

October 17, 2019

Sandra Ormonde
Tulare Local Healthcare District

Re: Underwriter/Placement Agent Engagement Letter

Dear: Ms.Ormonde:

On behalf of Hilltop Securities Inc. (“we” or “HilltopSecurities”), we wish to thank you for the opportunity to serve as underwriter or placement agent for the planned financing (the “Securities”), in connection with the \$85,000,000 General Obligation Refunding Bonds, \$11,000,000 Revenue Refunding Bonds and the \$9,000,000 City Loan refinancing. This letter will confirm the terms of our engagement; however, it is anticipated that this letter will be replaced and superseded by a bond purchase agreement to be entered into by the parties (the “Purchase Agreement”) if and when the Securities are priced following the successful completion of the public offering process. If it is determined that a private placement results in the lowest overall financing costs, then this agreement will be replaced and superseded with a Placement Agent Agreement.

1. Services to be Provided by HilltopSecurities. Tulare Local Healthcare District (the “Issuer”) hereby engages HilltopSecurities to serve as the senior manager underwriter, co-manager underwriter or placement agent of the proposed offering and issuance of the Securities, and in such capacity HilltopSecurities agrees to provide customary underwriting/placement services, including but not limited to:

- a. Review and evaluate of the proposed terms of the offering and the Securities
- b. Coordinate with the Issuer (if applicable) for the offering of the Securities
- c. Develop a marketing plan/bid specifics for the offering, including identification of potential investors
- d. Assist in the preparation of offering documents
- e. Assist in obtaining rating(s) for the Securities (if applicable)
- f. Contact potential investors, provide them with offering-related information, respond to their inquiries and, if requested, coordinate due diligence sessions
- g. Consult with Bond Counsel and other service providers about the offering and the terms of the Securities
- h. Relay information regarding the offering process to the Issuer

- i. Negotiate the pricing, including the interest rate, and other terms of the Securities
- j. Obtain CUSIP number(s) for the Securities and arrange for their DTC book-entry eligibility (if applicable)
- k. Plan and arrange for the closing and settlement of the issuance and the delivery of securities
- l. Such other usual and customary underwriting services as may be requested

As an underwriter, HilltopSecurities will not be required to purchase the Securities except pursuant to the terms of the Purchase Agreement, which will not be signed until successful completion of the pre-sale offering period. This letter does not obligate HilltopSecurities to purchase any of the Securities. Any commitment to purchase Securities is subject to future credit, legal and business approvals by HilltopSecurities.

2. No Advisory or Fiduciary Role. Issuer acknowledges and agrees that: (i) the primary role of HilltopSecurities, as an underwriter, is to purchase Securities for resale to investors in an arm's length commercial transaction between Issuer (and Borrower under a conduit issue), and HilltopSecurities and that HilltopSecurities has financial and other interests that may differ from those of the Issuer; (ii) HilltopSecurities is not acting as a municipal advisor, financial advisor, or fiduciary to Issuer or the Issuer and has not assumed any advisory or fiduciary responsibility to Issuer or the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether HilltopSecurities has provided other services or is currently providing other services to the Issuer on other matters); (iii) the only obligation HilltopSecurities has to Issuer or the Issuer with respect to the transaction contemplated hereby expressly are set forth in this agreement; and (iv) Issuer and the Issuer has consulted or will consult its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate. Under the role of placement agent, HilltopSecurities will arrange for the placement of Securities to investors in an arm's length commercial transaction between Issuer (and Borrower under a conduit issue), and the purchaser of such Securities.

3. Fees and Expenses. HilltopSecurities' underwriting fee/spread will not exceed .5% if the Revenue Bonds or City loan are sold publically with a rating at or above BBB- and .7% if the Revenue Bonds or City loan are sold publically with a rating at or below BB+. These percentages are of the principal amount of the Securities issued. The underwriting fee/spread will represent the difference between the price that HilltopSecurities pays for the Securities and the public offering price stated on the cover of the final offering document. If the issue is privately placed, the fee will not exceed .3% of the principal amount of the Revenue Bonds and .5% for the City loan. The Issuer and/or Borrower will



be responsible for paying all other costs of issuance, including without limitation, bond counsel, underwriter’s counsel, rating agency, and all other expenses incident to the performance of the Issuer’s obligations under the proposed offering. Issuer further acknowledges it is aware of the “Municipal Advisor Rule” of the Securities and Exchange Commission (effective July 1, 2014) and the underwriter exclusion from the definition of “municipal advisor” for a firm serving as an underwriter or placement agent for a particular issuance of municipal securities. Issuer expects that HilltopSecurities will provide advice on the structure, timing, terms, and other matters concerning the Securities.

4. Term and Termination. The term of this engagement shall extend from the date of this letter to the closing of the offering or placement of the Securities. Notwithstanding the forgoing, either party may terminate HilltopSecurities’ engagement at any time upon at least 30 days’ prior written notice to the other party.

5. Miscellaneous. This letter shall be governed and construed in accordance with the laws of the State of California. This Agreement may not be amended or modified except by means of a written instrument executed by both parties hereto. This Agreement may not be assigned by either party without the prior written consent of the other party. This Agreement may be executed in counterparts.

If there is any aspect of this Agreement that you believe requires further clarification, please do not hesitate to contact us. If the foregoing is consistent with your understanding of our engagement, please sign and return the enclosed copy of this letter.

Again, we thank you for the opportunity to assist you with your proposed financing and the confidence you have placed in us.

Very truly yours,

Hilltop Securities Inc.

Mike Cavanaugh
Managing Director

This Letter and Agreement is hereby accepted for and on behalf of Tulare Local Healthcare District on this ____ day of ____, 2019.

By: _____

Title: _____