Commission ("SEC");

(c) Preparing Blue Sky or investment surveys with respect to the Bond;

(d) Drafting State constitutional or legislative amendments;

(e) Pursuing test cases or other litigation, such as contested validation proceedings;

(f) Making an investigation or expressing any view as to the creditworthiness of the City or the Bond;

(g) Except as described in paragraph 9 above and if applicable, assisting in the preparation of, or opining on, a continuing disclosure undertaking pertaining to the Bonds or, after closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking;

(h) Representing the City in IRS examinations or inquiries, or SEC investigations;

(i) After closing, providing continuing advice to the City or any other party concerning any actions necessary to assure that interest paid on the Bond will continue to be excludable from gross income for federal income tax purposes (e.g., our engagement does not include rebate calculations for the Bonds);

(j) Giving and/or providing any financial advice or recommendations concerning the issuance of the Bonds as mandated by SEC rules; or

(k) Addressing any other matters not specifically set forth above that is not required to render our Bond Opinion.

ATTORNEY-CLIENT RELATIONSHIP

Upon execution of this engagement letter, the City will be our client and an attorney-client relationship will exist between us. We understand that counsel to the City will assist with the issuance of the Bonds, particularly as to the authorization, execution and delivery of Bond documents. We assume that all other parties will retain such counsel, as they deem necessary and appropriate to represent their interest in this transaction. We further assume that all other parties understand that in this transaction we represent only the City, we are not counsel to any other party, and we are not acting as an intermediary among the parties. Our services as Bond Counsel are limited to those contracted for in this letter, and the City's execution of this engagement letter will constitute an acknowledgment of those limitations. Our representation of the City will not affect, however, our responsibility to render an objective Bond Opinion.

Our representation of the City and the attorney-client relationship created by this engagement letter will be concluded upon issuance of the Bond, or the final series thereof. Nevertheless, subsequent to the Closing of each series of Bonds, we will mail, if required, to the IRS the appropriate IRS Form 8038-G and prepare and distribute to the participants in the transaction a transcript of the proceedings pertaining to the Bond.

PROSPECTIVE CONSENT

As you are aware, Butler Snow represents many political subdivisions, companies and individuals. It is possible that during the time that we are representing the City, one or more of our present or future clients will have transactions with the City. It is also possible that we may be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance of the Bonds. We do not believe that such representation, if it occurs, will adversely affect our ability to represent you as provided in this engagement letter, either because such matters will be sufficiently different from the issuance of the Bonds so as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Bonds. Execution of this engagement letter will signify the City's consent to our representation of others consistent with the circumstances described in this paragraph.

FEEES

Based upon: (i) our current understanding of the terms, structure, size and schedule of the financing represented by the Bonds; (ii) the duties we will undertake pursuant to this engagement letter; (iii) the time we anticipate devoting to the financing; and (iv) the responsibilities we will assume in connection therewith, our fee for each series of the Bonds will not exceed one percent (1%) of the principal amount of the Bonds; plus any of the fees with respect to the preparation and distribution of the Official Statement described above in Paragraphs 6, if applicable; and plus expenses for each series of the Bonds in an amount not to exceed \$3,000 for items such as

travel costs, deliveries, copies, transcripts, telephone charges, filing fees, computer-assisted research and other expenses.

If the financing for the Bonds is not consummated, we understand and agree that we will not be paid for our time expended on your behalf but will be paid for client charges made or incurred on your behalf.

RECORDS

At your request, papers and property furnished by you will be returned promptly upon receipt of payment for outstanding fees and client charges. Our own files, including lawyer work product, pertaining to the transaction will be retained by us. For various reasons, including the minimization of unnecessary storage expenses, we reserve the right to dispose of any documents or other material retain by us after the termination of this engagement.

If the foregoing terms are acceptable to you, please so indicate by returning the enclosed copy of this engagement letter dated and signed by an authorized officer, retaining the original for your files.

Thank you again for this opportunity to be of service. We look forward to working with you.

Sincerely,

Butler Snow LLP



J. Troy Johnston

Enclosures

STATEMENT TO BE SIGNED BY CITY OF DIAMONDHEAD, MS:

The execution by me of the above Engagement Letter was authorized by Resolution of the City Council dated _____, 2022. I have read the above Engagement Letter and understand and agree to its contents, including the fee and billing arrangements.

CITY OF DIAMONDHEAD, MS

By: _____
Michael Reso, City Manager

Date: _____