

**FINANCIAL ADVISOR SERVICES AGREEMENT
(Supersedes Any Previous Agreements and Addendum)**

**THE CITY OF BROKEN ARROW, OKLAHOMA
GENERAL OBLIGATION BONDS**

THIS AGREEMENT is entered into as of October 18, 2016, by and among MUNICIPAL FINANCE SERVICES, INC. ("MFSOK") and THE CITY OF BROKEN ARROW, OKLAHOMA (the "Issuer").

RECITALS

WHEREAS, the Issuer desires to engage MFSOK as financial advisor in connection with the issuance of general obligation bonds for the purpose of financing certain drainage improvements, public safety improvements, street improvements and park and recreational facility improvements within the City, approved by the voters at an election held on August 26, 2014 and paying certain costs associated with the issuance of the Bonds, (collectively, the "Project"); and

WHEREAS, to finance all or a portion of the costs of the Project, the Issuer intends or cause to be issued its General Obligation Bonds from time-to-time and in such dollar amounts as is deemed appropriate to fund the Project; and

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

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

AGREEMENTS

I. Scope of Services.

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

- A. Prepare a preliminary financial analysis pertaining to the proposed financing which provides certain economic and financial information on the City, anticipated debt service requirements on the bonds, projected savings resulting from the issuance of the bonds, and a time schedule outlining the various steps involved in the approval and issuance process.
- B. Financial Advisor will prepare all necessary documents to sell the bonds in a timely manner. Such services would include;
 - (i) Assist in the preparation of a Preliminary and Final Official Statement consistent with guidelines adopted by the Municipal Securities Rulemaking Board (MSRB); Securities and Exchange Commission (SEC) and the Government Finance Officers Association (GFOA). Such documents will be submitted in a timely manner to the City for review and approval prior to final printing and distribution;
 - (ii) Assist in the preparation of a Notice of Sale and Instructions to Bidders in advance of competitive sale of the bonds, providing information on the bidding procedures and the manner in which the bonds would be awarded to the successful bidder. Such document would be distributed to potential purchasers in a timely manner to ensure adequate review and consideration prior to the actual sale and date;
 - (iii) Obtain appropriate ratings and/or credit enhancement for the bonds, if deemed economically beneficial;
 - (iv) Advise the City as to the amount and timing of any obligations to take advantage of any rebate exceptions available to municipal issuers and the ability to issue “bank qualified” obligations, if any;
 - (v) Submit all necessary documents to City officials and Bond Counsel in a timely manner for review and comment prior to consideration by the City Council;
 - (vi) Review all documents related to the issuance of the Bonds to ensure conformity with the financing plan;
 - (vii) Prepare a written report after the sale containing a summary of the transaction, comparative sale data, an evaluation of market conditions and other pertinent data to enable the City to quantitatively assess the results of the sale;
 - (viii) Assist Bond Counsel in the preparation of the Transcript of Proceedings for submission to the Oklahoma Attorney General for review and approval;

- (ix) Coordinate the bond closing with the purchaser of the bonds, City officials and Bond Counsel to ensure timely receipt of the bond proceeds;
- C. Inform the City of any national or state legislation impacting tax-exempt or taxable financing by municipalities.
- D. Attend meetings of the City Council as needed to keep abreast of the economic and administrative climate of the City.
- E. Remain fully accessible to any information requests or other related needs of the City Council and staff.

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

MFSOK's services are limited to those specifically set forth herein. MFSOK's services do not extend past the date of issuance of the Bonds and will not, for example, include services related to rebate compliance or continuing disclosure filings or otherwise related to the Bonds, Bonds proceeds or the Project after issuance of the Bonds.

II. Compensation and Reimbursements

- A. Compensation for Financial Advisor Services. For services as financial advisor to the Issuer, MFSOK shall be paid at the time of issuance a fixed fee of \$30,000 per series of bonds issued.
- B. Expenses. MFSOK shall also be paid a fixed amount of \$2,000.00 to cover expenses incurred as part of the transaction, provided that any filing, publication, recording or printing costs or similar third party costs such as rating or credit enhancement fees, Attorney General Bond Examination fees, registrar-paying agent fees, bond counsel fees and the cost of holding an election or other costs related thereto, are additional costs that shall be paid directly by the City.
- C. Payment and Contingency. Fees and expenses shall be payable by Issuer at the time of issuance of the Bonds. Payment for all fees and expenses hereunder shall be made at closing from proceeds of the Bonds or from other available funds of the Issuer and shall be contingent upon issuance of the Bonds, except for publication costs associated with the election.

III. Term, Termination and Successors

- A. Term of Agreement. Unless otherwise terminated as provided herein, this Agreement shall be in force and effect for a period of one year from its date of execution, but shall automatically be extended for subsequent years, if necessary, unless terminated as provided herein.
- B. Termination of Agreement and Services. This Agreement and all financial advisor services to be rendered hereunder may be terminated at any time by written notice from either party, with or without cause. In that event, all finished and unfinished documents prepared for the Issuer, shall, at the option of Issuer, become its property and shall be delivered to it or any party it may designate, provided that MFSOK shall have no liability whatsoever for any subsequent use of such documents.
- C. Successors and Assigns. MFSOK may not assign its obligations under this Agreement without the written consent of Issuer except to a successor partnership or corporation to which all or substantially all of the assets and operations of MFSOK are transferred. Issuer may assign its rights and obligations under this Agreement to (but only to) any other public entity that issues the Bonds (if not the Issuer). Issuer shall not otherwise assign its rights and obligations under this Agreement without written consent of MFSOK. All references to MFSOK and Issuer in this Agreement shall be deemed to refer to any successor of MFSOK and to any such assignee of Issuer and shall bind and inure to the benefit of such successor and assignee whether so expressed or not.

IV. Municipal Advisor Registration and Acknowledgement

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

V. Conflict of Interest Statement

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

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

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

VI. Legal Events and Disciplinary History

MFSOK does not have any legal events and disciplinary history on its Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Issuer may electronically access MFSOK's most recent Form MA and each most recent Form MA-I filed with the Commission at the following website:

www.sec.gov/edgar/searchedgar/companysearch.html.

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

VII. Fiduciary Duty

MFSOK is registered as a Municipal Advisor with the SEC and Municipal Securities Rulemaking Board ("MSRB"). As such, MFSOK has a Fiduciary duty to the Issuer and must provide both a Duty of Care and a Duty of Loyalty that entails the following.

Duty of Care:

- A. exercise due care in performing its municipal advisory activities;
- B. possess the degree of knowledge and expertise needed to provide the Issuer with informed advice;
- C. make a reasonable inquiry as to the facts that are relevant to the Issuer's determination as to whether to proceed with a course of action or that form the basis for any advice provided to the Issuer; and
- D. undertake a reasonable investigation to determine that MFSOK is not forming any recommendation on materially inaccurate or incomplete information; MFSOK must have a reasonable basis for:
 - a. any advice provided to or on behalf of the Issuer;
 - b. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the Issuer, any other party involved in the municipal securities transaction or municipal financial product, or investors in the Issuer securities; and

- c. any information provided to the Issuer or other parties involved in the municipal securities transaction in connection with the preparation of an official statement.

Duty of Loyalty:

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

VIII. Recommendations

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

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

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

IX. Record Retention

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

X. Notices

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

MFSOK:

Municipal Finance Services, Inc.
Attn: Rick A. Smith
3933 E. Covell Road
Edmond, OK 73034

ISSUER:

City of Broken Arrow
Attn: Thomas Caldwell, Finance Director
P.O. Box 610
Broken Arrow, OK 74013-0610

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Acceptance

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

Issuer and MFSOK have executed this Agreement by the duly authorized representatives as of the date provided hereof and such Agreement was approved at a meeting duly called and held in full compliance with the Oklahoma Open Meeting Act.

MUNICIPAL FINANCE SERVICES, INC.

By: _____
Rick A. Smith, Vice President

CITY OF BROKEN ARROW, OKLAHOMA

By: _____
Title: Mayor
Date: October 18, 2016