

BOENNING & SCATTERGOOD

ESTABLISHED 1914

February 3, 2017

Mr. Kevin Dowdell, Board President
Plum Borough School District
900 Elicker Road
Plum, PA 15239

Re: **Underwriting/Placement Agent** Engagement Letter
Disclosure by Underwriter, pursuant to MSRB Rule G-17
Plum Borough School District
General Obligation Bonds/Note, Series of 2017
(Refunding New Money/Restructuring)

Dear Mr. Dowdell:

We are writing to provide you certain disclosures relating to the above captioned bond/note issue (the "Bonds"), as required by Municipal Securities Rulemaking board ("MSRB") Rule G-17 in accordance with MSRB Notice 2012-25 (May 7, 2012), which became effective August 2, 2012 for transactions that price on or after such date.¹

The District ("Issuer") has engaged Boenning & Scattergood, ("Boenning") to serve as **underwriter/placement agent** and **NOT** as financial advisor or municipal advisor, in connection with the issuance of the Bonds. As part of our **underwriting/placement agent** services, Boenning may provide advice concerning the structure, timing, and other similar matters concerning the issuance of the Bonds. As the 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.

Disclosures Concerning the Underwriters'/Placement Agent Role

- i. MSRB Rule G-17 requires an underwriter to deal fairly at all times with both municipal issuers and investors.
- ii. The **Underwriter's/Placement Agent** 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 **Underwriter/Placement Agent** does not have a fiduciary duty to the Issuer or any other party under the federal securities laws and are, therefore, not required by federal law to act in the best interests of the Issuer or any other party without regard to their own financial or other interests.
- iv. The Underwriter has 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 Underwriter will review the official statement 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.

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

I. Disclosure Concerning the Underwriter's Compensation

The **underwriter/placement agent** will be compensated by a fee and /or an underwriting discount that will be set forth in any bond purchase agreement to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the **underwriting/placement agent** 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 **Underwriter/Placement Agent** 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.

II. Additional Conflicts Disclosure.

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

III. Conclusion

If you or any other issuer officials 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 your own financial advisor and /or municipal, legal, accounting, tax and other advisors, as applicable, or the extent you deem appropriate.

It is our understanding that you have the authority to bind the Issuer 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 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 below. Depending on the structure of the transaction that the Issuer 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 transactions and/or describing those conflicts. At that time, we also will seek your acknowledgement to receipt of any such additional disclosures.

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

Regards,

BOENNING & SCATTERGOOD, INC.

By: _____

Managing Director

2025 Greentree Road
Suite 200
Pittsburgh, Pennsylvania 15220

Accepted this _____ day of February, 2017

PLUM BOROUGH SCHOOL DISTRICT

By: _____

Title: _____