

March 29, 2017

Ms. Debbie Muro  
Superintendent  
Lemoore Union High School District  
5 Powell Avenue  
Lemoore, CA 93245

**Re: Underwriter Engagement Relating to Potential Municipal Securities Transaction  
Lemoore Union High School District  
General Obligation Bonds, Election of 2016, Series 2017**

Dear Debbie:

The Lemoore Union High School District (the “District”) 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 municipal securities referenced above (the “Bonds”) and to formalize Stifel’s role as underwriter with respect to the sale of the Bonds.

***Engagement as Underwriter***

The District 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. The District hereby designates Stifel as an underwriter for the sale of the Bonds. The District expects that Stifel will provide advice to the District on the structure, timing, terms and other matters concerning the Bonds.

***Limitation of Engagement***

It is the District’s intent that Stifel serve as an underwriter for the Bonds, subject to satisfying applicable procurement laws or policies, formal approval by the Board of Trustees of the District, finalizing the structure of the sale of the Bonds, and executing a bond purchase agreement. While the District presently engages Stifel as the underwriter for the Bonds, Stifel may be terminated at any time by the District, without penalty or liability for any costs incurred by Stifel.

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

The District hereby confirms and acknowledges each of the following concerning the role that Stifel would have as an underwriter:

- (1) Municipal Securities Rulemaking Board (“MSRB”) Rule G-17 requires an underwriter to deal fairly at all times with both municipal issuers and investors;
- (2) the underwriter’s primary role is to purchase securities in an arm’s-length commercial transaction with the District and it has financial and other interests that may differ from those of the District;

- (3) unlike a municipal advisor, the underwriter does not have a fiduciary duty to the District under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the District without regard to its own financial or other interests;
- (4) the underwriter has a duty to purchase securities from the District at a fair and reasonable price, but must balance that duty with its duty to sell municipal securities to investors at prices that are fair and reasonable; and
- (5) the underwriter will review the official statement for the District's securities, in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.

#### ***Disclosures Concerning the Underwriter's Compensation***

The underwriter 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 potential conflict of interest since the underwriter may have an incentive to recommend to the District a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

#### ***Conflicts of Interest Disclosures***

Stifel has not identified any additional potential or actual material conflicts that require disclosure.

#### ***Disclosures Relating to Complex Municipal Securities Financing***

Since Stifel has not recommended a "complex municipal securities financing" to the District, additional disclosures regarding the financing structure for the Bonds are not required under MSRB Rule G-17.

However, if Stifel recommends, or if the Bonds are ultimately structured in a manner considered a "complex municipal securities financing" to the District, this letter will be supplemented to provide disclosure of the material financial characteristics of that financing structure as well as the material financial risks of the financing that are known to us and are reasonably foreseeable at that time.

It is our understanding that you have the authority to bind the District 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.

We are required to seek your acknowledgement of the receipt of this letter. Accordingly, sign and return the enclosed copy of this letter to me as a PDF or by regular mail.

We look forward to working with the District on the sale of the Bonds. Do not hesitate to contact Robert Barna (213) 443-5205 or Katherine Perkins at (415) 364-5961 with any questions regarding the content of this letter.

Sincerely,



Robert Barna  
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[rbarna@stifel.com](mailto:rbarna@stifel.com)



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The District acknowledges the foregoing.

Accepted and Executed

\_\_\_\_\_  
Ms. Debbie Muro  
Superintendent

Date: \_\_\_\_\_

cc: Mark Howard, *Lemoore Union High School District*  
Jason List, *Isom Advisors*  
David Casnocha, *Stradling Yocca Carlson & Rauth*  
Bobby Jarosz, *Stifel*