



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisors to Local Governments

FINANCIAL ADVISORY SERVICES AGREEMENT

This Financial Advisory Services Agreement (“Agreement”), entered into as of, May 6, 2014 (“Effective Date”), is between Homer Central School District, New York (“Client”) and Fiscal Advisors & Marketing, Inc. (“Fiscal Advisors”) (collectively referred to herein as the “Parties”).

Client agrees to hire Fiscal Advisors and Fiscal Advisors agrees to act as financial advisor to the issuer to provide services relating to providing financial advice for capital project referendums and prospective debt issuances (the “Securities”), pursuant to the terms of this Agreement:

- 1. ISSUANCE DESCRIPTION.** Client intends to issue obligations to fund the Capital Project Referendum (the “Issuance”).
- 2. SCOPE OF SERVICES.** Client hires Fiscal Advisors to provide the services set forth in Appendix A attached hereto (“Services”). All services described in Appendix A are hereby incorporated by reference and the scope of Fiscal Advisor’s engagement under the terms of this Agreement shall be solely limited to the Services. Client acknowledges that prior to the Effective Date that Fiscal Advisors has not provided any advice, recommendations or guidance with respect to the Issuance and that, to the extent any prior communications have occurred between Client and Fiscal Advisors relative to the Issuance, any such communications have been limited to communications involving general information relative to the Issuance.
- 3. COMPENSATION.** As compensation for the provisions of Services, Client hereby agrees to compensate Fiscal Advisors in accordance with Fiscal Advisors’ Fee Schedule attached hereto as Appendix B (“Compensation”). Any modification to the fee schedule agreed to by the Parties in writing will become effective upon the date and time mutually agreed upon by the Parties.
- 4. TERM AND TERMINATION.** This Agreement shall be effective as of the Effective Date and shall remain in effect until terminated by either party upon (30) days written notice; provided, however, that in the event of termination of any such engagement, Fiscal Advisors reserves the right to receive a portion of Compensation based upon the services rendered under this Agreement up to and including the date of termination.
- 5. AGREEMENT TO PROVIDE INFORMATION.** Client agrees to provide Fiscal Advisors with factual not misleading information as shall be deemed necessary by Fiscal Advisors for the performance of Services, which shall include financial statements, budgets, and other relevant documents. Client further agrees to not intentionally omit any material information relevant to Fiscal Advisors’ provision of Services.
- 6. BILLING STATEMENT.** Client will receive an invoice upon the closing of the securities issuance which shall be due and payable within thirty (30) days of the invoice date.
- 7. OUT-OF-POCKET EXPENSES.** Fiscal Advisors will not charge for out-of-pocket expenses.

8. INDEMNITY. Client hereby agrees to indemnify Fiscal Advisors and hold it harmless against any loss, liability, assessments, or expense (including reasonable attorneys' fees) incurred or assessed arising out of, or in connection with, Fiscal Advisors' acceptance, administration, or performance of its duties hereunder, except such as may arise from Fiscal Advisors' own bad faith, willful misconduct, or gross negligence, including the cost and expense of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under the terms of this Agreement.

9. TERMINATION. This Agreement will remain in effect until terminated. The Parties may terminate this Agreement at any time and for any reason provided that written notice has been given thirty (30) days prior to termination or with lesser notice by mutual consent of the Parties, in writing.

10. AMENDMENT. This Agreement constitutes and expresses the entire agreement of the Parties with respect to the subject matter hereof, and all promises, undertakings, representations, agreements, understandings and arrangements, whether oral or written, with reference thereto are merged herein. No amendments to or alterations or variations of this Agreement shall be valid unless made in writing and signed by the Parties.

11. HEADINGS. The headings of the various sections in this Agreement are inserted for the convenience of the parties and shall not affect the meaning, construction or interpretation of this Agreement.

12. GOVERNING LAW. This Agreement shall be governed by the laws of the State of New York. Any suit or legal proceeding brought pursuant to, touching upon, relating to, or otherwise arising out of this Agreement or performance hereunder will be brought solely in the County of Onondaga, New York.

13. DODD-FRANK COMPLIANCE. Fiscal Advisors is a registered municipal advisor in good standing with both the SEC (#866-00478-00) and the MSRB (#K0191).

14. DISCLOSURE OF CONFLICTS OF INTEREST. Client acknowledges that it has received those disclosures set forth and contained within Appendix C attached hereto. Client further acknowledges that it has been given the opportunity to raise questions and discuss the foregoing matters with Fiscal Advisors and that it fully appreciates the nature of these conflicts and corresponding disclosures. Client hereby waives such conflicts and authorizes Fiscal Advisors to provide those services described herein. Client further agrees that in the event Fiscal Advisors shall provide any additional disclosures, that such disclosures may be provided to and acknowledged by Client's Assistant Superintendent of Business.

15. COUNTERPARTS. This Agreement may be executed in any number of identical counterparts, via facsimile transmission or otherwise, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective duly authorized officers as of the date first written above.

HOMER CENTRAL SCHOOL DISTRICT

FISCAL ADVISORS & MARKETING, INC.

By: _____

By: Mark S. Vislosky

Title: _____

Title: C.E.O.

APPENDIX A – SERVICES

- 1. FINANCING PLAN.** Fiscal Advisors will develop a financing plan that will include recommendations with respect to the timing of the Securities sale, a maturity schedule, redemption features, and other terms required to market the Securities.
- 2. RECOMMENDATIONS AND REVIEW OF SECURITIES TYPE.** Upon the written request of Client, Fiscal Advisors shall review the financing type selected by Client and/or make recommendations as to the suitability of a particular type(s) of financing. Unless specifically requested by Client, in writing, Fiscal Advisors shall assume that Client has already conducted an analysis of the suitability of a particular financing type and shall be under no duty to investigate and/or advise Client of alternatives to the proposed financing structure that are then suitable to Client.
- 3. OFFICIAL STATEMENT PREPARATION.** Fiscal Advisors will prepare the Preliminary and Final Official Statement (collectively the “Official Statement”) to be used in conjunction with the sale of Securities. In order to assist Client in fulfilling its disclosure obligations, Fiscal Advisors will prepare the Official Statement in a form consistent with the Government Finance Officers Association’s disclosure Guidelines. In preparing the Official Statement, Fiscal Advisors will collect, research, develop and compile data for use therein.
- 4. PRIVATE PLACEMENT MEMORANDUM PREPARATION.** When appropriate, Fiscal Advisors will assist Client in preparing a private placement memorandum or other necessary offering document necessary to complete such financings. The private placement memorandum will contain information and be in such format as prescribed by industry standards for such issue.
- 5. RATING ANALYSIS AND PREPARATION.** Fiscal Advisors shall use its best efforts in obtaining the highest possible rating for Client’s Securities. Fiscal Advisors will analyze the over-all credit conditions of Client including the probable impact of any potential financing plan on the credit rating of Client. Fiscal Advisors will assist Client official(s) prepare for the rating interview with rating agency personnel, which may occur at the office(s) of the rating agency(ies). Fiscal Advisors will meet or engage in discussions with municipal rating agencies to review Client’s economic and financial condition and financing plans.
- 6. CREDIT ENHANCEMENT.** Fiscal Advisors will make recommendations as to the appropriateness of municipal bond insurance for an offering. Fiscal Advisors will take into consideration the requirements for insurance and likelihood that a particular offering would qualify. Fiscal Advisors will also make recommendations as to the appropriateness of other forms of credit enhancements that might be available to Client, if any.
- 7. MARKETING.** Fiscal Advisors shall develop a marketing plan for the sale of the Securities, which shall include recommendations as to the method of sale (i.e., competitive bid, negotiated underwriting or private placement). For a competitive sale, Fiscal Advisors shall prepare all necessary bidding documents and offering materials, including the notice of sale and *Bond Buyer* publication. For a negotiated sale Fiscal Advisors shall prepare a request for proposals, appraise the proposals received, make recommendations as to the firm to be selected, and finalize the terms of the sale to reflect Client’s best interest.
- 8. MARKET ANALYSIS.** In order to appropriately advise Client on the establishment of a desirable sale date and to keep Client abreast of the cost of the financing plan under development, Fiscal Advisors shall monitor the following:

- a. General conditions and trends in the economy;
- b. Capital market conditions including the imposition of any unusual restraints on monetary supply by the Federal Reserve System;
- c. The status of recently sold municipal issues; and
- d. The supply of municipal securities coming to market.

9. PAYING AGENT OR TRUSTEE & ESCROW AGENT SELECTION. Fiscal Advisors shall assist Client in selection a Paying Agent or Trustee & Escrow Agent, as applicable.

10. PRINTING SERVICES. Fiscal Advisors will arrange for printing of all necessary documents, including Official Statements, notices of sale, bid forms and all other necessary documents.

11. MATHEMATICAL COMPUTATIONS. Fiscal Advisors will prepare maturity and other schedules showing mathematical results including the source and disbursement of funds, yield calculations, savings and escrow account calculations.

12. ATTENDANCE AT MEETINGS. Fiscal Advisors shall Client attend meetings to explain the progress of the transaction and the various documents to be adopted by Client.

13. CLOSING SERVICES. Fiscal Advisors will provide services required to effectuate the Securities closing including assisting with the establishment of the Securities accounts, the transfer of funds at the time of the Securities closing, and CUSIP identification number obtainment.

14. SECONDARY DISCLOSURE. Unless otherwise directed by Client, Fiscal Advisors will, on an annual basis, file Client's Continuing Disclosure Report with the Municipal Securities Rulemaking Board's ("MSRB") EMMA online document repository as required under the terms of the Continuing Disclosure Agreement or other written agreement requiring the filing of a Continuing Disclosure Report. The Continuing Disclosure Report will contain all information and data as required under the terms of the Continuing Disclosure Agreement or other written agreement prepared and executed in connection with the issuance.

APPENDIX B - FEE SCHEDULE (1)(2)

FISCAL ADVISORS & MARKETING, INC.

2014 FEE SCHEDULE

BOND, REVENUE AND TAX ANTICIPATION NOTES:

Par amount:

Under \$1 million (NO OFFICIAL STATEMENT)	\$	2,400
\$1,000,001 to \$5,000,000	\$	5,800
\$5,000,001 to \$10,000,000	\$	7,800
\$10,000,001 to \$20,000,000	\$	8,200

BONDS:

Par amount:

Under \$1 million (NO OFFICIAL STATEMENT)	\$	2,800
\$1,000,001 to \$5,000,000	\$	9,800
\$5,000,001 to \$10,000,000	\$	13,500
\$10,000,001 to \$20,000,000	\$	17,500

REFUNDING BONDS:

Par amount:

Up to \$10,000,000	\$	23,000
\$10,000,001 to \$20,000,000	\$	27,500

HOURLY FEE: \$ **180** (3)

CONTINUING DISCLOSURE:

Annual Continuing Disclosure	\$	2,200
Annual Continuing Disclosure (when an OS has been completed during that year)	\$	1,200
Material Event Notices	\$	600

(1) Actual Fees will be based on actual work performed: Fees may be affected by additional hourly fees charged for additional services specifically requested by the client.

*(2) This fee schedule is proprietary information provided to the client only;
It is not for dissemination.*

(3) Fee will be adjusted yearly based on the consumer price index.

APPENDIX C - DISCLOSURE OF CONFLICTS OF INTEREST

VARIOUS FORMS OF COMPENSATION

The Municipal Securities Rulemaking Board requires us, as your municipal advisor, to provide written disclosure to you about the actual or potential conflicts of interest presented by various forms of compensation. We must provide this disclosure unless you have required that a particular form of compensation be used. You should select a form of compensation that best meets your needs and the agreed upon scope of services.

Forms of compensation; potential conflicts. The forms of compensation for municipal advisors vary according to the nature of the engagement and requirements of the client, among other factors. Various forms of compensation present actual or potential conflicts of interest because they may create an incentive for an advisor to recommend one course of action over another if it is more beneficial to the advisor to do so. This document discusses various forms of compensation and the timing of payments to the advisor.

Fixed fee. Under a fixed fee form of compensation, the municipal advisor is paid a fixed amount established at the outset of the transaction. The amount is usually based upon an analysis by the client and the advisor of, among other things, the expected duration and complexity of the transaction and the agreed-upon scope of work that the advisor will perform. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, the advisor may suffer a loss. Thus, the advisor may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. There may be additional conflicts of interest if the municipal advisor's fee is contingent upon the successful completion of a financing, as described below.

Hourly fee. Under an hourly fee form of compensation, the municipal advisor is paid an amount equal to the number of hours worked by the advisor times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest if the client and the advisor do not agree on a reasonable maximum amount at the outset of the engagement, because the advisor does not have a financial incentive to recommend alternatives that would result in fewer hours worked. In some cases, an hourly fee may be applied against a retainer (*e.g.*, a retainer payable monthly), in which case it is payable whether or not a financing closes. Alternatively, it may be contingent upon the successful completion of a financing, in which case there may be additional conflicts of interest, as described below.

Fee contingent upon the completion of a financing or other transaction. Under a contingent fee form of compensation, payment of an advisor's fee is dependent upon the successful completion of a financing or other transaction. Although this form of compensation may be customary for the client, it presents a conflict because the advisor may have an incentive to recommend unnecessary financings or financings that are disadvantageous to the client. For example, when facts or circumstances arise that could cause the financing or other transaction to be delayed or fail to close, an advisor may have an incentive to discourage a full consideration of such facts and circumstances, or to discourage consideration of alternatives that may result in the cancellation of the financing or other transaction.

Fee paid under a retainer agreement. Under a retainer agreement, fees are paid to a municipal advisor periodically (*e.g.*, monthly) and are not contingent upon the completion of a financing or other transaction. Fees paid under a retainer agreement may be calculated on a fixed fee basis (*e.g.*, a fixed fee per month regardless of the number of hours worked) or an hourly basis (*e.g.*, a minimum monthly

payment, with additional amounts payable if a certain number of hours worked is exceeded). A retainer agreement does not present the conflicts associated with a contingent fee arrangement (described above).

Fee based upon principal or notional amount and term of transaction. Under this form of compensation, the municipal advisor's fee is based upon a percentage of the principal amount of an issue of securities (*e.g.*, bonds) or, in the case of a derivative, the present value of or notional amount and term of the derivative. This form of compensation presents a conflict of interest because the advisor may have an incentive to advise the client to increase the size of the securities issue or modify the derivative for the purpose of increasing the advisor's compensation.

OTHER MATERIAL CONFLICTS OF INTEREST

The Municipal Securities Rulemaking Board requires us, as your municipal advisor, to provide written disclosure to you about material conflicts of interest. The following represent Fiscal Advisors material conflicts of interest known to Fiscal Advisors as of the date of this Agreement.

Affiliated Entities and Subsidiaries. For most securities issuances, clients will need to utilize the services of a financial printer of the Official Statement, Notice of Sale and/or Bid Forms. In connection with these printing undertakings, Fiscal Advisors utilizes Premier Printing, Inc., a wholly owned subsidiary of Fiscal Advisors, to print, mail and electronically post client documents.