



UNDERWRITER ENGAGEMENT & G17 LETTER

October 1, 2019

Town of Yorktown, Indiana
Peter L. Olson
Town Manager
2400 South Russ Street
Yorktown, IN 47396

Re: General Obligation Refunding Bonds of 2019 & RDD Refunding Bonds of 2019 (the “Bonds”)

Dear Mr. Olson:

This letter confirms our engagement to serve as senior managing underwriter or placement agent for the above captioned Bonds. **Appended to this letter are the disclosures required by MSRB Rule G-17 regarding our role, duties and interests as an underwriter or placement agent of the Bonds.**

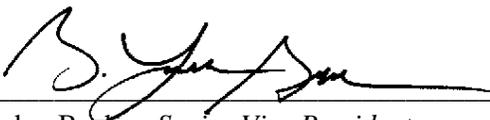
Your execution of this letter will confirm that you reasonably expect that we will serve as an underwriter or placement agent of the Bonds, and will enable us to provide advice with respect to the structure, timing, terms, and other similar matters concerning the Bonds pursuant to the underwriter exclusion under the SEC’s municipal advisor registration rules.

We understand that our engagement is preliminary in nature and, among other things, may be subject to applicable procurement laws, formal governing body approval of our engagement, the final structure of the Bonds, and execution of a mutually-agreeable bond purchase agreement. This engagement letter is nonbinding and may be terminated by either party without liability. This engagement letter does not prevent you from engaging other underwriters for the Bonds, or from selecting an underwriting group that does not include us.

We look forward to working with you in connection with the issuance of the Bonds.

Sincerely,

J.J.B. HILLIARD, W.L. LYONS, LLC

By 
Landon Boehm, *Senior Vice President*

ACKNOWLEDGED AND ACCEPTED:

TOWN OF YORKTOWN, INDIANA

By _____

Disclosures by Underwriter/Senior Managing Underwriter Pursuant to MSRB Rule G-17

In connection with the proposed preliminary engagement of Hilliard Lyons to serve as Sole Underwriter or Placement Agent (“Underwriter”), we are writing to provide you, with certain disclosures relating to the captioned bond issue (“Bonds”), as required by the Municipal Securities Rulemaking Board (“MSRB”) Rule G-17 as set forth in MSRB Notice 2012-25 (May 7, 2012)¹.

Hilliard Lyons intends to serve as an Underwriter, and not as a financial advisor or municipal advisor, in connection with the issuance of the Bonds.

As part of our services as Underwriter/Senior Managing Underwriter, Hilliard Lyons may provide advice concerning the structure, timing, terms, and other similar matters concerning the issuance of the Bonds.

As the issuer (“Issuer”) of the Bonds, you will be a party to the bond purchase agreement and certain other legal documents to be entered into in connection with the issuance of the Bonds, and will be subject to the material financial risks described in this letter.

I. Disclosures Concerning the Underwriters’ Role:

- (i) MSRB Rule G-17 requires an Underwriter to deal fairly at all times with both municipal issuers and investors.
- (ii) The Underwriters’ primary role is to purchase the Bonds 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.
- (iii) Unlike a municipal advisor, the Underwriters do not have a fiduciary duty to the Issuer under the federal securities laws and are, therefore, not required by federal law to act in the best interests of the Issuer without regard to their own financial or other interests.
- (iv) The Underwriters have a duty to purchase the Bonds from the Issuer at a fair and reasonable price, but must balance that duty with their duty to sell the Bonds to investors at prices that are fair and reasonable.
- (v) The Underwriters will review the official statement or similar disclosure document for the Bonds in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.²

II. Disclosures Concerning the Underwriters’ Compensation:

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.

¹ Interpretive Notice Concerning the Application of MSRB Rule G-17 to Underwriters of Municipal Securities (effective August 2, 2012).

² 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.

III. Additional Conflicts Disclosures:

Hilliard Lyons may have trading, business, or underwriting syndicate relationships (aside from those related to the Bonds) with other entities in the proposed transaction, especially if the Issuer is using or will later use a broker-dealer firm as its municipal advisor. Hilliard Lyons also trades municipal bonds frequently and may own or trade other securities issued by the Issuer. Investing customers of Hilliard Lyons may own or trade other securities of the Issuer, or have other business relationships with the Issuer of which we are unaware.

We do not believe these relationships or activities are actual material conflicts, but disclose them in the interests of candor. Aside from these, Hilliard Lyons has not identified any additional potential or actual material conflicts that require disclosure.

IV. Disclosures Concerning the Affiliation of Hilliard Lyons and Robert W. Baird & Co.

On April 1, 2019, Baird Financial Corporation, the parent company of Robert W. Baird & Co. Incorporated (“Baird”), acquired HL Financial Services, LLC, its subsidiaries, affiliates and assigns (collectively “Hilliard Lyons”). As a result of such common control, Baird and Hilliard Lyons are now affiliated. It is expected that Hilliard Lyons will merge with and into Baird later in 2019.

V. Disclosures Concerning Complex Municipal Securities Financing:

Hilliard Lyons has not recommended a “complex municipal securities financing” to the Issuer, additional disclosures regarding the financing structure for the Bonds are not required under MSRB Rule G-17.

If you or any other Issuer official have any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you should consult with legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

It is our understanding that you have the authority to bind the engagement 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 that you have received this letter. Accordingly, please send me an email to that effect, or sign and return the enclosed copy of this letter to me at the address set forth above. Depending on the structure of the transaction that the County decides to pursue, or if additional potential or actual material conflicts are identified, we may be required to send you additional disclosures regarding the material financial characteristics and risks of such transaction and/or describing those conflicts. At that time, we also will seek your acknowledgement of receipt of any such additional disclosures.