

August 28, 2019

FROM: Urban Futures, Inc.
John Phan, Principal

TO: Matthew Brown, Chief Operating Office
TEACH Public Schools
1846 W. Imperial Hwy Los Angeles, CA 90047

RE: Engagement Letter for Municipal Advisor

Dear Mr. Brown:

This letter specifies the terms of the engagement between Urban Futures, Inc. and TEACH Public Schools (the "School").

This engagement between the School and Urban Futures, Inc. shall become effective as of the date of its acceptance as provided below.

Scope of Services: Municipal Advisory

- Assist in analyzing and evaluating financing options available for the School;
- Assist in developing the plan of finance and related transaction timetable;
- Present financing options, analysis and recommendation to the School Finance Committee and Board;
- Development of a Request for Proposal (RFP) for financing participants including lender, bank, bond counsel, trustee, disclosure counsel, underwriter etc., if applicable;
- Assist in evaluating and selecting financing participant proposals;
- Negotiate fees of other financing members;
- Make recommendations on all aspects of the financing including, but not limited to, the timing of the financing, call provisions, marketing, and other structuring aspects;

- Devise and recommend a financing plan for obligations to be issued, including maturity schedules and other terms and conditions;
- Help prepare information for credit presentations, schedule and assist in the presentations, and act as a liaison with the lenders, credit agencies, providing information as needed;
- Monitor and control fees and expenses incurred in connection with completion of the financing;
- Assist in closing details and post-closing duties;
- Assist in evaluating outside vendors providing: arbitrage rebate, investment advisory, verification reporting, and other ancillary services;
- Assist in other matters necessary or incidental to the issuance and administration of debt obligation;
- Provide oversight of underwriting services;
- Meet, in person or over the phone, with the Board of Trustees as needed
- Evaluate appropriateness of security structure – e.g. single school pledge vs. system pledge vs. corporate guarantee;
- Review and verify reasonableness of financial covenants – e.g., debt service coverage test, days cash on hand, limitation on additional debt, short term borrowing allowance – and other non-financial covenants;
- Provide advice regarding market conditions, structuring and marketing;
- Provide interest rate pricing comparable transactions to School and underwriting team;
- Evaluate the sales process including analyzing bids, reviewing spreads, analyzing and market levels;
- Review cash flows refunding analysis;
- Undertake pre-pricing analysis prior to sale; and

- Advise and help in the negotiation with respect to pricing (interest rate setting) on the day of sale.

Scope of Services: Dissemination/Continuing Disclosure Agent (if applicable and at School's option)

- Provide continuing disclosure policy and procedures for adoption by School;
- Create calendar reminders detailing the disclosure requirements for the timely dissemination of the reports;
- Provide a summary document that provides all monthly, quarterly, and annual continuing disclosure requirements;
- Collect the necessary financial and statistical information necessary from staff, auditors or any other source as required;
- Coordinate and facilitate annual conference calls with investors;
 - Provide agenda and help highlight credit information investors seek;
 - Record conference call as required;
- Assemble the information in a format the investors are accustomed to seeing;
- Help calculate the financial covenants (i.e Debt Service Coverage and Days Cash on Hand);
- Transmit the reports to the Municipal Securities Rulemaking Board's (MSRB) nationally recognized data repository known as EMMA.

Independent Registered Municipal Advisor ("IRMA")

If acting in the capacity of an Independent Registered Municipal Advisor ("IRMA") with regard to the IRMA exemption of the SEC Rule, Urban Futures, Inc. will review all third party recommendations submitted to Urban Futures, Inc. in writing by the School.

Term of Engagement Agreement

The commencement date of the agreement is the date of execution and the end date is three years after the effective date or at the successful close of the transaction, whichever occurs first. Any extensions must be mutually agreed upon by all parties in writing.

Compensation and Out-of-Pocket Expenses

Municipal Advisory

Compensation and expenses for activities to be performed for this engagement is contingent upon the successful closing of the transaction and could be payable from the proceeds of the loan or bond.

A one-time advisory fee of \$55,000.

Expenses

Reimbursement of expenses not-to-exceed \$500. Expense reimbursements will cover costs related to the following:

- Travel (mileage, airfare, hotels, etc.)
- Compliance
- Data services (Bloomberg, Thompson Reuters, DBC)

Dissemination/Continuing Disclosure Agent (if applicable and at School's option)

Annual fee of \$1,500 related to continuing disclosure services for quarterly and annual disclosure reports and annual investor calls. Please see scope of services above.

Termination of Engagement Agreement

The School may terminate the whole or any part of this Agreement at any time and without cause by giving thirty (30) days written notice to Urban Futures, Inc. of such termination, and specifying the effective date thereof. Urban Futures, Inc. shall discontinue all Services affected by such termination within thirty (15) days of receipt of such notice, unless otherwise instructed by the School in writing. Urban Futures, Inc. may terminate this agreement by giving the School sixty (45) days written notice.

In the event Services are terminated by the School and financing is successfully issued, Urban Futures Inc. will be compensated pro-rata for services provided up to the termination date.

Fiduciary Duty

Urban Futures, Inc. is registered as a Municipal Advisor with the Securities and Exchange Commission (“SEC”) and Municipal Securities Rulemaking Board (“MSRB”). As such, Urban Futures, Inc. has a Fiduciary Duty to the School and must provide both a Duty of Care and a Duty of Loyalty that entails the following.

Duty of Care:

- a) exercise due care in performing its municipal advisory activities;
- b) possess the degree of knowledge and expertise needed to provide the School with informed advice;
- c) make a reasonable inquiry as to the facts that are relevant to the School’s determination as to whether to proceed with a course of action or that form the basis for any advice provided to the School; and
- d) undertake a reasonable investigation to determine that Urban Futures, Inc. is not forming any recommendation on materially inaccurate or incomplete information; Urban Futures, Inc. must have a reasonable basis for:
 - i. any advice provided to or on behalf of the School;
 - ii. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the School, any other party involved in the municipal securities transaction or municipal financial product, or investors in the School securities; and
 - iii. any information provided to the School or other parties involved in the municipal securities transaction in connection with the preparation of an official statement.

Duty of Loyalty:

Urban Futures, Inc. must deal honestly and with the utmost good faith with the School and act in the School’s best interests without regard to the financial or other interests of Urban Futures, Inc. Urban Futures, Inc. will eliminate or provide full and fair disclosure (included herein) to the School about each material conflict of interest (as applicable). Urban Futures, Inc. will not engage in municipal advisory activities with the School as a municipal entity, if it cannot manage or mitigate its conflicts in a manner that will permit it to act in the School’s best interests.

Conflicts of Interest and Other Matters Requiring Disclosures

- As of the date of the Agreement, there are no material conflicts of interest that Urban Futures, Inc. is aware of that might impair its ability to render unbiased and competent advice or to fulfill its fiduciary duty. Urban Futures, Inc. represents that in connection with the issuance of municipal securities, Urban Futures, Inc. may receive compensation from the School for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, Urban Futures, Inc. hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding Urban Futures, Inc.'s ability to provide unbiased advice to enter into such transaction. This conflict of interest will not impair Urban Futures, Inc.'s ability to render unbiased and competent advice or to fulfill its fiduciary duty to the School. If Urban Futures, Inc. becomes aware of any potential conflict of interest that arises after this disclosure, Urban Futures, Inc. will disclose the detailed information in writing to the School in a timely manner.
- The fee paid to Urban Futures, Inc. increases the cost of investment to the School. The increased cost occurs from compensating Urban Futures, Inc. for municipal advisory services provided.
- Urban Futures, Inc. does not act as principal in any of the transaction(s) related to this Agreement.
- During the term of the municipal advisory relationship, this agreement will be promptly amended or supplemented to reflect any material changes in or additions to the terms or information within this agreement and the revised writing will be promptly delivered to the School.
- Urban Futures, Inc. does not have any affiliate that provides any advice, service, or product to or on behalf of the client that is directly or indirectly related to the municipal advisory activities to be performed by Urban Futures, Inc.;
- Urban Futures, Inc. has not made any payments directly or indirectly to obtain or retain the School's municipal advisory business;
- Urban Futures, Inc. has not received any payments from third parties to enlist Urban Futures, Inc. recommendation to the School of its services, any municipal securities transaction or any municipal finance product;
- Urban Futures, Inc. has not engaged in any fee-splitting arrangements involving Urban Futures, Inc. and any provider of investments or services to the School;
- Urban Futures, Inc. does not have any other engagements or relationships that might impair Urban Futures, Inc.'s ability either to render unbiased and competent advice to or on behalf of the School or to fulfill its fiduciary duty to the School, as applicable; and

- Urban Futures, Inc. does not have any legal or disciplinary event that is material to the School's evaluation of the municipal advisory or the integrity of its management or advisory personnel.

Legal Events and Disciplinary History

Urban Futures, Inc. does not have any legal events and disciplinary history on its Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The School may electronically access Urban Futures, Inc.'s most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: www.sec.gov/edgar/searchedgar/companysearch.html.

Within the Municipal Securities Rulemaking Board ("MSRB") website at www.msrb.org, the School may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC.

Recommendations

If Urban Futures, Inc. makes a recommendation of a municipal securities transaction or municipal financial product or if the review of a recommendation of another party is requested in writing by the School and is within the scope of the engagement, Urban Futures, Inc. will determine, based on the information obtained through reasonable diligence of Urban Futures, Inc. whether a municipal securities transaction or municipal financial product is suitable for the School. In addition, Urban Futures, Inc. will inform the School of:

- the evaluation of the material risks, potential benefits, structure, and other characteristics of the recommendation;
- the basis upon which Urban Futures, Inc. reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for the School; and
- whether Urban Futures, Inc. has investigated or considered other reasonably feasible alternatives to the recommendation that might also or alternatively serve the School's objectives.

If the School elects a course of action that is independent of or contrary to the advice provided by Urban Futures, Inc., Urban Futures, Inc. is not required on that basis to disengage from the School.

Record Retention

Effective July 1, 2014, pursuant to the Securities and Exchange Commission (SEC) record retention regulations, Urban Futures, Inc. is required to maintain in writing, all communication and created documents between Urban Futures, Inc. and the School for 5 years.

If there are any questions regarding the above, please do not hesitate to contact Urban Futures, Inc. If the foregoing terms meet with your approval, please indicate your acceptance by executing this letter and returning one copy.

Sincerely,



John Phan
Principal
Urban Futures, Inc.

TEACH Public Schools

By: _____
Authorized Representative

Date: _____