



August 23, 2019

Ms. Paula Roach
Finance Director
County of Rutherford
229 N. Main Street
Rutherfordton, North Carolina, 28139

Re: Underwriting Engagement

Ms. Roach:

On behalf of PNC Capital Markets LLC ("PNCCM"), we wish to thank you for the opportunity to serve as senior managing underwriter for Rutherford County, North Carolina ("County" or the "Issuer") on its proposed offering and issuance of Limited Obligation Bonds, Series 2019 ("LOBs"). **This letter will outline the terms of our engagement; however, it is anticipated that this letter will be replaced and superseded by a bond purchase agreement to be entered into by the parties (the "Purchase Agreement") if and when the LOBs are priced following successful completion of the offering process.** The Purchase Agreement will set forth the terms and conditions on which PNCCM will purchase the LOBs.

Services to be Provided by PNCCM. PNCCM is hereby engaged to serve as managing underwriter of the proposed offering and issuance of the LOBs, and in such capacity PNCCM agrees to provide the following services:

- Review and evaluate the proposed terms of the LOBs offering
- Assist in the preparation of the preliminary official statement and final official statement
- If the LOBs are to be rated, assist in the preparation of information and materials to be provided to rating agencies and in the development of strategies for meetings with the rating agencies
- Develop a marketing plan for the offering
- Negotiate the pricing, including the interest rate, and other terms of the LOBs
- Obtain CUSIP number(s) for the LOBs and arrange for their DTC book-entry eligibility
- Plan and arrange for the closing and settlement of the issuance and the delivery of the LOBs
- Such other usual and customary underwriting services as may be requested by the County

2. Disclosures Concerning PNCCM's Role as Underwriter as Required by MSRB Rules G-23 and G-17: At the Issuer's request, PNCCM may provide advice as to the structure, timing, terms and other matters concerning the issuance of the LOBs. Please note that PNCCM would be providing such services in its capacity as underwriter and not as a municipal advisor to the Issuer. As underwriter, PNCCM's primary role is to purchase, or arrange for the placement of, the LOBs in an arm's length commercial transaction between the Issuer and PNCCM. (See attached G-17 Disclosures)

3. Fees and Expenses: PNCCM's underwriting fee/spread will be determined by mutual agreement of the County and PNCCM and will be reflected in the Purchase Agreement. PNCCM's proposed underwriting fee/spread will not exceed \$5.29/\$1,000 par amount of the issue (including underwriting counsel fees). The underwriting fee/spread will be contingent upon the closing of the proposed offering and the amount of the fee/spread will be based on the principal or par amount of the LOBs.

4. Term and Termination. The term of this engagement shall extend from the date of this letter to the closing of the offering of the LOBs. Notwithstanding the foregoing, either party may terminate PNCCM's



engagement at any time without liability of penalty upon at least 30 days' prior written notice to the other party.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Fischer'.

David Fischer
Managing Director
PNC Capital Markets LLC

Ms. Paula Roach
Finance Director
County of Rutherford

See Attached G-17 Disclosures



Disclosures Pursuant to MSRB Rule G-17

I. Disclosures Concerning the Underwriter's Role:

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

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

(iii) Unlike a municipal advisor, an 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.

(iv) An underwriter has a duty to purchase the Bonds from the issuer at a fair and reasonable price, but must balance that duty with its duty to sell the Bonds to investors at prices that are fair and reasonable.

(v) An underwriter will review the official statement for the Bonds 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.

II. Disclosures Concerning the Underwriter's Compensation

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 underwriter 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.

III. Additional Conflicts Disclosures:

PNCCM has identified the following additional potential or actual material conflicts:

- Conflicts of Interest/Payments to or from Third Parties
 - PNCCM has an Interaffiliate Services Agreement with PNC Investments LLC ("PNCI") to offer to sell to PNCI (for resale to its customers) securities in PNCCM's inventory, including securities such as those to be offered by the issuer. Under that agreement, PNCCM will share with PNCI a portion of the fee or commission paid to PNCCM if any Bonds are sold to customers of PNCI.