



22 Battery Street  
Suite 500  
San Francisco, CA 94111

Phone: 415-912-5630  
Fax: 415-912-5636  
[www.brandistallman.com](http://www.brandistallman.com)

August 9, 2019

City of Merced  
678 West 18th Street  
Merced, CA 95340

Attention: Venus Rodriguez, Finance Director

Re: Disclosures by Brandis Tallman LLC  
Pursuant to MSRB Rule G-17 in connection with  
City of Merced CFD No. 2006-1 (Moraga of Merced)  
Special Tax Refunding Bonds, Series 2019

Dear Ms. Rodriguez:

We are writing to provide you, as an authorized officer of the City of Merced (the "Issuer"), with certain disclosures relating to the captioned financing (the "Financing"), as required by the Municipal Securities Rulemaking Board (MSRB) Rule G-17 as set forth in MSRB Notice 2012-25 (May 7, 2012) (the "Notice").

The Issuer has engaged Brandis Tallman LLC to serve as either an underwriter or a placement agent, and not as a financial advisor or municipal advisor, in connection with the Financing. Pursuant to the Notice, we are required by the MSRB to advise you that:

- MSRB Rule G-17 requires an underwriter/placement agent to deal fairly at all times with both municipal issuers and investors.
- Our primary role will be to enter into an arm's-length commercial transaction with the Issuer as either an underwriter or placement agent. As such, we have financial and other interests that differ from those of the Issuer.
- Unlike a municipal advisor, the underwriter or placement agent 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 and other interests.

- Our duty as underwriter or placement agent is to either purchase or place the Financing at prices that are fair and reasonable, but must balance that duty with our duty to investors at prices that are fair and reasonable.
- As underwriter, we will review all legal documentation for the Issuer's securities, and complete requisite due diligence, 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.

As an underwriter, we will be compensated by an underwriter's discount to be determined in the Bond Purchase Agreement. As placement agent, we will be compensated by a fee to be determined in the Placement Agent Services Agreement. Payment of the underwriter's discount or placement agent fee will be contingent on the closing of the Financing.

If you or any other Issuer representatives have any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, the Issuer should consult with its own financial, municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate. It is our understanding that you have the authority to bind the Issuer by contract with us, and that you are not a party to any conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

The MSRB requires that we seek your acknowledgment that you have received this letter. Accordingly, please send an email to that effect, or sign and return the enclosed copy of this letter within five (5) business days of the date of this letter.

We look forward to working with you and the City and appreciate the opportunity to assist with your financing needs.

Very truly yours,

BRANDIS TALLMAN LLC



Nicole Tallman, CEO

ACKNOWLEDGMENT OF RECEIPT:

\_\_\_\_\_  
Venus Rodriguez, Finance Director

Dated: \_\_\_\_\_, 2019