

Qualifications to Provide Financial Advisory Services

# City of Breckenridge, Texas

May 3, 2024

City of Breckenridge, Texas



**CONTACT:**

Erick Macha, Managing Director, [Erick.Macha@hilltopsecurities.com](mailto:Erick.Macha@hilltopsecurities.com)

717 N. Harwood Street, Suite 3400, Dallas, TX 75201

Phone: 214.953.4033

May 3, 2024  
Qualifications to Provide  
Financial Advisory Services



**Erick Macha**  
Managing Director  
214.953.4033 --- Direct

717 N. Harwood Street, Suite 3400  
Dallas, TX 75201  
erick.macha@hilltopsecurities.com

May 3, 2024

Cynthia Northrup  
City Secretary  
City of Breckenridge  
105 N. Rose Avenue  
Breckenridge, Texas 76424

Dear Ms. Northrup:

HilltopSecurities is pleased to submit our qualifications to serve as financial advisor to the City of Breckenridge, Texas (the "City") and to provide strategic financial planning; analysis of market conditions; recommended investments of bond proceeds; and recommendations to the City for financing through programs established by the Texas Water Development Board ("TWDB"). We understand that this solicitation is intended to cover any financial assistance received by the City from the TWDB for a period of three years following the date of award of any contracts pursuant hereto, whether from the Drinking Water State Revolving Fund, Clean Water State Revolving Fund, Economically Distressed Areas Program or any other financial assistance program administered by the TWDB. HilltopSecurities believes our extensive overall financial advisory experience, and in particular, our expertise advising Texas entities enables us to provide the City with high-quality financial advisory services and sound financial advice.

**Strong Texas Experience.** *We are ranked as the #1 financial advisory firm in the State of Texas* based on number of issues and par amount, with 1,498 transactions totaling \$82.19 billion par amount (according to Ipreo MuniAnalytics), for the five-year period ending March 31, 2024. *Our level of participation as financial advisor in Texas is almost double that of our nearest competitor for overall issues. With a 31% market share (by par amount), HilltopSecurities serves as financial advisor on one third of all bond issues completed in Texas.*

**Experience with Texas Water Development Board Financings.** We understand the City requires a financial advisor with experience accessing financing programs through the Texas Water Development Board ("TWDB"). **According to our internal records, HilltopSecurities assisted with 145 projects that were financed through the TWDB, totaling approximately \$3.77 billion par amount for the period January 1, 2017 through December 31, 2023.** We continually maintain a thorough working knowledge of existing loan programs and application requirements.

**Water and Wastewater Experience.** According to Ipreo MuniAnalytics, for the five-year period ending March 31, 2024, we are the **number-two financial advisor** in the nation for par amount of water and sewer issues completed, having provided financial advisory services on 358 transactions totaling \$20.95 billion par. For the same time period, Ipreo MuniAnalytics ranks the firm as the **number-one financial advisory firm** for par amount of water and sewer issues completed in the State of Texas – 226 transactions totaling \$13.80 billion.

**Experience with Similar Cities and Entities.** HilltopSecurities has extensive experience serving governmental entities in the State of Texas. Some of the cities and entities for which we have and are currently providing financial advisory services related to Texas Water Development financings include, but are not limited to: Abilene, Aledo,



Ballinger, Bangs, Barton WSC, Brady, **Breckenridge**, Bronte, Brownwood, Buckholts, Canadian River MWA, Carbon, Cisco, Coleman, Comanche, Goldthwaite, Gordon, Gorman, Henrietta, Eastland County WSC, Lawn, Lueders, Melvin, Midland, New Deal, North Central TX MWA, Odessa, Parker County SUD, Ranger, San Saba, Seymour, Smyer, Stephenville, Troy, Vernon, Willow Park and Winters, among others. **For the five-year period ending March 31, 2024, Ipreo MuniAnalytics ranks us as the number-one financial advisory firm in Texas for par amount of transactions completed for water and sewer projects in Texas.**

**Extensive Market Knowledge.** In our role as financial advisor, we believe maintaining a trading and underwriting desk is essential to properly advising the City about market conditions. The firm's underwriting and trading desks routinely provide recommendations based on their active market involvement and extensive institutional investor relationships. These capabilities provide a significant advantage to the City and differentiate our team from other advisory firms that do not have actual and active market involvement and capabilities.

### **Comprehensive Financial Advisory Services**

With public finance and specifically financial advisory services as the core business of our firm, our 78-year foundation has enabled our firm to establish a stable presence in Texas and beyond. We offer highly qualified bankers working as a team to perform the services and duties deserved and expected by the City. This team approach maintains the integrity of our advice to the City and ensures that institutional knowledge resides in the team.

HilltopSecurities is the only financial advisor to offer fully staffed continuing disclosure services, comprehensive arbitrage rebate services, asset management services, and derivative services such as fuel hedging, power hedging, interest rate swaps, and other similar services in house. Our professionals, resources, and integrity are an excellent match for the City's municipal advisory needs.

We are fully prepared to assist the City with developing and analyzing financial goals and plans, debt management strategies, rating strategies, and the communication of financial impacts to the board, administration, and the community. The ultimate goal is to achieve the most effective way for the City to implement and finance its strategies and projects. Because we participate daily and directly in the market rather than view it from the sidelines, the City will benefit from our commitment to providing fresh and current market information.

As a registered broker-dealer, HilltopSecurities bankers and analysts are held to a much higher degree of professionalism than independent firms. Our additional regulatory oversight insures the highest level of professionalism. We must operate with all required securities licenses, plus many of us maintain additional licenses which all require annual continuing education.

### **A Firm Commitment to Service**

Our municipal advisory business is our most important business and our first corporate priority. We pride ourselves in our corporate culture, our attentive service to our clients, and our individual accountability for the quality of our service, and transparency in the reasons for the financial advice we provide. If we can answer any questions or provide further assistance, please feel free to contact us.

Sincerely yours,



Erick Macha  
Managing Director

# Table of Contents

- 1. General Information about the Firm .....1
- 2. References .....3
- 3. Proposed Financing Team .....4
- 4. Financial Advisory Experience .....5
- 5. Additional Services .....10
- 6. Financial Advisory Services Contract.....10
- Additional Information .....11

- Appendix A List of Representative TWDB Transactions by Lead Banker – October 1, 2006 – current
- Exhibit B List of TWDB Transactions by HilltopSecurities – January 1, 2017 – current
- Appendix C Sample Financial Advisory Contract without fee information



Hilltop Securities Inc. ("HilltopSecurities") is honored to have the opportunity to present our proposal to provide financial advisory services to the City of Breckenridge, Texas (the "City"). Among our other qualities, HilltopSecurities' strong commitment to Texas issuers such as the City, ensures our ability to deliver innovative ideas, creative financing techniques, and sound financial advice tailored to the City's needs.

## 1. General Information about the Firm

### A. Name, address and phone number of the firm.

Hilltop Securities Inc.  
Dallas Headquarters

717 N. Harwood Street, Suite 3400  
Dallas, Texas 75201  
Phone: 214.953.4000  
Fax: 214.953.4050  
www.hilltopsecurities.com

### B. History of the firm

Southwest Securities, Inc., first organized as a corporation in 1972, recently merged with First Southwest Company, LLC, which was formed in 1946. The combined entity is Hilltop Securities Inc., a Delaware corporation and a wholly owned subsidiary of Hilltop Securities Holdings LLC, which is wholly owned by Hilltop Holdings Inc.

One of our top priorities is providing superior financial advisory and related services to public entities in Texas and nationwide. HilltopSecurities is confident that our 78 years of experience with providing financial advisory services to issuers will provide the full scope of financial advisory services the City needs.

#### Our Firm at a Glance

39 Offices in 16 States  
780 Employees Firm-Wide (approximately)  
31 "Deal of the Year" Awards  
Reliable, Firsthand Market Information  
#1 Financial Advisor in the State of Texas for Number  
and Par Amount of Issues  
#2 Financial Advisor in the Nation for Number of Issues\*

\*Source: Ipreo MuniAnalytics 4/1/2019 – 3/31/2024

### History of HilltopSecurities as Financial Advisor

Since the founding of our predecessor firm in 1946, HilltopSecurities has played a pivotal role in shaping the landscape of public finance.

The onset of our role as a financial advisor began early in a relationship with a Texas city when we advised the city's leaders that, rather than offering their issue to only one underwriting firm, which was the only method then used, they instead should accept competitive bids from multiple underwriting firms. Our advice and assistance with the competitive bid process resulted in a far lower cost of financing for our client. Soon thereafter, the concept of a financial advisor adding value to issuers' financings expanded across the State of Texas and eventually nationwide.

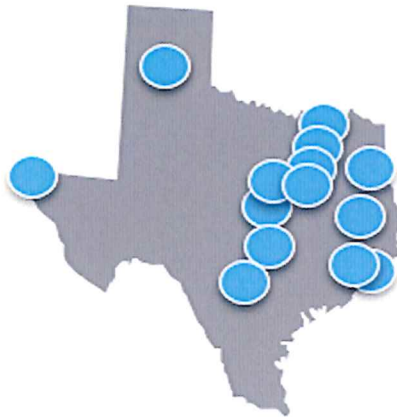
Since then, HilltopSecurities has earned a national reputation as a trustworthy firm committed to unparalleled excellence. We take seriously the trust our clients place in our abilities, as we help meet the financial objectives of a third of all issues completed in the State of Texas.

**Commitment to Texas and Texas Cities**

Although a national firm, we emphasize client service at the regional level to provide customized solutions for our clients. We are deeply rooted in the State of Texas, with more than 14 public finance, capital markets and retail locations throughout the state, including our headquarters in Dallas.

HilltopSecurities is a market leader as financial advisor for a broad range of transactions. Our close proximity to Texas issuers and strong presence in the state facilitate long-term relationships with Texas clients, some extending longer than 40 years. **Because we are Texas-based, we are able to commit a vast array of resources in an expeditious manner in that our many Texas office locations make our resources readily accessible to the City.**

The following map illustrates the firm’s eight public finance office locations throughout the State of Texas.



Texas Offices / Employees by Department

Office Location	Public Finance	Fixed Income Capital Markets	Wealth Mgmt	Other	Total
Dallas HQ	90	25	41	203	358
Amarillo				9	9
Austin*	20	2	12		34
Clifton	2				2
El Paso	3				3
Fort Worth	7		4		11
Houston	11	8	5		24
Lufkin			1		1
Park Cities			22	7	29
Plano			11		11
San Antonio	6		1	1	8
Sherman			4		4
The Woodlands			2		2
<b>Total</b>	<b>138</b>	<b>35</b>	<b>103</b>	<b>220</b>	<b>496</b>

\*Two office locations in the City of Austin

Some of the noteworthy characteristics about our achievements in the financial advisory sphere include:

- Acts as financial advisor or underwriter to more than 1,450 clients that include cities, counties, states and state agencies, school districts, special districts, utility districts, tax increment zones, and other governmental entities nationwide.
- Relationship bankers work closely with the trading desk to provide clients with accurate and real-time market information for relevant securities to structure financings.
- **Nationally ranked as the #2 financial advisor based on total number of issues for the five-year period from April 1, 2019 through March 31, 2024.**

In addition to the cornerstone of public finance, HilltopSecurities offers a broad range of related services, all of which are accessible at all times during our engagements as financial advisor. A detailed list of these services is provided in **Additional Services**.

**C. List names and titles of the firm who are directly responsible for financial advisory services.**

In line with HilltopSecurities “team philosophy,” **Mr. Erick Macha, Managing Director**, will serve as Project Manager for our engagement with the City, relying upon the most qualified personnel within our firm to see that the City receives expert guidance throughout all phases of our engagement. **Mr. Bernard Aguilar, Associate**, will provide quantitative and analytical support.



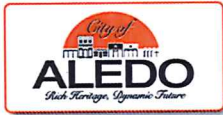
**D. Information pertaining to the firm’s compliance with licensing and other requirements of the Securities Exchange Commission, the National Association of Securities Dealers and the Municipal Securities Rule Making Board.**

HilltopSecurities believes that when an issuer is selecting a financial advisor, accountability and transparency are paramount. As a broker/dealer, HilltopSecurities is subject to and remains in full compliance with the rules and regulations of various governmental bodies such as the U.S. Securities and Exchange Commission (“SEC”) and the Financial Industry Regulatory Authority (“FINRA”), among others, and we adhere to the rules of the Municipal Securities Rule Making Board (“MSRB”). HilltopSecurities is also a registered securities dealer under the SEC Act of 1934 and functions as a member of the Depository Trust Company and the National Clearing Corporation. Such heightened level of accountability and transparency behind all of our advice and actions distinguish us from most other firms that propose to provide financial advisory services without being subject to such oversight and the capital requirements that go along with such regulation.

2. References

List of three (3) references for which similar services have been provided.

HilltopSecurities believes that strong recommendations from our clients are the most accurate indications of our firm’s level of service and expertise. The following are selected client references on Texas Water Development Board transactions for which we have provided services that will be helpful in assessing our ability to represent the City.

City of Willow Park	
	<p><b>Bryan Grimes</b>  <i>City Manager</i>                      516 Ranch House Road                      Willow Park, TX 76087                      Phone: 817.441.7108                      Email: bgrimes@willowpark.org</p>
Town of Sunnyvale	
	<p><b>Jeff Jones</b>  <i>Town Manager</i>                      127 N. Collins Road                      Sunnyvale, TX 75182                      Phone: 972.226.1804                      Email: jeff.jones@townofsunnyvale.org</p>
City of Aledo	
	<p><b>Noah A. Simon</b>  <i>City Manager</i>                      200 Old Annetta Road                      Aledo, TX 76008                      Phone: 817.441.7016                      Email: citymanager@aledotx.gov</p>

### 3. Proposed Financing Team

Identify personnel to be assigned responsibility for administering the account (provide resume and location for the individual representatives that the firm will assign to the account).

For our engagement with the City, HilltopSecurities offers a committed staff of experienced and skilled professionals. The specializations of our professionals are diverse such that our internal resources alone meet the complete financial needs of our clients.

Project Manager, **Mr. Erick Macha** will oversee and expedite the work effort required of HilltopSecurities on the City's behalf. He will meet with the City and finance team and will make presentations required by the City. **Mr. Bernard Aguilar** will provide quantitative and analytical support. The following resumes detail the qualifications of our team.



**Erick Macha**  
Managing Director  
717 N. Harwood Street, Suite 3400  
Dallas, Texas 75201  
Telephone: 214.953.4033  
erick.macha@hilltopsecurities.com

#### Profile

- Joined the firm in 2005 as an Analyst
- Provides refunding analysis, debt structuring, cash flow models, credit analysis, and continuing disclosure for cities, counties, utilities, school districts, economic development districts, and water supply corporations
- Experienced with financing of water and sewer programs through the Texas Water Development Board
- Works with numerous entities including Abilene, Aledo, Ballinger, Bangs, Barton WSC, Big Lake, Brady, Breckenridge, Bronte, Brownwood, Carbon, Coleman, Comanche, Early, Goldthwaite, Kansas City MO, Melvin, Midland, Miles, Odessa, Parker, Parker Co SUD, Roscoe, Santo SUD, Stephenville, Sunnyvale, Willow Park, Winters, and Wolfe City
- Involved in the structuring and sale of over 700 transactions for over \$15 billion of fixed and variable rate municipal bonds

#### Education

- Bachelor of Business Administration, Texas Christian University

#### Licenses Held

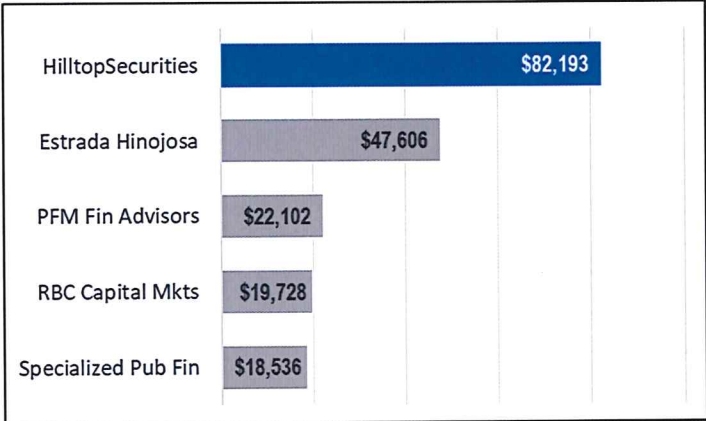
- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
  - General Securities Representative, Series 7
  - Municipal Advisor Representative, Series 50
  - Uniform Securities Agent, Series 63
  - Investment Banking Representative, Series 79



Texas Experience

HilltopSecurities has always ranked among the top financial advisory firms in Texas. **For the five-year period ending March 31, 2024, Ipreo MuniAnalytics ranks us as the number-one financial advisory firm in Texas for number and par amount of transactions completed overall.** HilltopSecurities holds 31% market share in the state of Texas for par amount of bond and note transactions: 1,498 issues with a par amount of \$82.19 billion.

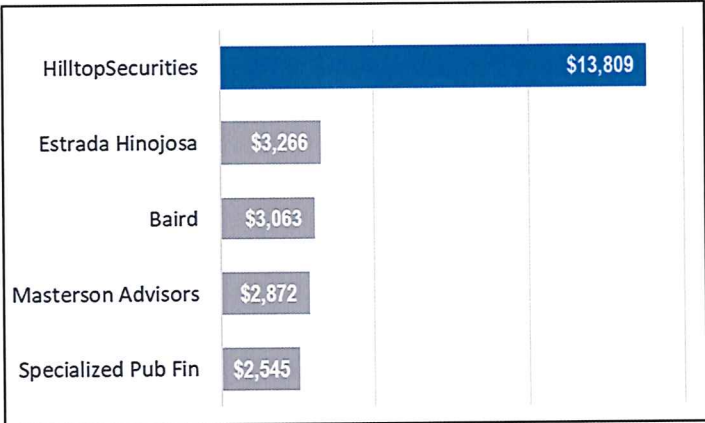
HilltopSecurities Financial Advisory Experience  
Texas Ranking by Par Amount  
April 1, 2019 through March 31, 2024



For water and wastewater transactions over the same time period, HilltopSecurities ranks **number two nationally** for par amount of issues completed, with 353 transactions and \$20.95 billion par amount.

Our level of participation as financial advisor in Texas for water and wastewater transactions is over four times that of our nearest competitor, as the following chart shows. **With a 45.2% market share based on par amount, HilltopSecurities served as financial advisor on almost one-half of the dollar volume of all water and wastewater issues completed in Texas**—with a par amount over \$13.80 billion and 226 issues.

Texas Financial Advisory Rankings  
Water and Sewer Bond and Note Transactions  
Texas Ranking by Par Amount  
April 1, 2019 – March 31, 2024



Real-Time Market Information

HilltopSecurities believes that the discipline of maintaining an active broker/dealer operation benefits our clients in numerous ways. Primarily, we are active participants in the marketplace every day, not merely observers. Risking our

capital gives us additional perspective into the underwriting process, and lends us valuable credibility with the underwriting community. Other broker/dealers know that we are willing and able to provide the same functions we ask of them. They know we are speaking on a daily basis to many of the same institutional investors. Therefore, our clients benefit from market advice that we obtain from firsthand, direct, real-time information as opposed to secondhand observations obtained from calling other firms or compiled from information vendors.

We strongly believe that this approach distinguishes our services from our competitors, but most importantly, it provides a higher quality of service to our clients and allows them to achieve the lowest possible cost of borrowing.

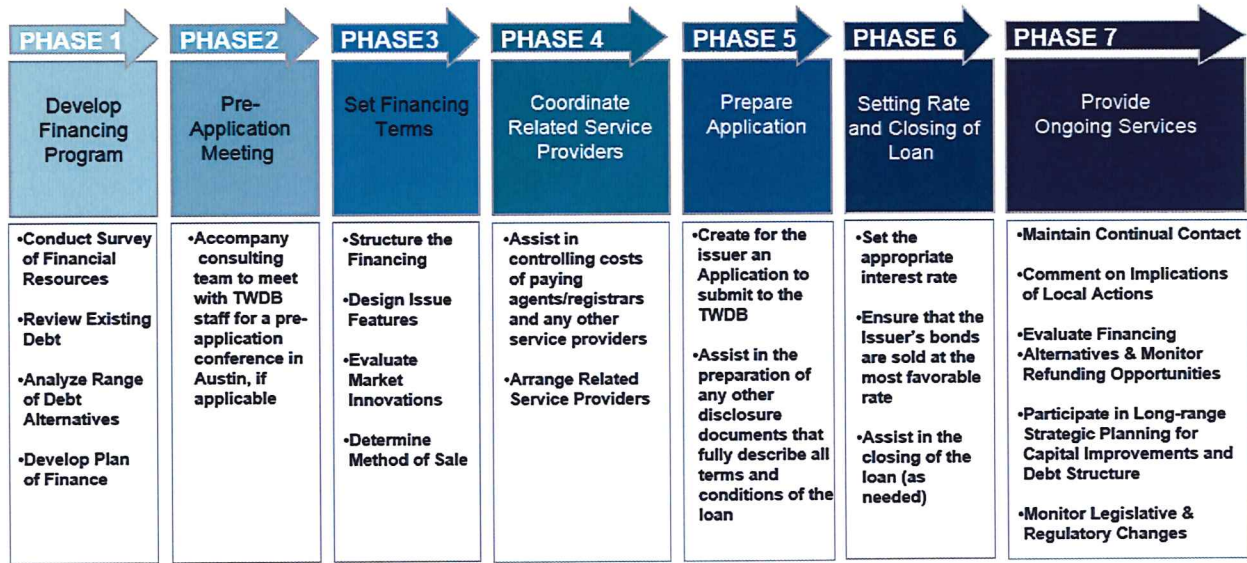
The underwriting desk at HilltopSecurities works in partnership with our banking professionals from the beginning initial structuring, updating with current scales and coupon ideas, call features, priority of order decisions all the way to the final allocations. We have multiple underwriting professionals with more than 25 years of experience each working for both national and regional firms. They understand all facets of the underwriting process, from how to capture the largest retail sales percentage to working with the most difficult institutional orders. The majority of our underwriters' time is invested in working with our financial advisory clients. The City can be confident that when the time arrives to price its issue, our professional underwriters will be watching over every detail of the transaction and getting the most value for the City's securities the market will allow.

In our role as financial advisor, HilltopSecurities underwriting and trading desk routinely provides recommendations regarding the following matters based on their active market involvement and extensive institutional investor relationships:

- Structure
- Call options and premiums
- Yields
- Coupons
- Placement of term bonds and pricing
- Serial bonds and pricing
- Capital appreciation bonds and pricing
- Cost effectiveness of insurance
- Credit aspects
- Underwriters' takedown and spread
- Syndicate rules
- Allocation of bonds

In short, these capabilities provide a significant advantage to the City and differentiate HilltopSecurities from "independent" advisory firms that do not have actual market involvement and capabilities. Although the City may not require recommendations on these technical issues on all its debt issuances, the expertise of our underwriting desk will be useful to the City when specific questions arise.

Customary Phases in a TWDB Debt Issuance



Scope of Work

TWDB Debt Issuance Approach

As a financial advisor, HilltopSecurities has a broad and diverse scope of services to offer our clients. The illustration above represents the services typically provided by HilltopSecurities as financial advisor to an issuer issuing debt through TWDB.

Phase 1: Develop Financing Program

We review the City's current financial standing in every aspect, including but not limited to arbitrage rebate, investment policies, marketing strategies, technical resources, legal structures, call features, and borrowing capacity. HilltopSecurities makes an insightful, in-depth analysis of where the City is and creates a finance plan to take it where it wants to be and in what timeframe it may achieve its financial goals.

Phase 2: Pre Application Meeting

HilltopSecurities can accompany the City and its consulting team to meet with the TWDB staff for a pre-application conference in Austin, if applicable.

Phase 3: Set Financing Terms

We determine the most optimal conditions of each financing by running scenarios that quantify the benefits and costs of various structuring considerations and by preparing cash flow forecasts that enable the issuer to evaluate the expected annual debt service requirements associated with those structuring considerations.

The following are the actions we take to produce the most common types of design analysis:

- Produce cash flow models with the flexibility to calculate bond capacities based on debt service installments; utilize forecasted revenues, expenditures, and growth factors; model construction drawdowns and interest earnings; and project tax rates and user charges.
- Size a financing including allowance for capitalized interest, construction costs, escrow requirements, insurance costs, interest earnings, issuance costs, and reserve funds.
- Structure a payment amortization to a tailored schedule based on projected revenue and expenditure constraints.

- Defeasement outstanding debt utilizing a state-of-the-art proprietary advance refunding software system that structures an optimal escrow fund; structure new debt on a level, front-end, or tail-end savings basis; and provide other structures as necessary.
- Calculate the issue price and, using this price, calculate the arbitrage yield as defined by the Tax Reform Act of 1986.
- Calculate an internal rate of return or "True Interest Cost" and provide present value schedules based on such yield for use in evaluating bids or modeling present values of cash flow projections.
- Devise debt capacity models that can be used to detail the issuer's existing debt service requirements; forecast proposed debt service requirements; and project the impact of the proposed requirements on financial ratios, such as debt to valuation and per capita debt as well as on taxes and rates.
- Develop debt service schedules, which can be used to illustrate the debt service requirements on an actual, bond, or fiscal year basis, while assuming annual, semiannual, or monthly payments. Our schedules also can accommodate serial and term bonds, discount and premium bonds, and zero coupon bonds, including premium capital appreciation bonds.
- Provide refunding analysis, which can be used to illustrate savings on a gross basis or a present value basis of refundings.

#### Phase 4: Coordinate Related Service Providers

The costs of paying agents/registrars and a host of other service providers can create great expense. HilltopSecurities assists the issuer in controlling those costs by securing competitive bids or quotes while recruiting reliable service providers to help the issuer save resources and build a winning team.

#### Phase 5: Prepare Application

HilltopSecurities creates for the City an Application to submit to the TWDB. The Application provides complete general, legal, and financial information to the TWDB. We also assist in the preparation of any other disclosure documents that fully describe all terms and conditions of the loan.

#### Phase 6: Setting Rate and Closing of Loan

HilltopSecurities works with the TWDB in setting the appropriate interest rate for the loan to ensure that the City's bonds are sold at the most favorable rates possible. We assist in the closing of the loan if approved by the TWDB.

#### Phase 7: Perform Ongoing Services

**Maintain Continual Client Relations.** As part of HilltopSecurities comprehensive service, we continue participation with the City by:

- Commenting on the credit implications of local actions and events
- Developing debt management policies
- Evaluating financing alternatives
- Participating in long-range strategic planning for capital improvements and debt structure
- Developing financial models to analyze the full range of debt funding alternatives
- Identifying cost savings or debt service restructuring opportunities

**Monitor Legislative and Regulatory Changes.** HilltopSecurities continues to monitor legislative and regulatory changes as they relate to the client and advises as to where action and participation is beneficial. Such efforts include continuing disclosure requirements by working with the issuing entity's attorney and bond counsel to discuss disclosure requirements, identify, draft, and propose legislation for the direct benefit of the issuing entity.

## 5. Additional Services

Describe any other service or experiences of the firm which you deem beneficial in acting as Financial Advisor to the City.

While financial advisory is a critical business for the firm, we have responded to today’s increasingly complex public finance landscape by raising the bar on the services, resources, and experience our firm offers.

**HilltopSecurities is among the most well-equipped and resourceful investment banking firms in the nation.** Our Public Finance Department is structured to provide clients with access to multiple professionals with expertise in diverse areas of finance: underwriting and trading, continuing disclosure, arbitrage rebate calculations, and investment management, among others. The following table summarizes the volume of our participation providing these select services and brief descriptions follow:

Type of Service	Volume of Participation
<b>Financial Advisory Services</b>	During the five-year period ending March 31, 2024, HilltopSecurities provided financial advisory services on 3,527 issues totaling \$157.91 billion par volume, ranking us <b>#2 in the nation</b> for number of issues. <i>Source: Ipreo MuniAnalytics</i>
<b>Arbitrage Rebate Calculation Services*</b>	Provides calculations to approximately 640 clients across 33 states, on more than 3,560 bond issues, totaling \$240 billion par amount, as of December 31 2023.
<b>Continuing Disclosure Services*</b>	Assists over 850 state and local government clients in meeting their continuing disclosure obligations and to comply with SEC Rule 15c2-12, as of December 31, 2023
<b>Investment Management*</b>	As of December 31, 2023, actively manages \$27.2 billion for 51 state and local governments; also serves as the investment advisor for an additional \$11.5 billion for a total of \$38.7 billion. <b><i>Investment Management services are calculated based on the amount of funds under management</i></b>
<b>Structured Finance*</b>	For the five-year period ending December 31, 2023, the firm has served as swap advisor on 175 transactions totaling over \$3.9 billion in notional amount. Additionally, the firm has served as the bidding agent for 349 municipal reinvestment transactions totaling over \$27.9 billion in notional amount.
<b>Underwriting</b>	During the five-year period ending March 31, 2024, served as senior or co-managing underwriter on 1,222 issues, exceeding \$66 billion par amount. <i>Source: Ipreo MuniAnalytics</i>
<b>OPEB Consulting*</b>	Members of the firm have reviewed over 2,000 pension and OPEB actuarial studies and related CAFRs. Our firm has worked with independent actuaries to review pension studies, including TMRS members. In some cases, there were material changes.

Sources: \*Internal Database

## 6. Financial Advisory Services Contract

Attach a copy of financial advisory services contract proposed by your firm without fee information.

We have attached as **Appendix C** our “standard” financial advisory services contract without fee information.

**Additional Information**

**M/WBE Participation:** Please note that HilltopSecurities is not an MBE or a WBE. Qualified applicants at HilltopSecurities receive consideration for employment without regard to race, color, religion, sex, age, handicap or national origin. If selected by the City for this engagement, HilltopSecurities does not plan to subcontract any of its responsibilities as financial advisor to another firm.

The City of Breckenridge, Texas

# Appendix A

List of Representative TWDB Transactions by Key Personnel - January 1, 2006 – Current

Appendix A



Experience of Representative TWDB Transactions  
 By Key Personnel  
 January 1, 2006 – current  
 Source: Internal Records

Issuer	Type of Issue	Par Amount	Issuance Date
Millersview-Doole WSC	Principal Forgiveness (DW)	\$2,450,980	3/21/2024
Arimak WSC	Principal Forgiveness (DW)	\$975,023	3/6/2024
Gordon	Comb Tax & Surp COs, Taxable S24A (DW)	\$830,000	3/4/2024
Barton WSC	Promissory Note, Taxable S2024 (DW)	\$1,140,000	2/21/2024
Mertzon	Principal Forgiveness (DW)	\$2,204,000	1/9/2024
Mertzon	Comb Tax & Surp COs, Taxable S24A (DW)	\$2,085,000	1/9/2024
Westbound WSC	Promissory Note, Taxable Ser 2023 (DW)	\$1,610,000	8/9/2023
Westbound WSC	Principal Forgiveness (DW)	\$3,756,157	8/10/2023
Mertzon	Principal Forgiveness (CW)	\$3,208,800	3/14/2023
Mertzon	Comb Tax & Surp COs, Taxable S23A (CW)	\$1,405,000	3/14/2023
Miles	Principal Forgiveness (DW)	\$269,608	1/19/2023
Moran	Principal Forgiveness (CW)	\$491,400	12/5/2022
Parker County SUD	Revenue Bonds, S22 (DW)	\$13,000,000	11/22/2022
Strawn	Comb Tax & Surp COs, S22 (DW)	\$2,001,900	9/14/2022
Breckenridge	Comb Tax & Surp COs, S22 (DW)	\$3,637,809	7/13/2022
Breckenridge	Comb Tax & Surp COs, S22 (CW)	\$4,162,420	7/13/2022
Comanche	Comb Tax & Surp COs, S22 (DW)	\$2,299,908	5/17/2022
Comanche	Comb Tax & Surp COs, S22 (CW)	\$1,594,372	3/16/2022
Vernon	Comb Tax & Surp COs, S21 (SWIFT)	\$12,000,000	10/21/2021
Brady	Comb Tax & Surp COs, S21 (CW)	\$1,905,000	6/23/2021
Willow Park	Comb Tax & Surp COs, S21 (CW)	\$14,130,000	6/23/2021
Seagraves	Comb Tax Rev C/O, Ser 2020 (EPA WIIN)	\$3,346,000	6/9/2021
Seagraves	Comb Tax Rev C/O, Ser 2020 (D Fund)	\$2,738,000	6/9/2021
Gordon	Comb Tax Rev C/O, Ser 2020 (DW)	\$100,000	11/9/2020
Gordon	Principal Forgiveness (DW)	\$801,323	11/9/2020
Roby	Comb Tax Rev C/O, Ser 2020 (DW)	\$250,000	10/8/2020
Roby	Principal Forgiveness (DW)	\$300,000	10/8/2020
Aledo	Tax & WW & SS Sur Rev C/O, Ser 2020 (CW)	\$4,230,000	9/29/2020
Rotan	Comb Tax & Rev C/O, Ser 2020A (DW)	\$235,000	9/15/2020
Rotan	Principal Forgiveness (DW)	\$2,927,068	9/15/2020
Rotan	0% - Comb Tax & Surp Rev C/O, Ser 2020B (DW)	\$2,040,000	9/15/2020
Carbon	TWDB Principal Forgiveness (Grant)	\$754,600	4/22/2020
Willow Park	Comb Tax & Surp COs, S19 (DW)	\$13,770,000	11/12/2019
Fort Griffin SUD	Revenue Bonds, S19 (DW)	\$1,525,000	8/27/2019
Parker County SUD	Revenue Bonds, S19 (DW)	\$15,080,000	8/15/2019
Wolfe City	Comb Tax & Surp COs, S19A (CW)	\$2,325,000	8/12/2019
Wolfe City	Comb Tax & Surp COs, S19B (CW)	\$2,035,000	8/13/2019
Wolfe City	Comb Tax & Surp COs, S19C (DW)	\$870,000	8/14/2019
Wolfe City	Comb Tax & Surp COs, S19D (DW)	\$3,065,000	8/15/2019
Wolfe City	TWDB Principal Forgiveness (CW)	\$400,000	8/16/2019



Issuer	Type of Issue	Par Amount	Issuance Date
Wolfe City	TWDB Principal Forgiveness (DW)	\$988,103	8/17/2019
Eastland Co WSD	Revenue Bonds, S19 (DW)	\$805,000	7/18/2019
Eastland Co WSD	TWDB Principal Forgiveness (Grant)	\$2,114,485	7/18/2019
Roscoe	Comb Tax & Surp COs, S19 (DW)	\$1,965,000	7/9/2019
Roscoe	TWDB Principal Forgiveness (Grant)	\$337,950	7/9/2019
Brady	TWDB Principal Forgiveness (Grant)	\$4,700,000	4/3/2019
Brady	EDAP Loan	\$13,375,000	3/21/2019
Brady	Comb Tax & Surp COs, S19 (DW)	\$10,830,000	3/21/2019
Ballinger	TWDB Principal Forgiveness (Grant)	\$2,358,435	1/29/2019
Ballinger	Comb Tax & Surp COs, S19 (DW)	\$1,035,000	1/30/2019
Abilene	Comb Tax & Surp Rev Cos, S18	\$18,370,000	11/27/2018
Bangs	Comb Tax & Surp Rev Cos, S18	\$1,760,000	11/9/2018
Lawn	TWDB Principal Forgiveness (Grant)	\$2,678,239	8/29/2018
Lawn	Comb Tax & Surp Rev COs, S18	\$885,000	8/29/2018
Mason	TWDB Principal Forgiveness (Grant)	\$1,669,200	7/24/2018
Mason	Comb Tax & Surp Rev COs, S18	\$990,000	7/24/2018
Stephenville	Comb Tax & Surp Rev COs, S18A	\$17,030,000	7/10/2018
Cisco	Comb Tax & Surp Rev COs, S18A (DW)	\$4,565,000	6/27/2018
Cisco	TWDB Principal Forgiveness (Grant)	\$6,464,900	6/27/2018
Cisco	Comb Tax & Surp Rev COs, S18B (CW)	\$1,550,000	6/27/2018
Cisco	TWDB Principal Forgiveness (Grant)	\$4,322,700	6/27/2018
Ranger	TWDB Principal Forgiveness (Grant)	\$739,900	5/14/2018
Ranger	Comb Tax & Surp Rev COs, Taxable S18B	\$420,000	5/14/2018
Ranger	Comb Tax & Surp Rev COs, S18A	\$570,000	5/14/2018
Barton Wtr Supply Corp	TWDB Principal Forgiveness (Grant)	\$300,000	4/12/2018
Holiday Beach Water Supply	TWDB Principal Forgiveness (Grant)	\$700,000	2/17/2018
Gorman	TWDB Principal Forgiveness (Grant)	\$1,000,000	2/15/2018
Gorman	Comb Tax & WW & SS Surplus Rev, S18	\$1,000,000	2/15/2018
El Paso Public Service Board	W&S Rev Bds, S16A	\$50,000,000	10/31/2017
New Deal	Comb Tax & Surplus Rev COs, S17	\$935,000	10/23/2017
New Deal	TWDB Principal Forgiveness (Grant)	\$98,800	10/23/2017
Gordon	Comb Tax & Surplus Rev COs, Taxable S17	\$460,000	9/11/2017
Gordon	TWDB Principal Forgiveness (Grant)	\$728,072	9/11/2017
Buckholts	TWDB Principal Forgiveness (Grant)	\$200,000	8/10/2017
Winters	Comb Tax & Surplus Rev COs, S17	\$580,000	7/31/2017
Winters	TWDB Principal Forgiveness (Grant)	\$242,054	7/31/2017
Melvin	Revenue Bds, S17	\$180,000	5/17/2017
Melvin	TWDB Principal Forgiveness (Grant)	\$359,902	5/17/2017
Lueders	TWDB Principal Forgiveness (Grant)	\$483,577	3/23/2017
Troy	Comb Tax & Rev Cos, S17	\$2,100,000	1/23/2017
Seymour	TWDB Principal Forgiveness (Grant)	\$888,476	1/19/2017
Seymour	Certificates of Obligation, S17	\$2,115,000	1/19/2017

Issuer	Type of Issue	Par Amount	Issuance Date
Cisco	TWDB Principal Forgiveness (Grant)	\$500,000	1/9/2017
El Paso Public Service Board	W&S Rev Bds, S16A	\$100,000,000	10/18/2016
Strawn	TWDB Principal Forgiveness (Grant)	\$700,000	3/14/2016
Willow Park	Comb Tax & Surplus Rev COs, S16	\$1,035,000	3/8/2016
Ballinger	Comb Tax & Rev COs, S16	\$605,000	2/18/2016
Ballinger	TWDB Principal Forgiveness (Grant)	\$251,700	2/18/2016
Reklaw	Comb Tax & Rev COs, S16	\$300,000	1/7/2016
Reklaw	TWDB Principal Forgiveness (Grant)	\$200,000	1/7/2016
Brady	EDAP Loan Forgiveness Grant 2015	\$1,804,000	7/7/2015
Lake Palo Pinto Area WSC	TWDB Principal Forgiveness (Grant)	\$1,480,000	6/3/2015
Upper Leon River MWD	Taxable Water Sys Rev Bds, S15B	\$1,863,000	5/18/2015
Upper Leon River MWD	Tax-Exempt Water System Rev Bds, S15A	\$7,452,000	5/18/2015
Brady	TWDB Principal Forgiveness (Grant)	\$1,804,000	7/22/2015
Upper Leon River MWD	Wtr Sys Rev Bds, S15	\$14,105,766	6/25/2015
Lake Palo Pinto Area Wat Supp Corp	Promissory Note, S15	\$1,480,000	6/24/2015
Olney	Comb Tax & Rev COs, S15	\$2,440,000	4/27/2015
Gorman	TWDB Principal Forgiveness (Grant)	\$135,960	4/16/2015
Gorman	Comb Tax & WW & SS Surplus Rev, S15	\$140,000	4/16/2015
Early	Comb Tax & Surplus Rev COs, S15	\$8,365,000	4/14/2015
Winters	Comb Tax & WW & SS Surplus Rev COs, S14	\$603,500	9/29/2014
Bangs	Comb Tax & Surplus Rev Anticipation Notes, S14	\$231,000	6/9/2014
Bangs	TWDB Principal Forgiveness (Grant)	\$99,000	6/9/2014
San Saba	Comb Tax & Surplus Rev COs, S14	\$297,921	5/19/2014
Olney	Comb Tax & Surplus Rev COs, S14	\$403,425	4/28/2014
Cisco	Comb Tax & Surplus Rev COs, S14	\$677,050	4/14/2014
Willow Park	Comb Tax & Surplus Rev COs, S14	\$685,000	3/18/2014
Carbon	Comb Tax & Surplus Rev COs, S14	\$794,147	2/17/2014
Breckenridge	Comb Tax & Surplus Rev COs, S14	\$2,380,000	1/16/2014
Ralls	Revenue Bds, S13	\$250,000	11/25/2013
Roscoe	Comb Tax & Surplus Rev COs, S13	\$1,040,000	11/12/2013
Comanche	Comb Tax & Surplus Rev COs, S13A	\$1,071,500	10/14/2013
Brady	Comb Tax & Surplus Rev COs, S13	\$700,000	9/3/2013
Smyer	Comb Tax & Surplus Rev COs, S13	\$369,767	7/11/2013
Carbon	TWDB Principal Forgiveness (Grant)	\$200,000	4/24/2013
Upper Leon River MWD	Taxable Wtr Sys Rev Bds, S13	\$1,176,272	4/22/2013
New Deal	TWDB Principal Forgiveness (Grant)	\$142,000	4/16/2013
Goldthwaite	Comb Tax & Surplus Rev COs, S13	\$2,100,296	4/4/2013
Breckenridge	Comb Tax & Surplus Rev COs, S13	\$1,193,461	3/4/2013
Bronte	Comb Tax & Surplus Rev Cos, S13	\$850,000	2/14/2013
Lake Palo Pinto Area Wat Supp Corp	Promissory Note, S13	\$130,000	2/11/2013

Issuer	Type of Issue	Par Amount	Issuance Date
Moran	Comb Tax & Surplus Rev Cos, S13	\$180,000	1/15/2013
Moran	TWDB Principal Forgiveness (Grant)	\$332,325	1/15/2013
Comanche	Comb Tax & Surplus Rev COs, S13	\$705,000	1/14/2013
Comanche	TWDB Principal Forgiveness (Grant)	\$564,750	1/14/2013
Abilene	Comb Tax & Surplus Rev CO, S12	\$2,500,000	11/13/2012
Brownwood	Comb Tax & Surplus Rev Co, S12A	\$3,440,000	11/13/2012
Breckenridge	Comb Tax & Surplus Rev COs, S12	\$1,680,000	11/5/2012
Breckenridge	TWDB Principal Forgiveness (Grant)	\$704,878	11/5/2012
Brady	Comb Tax & Surplus Rev COs, S12	\$1,210,000	10/1/2012
Brady	CWSRF 2012	\$1,441,990	10/1/2012
Ranger	Comb Tax & Surplus Rev COs, S12	\$300,000	9/24/2012
Ranger	Grant/Loan 2012	\$300,000	9/24/2012
Eastland County WSD	Water Supply Revenue Bonds, S12	\$11,650,000	2/16/2012
North Central Texas MWA	Revenue Bonds, S12	\$5,500,000	2/14/2012
Somervell Co WD	GO Bds, S12	\$700,000	2/13/2012
Aledo	Tax & WW & SS Surplus Rev COs, S12	\$1,900,000	1/26/2012
Aledo	Tax & WW & SS Surplus Rev COs, S11B	\$1,700,000	1/27/2011
Aledo	Tax & WW & SS Surplus Rev COs, S11A	\$3,345,000	1/27/2011
Henrietta	Comb Tax & Rev COs, S10	\$3,250,000	6/14/2010
Aledo	Tax & WW & SS Surp Rev COs, S10B	\$360,000	1/28/2010
Aledo	Tax & WW & SS Surplus Rev COs, S10A	\$2,110,000	1/28/2010
Millersview-Doole WSC	EDAP - Grant	\$10,895,000	12/15/2009
Early	Comb Tax & WS Rev COs, S09	\$6,000,000	7/14/2009
Somervell Co WD	GO Bds, S09C	\$9,367,000	7/13/2009
Somervell Co WD	GO Bds, S09A	\$1,340,000	7/13/2009
Somervell Co WD	GO Bds, S09B	\$9,494,000	7/13/2009
Aledo	Tax & WW & SS Surp Rev COs, S09	\$675,000	6/2/2009
Coleman	Tax & Util Sys Surp Rev COs, S08	\$5,025,000	5/15/2008
Possum Kingdom WSC	Water Sys Rev Bds, S08	\$1,625,000	1/16/2008
Aledo	Tax & WW&SS Surp COs, S07	\$5,765,000	8/23/2007
Winters	Tax & WW&SS Surp Rev COs, S07	\$1,680,000	6/25/2007
Winters	Tax & WW&SS Surp Rev COs, S07A	\$655,000	6/25/2007
Ballinger	Tax & WW & SS Surp Rev COs, S06	\$3,870,000	1/26/2007
Brown Co WID 1	Revenue Bds, S06	\$20,490,000	10/13/2006
	<b>156 issues</b>	<b>\$575,654,869</b>	

The City of Breckenridge, Texas

# Appendix B

List of Representative TWDB Transactions by the Firm - January 1, 2017 – current

Appendix B



Firm Experience as Financial Advisor - TWDB Transactions  
 January 1, 2017 – current  
 Source: Internal Records

Issue Date	Issuer	Issue Description	Par Amount
01/19/2017	Seymour, City of (General Obligation Debt)	Comb Tax & Surplus Rev C/O Ser 2017	2,115,000
02/01/2017	Houston, City of (Utility System)	Comb Util Sys First Lien Rev Bds Ser 2017A	65,750,000
03/01/2017	Troy, City of (General Obligation Debt)	Comb Tax & Rev C/O Ser 2017	2,100,000
03/01/2017	Jefferson Co WC&ID # 10 (Utility System)	Util Sys Rev Bds Ser 2017	1,000,000
04/01/2017	Granbury, City of (General Obligation Debt)	Comb Tax & Surplus Rev C/O Ser 2017	15,000,000
04/01/2017	Grand Prairie, City of (Waterworks & Sewer System)	W & WW Sys Rev Bds Ser 2017	5,110,000
04/01/2017	Fort Worth, City of (Waterworks & Sewer System)	W & SS Rev Bds Ser 2017	16,045,000
04/17/2017	Melvin, City of (Water Revenue)	W Sys Rev Bds Ser 2017	180,000
06/29/2017	Upper Trinity Regional Water Dist (Northeast Regional Water Reclamation System)	Northeast Reg W Reclamation Sys Rev Bds Ser 2017	23,990,000
07/01/2017	Winters, City of (General Obligation Debt)	Tax & WW & SS Surplus Rev C/O Taxable Ser 2017	580,000
07/01/2017	San Juan, City of (Waterworks & Sewer System)	WW & SS Rev Bds Ser 2017	2,285,000
08/15/2017	Gladewater, City of (General Obligation Debt)	Comb Tax & Surplus Rev C/O Ser 2017A	1,600,000
08/15/2017	Gladewater, City of (General Obligation Debt)	Comb Tax & Surplus Rev C/O Ser 2017B	3,900,000
09/01/2017	Farmersville, City of (General Obligation Debt)	Tax & Util Sys Surplus Rev C/O Ser 2017	5,845,000
09/01/2017	Vinton, Village of (General Obligation Debt)	Comb Tax & SS Surplus Rev C/O Ser 2017	5,085,000
09/01/2017	New Deal, City of (General Obligation Debt)	Comb Tax & Surplus Rev C/O Ser 2017	935,000
10/01/2017	Bedford, City of (General Obligation Debt)	Comb Tax & Surplus Rev C/O Ser 2017	20,000,000
10/01/2017	North Texas Municipal Water Dist (Waterworks System)	W Sys Rev Bds Ser 2017	44,650,000
10/01/2017	Springtown, City of (General Obligation Debt)	Comb Tax & Surplus Rev C/O Ser 2017	1,390,000
10/15/2017	Sabine River Auth (Gulf Coast Division)	W Supply Sys Rev Bds Taxable Ser 2017	18,825,000
11/01/2017	Azle, City of (General Obligation Debt)	Tax & WW & SS Rev C/O Ser 2017A	1,350,000
11/01/2017	Coastal Water Authority (Luce Bayou Project)	Contract Rev Bds (Luce Bayou Project) Ser 2017	24,180,000
11/01/2017	West Harris Co Regional Water Auth (Waterworks System)	W Sys Jr Lien Rev Bds Ser 2017	211,250,000
11/01/2017	Houston, City of (Utility System)	Comb Util Sys Subord Lien Rev Bds Ser 2017C	83,170,000
11/01/2017	North Fort Bend Water Authority (Waterworks System)	W Sys Jr Lien Rev Bds Ser 2017	87,360,000
11/14/2017	El Paso, City of (Waterworks & Sewer System)	W & S Rev Bds Ser 2017A	50,000,000
11/16/2017	Brushy Creek Regional Utility Authority, Inc. (City of Leander Brushy Creek Regional Water Treatment & Distribution Project)	Contract Rev Bds (Brushy Creek Regional Water Treatment & Distribution Project) Ser 2017	8,130,000
03/15/2018	Savoy, City of (General Obligation Debt)	Comb Tax & Surplus Rev C/O Ser 2018	2,755,000
04/01/2018	Houston, City of (Utility System)	Comb Util Sys First Lien Rev Bds Ser 2018A	64,680,000
05/01/2018	North Texas Municipal Water Dist (Waterworks System)	W Sys Rev Bds Ser 2018	800,000,000
05/14/2018	Ranger, City of (General Obligation Debt)	Comb Tax & Surplus Rev C/O Taxable Ser 2018B	420,000
05/14/2018	Ranger, City of (General Obligation Debt)	Comb Tax & Surplus Rev C/O Ser 2018A	570,000
05/15/2018	Cisco, City of (General Obligation Debt)	Comb Tax & Surplus Rev C/O Ser 2018B	1,550,000
05/15/2018	Cisco, City of (General Obligation Debt)	Comb Tax & Surplus Rev C/O Ser 2018A	4,565,000
05/15/2018	Hurst, City of (General Obligation Debt)	Tax & WW & SS (Surplus Pledge) Rev C/O Ser 2018	1,360,000
05/15/2018	Valley MUD # 2 (General Obligation Debt)	Comb U/L Tax & WW & SS Rev Bds Ser 2018A	3,730,000
05/15/2018	Valley MUD # 2 (General Obligation Debt)	Comb U/L Tax & WW & SS Rev Bds Ser 2018B	1,495,000
06/01/2018	San Juan, City of (Waterworks & Sewer System)	WW & SS Rev Bds Ser 2018	1,270,000
06/15/2018	Mason, City of (General Obligation Debt)	Comb Tax & Surplus Rev C/O Ser 2018	990,000
07/15/2018	Farwell, City of (General Obligation Debt)	Comb Tax & WW & SS Surplus Rev C/O Ser 2018	1,500,000
08/01/2018	Lawn, City of (General Obligation Debt)	Comb Tax & WW & SS Surplus Rev C/O Ser 2018	885,000
09/01/2018	Houston, City of (General Obligation Debt)	Pub Imp Bds Ser 2018A	44,065,000
10/01/2018	Bangs, City of (General Obligation Debt)	Comb Tax & Rev C/O Ser 2018	1,760,000
10/15/2018	McAllen, City of (Waterworks & Sewer System)	WW & SS Rev Bds Ser 2018C	6,900,000
10/15/2018	McAllen, City of (Waterworks & Sewer System)	WW & SS Rev Bds Ser 2018B	12,000,000
10/15/2018	McAllen, City of (Waterworks & Sewer System)	WW & SS Rev Bds Ser 2018A	7,000,000
10/15/2018	North Texas Municipal Water Dist (Waterworks System)	W Sys Rev Bds Ser 2018A	530,985,000
10/15/2018	Sabine River Auth (Gulf Coast Division)	W Supply Sys Rev Bds Taxable Ser 2018	33,310,000
11/01/2018	Upper Trinity Regional Water Dist (Reg Treated Water Supply Sys)	Reg Treated Water Supply Sys Rev Bds Ser 2018	7,590,000
11/01/2018	Houston, City of (Utility System)	Comb Util Sys Sub Lien Rev Bds Ser 2018F	170,265,000

**MUNICIPAL ADVISORY AGREEMENT**

This Municipal Advisory Agreement (the “Agreement”) is made and entered into by and between \_\_\_\_\_ (the “Issuer”) and Hilltop Securities Inc. (“HilltopSecurities”), and is dated, and shall be effective as of, the date executed by the Issuer as set forth on the signature page hereof (the “Effective Date”).

**WITNESSETH:**

**WHEREAS**, the Issuer will have under consideration from time to time the authorization and issuance of municipal securities, including but not limited to the issuance and sale of evidences of indebtedness and application and funding of grants and or principal forgiveness financing amounts and forms which cannot presently be determined or debt obligations that may currently or in the future be authorized and issued or otherwise created or assumed by the Issuer, in amounts and forms which cannot presently be determined; and

**WHEREAS**, in connection with the authorization, sale, issuance and delivery of such municipal securities, and application and funding of grants and or principal forgiveness financing, as well as in connection with any matters relating to municipal financial products of the Issuer, the Issuer desires to retain a municipal advisor; and

**WHEREAS**, the Issuer desires to obtain the professional services of HilltopSecurities as a municipal advisor to advise the Issuer regarding the issuance of municipal securities and any municipal financial products, all as more fully described herein, during the period in which this Agreement shall be effective; and

**WHEREAS**, HilltopSecurities is willing to provide its professional services and its facilities as a municipal advisor in connection with the Issuer’s issuances of municipal securities and any municipal financial products, all as more fully described herein, during the period in which this Agreement shall be effective.

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

**SECTION I  
SCOPE OF SERVICES**

**A. Scope of Services and Discharge of Responsibilities.**

**1. *Scope of Services.***

(a) HilltopSecurities is engaged by the Issuer as its municipal advisor to provide the services set forth in **Appendix A** hereto (the “Municipal Advisory Services”). The Municipal Advisory Services, together with any services to be provided by HilltopSecurities as the Issuer’s independent registered municipal advisor (“IRMA”) pursuant to subparagraph B.1 of this Section I, are hereinafter collectively referred to as the “Scope of Services” hereunder. The Scope of Services to be provided by HilltopSecurities may be changed only as provided in paragraph D of this Section I.

(b) If the Issuer engages HilltopSecurities or any of its affiliates, in a capacity other than as municipal advisor, to provide additional services that are not municipal advisory activities (“Non-Municipal Advisor Services”), such engagement for Non-Municipal Advisor Services shall be evidenced by a separate agreement between the Issuer and such party. The parties hereto acknowledge that such Non-Municipal Advisor Services shall not be governed by this Agreement and are intended to consist of activities not requiring registration as a municipal advisor under the Securities Exchange Act.

(c) The Issuer shall provide written notice to HilltopSecurities of any other municipal advisor engaged by the Issuer, whether in regard to all or any portion of the Municipal Advisory Services or for any other aspects of the issuance of municipal securities or municipal financial products outside the scope of the Municipal Advisory Services, as described in clause (c) of subparagraph B.1 of this Section I.

2. ***Inquiries and Information in Connection with HilltopSecurities' Duties.*** If and to the extent provided in the Scope of Services, HilltopSecurities is called upon to make recommendations to the Issuer or to review recommendations made by others to the Issuer, and in connection therewith to determine whether such recommendations are suitable for the Issuer, in order to fulfill its duties with respect to such recommendations and any associated suitability determinations, HilltopSecurities is required under applicable regulations to make reasonable inquiries of the Issuer as to the relevant facts. Such facts include, at a minimum, information regarding the Issuer's financial situation and needs, objectives, tax status, risk tolerance, liquidity needs, experience with municipal securities transactions or municipal financial products generally or of the type and complexity being recommended, financial capacity to withstand changes in market conditions during the term of the municipal financial product or the period that municipal securities to be issued in the municipal securities transaction are reasonably expected to be outstanding, and any other material information known by HilltopSecurities about the Issuer and the municipal securities transaction or municipal financial product. In addition, HilltopSecurities is required under applicable regulations to use reasonable diligence to know the essential facts about the Issuer and the authority of each person acting on behalf of the Issuer so as to effectively service HilltopSecurities' municipal advisory relationship with the Issuer, to act in accordance with any special directions from the Issuer, to understand the authority of each person acting on behalf of the Issuer, and to comply with applicable laws, regulations and rules.

Accordingly, the Issuer hereby agrees to provide accurate and complete information reasonably designed to permit HilltopSecurities to fulfill its responsibilities in connection with any such recommendations and suitability determinations and to provide to HilltopSecurities reasonable access to relevant documents and personnel in connection with its required investigation to determine that any recommendations are not based on materially inaccurate or incomplete information. The Issuer acknowledges that HilltopSecurities may not be able to make requested recommendations or suitability determinations if it is not provided access to such information and that the Issuer shall be estopped from claiming a violation of HilltopSecurities' fiduciary duty to the Issuer in connection with a recommendation or suitability determination made by HilltopSecurities based on materially inaccurate or incomplete information provided by the Issuer.

3. ***Actions Independent of or Contrary to Advice.*** The parties hereto acknowledge that the Issuer shall not be required to act in accordance with any advice or recommendation provided by HilltopSecurities to the Issuer. Upon providing such advice or recommendation to the Issuer, together with the basis for such advice or recommendation, HilltopSecurities shall have discharged its duties with regard to such advice or recommendation and shall not be liable for any financial or other damages resulting from the Issuer's election not to act in accordance with such advice or recommendation. Furthermore, the Issuer shall be estopped from claiming a violation of HilltopSecurities' fiduciary duty to the Issuer as a result of its election not to act in accordance with any advice or recommendation by HilltopSecurities, including but not limited to any claim that HilltopSecurities should have taken steps, in addition to providing its advice or recommendation together with the basis therefor, to cause the Issuer to follow its advice or recommendation.

4. ***Preparation of Official Statement in Connection with Issuance of Municipal Securities.*** If and to the extent provided in the Scope of Services, HilltopSecurities is called upon to assist the Issuer

in the preparation of its official statement in connection with the issuance of municipal securities, the Issuer hereby agrees to provide accurate and complete information to HilltopSecurities reasonably designed to permit HilltopSecurities to fulfill its responsibility to have a reasonable basis for any information HilltopSecurities provides about the Issuer, its financial condition, its operational status and its municipal securities in connection with the preparation of the official statement. While HilltopSecurities may participate in the due diligence process in connection with the preparation of the official statement, if such participation is within the Scope of Services, HilltopSecurities shall not be obligated to undertake any inquiry or investigation in connection with such due diligence beyond any inquiries or investigations otherwise required by this Agreement. Furthermore, HilltopSecurities shall not be responsible for certifying the accuracy or completeness of the official statement, other than with respect to information about HilltopSecurities provided for inclusion in the official statement, if applicable. The Issuer agrees that HilltopSecurities may rely on any information provided to it by the Issuer for purposes of this paragraph.

5. ***Representations and Certifications.*** If and to the extent provided in the Scope of Services, HilltopSecurities is called upon to make representations and certifications with regard to certain aspects of matters pertaining to the Issuer, its municipal securities or municipal financial products arising as part of the Municipal Advisory Services to be provided pursuant to this Agreement, the Issuer hereby agrees to provide accurate and complete information to HilltopSecurities as may be reasonably necessary or otherwise helpful to HilltopSecurities in fulfilling its responsibility to have a reasonable basis for any representations, other than representations by HilltopSecurities regarding itself, made in a certificate signed by HilltopSecurities that may be relied upon by the Issuer, any other party involved in any matter arising as part of the Municipal Advisory Services, or investors in the Issuer's municipal securities. The Issuer agrees that HilltopSecurities may rely on any information provided to it by the Issuer for purposes of this paragraph.

**B. Services as Independent Registered Municipal Advisor.**

1. ***Designation as IRMA and Scope of Designation.***

(a) Subject to clause (b) of this subparagraph B.1, if the Issuer elects to designate HilltopSecurities, and HilltopSecurities agrees to represent the Issuer, as the Issuer's IRMA for purposes of Securities Exchange Commission ("SEC") Rule 15Ba1-1(d)(3)(vi) (the "IRMA exemption") with respect to the Municipal Advisory Services, HilltopSecurities will treat such role as IRMA as within the scope of Municipal Advisory Services. Any reference to HilltopSecurities, its personnel and its role as IRMA in the written representation of the Issuer contemplated under SEC Rule 15Ba1-1(d)(3)(vi)(B) shall be subject to prior approval by HilltopSecurities.

If there are any other aspects of the issuance of municipal securities or municipal financial products outside the scope of the Municipal Advisory Services with respect to which the Issuer seeks to have HilltopSecurities serve as its IRMA, such aspects, which are separate and distinct from Municipal Advisory Services for purposes of this Agreement, shall be included in Appendix A hereto and may be changed only as provided in paragraph D of this Section I. HilltopSecurities' duties as IRMA shall be strictly limited to the provision of advice to the Issuer with regard to third-party recommendations on any aspects of the issuance of municipal securities or municipal financial products outside the scope of the Municipal Advisory Services, subject to subparagraph B.3 of this Section I, and the provision of advice by HilltopSecurities to the Issuer with respect to such matters shall not result in a change in scope of the Municipal Advisory Services. By way of example, if HilltopSecurities serves as municipal advisor for an issuance of municipal securities within the scope of Municipal Advisory Services, but is asked to review a recommendation made by a third party with respect to a different issuance of municipal securities not within



the scope of Municipal Advisory Services, any advice with respect to such review would not, by itself, cause such other issuance to come within the scope of Municipal Advisory Services, and HilltopSecurities would not be obligated to undertake any of the services set forth in Appendix A with regard to such issuance unless the scope of Municipal Advisory Services hereunder is amended to include such issuance.

(b) If the Issuer elects not to designate HilltopSecurities to serve as an IRMA for purposes of the IRMA exemption with respect to the Municipal Advisory Services, or if the Issuer elects to designate HilltopSecurities to serve as IRMA for less than the full range of Municipal Advisory Services, such election shall be set forth in Appendix A.

(c) The Issuer shall provide written notice to HilltopSecurities of any other municipal advisor engaged by the Issuer, whether such other municipal advisor has been designated as an IRMA, and such notice shall include the scope of services of such municipal advisor. If the Issuer has engaged, or has caused HilltopSecurities to engage through subcontract, any other party to serve as municipal advisor to the Issuer with regard to all or any portion of the Municipal Advisory Services (“Joint Municipal Advisory Services”), whether engaged jointly with or separately from HilltopSecurities (a “Co-Municipal Advisor”), the Issuer agrees that such Co-Municipal Advisor shall not be entitled to treat HilltopSecurities as an IRMA with respect to the Joint Municipal Advisory Services. Notwithstanding the preceding sentence, the Issuer may seek to have HilltopSecurities provide advice on any recommendation made by a Co-Municipal Advisor with regard to matters within the scope of Joint Municipal Advisory Services on the same terms as set forth in subparagraph B.3 of this Section I, provided that any such advice provided by HilltopSecurities shall not serve to eliminate or reduce such Co-Municipal Advisor’s fiduciary or other duties as municipal advisor to the Issuer.

2. ***HilltopSecurities Not Responsible for Independence from Third Parties.*** Notwithstanding HilltopSecurities’ status as an IRMA, HilltopSecurities shall not be responsible for ensuring that it is independent, within the meaning of the IRMA exemption as interpreted by the SEC, from another party wishing to rely on the exemption from the definition of municipal advisor afforded under the IRMA exemption or for otherwise ensuring that any such party not be treated as a municipal advisor for purposes of Section 15B of the Securities Exchange Act or any SEC or Municipal Securities Rulemaking Board (“MSRB”) rule thereunder. The Issuer expressly acknowledges that it is the responsibility of such other party to make its own determination of independence and that such other party shall not be entitled to cause HilltopSecurities to make any personnel changes to allow such party to qualify for the IRMA exemption.

3. ***Recommendations Provided by Third Parties Relying on IRMA Exemption.*** The Issuer agrees that, to the extent the Issuer seeks to have HilltopSecurities provide advice with regard to any recommendation made by a third party relying on the IRMA exemption, the Issuer shall provide to HilltopSecurities written direction to provide advice with regard to such third party recommendation as well as any information it has received from such third party. In connection therewith, HilltopSecurities shall be authorized to communicate with such third party as necessary or appropriate in order for HilltopSecurities to have the information it needs to provide informed advice to the Issuer with regard to such recommendation. HilltopSecurities shall provide to the Issuer recommendations it receives directly from any third party but shall not be required to provide advice to the Issuer with regard to any such recommendation unless the Issuer has provided to HilltopSecurities the written direction as described above in this subparagraph B.3.

Except as may be otherwise expressly provided in writing by HilltopSecurities, no recommendation by a third-party (including but not limited to a Co-Municipal Advisor) shall be deemed to be a

recommendation by HilltopSecurities, and the failure by HilltopSecurities to specifically address any aspect of a third-party recommendation shall not be viewed as HilltopSecurities having implicitly accepted or approved such aspect of the recommendation or otherwise having adopted the recommendation or any aspect thereof as its own recommendation. Furthermore, the Issuer agrees that, to the extent the Issuer does not seek to have HilltopSecurities provide advice with regard to any recommendation made by a third party relying on the IRMA exemption, HilltopSecurities shall not be required to provide any advice with regard to such recommendation notwithstanding any information it may have received from such third party. HilltopSecurities may rely on the absence of the Issuer's written direction to provide advice with regard to a third party recommendation as indicative that the Issuer does not seek to have HilltopSecurities provide such advice.

**C. Limitations on Scope of Engagement.**

1. ***Express Limitations.*** The Scope of Services with respect to HilltopSecurities' engagement as municipal advisor shall be solely as provided in paragraphs A and B of this Section I and Appendix A of this Agreement, subject to the express limitations set forth in this paragraph C. The failure of the parties hereto to set out any particular service or responsibility, or any particular type or aspect of the issuance of municipal securities or municipal financial products, within the express limitations in this paragraph C shall not, by its omission, cause such service, responsibility or product to be within the scope of this engagement if not contemplated by the mutual agreement of the parties hereto or if not reasonably viewed as encompassed by the description of the Municipal Advisory Services set forth in this Agreement.

2. ***Limitation as to Matters Within Then-Current Scope of Engagement.*** It is expressly understood that HilltopSecurities serves as municipal advisor to the Issuer only with respect to the matters, and with respect to specific aspects of matters, within the then-current Scope of Services. The Issuer acknowledges that HilltopSecurities is not a municipal advisor to the Issuer with respect to matters expressly excluded from such Scope of Services as set forth in this paragraph C or matters otherwise not within the Scope of Services as set forth in paragraphs A and B of this Section I and Appendix A hereto. Without limiting the generality of the preceding sentence, the parties hereto agree that HilltopSecurities' service as municipal advisor for one issuance of municipal securities would not result in HilltopSecurities being a municipal advisor to the Issuer for any other issuances of municipal securities if such other issuances are not within the Scope of Services. It is expressly understood that HilltopSecurities shall be municipal advisor with respect to a particular issuance of municipal securities or a particular municipal financial product beginning on the earlier of (a) the date on which HilltopSecurities is assigned to serve or is otherwise put on notice by the Issuer that it will serve as municipal advisor for such particular matter or (b) the date on which HilltopSecurities first provides advice to the Issuer with respect to such particular matter, and it is further understood that HilltopSecurities shall not be deemed to be a municipal advisor to the Issuer with respect to any such particular matter prior to such date merely due to the fact that the matter falls within the general description of the Scope of Services.

3. ***Transactions and Services Outside Scope of Engagement.*** To the extent that the Issuer engages in any transaction with HilltopSecurities, or any affiliate of HilltopSecurities, as principal relating to municipal securities (including but not limited to as underwriter for the issuance of municipal securities) or municipal financial products that are not within the Scope of Services and with respect to which HilltopSecurities does not in fact provide advice other than as permitted within the exceptions and exclusions of SEC Rule 15Ba1-1, the Issuer agrees that it would not view HilltopSecurities as serving as its municipal advisor with respect to such transaction or any related issuance of municipal securities or municipal financial product. In addition, as noted in clause (b) of subparagraph A.1 of this Section I, the Issuer understands that Non-Municipal Advisor Services are outside the scope of this engagement.

4. ***Issuer Consent to Limitation in Scope.*** The Issuer expressly consents to the limitations in scope of the engagement as described in this paragraph C.

**D. Change in Scope of Services.** The scope of services to be provided by HilltopSecurities, whether within or outside of the scope of the Municipal Advisory Services, may be changed only by written amendment to Appendix A, and the parties hereto agree to amend such appendix promptly to reflect any material changes or additions to the scope of such services, as applicable. Furthermore, the parties hereto agree to amend paragraph C of this Section I to reflect any material changes or additions to the limitations on the overall Scope of Services.

The parties hereto agree that if, on an infrequent or inadvertent basis, HilltopSecurities takes any actions for or on behalf of the Issuer that constitute municipal advisory activities within the meaning of MSRB Rule G-42(f)(iv) but which are not within the Scope of Services under this Agreement, such actions shall not, by themselves, serve to change the Scope of Services under this Agreement without a written amendment as provided in this paragraph. Furthermore, to the extent that any such activities not within the Scope of Services under this Agreement consists of inadvertent advice provided with respect to the issuance of municipal securities or municipal financial products that are not within the Scope of Services under this Agreement, HilltopSecurities may take such action, if any, as it deems appropriate pursuant to Supplementary Material .07 of MSRB Rule G-42 with respect to such inadvertent advice, to maintain the Scope of Services under this Agreement consistent with the intent of the parties hereto.

Amendments to Appendix A may be effected by replacement of the prior version of the appendix with a new version or by the addition of an addendum to such appendix, provided that any such amended appendix shall be dated as of its effective date and shall cause Appendix A, taken together with the provisions of this Section I, to clearly set forth the then-current scope of HilltopSecurities' engagement hereunder and any limitations to such scope.

**E. Non-Municipal Advisory Activities Related to Scope of Services.** The Scope of Services under this Agreement is intended to encompass activities subject to the provisions of Securities Exchange Act Section 15B and the rules of the SEC and MSRB thereunder relating to municipal advisory activities. However, the Issuer and HilltopSecurities acknowledge that in some cases the range of activities necessary or appropriate to provide the intended services hereunder in a fair, effective and efficient manner for the benefit of the Issuer may involve a combination of actions that consist of municipal advisory activities and actions that may not qualify as municipal advisory activities. Unless otherwise prohibited by Securities Exchange Act Section 15B or any rule of the SEC or MSRB thereunder, the fact that HilltopSecurities serves as municipal advisor to the Issuer in connection with a particular matter shall not prohibit HilltopSecurities from undertaking such necessary or appropriate non-municipal advisory activities in connection therewith, and the fact that HilltopSecurities undertakes such non-municipal advisory activities within the Scope of Services under this Agreement would not, by itself, cause such activities to become municipal advisory activities for purposes Securities Exchange Act Section 15B or any rule of the SEC or MSRB thereunder.

## SECTION II TERM AND TERMINATION

**A. Term of this Engagement.** The term of this Agreement begins on the Effective Date and ends, unless terminated pursuant to paragraph B of this Section II, on the last day of the month in which the fifth anniversary date of the Effective Date shall occur (the "Original Termination Date"). Unless

HilltopSecurities or the Issuer shall notify the other party in writing at least thirty (30) days in advance of the Original Termination Date that this Agreement will not be renewed, this Agreement will be automatically renewed on the Original Termination Date for an additional one (1) year period and thereafter will be automatically renewed on each anniversary date of the Original Termination Date for successive one (1) year periods unless HilltopSecurities or the Issuer shall notify the other party in writing at least thirty (30) days in advance of such successive anniversary date.

**B. Termination of this Engagement.** This Agreement may be terminated with or without cause by the Issuer or HilltopSecurities upon the giving of at least thirty (30) days' prior written notice to the other party of its intention to terminate, specifying in such notice the effective date of such termination. In the event of such termination, it is understood and agreed that only the amounts due HilltopSecurities for services provided and expenses incurred to the date of termination will be due and payable. No penalty will be assessed for termination of this Agreement.

### **SECTION III COMPENSATION, EXPENSES, LIABILITY AND OTHER FINANCIAL MATTERS**

**A. Compensation.** The fees due to HilltopSecurities for the Municipal Advisory Services and any other services set forth in Appendix A hereto shall be as provided in **Appendix B** hereto. The Issuer has agreed to the compensation arrangements set forth in Appendix B and believes that they are reasonable and not excessive. If at any time the Issuer becomes concerned that, notwithstanding its initial belief that the compensation arrangements set forth in this Agreement are reasonable, the actual amount of compensation to be paid in accordance with such arrangements for any particular matter during the course of this engagement may potentially become excessive, the Issuer shall immediately notify HilltopSecurities in writing of its concern in that regard.

**B. Expenses.** HilltopSecurities shall be entitled to reimbursement of expenses incurred in connection with any services provided hereunder as set forth in Appendix B.

**C. Third-Party Payments.** The Issuer agrees that any request it makes to HilltopSecurities to make payments to any third party on its behalf (other than with any underwriter), whether pursuant to a fee-splitting arrangement or otherwise, shall be in writing and shall set forth the name of the recipient, the amount of payment, and a brief statement of the purpose of such payment. The Issuer agrees that the counter signature by HilltopSecurities of any such written request shall be satisfactory disclosure of such third-party payment or fee-splitting arrangement for purposes of MSRB Rule G-42(e)(i)(D) and shall, in the case of any such arrangements made after the Effective Date, serve as satisfactory written disclosure of any conflict of interest arising from such third-party payment or fee-splitting arrangement for purposes of MSRB Rule G-42(b)(i)(D) and (c)(ii).

**D. No Custody of Issuer Funds.** This engagement does not contemplate that HilltopSecurities receive deposit of or maintain custody of the Issuer's funds unless otherwise provided in Appendix A hereto.

**E. Limitation on Liability.** In the absence of willful misconduct, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of HilltopSecurities or any of its associated persons, HilltopSecurities and its associated persons shall have no liability to the Issuer for any act or omission in the course of, or connected with, rendering services hereunder or for any error of judgment,

mistake of law, or any loss arising out of any issuance of municipal securities, any municipal financial product or any other investment.

**SECTION IV  
REQUIRED DISCLOSURES**

**A. Disclosure of Conflicts of Interest and Information Regarding Legal or Disciplinary Events.** The Issuer hereby acknowledges receipt of, and has read and understands the content of, the Municipal Advisor Disclosure Statement, attached hereto as **Appendix C**, current as of the date of this Agreement, setting forth disclosures by HilltopSecurities of material conflicts of interest (the "Conflict Disclosures"), if any, and of any legal or disciplinary events required to be disclosed pursuant to MSRB Rule G-42(b) and (c)(ii). The Conflict Disclosures also describe how HilltopSecurities addresses or intends to manage or mitigate any disclosed conflicts of interest, as well as the specific type of information regarding, and the date of the last material change, if any, to the legal and disciplinary events required to be disclosed on Forms MA and MA-I filed by HilltopSecurities with the SEC.

**B. Waiver of Disclosed Conflicts of Interest.** By executing this Agreement, the Issuer hereby waives any conflicts of interest disclosed by HilltopSecurities in the Conflict Disclosures as of the date of this Agreement.

**C. Consent to Electronic Delivery of Disclosures.** By executing this Agreement, the Issuer consents, for the full term of this Agreement, to the electronic delivery of the Conflict Disclosures at no cost to the Issuer, in lieu of delivery of hard copy. The Conflict Disclosures may be delivered by email to the Issuer at \_\_\_\_\_, or at such other email address as the Issuer may hereafter provide in writing to HilltopSecurities.

**SECTION V  
MISCELLANEOUS**

**A. Choice of Law.** This Agreement shall be construed and given effect in accordance with the laws of the State of Texas.

**B. Binding Effect; Assignment.** This Agreement shall be binding upon and inure to the benefit of the Issuer and HilltopSecurities, their respective successors and assigns; provided however, neither party hereto may assign or transfer any of its rights or obligations hereunder without the prior written consent of the other party.

**C. Entire Agreement.** This instrument, including all appendices hereto, contains the entire agreement between the parties relating to the rights herein granted and obligations herein assumed. Any oral or written representations or modifications concerning this Agreement shall be of no force or effect except for a subsequent modification in writing signed by all parties hereto, subject to the provisions of paragraph D of Section I hereof.

*Signature page follows*

**APPENDIX A**  
**MUNICIPAL ADVISORY SERVICES**

This Appendix A sets out the scope of the Municipal Advisory Services to be performed by HilltopSecurities pursuant to the Agreement, subject to the limitations in scope set out in paragraph C of Section I of the Agreement, and with the understanding that:

(a) Individual actions taken within this scope shall be consistent with any request or direction provided by an authorized representative of the Issuer or as HilltopSecurities determines to be necessary or appropriate in furtherance of any matter for which it serves as municipal advisor. However, not all listed activities will be appropriate, necessary or applicable to any particular matter subject to this Agreement.

(b) For purposes of this Agreement, an issuance of municipal securities (an "issuance") shall encompass any and all stages in the life of an issuance, from the pre-issuance planning stage to the repayment stage.

**I. New Issuances of Municipal Securities.** At the direction of or upon the request of the Issuer, HilltopSecurities shall provide advice to the Issuer on any new issuances, including reofferings of outstanding issuances that are treated for purposes of the federal securities laws and/or federal tax laws as new issuances, throughout the term of this Agreement. The activities to be performed by HilltopSecurities may include, depending on the specific circumstances of an issuance and any request or direction of the Issuer, one or more of the following:

**Planning for New Issuance**

1. ***Survey and Analysis.*** Surveying the financial resources of the Issuer in connection with its capacity to authorize, issue and service the contemplated issuance. This survey would be expected to include an analysis of any existing debt structure as compared with the existing and projected sources of revenues which may be pledged to secure payment of debt service and, where appropriate, would include a study of the trend of the assessed valuation, taxing power and present and future taxing requirements of the Issuer. In the event revenues of existing or projected facilities operated by the Issuer are to be pledged to repayment of the contemplated issuance, the survey would be expected to take into account any outstanding indebtedness payable from such revenues, additional revenues to be available from any proposed rate increases, and additional revenues resulting from improvements to be financed by the contemplated issuance, as projected by consulting engineers engaged by the Issuer.

2. ***Future Financings.*** In connection with the contemplated issuance, considering and analyzing future financing needs as projected by the Issuer's staff and consulting engineers or other experts, if any, engaged by the Issuer.

3. ***Recommendations.*** Making recommendations to the Issuer on the contemplated issuance, including such elements as the date of issue, interest payment dates, schedule of principal maturities, options for prepayment, security provisions, and such other provisions as may be appropriate.

4. ***Market Information.*** Advising the Issuer of HilltopSecurities' view of current bond market conditions, other related forthcoming bond issues and general information (including

**APPENDIX C**  
**MUNICIPAL ADVISOR DISCLOSURE STATEMENT**

This disclosure statement (“Conflict Disclosures”) is provided by **Hilltop Securities Inc.** (“the Firm”) to you (the “Client”) in connection with our current municipal advisory agreement, (“the Agreement”). These Conflict Disclosures provide information regarding conflicts of interest and legal or disciplinary events of the Firm that are required to be disclosed to the Client pursuant to MSRB Rule G-42(b) and (c)(ii).

**PART A – Disclosures of Conflicts of Interest**

MSRB Rule G-42 requires that municipal advisors provide to their clients disclosures relating to any actual or potential material conflicts of interest, including certain categories of potential conflicts of interest identified in Rule G-42, if applicable.

***Material Conflicts of Interest*** – The Firm makes the disclosures set forth below with respect to material conflicts of interest in connection with the Scope of Services under the Agreement with the Firm, together with explanations of how the Firm addresses or intends to manage or mitigate each conflict.

***General Mitigations*** – As general mitigations of the Firm’s conflicts, with respect to all of the conflicts disclosed below, the Firm mitigates such conflicts through its adherence to its fiduciary duty to Client, which includes a duty of loyalty to Client in performing all municipal advisory activities for Client. This duty of loyalty obligates the Firm to deal honestly and with the utmost good faith with Client and to act in Client’s best interests without regard to the Firm’s financial or other interests. In addition, because the Firm is a broker-dealer with significant capital due to the nature of its overall business, the success and profitability of the Firm is not dependent on maximizing short-term revenue generated from individualized recommendations to its clients but instead is dependent on long-term profitability built on a foundation of integrity, quality of service and strict adherence to its fiduciary duty. Furthermore, the Firm’s municipal advisory supervisory structure, leveraging our long-standing and comprehensive broker-dealer supervisory processes and practices, provides strong safeguards against individual representatives of the Firm 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.

**I. Affiliate Conflict.** The Firm, directly and through affiliated companies, provides or may provide services/advice/products to or on behalf of clients that are related to the Firm’s advisory activities within the Scope of Services outlined in the Agreement. Hilltop Securities Asset Management (HSAM), a SEC-registered affiliate of the Firm, provides post issuance services including arbitrage rebate and treasury management. The Firm’s arbitrage team verifies rebate and yield restrictions on the investments of bond proceeds on behalf of clients in order to meet IRS restrictions. The treasury management division performs portfolio management/advisor services on behalf of public sector clients. The Firm, through affiliate Hilltop Securities Asset Management (HSAM), provides a multi-employer trust tailor-made for public entities which allows them to prefund Other Post-Employment Benefit liabilities. The Firm has a structured products desk that provides advice to help clients mitigate risk through investment management, debt management and commodity price risk management products. These products consist of but are not limited to swaps (interest rate, currency, commodity), options, repos, escrow structuring and other securities. Continuing Disclosure services provided by the Firm work with issuers to assist them in meeting disclosure requirements set forth in SEC rule 15c2-12. Services include but are not limited to ongoing maintenance of issuer compliance, automatic tracking of issuer’s annual filings and public notification of material events. The Firm administers government investment pools. These programs offer governmental entities

investment options for their cash management programs based on the entities specific needs. The Firm and the aforementioned affiliate's business with a client could create an incentive for the Firm to recommend to a client a course of action designed to increase the level of a client's business activities with the affiliates or to recommend against a course of action that would reduce or eliminate a client's business activities with the affiliates. This potential conflict is mitigated by the fact that the Firm and affiliates are subject to their own comprehensive regulatory regimes.

**II. PlainsCapital Bank Affiliate Conflict.** The Firm, directly and through affiliated companies, provides or may provide services/advice/products to or on behalf of clients that are related to the Firm's advisory activities within the Scope of Services outlined in the Agreement. Affiliate, PlainsCapital Bank, provides banking services to municipalities including loans and custody. The Firm and the aforementioned affiliate's business with a client could create an incentive for the Firm to recommend to a client a course of action designed to increase the level of a client's business activities with the affiliates or to recommend against a course of action that would reduce or eliminate a client's business activities with the affiliates. This potential conflict is mitigated by the fact that the Firm and affiliates are subject to their own comprehensive regulatory regimes.

**III. Other Municipal Advisor or Underwriting Relationships.** The Firm 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 Client. For example, the Firm serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to Client. These other clients 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 clients, the Firm 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 the Firm 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 the Firm 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 the Firm's ability to fulfill its regulatory duties to Client.

**IV. Secondary Market Transactions in Client's Securities.** The Firm, in connection with its sales and trading activities, may take a principal position in securities, including securities of Client, and therefore the Firm could have interests in conflict with those of Client with respect to the value of Client'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, the Firm or its affiliates may submit orders for and acquire Client's securities issued in an Issue under the Agreement from members of the underwriting syndicate, either for its own account or for the accounts of its customers. This activity may result in a conflict of interest with Client in that it could create the incentive for the Firm to make recommendations to Client that could result in more advantageous pricing of Client's bond in the marketplace. Any such conflict is mitigated by means of such activities being engaged in on customary terms through units of the Firm that operate independently from the Firm's municipal advisory business, thereby reducing the likelihood that such investment activities would have an impact on the services provided by the Firm to Client under this Agreement.

**V. Broker-Dealer and Investment Advisory Business.** The Firm is dually registered as a broker-dealer and an investment advisor 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 and investment advice in connection with such securities, including securities of Client, may be undertaken on behalf of, or as counterparty to, Client, personnel of Client, and current or potential investors in the securities of Client. These other clients may, from time to time and depending on the specific circumstances, have interests in conflict with those of Client, such as when their buying or selling of Client's securities may have an adverse effect on the market for Client's securities, and the interests of such other clients could create the incentive for the Firm to make recommendations to Client that could result in more advantageous pricing for the other clients. Furthermore, any potential conflict arising from the firm effecting or otherwise assisting such other clients in connection with such transactions is mitigated by means of such activities being engaged in on customary terms through units of the Firm that operate independently from the Firm's municipal advisory business, thereby reducing the likelihood that the interests of such other clients would have an impact on the services provided by the Firm to Client.

**VI. Compensation-Based Conflicts.** Fees that are based on the size of the issue are 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 the Firm to recommend unnecessary financings or financings that are disadvantageous to Client, or to advise Client to increase the size of the issue. This conflict of interest is mitigated by the general mitigations described above.

Fees based on a fixed amount are usually based upon an analysis by Client and the Firm of, among other things, the expected duration and complexity of the transaction and the Scope of Services to be performed by the Firm. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, the Firm may suffer a loss. Thus, the Firm may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. This conflict of interest is mitigated by the general mitigations described above.

Hourly fees are calculated with, the aggregate amount equaling the number of hours worked by Firm personnel times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest if Client and the Firm do not agree on a reasonable maximum amount at the outset of the engagement, because the Firm does not have a financial incentive to recommend alternatives that would result in fewer hours worked. This conflict of interest is mitigated by the general mitigations described above.

## **PART B – Disclosures of Information Regarding Legal Events and Disciplinary History**

MSRB Rule G-42 requires that municipal advisors provide to their clients certain disclosures of legal or disciplinary events material to its client's evaluation of the municipal advisor or the integrity of the municipal advisor's management or advisory personnel.

Accordingly, the Firm sets out below required disclosures and related information in connection with such disclosures.

**I. Material Legal or Disciplinary Event.** The Firm discloses the following legal or disciplinary events that may be material to Client's evaluation of the Firm or the integrity of the Firm's management or advisory personnel:

- For related disciplinary actions please refer to the Firm's [BrokerCheck](#) webpage.

- The Firm self-reported violations of SEC Rule 15c2-12: Continuing Disclosure. The Firm settled with the SEC on February 2, 2016. The firm agreed to retain independent consultant and adopt the consultant's finding. Firm paid a fine of \$360,000.
- The Firm settled with the SEC in matters related to violations of MSRB Rules G-23(c), G-17 and SEC rule 15B(c) (1). The Firm disgorged fees of \$120,000 received as financial advisor on the deal, paid prejudgment interest of \$22,400.00 and a penalty of \$50,000.00.
- The Firm entered into a Settlement Agreement with Rhode Island Commerce Corporation. Under the Settlement Agreement, the firm agreed to pay \$16.0 million to settle any and all claims in connection with The Rhode Island Economic Development Corporation Job Creation Guaranty Program Taxable Revenue Bond (38 Studios, LLC Project) Series 2010, including the litigation thereto. The case, filed in 2012, arose out of a failed loan by Rhode Island Economic Development Corporation. The firm's predecessor company, First Southwest Company, LLC, was one of 14 defendants. HilltopSecurities' engagement was limited to advising on the structure, terms, and rating of the underlying bonds. Hilltop settled with no admission of liability or wrongdoing.
- On April 30, 2019, the Firm entered into a Settlement Agreement with Berkeley County School District of Berkeley County, South Carolina. The case, filed in March of 2019, arose in connection with certain bond transactions occurring from 2012 to 2014, for which former employees of Southwest Securities, Inc., a predecessor company, provided financial advisory services. The Firm agreed to disgorge all financial advisory fees related to such bond transactions, which amounted to \$822,966.47, to settle any and all claims, including litigation thereto. Under the Settlement Agreement, the Firm was dismissed from the lawsuit with prejudice, no additional penalty, and with no admission of liability or wrongdoing.
- From July 2011 to October 2015, Hilltop failed to submit required MSRB Rule G-32 information to EMMA in connection with 122 primary offerings of municipal securities for which the Firm served as placement agent. During the period January 2012 to September 2015, the Firm failed to provide MSRB Rule G-17 letters to issuers in connection with 119 of the 122 offerings referenced above. From October 2014 to September 2015, the Firm failed to report on Form MSRB G-37 that it had engaged in municipal securities business as placement agent for 45 of these 122 offerings. This failure was a result of a misunderstanding by one branch office of Southwest Securities. Hilltop discovered these failures during the merger of FirstSouthwest and Southwest Securities and voluntarily reported them to FINRA. The Firm paid a fine of \$100,000 for these self-reported violations.
- In connection with a settlement on July 9, 2021, the U.S. Securities and Exchange Commission found that, between January 2016 and April 2018, the Firm bought municipal bonds for its own account from another broker-dealer and that, on occasion during that time period, the other broker-dealer mischaracterized the Firm's orders when placing them with the lead underwriter. The SEC found that, among other things, the Firm lacked policies and procedures with respect to how stock orders were submitted for new issues bonds to third parties, including the broker-dealer that mischaracterized the Firm's orders. The SEC found violations of MSRB Rules G-27, G-17, and SEC rule 15B(c)(1) and a failure to reasonably supervise within the meaning of Section 15(b)(4)(E) of the Securities Exchange Act of

1934. The Firm was censured and ordered to pay disgorgement of \$206,606, prejudgment interest of \$48,587 and a penalty of \$85,000.

**II. How to Access Form MA and Form MA-I Filings.** The Firm's most recent Form MA and each most recent Form MA-I filed with the SEC are available on the SEC's EDGAR system at [Forms MA and MA-I](#). 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 the Firms in its capacity as a broker-dealer on Form BD or Form U4 or as an investment adviser on Form ADV, as applicable. Information provided by the Firm on Form BD or Form U4 is publicly accessible through reports generated by BrokerCheck at <http://brokercheck.finra.org/>, and the Firm's most recent Form ADV is publicly accessible at the Investment Adviser Public Disclosure website at <http://www.adviserinfo.sec.gov/>. For purposes of accessing such BrokerCheck reports or Form ADV, click previous hyperlinks.

### **PART C – MSRB Rule G-10 Disclosure**

MSRB Rule G-10 covers Investor and Municipal Advisory Client education and protection. This rule requires that municipal advisors make certain disclosures to all municipal advisory clients. This communication is a disclosure only and does not require any action on your part. The disclosures are noted below.

1. Hilltop Securities Inc. is registered with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board as a Municipal Advisor.
2. You can access the website for the Municipal Securities Rulemaking Board at [www.msrb.org](http://www.msrb.org)
3. The Municipal Securities Rulemaking Board has posted a municipal advisory client brochure. A copy of the brochure is attached to the memo. This link will take to you to the electronic version [MA Client Brochure](#)

### **PART D – Future Supplemental Disclosures**

As required by MSRB Rule G-42, this Municipal Advisor Disclosure Statement may be supplemented or amended, from time to time as needed, to reflect changed circumstances resulting in new conflicts of interest or changes in the conflicts of interest described above, or to provide updated information with regard to any legal or disciplinary events of the Firm. The Firm will provide Client with any such supplement or amendment as it becomes available throughout the term of the Agreement.