

## **FINANCIAL ADVISORY AGREEMENT CITY OF JONESBORO, ARKANSAS**

THIS FINANCIAL ADVISORY AGREEMENT (the "Agreement") is made and entered into by and between the CITY OF JONESBORO, ARKANSAS, an Arkansas municipal corporation (the "City") and CREWS & ASSOCIATES, INC., an Arkansas corporation (the "FA") for a three (3) year term, beginning November 1, 2022 (the "Effective Date") and ending on that date thirty-six (36) months thereafter (the "Term").

WHEREAS, the City requires the services of a financial services firm to advise it with respect to financial matters of the City, and desires to obtain financial advisory services as herein described; and

WHEREAS, FA is willing to provide its professional services as financial advisor in connection with all programs of financing as may be requested, considered and authorized by the City.

NOW THEREFORE, in consideration of the mutual promises and obligations of the respective parties and intending to be legally bound, the parties agree as follows:

1. Engagement of FA. the City hereby engages the FA to perform all financial advisory services for the City as described in this Agreement on an exclusive basis for the Term of this Agreement.
2. Term and Renewal. This Agreement shall be for a term commencing on the Effective Date and ending on that date thirty-six (36) months thereafter. The Term shall be automatically extended for successive three (3) year terms unless either party gives the other party written notice of termination at least ninety (90) days prior to the end of the Term then ending.
3. Scope of General Financial Advisory Services Provided. During the Term and upon the City's request, the FA will provide any of the general financial advisory services in Exhibit A. The scope of services may be amended by mutual consent of the City and the FA.
4. Agreement to Provide Accurate Information. The City agrees to provide FA with timely, accurate, complete and material information and reasonable access to relevant documents, other information and personnel as shall be necessary in furtherance of the services provided by FA as set forth herein and in the attached exhibits.
5. Certain Disclosures Regarding Conflicts of Interest and Other Matters. FA has made certain disclosures to the City which are attached hereto and incorporated herein as Exhibit B. The City acknowledges that it has received those disclosures set forth in Exhibit B, that it has been given the opportunity to discuss such disclosures with FA, that it hereby waives any such conflicts set forth in Exhibit B, and hereby authorizes FA to provide services pursuant to this Agreement.

6. Required Disclosures. FA is required to provide the City with disclosures of material conflicts of interest and of information regarding certain legal events and disciplinary history. Such disclosures are provided in this Agreement and in the FA's response to the City's Request for Proposals for Financial Advisory Services, dated August 4, 2022.

7. Miscellaneous Provisions. This Agreement has been executed in and shall be construed under the laws of the State of Arkansas and shall be binding upon the parties and their respective successors and assigns. This Agreement is the entire agreement of the parties and may be modified only by a writing executed by both parties. If any provision of this Agreement is declared by a court of competent jurisdiction to be unenforceable, such determination shall not affect the remaining provisions which shall remain in full force and effect. The parties agree to be bound by their respective facsimile signatures on this Agreement. All notices required or permitted by this Agreement shall be given to the respective parties at the addresses set forth on the signature page of this Agreement. The Scope of General or Other Financial Advisory Services provided may be changed only by written amendment or supplement to this Agreement. The parties agree to amend or supplement this Agreement promptly to reflect any material changes or additions to this Agreement including the disclosures referenced in Sections 5 and 6.

The City acknowledges by the signatures below that the execution and delivery of this Agreement has been duly and validly authorized by the City.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2022 (the "Effective Date").

CITY OF JONESBORO, ARKANSAS

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

Title: Mayor

CREWS & ASSOCIATES, INC.

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

Title: Senior Managing Director

Address: 521 President Clinton Ave, Ste 800  
Little Rock, AR 72201

Email: pphillips@crewsfs.com

## EXHIBIT A

### Debt Issuance Financial Advisory Services and Fee Schedule

FA will perform the following Debt Issuance Financial Advisory Services related to debt obligations (the “Debt Obligations”) of the City:

1. Provide general financial advice relative to any Debt Obligation and assist the City in developing and executing financing plans;
2. Advise the City regarding the structure and suitability of the financing options available including revenue bonds, general obligation bonds, sales and use tax bonds, certificates of participation, private placements, promissory notes and other types of financing alternatives that may be available and appropriate for a particular issuance by the City;
3. Recommend to the City an amount, the maturity structure, call provisions, pricing and other terms and conditions of the Debt Obligation;
4. Prepare and present a calendar of events and timeline for the bond issue;
5. Advise the City on current market conditions and other general information and economic data that might normally be expected to influence the interest rates of a financing;
6. Assist the City in the analysis of and the selection of a credit rating firm of firms for the Debt Obligation and further assist in the development and presentation of information to obtain a credit rating or ratings for the Debt Obligation;
7. Advise the City on utilizing credit enhancement, provide assistance in seeking such credit enhancement and assist in evaluating the cost-benefit of such credit enhancement;
8. Assist the City in coordinating the financing activities and responsibilities of the various parties involved in the Debt Obligation;
9. Assist the City in selecting the members of the working group including but not limited to: bond counsel, special tax counsel, disclosure counsel, trustee; paying agent, underwriter(s), and, printing services;
10. Assist with the review of the financing documents including but not limited to the preliminary and final official statement, resolutions, ordinances, bond purchase agreement, trust indenture and other documents as necessary for a particular Debt Obligation;
11. Present to the City a final recap of the completed transaction and assist bond counsel as needed for execution of all the closing documents;
12. Coordinate with the financing team and other parties, as necessary, to coordinate and ensure the timely delivery of the Debt Obligation;

13. Compensation and fee schedule relating to City Debt Obligations:

<b>Principal Amount of Bond Issue</b>		<b>Base Fee</b>	<b>Max. Fee</b>	<b>Additional Above Base Per (\$000)</b>	<b>Percentage Fee on Max. Prin. Amt.</b>
<b>From</b>	<b>To</b>				
\$ -----	\$ 1,000,000	\$ 9,000	\$ 9,000	\$ -----	
\$ 1,000,000	\$ 5,000,000	\$ 9,000	\$ 25,000	\$4.00	0.5000%
\$ 5,000,000	\$ 10,000,000	\$ 25,000	\$ 35,000	\$2.00	0.3500%
\$ 10,000,000	\$ 50,000,000	\$ 35,000	\$ 75,000	\$1.00	0.1500%
\$ 50,000,000	Up	\$ 75,000		\$0.75	

If the required services are not expected to be funded as part of a planned Debt Obligation (i.e. non-transaction services), the hourly fee is \$300.

## EXHIBIT B

### Certain Disclosures

1. Conflicts of Interest. FA is required to disclose any actual or potential conflicts of interest that might impair its ability to render unbiased and competent advice to or on behalf of the City during the term of this Agreement, as well as how FA intends to mitigate or manage each actual or potential conflict of interest it has identified after reasonable inquiry. FA will mitigate any actual or potential conflicts of interest disclosed herein by adhering to its duty of care and duty of loyalty to the City to deal honestly and with the utmost good faith and to act in the City's best interests without regard to the financial or other interests of the FA. Because FA is a broker-dealer with significant capital due to the nature of its overall business, the success and profitability of FA is not dependent on maximizing short-term revenue generated from individualized recommendations to its clients but instead is dependent on long-term profitably built on a foundation of integrity, quality of service and strict adherence to its fiduciary duty. Furthermore, FA's municipal advisory supervisory structure, leveraging its long-standing and comprehensive broker-dealer supervisory processes and practices, provides strong safeguards against individual representatives of FA potentially departing from their regulatory duties due to personal interests. The disclosures below describe, as applicable, any additional mitigations that may be relevant with respect to any specific conflict disclosed below.

(a) Compensation for the services described in Exhibit A is based on the size of the issue and the payment of such fees shall be contingent upon the delivery of the issue. While this form of compensation is customary in the municipal securities market, this may present a conflict because it could create an incentive for FA to recommend unnecessary financings or financings that are disadvantageous to the City, or to advise the City to increase the size of the issue. FA mitigates this conflict through its adherence to its fiduciary duty to the City as described above.

(b) The FA is an affiliate of First Security Bank, an Arkansas banking corporation. In the event that FA makes a recommendation to the City that could influence the level of business with its affiliate, FA will consider alternatives to such recommendation, which will be disclosed to The City along with the impact that the recommendation and its alternatives would have on the business activities of the City with the affiliate. Furthermore, this potential conflict is mitigated by the fact that First Security Bank is subject to its own comprehensive regulatory regime as a banking corporation under the applicable federal banking laws under which it operates.

(c) FA 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 the City. For example, FA serves as municipal advisor to other Cities and, in such cases, owes a regulatory duty to such other Cities just as it does to the City under this Agreement. These other Cities may, from time to time and depending on the specific circumstances, have competing interests, such as accessing the new issue market with the most advantageous timing and with limited competition at the time of the offering. In acting in the interests of its various municipal clients, FA could potentially face a conflict of interest arising from these competing client interests. In other cases, as a broker-dealer that engages in underwritings of new issuances of municipal securities by other municipal entities, the interests of FA to achieve a successful and profitable underwriting for its municipal entity underwriting clients could potentially constitute a conflict of interest if, as in the example above, the municipal entities that FA serves as underwriter or municipal advisor have competing interests in seeking to access the new issue market with the most advantageous timing and with limited competition at the time of the offering. None of these other engagements or relationships would impair FA's ability to fulfill its regulatory duties to the City.

(d) FA is also a broker-dealer that engages in a broad range of securities-related activities to service its clients, in addition to serving as a municipal advisor or underwriter. Such securities-related activities, which may include but are not limited to the buying and selling of new issue and outstanding securities, including securities of the City, may be undertaken on behalf of, or as counterparty to, the City, personnel of the City, and current or potential investors in the securities of the City. These other clients may, from time to time and depending on the specific circumstances, have interests in conflict with those of the City, such as when their buying or selling of the City's securities may have an adverse effect on the market for the City's securities, and the interests of such other clients could create the incentive for FA to make recommendations to the City that could result in more advantageous pricing for the other clients. Additionally, FA, in connection with its sales and trading activities, may take a principal position in securities, including securities of the City, and therefore FA could have interests in conflict with those of the City with respect to the value of the City's securities while held in inventory and the levels of mark-up or mark-down that may be available in connection with purchases and sales thereof. In particular, FA or its affiliates may submit orders for and acquire the City's securities issued in an Issue under the Agreement, not in a principal transaction but as a member of a selling group, or from an underwriter, or an underwriter who is a member of an underwriting syndicate, either for its own account or for the accounts of its customers. This activity may result in a conflict of interest with the City in that it could create the incentive for FA to make recommendations to the City that could result in more advantageous pricing of the City's bond in the marketplace. In addition to its adherence to its fiduciary obligations to the City, these potential conflicts are mitigated by means of such activities being engaged in on customary terms through units of the FA that operate independently from FA's municipal advisory business, thereby reducing the likelihood that the interests of such other clients would have an impact on the services provided by FA to the City.

(e). Relating to advice for investments of bond and/or city funds, any conflicts are mitigated by the limitations on investments the City is allowed due to State law.

2. Professional Liability Insurance. The FA does not maintain insurance coverage for errors and omissions, improper judgments or negligence.

3. Qualifications of FA. FA represents and warrants to the City that FA and all of its employees and agents have in effect and shall maintain in full force throughout the Term of this Agreement all licenses, credentials, permits and any other legal qualifications required by law or regulation to perform the services set forth herein. FA represents and warrants that it is a "Municipal Advisor" registered with the United States Securities and Exchange Commission and complies with all of the rules of the Municipal Securities Rulemaking Board pertaining to Municipal Advisors, and that it possesses the degree of knowledge and expertise needed to provide the municipal entity with informed advice.

4. Event Disclosure. The United States Securities and Exchange Commission ("SEC") Form FA and Form MA-I require FA to provide information about criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. There are no legal or disciplinary events that are material to the City's evaluation of FA or the integrity of FA's management or advisory personnel disclosed, or that should be disclosed, on any Form MA or Form MA-I filed with the SEC. FA's most recent form MA and Form MA-I are available online and may be accessed at <http://www.sec.gov/edgar/searchedgar/companysearch.html>. FA's filings are under Crews & Associates, Inc., or to use the "Fast Search by Company CIK," enter "0000312603" where indicated. The SEC permits certain items of information required on Form MA or MA-I to be

provided by reference to such required information already filed by FA in its capacity as a broker-dealer on Form BD or Form U4. Information provided by FA on Form BD or Form U4 is publicly accessible through reports generated by BrokerCheck at <http://brokercheck.finra.org>. FA's CRD number is 8052.

5. Investor and Municipal Advisory Client Education and Protection. Crews & Associates, Inc. is a broker-dealer and municipal advisor registered with the U.S. Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB). The website address for the MSRB is [www.msrb.org](http://www.msrb.org). The MSRB posts and makes available to you an investor brochure on the website of the MSRB that describes the protections that may be provided by the MSRB rules and how to file a complaint with an appropriate regulatory authority.