



February 25, 2022

Mr. Robert Gabler, President, Board of Directors
Dr. Sabrina Bow, Interim CEO/Executive Director
Encore Education Corporation
16955 Lemon Street
Hesperia, CA 92345

Re: Underwriter Engagement Relating to Potential Municipal Securities Transaction for Encore Education Corporation

Dear Mr. Gabler and Dr. Bow:

Encore Education Corporation (“Obligor”) and Stifel, Nicolaus & Company, Incorporated (“Stifel”) are entering into this letter to confirm that they are engaged in discussions related to a potential issue of (or series of issuances of) municipal securities related to a revenue anticipation note or similar cash flow financing (the “Issue”) and to formalize Stifel’s role as underwriter with respect to the Issue.

Engagement as Underwriter

Obligor is aware of the “Municipal Advisor Rule” of the Securities and Exchange Commission and the underwriter exclusion from the definition of “municipal advisor” for a firm serving as an underwriter for a particular issuance of municipal securities. Obligor hereby designates Stifel as an underwriter for the Issue. Obligor expects that Stifel will provide advice to Obligor on the structure, timing, terms and other matters concerning the Issue.

Limitation of Engagement

It is Obligor’s intent that Stifel serve as an underwriter for the Issue, subject to satisfying applicable procurement laws or policies of the conduit issuer of the securities (“Issuer”), formal approval by the governing body of the Issuer, finalizing the structure of the Issue and executing a bond purchase agreement. While Obligor presently engages Stifel as the underwriter for the Issue, this engagement letter is preliminary, nonbinding and may be terminated at any time by Obligor, without penalty or liability for any costs incurred by Stifel. Furthermore, this engagement letter does not restrict Obligor from selecting an underwriter for the Issue other than Stifel or selecting an underwriting syndicate that does not include Stifel.

Confidentiality

Under the SEC’s “Municipal Advisor Rule,” Obligor might be classified as an “Obligated Person” if bonds are issued through a municipal conduit issuer. It is very important that Obligor keep this information confidential until Obligor executes this Engagement Letter with Stifel and our role is confirmed with the Issuer.

Disclosures Required by MSRB Rule G-17 Concerning the Role of the Underwriter

The Obligor confirms and acknowledges the following disclosures, as required to be delivered to issuers by the Municipal Securities Rulemaking Board (MSRB) Rule G-17 as set forth in MSRB Notice 2019-20 (Nov. 8, 2019)¹:

The following G-17 conflict of interest disclosures are broken down into three types, including: 1) dealer-specific conflicts of interest disclosures (if applicable); 2) transaction-specific disclosures (if applicable); and 3) standard disclosures.

1. Dealer-Specific Conflicts of Interest Disclosures

Stifel has not identified any actual or potential² material conflicts of interest.

2. Transaction-Specific Disclosures: Disclosures Concerning Complex Municipal Securities Financing:

- o Since we have not recommended a “complex municipal securities financing” to the Issuer or Obligor, additional disclosures regarding the financing structure for the Bonds are not required under MSRB Rule G-17.

3. Standard Disclosures

A. Disclosures Concerning the Underwriter’s Role:

- o MSRB Rule G-17 requires the Underwriter to deal fairly at all times with all parties, including issuers, obligated persons, and investors.
- o The Underwriter’s primary role in this transaction is to facilitate the sale and purchase of securities between the issuer and one or more investors for which it will receive compensation in an arm’s-length commercial transaction with the Issuer. The Underwriter has financial and other interests that differ from those of the Obligor and the Issuer.
- o Unlike a municipal advisor, the Underwriter does not have a fiduciary duty to the Issuer or to you under the federal securities laws and are, therefore, not required by federal law to act in the best interests of the Issuer or you without regard to our own financial or other interests.
- o The Issuer or you may choose to engage the services of a municipal advisor with a fiduciary obligation to represent the Issuer’s or your interest in this transaction.
- o Under the federal securities laws, neither a municipal advisor, nor an underwriter has a fiduciary duty to Obligor.

¹ Revised Interpretive Notice Concerning the Application of MSRB Rule G-17 to Underwriters of Municipal Securities (effective Mar. 31, 2021).

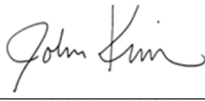
² When we refer to *potential* material conflicts throughout this letter, we refer to ones that are reasonably likely to mature into *actual* material conflicts during the course of the transaction, which is the standard required by MSRB Rule G-17.

- o The Underwriter has a duty to use its commercially reasonable efforts to arrange the purchase of securities from the Issuer at a fair and reasonable price, but must balance that duty with its duty to arrange the sale of securities to investors at prices that are fair and reasonable.
- o The Underwriter will review the official statement for the securities, if any, in accordance with, and a part of, its respective responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.³

B. Disclosures Concerning the Underwriter's Compensation:

- o The Underwriter will be compensated 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. 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 underwriters 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.

Sincerely,


By:  _____

Name: John Kim

Title: Managing Director, Stifel

Obligor accepts and acknowledges the foregoing.

Accepted and Executed:

By:  _____
Robert Gabler (Feb 25, 2022 17:56 PST)

Name: Robert Gabler

Title: President, Board of Directors

Date: Feb 25, 2022

By:  _____
Sabrina Bow (Feb 25, 2022 18:18 PST)

Name: Sabrina Bow

Title: Interim CEO/Executive Director

Date: Feb 25, 2022

³ 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 underwriters' 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.









Encore Stifel Engagement Letter (2-25-22)

Final Audit Report

2022-02-26

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