



WM Financial Strategies

11710 ADMINISTRATION DRIVE
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September 26, 2018

**RE: City of St. Charles, Missouri
Request for Proposals for Underwriter or Purchaser of Approximately
\$4,915,000 Neighborhood Improvement District Bonds**

In connection with the above referenced Bonds, WM Financial Strategies is serving as municipal advisor to the City of St. Charles, Missouri (the "City") and Gilmore & Bell is serving as Bond Counsel and as Disclosure Counsel. The former is seeking proposals from at least three reasonably competitive market firms to underwrite or purchase the Bonds.

A draft of the Preliminary Official Statement is available at:

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

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

The Bonds are Bank Qualified.

Written proposals will be accepted until 12:00 p.m., Central Time, on October 10. 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@stcharlescitymo.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. Indicate your proposed underwriting discount (as a percentage of the par amount).

2. Interest Rates. Interest rates may not exceed 4% per annum. Provide a separate listing, by year, of the interest rates you would have assigned if the issue had been sold on October 5. In addition, provide a listing of the yield to maturity and to the call date and the price for each maturity based on a closing date of November 15. The City does not require but has a preference for rate indexing. **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 issues your firm has recently priced. The samples (not more than 4) should include the name of the issue, rating, principal amounts per maturity, interest rates, yields and reoffering prices. In addition, include the relationship of the yields to the AAA MMD 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 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 October 5 should reflect October 4 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 yields to maturity to be higher than the ratio of the proposal yields 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 the yields. It is understood that if the firm selected utilizes rate indexing, best efforts will be used to offer the Bonds with yields 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. The City intends to pay costs of issuance including official statement printing (in portable document format), paying agent fees, Missouri registration fees, Bond Counsel fees, Disclosure Counsel fees, CUSIP fees, Moody's rating fees and municipal advisor fees. Any other expenses shall be the responsibility of the underwriter selected.

4. Terms of the Bonds. Specify your proposed prepayment provisions, if any. No other changes will be made to the terms of the Bonds as set forth in the draft preliminary official statement.

5. Underwriting or Purchase Agreement. Bond Counsel will prepare the bond purchase agreement and the firm selected to underwrite or purchase the bonds shall provide the municipal advisor, Bond Counsel and the City its comments to the agreement within three business days following the selection of the proposed underwriter or purchaser. The City plans to execute the bond purchase agreement and Bond documents on November 6, 2018. Other than such terms and conditions as set forth in the request for proposals, 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 Bonds 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.

8. Good Faith Deposit. Indicate your willingness to provide a 2% good faith deposit (a cashier's check, certified check or wired funds) 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 October 11.

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