

April 9, 2020

Mayor and Members of the City Council  
c/o Ms. Mary Sue Hibbs, City Clerk/Treasurer  
Earlham City Hall  
140 S Chestnut Ave, PO Box 518  
Earlham, IA 50072

Re: Private Placement Engagement Letter  
2020A GO Notes and 2020B Water Revenue and Refunding Notes  
Water Tower Project and Current Refunding Series 2012 Water debt

Dear Ms. Hibbs:

This letter confirms the agreement between Piper Sandler & Co. (“Piper Sandler” or “we” or “us”) and City of Earlham, Iowa (the “Issuer” or “you”) as follows:

1. **Engagement.** The Issuer engages Piper Sandler to act as your exclusive representative for the proposed private placement (the “Transaction”) by sale of securities, (the “Securities”), and we accept this engagement upon the terms and conditions set forth in this agreement.

During the term of our engagement, we will, as appropriate to the Transaction:

- consult with you in planning and implementing the Transaction;
- assist you in preparing any transaction materials (the “Transaction Materials”) we mutually agree are beneficial or necessary to the consummation of the Transaction;
- assist you in preparing for due diligence conducted by potential investors;
- identify potential investors and use our reasonable commercial efforts to assist in arranging sales of the Securities to investors;
- If a portion of any financing considered includes an advance refunding, subscribe for SLGS or acquire U.S. Treasury securities as agent for and on behalf of the Issuer
- consult with you in structuring the investment; and
- assist you in negotiating definitive documentation.

As currently contemplated, the Transaction will be a private placement of Securities with gross spendable proceeds of approximately \$2,200,000 (in multiple series). You acknowledge and agree that our engagement pursuant to this letter is not an agreement by us or any of our affiliates to underwrite or purchase any Securities or otherwise provide any financing, nor an agreement by you to issue and sell any Securities. You may in your discretion postpone, modify, abandon or terminate the Transaction prior to closing. We may decline to participate in the Transaction if we reasonably determine that the Transaction has become impractical or undesirable.

2. **Fees.** For our services, you agree to pay us a selling commission as outlined in Exhibit A, payable by check or wire transfer, in our sole discretion, in immediately available funds, due at closing. The fee shall not be payable in the event the Transaction does not occur, other than for non performance by You.

3. **Expenses** We do not expect to incur expenses in the transaction other than legal expenses. However, in the event that we incur other expenses in pursuit of the Transaction, upon receipt of an invoice, you agree to reimburse us for our reasonable expenses incurred, all of which are to be pre-approved by You prior to expenditure by Us.
4. **Termination.** The term of this engagement shall begin on the date of execution set forth above. Neither You nor We may terminate this engagement at any time prior to completion of the sale of Securities other than (a) You may terminate Us for non performance, in which case no fees are due and payable unless agreed to previously in writing; or (b) We may terminate You for non performance, in which case, upon such termination, all fees due to Us, shall be due and payable immediately by You.
5. **Non performance by Us.** Attached to this engagement is a form of term sheet in support of the Transaction, and a timeline for the Transaction. Said term sheet is hereby approved by You in form substantially as attached. Minor deviations that would be usual and customary in a private placement transaction shall be allowed between the initial term sheet and any final proposals received. However, any material deviations that could be reasonably treated as less favorable to You shall be presented to You for consideration and approval. Receipt of proposals with market interest rates from one or more lenders consistent with the term sheet, or with minor deviations as noted herein, shall constitute performance by Us.
6. **Non performance by You.** Any action or failure to take action to approve the Transaction after We have performed pursuant to this engagement shall be considered non performance by You.
7. **Representations, Warranties and Agreements of the Issuer.** You represent and warrant to, and agree with us, that:
  - a) the Securities will be sold by you in compliance with the requirements for exemptions from registration or qualification of, and otherwise in accordance with, all federal and state securities laws and regulations;
  - b) you agree to be responsible for the accuracy and completeness of any Transaction Materials to the extent of federal securities laws applicable to the Transaction. You agree to notify us promptly of any material adverse changes, or development that may lead to any material adverse change, in your business, properties, operations, financial condition or prospects and concerning any statement contained in any Transaction Material, or in any other information provided to us, which is not accurate or which is incomplete or misleading in any material respect;
  - c) you will make available to us such documents and other information which we reasonably deem appropriate and will provide us with access to your officers, directors, employees, accountants, counsel and other representatives; it being understood that we will rely solely upon such information supplied by you and your representatives without assuming any responsibility for independent investigation or verification thereof; and
  - d) at the closing, you will permit us to rely on your representations and warranties, and cause your counsel to permit us to rely upon any opinion, furnished to any purchaser of Securities.

8. **Other Matters Relating to Our Engagement** You acknowledge that you have retained us solely to provide the services to you as set forth in this agreement. In rendering such services, we will act as an independent contractor. You acknowledge and agree that: (i) the primary role of Piper Sandler, as a placement agent, is in an arms-length commercial transaction between you and Piper Sandler and Piper Sandler has financial and other interests that differ from your interests (ii) Piper Sandler is not acting as a municipal advisor, financial advisor or fiduciary to you or any other person or entity and has not assumed any advisory or fiduciary responsibility to you with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto (irrespective of whether Piper Sandler has provided other services or is currently providing other services to you on other matters) (iii) the only obligations Piper Sandler has to you with respect to the Transaction contemplated hereby expressly are set forth in this Agreement and (iv) you have consulted your own legal, accounting, tax, financial and other advisors, as applicable, to the extent you deem appropriate in connection with the Transaction contemplated herein.
9. **Miscellaneous.** This agreement, and all claims or causes of action (whether in contract or tort) that may be based upon, arise out of or relate to this agreement or the negotiation, execution or performance of this agreement, will be governed by and construed in accordance with the laws of Iowa. You and we hereby waive all right to trial by jury in any action, proceeding, or counterclaim (whether based upon contract, tort or otherwise) in connection with any dispute arising out of this agreement or any matters contemplated by this agreement. This agreement embodies the entire agreement and understanding between you and us and supersedes all prior agreements and understandings relating to the subject matter of this agreement. This agreement may be executed in any number of counterparts. The invalidity or unenforceability of any provision of this agreement will not affect the validity or enforceability of any other provisions of this agreement, which will remain in full force and effect. You and us will endeavor in good faith negotiations to replace the invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid or unenforceable provisions. This agreement is solely for the benefit of you and us, and no other person will acquire or have any rights by virtue of this agreement.

Please confirm that the foregoing correctly and completely sets forth our understanding by signing and returning to us the enclosed duplicate of this engagement agreement.

Sincerely,

\_\_\_\_\_  
Title: Managing Director

Agreed and accepted as of the date first above written.

Acknowledgement of Approval of Engagement, including acknowledgement of Financial Disclosures from September 6, 2018

City of Earlham, Iowa

\_\_\_\_\_  
Title:

Date on which this letter was signed by the Issuer: \_\_\_\_\_

## **Exhibit A - Calculation of Selling Commission**

### **General Obligation Bonds (GO)**

Maximum of 1.75% of the par amount of bonds sold, minimum fee of \$11,500

A 0.25% discount provided if all purchased by local financial institutions within the Issuer' footprint (local presence within Issuer's geographical boundaries) and does not require a DTC closing.

### **Water Revenue Bonds (Water)**

Maximum of 1.75% of the par amount of bonds sold, minimum fee of \$11,500

A 0.25% discount provided if all purchased by local financial institutions within the Issuer' footprint (local presence within Issuer's geographical boundaries) and does not require a DTC closing.