RESOLUTION NO. R-17-43

A RESOLUTION AUTHORIZING THE PREPARATION OF CERTAIN DOCUMENTS AND THE TAKING OF CERTAIN ACTIONS RELATING TO A LEASE/PURCHASE TRANSACTION TO FINANCE AND REFINANCE CERTAIN IMPROVEMENTS FOR THE CITY; AUTHORIZING THE CITY TO RETAIN AN INVESTMENT BANKING FIRM RELATING THERETO; AND PRESCRIBING CERTAIN OTHER MATTERS RELATING THERETO.

WHEREAS, the City Council (the "City Council") of the City of Gladstone, Missouri (the "City"), hereby finds and determines that it is necessary, desirable and in the best interests of the City and its residents to acquire and construct certain capital improvements, which may include (i) energy savings facilities improvements; (ii) public works improvements; (iii) parks improvements to Happy Rock East, Meadowbrook Park, Oak Grove Park, and Hamilton Heights Park; and (iv) street projects including improvements to Old Pike Road and NE 76th Street (collectively, the "Project") and to prepay the outstanding Certificates of Participation, Series 2011 of the City (the "Series 2011 Certificates"), which were issued to provide funds for the acquisition, construction, furnishing, equipping and installing of certain capital improvements for the City, the acquisition of certain equipment for City use, and to prepay the Certificates of Participation, Series 2002 of the City; and

WHEREAS, the City Council hereby finds and determines that it is necessary, desirable and in the best interests of the City to provide funds for (i) the Project, (ii) the prepayment of the Series 2011 Certificates, (iii) establishing a reserve fund if deemed necessary by the City, and (iv) paying certain expenses related thereto, all utilizing a lease/purchase financing structure (collectively, the "Transaction"); and

WHEREAS, the City Council wishes to engage the firm of Piper Jaffary & Company, (the "Investment Banking Firm") as provided in the engagement letter attached hereto as **Exhibit A;** and

WHEREAS, the City desires, with the assistance of the Investment Banking Firm, the City's financial advisor, Springsted Incorporated ("Financial Advisor"), and the City's bond counsel, Gilmore & Bell, P.C. ("'Special Counsel"), to proceed with the Transaction, either by (a) offering the Transaction to the public or (b) privately placing the Transaction; and

WHEREAS, in the event the City determines that a public offering is most advantageous to the City, the City Council wishes to designate the Investment Banking Firm as underwriter for the Transaction for the purposes set forth herein and authorize the preparation and distribution of a Preliminary Official Statement relating to the Transaction; and

WHEREAS, if the Transaction is to occur by private placement, the City desires to authorize the Investment Banking Firm to proceed with the offering as placement agent; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GLADSTONE, MISSOURI, AS FOLLOWS:

Section 1. The City wishes to proceed with the Transaction described in the recitals to this Resolution. The terms of the Transaction will be approved by the City Council by subsequent ordinance. The City may incur capital expenditures after the date of this resolution in connection with the Project and Intends to reimburse itself for such expenditures with the proceeds of the Transaction in a principal amount of up to $7,200,000. In the event that the prepayment of the Series 2011 Certificates does not provide sufficient savings to the City, the other portions of the Transaction may proceed without such prepayment occurring.

Section 2. The engagement letter in substantially the form attached hereto as **Exhibit A** is hereby approved, and the City Manager is authorized to execute the same with such changes as the City Manager shall approve.

Section 3. The City authorizes the Investment Banking Firm, City staff, the Financial Advisor and Special Counsel to take steps to facilitate the Transaction, including, if the Transaction shall occur by public offering, preparation of a Preliminary Official Statement with respect to the Transaction, in such form and at such time as is approved by the City Manager or his designee. The City Manager or his designee is hereby authorized to deem the Preliminary Official Statement final for purposes of Rule l5c2- l2 of the Securities and Exchange Commission.

Section 4. If the Transaction is to occur by public offering, the City Council hereby designates the Investment Banking Firm as the underwriter and purchaser in accordance with the engagement letter described in Section 2 hereof and authorizes the distribution of the Preliminary Official Statement in connection with the Transaction. If the Investment Banking Firm, in consultation with the City staff, Financial Advisor and Special Counsel determines that a private placement is most advantageous to the City, the City Council hereby designates the Investment Banking Finn as placement agent in accordance with the engagement letter described in Section 2 hereof.

Section 5. The officers and representatives of the City are hereby authorized and directed to take such other action and execute such other documents as may be necessary to facilitate the Transaction.

INTRODUCED, READ, PASSED, AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF GLADSTONE, MISSOURI THIS 25TH DAY OF SEPTEMBER 2017.

RD Mallams

R.D. Mallams, Mayor

ATTEST:

Ruth E. Bocchino

Ruth E. Bocchino, City Clerk

Department of Finance
Memorandum

DATE: September 21, 2017

TO: Scott Wingerson – City Manager

FROM: Dominic Accurso – Interim Director of Finance

RE: Financing Package and Go To Market Resolution

Staff has been working on putting together a financing package that will assist in accomplishing multiple council goals and objectives. The package will fund improvements to street, curb, and sidewalk and improvements to city parks. The package will also finance the reduction of our carbon footprint, improvements at public works, and opportunities for additional savings (see project list for additional project detail at appendix A).The projects include:

Street Projects		
Old Pike Road	$	1,100,000
N.E. 76th Street		1,100,000
Parks Improvements		
Happy Rock		250,000
Meadowbrook		100,000
Oak Grove		300,000
Hamilton Heights		50,000
Facilities Improvements		
Energy Savings Performance Contract		4,200,000
Public Works Improvements		100,000
Refinancing		
Refinancing of 2011 COP		4,000,000
Total Financing Package	$	11,200,000

Additionally, staff and the City's Municipal Advisor, Tom Kaleko with Springsted Inc., published a request for qualifications to secure an underwriter for the financing package. With the guidance of the municipal advisor, staff selected Piper Jaffray & Company to underwrite the projects based on the selection criteria, quality of the proposal, and cost (see Underwriter

Recommendation at appendix B). In the event the financing proceeds on a private placement instead of a public offering, Piper Jaffray will act as the Placement Agent rather than underwriter.

There will be a resolution on the September 25, 2017, Council agenda to move forward with the financing package. If the resolution is approved, the City will proceed with the financing package by issuing debt by public offering or private placement. Ben Hart with Springsted Inc. and Rick McConnell from Gilmore & Bell will be here to answer any questions the Council may have. Should you have any questions or concerns, please contact me at your convenience.

Appendix A

2017 DEBT ISSUE PROJECTS AND SUMMARIES

Facilities Improvements

Energy Savings Facilities Improvements.. $4,000,000

City facilities will increase energy efficiencies by upgrading all lights to LEDs, replacing HVAC mechanical systems at the community center, city hall, animal shelter, public works and water treatment plant facilities, and installing solar panels at the community center and water treatment plant. Windows will be replaced at City Hall and all conditioned city buildings will receive weatherization to reduce energy cost.

Public Works Improvements..100,000

The improvements will focus on common areas used by the entire staff including new paint and flooring in the lobby area and conference room and a complete renovation of the break room including paint, flooring, countertops, and plumbing. Additional outdoor lighting is also proposed.

Parks Improvements

Happy Rock East..250,000

General improvements including remodeling of the restrooms, replacing ball field fencing, trail repair, concession stand improvements, lighting, and tennis court repair.

Meadowbrook Park..100,000

General improvements including construction of a new park shelter, installation of playground equipment, removal of tennis court, and extension of walking trail.

Oak Grove Park..300,000

Oak Grove Park improvements will consist of construction of Shared concession stand/restroom in collaboration with the North Kansas City School District, and installation of new playground equipment.

Hamilton Heights Park..50,000

Replace the park dock.

Street Projects

Old Pike Road Improvements..1,100,000

The Old Pike Road improvement project will consist of ADA sidewalk improvements and resurfacing from Vivion Road to approximately NW 52nd Terrace; the full reconstruction of the existing roadway from NW 52nd Terrace to NW 54th Terrace including pavement widening, new curb and gutter, sidewalks, and stormwater improvements; and ADA sidewalk improvements and resurfacing from NW 54th Terrace to NW Englewood Road.

On-road bicycle lanes will be installed along the entire corridor and pedestrian signal upgrades are planned at the intersection of NW Broadway and NW Englewood Road.

NE 76th Street Improvements 1,100,000

The project will consist of ADA sidewalk improvements and resurfacing from N. Oak Trafficway to N. Troost; the full reconstruction of the existing roadway from N. Troost Avenue to N. Lydia Avenue including pavement widening, new curb and gutter, sidewalks, and stormwater improvements; and ADA sidewalk improvements and resurfacing from N. Lydia Avenue to N. Brooklyn Avenue. On-road bicycle lanes will be installed along the entire corridor.

Refinancing of 2011 COP..4,000,000

By refinancing the 2011 COP, the City will save approximately $150,000 in interest.

Total Debt Issue..$11,000,000

Springsted
Springsted Incorporated
9229 Ward Parkway, Suite 104
Kansas City, MO 64114-3311
Tel: 816-333-7200
Fax: 816-333-6899
Email: advisors@springsted.com
www.springsted.com

September 20, 2017

Delivered via Electronic Mail

Mayor R. D. Mallams
City of Gladstone
7010 North Holmes
Gladstone, Missouri 64118

Re: **Underwriter Recommendation**

Dear Mayor Mallams:

Introduction

At the request of City staff, Springsted prepared and distributed a Request for Proposals (RFP) for underwriting services. It is anticipated that the selected underwriter will fill this role on the City's financing team for a period of up to three years, serving as underwriter or placement agent for transactions that occur during this period. The only transactions anticipated at this time are; (i) an approximately $12M Certificate of Participation issuance for energy saving improvements to city facilities and for road improvements, and (ii) refunding of the Series 2011 Certificates of Participation for the purpose of interest cost savings.

Process

The RFP was distributed August 23, 2017. The adjoining table indicates the firms receiving the RFP and their respective response. The written proposals were reviewed by the City Manager, Assistant City Manager and Interim Finance Director with assistance from Springsted.

Banks Receiving RFP	Proposal Received
Ameritas	Yes
Commerce Bank	Yes
D.A. Davidson	Yes
George K. Baum	Yes
Hilltop Securities	Yes
L. J. Hart & Company	Yes
Piper Jaffray & Company	Yes
Robert W. Baird & Company	Yes
Stern Brothers	No
Stifel Nicolaus & Company	Yes
UMB	Yes

The selection criteria focused on:

- Experience of the firm and its assigned staff with comparable obligations
- Ability to market obligations through either a public offering or a private placement
- Cost

Evaluation of the Proposals

Two finalists were selected based solely on qualifications (not including cost). These two firms were Commerce Bank and Piper Jaffray. These two firms set themselves apart based largely on the clear relevant experience of the assigned personnel. Additionally, Commerce Bank and Piper Jaffray demonstrated a strong ability to conduct private placements. City staff also felt the close proximity of both firms to Gladstone would be of benefit.

After the two finalists were identified, Commerce Bank and Piper Jaffray were asked to provide additional information. Specifically;

- Proposed fees for the City's upcoming Certificate of Participation transactions, and
- The percentage of bonds the firm took into its inventory for the last 5 transactions listed in their proposal.

This latter metric is often used to gauge whether an underwriter has set interest rates aggressively low in a public offering. If the interest rates offered to investors are aggressively low, it would be expected that a minor portion of the obligation will remain unsold at the conclusion of the ordering period. The underwriter will then purchase the unsold balance for its own inventory to be marketed again at a later date.

The following table compares Commerce Bank's and Piper Jaffray's proposed fees. Both firms indicated that they would not require underwriter's counsel (which would have represented an additional expense).

Proposed Underwriting/Private Placement Fees (per $1,000 of obligation amount)		
	Piper Jaffray	Commerce Bank
Approx. $12M Certificate of Participation – Public Offering	$3.75	$8.29
Approx. $12M Certificate of Participation – Private Placement	$3.75	$2.30
Refunding Series 2011 Certificate of Participation – Public Offering	$3.75	$4.00
Refunding Series 2011 Certificate of Participation – Private Placement	$3.75	$2.50

While fees are important, interest rates much more greatly impact the cost of borrowing. To evaluate whether the firms have historically set initial interest rates aggressively low when marketing obligations in the primary market, we looked to the percentage of obligations taken into inventory. Both firms performed satisfactorily on this measure.

Underwriter Recommendation

City staff and Springsted recommend selection of Piper Jaffray & Company as underwriter. This recommendation is based on the selection criteria, the relative quality of the proposal received and cost.

Conclusion

We congratulate the City in conducting a professional, effective and efficient process. We believe the results of this process will lead to successful future financings.

Respectfully,

Tom Kaleko

Tom Kaleko, CIPMA
Senior Vice President

PC. City Council
Scott Wingerson, City Manager
Dominic Accurso, Interim Finance Director

PiperJaffray

11635 Rosewood Street, Leawood, KS 66211
Tel: 913 345-3300 Toll Free: 800 829-5377 Fax: 913 345-3393
Piper Jaffray & Co. Since 1895. Member SIPC and NYSE

September 20, 2017

City of Gladstone, Missouri
Mr. Scott Wingerson, City Manager
7010 N Holmes
PO Box 10719
Gladstone, Missouri 64118

Re: Underwriter/Placement Agent Engagement Letter
City of Gladstone, Missouri Certificates of Participation
(Refunding and Improvements)
Series 2017

Dear Mr. Wingerson:

On behalf of Piper Jaffray & Co. ("Piper Jaffray" or "we"), we wish to thank you for the opportunity to serve as an underwriter or placement agent for the City of Gladstone, Missouri (the "Issuer") for the issuance of the Certificates of Participation (Refunding and Improvements), Series 2017 (the "Bonds"). We understand that the decision to either sell the Bonds in a private placement to a single or limited number of investors or conduct a public sale of the Bonds will be made by you sometime in the future. This letter is intended to describe our engagement for either method of sale.

1. **Scope of Services.** The Issuer hereby engages Piper Jaffray to serve as an underwriter or placement agent for the Bonds and in such capacity Piper Jaffray agrees to provide the following services:

   a. Developing a financing plan for the Bonds and assisting the Issuer in determining the economic impact of the Bonds.
   b. Advice concerning structure, timing, terms and other similar matters concerning the Bonds, including recommendations as to maturities, interest rates, structure, security, timing, and amount of proceeds needed to implement your project.
   c. Reviewing and making comments with respect to sale documents, as applicable, including Explanatory Statements, Authorizing Bond Resolutions, bond declarations and indentures and other underlying documents relating to the Bonds.
   d. Developing a sale schedule that incorporates all aspects of bringing Bonds to market and arranging for a successful closing of the transaction.
   e. Assisting the Issuer in determining whether to pursue a public sale or a private placement to a bank or other financial institution, based upon the facts and circumstances in evidence at that time.
   f. For a public sale, assisting in the preparation of the preliminary and final Official Statements to be issued by the Issuer relating to Bonds for final approval by the Issuer and its agents, including bond counsel regarding same.
   g. Assisting in making presentations to rating agencies with respect to the Bonds if applicable.
   h. Evaluating and making recommendations to the Issuer concerning the use of bond insurance and any other available credit enhancements, if applicable.
   i. For a public sale, distributing preliminary and final Official Statements and other documents to a broad list of institutions, banks, trusts, insurance companies, investment counselors, and other prospective investors in Bonds.
   j. For a public sale, forming, if deemed appropriate by Piper Jaffray and the Issuer, an underwriting group for the purpose of underwriting the Bonds, and informing the Issuer as to the membership of any group so formed.

k. For a public sale, developing a marketing plan for the offering, including identification of potential investors.
l. Contacting potential investors, including those that might be considering a private placement, providing them with offering-related information, responding to their inquiries and, if requested, coordinating their due diligence sessions.
m. Negotiating the pricing, including the interest rate, and other terms of Bonds.
n. For a public sale, obtaining CUSIP number(s) for Bonds and arranging for their DTC book-entry eligibility.
o. Providing a final schedule of debt service payments for Bonds.
p. Reviewing and making comments with respect to closing documents prepared by Bond Counsel.
q. Planning and arranging for the closing and settlement of the issuance and the delivery of Bonds.
r. Other activities that are integral to the purchase and distribution of the Bonds and activities integral to fulfilling the role of an placement agent or underwriter including under the antifraud provisions of the federal securities laws and the obligations of Piper Jaffray under MSRB rules.

2. **Term and Termination.** The term of this engagement shall begin on the date of this letter until the earlier of: the termination by either party as described below or until the end of the underwriting period or date of sale for each series of Bonds. Either party may terminate Piper Jaffray's engagement at any time without liability or penalty upon at least 30 days' prior written notice to the other party. If Piper Jaffray's engagement is terminated by the Issuer, the Issuer agrees to reimburse Piper Jaffray for its out-of-pocket expenses (e.g., travel requested by the Issuer for in-person meetings) incurred until the date of termination. Both parties agree that with respect to any specific series of Bonds, this letter will be replaced and superseded by any bond purchase or placement agreement entered into by the parties (the "Purchase Agreement" or "Placement Agent Agreement") if and when the Bonds are priced.

3. **Miscellaneous.** You agree that the advice provided pursuant to this engagement should not be construed as advice as to whether you should approve or authorize the Bonds. The parties agree that we are not making a final commitment to underwrite or place securities until certain events have occurred including among other things, a successful authorizing bond election and, satisfactory completion and execution of all final documentation for an offering and credit approval. This Agreement is therefore not a final commitment by us express or implied, to underwrite, place or purchase any securities. This Agreement will be governed by, and construed in accordance with, the laws of the State of Missouri, without regard to conflicts of law principals to the extent that the application of the laws of another jurisdiction would be required thereby. The Issuer and Piper Jaffray each hereby irrevocably waive any right they may have to a trial by jury in respect of any claim based upon or arising out of this Agreement or the transactions contemplated hereby. This Agreement may not be assigned by either party without the prior written consent of the other party. This Agreement embodies the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof. If any provision of this Agreement is determined to be invalid or unenforceable in any respect, such determination will not affect such provision in any other respect or any other provision of this Agreement, which will remain in full force and effect. This Agreement may not be amended or otherwise modified or waived except by an instrument in writing signed by both Piper Jaffray and the Issuer.

4. **MSRB Disclosures.** As required by the Municipal Securities Rulemaking Board (MSRB) Rule G-17 in accordance with MSRB Notice 2012-25 (May 7, 2012) we are providing you with certain disclosures relating to the issuance of the Bonds. Under new federal regulations, all underwriters and placement agents are now required to send the following disclosures to you (as the Issuer of the Bonds) in order to clarify with you the role of a placement agent or underwriter and other matters relating to an underwriting or placement of the Bonds.

   Piper Jaffray intends to serve as a placement agent or underwriter respecting the Bonds and not as a financial advisor or municipal advisor to you. As part of our services as a placement agent or underwriter, Piper Jaffray may provide advice concerning the structure, timing, terms, and other similar matters concerning an issue of municipal securities that Piper Jaffray is underwriting or placing.

Our Role as Placement Agent:
If we are serving as a placement agent or underwriter for the Bonds, these are some important disclosures that clarify our role and responsibilities:

(i) MSRB Rule G-17 requires a placement agent or underwriter to deal fairly at all times with both municipal issuers and investors;
(ii) Unlike a municipal advisor, the placement agent or underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests.

Our Role as Underwriter:
If we are serving as an underwriter for the Bonds, these are some important additional disclosures that clarify our role as an underwriter:

(i) The underwriter's primary role is to purchase the Bonds with a view to distribution in an arm's-length commercial transaction with the Issuer. The underwriter has financial and other interests that differ from those of the Issuer.
(ii) 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.
(iii) 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].

Our Compensation:
We will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be 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 underwriter or 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.

Conflicts of Interest:
If the Bonds are sold via a public sale, the following additional disclosures apply:

We have entered into a separate agreement with Charles Schwab & Co., Inc. that enables Charles Schwab & Co., Inc. to distribute certain new issue municipal securities underwritten by or allocated to us which could include the Bonds. If a public offering is of the Bonds is made, we could share with Charles Schwab & Co., a portion of the fee or commission paid to us as underwriter.

Risk Disclosures:
In accordance with the requirements of MSRB Rule G-17, attached to this letter as Appendix A is a description of the material aspects of a typical fixed rate offering, including the Bonds. This

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[1] 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 underwriter's 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.

letter may be later supplemented if the material terms of the Bonds change from what is described here.

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

It is our understanding that you are authorized or are expected to be authorized to sign the bond purchase agreement with us. If our understanding is incorrect, please notify the undersigned immediately.

Thank you.

Sincerely,

Todd Goffoy

Todd Goffoy, Managing Director
Piper Jaffray & Co.

Acknowledgement and Approval of Engagement
and Receipt of Appendix A and B Disclosures

Scott Wingerson, City Manager
City of Gladstone, Missouri

Date: 11/13/17

ATTEST:

Ruth E Bocchino

Ruth E. Bocchino
City Clerk, City of Gladstone, MO

Appendix A – G-17 Disclosure

We are providing you with certain disclosures relating to the captioned bond issue (the Bonds), as required by the Municipal Securities Rulemaking Board (MSRB) Rule G-17 in accordance with MSRB Notice 2012-25 (May 7, 2012). Under new federal regulations, all underwriters and placement agents are now required to send the following disclosures to you (as the Issuer of the Bonds) in order to clarify with you the role of an underwriter or placement agent and other matters relating to an underwriting or placing of the Bonds.

Piper Jaffray intends to serve as an underwriter or placement agent respecting the Bonds and not as a financial advisor or municipal advisor to you. As part of our services as an underwriter or placement agent, Piper Jaffray may provide advice concerning the structure, timing, terms, and other similar matters concerning an issue of municipal securities that Piper Jaffray is underwriting or placing.

Our Role as Underwriter:
In serving as underwriter for the Bonds, these are some important disclosures that clarify our role and responsibilities:

(iii) MSRB Rule G-17 requires an underwriter to deal fairly at all times with both municipal issuers and investors;

(iv) The underwriter's primary role is to purchase securities with a view to distribution in an arm's-length commercial transaction with the Issuer and it has financial and other interests that differ from those of the Issuer;

(v) Unlike a municipal advisor, the underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests;

(vi) The underwriter has a duty to purchase securities from the Issuer at a fair and reasonable price, but must balance that duty with its duty to sell municipal securities to investors at prices that are fair and reasonable; and

(vii) The underwriter will review the official statement for the Issuer's securities in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.[2]

Our Role as Placement Agent:
In serving as placement agent for the Bonds, these are some important disclosures that clarify our role and responsibilities:

(i) MSRB Rule G-17 requires us to deal fairly at all times with both municipal issuers and investors;

(ii) Our primary role in this transaction is to facilitate the sale and purchase of municipal securities between you and one or more investors for which we will receive compensation;

(iii) Unlike a municipal advisor, we do not have a fiduciary duty to you under the federal securities laws and are, therefore, not required by federal law to act in your best interests without regard to our own financial or other interests;

(iv) We have a duty to arrange the purchase securities from you at a fair and reasonable price, but must balance that duty with our duty to arrange the sale to investors at prices that are fair and reasonable; and

(v) In the event an official statement is prepared, we will review the official statement for your securities in accordance with, and as part of, our responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.

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[2] Under federal securities law, an issuer of securities has the primary responsibility for disclosure for investors. The review of the official statement by the underwriter is solely for purposes of satisfying the underwriter's 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.

Our Compensation:

As underwriter, compensation will be 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. As placement agent, compensation will be by a fee that was negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the underwriting fee, discount or placement agent fee 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 or 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.

Conflict of Interest for Underwritings Only:

We have entered into a separate agreement with Charles Schwab & Co., Inc. that enables Charles Schwab & Co., Inc. to distribute certain new issue municipal securities underwritten by or allocated to us which could include the Bonds. Under that agreement, we will share with Charles Schwab & Co., a portion of the fee or commission paid to us.

Risk Disclosures:

In accordance with the requirements of MSRB Rule G-17, attached as Appendix B is a description of the material aspects of a typical fixed rate offering, including the Bonds. This letter may be later supplemented if the material terms of the Bonds change from what is described here.

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

Appendix B – Risk Disclosures

The following is a general description of the financial characteristics and security structures of fixed rate municipal bonds ("Fixed Rate Bonds"), as well as a general description of certain financial risks that you should consider before deciding whether to issue Fixed Rate Bonds.

Financial Characteristics

Maturity and Interest. Fixed Rate Bonds are interest-bearing debt securities issued by state and local governments, political subdivisions and agencies and authorities. Maturity dates for Fixed Rate Bonds are fixed at the time of issuance and may include serial maturities (specified principal amounts are payable on the same date in each year until final maturity), one or more term maturities (specified principal amounts are payable on each term maturity date), a combination of serial and term maturities, or bullet maturities, in which all the Bonds mature on a single maturity date The final maturity date typically will range between 10 and 30 years from the date of issuance. Interest on the Fixed Rate Bonds typically is paid semiannually at a stated fixed rate or rates for each maturity date.

Redemption. Fixed Rate Bonds may be subject to optional redemption, which allows you, at your option, to redeem some or all of the bonds on a date prior to scheduled maturity, such as in connection with the issuance of refunding bonds to take advantage of lower interest rates. Fixed Rate Bonds will be subject to optional redemption only after the passage of a specified period of time, often approximately ten years from the date of issuance, and upon payment of the redemption price set forth in the bonds, which may include a redemption premium. You will be required to send out a notice of optional redemption to the holders of the bonds, usually not less than 30 days prior to the redemption date. Fixed Rate Bonds with term maturity dates also may be subject to mandatory sinking fund redemption, which requires you to redeem specified principal amounts of the bonds annually in advance of the term maturity date. The mandatory sinking fund redemption price is 100% of the principal amount of the bonds to be redeemed.

Other Financial Characteristics Specific to Direct Purchases of Bonds. Purchasers of bonds in a direct purchase, private placement context sometimes ask for certain financial terms not typically included in publically offered bonds. These could include provisions that raise your interest rate during the term of the bonds. For example, a margin rate clause (also known as "gross up" or "increased cost") triggers an automatic interest rate increase should federal corporate tax rates be reduced, allowing the purchaser to offset the decreased value of the bonds. Other potential interest rate increases could include a higher rate triggered by an event of default (a "default rate"), an increase in the interest rate if there is a determination that interest on the bonds is includable in gross income for federal income tax purposes or a higher interest rate if the instrument fails to be bank-qualified. For any of these scenarios, the resulting interest rate may or not be capped by a maximum interest rate. If a rate cap applies, purchasers may ask that any interest that would have accrued but for a rate cap be deferred and paid out in later years. Other examples of terms that may apply in a private placement include acceleration clauses, which may permit the bank purchaser to request immediate payment of outstanding principal in an event of default or otherwise force a restructuring of the bonds to a more accelerated amortization schedule.

These features could impact your liquidity, debt service coverage ratios or force you to divert funds to pay debt service on the Bonds that were intended for other purposes. Unexpected increases in interest rates could also impact your outstanding credit rating.

Security

Payment of principal of and interest on a municipal security, including Fixed Rate Bonds, may be backed by various types of pledges and forms of security, some of which are described below.

General Obligation Bonds
"General obligation bonds" are debt securities to which your full faith and credit is pledged to pay principal and interest. If you have taxing power, generally you will pledge to use your ad valorem (property) taxing power to pay principal and interest. Ad valorem taxes necessary to pay debt service on general obligation bonds may not be subject to state constitutional property tax millage limits (an unlimited tax general obligation bond). The term "limited" tax is used when such limits exist.

General obligation bonds constitute a debt and, depending on applicable state law, may require that you obtain approval by voters prior to issuance. In the event of default in required payments of interest or principal, the holders of general obligation bonds have certain rights under state law to compel you to impose a tax levy.

Revenue Bonds
"Revenue bonds" are debt securities that are payable only from a specific source or sources of revenues. Revenue bonds are not a pledge of your full faith and credit and you are obligated to pay principal and interest on your revenue bonds only from the revenue source(s) specifically pledged to the bonds. Revenue bonds do not permit the bondholders to compel you to impose a tax levy for payment of debt service. Pledged revenues may be derived from operation of the financed project or system, grants or excise or other specified taxes. Generally, subject to state law or local charter requirements, you are not required to obtain voter approval prior to issuance of revenue bonds. If the specified source(s) of revenue become inadequate, a default in payment of principal or interest may occur. Various types of pledges of revenue may be used to secure interest and principal payments on revenue bonds. The nature of these pledges may differ widely based on state law, the type of issuer, the type of revenue stream and other factors.

General Fund Obligations
"General Fund Obligations" are debt securities that are payable from an issuer's general fund and are not secured by a specific tax levy like a general obligation bond or a specific revenue pledge like a revenue bond. General fund obligations come in many varieties and may be a continuing obligation of the general fund or may be subject to annual appropriation. Often general fund obligations are issued in the form of certificates of participation in a lease obligation of the issuer.

Financial Risk Considerations
Certain risks may arise in connection with your issuance of Fixed Rate Bonds, including some or all of the following:

Risk of Default and Fiscal Stress
You may be in default if the funds pledged to secure your bonds are not sufficient to pay debt service on the bonds when due. The consequences of a default may be serious for you and may include the exercise of available remedies against you on behalf of the holders of the bonds. Depending on state law, if the bonds are secured by a general obligation pledge, you may be ordered by a court to raise taxes or other budgetary adjustments may be necessary to enable you to provide sufficient funds to pay debt service on the bonds. If the bonds are revenue bonds, subject to applicable state law and the terms of the authorizing documents, you may be required to take steps to increase the available revenues that are pledged as security for the bonds.

Bonds payable from the general fund, particularly bonds without a defined revenue stream identified to pay debt service, reduce your flexibility to balance the general fund. Because a fixed debt service payment is required to be paid regardless of how your general fund is impacted by revenue losses or by increased expenses, you have less flexibility in the options available to you in assuring a balanced budget for your general fund.

General Fund Obligations that are Project Based. Some general fund obligations are issued for projects which are expected to generate revenues that will pay for some or all of the debt service on the bonds. In the event the project does not generate the anticipated levels of revenues available for debt service, or, in the extreme case, does not create any revenue available for debt service, you may need to make payments from other available general fund revenues. This may force you to reduce other expenditures or to make difficult decisions about how to pay your debt service obligation while meeting other expenditure needs.

General Fund Obligations that are Subject to Annual Appropriation. Some general fund obligations require that debt service is subject to annual appropriation by your governing body. If your governing body decides not to appropriate payments for debt service, your credit ratings may be negatively impacted and you may be forced to pay a higher interest rate on future debt issuance or may be unable to access the market for future debt issuance.

For all bonds, a default may negatively impact your credit ratings and may effectively limit your ability to publicly offer bonds or other securities at market interest rate levels. Further, if you are unable to provide sufficient funds to remedy the default, subject to applicable state law and the terms of the authorizing documents, it may be necessary for you to consider available alternatives under state law, including (for some issuers) state-mandated receivership or bankruptcy. A default also may occur if you are unable to comply with covenants or other provisions agreed to in connection with the issuance of the bonds.

Redemption Risk
Your ability to redeem the bonds prior to maturity may be limited, depending on the terms of any optional redemption provisions. In the event that interest rates decline, you may be unable to take advantage of the lower interest rates to reduce debt service.

Refinancing Risk
If the financing plan contemplates refinancing some or all of the bonds at maturity (for example, if there are term maturities, bullet maturities or if a shorter final maturity is chosen than might otherwise be permitted under the applicable federal tax rules), market conditions or changes in law may limit or prevent the refinancing of those bonds when required. Further, limitations in the federal tax rules on advance refunding of bonds (an advance refunding of bonds occurs when tax-exempt bonds are refunded more than 90 days prior to the date on which those bonds may be retired) may restrict the ability to refund the bonds to take advantage of lower interest rates.

Reinvestment Risk
You may have proceeds of the bonds to invest prior to the time that you are able to spend those proceeds for the authorized purpose. Depending on market conditions, you may not be able to invest those proceeds at or near the rate of interest that you are paying on the bonds, which is referred to as "negative arbitrage".

Tax Compliance Risk
The issuance of tax-exempt bonds is subject to a number of requirements under the United States Internal Revenue Code, as enforced by the Internal Revenue Service (IRS). You must take certain steps and make certain representations prior to the issuance of tax-exempt bonds. You also must covenant to take certain additional actions after issuance of the tax-exempt bonds. A breach of your representations or your failure to comply with certain tax-related covenants may cause the interest on the bonds to become taxable retroactively to the date of issuance of the bonds, which may result in an increase in the interest rate that you pay on the bonds or the mandatory redemption of the bonds. The IRS also may audit you or your bonds, in some cases on a random basis and in other cases targeted to specific types of bond issues or tax concerns. If the bonds are declared taxable, or if you are subject to audit, the market price of your bonds may be adversely affected. Further, your ability to issue other tax-exempt bonds also may be limited.

PiperJaffray.
444 West Lake Street, 33rd Floor
Chicago, Illinois 60606
312.267.5022

Securities Purchase Acknowledgment Letter

TO: Mr. Scott Wingerson, City Manager
City of Gladstone, Missouri

DATE: November 29, 2017

SUBJECT: Escrow Securities Transaction

CITY OF GLADSTONE, MISSOURI
Certificates of Participation, Series 2017
(the "Bonds")

The City of Gladstone, Missouri (the "Client") wishes to enter into the purchase of securities (the "Purchase") for the investment of cash related to the Bonds. The Client authorizes Piper Jaffray & Co. (the "Bidding Agent") to proceed with a bid process (the "Bid") to assist the Client in acquiring securities by means of the Purchase. The Client, by signing and returning this letter (the "Agreement"), understands the following with respect to the Bid and the Purchase.

1. The Client has the corporate power and is duly authorized to enter into the Purchase with the winning provider and the bidding process described herein is authorized under applicable state and local law.

2. The investments that are the subject of the Purchase are permissible investments under the Client's investment policies and state and local law and are permitted under any relevant bond documents.

3. The Bidding Agent will prepare a draft of the bid specifications (the "Bid Specifications") for the Bid. The Client agrees to approve the Bid Specifications and provide the Bidding Agent information of any material changes required to be disclosed to the providers prior to the Bid.

4. The Bidding Agent will prepare a list of potential providers for the Client's review and approval. The list of providers may need to be approved by the insurer of the Bonds (if applicable) prior to the Bid.

5. The Bidding Agent will distribute the Bid Specifications and any related materials it deems necessary to the providers.

6. The Bidding Agent will take the bids from the approved providers at the time prescribed in the Bid Specifications.

7. The Bidding Agent will distribute the results of the bid to the Client after the bids are received. **The Client understands that time is of the essence in awarding the bid and agrees to be available at the time of the Bid or to notify the Bidding Agent as soon as practical if the Client will not be available so a new time can be scheduled.**

8. The Bidding Agent will assist the Client with the award to the winning provider (the "Provider") and the closing of the Purchase. As allowed by law, at the time the Client has awarded the bid on the terms described in the specifications, the Client has accepted the formation of a contract with the Provider.

9. As consideration for providing the services pursuant to this engagement, a fee not to exceed $4,000 will be paid to the Bidding Agent upon settlement of the Purchase. It is customary for the Provider to pay, on behalf of the Client, the fee amount directly to the Bidding Agent. The Client authorizes this payment by the Provider and understands that the amount paid to the Bidding Agent has reduced the yield (or increased the cost) of the investment. The Bidding Agent makes no representation regarding inclusion or exclusion of any fee amount in the calculation of yield on the investment for arbitrage rebate purposes. The Bidding Agent understands that no fee will be paid to the Bidding Agent if the Purchase does not occur.

10. The Bidding Agent makes no guarantee, whether direct or implied, of the timely payment of interest or principal on the investment or the credit quality of the Provider. The Bidding Agent agrees to provide, on the basis of resources readily available to the Bidding Agent, assistance to the Client in evaluating the creditworthiness of potential providers.

11. The Client and the Bidding Agent intend and agree that, in connection with the provision of services under this Agreement, *Piper Jaffray is not making a recommendation with respect to the purchase of any securities and the services provided herein are not intended to be and should not be construed as a*

"recommendation" or "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934. Piper Jaffray is not acting as an advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act or under any state law to you with respect to the services to be performed under this Agreement. Further, the services contemplated herein do not constitute municipal advisory activities within the meaning of rule 15Ba1 of the Securities Exchange Act of 1934 or otherwise create a duty of the Bidding Agent under Section 15B(c)(1) of the Securities Exchange Act of 1934.

12. The Client acknowledges that the Bidding Agent is not an advisor as to legal, tax, accounting or regulatory matters in any jurisdiction. The Client acknowledges that the Bidding Agent provides no assurance or guarantee that the bid solicitation process or the resulting value of the investments meets safe harbor requirements respecting the determination of fair market value under the Internal Revenue Code of 1986, as amended. The Client should consult with its own advisors concerning such matters and is responsible for making its own independent investigation and appraisal of the transactions contemplated by this Purchase, and the Bidding Agent has no responsibility or liability to the Client with respect such matters.

Please indicate your understanding and acknowledgment by signing and returning this letter to the Bidding Agent by scanning into PDF format and e-mailing to thomas.m.lafleur@pjc.com.

Agreed and Accepted:

CITY OF GLADSTONE, MISSOURI

By: ________________

Name: Scott Wingerson

Title: City Manager

Date: 12/12/17