

Writer's direct contact:

Phone: 212-820-9512

Direct Facsimile: 212-344-6258

e-mail address: kroberts@hawkins.com

October __, 2017

Beth Anne Childs
City Attorney
The City of Broken Arrow
220 South First Street
Broken Arrow, Oklahoma 74012

Dear Ms. Childs:

Thank you for selecting Hawkins Delafield & Wood LLP (the "firm") to represent The City of Broken Arrow (the "City") as special counsel in connection with certain federal securities law matters relating to the City's disclosure practices in connection with its issuance and administration of general obligation bonds issued by the City ("Disclosure Matters" and the "City Bonds"). This letter will confirm our discussions with you regarding the initial scope of this engagement and the basis on which our firm will provide legal services to the City. Accordingly, we submit for your approval the following provisions governing our engagement. If you are in agreement, please sign the enclosed copy of this letter in the space provided below. I will, of course, be happy to answer any questions that you may have concerning these provisions, or to discuss modifications that you may wish to suggest.

1. *Client; Limited Scope of Representation.* Our client with respect to the Disclosure Matters will be the City. We will be engaged hereunder to advise the City solely in connection with such legal issues arising in connection with the Disclosure Matters as the City may from time to time request. It is expressly agreed that the City shall not request, and that the firm shall not provide, financial advice regarding either the structuring or the marketing of any security. It is hereby expressly agreed that the scope of our representation hereunder will not include advice upon the City's general legal matters, including, without limitation, the City's compliance with federal, state or local requirements that may be applicable to the issuance and administration of City Bonds, or to the application of proceeds of City Bonds, but that do not directly apply to the Disclosure Matters, and its compliance with other federal, state or local requirements that may be applicable to the City.

We understand that, as the City Attorney, Beth Anne Childs, Esq. is the City's principal legal advisor. Unless otherwise expressly requested by the City, we will assume that the City Attorney will advise the City upon its general legal matters, including the matters referred to in the preceding paragraph.

We further understand that the City currently retains, in connection with City Bonds: (i) the Kiser Law Firm, as its bond counsel; (ii) Municipal Finance Services, Inc., as its municipal advisor; and (iii) Digital Assurance Certification, LLC (“DAC”), as its continuing disclosure dissemination agent. We further understand that the City may have previously utilized various other firms in these capacities in connection with certain currently outstanding City Bonds. Unless otherwise expressly advised by the City, we shall be entitled to rely upon copies of the record of proceedings and other official records of the City in connection with City Bonds, upon other certificates and representations of City officials, the City’s municipal advisor and the City’s dissemination agent and upon the opinions of the City Attorney, the City’s bond counsel and other counsel to the City without undertaking an independent review of the factual basis for such opinions and representations or of the legal correctness of such opinions.

Our initial engagement with respect to the Disclosure Matters will include performance of the following services on behalf of the City:

- a. review of Continuing Disclosure Agreements related to outstanding City Bonds;
- b. review of compliance reports prepared by the City and DAC regarding the continuing disclosure filings of the City, of its subsequent Preliminary Official Statements and filings made by the City with the Electronic Municipal Market Access (“EMMA”) system maintained by the Municipal Securities Rulemaking Board;
- c. review of the City’s most recent certified audited financial statements, of its most recent Annual Report and of the information presented on the “General Obligation Bond information and history” page of its website;
- d. review , no less frequently than annually, of documentation of the City’s existing procedures for the preparation and dissemination of primary and secondary market disclosure and suggestions with respect to potential modification of such procedures;
- e. review of and comment on the continuing disclosure language included in the City’s most recent final Official Statement;
- f. review of the format of and matters addressed in the City’s most recent final Official Statement, including the appendices, and suggestions with respect to such revisions, additions, or deletions for the City’s consideration as we think are necessary or appropriate, subject to the understandings that we shall not thereby undertake responsibility for the preparation or distribution of the Official Statement, which will remain the City’s document, that the City and its bond counsel and municipal advisor shall remain responsible for the factual accuracy and completeness of its content and that we shall not be referenced therein;
- g. respond to any questions that the City may have outside the context of a bond offering, including questions relating to any events listed in the City’s Continuing Disclosure Agreements and, if the City determines that a disclosure filing is necessary or appropriate, review and consult with the City regarding the content of any such filing (on the understanding that DAC will make the agreed-upon filing with EMMA);
- h. review the annual financial information filings prepared by the City pursuant to its Continuing Disclosure Agreements, comprised of: (i) the City’s audited financial statements for the most recently ended fiscal year; and (ii) annual updates to certain

quantitative operating and financial information from the applicable City final Official Statement; and

- i. advise the City as to amendments to federal Securities and Exchange Commission Rules affecting the Disclosure Matters.

It is expressly understood that our initial engagement does not extend to the independent verification of information received from the City, or from its agents and advisors, against source documentation, regardless of whether such source documentation is cited and regardless of whether it is publicly available or available from the City's records, or to the delivery of any legal opinion or "negative assurance" letter with respect to the factual accuracy or the adequacy of the disclosure statements included in the Preliminary Official Statement, in the final Official Statement or in any other disclosure statement or marketing materials circulated or published by the City with respect to any series of City Bonds. It is further understood, with respect to continuing disclosure filings, that we will have no responsibility for advising or reminding the City of any applicable filing deadlines, that the City will be responsible for submitting to the firm whatever draft filings it determines it wants the firm to review and that such review will be limited to verifying that the categories of information submitted satisfy the applicable Continuing Disclosure Agreements. Of course, the City may limit or expand the scope of our representation from time to time; provided, that any such expansion is agreed to by each of us and memorialized in a supplement hereto.

2. *Term of Engagement.* Either the City or the firm may terminate this engagement at any time for any reason by written notice, subject on our part to applicable rules of professional conduct. In the event that we terminate the engagement, we will take such steps as are reasonably practicable to protect the City's interests in matters within the scope of this engagement and, if the City so requests, will suggest possible successor counsel. In the event of termination of this engagement for any reason, the firm will be paid for services satisfactorily rendered by the firm up to the date of termination, and for any post-termination services requested by the City in connection with the termination.

3. *Conclusion of Representation; Retention and Disposition of Documents.* Following any termination of this engagement, any otherwise non-public information that the City has supplied to us that is retained by us will be kept confidential in accordance with applicable rules of professional conduct. At the City's request, its papers and property will be returned to it or delivered to successor counsel, as the City may direct, promptly upon receipt of payment of outstanding fees and costs, including any costs of copying and delivering any such papers or of delivering any such property. Our own files pertaining to this engagement will be retained by the firm. These firm files include, for example, firm administrative records, time and expense reports, personnel and staffing materials, and credit and accounting records, as well as internal lawyer's work product such as drafts, notes, internal memoranda, and legal and factual research, including investigative reports, prepared by or for the internal use of lawyers. All such documents retained by the firm will be transferred to the person responsible for administering our records retention program. For various reasons, including the minimization of unnecessary storage expenses, we reserve the right to destroy or otherwise dispose of any such documents or other materials retained by us within a reasonable time after the termination of this engagement.

4. *Post Engagement Matters.* After completion of this engagement, changes may occur in applicable laws or regulations, or in judicial interpretations thereof, that could have an impact upon issues as to which we have advised the City during the course of this engagement. It is hereby expressly agreed that the firm has no continuing obligation to advise you with respect to any such subsequent legal developments unless you subsequently engage us, after completion of any specific assignment hereunder, to provide additional advice on legal issues bearing upon such assignment.

5. *Fees and Expenses.* Our compensation for the work performed within the scope of our representation hereunder will be determined on the basis of our generally applicable hourly rates for individual attorneys and other staff, as those rates may be adjusted from time to time. The current hourly billing rates for the attorneys whom we expect to be most active on this engagement are as follows: Daniel G. Birmingham \$625; Brian Garziona \$600; Kenneth B. Roberts \$725; and John M. McNally \$900. Our current billing rates for other firm attorneys generally range from \$250 to \$600 per hour for associates and from \$575 to \$900 per hour for partners and counsel.

In addition, we will charge for disbursements in connection with other ancillary services provided. Examples include charges for couriers, computerized research services, word processing, proofreading, the use of our facsimile and photocopy machines, staff overtime, travel, conferences and closings, duplicating, binding and assembling documents, and similar items. While our charges for these services are measured by use, they do not, in all instances, reflect our actual out-of-pocket costs. For many of these items, the true cost to provide the service is difficult to establish. While we constantly strive to maintain these charges at rates which are lower than those maintained by others in our markets, in some instances, the amounts charged exceed the actual costs to the firm. We would be happy to supply detailed information concerning categories of disbursement charges for which firm policies exist, if desired. If you would prefer, in some situations we can arrange for these ancillary services to be provided by third-parties with direct billing to you. Fees and disbursements of other professionals (such as consultants, appraisers and counsel) generally will not be paid by us, but will be billed directly to you.

We will generally submit monthly statements for work performed and disbursements posted our accounting system during the period since the prior such statement when the total amount of such unbilled charges exceeds \$5,000. Our failure to submit a statement to the City at any particular time shall not be deemed a waiver by the firm of the right to submit a statement on a later date within a reasonable period that includes fees and charges attributable to the period up to that time. Payment of our monthly statements will be due promptly upon receipt. If any statement remains unpaid for more than 60 days, we may suspend work on City matters until arrangements satisfactory to us have been made for payment of outstanding statements and the payment of future fees and expenses.

In view of the nature of this engagement, the aggregate amount of associated fees and costs is not subject to precise statement in advance. Accordingly, we have made no commitment to the City concerning the maximum fees and costs that will be necessary to complete the work requested by you during the course of this engagement. It is also expressly agreed that payment of the firm's fees and disbursements is in no way contingent upon the City's determination to proceed with, or upon the completion of, implementation of any Disclosure Matter, except as may hereafter be expressly agreed with respect to a specific Disclosure Matter. In addition to, and not in limitation of, any other rights, the City may have a right to arbitrate fee disputes under applicable law, including Part 137 of Title 22 of the Codes, Rules and Regulations of the State of New York, to the extent applicable.

6. *Client Responsibilities.* The City agrees to cooperate fully with us and to provide promptly all information known or available to the City relevant to our representation. The City also agrees to pay our statements for services and expenses in accordance with paragraph 5 above.

7. *Conflicts.* As we have discussed, you are aware that the firm represents, or has represented, numerous issuers and broker-dealers, as well as fiduciaries and credit and liquidity providers, in connection with the issuance and administration of municipal bonds, and in connection with certain related matters. The firm does not believe its past or current representation of any such entity currently constitutes a conflict of interest with respect to our representation of the City hereunder. If at any time it

becomes apparent that a conflict of interest does result as to any such entity or otherwise, the firm will attempt to satisfy the conflict in accordance with its professional responsibilities. It is possible that some of our present or future clients may become involved with disputes or transactions, in which the City is involved during the time that we are representing the City. As in any potential conflict of interest situation, the City should consider whether the facts outlined above could or might affect the vigor with which our firm represents the City because of considerations relating to the firm's past, present or future relationships with other clients. The City should also consider whether our representation of clients whose interests may be adverse to those of the City might place the firm in a position to use the City's confidences or secrets against it. Although we do not believe that the likelihood of harm to the City is material in light of the limitations that we have outlined above, these are necessarily issues that the City must review for itself.

The City hereby consents to our continuing to represent all existing firm clients, and to represent new clients, in any matter, including any bond issuance matter that is not substantially and directly related to our work on Disclosure Matters for the City, while acting on behalf of the City hereunder. The City acknowledges and agrees that it has not relied upon the statements contained herein or upon any other representations or statements of any kind that were made by the firm in deciding to give its consent. Instead, the City represents that it has consulted with its City Attorney in connection with its decision to give this consent and that it has exclusively relied upon such consultations. The City represents that those consultations have included conflict of interest considerations including, for example, such published academic discussions as:

“The lawyer might be tempted to sacrifice one client's interests in order to advance those of the other or to expose or use adversely one client's confidences to aid the other.

On the other hand, there are good reasons for clients to wish a lawyer to undertake a joint representation. . . Two or more clients may so trust or otherwise value the same lawyer that they are willing to overlook relatively minor differences in their positions.”
(Wolfram, Modern Legal Ethics, §7.3.1, p. 349 (West 1986)).

The City understands that by executing this consent, it is accepting the consequences and assuming the risks that could arise from, or are otherwise occasioned by, the firm's representation of such other clients.

8. *Attorney-Client Privilege.* In recent years, several courts have said that when a firm reviews its compliance with professional conduct rules or other law in the representation of a client, the firm may not be able to claim attorney-client privilege for its review unless the firm withdraws from representing the particular client before conducting the review or the client agrees that the firm can assert privilege for any such review. We believe it is in the interest of our clients that the firm has the protection of the privilege in connection with internal reviews of its work for them. The City agrees that any communications between our lawyers and staff working on the City's matters and the lawyers at the firm who may be reviewing that work for compliance with professional conduct rules or other law will be protected by the firm's own attorney-client privilege and that any such review will not constitute a conflict between our interests and those of the City.

9. *No Attorney-Client Relationship with Affiliates or Other Related Persons.* Subject to the next sentence, it is expressly agreed: (i) that our representation of the City in the matters described herein will not give rise to an attorney-client relationship between the firm and any current or future subsidiaries or other affiliated entities of the City; (ii) that the firm will not be given any confidential information during the course of its representation of the City regarding any such City

affiliate and that any information regarding any such City affiliate that the firm is given will be information that the City is authorized to give to the firm; and (iii) accordingly, that representation of the City will in no event establish an attorney-client relationship between the firm and any such City affiliate or give rise to any conflict of interest in the event that other clients of the firm have interests that are in any way adverse to those of any affiliated entity. It is further expressly agreed, however, that the immediately preceding sentence shall not apply to any affiliate that may be established for purpose of addressing an Disclosure Matter, to the extent that the scope of our representation is extended to include the direct representation of such an affiliate. It is also expressly agreed: (i) that our client for purposes of this representation is the City and not any of its individual elected or appointed officials, its employees, its agents or any other entities having any interest in the City; and (ii) accordingly, that this engagement will not establish an attorney-client relationship between the firm and any such individual or entity.

10. *Fully Integrated Agreement; Merger; No Oral Amendments or Modifications.*
This agreement is intended as a complete integration of the terms of this engagement and, as such, all prior understandings, representations, warranties, and agreements are fully and completely merged herein.

Once again, we are pleased to have this opportunity to work with the City and with you personally. I trust that you will not hesitate to call me at any time if you have any questions or other concerns during the course of this engagement.

Very truly yours,

Kenneth B. Roberts

Agreed and Accepted:

The City of Broken Arrow

By: _____
Name: _____
Title: _____
Date: _____

cc:

KBR/jy