



October 20, 2021

David Cameron, *City Administrator*
City of Republic, Missouri
213 N. Main
Republic, MO 65738

Re: Underwriter Engagement Relating to Potential Municipal Securities Transaction for Special Obligation Bonds or Certificates of Participation

Dear Mr. Cameron:

The City of Republic, Missouri (“Issuer”) and Stifel, Nicolaus & Company, Incorporated (“Stifel”) are entering into this engagement letter to confirm that they are engaged in discussions related to a potential issue of (or series of issuances of) municipal securities related to Special Obligation Bonds or Certificates of Participation in the amount of \$150,000,000 to be issued in or prior to 2026 in accordance with Issuer’s Capital Improvement Plan containing projects through the next five years as outlined in Exhibit A (the “Issue”) and to formalize Stifel’s role as underwriter with respect to the Issue.

Engagement as Underwriter

Issuer is aware of the “Municipal Advisor Rule” of the Securities and Exchange Commission (“SEC”) and the underwriter exclusion from the definition of “municipal advisor” for a firm serving as an underwriter for a particular issuance of municipal securities. Issuer hereby designates Stifel as an underwriter for the Issue. Issuer expects that Stifel will provide advice to Issuer on the structure, timing, terms and other matters concerning the Issue.

Limitation of Engagement

It is Issuer’s intent that Stifel serve as an underwriter for the Issue, subject to satisfying applicable procurement laws or policies, formal approval by the City Council of Issuer, finalizing the structure of the Issue and executing a bond purchase agreement. While Issuer presently engages Stifel as the underwriter for the Issue, this engagement letter is preliminary, nonbinding and may be terminated at any time by Issuer, without penalty or liability for any costs incurred by the underwriter, or Stifel. Furthermore, this engagement letter does not restrict Issuer from entering into the Issue with any other underwriters or selecting an underwriting syndicate that does not include Stifel.

Disclosures Required by MSRB Rule G-17 Concerning the Role of the Underwriter

The Issuer confirms and acknowledges the following disclosures, as required by the Municipal Securities Rulemaking Board (MSRB) Rule G-17 as set forth in MSRB Notice 2019-20 (Nov. 8, 2019)¹:

The following G-17 conflict of interest disclosures are broken down into three types, including: 1) dealer-specific conflicts of interest disclosures (if applicable); 2) transaction-specific disclosures (if applicable); and 3) standard disclosures. You may receive additional separate disclosure letters pursuant to Rule G-17 from the co-managing underwriters or other syndicate members for the Bonds if they have their own dealer-specific or transaction-specific disclosures.

1. Dealer-Specific Conflicts of Interest Disclosures

Stifel has not identified any actual or potential² material conflicts of interest.

2. Transaction-Specific Disclosures: Disclosures Concerning Complex Municipal Securities Financing:

Since we have not recommended a “complex municipal securities financing” to the Issuer or Obligor, additional disclosures regarding the financing structure for the Bonds are not required under MSRB Rule G-17.

3. Standard Disclosures

- Disclosures Concerning the Underwriters’ Role:
 - MSRB Rule G-17 requires an underwriter to deal fairly at all times with both issuers and investors.
 - The underwriters’ primary role is to purchase the securities with a view to distribution in an arm’s-length commercial transaction with the Issuer. The underwriters have financial and other interests that differ from those of the Issuer.
 - Unlike a municipal advisor, an underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests.
 - The Issuer may choose to engage the services of a municipal advisor with a fiduciary obligation to represent the Issuer’s interest in this transaction.
 - The underwriters have a duty to purchase the securities from the Issuer at a fair and reasonable price, but must balance that duty with their duty to sell the securities to investors at prices that are fair and reasonable.

¹ Revised Interpretive Notice Concerning the Application of MSRB Rule G-17 to Underwriters of Municipal Securities (effective Mar. 31, 2021).

² When we refer to *potential* material conflicts throughout this letter, we refer to ones that are reasonably likely to mature into *actual* material conflicts during the course of the transaction, which is the standard required by MSRB Rule G-17.

- o The underwriters will review the official statement for the securities, if any, in accordance with, and a part of, their respective responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.³
- Disclosures Concerning the Underwriters' Compensation:
 - o The underwriters will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriters may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

It is our understanding that you have the authority to bind the Issuer by contract with us, and that you are not a party to any conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

Sincerely,

Stifel, Nicolaus & Company, Incorporated



Martin Ghafoori
Managing Director

Issuer accepts and acknowledges the foregoing.

Accepted and Executed:

By: _____

Name: _____

Title: _____

Date: _____

³ Under federal securities law, an issuer of securities has the primary responsibility for disclosure to investors. The review of the official statement by the underwriters is solely for purposes of satisfying the underwriters' obligations under the federal securities laws and such review should not be construed by an issuer as a guarantee of the accuracy or completeness of the information in the official statement.

Exhibit A

| Project Name | Engineering | Construction | Total Price | Desired Start Date | Project Time |
|------------------------------|--------------------|---------------------|--------------------|---------------------------|---------------------|
| WWTP Compliance | \$2.1M | \$12.9M | \$15M | 12/21 | 24 Months |
| WWTP Expansion | \$11.5M | \$70.5M | \$82M | 6/22 | 48 Months |
| CIP 3 | \$318K | \$2.33M | \$2.7M | 6/22 | 24 Months |
| CIP 6 | \$1.2M | \$8.9M | \$10.2M | 6/23 | 36 Months |
| CIP 7 | \$776K | \$5.7M | \$6.5M | 6/23 | 24 Months |
| CIP 8 | \$439K | \$3.2M | \$3.7M | 12/21 | 12 Months |
| CIP 9 | \$2.2M | \$15.9M | \$18M | 6/22 | 48 Months |
| BUILDS Building | - | \$5.5M | \$5.5M | 11/21 | 18 Months |
| Water Tower | \$500K | \$5M | \$5.5M | 6/23 | 36 Months |
| Tower Painting | - | \$2M | \$2M | 6/23 | 12 Months |
| Total of All Projects | | | \$151.1 | | |