



Capital  
Markets

## DISCLOSURE LETTER FOR MUNICIPAL ADVISOR AGREEMENT

NOVEMBER 9, 2023

Randy Perez  
City Manager  
City of Mission, Texas  
1201 E. 8<sup>th</sup> Street  
Mission, Texas 78572

Re: MSRB Rule G-10 & G-42 Disclosures

Dear Mr. Perez:

Municipal Securities Rulemaking Board (MSRB) Rules G-10 and G-42 require that RBC Capital Markets, LLC (“RBC CM”) provide you with the following disclosures concerning our agreement (the “Agreement”) between RBC CM and the City of Mission, Texas (the “Client”) and to provide information regarding certain legal events and disciplinary history to you, as an authorized representative of our Client.

**(a) Required Disclosures.**

- i. **RBC CM is registered with the Securities and Exchange Commission and the MSRB.**
- ii. **The website for the MSRB can be located at: <http://www.MSRB.org>.**
- iii. **On the homepage of the MSRB website there is a link to an investor brochure that describes protections that may be provided by the MSRB Rules and how to file a complaint with an appropriate regulatory authority.**

**(b) Conflicts of Interest.**

- i. **Compensation-Based Conflicts.** The fees due under the Agreement will be based on the size of the transaction and the payment of such fees shall be contingent upon the closing of the transaction. While this form of compensation is customary in the municipal securities market, this may present a conflict because it could create an incentive for RBC CM to recommend unnecessary financings or financings that are disadvantageous to the Client or to advise the Client to increase the size of the transaction.
- ii. **Ordinary Course of Business - Other Municipal Advisor Clients, Underwriting Activities and Secondary Market Activity and Affiliates.** RBC CM serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of the Client such as seeking to access the new issue market with advantageous timing and with limited competition at the time of the offering. None of these other engagements or relationships would impair RBC CM’s ability to fulfill its regulatory duties to the Client.

RBC CM is a broker-dealer that engages in a broad range of securities-related dealer activities to service its clients, in addition to serving as a municipal advisor. 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. These other clients may, from time to time and depending on the specific circumstances, have interests in conflict with those of the Client, such as when their buying or selling of the Client's securities may have an adverse effect on the market for the Client's securities, and the interests of such other clients could create the incentive for RBC CM to make recommendations to the Client that could result in more advantageous pricing for the other clients.

RBC CM, in connection with its secondary market sales and trading activities, may take a principal position in securities, including securities of the Client, and therefore RBC CM could have interests in conflict with those of the Client with respect to the value of the 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, RBC CM or its affiliates may submit orders for and acquire the Client's securities. This activity may result in a conflict of interest with the Client in that it could create the incentive for RBC CM to make recommendations to the Client that could result in more advantageous pricing of the Client's bond in the marketplace.

If separately engaged by the Client, Global Asset Management, an affiliate of RBC CM (the "Affiliate"), may provide investment advice/services/products as a regulated investment advisor to municipal entities with respect to bond proceeds, which therefore are related to RBC CM's activities under the Agreement. The Affiliate may pursue business with the Client which could create an incentive for RBC CM to recommend to the Client a course of action designed to increase the level of the Client's business activities with the Affiliate or to recommend against a course of action that would reduce or eliminate the Client's business activities with the Affiliate. This conflict of interest is mitigated in part by the fact that the Client engaged the Affiliate without the recommendation of RBC CM, and therefore RBC CM did not influence this decision. Furthermore this potential conflict is also mitigated by the fact that the Affiliate is subject to its own comprehensive regulatory regime as an investment advisor under the applicable federal securities laws under which they operate.

- iii. **Bidding Agent Services.** RBC CM may provide bidding agent services to acquire open market securities or guaranteed investment contracts with respect to bond proceeds. Such services are not advisory in nature and would be subject to separate fees being charged by RBC CM (which fees are limited by Internal Revenue Service regulations) with disclosure of such fees to the Client.
  - iv. **Charitable Contributions and Event Sponsorships.** RBC CM has made or may make voluntary contributions to a charitable organization or client sponsored event that may or may not relate to the activities of the Client and which may be at the request of personnel of the Client. Such a contribution or sponsorship could give the appearance of favoritism in the Client's selection of RBC CM as its municipal advisor. RBC CM limits the size of any such contribution to a reasonable level taking into consideration various matters such as the purpose of the charitable organization, other contributions by RBC CM to the organization, employee participation in the organization and RBC CM's role and physical presence in the community and the state.
- (c) **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, RBC CM sets out below required disclosures and related information in connection with such disclosures.

- i. **Material Legal or Disciplinary Event.** There are no legal or disciplinary events that RBC CM deems material to the Client's evaluation of RBC CM or the integrity of RBC CM's management or advisory personnel assigned to the Client
  - ii. **How to Access Form MA and Form MA-I.** The SEC requires RBC CM as a registered municipal advisor and its individual employees who are registered as municipal advisors to file certain items of information on the SEC's Form MA or MA-I. RBC CM'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 <http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000050916&type=&dateb=&owner=include&count=40>. The SEC permits certain items of information required on Form MA or Form MA-I to be provided by reference to such required information already filed by RBC CM 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 RBC CM on Form BD or Form U4 is publicly accessible through reports generated by BrokerCheck at <http://brokercheck.finra.org>, and RBC CM'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, RBC CM's CRD number is 31194.
  - iii. **Most Recent Change in Legal or Disciplinary Event Disclosure.** RBC CM has not made any material legal or disciplinary event disclosures on Form MA or any Form MA-I filed with the SEC
- (d) **Future Supplemental Disclosures.** As required by MSRB Rule G-42, these disclosures 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 RBC CM. RBC CM will provide the Client with any such supplement or amendment as it becomes available throughout the term of the Agreement.

Sincerely,



RBC CAPITAL MARKETS, LLC