



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

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October 28, 2019

MUNICIPAL ADVISOR SERVICES AGREEMENT

THIS AGREEMENT is entered into by and among MUNICIPAL FINANCE SERVICES, INC. ("MFSOK") and BROKEN ARROW MUNICIPAL AUTHORITY (the "Client").

The Client desires to engage MFSOK as Municipal Advisor in connection with refunding the Client's Series 2009 Drinking Water SRF Promissory Note to Oklahoma Water Resources Board and Series 2011 Drinking Water SRF Promissory Note to Oklahoma Water Resources Board (the "Financing"), and agrees as follows:

I. Scope of Services.

MFSOK will render the following services as Municipal Advisor to the Client:

- A. Review recommendations made by other parties to the Client with respect to the Financing
- B. Evaluate options or alternatives with respect to the Financing
- C. Provide financial analysis to the Client to assist in understanding the costs and benefits of the proposed Financing.
- D. Review financial and other information regarding the Client, the proposed Financing and source of repayment of or security for the Financing
- E. Coordinate as appropriate with Client staff, legal representatives, government agencies, accountants, auditors, engineers, consultants, rating agencies, lenders, placement agents, trustees, paying agents, bond insurers and other credit enhancers, to facilitate the Financing.
- F. Represent the Client in negotiating terms and conditions of the Financing with potential lenders including but not limited to commercial banks, bond underwriters, and the Oklahoma Water Resource Board.
- G. Review financing proposal from potential lenders and make recommendations.
- H. Review documents related to the Financing.
- I. Coordinate closing of the Financing with Client and other parties.

MFSOK and the Client acknowledge that the Client shall be represented by appropriate legal counsel on the transaction under separate contract or contracts.

Neither MFSOK as Municipal Advisor nor its Municipal Advisor 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 Client 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 Financing. Examples of some of the services that are not included are assistance with Client's continuing disclosure obligations, if any; assistance with investment of proceeds of the Financing; and assistance with arbitrage rebate calculations.

II. Compensation and Reimbursements

- A. Compensation for Municipal Advisor Services. For services as Municipal Advisor to the Client, MFSOK shall be paid at the time of closing a fee calculated as follows:

\$25,000.00 plus

0.50% of amount over \$5,000,000 up to and including \$10,000,000, plus

0.25% of amount \$10,000,001 up to and including \$15,000,000, plus

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

- B. Expenses. MFSOK shall also be paid a fixed amount of \$2,000.00 per transaction 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 Financing shall be paid directly by the Client.

- C. Payment and Contingency. Payment for all fees and expenses hereunder shall be made at closing from proceeds of the Financing or from other available funds of the Client and shall be contingent upon closing of the Financing.

III. Term and Termination

- A. Term of Agreement. Unless terminated as provided herein, the term of this Agreement shall be the closing date of the Financing.

- B. Termination of Agreement and Services. This Agreement and all Municipal 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 Client, shall, at the option of Client, 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 Client except to a successor partnership or corporation to which all or substantially all of the assets and operations of MFSOK are transferred. Client may assign its rights and obligations under this Agreement to (but only to) any other public entity that incurs the loan. Client shall not otherwise assign its rights and obligations under this Agreement without written consent of MFSOK. All references to MFSOK and Client in this Agreement shall be deemed to refer to

any successor of MFSOK and to any such assignee of Client and shall bind and inure to the benefit of such successor and assignee whether so expressed or not.

V. Municipal Advisor Registration and Acknowledgement

Pursuant to Municipal Securities Rulemaking Board Rule (MSRB) G-10, on Investor and Municipal Advisory Client Education and Protection, Municipal Advisors are required to provide certain written information to their municipal advisory client and/or obligated person clients which include the following:

Municipal Finance Services, Inc. is currently registered as a Municipal Advisor with the U.S. Securities and Exchange Commission (SEC) and the MSRB. MFSOK is also registered as an Investment Advisor with the State of Oklahoma.

Within the MSRB website at www.msrb.org, the Client may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.

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 Client. 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 Client. The fee paid to MFSOK increases the cost of borrowing to the Client. The increased cost occurs from compensating MFSOK for municipal 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 municipal advisor to other advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to the Client. 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 Client a supplement written disclosure with sufficient details of the change, if any, which will allow the Client to evaluate the situation.

VII. Legal Events and Disciplinary History

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

The Client may electronically access MFSOK's most recent Form MA and each most recent Form MA-I filed with the Commission at the following website:

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

There has been no change to any legal or disciplinary event that has been disclosed on MFSOK's SEC registration for MA filings since December 18, 2017.

VIII. Fiduciary Duty

MFSOK is registered as a Municipal Advisor with the SEC and MSRB. As such, MFSOK has a Fiduciary duty to the Client 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 Client with informed advice;
- C. make a reasonable inquiry as to the facts that are relevant to the Client's determination as to whether to proceed with a course of action or that form the basis for any advice provided to the Client; 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 Client;
 - b. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the Client, any other party involved in the municipal securities transaction or municipal financial product, or investors in the Client's securities; and
 - c. any information provided to the Client 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 Client and act in the Client'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 Client about each material conflict of interest (as applicable). MFSOK will not engage in municipal advisory activities with the Client as a municipal entity, if it cannot manage or mitigate its conflicts in a manner that will permit it to act in the Client's best interests. As of the date of receipt of this attachment, MFSOK has performed a reasonable diligence to determine if there are any conflicts of interest that should be brought to the attention of the Client.

IX. Recommendations

If MFSOK makes a recommendation of a municipal securities transaction or municipal financial product or if the review of a recommendation of another party is requested in writing by the Client 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 Client. In addition, MFSOK will inform the Client 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 Client; and
- C. whether MFSOK has investigated or considered other reasonably feasible alternatives to the recommendation that might also or alternatively serve the Client's objectives.

If the Client 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 Client.

X. Record Retention

Pursuant to SEC, MSRB and the Oklahoma Department of Securities record retention regulations, Municipal Finance Services, Inc. will maintain in writing, all communication and created documents between Municipal Finance Services, Inc. and the Client for six (6) years.

XI. 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

CLIENT:

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

Acceptance

If there are any questions regarding the above, please do not hesitate to contact 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 Client acknowledges the provisions set forth in the agreement and understands its respective rights, duties, and responsibilities. Furthermore, the Scope of Services contained herein have been reviewed and are hereby approved. In addition, the Client acknowledges receipt of the Form ADV Part 2A Brochure and Part 2B Brochure Supplement.

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

MUNICIPAL FINANCE SERVICES, INC.

By: _____
Rick A. Smith

BROKEN ARROW MUNICIPAL AUTHORITY

By: _____
Chairman

APPROVED AS TO FORM:



Deputy City Attorney