



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

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*February 27, 2019*

## **FINANCIAL ADVISOR SERVICES AGREEMENT**

### **BROKEN ARROW ECONOMIC DEVELOPMENT AUTHORITY TAX INCREMENT REVENUE NOTE**

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

#### RECITALS

WHEREAS, the Authority desires to engage MFSOK as Financial Advisor ("Advisor") in connection with financing the costs associated with refunding the Authority's Promissory Note to Bank of Oklahoma, N.A. dated November 15, 2010; and

WHEREAS, the aforementioned may hereafter be referred to collectively as the "Project"; and

WHEREAS, to finance all or a portion of the costs of the Project, the Authority intends to issue or cause to be issued its Tax Increment Revenue Note, Series 2019 (the "Note"); and

WHEREAS, MFSOK has demonstrated the necessary professional capabilities, experience, and resources to provide Financial Advisory services required by the Authority as outlined herein; and

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

## AGREEMENTS

***I.     Scope of Services.***     MFSOK will render the following services as Financial Advisor to the Authority:

- A. Preparation of a preliminary financing plan identifying a tentative time schedule, proposed project costs, required revenue sources and security features and estimated debt service requirements; and
- B. Review the Authority's existing obligations and covenants to ensure the proposed financing conforms with any existing revenue pledges and agreements securing such obligations; and
- C. Negotiate with banks and prepare information for submission to interested banks; and
- D. Represent the Authority in discussions/meetings with potential creditors about the Note; and
- E. Review any financing proposals received and prepare a report for the Authority with recommendations for awarding the Note; and
- F. Upon award of the Note, review documents related to the Note; and
- G. Coordinate closing with other parties.

MFSOK may rely on opinions and advice from legal representatives of the Authority and will not be held responsible for any legal advice, directly or indirectly, rendered by the legal representatives involved in the transaction.

Neither MFSOK or its Representatives are licensed to engage in the practice of law and, consequently, will offer no legal advice. None of the fee for services under this agreement relates to legal services. If such legal services are necessary, it shall be the responsibility of the Authority to obtain them.

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

If the Issuer decides to pursue and execute a municipal securities transaction, and not a loan transaction, this contract will be terminated in writing, and a separate municipal securities contract will be executed.

***II.     Compensation and Reimbursements***

- A. Compensation for Financial Advisor Services. For services as Financial Advisor to the Authority, MFSOK shall be paid at the time of issuance a fixed fee of \$70,000.
- B. Expenses. MSFOK shall also be paid a fixed amount of \$2,000.00 to cover expenses incurred as part of the transaction, provided that any filing, publication, recording or

printing costs or similar third-party costs required in connection with the Note shall be paid directly by the Authority.

- C. Payment and Contingency. Advisory fees and expenses shall be payable by Authority at the time of issuance of the Note. Payment for all fees and expenses hereunder shall be made at closing from proceeds of the Note or from other available funds of the Authority and shall be contingent upon issuance of the Note.

### **III. Term and Termination**

- A. Term of Agreement. Unless terminated as provided herein, the term of this Agreement shall be through the earlier of (i) the closing date of the transaction or (ii) June 30, 2019. Should the transaction not be completed by June 30, 2019, this Agreement shall be automatically extended for a period of twelve (12) months through June 30, 2020.
- B. Termination of Agreement and Services. This Agreement and all Financial Advisor services to be rendered hereunder may be terminated at any time by written notice from either party, with or without cause. In that event, all finished and unfinished documents prepared for the Authority, shall, at the option of Authority, become its property and shall be delivered to it or any party it may designate, provided that MFSOK shall have no liability whatsoever for any subsequent use of such documents.

### **IV. Successors and Assigns**

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

### **V. Investment Advisor Registration and Acknowledgement**

MFSOK is currently registered as an Investment Advisor with the Oklahoma Department of Securities, a Municipal Advisor with the Securities and Exchange Commission and Municipal Securities Rule Making Board ("MSRB"). Pursuant to Securities and Exchange Commission ("SEC") 17 CFR § 275.204-3 and the Oklahoma Department of Securities 660:11-7-43, Investment Advisors are required to provide certain written information to their advisory clients which include the following:

Authority acknowledges receipt of Part 2 of Form ADV, a disclosure statement containing the equivalent information, or a disclosure statement containing at least the information required by Part 2A Appendix 1 of Form ADV. If the appropriate disclosure statement was not delivered to the client at least 48 hours prior to the client entering into any written advisory contract with this investment advisor, then the client has the right to terminate the contract without penalty within five business days after entering into the contract. For the purposes of this provision, a contract is considered entered into when all parties to the agreement have signed the agreement, otherwise signified their acceptance, any other provisions of this agreement notwithstanding. Authority further acknowledges and written consents to

electronic delivery of the Part 2A of Form ADV (Firm Brochure) and related 2B supplemental disclosure documents. Authority can elect to receive documents electronically or upon agreement signing they may opt out of such delivery.

#### **VI. Conflict of Interest Statement**

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

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

MFSOK serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of another MFSOK client. For example, MFSOK serves as financial advisor to other advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to the "Authority". These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, MFSOK could potentially face a conflict of interest arising from these competing client interests. MFSOK fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with its clients.

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

#### **VII. Legal Events and Disciplinary History**

The Issuer may electronically access MFSOK's most recent Part 2A of Form ADV (Firm Brochure), 2B brochure supplement(s) Commission at the following website: <https://adviserinfo.sec.gov/>.

There has been no change to any legal or disciplinary event that has been disclosed on MFSOK's ADV filings since March 18, 2018.

#### **VIII. Fiduciary Duty**

MFSOK is registered as an Investment Advisor with the SEC and the Oklahoma Department of Securities. As such, MFSOK has a Fiduciary duty to the Authority and must provide both a Duty of Care and a Duty of Loyalty, spelled out in the MFSOK Code of Ethics, available on request, that entails the following.

Duty of Care:

- A. exercise due care in performing its Financial Advisory activities;

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

**Duty of Loyalty:**

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

**IX. Recommendations**

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

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

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

**X. Record Retention**

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

**Notices**

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

**MFSOK:**

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

**AUTHORITY:**

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

**Acceptance**

If there are any questions regarding the above, please do not hesitate to contact MFSOK. 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.

By signing this agreement, the Authority agrees to the provisions set forth in the agreement and understands their respective rights, duties and responsibilities. Furthermore, the Client acknowledges receipt of the Advisor's Privacy Policy, Part 2A of Form ADV (Firm Brochure), brochure supplement(s).

Authority and MFSOK have entered into this Agreement by the duly authorized representatives which was approved on March 5, 2019 at a meeting duly called and held in full compliance with the Oklahoma Open Meeting Act.

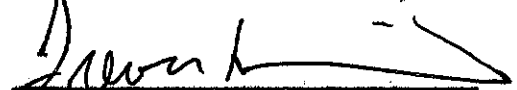
MUNICIPAL FINANCE SERVICES, INC.

By: \_\_\_\_\_  
Jon Wolff, Vice President

BROKEN ARROW ECONOMIC DEVELOPMENT  
AUTHORITY

By: \_\_\_\_\_  
Chairman

**APPROVED AS TO FORM:**



**ASSISTANT CITY ATTORNEY**