

**PFM FINANCIAL ADVISORS LLC**

**AGREEMENT FOR FINANCIAL ADVISOR SERVICES**

This agreement, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2026, by and between the Borough of Forty Fort, Pennsylvania (hereinafter called the "Client" or "Borough") and PFM Financial Advisors LLC, (hereinafter called the "Financial Advisor" or "PFM") sets forth the terms and conditions under which the Financial Advisor shall provide services.

WHEREAS, Client is desirous of obtaining the advisory services of an advisor to assist with an exploration process including 1) performing a preliminary analysis to assess the feasibility and effects of a potential sale of the Client's sanitary sewer system (the "System") which will include performing a limited-scope valuation of the system; **and only if the Client decides to proceed beyond the preliminary analysis into subsequent stages of the exploration engagement**, 2) further exploring the idea of selling the System and assist with due diligence and the closing process (if the system is sold).

WHEREAS, PFM is capable of providing the necessary services.

NOW, THEREFORE, in consideration of the above-mentioned premises and intending to be legally bound hereby, Client and PFM agree as follows:

**I. SCOPE OF SERVICES**

PFM shall provide advisory services including but not limited:

Phase 1 Services

- 1) Performing a preliminary analysis and various due diligence to assess the feasibility and effects of a potential sale of the System which will include performing a limited-scope valuation of the system.

**The Client may decide to terminate this process after Phase 1. If the Client decides to pursue further, however, the proposed services for Phases 2 & 3 are provided below.**

Phase 2 Services

- 1) Additional due diligence and exploration services as shown in Exhibit A.

Phase 3 Services

- 1) Work with Client and transaction team in executing a successful closing as shown in Exhibit A.

## II. WORK SCHEDULE

The services of the Financial Advisor are to commence as soon as practicable after the execution of this Agreement and a request by the Client for such service.

## III. FINANCIAL ADVISORY COMPENSATION

For the services described, PFM's professional fees and expenses shall be paid as follows:

### Phase 1 Services

PFM shall receive a flat fee of \$7,500, billed at the conclusion of Phase 1.

### Phase 2 Services

PFM shall apply the hourly rates as listed below and defer those costs associated with Phase 2 until the successful closing of a transaction. The maximum Phase 2 fee is \$50,000. **If a transaction does not close, PFM will not bill for Phase 2 services.**

#### Hourly Rates for Professionals

Managing Director \$325.00

Director \$300.00

Senior Managing Consultant \$265.00

Senior Analyst \$245.00

Analyst \$230.00

Administrative/Associate \$205.00

### Phase 3 Services

Upon successful closing of the transaction, PFM will charge a maximum fee of 3.00% (with a minimum of \$75,000) to be mutually agreed upon by both parties prior to a successful closing and applied to the final closing price. **If the transaction does not close, PFM will not bill for Phase 3 services.**

Should this Agreement be terminated, and the Client formally accepts an offer for the monetization of its system(s) from one of the pre-qualified bidders, as established through the Request for Qualifications process, within eighteen months of the termination of this Agreement, PFM Financial Advisors LLC shall be entitled to one-half (50%) of the fees it otherwise would have been entitled to, had the Agreement not been terminated. Remittance of any such payment would be due upon successful closing of the transaction.

## Reimbursable Expenses

In addition to fees for services, PFM will be reimbursed for necessary, reasonable, and documented out-of-pocket expenses incurred, including: travel (mileage), meals, lodging, telephone, mail, and other ordinary cost and any actual extraordinary cost for graphics, printing, data processing and computer time which are incurred by PFM. Notwithstanding the foregoing, PFM's reimbursable expenses shall be capped at \$250 for Phase 1 and shall not exceed \$2,500 in the aggregate for all three Phases.

### **IV. TERMS AND TERMINATION**

This agreement shall remain in effect unless canceled in writing by either party upon thirty (30) days written notice to the other party.

### **V. NON-ASSIGNABILITY**

PFM shall not assign any interest in this Agreement or subcontract any of the work performed under the Agreement without the prior written consent of the Client.

### **VI. INFORMATION TO BE FURNISHED TO THE FINANCIAL ADVISOR**

All information, data, reports, and records in the possession of the Client necessary for carrying out the work to be performed under this Agreement shall be furnished to the Financial Advisor and the Client shall cooperate with the Financial Advisor in all reasonable ways.

### **VII. NOTICES**

All notices given under this Agreement shall be in writing, sent by registered United States mail, with return receipt requested, addressed to the party for whom it is intended, at the designated below. The parties designate the following as the respective places for giving notice, to-wit:

#### **BOROUGH OF FORTY FORT**

1271 Wyoming Avenue  
Forty Fort, PA 18704  
Attention: Bonnie Arnone – *Borough Manager*

#### **PFM FINANCIAL ADVISORS LLC**

100 Market Street  
Harrisburg, PA 17101  
Attention: Scott Shearer – *Managing Director*

### **VIII. TITLE TRANSFER**

All materials prepared by PFM pursuant exclusively to this Agreement shall be the property of the Client. Upon termination of this Agreement, Financial Advisor shall deliver to the Client copies of any and all material pertaining to this Agreement.

### **IX. FINANCIAL ADVISOR'S REPRESENTATIVES**

The Client has the right for any reason to request PFM to replace any member of the advisory staff. Should the Client make such a request, PFM shall promptly suggest a substitute for approval by the Client.

### **X. INSURANCE**

PFM shall maintain insurance coverage with policy limits not less than as stated in Exhibit B.

### **XI. INDEPENDENT CONTRACTOR**

The Financial Advisor, its employees, officers and representatives at all times shall be independent contractors and shall not be deemed to be employees, agents, partners, servants and/or joint venturers of Client by virtue of this Agreement or any actions or services rendered under this Agreement.

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**XII. ENTIRE AGREEMENT**

This Agreement represents the entire agreement between Client and PFM and may not be amended or modified except in writing signed by both parties.

IN WITNESS THEREOF, the Client and Financial Advisor have executed this Agreement as of the day and year herein above written.

ATTEST: **BOROUGH OF FORTY FORT**

By: 

Name: Thomas J. Murray III  
Title: Council President

DATE: 3/2/2026

ATTEST: **PFM FINANCIAL ADVISORS LLC**

BY: 

Name: Scott Shearer  
Title: Managing Director

DATE: 3/2/2026

## **EXHIBIT A**

### **Phase 1 Services**

#### **Limited-Scope Valuation**

PFM will perform an analysis to determine an estimated range of value of the System. The project scope is limited in that the project team will not be performing a full utility valuation. The project team will utilize available operating and fixed capital asset data to arrive at a reasonable range of value that a willing buyer may offer to acquire the utility assets from the Borough.

In consultation with Borough officials and supported by the work of consultants with expertise in the requisite areas of service, PFM will:

- Review documents, financial reports and data associated with any of the Borough operations or assets being considered as sale candidates
- Analyze the potential impacts of any proposed monetization on the General Fund
- Prepare and deliver a limited-scope valuation analysis

A utility system valuation typically employs three (3) approaches to arrive at a range of values for a utility system or utility assets. Those commonly used valuation approaches are as follows:

- Cost Approach
- Income Approach
- Market Approach

The *cost approach* utilizes the book value of the fixed capital assets of the utility system being studied. The book value would be the original costs of the fixed capital assets depreciated to the date of the study utilizing life expectancies for utility assets. The project team will not be performing an original cost study for the purpose of this study.

The *income approach* would calculate the net income available for capitalization over a reasonable period of time or over the future life expectancies of the assets. This approach utilizes the systems revenues, expenses, and capital requirements to determine the present value of the income stream. There are numerous variables that impact the results of this method including, but not limited to, capital investments and any capital or operating costs necessary to correct operating deficiencies.

The *market approach* employs comparable sales of similar utility systems. It is unlikely that information for a comparable sale will be available for this project. This is not unusual since there are no two utility systems alike in operating requirements and capital investment per customer.

The project team will utilize available data for all three (3) methods to develop an indicated value under each approach, as appropriate. The team will then weight the results of the analysis to arrive at an indicated range of value for the System. As mentioned previously, in the absence of data the project team will use alternative approaches to produce a reliable valuation.

**The Client may decide to terminate this process after Phase 1. If the Client decides to pursue further, however, the proposed services for Phases 2 & 3 are shown below.**

### **Phases 2 & 3 Services – Procurement Process**

In these Phases of the engagement, PFM’s services to the Client will include but not be limited to the following services:

Initial activities PFM will undertake will be outreach to potential investors and/or system operators to confirm market interest in candidate assets, establishment of a timeline for the transaction, assist the Borough in obtaining outside legal counsel for the transaction, and identification of key issues to be resolved to insure successful transaction execution.

**Additional Due Diligence and Exploration-Phase 2.** PFM will manage all aspects of the continued exploration process including, but not limited to:

- Oversight of the asset due diligence process and the organization of relevant data, reports, and other information in a “virtual data room” to be made available to pre-qualified bidding teams
- Track progress and resolution of all key issues of law, regulation and systems operation needed to assure transaction execution if applicable
- Maintain communication with prospective bidders to keep them informed and engaged regarding exploration process and schedule
- Oversight of the documentation process, including the drafting and distribution of a Request for Qualifications to solicit expression of interest from bidding teams
- Review and analysis of the RFQ responses, and recommendation of approved bidding teams
- Provide data, reports and analyses as required to inform Borough officials, stakeholders, and other interested parties about the exploration
- Schedule and participate in one-on-one meetings with bidding teams
- Oversee preparation and release of the Request for Bids to be distributed to the pre-qualified bidding teams

- Participate in the review and of the bids submitted, the BAFO process, if warranted, and award of the sale

**Transaction Execution – Phase 3.** In performing all services associated with management of the transaction PFM will:

- Participate in the finalization of documents and transaction closing including involvement in the PUC process if applicable.

**Additional Services.** In addition to the services listed above, PFM will assist with all related debt management activities, including any defeasance of outstanding debt of the Borough or its agencies.

**EXHIBIT B**