



WM Financial Strategies

11710 ADMINISTRATION DRIVE
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ST. LOUIS, MISSOURI 63146
(314) 423-2122

March 13, 2020]

**RE: City of St. Charles, Missouri
Request for Proposals for Underwriter for
Approximately \$23,160,000
Certificates of Participation, Series 2020A**

In connection with the above referenced Certificates, WM Financial Strategies is serving as municipal advisor to the City of St. Charles, Missouri (the “City”) and Thompson Coburn LLP is serving as Special Tax Counsel and as Disclosure Counsel. In its capacity as a registered municipal advisor, WM Financial Strategies on behalf of the City of St. Charles, Missouri (the “City”) is seeking proposals from at least three reasonably competitive market participants, to underwrite the Certificates.

A draft of the preliminary official statement is available electronically at:

<http://www.wmfinancialstrategies.com/RFPs.htm>.

The preliminary maturity schedule is included on the inside cover page of the Preliminary Official Statement.

Written proposals will be accepted until 12:00 p.m., Central Time, on March 27, 2020. One copy should be sent to the City’s municipal advisor at Jhoward@wmfinancialstrategies.com and to the City’s director of finance at Gina.Jarvis@stcharlescitemo.gov. Any proposal which is not received by the designated time and date shall be rejected.

Proposals must include responses to items 1 through 9 set forth below:

1. Underwriting Discount or Fees. Indicate your proposed underwriting discount (as a percentage of the par amount).
2. Interest Rates. Using the maturity schedule shown in the Preliminary Official Statement, provide a listing, by year, of the interest rates and yields you would assign if the issue had been sold on March 23. If the rates are **not** based on par pricing, include the yield and reoffering price for each maturity based on an issue date of April 30 which is the anticipated date of closing. For purposes of the proposal and final pricing, no interest rate may exceed 4% and no reoffering discount may be greater than 97%. For informational purposes include the TIC reflected in your proposal.

Proposals should include justification of the yields set forth in the proposal based on either indexing or comparables as described below.

- a) *Proposals Without Rate Indexing*. Provide samples for comparable issues your firm has recently priced. The samples (not more than 4) should include the name of the issue,

principal amounts per maturity, interest rates, yields and reoffering prices. In addition, include the relationship of the yields to the AAA MMD (if possible) at the time of pricing and describe in detail how the pricing for the samples compares to the yields described for the City's transaction. Describe in detail the process you will use for establishing the final rates.

b) *Proposals With Rate Indexing.* If rate indexing is included as part of your proposal the index must be based on yields to maturity and the following information must be provided:

1. A detailed description of the index method to be used including the name of the published index to be utilized, the relationship between the **yields to maturity** in the proposal and the yields in the published index, and the expiration date of your indexing offer.
2. The date that will be used as the sale date for purposes of indexing. (Acceptable dates include, for example, (1) the date the City executes the purchase contract, (2) a date prior to the sale and agreed upon prior to such date by the underwriter and the financial advisor, (3) a set date that is a specified number of days prior to the sale.)
3. A copy of the published rate table against which rates will be indexed must be included in your proposal. If the index uses a one-day lag, the index used on March 23 should reflect March 20 rates.
4. The conditions under which the index will not apply such as the suspension of trading on the New York Stock Exchange.

If your index permits the final rates to be higher than the ratio of the proposal rates to the published rate index (such as a volatility or rounding factor) this will be taken into account in analyzing the proposal.

Rate indexing, if utilized, is intended to provide an upper limit on interest rates. It is understood that if the firm selected utilizes rate indexing, best efforts will be used to offer the Certificates at rates lower than the index. In addition, it is understood that most indexes reflect a one-day lag in rates that may make marketing difficult in a volatile rate environment. Accordingly, on the date of sale, WM Financial Strategies will permit an upward variance of up to 10 basis points to the rate index.

3. Costs of Issuance and Underwriter's Counsel. The City intends to pay costs of issuance including trustee fees, rating fees, City Attorney fees, Special Tax Counsel fees, Disclosure Counsel fees, CUSIP fees, title insurance fees and municipal advisor fees. Any other expenses, including the fees of Underwriter's Counsel, if any, shall be the responsibility of the underwriter selected. If you intend to employ an underwriter's counsel, please provide the name and address of the firm.

4. Terms of the Certificates. Specify your proposed prepayment provisions. Indicate whether you agree to the other terms of the Certificates as set forth in the draft preliminary official statement.

5. Underwriting or Purchase Agreement. The firm selected shall provide the municipal advisor, Special Tax Counsel and the City comments to the draft documents and underwriting or purchase agreement, to be prepared by Special Tax Counsel, within three business days following the selection of the proposed underwriter or purchaser. The City plans to execute the agreement and Certificate documents on April 21. Other than such terms and conditions as set forth herein,

indicate any further internal approvals you will require as a condition to entering into an underwriting or purchase agreement (e.g. credit approval by commitment committee).

6. Issue Price. Indicate whether you anticipate providing a certification regarding reoffering prices on the Certificates on the date of sale (e.g. with 10% of each maturity sold at the initial offering price and holding the price for 5 business days for any maturity with less than 10% sold).

7. MSRB's Rule G-17. Provide your firm's Rule G-17 disclosures to be signed by the Mayor on behalf of the City Council.

8. Good Faith Deposit. Indicate your firm's willingness to provide a 2% good faith deposit (a cashier's check, certified check or wired funds) prior to 2:00 p.m. on the day your underwriting agreement is adopted by the City.

9. Personnel. Provide the name and phone number for the person who will serve as the City's contact.

The City anticipates selecting an underwriter or purchaser based on the written proposals received, however, in the event that the City elects to interview one or more firms, such interviews will be held by telephone on or about March 30.

The City reserves the right to reject any and all proposals. The City may waive any variations which are considered to be in the best interest of the City. The City will take all matters included in the request for proposals into account in determining the best proposal and will select the firm it deems to have the best proposal, not necessarily the lowest price. In the event the City elects to terminate the financing prior to execution of an underwriting or purchase agreement the City will have no obligation to any firm submitting a proposal. The firm selected shall comply with Section 285.525–285.550 RSMo regarding enrollment in a federal work authorization program. Notice and instructions for firms submitting proposals is available at <http://www.wmfinancialstrategies.com/RFPs.htm>.

If you have any questions regarding this issue or the request for proposals, please contact the undersigned.

Sincerely,

Joy A. Howard
Principal