



February 9, 2023

Mr. Steven Pyles  
Administrator  
City of Sunbury, Ohio  
9 East Grandville Street  
Sunbury, OH 43074

Baker Tilly Municipal Advisors, LLC  
140 East Town Street, Ste 1275  
Columbus, OH 43215

T: +1 (614) 987 1680  
bakertilly.com

**Re: Engagement Letter and Supplemental Advisory Agreement**

**\$4,000,000\***  
**City of Sunbury, Ohio**  
**Capital Facilities Bonds, Series 2023**

Dear Mr. Pyles:

Baker Tilly Municipal Advisors, LLC (Baker Tilly or the Firm) is pleased to provide City of Sunbury, Ohio (the Client) with an engagement letter to provide municipal advisory services for the subject financing. The Firm will provide such services as the Client's Independent Registered Municipal Advisor (IRMA) and in accordance with the Master Advisory Agreement previously executed by the two parties.

Upon acceptance of this engagement letter, the terms and conditions contained herein will serve as a Supplemental Advisory Agreement and shall relate solely to the subject financing. The specific services to be performed, fees charged, and disclosure statement are outlined in Exhibits A, B, and C attached hereto.

Both the Client and the Firm have the right to terminate the engagement at any time after reasonable advance written notice. On termination, all fees and charges incurred prior to termination shall be paid promptly. Unless otherwise agreed to by the Client and the Firm, the scope of services provided in Exhibit A will terminate sixty (60) days after completion of the services or closing of the transaction.

If the foregoing accurately represents the basis upon which we may provide advisory services to the Client, we ask that you execute this document, in the space provided below setting forth your agreement. Execution of this Supplemental Advisory Agreement can be performed in counterparts, each of which will be deemed an original and all of which together will constitute the same document.

If you have any questions, please let us know.

Very truly yours,

BAKER TILLY MUNICIPAL ADVISORS, LLC

By:   
\_\_\_\_\_  
Brian S. Cooper, Principal

\*Preliminary, subject to change

Mr. Steven Pyles  
City of Sunbury, Ohio  
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The undersigned hereby acknowledges and agrees to the foregoing letter of engagement.

City of Sunbury, Ohio

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

By: \_\_\_\_\_  
Steven Pyles, Administrator

Printed: \_\_\_\_\_

## EXHIBIT A: SCOPE OF SERVICES

At the request of the Client, Baker Tilly will provide the services set forth below for the Client's execution of the following transaction.

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*Evaluate proposals.* At the request of the Client, Baker Tilly will assess any proposals (solicited or unsolicited) received by the Client from broker-dealers or other financial institutions with respect to the issuance of obligations by the Client and provide advice and recommendations to the Client with respect to such matters based on its assessment.

*Analyze debt structure alternatives.* Baker Tilly will evaluate and provide advice with respect to proposed financings, including (i) the coordination of the amortization schedule with outstanding debt of the Client, (ii) analysis of the sufficiency of resources pledged to debt service and (iii) options related to the final maturity.

*Develop and monitor the financing schedule.* Baker Tilly will prepare a bond sale calendar that clearly identifies the responsibilities of each participant in the transaction. The schedule will be designed to permit sufficient time for revision of all disclosure materials by Client officials prior to final printing and distribution. Moreover, Baker Tilly will work with all external participants (e.g., bond counsel, rating analysts, etc.) to ensure that their tasks are coordinated with the activities of the Client's staff.

*Recommend a negotiated or competitive sale or direct bank purchase.* Baker Tilly will provide advice to the Client regarding the appropriateness of sale options.

*Assist in selecting working group members and procuring services.*

- a. *Underwriter selection.* If it is determined that a negotiated sale is appropriate, Baker Tilly will work with Client officials in selecting the underwriting team. At the direction of the Client, this may include procuring underwriting services through an RFP/RFQ process.
- b. *Procurement of financial services.* Baker Tilly will assist the Client, as needed, in identifying and procuring services that may be needed over the course of its financing program. This includes assistance with the selection of trustees, escrow trustees, escrow verification agents, financial printers and other third party vendor services.

*Review financing documents.* Once a plan of finance has been developed, the financing team will be responsible for drafting, printing, adopting, and distributing all legal and disclosure documents. Baker Tilly will coordinate with local officials, bond counsel, underwriters, banks, and other team members in the preparation, evaluation, and finalization of bond document preparation activities, including the preparation and analysis of trust indentures, official statements, loan agreements, reimbursement contracts, trust participation agreements, purchase contracts, remarketing agreements, and other contracts that may be necessary for bond issues and other debt instruments considered by the Client. Other documents, such as engineering studies, traffic and revenue projections, and arbitrage certificates, are the responsibility of other parties, but their preparation will be incorporated into the document preparation work coordinated by Baker Tilly prior to the sale of securities as necessary.

*Rating agency assistance.* Baker Tilly will work with the Client in preparing for rating agency presentations and make recommendations concerning issues that should be addressed in those meetings, if applicable.

*Coordinate the marketing of the bonds.* Baker Tilly will actively undertake procedures to assist in the coordination and marketing, if applicable, of the Client's debt issues. The following discussion details the steps involved:

a. Timing of sale. Baker Tilly will monitor market conditions and evaluate their impact on new-issue securities.

b. Marketing information.

(1) Disclosure documents. For the Client's offerings, Baker Tilly will work with the administrative staff and bond counsel to review the Client's disclosure document, the Preliminary Official Statement (POS). Baker Tilly will review the Client's existing POS format and recommend any changes.

(2) Notice of Sale. Baker Tilly will work with the Client's bond counsel in its preparation of the notice of sale for competitive sales. Baker Tilly will provide a recommendation for various bidding parameters for the related securities and plan of finance. Baker Tilly's efforts would be designed to allow bidders flexibility while protecting the interests of the Client.

Assist with the pricing of the bonds. Baker Tilly will provide the Client with information so that the Client can evaluate the fairness of the pricing of its securities. Such information may include (i) yields on recently priced comparable issues, (ii) an analysis of underwriter's fees on recently priced comparable issues, (iii) an assessment of municipal market conditions leading up to the sale, (iv) analysis of alternative call provisions, and (v) special features of the issue and potential impacts on pricing.

Assist with closing the bond issue. Baker Tilly will prepare a closing memorandum and work with all parties involved to facilitate a timely closing.

Miscellaneous. Baker Tilly is committed to providing additional services as required to effectively manage the Client's debt issuance process.

## **EXHIBIT B: FEES AND EXPENSES**

Fees charged for work performed for the Client's execution of the following transaction are set forth below.

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For financial consulting and municipal advisory services related to the issuance of the proposed bonds, the Firm shall be paid a fee of \$49,000.

The Client will incur no financial obligation to Baker Tilly until such time that the Client's Board or Council approves the bond legislation and appropriation is authorized. It is expected, but not required, that all bond-related fees will be paid from the proceeds of the Client's transaction.

Baker Tilly will not charge the Client for normal out-of-pocket expenses associated with providing the scope of services to the Client. Expenses related to travel for rating agency presentations and pricings outside of the state of Ohio are to be reimbursed at cost.

The fees do not include the charges of other entities including, but not limited to, rating agencies, bond and official statement printers, couriers, newspapers, bond counsel and local counsel, and electronic bidding services, including Parity®.

# EXHIBIT C: DISCLOSURE STATEMENT OF MUNICIPAL ADVISOR

## **PART A – Disclosures of Conflicts of Interest**

MSRB Rule G-42 requires that municipal advisors provide to their clients disclosures relating to any actual or potential material conflicts of interest, including certain categories of potential conflicts of interest identified in Rule G-42, if applicable. If no such material conflicts of interest are known to exist based on the exercise of reasonable diligence by the municipal advisor, municipal advisors are required to provide a written statement to that effect.

**Material Conflicts of Interest** – The Firm makes the disclosures set forth below with respect to material conflicts of interest in connection with the Scope of Services under this Agreement, together with explanations of how the Firm addresses or intends to manage or mitigate each conflict.

**General Mitigations** – As general mitigations of the Firm's conflicts, with respect to all of the conflicts disclosed below, the Firm mitigates such conflicts through its adherence to its fiduciary duty to the Client, which includes a duty of loyalty to the Client in performing all municipal advisory activities for the Client. This duty of loyalty obligates the Firm to deal honestly and with the utmost good faith with the Client and to act in the Client's best interests without regard to the Firm's financial or other interests. The disclosures below describe, as applicable, any additional mitigations that may be relevant with respect to any specific conflict disclosed below.

- I. **Affiliate Conflict**. BTIS, an affiliate of the Firm (the Affiliate), has or is expected to provide certain advice to or on behalf of Client that is directly related to the Firm's activities within the Scope of Services under this Agreement. In particular, providing advice to Client regarding investment of bond proceeds. The Affiliate's business with Client could create an incentive for the Firm to recommend to Client a course of action designed to increase the level of Client's business activities with the Affiliate or to recommend against a course of action that would reduce or eliminate Client's business activities with the Affiliate. Furthermore, this potential conflict is mitigated by the fact that the Affiliate is subject to its own comprehensive regulatory regime as a registered investment adviser with the Securities and Exchange Commission under the federal Investment Advisers Act.
- II. **Compensation-Based Conflicts**. The fees due under this type of agreement are in a fixed amount established at the outset of the Agreement. The amount is usually based upon an analysis by the Client and the Firm of, among other things, the expected duration and complexity of the transaction and the Scope of Services to be performed by the Firm. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, the Firm may suffer a loss. Thus, the Firm may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. This conflict of interest is mitigated by the general mitigations described above.
- III. **Other Municipal Advisor Relationships**. The Firm serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of the Client. For example, the Firm serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to the Client under this Agreement. These other clients may, from time to time and depending on the specific circumstances, have competing interests, such as accessing the new issue market with the most advantageous timing and with limited competition at the time of the offering. In acting in the interests of its various clients, the Firm could potentially face a conflict of interest arising from these competing client interests. This conflict of interest is mitigated by the general mitigations described above.

## **PART B – Disclosures of Information Regarding Legal Events and Disciplinary History**

MSRB Rule G-42 requires that municipal advisors provide to their clients certain disclosures of legal or disciplinary events material to its client's evaluation of the municipal advisor or the integrity of the municipal advisor's management or advisory personnel.

Accordingly, the Firm sets out below required disclosures and related information in connection with such disclosures.

- I. **Material Legal or Disciplinary Event**. There are no legal or disciplinary events that are material to the Client's evaluation of the Firm or the integrity of the Firm's management or advisory personnel disclosed, or that should be disclosed, on any Form MA or Form MA-I filed with the SEC.
- II. **How to Access Form MA and Form MA-I Filings**. The Firm's most recent Form MA and each most recent Form MA-I filed with the SEC are available on the SEC's EDGAR system at <http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001616995>.
- III. **Most Recent Change in Legal or Disciplinary Event Disclosure**. The Firm has not made any material legal or disciplinary event disclosures on Form MA or any Form MA-I filed with the SEC.

#### **PART C – Future Supplemental Disclosures**

As required by MSRB Rule G-42, this Disclosure Statement may be supplemented or amended, from time to time as needed, to reflect changed circumstances resulting in new conflicts of interest or changes in the conflicts of interest described above, or to provide updated information with regard to any legal or disciplinary events of the Firm. The Firm will provide the Client with any such supplement or amendment as it becomes available throughout the term of the Agreement.

#### **PART D – Rule G-10: Investor and Municipal Advisory Client Education and Protection**

MSRB Rule G-10 requires that municipal advisors to notify their clients of the availability of a client brochure on the MSRB's website that provides information on the processes for filing a client complaint.

Accordingly, the Firm sets out below the required information.

- I. The Firm is registered as a Municipal Advisor with the Securities and Exchange Commission (867-00880) and the Municipal Securities Rulemaking Board (K1027).
- I. The website address for the Municipal Securities Rulemaking Board is [www.msrb.org](http://www.msrb.org).
- II. The website for the Municipal Securities Rulemaking Board has a link to a brochure that describes (i) the protections that may be provided by the Municipal Securities Rulemaking Board rules and (ii) describes how to file a complaint with an appropriate regulatory authority.