



**City of Broken Arrow**  
**Meeting Agenda**  
**Broken Arrow City Council**

*Mayor Craig Thurmond*  
*Vice Mayor Scott Eudey*  
*Council Member Mike Lester*  
*Council Member Johnnie Parks*  
*Council Member Debra Wimpee*

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**Tuesday, November 13, 2018**

**4:30 PM**

**City Hall Main Conference Room**  
**220 South 1st Street**  
**Broken Arrow, OK**

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**NOTICE AND AGENDA OF SPECIAL MEETING**

**1. Call to Order**

**2. Roll Call**

**3. Pledge of Allegiance to the Flag**

**4. General Council Business**

- A.     [18-1309](#)     Consideration, discussion, and possible approval of and authorization to execute agreement with North American Surety Insurance Company on Construction Contract Number 166028; Indian Springs Sports Complex Baseball and Soccer Improvements Project
- Attachments:**     [NAS Agreement for ISSC Baseball and Soccer Improvements - Legal Executed.](#)
- B.     [18-1310](#)     Receipt and consideration of bids for and possible action awarding the sale of \$10,860,000 in principal amount of Series 2018B General Obligation Bonds and authorization to execute the pertinent documents related thereto
- Attachments:**     [11-13-18 Moody's Rating Report.pdf](#)  
                                  [11-13-18 2018B GO Bond Sale Project Listing .pdf](#)
- C.     [18-1311](#)     Receipt and consideration of bids for and possible action awarding the sale of \$11,500,000 in principal amount of Series 2018C General Obligation Bonds and authorization to execute the pertinent documents related thereto
- Attachments:**     [11-13-18 Moody's Rating Report.pdf](#)  
                                  [11-13-18 2018C & 2018D GO Bond Sale Project Listing.pdf](#)

- D. [18-1312](#) Receipt and consideration of bids for and possible action awarding the sale of \$1,000,000 in principal amount of Series 2018D General Obligation Bonds and authorization to execute the pertinent documents related thereto

**Attachments:** [11-13-18 Moody's Rating Report.pdf](#)  
[11-13-18 2018C & 2018D GO Bond Sale Project Listing.pdf](#)

## **5. Ordinances**

- A. [18-1314](#) Consideration, discussion, and possible adoption of Ordinance Number 3544, an ordinance providing for the issuance of \$10,860,000 General Obligation Bonds, Series 2018B by the City of Broken Arrow, Oklahoma, authorized at an election duly called and held for such purpose; prescribing form of bonds; providing for registration thereof; providing levy of an annual tax for the payment of principal and interest on the same; and fixing other details of the issue and declaring an emergency

**Attachments:** [11-13-18 Ordinance 3544 .docx](#)

- B. [18-1315](#) Consideration, discussion, and possible adoption of Ordinance Number 3545, an ordinance providing for the issuance of \$11,500,000 General Obligation Bonds, Series 2018C by the City of Broken Arrow, Oklahoma, authorized at an election duly called and held for such purpose; prescribing form of bonds; providing for registration thereof; providing levy of an annual tax for the payment of principal and interest on the same; and fixing other details of the issue and declaring an emergency

**Attachments:** [11-13-18 Ordinance 3545 .docx](#)

- C. [18-1316](#) Consideration, discussion, and possible adoption of Ordinance Number 3546, an ordinance providing for the issuance of \$1,000,000 General Obligation Bonds, Series 2018D by the City of Broken Arrow, Oklahoma, authorized at an election duly called and held for such purpose; prescribing form of bonds; providing for registration thereof; providing levy of an annual tax for the payment of principal and interest on the same; and fixing other details of the issue and declaring an emergency

**Attachments:** [11-13-18 Ordinance 3546 .docx](#)

## **6. Remarks and Inquiries by Governing Body Members**

## **7. Remarks and updates by City Manager, including Recognition of Recent Accomplishments by Employees and Elected Officials**

## **8. Adjournment**

**POSTED this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, at \_\_\_\_\_ a.m./p.m.**

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**City Clerk**



# City of Broken Arrow

## Request for Action

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**File #: 18-1309, Version: 1**

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**Broken Arrow City Council  
Meeting of: 11-13-2018**

**Title:**

Consideration, discussion, and possible approval of and authorization to execute agreement with North American Surety Insurance Company on Construction Contract Number 166028; Indian Springs Sports Complex Baseball and Soccer Improvements Project

**Background:**

**Project Background**

Indian Springs Sports Complex Baseball and Soccer Improvements is a 2011 Quality of Life General Obligations Bond (GOB) project. The bid documents included a Base Bid to replace some fencing and gates at the baseball and soccer fields and install new irrigation system in the soccer fields. Additive Alternate No. 1 specifies dugout replacement complete with in place concrete. Bids were opened on August 15, 2017. The low bidder was Hoey Construction Company with a bid of \$730,679.70 for the Base Bid and \$94,128.00 for Additive Alternate No. 1. The Project was awarded with Base Bid and Additive Alternate 1 for the Indian Springs Sports Complex Baseball and Soccer Improvements to Hoey Construction Company in the amount of \$824,807.70.

On May 15, 2018 Broken Arrow City Council recommended termination of the construction contract #166028; Indian Springs Sports Complex Baseball and Soccer Improvements Project with Hoey Construction Company. The contract was terminated and the contractors performance bonding company, North American Surety Insurance, was notified of their option to fulfill the contract. This agreement for approval sets the premises for the terms under which the North American Surety Insurance Company is to discharge their performance bond obligations. If approved the Surety has agreed to a notice to proceed on December 1, 2018 with a 75 day construction time frame.

**Cost:** \$0

**Funding Source:** 2011 General Obligations Bond

**Requested By:** Alex Mills - Engineering and Construction Director

**Approved By:** Michael L. Spurgeon, City Manager

**Attachments:** NAS Agreement for ISSC Baseball and Soccer Improvements

**Recommendation:**

Staff approval to execute agreement with North American Surety Insurance Company on construction contract #166028; Indian Springs Sports Complex Baseball and Soccer Improvements.

**AGREEMENT RELATING TO DISCHARGE OF  
PERFORMANCE BOND OBLIGATIONS**

THIS AGREEMENT, entered into on the \_\_\_\_ day of \_\_\_\_\_, 2018, by and between City of Broken Arrow ("City") and North American Specialty Insurance Company("NAS"), is as follows:

The Premises of this Agreement are:

1. Hoey Construction Co. ("HCC"), as prime contractor, and City, as owner, entered into a construction contract ("Contract") under which HCC agreed to perform construction work on a project known as "Indian Springs Sports Complex Baseball and Soccer Improvements" ("Project") for City.

2. NAS, as surety, and HCC, as principal, executed in favor of City, as obligee, a "Payment Bond" and a separate "Performance Bond," each in the penal amount of \$824,807.70 and each bearing number 2259837. Those bonds cover the Contract between the City and HCC.

3. City has defaulted HCC and has otherwise terminated its right to further perform the Contract all under HCC's protest and objection. City has called upon NAS, as the performance bond surety, to discharge its performance bond obligations by arranging for completion of the unperformed Contract work.

4. NAS has made arrangements for HCC and its subcontractors, under the supervision of NAS, to complete the unperformed Contract work and remedy any deficiencies in the Contract work all in accordance with the Contract.

5. NAS is willing to undertake the completion of the Contract work in accordance with the terms of the performance bond and this Agreement provided that in doing so it will receive the Contract balance hereinafter set forth below in Paragraph E.

6. The intent and purpose of this Agreement is to set forth the terms and conditions under which NAS will discharge its performance bond obligations.

**NOW, THEREFORE**, for and in consideration of the mutual covenants and conditions set forth herein, City and NAS agree as follows:

A. City acknowledges that NAS has made arrangements for HCC and its subcontractors to complete the Contract work and correct alleged deficiencies in the Contract work in accordance with the contract documents. However, the City also acknowledges and understands that NAS has the right to hire other contractors, as deems necessary and appropriate, at NAS' sole discretion, to complete the Contract work.

B. City and NAS agree that the contract shall be performed beginning on December 1, 2018 and shall be completed by February 13, 2019.

C. All amounts hereafter paid by NAS to complete the contract work shall be credited against the \$824,807.70 penal amount of the performance bond, all to the end that the penal amount of said performance bond will decrease with each payment made by NAS.

D. It is expressly understood that NAS has appointed Dan Dzuiba with Claims Consulting Services, Inc. as its project site representative to coordinate construction activities with HCC, its subcontractors and/or City and/or their designee.

E. As of the date hereof City represents to NAS that HCC and its subcontractors have performed work under the Contract in the approximate total amount of Six Hundred Twenty-Eight Thousand One Hundred Seventy-Seven Dollars and 09/100 (\$628,177.09) after retainage is withheld. City further represents to NAS that it has paid HCC for such work the total amount of Five Hundred Twelve Thousand Eight Hundred Thirty-Five Dollars and 97/100 (\$512,835.97). The City further represents and acknowledges that the remaining contract funds are as follows:

Original Contract	\$824,807.70
Pay App #1 dated 11/30/17	\$202,281.57
Pay App #2 dated 1/22/18	\$159,147.17
Pay App#3 dated 2/19/18	\$151,407.23
Paid to Date	\$512,835.97
Remaining (includes retainage)	\$311,971.73
Change Order (Hoey asserts CO value of \$8,468.88)	\$6,655.00
Liquidated damages:  Assessed 44 days @ \$1,000.00 per day after Substantial completion (disputed by Hoey)	\$10,000.00
Remaining Contract Balance:	\$264,626.73 <sup>1</sup>

F. All further payments due or to become due under the Contract shall be paid by City to NAS, within thirty (30) days of City's receipt of a proper invoice from NAS in accordance with the Contract documents.

G. By entering into this agreement, the parties acknowledge and agree that except to the extent expressly addressed herein, they are not waiving or relinquishing any claims or defenses by and between them or any claims by and between City and HCC. It is further acknowledged that HCC has notified the parties of its intent to seek recovery from City of all disputed amounts noted above (i.e., change order value, liquidated damages, upper barrier netting), additional amounts

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<sup>1</sup> This amount includes credit to City for disputed claims

presently unbilled, including but not limited to, acceleration costs and delay damages, as well as other damages resulting from its alleged wrongful termination. The parties specifically reserve all claims and defenses relating to HCC's claims and allegations.

H. The parties incorporate by reference the dispute resolution procedure included in the Contract.

I. This agreement contains the entire understanding of the Parties and shall be governed by the laws of the State of Oklahoma.

Executed on the day and year above stated.

ATTEST

\_\_\_\_\_  
City Clerk (Seal)

  
\_\_\_\_\_  
Assistant City Attorney

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Marcelo Virgili, Vice President  
Authorized Representative of North  
American Specialty Insurance





# City of Broken Arrow

## Request for Action

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**File #: 18-1310, Version: 1**

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**Broken Arrow City Council  
Meeting of: 11-13-2018**

**Title:**

Receipt and consideration of bids for and possible action awarding the sale of \$10,860,000 in principal amount of Series 2018B General Obligation Bonds and authorization to execute the pertinent documents related thereto

**Background:**

The City Council authorized the solicitation of bids to sell \$10,860,000 in General Obligation Bonds from the 2014 authorization at the regular October 2, 2018 Council meeting. Notice of sale for this Series was published and sent to prospective purchasers.

Bids were received at 1:00 p.m. Central Time, November 13, 2018 for the possible sale of \$10,860,000 in General Obligation Bonds. A representative of Municipal Finance Services, the City's Financial Advisor, will be present to review the bids received and to answer any questions you may have. If the sale is approved, the Council will consider Ordinance Number 3544 elsewhere on the agenda. The proceeds from the proposed sale will be utilized for the projects approved at the October 2, 2018 City Council meeting. Bid results will be presented at the City Council meeting.

**Cost:** Estimated \$220,000 in total issuance costs

**Funding Source:** Proceeds of the GO bond sale.

**Requested By:** Cynthia Arnold, Finance Director

**Approved By:** Michael L. Spurgeon, City Manager

**Attachments:** Moody's Rating Report  
2018B GO Bond Sale Project Listing

**Recommendation:**

Approve the bids received and award the most advantageous for the sale of \$10,860,000 in General Obligation Bonds Series 2018B, and authorize execution of all pertinent documents related thereto.

## CREDIT OPINION

8 November 2018



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# Broken Arrow (City of) OK

## Update to credit analysis

### Summary

The [City of Broken Arrow \(Aa3\)](#), [Oklahoma's](#) credit profile will benefit from improved cash levels in fiscal 2018 following a reclassification of cash that had been incorrectly marked as restricted in fiscal 2017. The city's profile is anchored by a tax base that is large and continues to grow. Resident wealth and incomes are favorable and the city's debt profile is manageable. The city's unfunded pension liabilities are rising due to inadequate funding of cost sharing state plans and could be a source of credit pressure in the future.

### Credit strengths

- » Large tax base benefiting from proximity to Tulsa
- » Favorable resident wealth and incomes

### Credit challenges

- » Low liquidity
- » Reliance on economically sensitive revenues
- » Slightly elevated but manageable debt profile with exposure to variable rate debt
- » Rising unfunded pension liability due to inadequate funding of state plans

### Rating outlook

Moody's does not usually assign outlooks to local government credits with this amount of debt outstanding.

### Factors that could lead to an upgrade

- » Significant improvement in general fund cash balance
- » Reduction or elimination of general fund subsidy for the utility system
- » Material tax base expansion

### Factors that could lead to a downgrade

- » Further reduction in liquidity
- » Increased subsidies to utility system or other city funds that pressure fund balance or cash position

» Tax base contraction

## Key indicators

Exhibit 1

<b>Broken Arrow (City of) OK</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Economy/Tax Base</b>					
Total Full Value (\$000)	\$6,656,029	\$6,875,106	\$7,061,421	\$7,329,988	\$7,663,014
Population	100,464	101,917	103,437	104,869	108,303
Full Value Per Capita	\$66,253	\$67,458	\$68,268	\$69,897	\$70,755
Median Family Income (% of US Median)	115.5%	116.5%	115.0%	114.4%	114.4%
<b>Finances</b>					
Operating Revenue (\$000)	\$58,687	\$62,481	\$69,320	\$73,709	\$70,726
Fund Balance (\$000)	\$16,168	\$16,609	\$18,115	\$15,206	\$19,467
Cash Balance (\$000)	\$10,307	\$10,768	\$12,848	\$7,490	\$9,066
Fund Balance as a % of Revenues	27.5%	26.6%	26.1%	20.6%	27.5%
Cash Balance as a % of Revenues	17.6%	17.2%	18.5%	10.2%	12.8%
<b>Debt/Pensions</b>					
Net Direct Debt (\$000)	\$108,558	\$108,788	\$113,668	\$117,198	\$125,228
3-Year Average of Moody's ANPL (\$000)	\$66,649	\$71,443	\$78,815	\$90,892	\$118,396
Net Direct Debt / Full Value (%)	1.6%	1.6%	1.6%	1.6%	1.6%
Net Direct Debt / Operating Revenues (x)	1.8x	1.7x	1.6x	1.6x	1.8x
Moody's - adjusted Net Pension Liability (3-yr average) to Full Value (%)	1.0%	1.0%	1.1%	1.2%	1.5%
Moody's - adjusted Net Pension Liability (3-yr average) to Revenues (x)	1.1x	1.1x	1.1x	1.2x	1.7x

Finances reflect general and debt service funds

Source: City of Broken Arrow, OK Annual Financial Statements (2013 - 2017), Moody's Investors Service

## Profile

The City of Broken Arrow is a bedroom community of the [City of Tulsa, OK](#) (Aa1 stable), located 14 miles southeast of downtown. As of 2016 the city's population totaled approximately 104,869.

## Detailed credit considerations

### Economy and tax base: growing tax base with favorable resident incomes

The city's tax base will likely continue to grow at a moderate rate over the medium term given ongoing development and proximity to City of Tulsa. Located in southeastern Tulsa County, with a portion in Wagoner County, the City of Broken Arrow is a bedroom community to Tulsa. Fueled by strong population growth and housing demand, taxable values within the city continue to grow. In fiscal 2019, assessed values grew by 6.2% to reach \$929.4 million based on full value of \$8.6 billion. On average, net assessed values (AV) grew 4.5% annually over the five year period through fiscal 2019. The city's tax base is diverse, with the top 10 taxpayers accounting for only 6.8% of fiscal 2018 AV. City officials report sustained residential development with several active subdivisions. Additionally, commercial development is strong with two manufacturers expressing interest in the city's industrial plant located on the east side. A medical office complex continues to grow while several retail offerings are under construction within the city. As a direct result, city officials are projecting AVs will grow 3.9% annually for the next three years and 3.5% thereafter.

The city's stable tax base is further supported by favorable resident incomes with a median family income equal to 114.4% of the national median, per the 2016 American Community Survey. Due to access to employment opportunities in nearby Tulsa, the city's August 2018 unemployment rate of 3% was lower than both the state's and the nation's. The 2016 estimated population was 104,869.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

### Financial operations and reserves: weak liquidity levels will improve in fiscal 2018

The city's steady financial performance will likely continue over the next two to three years supported by increasing revenues, and limited general fund needs. The city's finances will also benefit from improved cash following a reclassification of funds that had previously been marked as restricted. However, the general fund is somewhat strained by annual subsidies to Broken Arrow Municipal Authority (BAMA), the city's utility service provider. Recent rate increases in October 2017 and October 2018 will alleviate some of the pressure from BAMA but future rate increases will be needed for the fund to be completely self supporting.

The general fund itself has demonstrated steady operating performance with surpluses in the last three fiscal years. In fiscal 2017, which ended on June 30, 2017, the general fund reported a \$2.6 million surplus improving the total fund balance to \$12.6 million (a satisfactory 17.7% of general fund revenues); \$10.9 million (15.3%) was available. Including the debt service fund, the available operating fund balance was \$19.5 million (27.5% of operating revenues).

Unaudited results for fiscal 2018 reflect another solid year with city officials expecting to report a surplus of \$2.1 million in the general fund supported by favorable sales taxes compared to budget. Sales taxes are important for the city because they account for almost 50% of general fund revenues. In fiscal 2018, city officials report sales taxes were about 3% higher than the prior year, when adjusting for collections from the recent sales tax increase that has been allocated for public safety.

The fiscal 2019 budget is underway and through the first quarter, city officials report sales taxes are up 7.1% compared to the prior year, while expenditures are in line with the adopted budget, which reflected balanced operations.

### LIQUIDITY

The city's cash position is expected to increase materially in fiscal 2018. Historically, the city's finances have been challenged by extremely low levels of liquidity in the general fund. Within the past five years, the general fund cash position has remained below 5% of revenues, which is well below similarly rated peers. The city's liquidity challenges are a result of multiple years of subsidies provided to BAMA to fund capital needs which are ultimately reimbursed by the state (Oklahoma Water Resource Board, OWRB).

In fiscal 2017, general fund cash improved to \$610 thousand or a thin 0.9% of revenues but the general fund reported a receivable of \$7.5 million from BAMA; BAMA did not have any unrestricted cash and reported \$41.3 million in restricted cash. Following the audit release, city officials reported that the cash levels had been inaccurately classified. During the year, the general fund had paid out several invoices on behalf of BAMA but had not been repaid with bond proceeds, which were marked as restricted cash. As such, city officials indicate that the correct BAMA unrestricted cash should be \$307 thousand with \$35.9 million marked as restricted. Within the general fund, the cash position should have been \$5.7 million (an adequate 8% of general fund revenues).

Unaudited results for fiscal 2018 reflect a \$1.7 million cash improvement in the general fund, which will improve the cash position to \$7.4 million (10.4% of fiscal 2017 general fund revenues). BAMA is also expected to see an increase in cash of \$4.2 million. However, the general fund will still report a receivable from BAMA.

Although operating performance within BAMA has improved, the fund is still scheduled to receive some subsidies from the general within the next two to three years. However, BAMA has reported two years of rate increases in fiscal 2018 and 2019. While this has improved the revenue performance, the fund still relies on subsidies from the general fund and subsidies will likely continue until the next two to three years until utility operations stabilize. City officials report that the last rate study conducted for the utility system projects rate increases (5.5% for water, 7% for sewer and 9% for stormwater) annually through fiscal 2021. However, future rate increases and amounts are subject to council approval.

### Debt and pensions: slightly elevated debt, exposure to state's cost sharing plan

The city's debt burden will remain slightly elevated but manageable over the next three to five years due to planned debt issuances and principal amortization that is slower than that of similarly rated peers. At 1.8% of fiscal 2019 full value, the city's direct debt burden is slightly higher than the national median for the rating category. Approximately \$198 million from the August 2018 election and \$525 thousand from the 2014 election will remain authorized but unissued following this sale. City officials anticipate annual debt issuance until final maturity in 2027.

## DEBT STRUCTURE

Including the November 2018 sale, the city's debt consists of \$143.5 million fixed-rate general obligation bonds, maturing over the long term (final maturity fiscal 2038). The current debt service schedule calls for 62.1% of principal retired within 10 years.

## DEBT-RELATED DERIVATIVES

The city has a total of \$18.4 million in variable rate debt outstanding (not rated by Moody's), accounting for approximately 14% of the total debt profile. The city issued variable rate notes in May 2004 for a Bass Pro facility. This note is secured by lease payments to the city and a maximum amount of \$2.8 million in annual sales tax revenue (subject to annual appropriation). The obligation has annually been fulfilled with a combination of lease payments and sales tax revenues. As of October 2018, \$10.7 million remains outstanding. The note is also hedged with a swap with [Bank of America N.A.](#) (Aa3 stable) as the counterparty. The swap agreement requires the city to pay a fixed rate of 7.3% to the bank in exchange for 6-month LIBOR plus 1%. There is no remarketing risk associated with the note, as Bank of America, must hold the note until final maturity in November 2025. The November 6, 2018 mark to market value of the swap was negative \$1.2 million.

In November 2010, the city issued a variable rate note with the Bank of Oklahoma for inducements for Flight Safety International. The agreement requires the city to pay the bank 6-month LIBOR plus 2%. The 2010 note is secured by a 1/8th of 1% sales tax and is subject to annual appropriation by city council. As of October 2018, \$7.7 million remains outstanding on the note.

## PENSIONS AND OPEB

City employees participate in one of three retirement plans: Oklahoma Municipal Retirement Fund (OkMRF), Oklahoma Firefighters' Pension and Retirement Fund (OkFPRF) and the Oklahoma Police Pension and Retirement Fund (OkPPRF). OkMRF is a multiple employer, defined contribution public employee retirement system managed by a nine-member board of trustees on behalf of the city.

The Firefighters and Police pension plans are cost-sharing, multiple-employer defined benefit retirement plans sponsored by the state. The city makes annual contributions to the system at a rate established by state law. In 2016, the legally required contribution represented only 46.3% of the "tread water" level, the contribution amount at which Moody's has determined that there would be no increase in unfunded liability based on reported assumptions. This funding gap has increased very slowly over the past three years, and could negatively pressure the credit profile as underfunding continues. In fiscal 2017, the city's total contribution was \$3.1 million (4.4% of operating revenues), compared to the \$6.7 million (9.5% of operating revenues) tread water contribution.

Moody's adjusted net pension liability (ANPL) for the city was \$145.4 million, or a moderately high 2.06 times operating revenues for fiscal 2017. The three year average ANPL to operating revenues and full value were 1.67 times and 1.6%, respectively.

Moody's ANPL reflects certain adjustments we make to improve comparability of reported pension liabilities. The adjustments are not intended to replace the city's reported contribution information, or the reported liability information of the statewide cost sharing plans, but to improve comparability with other rated entities.

## Management and governance: moderate institutional framework

The city operates under a Council-Manager form of government. The legislative and policy-making body consists of a five-member City Council, elected by wards with staggered terms for a period of four years. The Mayor is elected within the Council membership. The City Manager is responsible for the day-to-day operations of City government.

Oklahoma Cities have an Institutional Framework score of A, which is moderate. Institutional Framework scores measure a sector's legal ability to increase revenues and decrease expenditures. Sales taxes, the sector's major revenue source are subject to a cap which can be overridden with voter approval only. The cap, which varies by city, limits revenue-raising ability. Unpredictable revenue fluctuations tend to be moderate, or between 5-10% annually. Across the sector, fixed and mandated costs are generally greater than 25% of expenditures. Oklahoma is a Right to Work state, providing significant expenditure-cutting ability. Unpredictable expenditure fluctuations tend to be minor, under 5% annually.

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Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

## CITY OF BROKEN ARROW, OKLAHOMA

## 2014 BOND ISSUE

## FUND 92

UPDATED SEPTEMBER 25, 2017

	ORIGINAL PROPOSITION	PREVIOUSLY SOLD FISCAL YEAR			PROJECTED SALE DATE FISCAL YEAR	
		2015	2016	2017	2018	2019
<b>STREETS</b>						
23RD: KENOSHA/HOUSTON - 5 LANE	3,150,000	650,000		2,500,000		0
WASHINGTON: GARNETT/OLIVE	4,400,000		1,502,500		2,897,500	0
ALBANY: 9TH/23RD 4 & 5 LANE/INTERSECTION 23RD	4,305,000					4,305,000
37TH STREET: OMAHA/ALBANY - 3 LANES	4,200,000	4,200,000				0
FLORENCE: OLIVE/ASPEN - 3 & 5 LANE	3,675,000				3,675,000	0
OLIVE: ALBANY/KENOSHA - 4 LANE	3,000,000			1,000,000		2,000,000
KENOSHA: DATE/MAIN 5 LANE	1,890,000			1,890,000		0
9TH STREET: FLIGHT SAFETY/HOUSTON - 5 LANES	1,800,000		1,800,000			0
WOLF CREEK - CONCRETE REPAIR	1,785,000				1,785,000	0
MAIN STREET STREETSCAPES PHASE 4 DALLAS/HOUSTON	1,312,500		1,312,500			0
OLD TOWN STREETS: ASH & 1ST: COLLEGE/DALLAS	1,050,000			525,000	525,000	0
KENOSHA RESURFACING: ASPEN/GARNETT	1,050,000			1,050,000	0	0
ARROW SUBDIVISION - MILL/ASPHALT OVERLAY	945,000			945,000	0	0
CENTRAL PARK ESTATES/PLAZA STREETS = CONCRETE REPAIR	840,000				840,000	0
ASPEN RESURFACING: WASHINGTON/NEW ORLEANS	800,000			800,000	0	0
RESURFACE 7 MILES OF 2 LANE ARTERIAL STREETS	750,000			375,000	375,000	0
ASPEN CREEK SUBDIVISION - MILL/ASPHALT OVERLAY	472,500				472,500	0
LANCASTER PARK/PLACE: MILL/ASPHALT OVERLAY	393,750				393,750	0
WEDGEWOOD - CONCRETE REPAIR	393,750				393,750	0
HOUSTON: ELM/GARNETT - 3 TO 5 LANE ENGINEERING	262,500				262,500	0
<b>TOTAL FUNDING</b>	<b>36,475,000</b>	<b>4,850,000</b>	<b>4,615,000</b>	<b>9,085,000</b>	<b>11,620,000</b>	<b>6,305,000</b>



**CITY OF BROKEN ARROW, OKLAHOMA**  
**2014 BOND ISSUE**  
**FUND 92**

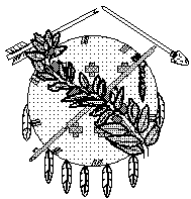
	ORIGINAL PROPOSITION	PREVIOUSLY SOLD FISCAL YEAR			PROJECTED SALE DATE FISCAL YEAR	
		2015	2016	2017	2018	2019
<b>PUBLIC SAFETY</b>						
POLICE/FIRE TRAINING CENTER	367,500			367,500		
POLICE MOBILE DATA TECHNOLOGY	630,000		210,000	304,000	33,000	83,000
RADIO COMMUNICATIONS TOWER - SOUTH BROKEN ARROW	500,000					500,000
POLICE-FIRE: COMMAND/SPECIAL OPERATIONS TEAM VEHICLE	500,000					500,000
FIRE STATION #3	1,800,000		1,800,000			
PUBLIC SAFETY COMPLEX PHASE I	450,000				450,000	
PUBLIC SAFETY COMPLEX PHASE II	950,000					950,000
6TH STREET WIDENING TO PSC	525,000					0
AERIAL FIRE TRUCK	1,200,000				1,200,000	
SCBAs	840,000			840,000		
LAND/DESIGN NEW FIRE STATION	787,500			400,000	387,500	
<b>TOTAL FUNDING</b>	<b>8,550,000</b>	<b>0</b>	<b>2,010,000</b>	<b>1,911,500</b>	<b>2,070,500</b>	<b>2,033,000</b>
<b>PUBLIC BUILDINGS</b>						
MAINTENANCE CENTER - LAND-A/E DESIGN	790,000				790,000	
LAND - SAND/SALT STORAGE	325,000				325,000	
<b>TOTAL FUNDING</b>	<b>1,115,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,115,000</b>	<b>0</b>

**CITY OF BROKEN ARROW, OKLAHOMA**  
**2014 BOND ISSUE**  
**FUND 92**

	ORIGINAL PROPOSITION	PREVIOUSLY SOLD FISCAL YEAR			PROJECTED SALE DATE FISCAL YEAR	
		2015	2016	2017	2018	2019
<b>QUALITY OF LIFE</b>						
ROSE WST PARK: DOG PARK/TRAILHEAD RESTROOM	473,000			473,000		
LIBERTY PARKWAY TRAIL: RESTROOM AT 5400 S ASPEN OR ELM	315,000			315,000		
ARROWHEAD PARK:	225,000			225,000		
CHISHOLM TRAIL SOUTH PARK	5,000,000					
MIRACLE FIELD						500,000
ADULT SOFTBALL 5 PLEX				600,000	2,700,000	
TRAILS NETWORK						250,000
REGIONAL PLAYGROUND				200,000		
RESTROOMS				300,000		
PICNIC PAVILION				225,000		
SECURITY LIGHTING				225,000		
TOTAL CHISHOLM TRAIL SOUTH PARK	5,000,000	0	0	1,550,000	2,700,000	750,000
INDIAN SPRINGS SPORTS COMPLEX	600,000			600,000		
LIGHT ADDITIONAL SOCCER FIELDS						
NEW PLAYGROUND						
TOTAL INDIAN SPRINGS SPORTS COMPLEX	600,000			600,000	0	0
BATTLE CREEK: CONNECT BANQUET FACILITY/PRO SHOP	158,000			158,000		
LEISURE PARK: SPLASH PAD/PLAYGROUND	368,000			368,000		
COUNTRY AIRE PARK: PLAYGROUND	158,000			158,000		
COPPER CREEK PARK REFURBISH PLAYGROUND	126,000			126,000		
VANDEVER PARK: NEW PLAYGROUND	179,000					179,000
NEINHUIS	1,000,000			1,000,000		
SYNTHETIC TURF - FOOTBALL FIELD						
SECURITY LIGHTING						
TOTAL NEINHUIS	1,000,000	0	0	1,000,000	0	0
COMMUNITY TRAIL NETWORK	1,000,000			500,000		500,000
37TH STREET PARK	263,000					263,000
HIGHLAND PARK: PLAYGROUND/PLAYING FIELDS	200,000					200,000
<b>TOTAL FUNDING</b>	<b>10,065,000</b>	<b>0</b>	<b>0</b>	<b>5,473,000</b>	<b>2,700,000</b>	<b>1,892,000</b>

**CITY OF BROKEN ARROW, OKLAHOMA**  
**2014 BOND ISSUE**  
**FUND 92**

	ORIGINAL PROPOSITION	PREVIOUSLY SOLD FISCAL YEAR			PROJECTED SALE DATE FISCAL YEAR	
		2015	2016	2017	2018	2019
<b>STORMWATER</b>						
LAND/DRAINAGE IMPROVEMENTS - BAX/ELM PHASE I	630,000	630,000				
37TH STREET REGIONAL DETENTION FACILITY	370,000	370,000				
DRAINAGE IMPROVEMENTS VICINITY OF: NEW ORLEANS EAST OF GARNETT 23RD STREET SOUTH OF 151ST EAST AVENUE WEST SHREVEPORT STREET EAST OF ASPEN INCLUDING BRIDGE	315,000					315,000
DRAINAGE IMPROVEMENTS VICINITY OF: TUCSON EAST OF LYNN LANE 23RD STREET SOUTH OF WASHINGTON	315,000					315,000
DRAINAGE IMPROVEMENTS VICINITY OF: ALBANY BETWEEN LYNN LANE & 23RD STREET	2,100,000			850,500	1,249,500	
<b>TOTAL FUNDING</b>	<b>3,730,000</b>	<b>1,000,000</b>	<b>0</b>	<b>850,500</b>	<b>1,249,500</b>	<b>630,000</b>
<b>PROPOSITION 6 &amp; 7 -- REPURPOSING</b>						
6 - CONFERENCE CENTER	5,855,000	5,855,000		0		
7 - ART CENTER	1,400,000			1,400,000		
<b>TOTAL PROPOSITIONS 6 &amp; 7</b>	<b>7,255,000</b>	<b>5,855,000</b>	<b>0</b>	<b>1,400,000</b>	<b>0</b>	<b>0</b>
<b>TOTAL BOND PROJECTS</b>	<b>67,190,000</b>	<b>11,705,000</b>	<b>6,625,000</b>	<b>18,720,000</b>	<b>18,755,000</b>	<b>10,860,000</b>



# City of Broken Arrow

## Request for Action

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**File #: 18-1311, Version: 1**

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**Broken Arrow City Council  
Meeting of: 11-13-2018**

**Title:**

Receipt and consideration of bids for and possible action awarding the sale of \$11,500,000 in principal amount of Series 2018C General Obligation Bonds and authorization to execute the pertinent documents related thereto

**Background:**

The Council authorized the solicitation of bids to sell \$11,500,000 in General Obligation Bonds from the 2018 authorization at the regular October 2, 2018 Council meeting. Notice of sale for this Series was published and sent to prospective purchasers.

Bids were received at 1:00 p.m. Central Time, November 13, 2018 for the possible sale of \$11,500,000 in General Obligation Bonds. A representative of Municipal Finance Services, the City's Financial Advisor, will be present to review the bids received and to answer any questions you may have. If the sale is approved, the Council will consider Ordinance Number 3545 elsewhere on the agenda. The proceeds from the proposed sale will be utilized for the projects approved at the October 2, 2018 City Council meeting. Bid results will be presented at the Council meeting.

**Cost:** Estimated \$220,000 in total issuance costs

**Funding Source:** Proceeds of the GO bond sale.

**Requested By:** Cynthia Arnold, Finance Director

**Approved By:** Michael L. Spurgeon, City Manager

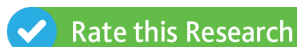
**Attachments:** Moody's Rating Report  
2018C GO Bond Authorization Project Listing

**Recommendation:**

Approve the bids received and award the most advantageous for the sale of \$11,500,000 in General Obligation Bonds Series 2018C, and authorize execution of all pertinent documents related thereto.

## CREDIT OPINION

8 November 2018



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 Asia Pacific 852-3551-3077  
 Japan 81-3-5408-4100  
 EMEA 44-20-7772-5454

# Broken Arrow (City of) OK

## Update to credit analysis

### Summary

The [City of Broken Arrow \(Aa3\)](#), [Oklahoma's](#) credit profile will benefit from improved cash levels in fiscal 2018 following a reclassification of cash that had been incorrectly marked as restricted in fiscal 2017. The city's profile is anchored by a tax base that is large and continues to grow. Resident wealth and incomes are favorable and the city's debt profile is manageable. The city's unfunded pension liabilities are rising due to inadequate funding of cost sharing state plans and could be a source of credit pressure in the future.

### Credit strengths

- » Large tax base benefiting from proximity to Tulsa
- » Favorable resident wealth and incomes

### Credit challenges

- » Low liquidity
- » Reliance on economically sensitive revenues
- » Slightly elevated but manageable debt profile with exposure to variable rate debt
- » Rising unfunded pension liability due to inadequate funding of state plans

### Rating outlook

Moody's does not usually assign outlooks to local government credits with this amount of debt outstanding.

### Factors that could lead to an upgrade

- » Significant improvement in general fund cash balance
- » Reduction or elimination of general fund subsidy for the utility system
- » Material tax base expansion

### Factors that could lead to a downgrade

- » Further reduction in liquidity
- » Increased subsidies to utility system or other city funds that pressure fund balance or cash position

» Tax base contraction

## Key indicators

Exhibit 1

<b>Broken Arrow (City of) OK</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Economy/Tax Base</b>					
Total Full Value (\$000)	\$6,656,029	\$6,875,106	\$7,061,421	\$7,329,988	\$7,663,014
Population	100,464	101,917	103,437	104,869	108,303
Full Value Per Capita	\$66,253	\$67,458	\$68,268	\$69,897	\$70,755
Median Family Income (% of US Median)	115.5%	116.5%	115.0%	114.4%	114.4%
<b>Finances</b>					
Operating Revenue (\$000)	\$58,687	\$62,481	\$69,320	\$73,709	\$70,726
Fund Balance (\$000)	\$16,168	\$16,609	\$18,115	\$15,206	\$19,467
Cash Balance (\$000)	\$10,307	\$10,768	\$12,848	\$7,490	\$9,066
Fund Balance as a % of Revenues	27.5%	26.6%	26.1%	20.6%	27.5%
Cash Balance as a % of Revenues	17.6%	17.2%	18.5%	10.2%	12.8%
<b>Debt/Pensions</b>					
Net Direct Debt (\$000)	\$108,558	\$108,788	\$113,668	\$117,198	\$125,228
3-Year Average of Moody's ANPL (\$000)	\$66,649	\$71,443	\$78,815	\$90,892	\$118,396
Net Direct Debt / Full Value (%)	1.6%	1.6%	1.6%	1.6%	1.6%
Net Direct Debt / Operating Revenues (x)	1.8x	1.7x	1.6x	1.6x	1.8x
Moody's - adjusted Net Pension Liability (3-yr average) to Full Value (%)	1.0%	1.0%	1.1%	1.2%	1.5%
Moody's - adjusted Net Pension Liability (3-yr average) to Revenues (x)	1.1x	1.1x	1.1x	1.2x	1.7x

Finances reflect general and debt service funds

Source: City of Broken Arrow, OK Annual Financial Statements (2013 - 2017), Moody's Investors Service

## Profile

The City of Broken Arrow is a bedroom community of the [City of Tulsa, OK](#) (Aa1 stable), located 14 miles southeast of downtown. As of 2016 the city's population totaled approximately 104,869.

## Detailed credit considerations

### Economy and tax base: growing tax base with favorable resident incomes

The city's tax base will likely continue to grow at a moderate rate over the medium term given ongoing development and proximity to City of Tulsa. Located in southeastern Tulsa County, with a portion in Wagoner County, the City of Broken Arrow is a bedroom community to Tulsa. Fueled by strong population growth and housing demand, taxable values within the city continue to grow. In fiscal 2019, assessed values grew by 6.2% to reach \$929.4 million based on full value of \$8.6 billion. On average, net assessed values (AV) grew 4.5% annually over the five year period through fiscal 2019. The city's tax base is diverse, with the top 10 taxpayers accounting for only 6.8% of fiscal 2018 AV. City officials report sustained residential development with several active subdivisions. Additionally, commercial development is strong with two manufacturers expressing interest in the city's industrial plant located on the east side. A medical office complex continues to grow while several retail offerings are under construction within the city. As a direct result, city officials are projecting AVs will grow 3.9% annually for the next three years and 3.5% thereafter.

The city's stable tax base is further supported by favorable resident incomes with a median family income equal to 114.4% of the national median, per the 2016 American Community Survey. Due to access to employment opportunities in nearby Tulsa, the city's August 2018 unemployment rate of 3% was lower than both the state's and the nation's. The 2016 estimated population was 104,869.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

### Financial operations and reserves: weak liquidity levels will improve in fiscal 2018

The city's steady financial performance will likely continue over the next two to three years supported by increasing revenues, and limited general fund needs. The city's finances will also benefit from improved cash following a reclassification of funds that had previously been marked as restricted. However, the general fund is somewhat strained by annual subsidies to Broken Arrow Municipal Authority (BAMA), the city's utility service provider. Recent rate increases in October 2017 and October 2018 will alleviate some of the pressure from BAMA but future rate increases will be needed for the fund to be completely self supporting.

The general fund itself has demonstrated steady operating performance with surpluses in the last three fiscal years. In fiscal 2017, which ended on June 30, 2017, the general fund reported a \$2.6 million surplus improving the total fund balance to \$12.6 million (a satisfactory 17.7% of general fund revenues); \$10.9 million (15.3%) was available. Including the debt service fund, the available operating fund balance was \$19.5 million (27.5% of operating revenues).

Unaudited results for fiscal 2018 reflect another solid year with city officials expecting to report a surplus of \$2.1 million in the general fund supported by favorable sales taxes compared to budget. Sales taxes are important for the city because they account for almost 50% of general fund revenues. In fiscal 2018, city officials report sales taxes were about 3% higher than the prior year, when adjusting for collections from the recent sales tax increase that has been allocated for public safety.

The fiscal 2019 budget is underway and through the first quarter, city officials report sales taxes are up 7.1% compared to the prior year, while expenditures are in line with the adopted budget, which reflected balanced operations.

### LIQUIDITY

The city's cash position is expected to increase materially in fiscal 2018. Historically, the city's finances have been challenged by extremely low levels of liquidity in the general fund. Within the past five years, the general fund cash position has remained below 5% of revenues, which is well below similarly rated peers. The city's liquidity challenges are a result of multiple years of subsidies provided to BAMA to fund capital needs which are ultimately reimbursed by the state (Oklahoma Water Resource Board, OWRB).

In fiscal 2017, general fund cash improved to \$610 thousand or a thin 0.9% of revenues but the general fund reported a receivable of \$7.5 million from BAMA; BAMA did not have any unrestricted cash and reported \$41.3 million in restricted cash. Following the audit release, city officials reported that the cash levels had been inaccurately classified. During the year, the general fund had paid out several invoices on behalf of BAMA but had not been repaid with bond proceeds, which were marked as restricted cash. As such, city officials indicate that the correct BAMA unrestricted cash should be \$307 thousand with \$35.9 million marked as restricted. Within the general fund, the cash position should have been \$5.7 million (an adequate 8% of general fund revenues).

Unaudited results for fiscal 2018 reflect a \$1.7 million cash improvement in the general fund, which will improve the cash position to \$7.4 million (10.4% of fiscal 2017 general fund revenues). BAMA is also expected to see an increase in cash of \$4.2 million. However, the general fund will still report a receivable from BAMA.

Although operating performance within BAMA has improved, the fund is still scheduled to receive some subsidies from the general within the next two to three years. However, BAMA has reported two years of rate increases in fiscal 2018 and 2019. While this has improved the revenue performance, the fund still relies on subsidies from the general fund and subsidies will likely continue until the next two to three years until utility operations stabilize. City officials report that the last rate study conducted for the utility system projects rate increases (5.5% for water, 7% for sewer and 9% for stormwater) annually through fiscal 2021. However, future rate increases and amounts are subject to council approval.

### Debt and pensions: slightly elevated debt, exposure to state's cost sharing plan

The city's debt burden will remain slightly elevated but manageable over the next three to five years due to planned debt issuances and principal amortization that is slower than that of similarly rated peers. At 1.8% of fiscal 2019 full value, the city's direct debt burden is slightly higher than the national median for the rating category. Approximately \$198 million from the August 2018 election and \$525 thousand from the 2014 election will remain authorized but unissued following this sale. City officials anticipate annual debt issuance until final maturity in 2027.

## DEBT STRUCTURE

Including the November 2018 sale, the city's debt consists of \$143.5 million fixed-rate general obligation bonds, maturing over the long term (final maturity fiscal 2038). The current debt service schedule calls for 62.1% of principal retired within 10 years.

## DEBT-RELATED DERIVATIVES

The city has a total of \$18.4 million in variable rate debt outstanding (not rated by Moody's), accounting for approximately 14% of the total debt profile. The city issued variable rate notes in May 2004 for a Bass Pro facility. This note is secured by lease payments to the city and a maximum amount of \$2.8 million in annual sales tax revenue (subject to annual appropriation). The obligation has annually been fulfilled with a combination of lease payments and sales tax revenues. As of October 2018, \$10.7 million remains outstanding. The note is also hedged with a swap with [Bank of America N.A.](#) (Aa3 stable) as the counterparty. The swap agreement requires the city to pay a fixed rate of 7.3% to the bank in exchange for 6-month LIBOR plus 1%. There is no remarketing risk associated with the note, as Bank of America, must hold the note until final maturity in November 2025. The November 6, 2018 mark to market value of the swap was negative \$1.2 million.

In November 2010, the city issued a variable rate note with the Bank of Oklahoma for inducements for Flight Safety International. The agreement requires the city to pay the bank 6-month LIBOR plus 2%. The 2010 note is secured by a 1/8th of 1% sales tax and is subject to annual appropriation by city council. As of October 2018, \$7.7 million remains outstanding on the note.

## PENSIONS AND OPEB

City employees participate in one of three retirement plans: Oklahoma Municipal Retirement Fund (OkMRF), Oklahoma Firefighters' Pension and Retirement Fund (OkFPRF) and the Oklahoma Police Pension and Retirement Fund (OkPPRF). OkMRF is a multiple employer, defined contribution public employee retirement system managed by a nine-member board of trustees on behalf of the city.

The Firefighters and Police pension plans are cost-sharing, multiple-employer defined benefit retirement plans sponsored by the state. The city makes annual contributions to the system at a rate established by state law. In 2016, the legally required contribution represented only 46.3% of the "tread water" level, the contribution amount at which Moody's has determined that there would be no increase in unfunded liability based on reported assumptions. This funding gap has increased very slowly over the past three years, and could negatively pressure the credit profile as underfunding continues. In fiscal 2017, the city's total contribution was \$3.1 million (4.4% of operating revenues), compared to the \$6.7 million (9.5% of operating revenues) tread water contribution.

Moody's adjusted net pension liability (ANPL) for the city was \$145.4 million, or a moderately high 2.06 times operating revenues for fiscal 2017. The three year average ANPL to operating revenues and full value were 1.67 times and 1.6%, respectively.

Moody's ANPL reflects certain adjustments we make to improve comparability of reported pension liabilities. The adjustments are not intended to replace the city's reported contribution information, or the reported liability information of the statewide cost sharing plans, but to improve comparability with other rated entities.

## Management and governance: moderate institutional framework

The city operates under a Council-Manager form of government. The legislative and policy-making body consists of a five-member City Council, elected by wards with staggered terms for a period of four years. The Mayor is elected within the Council membership. The City Manager is responsible for the day-to-day operations of City government.

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Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

## 2018 GO BOND PROGRAM LIST OF PROPOSED PROJECTS AND COSTS

### Series 2018C

#### Proposition 1

Widen Houston Street from 9 <sup>th</sup> Street to Old Highway 51	\$590,000
Widen Washington Street from Olive Avenue to Aspen Avenue	\$560,000
Construct improvements to the intersection at Elm Place and New Orleans Street	\$600,000
Construct improvements to the intersection at 9 <sup>th</sup> Street and Kenosha Street	\$180,000
Construct improvements to the intersection at 9 <sup>th</sup> Street and Hillside Drive	\$150,000
Widen 23 <sup>rd</sup> Street from Omaha Street to Albany Street	\$400,000
Construct bridge replacement on 23 <sup>rd</sup> Street between Omaha Street and Albany Street	\$330,000
Rehabilitate and/or resurface various residential streets located throughout the city	\$1,150,000
Old Town streets rehabilitation	\$500,000
Sidewalk improvements – various locations	\$250,000
Downtown infrastructure improvements	<u>\$600,000</u>
Proposition 1 Subtotal	\$5,310,000

#### Proposition 3

Replace existing picnic pavilion with new picnic pavilion at Wolf Creek Park	\$35,000
Improvements to Nienhuis Park Skate Park	\$50,000
Improvements to Indian Springs Sports Complex	\$25,000
Construct, furnish and equip a new park to be located in the southwest part of Broken Arrow	\$240,000
Acquisition and construction of pedestrian trails for a community trail network	\$400,000
Events Park – synthetic turf for softball fields	<u>\$750,000</u>
Proposition 3 Subtotal	\$1,500,000

#### Proposition 4

Construct Armed Forces meeting hall near Veteran's Park in downtown area	\$660,000
Construct new Senior Citizens meeting/activity center located in the downtown area	\$280,000
Acquisition of land for additional Senior Citizens Center and	\$1,300,000

improvements to serve Senior Citizen Center and Arrowhead Park located in the downtown area	
Software upgrade for city facilities	<u>\$1,630,000</u>
Proposition 4 Subtotal	\$3,870,000

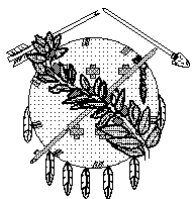
Proposition 5

Drainage improvements in the vicinity of Stone Ridge Towne Center located at Albany Street and State Highway 51	\$240,000
Drainage and channelization improvements in the vicinity of Indian Springs, near Jasper Street and Aspen Avenue	\$330,000
Drainage improvements in the vicinity of Tiger Creek Nature Park and Tiger Creek floodplain located near Albany Street between 9 <sup>th</sup> Street and 23 <sup>rd</sup> Street	\$125,000
Drainage improvements in the vicinity of the detention facility within the Shops at Adams Creek Wetlands Preserve, located along Hillside Drive between 9 <sup>th</sup> Street and 23 <sup>rd</sup> Street	\$125,000
Proposition 5 Subtotal	\$820,000

**Series 2018D**

Proposition 6

Drainage improvements in Adams Creek basin – channelization, bank stabilization, detention, clearing of drainage way	\$250,000
Drainage improvements in Broken Arrow Creek basin – channelization, bank stabilization, detention, clearing of drainage way	\$250,000
Drainage improvements in Haikey Creek basin – channelization, bank stabilization, detention, clearing of drainage way	\$250,000
Drainage improvements in Elm or Aspen Creek basin – channelization, bank stabilization, detention, clearing of drainage way	\$250,000
Proposition 6 Subtotal	\$1,000,000



# City of Broken Arrow

## Request for Action

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**File #: 18-1312, Version: 1**

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**Broken Arrow City Council  
Meeting of: 11-13-2018**

**Title:**

Receipt and consideration of bids for and possible action awarding the sale of \$1,000,000 in principal amount of Series 2018D General Obligation Bonds and authorization to execute the pertinent documents related thereto

**Background:**

The Council authorized the solicitation of bids to sell \$1,000,000 in General Obligation Bonds from the 2018 authorization at the regular October 2, 2018 Council meeting. Notice of sale for this Series was published and sent to prospective purchasers.

Bids were received at 1:00 p.m. Central Time, November 13, 2018 for the possible sale of \$1,000,000 in General Obligation Bonds. A representative of Municipal Finance Services, the City's Financial Advisor, will be present to review the bids received and to answer any questions you may have. If the sale is approved, the Council will consider Ordinance Number 3546 elsewhere on the agenda. The proceeds from the proposed sale will be utilized for the projects approved at the October 2, 2018 City Council meeting. Bid results will be presented at the Council meeting.

**Cost:** Estimated \$220,000 in total issuance costs

**Funding Source:** Proceeds of the GO bond sale.

**Requested By:** Cynthia Arnold, Finance Director

**Approved By:** Michael L. Spurgeon, City Manager

**Attachments:** Moody's Rating Report  
2018D GO Bond Authorization Project Listing

**Recommendation:**

Approve the bids received and award the most advantageous for the sale of \$1,000,000 in General Obligation Bonds Series 2018D, and authorize execution of all pertinent documents related thereto.

## CREDIT OPINION

8 November 2018



### Contacts

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 EMEA 44-20-7772-5454

# Broken Arrow (City of) OK

## Update to credit analysis

### Summary

The [City of Broken Arrow \(Aa3\)](#), [Oklahoma's](#) credit profile will benefit from improved cash levels in fiscal 2018 following a reclassification of cash that had been incorrectly marked as restricted in fiscal 2017. The city's profile is anchored by a tax base that is large and continues to grow. Resident wealth and incomes are favorable and the city's debt profile is manageable. The city's unfunded pension liabilities are rising due to inadequate funding of cost sharing state plans and could be a source of credit pressure in the future.

### Credit strengths

- » Large tax base benefiting from proximity to Tulsa
- » Favorable resident wealth and incomes

### Credit challenges

- » Low liquidity
- » Reliance on economically sensitive revenues
- » Slightly elevated but manageable debt profile with exposure to variable rate debt
- » Rising unfunded pension liability due to inadequate funding of state plans

### Rating outlook

Moody's does not usually assign outlooks to local government credits with this amount of debt outstanding.

### Factors that could lead to an upgrade

- » Significant improvement in general fund cash balance
- » Reduction or elimination of general fund subsidy for the utility system
- » Material tax base expansion

### Factors that could lead to a downgrade

- » Further reduction in liquidity
- » Increased subsidies to utility system or other city funds that pressure fund balance or cash position

» Tax base contraction

## Key indicators

Exhibit 1

<b>Broken Arrow (City of) OK</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Economy/Tax Base</b>					
Total Full Value (\$000)	\$6,656,029	\$6,875,106	\$7,061,421	\$7,329,988	\$7,663,014
Population	100,464	101,917	103,437	104,869	108,303
Full Value Per Capita	\$66,253	\$67,458	\$68,268	\$69,897	\$70,755
Median Family Income (% of US Median)	115.5%	116.5%	115.0%	114.4%	114.4%
<b>Finances</b>					
Operating Revenue (\$000)	\$58,687	\$62,481	\$69,320	\$73,709	\$70,726
Fund Balance (\$000)	\$16,168	\$16,609	\$18,115	\$15,206	\$19,467
Cash Balance (\$000)	\$10,307	\$10,768	\$12,848	\$7,490	\$9,066
Fund Balance as a % of Revenues	27.5%	26.6%	26.1%	20.6%	27.5%
Cash Balance as a % of Revenues	17.6%	17.2%	18.5%	10.2%	12.8%
<b>Debt/Pensions</b>					
Net Direct Debt (\$000)	\$108,558	\$108,788	\$113,668	\$117,198	\$125,228
3-Year Average of Moody's ANPL (\$000)	\$66,649	\$71,443	\$78,815	\$90,892	\$118,396
Net Direct Debt / Full Value (%)	1.6%	1.6%	1.6%	1.6%	1.6%
Net Direct Debt / Operating Revenues (x)	1.8x	1.7x	1.6x	1.6x	1.8x
Moody's - adjusted Net Pension Liability (3-yr average) to Full Value (%)	1.0%	1.0%	1.1%	1.2%	1.5%
Moody's - adjusted Net Pension Liability (3-yr average) to Revenues (x)	1.1x	1.1x	1.1x	1.2x	1.7x

Finances reflect general and debt service funds

Source: City of Broken Arrow, OK Annual Financial Statements (2013 - 2017), Moody's Investors Service

## Profile

The City of Broken Arrow is a bedroom community of the [City of Tulsa, OK](#) (Aa1 stable), located 14 miles southeast of downtown. As of 2016 the city's population totaled approximately 104,869.

## Detailed credit considerations

### Economy and tax base: growing tax base with favorable resident incomes

The city's tax base will likely continue to grow at a moderate rate over the medium term given ongoing development and proximity to City of Tulsa. Located in southeastern Tulsa County, with a portion in Wagoner County, the City of Broken Arrow is a bedroom community to Tulsa. Fueled by strong population growth and housing demand, taxable values within the city continue to grow. In fiscal 2019, assessed values grew by 6.2% to reach \$929.4 million based on full value of \$8.6 billion. On average, net assessed values (AV) grew 4.5% annually over the five year period through fiscal 2019. The city's tax base is diverse, with the top 10 taxpayers accounting for only 6.8% of fiscal 2018 AV. City officials report sustained residential development with several active subdivisions. Additionally, commercial development is strong with two manufacturers expressing interest in the city's industrial plant located on the east side. A medical office complex continues to grow while several retail offerings are under construction within the city. As a direct result, city officials are projecting AVs will grow 3.9% annually for the next three years and 3.5% thereafter.

The city's stable tax base is further supported by favorable resident incomes with a median family income equal to 114.4% of the national median, per the 2016 American Community Survey. Due to access to employment opportunities in nearby Tulsa, the city's August 2018 unemployment rate of 3% was lower than both the state's and the nation's. The 2016 estimated population was 104,869.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

### Financial operations and reserves: weak liquidity levels will improve in fiscal 2018

The city's steady financial performance will likely continue over the next two to three years supported by increasing revenues, and limited general fund needs. The city's finances will also benefit from improved cash following a reclassification of funds that had previously been marked as restricted. However, the general fund is somewhat strained by annual subsidies to Broken Arrow Municipal Authority (BAMA), the city's utility service provider. Recent rate increases in October 2017 and October 2018 will alleviate some of the pressure from BAMA but future rate increases will be needed for the fund to be completely self supporting.

The general fund itself has demonstrated steady operating performance with surpluses in the last three fiscal years. In fiscal 2017, which ended on June 30, 2017, the general fund reported a \$2.6 million surplus improving the total fund balance to \$12.6 million (a satisfactory 17.7% of general fund revenues); \$10.9 million (15.3%) was available. Including the debt service fund, the available operating fund balance was \$19.5 million (27.5% of operating revenues).

Unaudited results for fiscal 2018 reflect another solid year with city officials expecting to report a surplus of \$2.1 million in the general fund supported by favorable sales taxes compared to budget. Sales taxes are important for the city because they account for almost 50% of general fund revenues. In fiscal 2018, city officials report sales taxes were about 3% higher than the prior year, when adjusting for collections from the recent sales tax increase that has been allocated for public safety.

The fiscal 2019 budget is underway and through the first quarter, city officials report sales taxes are up 7.1% compared to the prior year, while expenditures are in line with the adopted budget, which reflected balanced operations.

### LIQUIDITY

The city's cash position is expected to increase materially in fiscal 2018. Historically, the city's finances have been challenged by extremely low levels of liquidity in the general fund. Within the past five years, the general fund cash position has remained below 5% of revenues, which is well below similarly rated peers. The city's liquidity challenges are a result of multiple years of subsidies provided to BAMA to fund capital needs which are ultimately reimbursed by the state (Oklahoma Water Resource Board, OWRB).

In fiscal 2017, general fund cash improved to \$610 thousand or a thin 0.9% of revenues but the general fund reported a receivable of \$7.5 million from BAMA; BAMA did not have any unrestricted cash and reported \$41.3 million in restricted cash. Following the audit release, city officials reported that the cash levels had been inaccurately classified. During the year, the general fund had paid out several invoices on behalf of BAMA but had not been repaid with bond proceeds, which were marked as restricted cash. As such, city officials indicate that the correct BAMA unrestricted cash should be \$307 thousand with \$35.9 million marked as restricted. Within the general fund, the cash position should have been \$5.7 million (an adequate 8% of general fund revenues).

Unaudited results for fiscal 2018 reflect a \$1.7 million cash improvement in the general fund, which will improve the cash position to \$7.4 million (10.4% of fiscal 2017 general fund revenues). BAMA is also expected to see an increase in cash of \$4.2 million. However, the general fund will still report a receivable from BAMA.

Although operating performance within BAMA has improved, the fund is still scheduled to receive some subsidies from the general within the next two to three years. However, BAMA has reported two years of rate increases in fiscal 2018 and 2019. While this has improved the revenue performance, the fund still relies on subsidies from the general fund and subsidies will likely continue until the next two to three years until utility operations stabilize. City officials report that the last rate study conducted for the utility system projects rate increases (5.5% for water, 7% for sewer and 9% for stormwater) annually through fiscal 2021. However, future rate increases and amounts are subject to council approval.

### Debt and pensions: slightly elevated debt, exposure to state's cost sharing plan

The city's debt burden will remain slightly elevated but manageable over the next three to five years due to planned debt issuances and principal amortization that is slower than that of similarly rated peers. At 1.8% of fiscal 2019 full value, the city's direct debt burden is slightly higher than the national median for the rating category. Approximately \$198 million from the August 2018 election and \$525 thousand from the 2014 election will remain authorized but unissued following this sale. City officials anticipate annual debt issuance until final maturity in 2027.



## DEBT STRUCTURE

Including the November 2018 sale, the city's debt consists of \$143.5 million fixed-rate general obligation bonds, maturing over the long term (final maturity fiscal 2038). The current debt service schedule calls for 62.1% of principal retired within 10 years.

## DEBT-RELATED DERIVATIVES

The city has a total of \$18.4 million in variable rate debt outstanding (not rated by Moody's), accounting for approximately 14% of the total debt profile. The city issued variable rate notes in May 2004 for a Bass Pro facility. This note is secured by lease payments to the city and a maximum amount of \$2.8 million in annual sales tax revenue (subject to annual appropriation). The obligation has annually been fulfilled with a combination of lease payments and sales tax revenues. As of October 2018, \$10.7 million remains outstanding. The note is also hedged with a swap with [Bank of America N.A.](#) (Aa3 stable) as the counterparty. The swap agreement requires the city to pay a fixed rate of 7.3% to the bank in exchange for 6-month LIBOR plus 1%. There is no remarketing risk associated with the note, as Bank of America, must hold the note until final maturity in November 2025. The November 6, 2018 mark to market value of the swap was negative \$1.2 million.

In November 2010, the city issued a variable rate note with the Bank of Oklahoma for inducements for Flight Safety International. The agreement requires the city to pay the bank 6-month LIBOR plus 2%. The 2010 note is secured by a 1/8th of 1% sales tax and is subject to annual appropriation by city council. As of October 2018, \$7.7 million remains outstanding on the note.

## PENSIONS AND OPEB

City employees participate in one of three retirement plans: Oklahoma Municipal Retirement Fund (OkMRF), Oklahoma Firefighters' Pension and Retirement Fund (OkFPRF) and the Oklahoma Police Pension and Retirement Fund (OkPPRF). OkMRF is a multiple employer, defined contribution public employee retirement system managed by a nine-member board of trustees on behalf of the city.

The Firefighters and Police pension plans are cost-sharing, multiple-employer defined benefit retirement plans sponsored by the state. The city makes annual contributions to the system at a rate established by state law. In 2016, the legally required contribution represented only 46.3% of the "tread water" level, the contribution amount at which Moody's has determined that there would be no increase in unfunded liability based on reported assumptions. This funding gap has increased very slowly over the past three years, and could negatively pressure the credit profile as underfunding continues. In fiscal 2017, the city's total contribution was \$3.1 million (4.4% of operating revenues), compared to the \$6.7 million (9.5% of operating revenues) tread water contribution.

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Oklahoma Cities have an Institutional Framework score of A, which is moderate. Institutional Framework scores measure a sector's legal ability to increase revenues and decrease expenditures. Sales taxes, the sector's major revenue source are subject to a cap which can be overridden with voter approval only. The cap, which varies by city, limits revenue-raising ability. Unpredictable revenue fluctuations tend to be moderate, or between 5-10% annually. Across the sector, fixed and mandated costs are generally greater than 25% of expenditures. Oklahoma is a Right to Work state, providing significant expenditure-cutting ability. Unpredictable expenditure fluctuations tend to be minor, under 5% annually.

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Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

## 2018 GO BOND PROGRAM LIST OF PROPOSED PROJECTS AND COSTS

### Series 2018C

#### Proposition 1

Widen Houston Street from 9 <sup>th</sup> Street to Old Highway 51	\$590,000
Widen Washington Street from Olive Avenue to Aspen Avenue	\$560,000
Construct improvements to the intersection at Elm Place and New Orleans Street	\$600,000
Construct improvements to the intersection at 9 <sup>th</sup> Street and Kenosha Street	\$180,000
Construct improvements to the intersection at 9 <sup>th</sup> Street and Hillside Drive	\$150,000
Widen 23 <sup>rd</sup> Street from Omaha Street to Albany Street	\$400,000
Construct bridge replacement on 23 <sup>rd</sup> Street between Omaha Street and Albany Street	\$330,000
Rehabilitate and/or resurface various residential streets located throughout the city	\$1,150,000
Old Town streets rehabilitation	\$500,000
Sidewalk improvements – various locations	\$250,000
Downtown infrastructure improvements	<u>\$600,000</u>
Proposition 1 Subtotal	\$5,310,000

#### Proposition 3

Replace existing picnic pavilion with new picnic pavilion at Wolf Creek Park	\$35,000
Improvements to Nienhuis Park Skate Park	\$50,000
Improvements to Indian Springs Sports Complex	\$25,000
Construct, furnish and equip a new park to be located in the southwest part of Broken Arrow	\$240,000
Acquisition and construction of pedestrian trails for a community trail network	\$400,000
Events Park – synthetic turf for softball fields	<u>\$750,000</u>
Proposition 3 Subtotal	\$1,500,000

#### Proposition 4

Construct Armed Forces meeting hall near Veteran's Park in downtown area	\$660,000
Construct new Senior Citizens meeting/activity center located in the downtown area	\$280,000
Acquisition of land for additional Senior Citizens Center and	\$1,300,000

improvements to serve Senior Citizen Center and Arrowhead Park located in the downtown area	
Software upgrade for city facilities	<u>\$1,630,000</u>
Proposition 4 Subtotal	\$3,870,000

Proposition 5

Drainage improvements in the vicinity of Stone Ridge Towne Center located at Albany Street and State Highway 51	\$240,000
Drainage and channelization improvements in the vicinity of Indian Springs, near Jasper Street and Aspen Avenue	\$330,000
Drainage improvements in the vicinity of Tiger Creek Nature Park and Tiger Creek floodplain located near Albany Street between 9 <sup>th</sup> Street and 23 <sup>rd</sup> Street	\$125,000
Drainage improvements in the vicinity of the detention facility within the Shops at Adams Creek Wetlands Preserve, located along Hillside Drive between 9 <sup>th</sup> Street and 23 <sup>rd</sup> Street	\$125,000
Proposition 5 Subtotal	\$820,000

**Series 2018D**

Proposition 6

Drainage improvements in Adams Creek basin – channelization, bank stabilization, detention, clearing of drainage way	\$250,000
Drainage improvements in Broken Arrow Creek basin – channelization, bank stabilization, detention, clearing of drainage way	\$250,000
Drainage improvements in Haikey Creek basin – channelization, bank stabilization, detention, clearing of drainage way	\$250,000
Drainage improvements in Elm or Aspen Creek basin – channelization, bank stabilization, detention, clearing of drainage way	\$250,000
Proposition 6 Subtotal	\$1,000,000



# City of Broken Arrow

## Request for Action

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**File #: 18-1314, Version: 1**

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**Broken Arrow City Council  
Meeting of: 11-13-2018**

**Title:**

Consideration, discussion, and possible adoption of Ordinance Number 3544, an ordinance providing for the issuance of \$10,860,000 General Obligation Bonds, Series 2018B by the City of Broken Arrow, Oklahoma, authorized at an election duly called and held for such purpose; prescribing form of bonds; providing for registration thereof; providing levy of an annual tax for the payment of principal and interest on the same; and fixing other details of the issue and declaring an emergency

**Background:**

The proposed sale was considered in a previous Council Agenda item. This ordinance finalizes the steps required to proceed with a positive vote authorizing the sale.

**Cost:** Estimated \$220,000 in total issuance costs

**Funding Source:** Proceeds of the GO bond sale.

**Requested By:** Cynthia Arnold, Finance Director

**Approved By:** Michael L. Spurgeon, City Manager

**Attachments:** Ordinance 3544

**Recommendation:**

Approve and authorize execution of Ordinance Number 3544 and approve the emergency clause.

THE COUNCIL OF THE CITY OF BROKEN ARROW, STATE OF OKLAHOMA, MET IN A SPECIAL MEETING IN CITY COUNCIL CHAMBERS AT THE CITY HALL, 220 SOUTH FIRST STREET, IN SAID CITY ON THE 13TH DAY OF NOVEMBER, 2018, AT 4:30 P.M.

COUNCILMEMBERS PRESENT:

ABSENT:

Notice of the schedule of regular meetings of the governing body of the municipality for the calendar year 2018 having been given in writing to the Clerk of the municipality on or before December 15, 2017, and notice of this special meeting having been given in writing to the Clerk forty-eight (48) hours prior to such meeting and public notice of this meeting having been posted in prominent view at the entrance to Broken Arrow City Hall twenty-four (24) hours prior to this meeting, excluding Saturdays, Sundays and state designated legal holidays, all in compliance with the Oklahoma Open Meeting Act.

(OTHER PROCEEDINGS)

Thereupon, the Mayor introduced an Ordinance, a copy of which was provided each Councilmember prior to this meeting, which Ordinance was read by title only and upon motion by Councilmember \_\_\_\_\_, seconded by Councilmember \_\_\_\_\_, said Ordinance was adopted by the following vote:

Aye:

Nay:

and upon motion by Councilmember \_\_\_\_\_ seconded by Councilmember \_\_\_\_\_, the question of the emergency was ruled upon separately and approved with the following vote:

Aye:

Nay:

Said Ordinance was thereupon signed by the Mayor, attested by the Clerk, sealed with the seal of said municipality, and is as follows:

### **ORDINANCE NO. 3544**

AN ORDINANCE PROVIDING FOR THE ISSUANCE OF \$10,860,000 GENERAL OBLIGATION BONDS, SERIES 2018B BY THE CITY OF BROKEN ARROW, OKLAHOMA, AUTHORIZED AT AN ELECTION DULY CALLED AND HELD FOR SUCH PURPOSE; PRESCRIBING FORM OF BONDS; PROVIDING FOR REGISTRATION THEREOF; PROVIDING LEVY OF AN ANNUAL TAX FOR THE PAYMENT OF PRINCIPAL AND INTEREST ON THE SAME; AND FIXING OTHER DETAILS OF THE ISSUE AND DECLARING AN EMERGENCY.

WHEREAS, on the 26th day of August, 2014, pursuant to notice duly given, a special election was conducted in the City of Broken Arrow, Tulsa County, Oklahoma, for the purpose of submitting to the qualified voters the question of the issuance of the general obligation bonds of said City; and

WHEREAS, pursuant to said election, the issuance of general obligation bonds of said City under Article X Section 27 of the Oklahoma Constitution was authorized for (i) \$36,475,000 to provide funds for the purpose of constructing, reconstructing and repairing streets within the City; (ii) \$8,550,000 to provide funds for the purpose of purchasing, constructing and repairing public safety utilities within the City; (iii) \$10,065,000 to provide funds for the purpose of purchasing, constructing, and repairing parks and recreation utilities of the City; (iv) \$1,115,000 to provide funds for the purpose of purchasing land and constructing, furnishing and equipping public buildings; (v) \$3,730,000 for the purpose of constructing, reconstructing and repairing stormwater facilities; and (vi) \$1,400,000 previously authorized at an election conducted on December 9, 2008 for the purpose of acquisition of a building and land for an arts center located at Houston and Date and required improvements was authorized to be issued for the alternate purpose of acquisition of land and potential construction of a building for an arts center located near central Broken Arrow; and

WHEREAS, as shown by the Canvass of Returns by the County Election Board of Tulsa County, Oklahoma, at said election there were cast by the registered qualified voters of said municipality (i) 6,446 votes on the question pertaining to streets, of which 4,342 were in favor of and 2,104 were against the issuance of said bonds, and 0 were mutilated, spoiled, or not voted ballots, (ii) 6,439 votes on the question pertaining to public safety utilities, of which 4,027 were in favor of and 2,412 were against the issuance of said bonds, and 0 were mutilated, spoiled, or not voted ballots, (iii) 6,425 votes on the question pertaining to parks and recreation facilities, of which 3,747 were in favor of and 2,678 were against the issuance of said bonds, and 0 were mutilated, spoiled, or not voted ballots, (iv) 6,418 votes on the question pertaining to public buildings of which 3,411 were in favor of and 3,007 were against the issuance of said bonds, and 0 were mutilated, spoiled, or not voted ballots; and (v) 6,444 votes on the question pertaining to the stormwater system, of which 4,301 were in favor of and 2,143 were against the issuance of said bonds, and 0 were mutilated, spoiled, or not voted ballots; and (vi) 6,212 votes on the question pertaining to the reauthorization of previously authorized bonds for the alternate purpose of acquiring land and potential construction of a building for an arts center located near central Broken Arrow, of which 3,232 were in favor of and 2,980 were against the issuance of said bonds, and 0 were mutilated, spoiled, or not voted ballots; and



WHEREAS, a lawful majority of the registered, qualified voters voting on the Propositions cast their ballots in favor of the issuance of said bonds, the issuance thereof has been duly authorized;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF BROKEN ARROW, OKLAHOMA:

SECTION 1. That there is hereby ordered and directed to be issued the bonds of said City in accordance with the form as hereinafter set out, in the aggregate amount of Ten Million Eight Hundred Sixty Thousand Dollars (\$10,860,000), which bonds shall be designated "General Obligation Bonds Series 2018B", shall be dated December 1, 2018, and shall become due and payable and bear interest per annum from their date until paid as follows:

\$570,000 due December 1, 2020 @ ____%	\$570,000 due December 1, 2030 @ ____%
\$570,000 due December 1, 2021 @ ____%	\$570,000 due December 1, 2031 @ ____%
\$570,000 due December 1, 2022 @ ____%	\$570,000 due December 1, 2032 @ ____%
\$570,000 due December 1, 2023 @ ____%	\$570,000 due December 1, 2033 @ ____%
\$570,000 due December 1, 2024 @ ____%	\$570,000 due December 1, 2034 @ ____%
\$570,000 due December 1, 2025 @ ____%	\$570,000 due December 1, 2035 @ ____%
\$570,000 due December 1, 2026 @ ____%	\$570,000 due December 1, 2036 @ ____%
\$570,000 due December 1, 2027 @ ____%	\$570,000 due December 1, 2037 @ ____%
\$570,000 due December 1, 2028 @ ____%	\$600,000 due December 1, 2038 @ ____%
\$570,000 due December 1, 2029 @ ____%	

Interest shall be payable semi-annually on the 1st day of June and December of each year, beginning June 1, 2020, both principal and interest being payable in lawful money of the United States of America at BOKF, NA, Tulsa, Oklahoma.

The Bonds maturing in the years 2020 to 2028, inclusive, shall not be subject to redemption prior to maturity. Bonds maturing in the years 2029 and thereafter shall be subject to redemption at the option of the City in whole or in part, on any date, but upon thirty (30) days' notice, on or after December 1, 2028, at a price of par plus accrued interest on the principal amount called for redemption to the date fixed for redemption.

SECTION 2. Each of said bonds and the endorsements and certificates thereon shall be in substantially the following form:

UNITED STATES OF AMERICA  
STATE OF OKLAHOMA

CITY OF BROKEN ARROW, OKLAHOMA,  
GENERAL OBLIGATION BOND, SERIES 2018B

NUMBER

R-\_\_\_\_\_

DOLLAR

\$\_\_\_\_\_

INTEREST RATE

MATURITY DATE

DATED DATE  
December 1, 2018

CUSIP

KNOW ALL MEN BY THESE PRESENTS: That the City of Broken Arrow, Oklahoma (the "City"), a body corporate, hereby acknowledges itself indebted to and for value received promises to pay the principal amount set forth above to the person named below:

or registered assigns (hereinafter called the "Registered Holder"), for the bond number(s) set forth above, together with interest at the rate specified hereon, from the date hereof until paid, payable semi-annually on the 1st day of June and December, respectively, in each year beginning June 1, 2020.

The Bonds maturing in the years 2020 to 2028, inclusive, are not subject to redemption prior to maturity. Bonds maturing in the years 2029 and thereafter are subject to redemption at the option of the City in whole or in part, on any date, but upon thirty (30) days' notice, on or after December 1, 2028, at a price of par plus accrued interest on the principal amount called for redemption to the date fixed for redemption.

The principal of and interest on this Bond is payable in lawful money of the United States of America which, at the time of payment, shall be legal tender for the payment of public and private debts. Payments of interest hereon shall be paid by check of BOKF, NA, Tulsa, Oklahoma, (herein called the "Paying Agent/Registrar") payable to the order of the Registered Holder and mailed to the address shown in the Registration Record on or before the date on which each such payment is due. Payment of principal of this Bond shall be payable only upon surrender of this Bond to the Paying Agent/Registrar.

THE FULL FAITH, CREDIT AND RESOURCES of said City are hereby irrevocably pledged to the payment of this Bond.

THIS BOND is one of an issue of like date and tenor (except as to date of maturity and rate of interest) aggregating the principal sum of Ten Million Eight Hundred Sixty Thousand Dollars (\$10,860,000) and was authorized by an election held on the 26th day of August, 2014, at which election a majority of the registered, qualified voters approved the question of incurring indebtedness under Section 27 Article X of the Constitution and laws of the State complementary, supplementary and enacted pursuant thereto. The Bonds have been issued for the purposes of (i) constructing, reconstructing and repairing streets within the City (\$6,305,000), (ii) purchasing, constructing and

repairing public safety utilities (\$2,033,000), (iii) purchasing, constructing, and repairing parks and recreation utilities (\$1,892,000), and (iv) constructing, reconstructing and repairing stormwater facilities (\$630,000). The proceeds of the Bonds have been placed in a separate special fund to be used only for the purposes for which the issuance of the Bonds was authorized.

No person shall be entitled to any right or benefit provided in this Bond unless the name of such person is registered by the Paying Agent/Registrar on the Registration Record. This Bond shall be transferable only upon delivery of this Bond to the Paying Agent/Registrar, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar, duly executed by the Registered Holder hereof or his attorney duly authorized in writing, and such transfer registered on the Registration Record. The Paying Agent/Registrar shall not be required to make such transfer after the fifteenth (15th) day of the month preceding any interest payment date until after said latter date. The name of the Registered Holder endorsed hereon shall be deemed the correct name of the owner of this Bond for all purposes whatsoever. The Paying Agent/Registrar will keep the Registration Record open for registration of ownership of Bonds during its normal business hours. In the event of a change in the Paying Agent/Registrar for any reason, notice thereof shall be mailed, by registered or certified United States Mail, postage prepaid, to the Registered Holder at the address shown on the Registration Record, and such notice shall be effective on the date of mailing and sufficient as to all persons.

The Registered Holder of this Bond, upon request in writing, and surrender of this Bond to the Paying Agent/Registrar prior to payment of the entire amount of principal hereof, shall be entitled to be issued, in exchange for this Bond, Bonds in aggregate principal amount equal to the unpaid principal of this Bond in registered Bonds identical herewith except as to respective denominations, in denominations of \$1,000 or multiples thereof.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required to be done precedent to and in the issuance of this bond have been properly done, happened and been performed in regular and due form and time as required by law, and that the total indebtedness of said City, including this bond and the series of which it forms a part, does not exceed any constitutional or statutory limitation; and that due provision has been made for the collection of an annual tax sufficient to pay the interest on this bond as it falls due and also to constitute a sinking fund for the payment of the principal hereof at maturity.

IN WITNESS WHEREOF, the City of Broken Arrow, Oklahoma, has caused this bond to be executed by the facsimile signature of its Mayor, attested by facsimile signature of its Clerk, and the facsimile seal of said City to be facsimile thereon, all as of the 1st day of December, 2018.

(SEAL)  
ATTEST:

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk

\*\*\*

AUTHENTICATION CERTIFICATE

This Bond is one of the General Obligation Bonds, Series 2018B of the City of Broken Arrow, Oklahoma.

Date of Registration and Authentication: \_\_\_\_\_.

BOKF, NA, Tulsa, Oklahoma,  
as Paying Agent/ Registrar

\_\_\_\_\_  
Authorized Officer

STATE OF OKLAHOMA        )  
                                      ) SS  
COUNTIES OF TULSA        )  
                                      )  
                                      ) WAGONER

We, the undersigned, District Attorneys and County Clerks, respectively, of said Counties in said State, in which the within named City is situated, hereby certify that the within bond is one of a series of bonds issued by said City pursuant to law, and that the entire issue of said bonds is within the debt limit imposed upon said City by the Constitution and laws of the State of Oklahoma.

WITNESS our respective hands and the seals of said Counties this 1st day of December, 2018.

\_\_\_\_\_  
County Clerk, Tulsa County,  
Oklahoma

(SEAL)

\_\_\_\_\_  
District Attorney, District #14

\_\_\_\_\_  
County Clerk, Wagoner County,  
Oklahoma

(SEAL)

\_\_\_\_\_  
District Attorney, District #27

STATE OF OKLAHOMA     )  
                                      ) SS  
COUNTY OF TULSA        )

I, the undersigned, the duly qualified and acting Finance Director/Treasurer of the within named City, in said County and State, hereby certify that I have duly registered the within bond in my office on this 1st day of December, 2018.

WITNESS my hand the date above written.

\_\_\_\_\_  
Finance Director/Treasurer, City of Broken Arrow,  
Oklahoma

STATE OF OKLAHOMA  
OFFICE OF THE ATTORNEY GENERAL  
BOND DEPARTMENT

\_\_\_\_\_, 2018

I HEREBY CERTIFY that I have examined a certified copy of the record of proceedings taken preliminary to and in the issuance of the within Bond; that such proceedings and such Bond show lawful authority for the issue and are in accordance with the forms and method of procedure prescribed and provided by me for the issuance of bonds of like kind; and that said bond is a valid and binding obligation according to its tenor and terms.

\_\_\_\_\_  
Attorney General, Ex-Officio Bond Commissioner of  
the State of Oklahoma

SECTION 3. That each of said bonds shall be executed by the Mayor by facsimile signature, attested by facsimile signature of the City Clerk and have the corporate seal of the City imprinted thereon by facsimile; that said officers be and are hereby authorized and directed to cause said bonds to be prepared and to execute the same for and on behalf of said City, cause the same to be registered by the Finance Director/Treasurer of the City, endorsed by the District Attorneys and County Clerks of Tulsa County and Wagoner County, Oklahoma, respectively, and presented to the Attorney General, Ex-Officio Bond Commissioner, together with a certified transcript of proceedings had in connection with the issue, for approval and endorsement; that thereafter said bonds shall be delivered to the purchasers upon payment of the purchase price thereof, which shall not be less than par, plus accrued interest.

The proceeds derived from the sale of said bonds shall be placed in a special fund and used solely for the purpose for which said bonds were authorized and issued and for the payment of costs of issuance.

SECTION 4. Whenever any registered Bond or Bonds shall be exchanged for another registered Bond or Bonds of different denomination, the Registrar shall cancel the Bond or Bonds surrendered in such exchange on the face thereof and on the Registration Record. If the supply of registered Bonds for making exchanges shall have been exhausted, the Registrar shall cause additional registered Bonds to be prepared, at the expense of the City. The City covenants that upon request of the Registrar, its appropriate officers promptly will execute such additional registered Bonds on behalf of the City.

SECTION 5. The Paying Agent/Registrar for all registered Bonds issued pursuant to this ordinance shall be BOKF, NA, Tulsa, Oklahoma, which shall maintain a Registration Record for the purpose of registering the name and address of the Registered Holder of each registered Bond. The Registrar will keep the Registration Record open for registrations during its normal business hours. In the event of a change of Registrar, notice thereof shall be mailed, registered or certified United States Mail, postage prepaid, to the Registered Holder of each registered Bond. The name and address of the Registered Holder as the same shall appear on the Registered Record shall be conclusive evidence to all persons and for all purposes whatsoever and no person other than the Registered Holder shown on the Registration Record shall be entitled to any right or benefit in relation to the Bond so registered; provided, that the foregoing shall not apply to any successor by operation of law of such Registered Holder. Registered Bonds shall be transferable only upon delivery of such Bonds to the Registrar, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Registrar, executed by the Registered Holder thereof or his attorney duly authorized in writing, and such transfer registered on the Registration Record. If the Form of Assignment on such Bonds is exhausted, such Registered Bonds delivered to the Registrar for registration of transfer shall be cancelled by the Registrar on the face thereof and the Registrar shall authenticate and deliver to the transferee Bonds in aggregate principal amount equal to the unpaid principal of the surrendered Bonds in new registered Bonds, in denominations of \$1,000 or multiples thereof. The Registrar shall not be required to make such transfer after the fifteenth (15th) day preceding any interest payment date until after said latter date.

SECTION 6. That beginning with year 2019, if necessary, a continuing annual tax sufficient to pay the interest on said bonds when due and for the purpose of providing a sinking fund with which

to pay the principal of said bonds when due shall be and is hereby ordered levied upon all taxable property in said City, in addition to all other taxes, said sinking fund to be designated "City of Broken Arrow, Oklahoma, General Obligation Bonds, Series 2018B Sinking Fund". If necessary, said tax shall be and is hereby ordered certified, levied and extended upon the tax rolls and collected by the same officers, in the same manner and at the same time as the taxes for general purposes in each of said years are certified, levied, extended and collected; that all funds derived from said tax shall be placed in said sinking fund, which, together with all interest collected on same, shall be irrevocably pledged to the payment of the interest on and principal of said bonds when and as the same fall due.

SECTION 7. The form of Continuing Disclosure Agreement with respect to the Bonds attached hereto as Exhibit A is hereby approved and the Mayor or, in the event of his absence or incapacity, the Vice-Mayor is hereby authorized to approve such additions, deletions or amendments thereto as such officer shall deem appropriate and to execute and deliver such document, together with all other and further documents, instruments and certificates pertaining to the issuance of the Bonds, for and on behalf of the City.

SECTION 8. It is deemed and hereby declared necessary for the preservation of the public health, peace and safety that said bonds be issued without delay, and to such end this Ordinance shall become operative immediately; wherefore, an emergency is hereby declared to exist and this Ordinance shall be in full force and effect immediately from and after its adoption and approval.

ADOPTED AND APPROVED this 13th day of November, 2018.

\_\_\_\_\_  
Mayor

(SEAL)

ATTEST:

\_\_\_\_\_  
City Clerk

STATE OF OKLAHOMA     )  
  ) SS  
COUNTY OF TULSA         )

I, the undersigned, the duly qualified and acting Clerk of the City of Broken Arrow, Oklahoma, hereby certify that the foregoing is a true and complete copy of an Ordinance authorizing the issuance of Bonds for the purpose therein set out duly adopted by the governing body of said City and Transcript of Proceedings of said governing body at a special meeting thereof duly held on the date therein set out, insofar as the same relates to the sale of Bonds therein described as the same appears of record in my office.

I further certify that attached hereto are true and complete copies of the notice given to the City Clerk at least forty-eight hours prior to the meeting at which said Ordinance was adopted; and of public notice posted at the entrance to City Hall located at 220 South First Street in said City at least twenty-four (24) hours prior to the meeting wherein said Ordinance was adopted, excluding Saturdays, Sundays and State designated legal holidays.

WITNESS my hand and seal this 13th day of November, 2018.

(SEAL)

\_\_\_\_\_  
City Clerk





# City of Broken Arrow

## Request for Action

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**File #:** 18-1315, **Version:** 1

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**Broken Arrow City Council**  
**Meeting of: 11-13-2018**

**Title:**

Consideration, discussion, and possible adoption of Ordinance Number 3545, an ordinance providing for the issuance of \$11,500,000 General Obligation Bonds, Series 2018C by the City of Broken Arrow, Oklahoma, authorized at an election duly called and held for such purpose; prescribing form of bonds; providing for registration thereof; providing levy of an annual tax for the payment of principal and interest on the same; and fixing other details of the issue and declaring an emergency

**Background:**

The proposed sale was considered in a previous Council Agenda item. This ordinance finalizes the steps required to proceed with a positive vote authorizing the sale.

**Cost:** Estimated \$220,000 in total issuance costs

**Funding Source:** Proceeds of the GO bond sale.

**Requested By:** Cynthia Arnold, Finance Director

**Approved By:** Michael L. Spurgeon, City Manager

**Attachments:** Ordinance 3545

**Recommendation:**

Approve and authorize execution of Ordinance Number 3545 and approve the emergency clause.

THE COUNCIL OF THE CITY OF BROKEN ARROW, STATE OF OKLAHOMA, MET IN A SPECIAL MEETING IN CITY COUNCIL CHAMBERS AT THE CITY HALL, 220 SOUTH FIRST STREET, IN SAID CITY ON THE 13TH DAY OF NOVEMBER, 2018, AT 4:30 P.M.

COUNCILMEMBERS PRESENT:

ABSENT:

Notice of the schedule of regular meetings of the governing body of the municipality for the calendar year 2018 having been given in writing to the Clerk of the municipality on or before December 15, 2017, and notice of this special meeting having been given in writing to the Clerk forty-eight (48) hours prior to such meeting and public notice of this meeting having been posted in prominent view at the entrance to Broken Arrow City Hall twenty-four (24) hours prior to this meeting, excluding Saturdays, Sundays and State designated legal holidays, all in compliance with the Oklahoma Open Meeting Act.

(OTHER PROCEEDINGS)

Thereupon, the Mayor introduced an Ordinance, a copy of which was provided each Councilmember prior to this meeting, which Ordinance was read by title only and upon motion by Councilmember \_\_\_\_\_, seconded by Councilmember \_\_\_\_\_, said Ordinance was adopted by the following vote:

Aye:

Nay:

and upon motion by Councilmember \_\_\_\_\_ seconded by Councilmember \_\_\_\_\_, the question of the emergency was ruled upon separately and approved with the following vote:

Aye:

Nay:

Said Ordinance was thereupon signed by the Mayor, attested by the Clerk, sealed with the seal of said municipality, and is as follows:

## **ORDINANCE NO. 3545**

AN ORDINANCE PROVIDING FOR THE ISSUANCE OF \$11,500,000 GENERAL OBLIGATION BONDS, SERIES 2018C BY THE CITY OF BROKEN ARROW, OKLAHOMA, AUTHORIZED AT AN ELECTION DULY CALLED AND HELD FOR SUCH PURPOSE; PRESCRIBING FORM OF BONDS; PROVIDING FOR REGISTRATION THEREOF; PROVIDING LEVY OF AN ANNUAL TAX FOR THE PAYMENT OF PRINCIPAL AND INTEREST ON THE SAME; AND FIXING OTHER DETAILS OF THE ISSUE AND DECLARING AN EMERGENCY.

WHEREAS, on the 28th day of August, 2018, pursuant to notice duly given, a special election was conducted in the City of Broken Arrow, Tulsa County, Oklahoma, for the purpose of submitting to the qualified voters the question of the issuance of the general obligation bonds of said City; and

WHEREAS, pursuant to said election, the issuance of general obligation bonds of said City under Article X Section 27 of the Oklahoma Constitution was authorized for (i) \$142,625,000 to provide funds for the purpose of constructing, reconstructing and repairing streets; (ii) \$20,350,000 to provide funds for the purpose of purchasing, constructing and repairing public safety utilities; (iii) \$17,750,000 to provide funds for the purpose of purchasing, constructing, and repairing parks and recreation facilities; (iv) \$16,800,000 to provide funds for the purpose of purchasing land and constructing, furnishing and equipping public buildings and facilities; and (v) \$7,500,000 for the purpose of constructing, reconstructing and repairing stormwater facilities, all to be owned exclusively by the City; and

WHEREAS, pursuant to said election, the issuance of general obligation bonds of said City under Article X Section 26 of the Oklahoma Constitution was authorized for \$5,500,000 for the purpose of drainage improvements to property to be owned exclusively or in part by the City; and

WHEREAS, as shown by the Canvass of Returns by the County Election Board of Tulsa County, Oklahoma, at said election there were cast by the registered qualified voters of said municipality (i) 16,343 votes on the question pertaining to streets, of which 12,130 were in favor of and 4,213 were against the issuance of said bonds, and 0 were mutilated, spoiled, or not voted ballots, (ii) 16,314 votes on the question pertaining to public safety utilities, of which 11,600 were in favor of and 4,714 were against the issuance of said bonds, and 0 were mutilated, spoiled, or not voted ballots, (iii) 16,327 votes on the question pertaining to parks and recreation facilities, of which 11,164 were in favor of and 5,163 were against the issuance of said bonds, and 0 were mutilated, spoiled, or not voted ballots, (iv) 15,379 votes on the question pertaining to public buildings of which 9,573 were in favor of and 5,806 were against the issuance of said bonds, and 0 were mutilated, spoiled, or not voted ballots; (v) 15,415 votes on the question pertaining to the stormwater system, of which 11,536 were in favor of and 3,879 were against the issuance of said bonds, and 0 were mutilated, spoiled, or not voted ballots; and (vi) 15,396 votes on the question pertaining to drainage improvements to property not owned exclusively by said City, of which 11,198 were in favor of and 4,198 were against the issuance of said bonds, and 0 were mutilated, spoiled, or not voted ballots; and

WHEREAS, a lawful majority of the registered, qualified voters voting on the Propositions cast their ballots in favor of the issuance of said bonds, the issuance thereof has been duly authorized;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF BROKEN ARROW, OKLAHOMA:

SECTION 1. That there is hereby ordered and directed to be issued the bonds of said City in accordance with the form as hereinafter set out, in the aggregate amount of Eleven Million Five Hundred Thousand Dollars (\$11,500,000), which bonds shall be designated "General Obligation Bonds Series 2018C", shall be dated December 1, 2018, and shall become due and payable and bear interest per annum from their date until paid as follows:

\$605,000 due December 1, 2020 @ ____%	\$605,000 due December 1, 2030 @ ____%
\$605,000 due December 1, 2021 @ ____%	\$605,000 due December 1, 2031 @ ____%
\$605,000 due December 1, 2022 @ ____%	\$605,000 due December 1, 2032 @ ____%
\$605,000 due December 1, 2023 @ ____%	\$605,000 due December 1, 2033 @ ____%
\$605,000 due December 1, 2024 @ ____%	\$605,000 due December 1, 2034 @ ____%
\$605,000 due December 1, 2025 @ ____%	\$605,000 due December 1, 2035 @ ____%
\$605,000 due December 1, 2026 @ ____%	\$605,000 due December 1, 2036 @ ____%
\$605,000 due December 1, 2027 @ ____%	\$605,000 due December 1, 2037 @ ____%
\$605,000 due December 1, 2028 @ ____%	\$610,000 due December 1, 2038 @ ____%
\$605,000 due December 1, 2029 @ ____%	

Interest shall be payable semi-annually on the 1st day of June and December of each year, beginning June 1, 2020, both principal and interest being payable in lawful money of the United States of America at BOKF, NA, Tulsa, Oklahoma.

The Bonds maturing in the years 2020 to 2028, inclusive, shall not be subject to redemption prior to maturity. Bonds maturing in the years 2029 and thereafter shall be subject to redemption at the option of the City in whole or in part, on any date, but upon thirty (30) days' notice, on or after December 1, 2028, at a price of par plus accrued interest on the principal amount called for redemption to the date fixed for redemption.

SECTION 2. Each of said bonds and the endorsements and certificates thereon shall be in substantially the following form:

UNITED STATES OF AMERICA  
STATE OF OKLAHOMA

CITY OF BROKEN ARROW, OKLAHOMA,  
GENERAL OBLIGATION BOND, SERIES 2018C

NUMBER

R-\_\_\_\_\_

DOLLAR

\$\_\_\_\_\_

INTEREST RATE

MATURITY DATE

DATED DATE  
December 1, 2018

CUSIP

KNOW ALL MEN BY THESE PRESENTS: That the City of Broken Arrow, Oklahoma (the "City"), a body corporate, hereby acknowledges itself indebted to and for value received promises to pay the principal amount set forth above to the person named below:

or registered assigns (hereinafter called the "Registered Holder"), for the bond number(s) set forth above, together with interest at the rate specified hereon, from the date hereof until paid, payable semi-annually on the 1st day of June and December, respectively, in each year beginning June 1, 2020.

The Bonds maturing in the years 2020 to 2028, inclusive, are not subject to redemption prior to maturity. Bonds maturing in the years 2029 and thereafter are subject to redemption at the option of the City in whole or in part, on any date, but upon thirty (30) days' notice, on or after December 1, 2028, at a price of par plus accrued interest on the principal amount called for redemption to the date fixed for redemption.

The principal of and interest on this Bond is payable in lawful money of the United States of America which, at the time of payment, shall be legal tender for the payment of public and private debts. Payments of interest hereon shall be paid by check of BOKF, NA, Tulsa, Oklahoma, (herein called the "Paying Agent/Registrar") payable to the order of the Registered Holder and mailed to the address shown in the Registration Record on or before the date on which each such payment is due. Payment of principal of this Bond shall be payable only upon surrender of this Bond to the Paying Agent/Registrar.

THE FULL FAITH, CREDIT AND RESOURCES of said City are hereby irrevocably pledged to the payment of this Bond.

THIS BOND is one of an issue of like date and tenor (except as to date of maturity and rate of interest) aggregating the principal sum of Eleven Million Five Hundred Thousand Dollars (\$11,500,000) and was authorized by an election held on the 28th day of August, 2018, at which election a majority of the registered, qualified voters approved the question of incurring indebtedness under Sections 26 and 27 Article X of the Constitution and laws of the State complementary, supplementary and enacted pursuant thereto. The Bonds have been issued for the purposes of (i) constructing, reconstructing and repairing streets (\$5,310,000), (ii) purchasing, constructing, and

repairing parks and recreation facilities (\$1,500,000), (iii) purchasing, constructing, furnishing and equipping public buildings and facilities (\$3,870,000) and (iv) constructing, reconstructing and repairing stormwater facilities (\$820,000), all to be owned exclusively by the City. The proceeds of the Bonds have been placed in a separate special fund to be used only for the purposes for which the issuance of the Bonds was authorized.

No person shall be entitled to any right or benefit provided in this Bond unless the name of such person is registered by the Paying Agent/Registrar on the Registration Record. This Bond shall be transferable only upon delivery of this Bond to the Paying Agent/Registrar, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar, duly executed by the Registered Holder hereof or his attorney duly authorized in writing, and such transfer registered on the Registration Record. The Paying Agent/Registrar shall not be required to make such transfer after the fifteenth (15th) day of the month preceding any interest payment date until after said latter date. The name of the Registered Holder endorsed hereon shall be deemed the correct name of the owner of this Bond for all purposes whatsoever. The Paying Agent/Registrar will keep the Registration Record open for registration of ownership of Bonds during its normal business hours. In the event of a change in the Paying Agent/Registrar for any reason, notice thereof shall be mailed, by registered or certified United States Mail, postage prepaid, to the Registered Holder at the address shown on the Registration Record, and such notice shall be effective on the date of mailing and sufficient as to all persons.

The Registered Holder of this Bond, upon request in writing, and surrender of this Bond to the Paying Agent/Registrar prior to payment of the entire amount of principal hereof, shall be entitled to be issued, in exchange for this Bond, Bonds in aggregate principal amount equal to the unpaid principal of this Bond in registered Bonds identical herewith except as to respective denominations, in denominations of \$1,000 or multiples thereof.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required to be done precedent to and in the issuance of this bond have been properly done, happened and been performed in regular and due form and time as required by law, and that the total indebtedness of said City, including this bond and the series of which it forms a part, does not exceed any constitutional or statutory limitation; and that due provision has been made for the collection of an annual tax sufficient to pay the interest on this bond as it falls due and also to constitute a sinking fund for the payment of the principal hereof at maturity.

IN WITNESS WHEREOF, the City of Broken Arrow, Oklahoma, has caused this bond to be executed by the facsimile signature of its Mayor, attested by facsimile signature of its Clerk, and the facsimile seal of said City to be facsimile thereon, all as of the 1st day of December, 2018.

(SEAL)  
ATTEST:

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Mayor

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City Clerk

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AUTHENTICATION CERTIFICATE

This Bond is one of the General Obligation Bonds, Series 2018C of the City of Broken Arrow, Oklahoma.

Date of Registration and Authentication: \_\_\_\_\_.

BOKF, NA, Tulsa, Oklahoma,  
as Paying Agent/ Registrar

\_\_\_\_\_  
Authorized Officer

STATE OF OKLAHOMA        )  
                                      )SS  
COUNTIES OF TULSA        )  
                          WAGONER        )

We, the undersigned, District Attorneys and County Clerks, respectively, of said Counties in said State, in which the within named City is situated, hereby certify that the within bond is one of a series of bonds issued by said City pursuant to law, and that the entire issue of said bonds is within the debt limit imposed upon said City by the Constitution and laws of the State of Oklahoma.

WITNESS our respective hands and the seals of said Counties this 1st day of December, 2018.

\_\_\_\_\_  
County Clerk, Tulsa County,  
Oklahoma

(SEAL)

\_\_\_\_\_  
District Attorney, District #14

\_\_\_\_\_  
County Clerk, Wagoner County,  
Oklahoma

(SEAL)

\_\_\_\_\_  
District Attorney, District #27

STATE OF OKLAHOMA     )  
  )SS  
COUNTY OF TULSA         )

I, the undersigned, the duly qualified and acting Finance Director/Treasurer of the within named City, in said County and State, hereby certify that I have duly registered the within bond in my office on this 1st day of December, 2018.

WITNESS my hand the date above written.

\_\_\_\_\_  
Finance Director/Treasurer, City of Broken Arrow,  
Oklahoma

STATE OF OKLAHOMA  
OFFICE OF THE ATTORNEY GENERAL  
BOND DEPARTMENT

\_\_\_\_\_, 2018

I HEREBY CERTIFY that I have examined a certified copy of the record of proceedings taken preliminary to and in the issuance of the within Bond; that such proceedings and such Bond show lawful authority for the issue and are in accordance with the forms and method of procedure prescribed and provided by me for the issuance of bonds of like kind; and that said bond is a valid and binding obligation according to its tenor and terms.

\_\_\_\_\_  
Attorney General, Ex-Officio Bond Commissioner of  
the State of Oklahoma



SECTION 3. That each of said bonds shall be executed by the Mayor by facsimile signature, attested by facsimile signature of the City Clerk and have the corporate seal of the City imprinted thereon by facsimile; that said officers be and are hereby authorized and directed to cause said bonds to be prepared and to execute the same for and on behalf of said City, cause the same to be registered by the Finance Director/Treasurer of the City, endorsed by the District Attorneys and County Clerks of Tulsa County and Wagoner County, Oklahoma, respectively, and presented to the Attorney General, Ex-Officio Bond Commissioner, together with a certified transcript of proceedings had in connection with the issue, for approval and endorsement; that thereafter said bonds shall be delivered to the purchasers upon payment of the purchase price thereof, which shall not be less than par, plus accrued interest.

The proceeds derived from the sale of said bonds shall be placed in a special fund and used solely for the purpose for which said bonds were authorized and issued and for the payment of costs of issuance.

SECTION 4. Whenever any registered Bond or Bonds shall be exchanged for another registered Bond or Bonds of different denomination, the Registrar shall cancel the Bond or Bonds surrendered in such exchange on the face thereof and on the Registration Record. If the supply of registered Bonds for making exchanges shall have been exhausted, the Registrar shall cause additional registered Bonds to be prepared, at the expense of the City. The City covenants that upon request of the Registrar, its appropriate officers promptly will execute such additional registered Bonds on behalf of the City.

SECTION 5. The Paying Agent/Registrar for all registered Bonds issued pursuant to this ordinance shall be BOKF, NA, Tulsa, Oklahoma, which shall maintain a Registration Record for the purpose of registering the name and address of the Registered Holder of each registered Bond. The Registrar will keep the Registration Record open for registrations during its normal business hours. In the event of a change of Registrar, notice thereof shall be mailed, registered or certified United States Mail, postage prepaid, to the Registered Holder of each registered Bond. The name and address of the Registered Holder as the same shall appear on the Registered Record shall be conclusive evidence to all persons and for all purposes whatsoever and no person other than the Registered Holder shown on the Registration Record shall be entitled to any right or benefit in relation to the Bond so registered; provided, that the foregoing shall not apply to any successor by operation of law of such Registered Holder. Registered Bonds shall be transferable only upon delivery of such Bonds to the Registrar, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Registrar, executed by the Registered Holder thereof or his attorney duly authorized in writing, and such transfer registered on the Registration Record. If the Form of Assignment on such Bonds is exhausted, such Registered Bonds delivered to the Registrar for registration of transfer shall be cancelled by the Registrar on the face thereof and the Registrar shall authenticate and deliver to the transferee Bonds in aggregate principal amount equal to the unpaid principal of the surrendered Bonds in new registered Bonds, in denominations of \$1,000 or multiples thereof. The Registrar shall not be required to make such transfer after the fifteenth (15th) day preceding any interest payment date until after said latter date.

SECTION 6. That beginning with year 2019, if necessary, a continuing annual tax sufficient to pay the interest on said bonds when due and for the purpose of providing a sinking fund with which

to pay the principal of said bonds when due shall be and is hereby ordered levied upon all taxable property in said City, in addition to all other taxes, said sinking fund to be designated "City of Broken Arrow, Oklahoma, General Obligation Bonds, Series 2018C Sinking Fund". If necessary, said tax shall be and is hereby ordered certified, levied and extended upon the tax rolls and collected by the same officers, in the same manner and at the same time as the taxes for general purposes in each of said years are certified, levied, extended and collected; that all funds derived from said tax shall be placed in said sinking fund, which, together with all interest collected on same, shall be irrevocably pledged to the payment of the interest on and principal of said bonds when and as the same fall due.

SECTION 7. The form of Continuing Disclosure Agreement with respect to the Bonds attached hereto as Exhibit A is hereby approved and the Mayor or, in the event of his absence or incapacity, the Vice-Mayor is hereby authorized to approve such additions, deletions or amendments thereto as such officer shall deem appropriate and to execute and deliver such document, together with all other and further documents, instruments and certificates pertaining to the issuance of the Bonds, for and on behalf of the City.

SECTION 8. It is deemed and hereby declared necessary for the preservation of the public health, peace and safety that said bonds be issued without delay, and to such end this Ordinance shall become operative immediately; wherefore, an emergency is hereby declared to exist and this Ordinance shall be in full force and effect immediately from and after its adoption and approval.

ADOPTED AND APPROVED this 13th day of November, 2018.

\_\_\_\_\_  
Mayor

(SEAL)

ATTEST:

\_\_\_\_\_  
City Clerk

STATE OF OKLAHOMA     )

COUNTY OF TULSA                    ) SS  
  )

I, the undersigned, the duly qualified and acting Clerk of the City of Broken Arrow, Oklahoma, hereby certify that the foregoing is a true and complete copy of an Ordinance authorizing the issuance of Bonds for the purpose therein set out duly adopted by the governing body of said City and Transcript of Proceedings of said governing body at a special meeting thereof duly held on the date therein set out, insofar as the same relates to the sale of Bonds therein described as the same appears of record in my office.

I further certify that attached hereto are true and complete copies of the notice given to the City Clerk at least forty-eight hours prior to the meeting at which said Ordinance was adopted; and of public notice posted at the entrance to City Hall located at 220 South First Street in said City at least twenty-four (24) hours prior to the meeting wherein said Ordinance was adopted, excluding Saturdays, Sundays and State designated legal holidays.

WITNESS my hand and seal this 13th day of November, 2018.

(SEAL)

\_\_\_\_\_  
City Clerk



# City of Broken Arrow

## Request for Action

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**File #:** 18-1316, **Version:** 1

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**Broken Arrow City Council**  
**Meeting of: 11-13-2018**

**Title:**

Consideration, discussion, and possible adoption of Ordinance Number 3546, an ordinance providing for the issuance of \$1,000,000 General Obligation Bonds, Series 2018D by the City of Broken Arrow, Oklahoma, authorized at an election duly called and held for such purpose; prescribing form of bonds; providing for registration thereof; providing levy of an annual tax for the payment of principal and interest on the same; and fixing other details of the issue and declaring an emergency

**Background:**

The proposed sale was considered in a previous Council Agenda item. This ordinance finalizes the steps required to proceed with a positive vote authorizing the sale.

**Cost:** Estimated \$220,000 in total issuance costs

**Funding Source:** Proceeds of the GO bond sale.

**Requested By:** Cynthia Arnold, Finance Director

**Approved By:** Michael L. Spurgeon, City Manager

**Attachments:** Ordinance 3546

**Recommendation:**

Approve and authorize execution of Ordinance Number 3546 and approve the emergency clause.

THE COUNCIL OF THE CITY OF BROKEN ARROW, STATE OF OKLAHOMA, MET IN A SPECIAL MEETING IN CITY COUNCIL CHAMBERS AT THE CITY HALL, 220 SOUTH FIRST STREET, IN SAID CITY ON THE 13TH DAY OF NOVEMBER, 2018, AT 4:30 P.M.

COUNCILMEMBERS PRESENT:

ABSENT:

Notice of the schedule of regular meetings of the governing body of the municipality for the calendar year 2018 having been given in writing to the Clerk of the municipality on or before December 15, 2017, and notice of this special meeting having been given in writing to the Clerk forty-eight (48) hours prior to such meeting and public notice of this meeting having been posted in prominent view at the entrance to Broken Arrow City Hall twenty-four (24) hours prior to this meeting, excluding Saturdays, Sundays and State designated legal holidays, all in compliance with the Oklahoma Open Meeting Act.

(OTHER PROCEEDINGS)

Thereupon, the Mayor introduced an Ordinance, a copy of which was provided each Councilmember prior to this meeting, which Ordinance was read by title only and upon motion by Councilmember \_\_\_\_\_, seconded by Councilmember \_\_\_\_\_, said Ordinance was adopted by the following vote:

Aye:

Nay:

and upon motion by Councilmember \_\_\_\_\_ seconded by Councilmember \_\_\_\_\_, the question of the emergency was ruled upon separately and approved with the following vote:

Aye:

Nay:

Said Ordinance was thereupon signed by the Mayor, attested by the Clerk, sealed with the seal of said municipality, and is as follows:

## **ORDINANCE NO. 3546**

AN ORDINANCE PROVIDING FOR THE ISSUANCE OF \$1,000,000 GENERAL OBLIGATION BONDS, SERIES 2018D BY THE CITY OF BROKEN ARROW, OKLAHOMA, AUTHORIZED AT AN ELECTION DULY CALLED AND HELD FOR SUCH PURPOSE; PRESCRIBING FORM OF BONDS; PROVIDING FOR REGISTRATION THEREOF; PROVIDING LEVY OF AN ANNUAL TAX FOR THE PAYMENT OF PRINCIPAL AND INTEREST ON THE SAME; AND FIXING OTHER DETAILS OF THE ISSUE AND DECLARING AN EMERGENCY.

WHEREAS, on the 28th day of August, 2018, pursuant to notice duly given, a special election was conducted in the City of Broken Arrow, Tulsa County, Oklahoma, for the purpose of submitting to the qualified voters the question of the issuance of the general obligation bonds of said City; and

WHEREAS, pursuant to said election, the issuance of general obligation bonds of said City under Article X Section 27 of the Oklahoma Constitution was authorized for (i) \$142,625,000 to provide funds for the purpose of constructing, reconstructing and repairing streets; (ii) \$20,350,000 to provide funds for the purpose of purchasing, constructing and repairing public safety utilities; (iii) \$17,750,000 to provide funds for the purpose of purchasing, constructing, and repairing parks and recreation utilities of the City; (iv) \$16,800,000 to provide funds for the purpose of purchasing land and constructing, furnishing and equipping public buildings and facilities; and (v) \$7,500,000 for the purpose of constructing, reconstructing and repairing stormwater facilities, all to be owned exclusively by the City; and

WHEREAS, pursuant to said election, the issuance of general obligation bonds of said City under Article X Section 26 of the Oklahoma Constitution was authorized for \$5,500,000 for the purpose of drainage improvements to property to be owned exclusively or in part by the City; and

WHEREAS, as shown by the Canvass of Returns by the County Election Board of Tulsa County, Oklahoma, at said election there were cast by the registered qualified voters of said municipality (i) 16,343 votes on the question pertaining to streets, of which 12,130 were in favor of and 4,213 were against the issuance of said bonds, and 0 were mutilated, spoiled, or not voted ballots, (ii) 16,314 votes on the question pertaining to public safety utilities, of which 11,600 were in favor of and 4,714 were against the issuance of said bonds, and 0 were mutilated, spoiled, or not voted ballots, (iii) 16,327 votes on the question pertaining to parks and recreation facilities, of which 11,164 were in favor of and 5,163 were against the issuance of said bonds, and 0 were mutilated, spoiled, or not voted ballots, (iv) 15,379 votes on the question pertaining to public buildings of which 9,573 were in favor of and 5,806 were against the issuance of said bonds, and 0 were mutilated, spoiled, or not voted ballots; (v) 15,415 votes on the question pertaining to the stormwater system, of which 11,536 were in favor of and 3,879 were against the issuance of said bonds, and 0 were mutilated, spoiled, or not voted ballots; and (vi) 15,396 votes on the question pertaining to drainage improvements to property not owned exclusively by said City, of which 11,198 were in favor of and 4,198 were against the issuance of said bonds, and 0 were mutilated, spoiled, or not voted ballots; and

WHEREAS, a lawful majority of the registered, qualified voters voting on the Propositions cast their ballots in favor of the issuance of said bonds, the issuance thereof has been duly authorized;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF BROKEN ARROW, OKLAHOMA:

SECTION 1. That there is hereby ordered and directed to be issued the bonds of said City in accordance with the form as hereinafter set out, in the aggregate amount of One Million Dollars (\$1,000,000), which bonds shall be designated "General Obligation Bonds Series 2018D", shall be dated December 1, 2018, and shall become due and payable and bear interest per annum from their date until paid as follows:

\$250,000 due December 1, 2020 @ ____%	\$250,000 due December 1, 2022 @ ____%
\$250,000 due December 1, 2021 @ ____%	\$250,000 due December 1, 2023 @ ____%

Interest shall be payable semi-annually on the 1st day of June and December of each year, beginning June 1, 2020, both principal and interest being payable in lawful money of the United States of America at BOKF, NA, Tulsa, Oklahoma.

The Bonds shall not be subject to redemption prior to maturity.

SECTION 2. Each of said bonds and the endorsements and certificates thereon shall be in substantially the following form:

UNITED STATES OF AMERICA  
STATE OF OKLAHOMA

CITY OF BROKEN ARROW, OKLAHOMA,  
GENERAL OBLIGATION BOND, SERIES 2018D

NUMBER  
R- \_\_\_\_\_

DOLLAR  
\$ \_\_\_\_\_

INTEREST RATE

MATURITY DATE

DATED DATE  
December 1, 2018

CUSIP

KNOW ALL MEN BY THESE PRESENTS: That the City of Broken Arrow, Oklahoma (the "City"), a body corporate, hereby acknowledges itself indebted to and for value received promises to pay the principal amount set forth above to the person named below:

or registered assigns (hereinafter called the "Registered Holder"), for the bond number(s) set forth above, together with interest at the rate specified hereon, from the date hereof until paid, payable semi-annually on the 1st day of June and December, respectively, in each year beginning June 1, 2020.

The Bonds are not subject to redemption prior to maturity.

The principal of and interest on this Bond is payable in lawful money of the United States of America which, at the time of payment, shall be legal tender for the payment of public and private debts. Payments of interest hereon shall be paid by check of BOKF, NA, Tulsa, Oklahoma, (herein called the "Paying Agent/Registrar") payable to the order of the Registered Holder and mailed to the address shown in the Registration Record on or before the date on which each such payment is due. Payment of principal of this Bond shall be payable only upon surrender of this Bond to the Paying Agent/Registrar.

THE FULL FAITH, CREDIT AND RESOURCES of said City are hereby irrevocably pledged to the payment of this Bond.

THIS BOND is one of an issue of like date and tenor (except as to date of maturity and rate of interest) aggregating the principal sum of One Million Dollars (\$1,000,000) and was authorized by an election held on the 28th day of August, 2018, at which election a majority of the registered, qualified voters approved the question of incurring indebtedness under Sections 26 and 27 Article X of the Constitution and laws of the State complementary, supplementary and enacted pursuant thereto. The Bonds have been issued for the purpose of drainage improvements to property to be owned exclusively or in part by the City.

The proceeds of the Bonds have been placed in a separate special fund to be used only for the purposes for which the issuance of the Bonds was authorized.



No person shall be entitled to any right or benefit provided in this Bond unless the name of such person is registered by the Paying Agent/Registrar on the Registration Record. This Bond shall be transferable only upon delivery of this Bond to the Paying Agent/Registrar, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar, duly executed by the Registered Holder hereof or his attorney duly authorized in writing, and such transfer registered on the Registration Record. The Paying Agent/Registrar shall not be required to make such transfer after the fifteenth (15th) day of the month preceding any interest payment date until after said latter date. The name of the Registered Holder endorsed hereon shall be deemed the correct name of the owner of this Bond for all purposes whatsoever. The Paying Agent/Registrar will keep the Registration Record open for registration of ownership of Bonds during its normal business hours. In the event of a change in the Paying Agent/Registrar for any reason, notice thereof shall be mailed, by registered or certified United States Mail, postage prepaid, to the Registered Holder at the address shown on the Registration Record, and such notice shall be effective on the date of mailing and sufficient as to all persons.

The Registered Holder of this Bond, upon request in writing, and surrender of this Bond to the Paying Agent/Registrar prior to payment of the entire amount of principal hereof, shall be entitled to be issued, in exchange for this Bond, Bonds in aggregate principal amount equal to the unpaid principal of this Bond in registered Bonds identical herewith except as to respective denominations, in denominations of \$1,000 or multiples thereof.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required to be done precedent to and in the issuance of this bond have been properly done, happened and been performed in regular and due form and time as required by law, and that the total indebtedness of said City, including this bond and the series of which it forms a part, does not exceed any constitutional or statutory limitation; and that due provision has been made for the collection of an annual tax sufficient to pay the interest on this bond as it falls due and also to constitute a sinking fund for the payment of the principal hereof at maturity.

IN WITNESS WHEREOF, the City of Broken Arrow, Oklahoma, has caused this bond to be executed by the facsimile signature of its Mayor, attested by facsimile signature of its Clerk, and the facsimile seal of said City to be facsimile thereon, all as of the 1st day of December, 2018.

(SEAL)  
ATTEST:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor

\*\*\*

AUTHENTICATION CERTIFICATE

This Bond is one of the General Obligation Bonds, Series 2018D of the City of Broken Arrow, Oklahoma.

Date of Registration and Authentication: \_\_\_\_\_.

BOKF, NA, Tulsa, Oklahoma,  
as Paying Agent/ Registrar

\_\_\_\_\_  
Authorized Officer

STATE OF OKLAHOMA    )  
                                  )  
COUNTIES OF TULSA    ) SS  
                                  WAGONER )

We, the undersigned, District Attorneys and County Clerks, respectively, of said Counties in said State, in which the within named City is situated, hereby certify that the within bond is one of a series of bonds issued by said City pursuant to law, and that the entire issue of said bonds is within the debt limit imposed upon said City by the Constitution and laws of the State of Oklahoma.

WITNESS our respective hands and the seals of said Counties this 1st day of December, 2018.

\_\_\_\_\_  
County Clerk, Tulsa County,  
Oklahoma

(SEAL)

\_\_\_\_\_  
District Attorney, District #14

\_\_\_\_\_  
County Clerk, Wagoner County,  
Oklahoma

(SEAL)

\_\_\_\_\_  
District Attorney, District #27

STATE OF OKLAHOMA    )  
                                  )SS  
COUNTY OF TULSA        )

I, the undersigned, the duly qualified and acting Finance Director/Treasurer of the within named City, in said County and State, hereby certify that I have duly registered the within bond in my office on this 1st day of December, 2018.

WITNESS my hand the date above written.

\_\_\_\_\_  
Finance Director/Treasurer, City of Broken Arrow,  
Oklahoma

STATE OF OKLAHOMA  
OFFICE OF THE ATTORNEY GENERAL  
BOND DEPARTMENT

\_\_\_\_\_, 2018

I HEREBY CERTIFY that I have examined a certified copy of the record of proceedings taken preliminary to and in the issuance of the within Bond; that such proceedings and such Bond show lawful authority for the issue and are in accordance with the forms and method of procedure prescribed and provided by me for the issuance of bonds of like kind; and that said bond is a valid and binding obligation according to its tenor and terms.

\_\_\_\_\_  
Attorney General, Ex-Officio Bond Commissioner of  
the State of Oklahoma

SECTION 3. That each of said bonds shall be executed by the Mayor by facsimile signature, attested by facsimile signature of the City Clerk and have the corporate seal of the City imprinted thereon by facsimile; that said officers be and are hereby authorized and directed to cause said bonds to be prepared and to execute the same for and on behalf of said City, cause the same to be registered by the Finance Director/Treasurer of the City, endorsed by the District Attorneys and County Clerks of Tulsa County and Wagoner County, Oklahoma, respectively, and presented to the Attorney General, Ex-Officio Bond Commissioner, together with a certified transcript of proceedings had in connection with the issue, for approval and endorsement; that thereafter said bonds shall be delivered to the purchasers upon payment of the purchase price thereof, which shall not be less than par, plus accrued interest.

The proceeds derived from the sale of said bonds shall be placed in a special fund and used solely for the purpose for which said bonds were authorized and issued and for the payment of costs of issuance.

SECTION 4. Whenever any registered Bond or Bonds shall be exchanged for another registered Bond or Bonds of different denomination, the Registrar shall cancel the Bond or Bonds surrendered in such exchange on the face thereof and on the Registration Record. If the supply of registered Bonds for making exchanges shall have been exhausted, the Registrar shall cause additional registered Bonds to be prepared, at the expense of the City. The City covenants that upon request of the Registrar, its appropriate officers promptly will execute such additional registered Bonds on behalf of the City.

SECTION 5. The Paying Agent/Registrar for all registered Bonds issued pursuant to this ordinance shall be BOKF, NA, Tulsa, Oklahoma, which shall maintain a Registration Record for the purpose of registering the name and address of the Registered Holder of each registered Bond. The Registrar will keep the Registration Record open for registrations during its normal business hours. In the event of a change of Registrar, notice thereof shall be mailed, registered or certified United States Mail, postage prepaid, to the Registered Holder of each registered Bond. The name and address of the Registered Holder as the same shall appear on the Registered Record shall be conclusive evidence to all persons and for all purposes whatsoever and no person other than the Registered Holder shown on the Registration Record shall be entitled to any right or benefit in relation to the Bond so registered; provided, that the foregoing shall not apply to any successor by operation of law of such Registered Holder. Registered Bonds shall be transferable only upon delivery of such Bonds to the Registrar, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Registrar, executed by the Registered Holder thereof or his attorney duly authorized in writing, and such transfer registered on the Registration Record. If the Form of Assignment on such Bonds is exhausted, such Registered Bonds delivered to the Registrar for registration of transfer shall be cancelled by the Registrar on the face thereof and the Registrar shall authenticate and deliver to the transferee Bonds in aggregate principal amount equal to the unpaid principal of the surrendered Bonds in new registered Bonds, in denominations of \$1,000 or multiples thereof. The Registrar shall not be required to make such transfer after the fifteenth (15th) day preceding any interest payment date until after said latter date.

SECTION 6. That beginning with year 2019, if necessary, a continuing annual tax sufficient to pay the interest on said bonds when due and for the purpose of providing a sinking fund with which

to pay the principal of said bonds when due shall be and is hereby ordered levied upon all taxable property in said City, in addition to all other taxes, said sinking fund to be designated "City of Broken Arrow, Oklahoma, General Obligation Bonds, Series 2018D Sinking Fund". If necessary, said tax shall be and is hereby ordered certified, levied and extended upon the tax rolls and collected by the same officers, in the same manner and at the same time as the taxes for general purposes in each of said years are certified, levied, extended and collected; that all funds derived from said tax shall be placed in said sinking fund, which, together with all interest collected on same, shall be irrevocably pledged to the payment of the interest on and principal of said bonds when and as the same fall due.

SECTION 7. The form of Continuing Disclosure Agreement with respect to the Bonds attached hereto as Exhibit A is hereby approved and the Mayor or, in the event of his absence or incapacity, the Vice-Mayor is hereby authorized to approve such additions, deletions or amendments thereto as such officer shall deem appropriate and to execute and deliver such document, together with all other and further documents, instruments and certificates pertaining to the issuance of the Bonds, for and on behalf of the City.

SECTION 8. It is deemed and hereby declared necessary for the preservation of the public health, peace and safety that said bonds be issued without delay, and to such end this Ordinance shall become operative immediately; wherefore, an emergency is hereby declared to exist and this Ordinance shall be in full force and effect immediately from and after its adoption and approval.

ADOPTED AND APPROVED this 13th day of November, 2018.

\_\_\_\_\_  
Mayor

(SEAL)

ATTEST:

\_\_\_\_\_  
City Clerk

STATE OF OKLAHOMA     )

COUNTY OF TULSA                    ) SS  
  )

I, the undersigned, the duly qualified and acting Clerk of the City of Broken Arrow, Oklahoma, hereby certify that the foregoing is a true and complete copy of an Ordinance authorizing the issuance of Bonds for the purpose therein set out duly adopted by the governing body of said City and Transcript of Proceedings of said governing body at a special meeting thereof duly held on the date therein set out, insofar as the same relates to the sale of Bonds therein described as the same appears of record in my office.

I further certify that attached hereto are true and complete copies of the notice given to the City Clerk at least forty-eight hours prior to the meeting at which said Ordinance was adopted; and of public notice posted at the entrance to City Hall located at 220 South First Street in said City at least twenty-four (24) hours prior to the meeting wherein said Ordinance was adopted, excluding Saturdays, Sundays and State designated legal holidays.

WITNESS my hand and seal this 13th day of November, 2018.

(SEAL)

\_\_\_\_\_  
City Clerk