



**MUNICIPAL
FINANCE
SERVICES, INC.**
est. 1990

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September 25, 2017

FINANCIAL ADVISOR SERVICES AGREEMENT

BROKEN ARROW MUNICIPAL AUTHORITY CLEAN WATER SRF PROMISSORY NOTE TO OKLAHOMA WATER RESOURCES BOARD

THIS AGREEMENT is entered into, by and among MUNICIPAL FINANCE SERVICES, INC. ("MFSOK") and BROKEN ARROW MUNICIPAL AUTHORITY ("AUTHORITY"), a public trust with the City of Broken Arrow, Oklahoma (the "City") as beneficiary.

RECITALS

WHEREAS, the Authority desires to engage MFSOK as financial advisor in connection with financing the acquisition and installation of automated water meters and related appurtenances and paying other related costs associated with the issuance of the Note (the "Project"); and

WHEREAS, to finance all or a portion of the costs of the Project, the Authority intends to issue or cause to be issued its Clean Water SRF Promissory Note to Oklahoma Water Resources Board ("OWRB") in the principal amount of approximately \$2.1 million dollars (the "Note"); and

WHEREAS, MFSOK has demonstrated the necessary professional capabilities, experience and resources to provide financial advisory services required by the Authority as outlined herein.

NOW, THEREFORE, the Authority and MFSOK, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, do hereby agree as follows:

AGREEMENTS

I. Scope of Services.

MFSOK will render the following services as financial advisor to the Authority:

- A. Preparation of a preliminary financing plan identifying a tentative time schedule, proposed project costs, required revenue sources and security features and estimated debt service requirements under various repayment terms and conditions; and

- B. Assess the Authority's existing obligations and covenants to ensure the proposed financing conforms with any existing revenue pledges and agreements securing such obligations; and
- C. Preparation of all applicable loan applications and supporting documentation for submittal to the Oklahoma Water Resources Board in a form consistent with applicable rules and regulations; and
- D. Coordination with Authority staff, local counsel, and bond counsel to facilitate the application submittal and review process; and
- E. Respond to any questions or additional information requests of the OWRB during the loan application review, including attending meetings as necessary; and
- F. Represent the Authority at the OWRB meeting at which the Board considers approval of the Authority's loan applications; and
- G. Prepare any updated information required by the OWRB prior to closing the loans; and
- H. Review financing documents related to the Note; and
- I. Prepare a summary of the final loan transactions and present summary to the Trustees of the Authority at an appropriate meeting; and
- J. Coordinate the Note closing with other parties.

MFSOK and Issuer acknowledge Kiser Law Firm PLLC as Bond Counsel on the transaction under separate contract. MFSOK may rely on opinions and advice from legal representatives of the Issuer and will not be held responsible for any legal advice, directly or indirectly, rendered by the legal representatives involved in the transaction.

MFSOK's services are limited to those specifically set forth herein. MFSOK's services do not extend past the closing of the financing.

II. Compensation and Reimbursements

- A. Compensation for Financial Advisor Services. For services as financial advisor to the Authority, MFSOK shall be paid at the time of issuance a fee calculated as follows:

\$0- \$5,000,000	\$25,000.00 Base Fee
\$5,000,001 - \$10,000,000	0.50% of amount over \$5,000,000 up to \$10,000,000
\$10,000,001 - \$15,000,000	0.25% of amount over \$10,000,001 up to \$15,000,000

\$15,000,001 and over

0.125% of amount over \$15,000,000

- B. Expenses. For each Note, MFSOK shall also be paid a fixed amount of \$ 2,000.00 to cover expenses incurred as part of the transaction, provided that any filing, publication, recording or printing costs or similar third-party costs required in connection with the Note shall be paid directly by the Authority.
- C. Payment and Contingency. Fees and expenses shall be payable by Authority at the time of issuance of the Note. Payment for all fees and expenses hereunder shall be made at closing from proceeds of the Note or from other available funds of the Authority and shall be contingent upon issuance of the Note.

III. Term and Termination

- A. Term of Agreement. Unless terminated as provided herein, the term of this Agreement shall be through the earlier of (i) the closing date of the transaction or (ii) June 30, 2018. Should the transaction not be completed by June 30, 2018, this Agreement shall be automatically extended for a period of twelve (12) months through June 30, 2019.
- B. Termination of Agreement and Services. This Agreement and all financial advisor services to be rendered hereunder may be terminated at any time by written notice from either party, with or without cause. In that event, all finished and unfinished documents prepared for the Authority, shall, at the option of Authority, become its property and shall be delivered to it or any party it may designate, provided that MFSOK shall have no liability whatsoever for any subsequent use of such documents.

IV. Successors and Assigns

MFSOK may not assign its obligations under this Agreement without the written consent of Authority except to a successor partnership or corporation to which all or substantially all of the assets and operations of MFSOK are transferred. Authority may assign its rights and obligations under this Agreement to (but only to) any other public entity that issues the Notes (if not the Authority). Authority shall not otherwise assign its rights and obligations under this Agreement without written consent of MFSOK. All references to MFSOK and Authority in this Agreement shall be deemed to refer to any successor of MFSOK and to any such assignee of Authority and shall bind and inure to the benefit of such successor and assignee whether so expressed or not.

V. Municipal Advisor Registration and Acknowledgement

Authority hereby acknowledges that MFSOK is registered as a Municipal Advisor pursuant to applicable Securities and Exchange Commission ("SEC") and Municipal Securities Rulemaking Board ("MSRB") rules and regulations. Authority further acknowledges receipt of MFSOK's Form ADV Part 2A Brochure and 2B Brochure Supplements as required by the SEC and Oklahoma Department of Securities prior to entering into this Agreement.

VI. Conflict of Interest Statement

As of the date of this agreement, MFSOK has performed a reasonable diligence to determine if there are any conflicts of interest that should be brought to the attention of the Authority. During the diligence process, MFSOK has determined that no material conflict of interest has been identified.

Since the compensation arrangement included in Section II includes a component that is based on the completion of a transaction, this may be viewed as a conflict of interest regarding our ability to provide unbiased advice to enter into such transaction. This viewed conflict of interest will not impair MFSOK's ability to render unbiased and competent advice to the Authority. The fee paid to MFSOK increases the cost of borrowing to the Authority. The increased cost occurs from compensating MFSOK for municipal advisory services provided.

If MFSOK becomes aware of any, actual or potential conflict of interest not mentioned above during this agreement, MFSOK will promptly provide the Authority a supplement written disclosure with sufficient details of the change, if any, which will allow the Authority to evaluate the situation.

VII. Legal Events and Disciplinary History

A regulatory disclosure action has been made on MFSOK's Form MA and on Form MA-I for two of MFSOK's municipal advisory personnel relating to a 2017 U.S. Securities and Exchange Commission ("SEC") order. The details of which are available in Item 9: C (2), C (4), C (5) and the corresponding regulatory action DRP section on Form MA and Item 6: C (2), C (4), C (5), C (6) and the corresponding regulatory action DRP section on Form MA-I for both Rick A. Smith and Jon Wolff. The Authority may electronically access MFSOK'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.

There has been no change to any legal or disciplinary event that has been disclosed on MFSOK's SEC registration for MA filings since September 20, 2017.

VIII. Fiduciary Duty

MFSOK is registered as a Municipal Advisor with the SEC and Municipal Securities Rulemaking Board ("MSRB"). As such, MFSOK has a Fiduciary duty to the Authority 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 Authority with informed advice;
- C. make a reasonable inquiry as to the facts that are relevant to the Authority's determination as to whether to proceed with a course of action or that form the basis for any advice provided to the Authority; and
- D. undertake a reasonable investigation to determine that MFSOK is not forming any recommendation on materially inaccurate or incomplete information; MFSOK must have a reasonable basis for:
 - a. any advice provided to or on behalf of the Authority;

- b. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the Authority, any other party involved in the municipal securities transaction or municipal financial product, or investors in the Authority securities; and
- c. any information provided to the Authority or other parties involved in the municipal securities transaction in connection with the preparation of an official statement.

Duty of Loyalty:

MFSOK must deal honestly and with the utmost good faith with the Authority and act in the Authority's best interests without regard to the financial or other interests of MFSOK. MFSOK will eliminate or provide full and fair disclosure (included herein) to Authority about each material conflict of interest (as applicable). MFSOK will not engage in municipal advisory activities with the Authority as a municipal entity, if it cannot manage or mitigate its conflicts in a manner that will permit it to act in the Authority's best interests. As of the date of this agreement, MFSOK has performed a reasonable diligence to determine if there are any conflicts of interest that should be brought to the attention of the Authority.

IX. Recommendations

If MFSOK 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 Authority and is within the scope of the engagement, MFSOK will determine, based on the information obtained through reasonable diligence of MFSOK whether a municipal securities transaction or municipal financial product is suitable for the Authority. In addition, MFSOK will inform the Authority of:

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

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

X. Record Retention

Pursuant to the Securities and Exchange Commission (SEC) record retention regulations, Municipal Finance Services, Inc. is required to maintain in writing, all communication and created documents between Municipal Finance Services, Inc. and the Authority for five (5) years after the maturity of any obligation.

Notices

Any and all notices pertaining to this Agreement shall be sent by U.S. Postal Service, first class, postage prepaid to:

MFSOK:

Municipal Finance Services, Inc.
Attn: Rick Smith, President
P.O. Box 747
Edmond, OK 73083-0747

AUTHORITY:

Broken Arrow Municipal Authority
Attn: Chairman
P.O. Box 610
Broken Arrow, OK 74013-0610

Acceptance

If there are any questions regarding the above, please do not hesitate to contact Municipal Finance Services, Inc. If the foregoing terms meet with your approval, please indicate your acceptance by executing all original copies of this letter and keeping one copy for your file.

Authority and MFSOK have entered into this Agreement by the duly authorized representatives which was approved on October 3, 2017 at a meeting duly called and held in full compliance with the Oklahoma Open Meeting Act.

MUNICIPAL FINANCE SERVICES, INC.

By: _____
Rick A. Smith, President

BROKEN ARROW MUNICIPAL AUTHORITY

APPROVED AS TO FORM:



ASSISTANT CITY ATTORNEY

By: _____
Chairman