

MUNICIPAL ADVISORY AGREEMENT

This Municipal Advisory Agreement (the "Agreement") is made and entered into by and between Indian River County, Florida (the "Issuer" or the "County") and Hilltop Securities Inc. ("HilltopSecurities" or "Contractor") effective as of October 1, 2019.

WITNESSETH:

WHEREAS, the Issuer will have under consideration from time to time the authorization and issuance of indebtedness in amounts and forms which cannot presently be determined and, in connection with the authorization, sale, issuance and delivery of such indebtedness, Issuer desires to retain an independent municipal advisor; and

WHEREAS, the Issuer desires to obtain the professional services of HilltopSecurities to advise the Issuer regarding the issuance and sale of certain evidences of indebtedness or debt obligations that may be authorized and issued or otherwise created or assumed by the Issuer (hereinafter referred to collectively as the "Debt Instruments") from time to time 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 all programs of financing as may be considered and authorized by Issuer 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 1. Description of Services. Upon the request of an authorized representative of the Issuer, HilltopSecurities agrees to perform the municipal advisory services stated in the following provisions of this Section I; and for having rendered such services, the Issuer agrees to pay to HilltopSecurities the compensation as provided in Section 5 hereof.

A. Financial Planning. At the direction of Issuer, HilltopSecurities shall:

- 1. Survey and Analysis.** Conduct a survey of the financial resources of the Issuer to determine the extent of its capacity to authorize, issue and service any Debt Instruments contemplated. This survey will 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, will 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 Debt Instruments then under consideration, the survey will take into account any outstanding indebtedness payable from the revenues thereof, additional revenues to be available from any proposed rate increases and additional revenues, as projected by consulting engineers employed by the Issuer, resulting from improvements to be financed by the Debt Instruments under consideration.

2. **Future Financings.** Consider and analyze future financing needs as projected by the Issuer's staff and consulting engineers or other experts, if any, employed by the Issuer.
3. **Recommendations for Debt Instruments.** On the basis of the information developed by the survey described above, and other information and experience available, submit to the Issuer recommendations regarding the Debt Instruments under consideration, including such elements as the date of issue, interest payment dates, schedule of principal maturities, options of prior payment, security provisions, and such other provisions as may be appropriate in order to make the issue attractive to investors while achieving the objectives of the Issuer. All recommendations will be consistent with the goal of designing the Debt Instruments to be sold on terms which are advantageous to the Issuer, including the lowest interest cost consistent with all other considerations.
4. **Market Information.** Advise the Issuer of our interpretation of current bond market conditions, other related forthcoming bond issues and general information, with economic data, which might normally be expected to influence interest rates or bidding conditions so that the date of sale of the Debt Instruments may be set at a favorable time.
5. **Elections.** In the event it is necessary to hold an election to authorize the Debt Instruments then under consideration, HilltopSecurities will assist in coordinating the assembly of such data as may be required for the preparation of necessary petitions, orders, resolutions, ordinances, notices and certificates in connection with the election, including assistance in the transmission of such data to a firm of municipal bond attorneys ("Bond Counsel") retained by the Issuer.

B. Debt Management and Financial Implementation. At the direction of Issuer, HilltopSecurities shall:

1. **Method of Sale.** Evaluate the particular financing being contemplated,

giving consideration to the complexity, market acceptance, rating, size and structure in order to make a recommendation as to an appropriate method of sale, and:

- a. If the Debt Instruments are to be sold by an advertised competitive sale, HilltopSecurities will:
 - i. Supervise the sale of the Debt Instruments;
 - ii. Disseminate information to prospective bidders, organize such informational meetings as may be necessary, and facilitate prospective bidders' efforts in making timely submission of proper bids;
 - iii. Assist the staff of the Issuer in coordinating the receipt of bids, the safekeeping of good faith checks and the tabulation and comparison of submitted bids; and
 - iv. Advise the Issuer regarding the best bid and provide advice regarding acceptance or rejection of the bids.
- b. If the Debt Instruments are to be sold by negotiated sale, HilltopSecurities will:
 - i. Recommend for Issuer's final approval and acceptance one or more investment banking firms as managers of an underwriting syndicate for the purpose of negotiating the purchase of the Debt Instruments.
 - ii. Cooperate with and assist any selected managing underwriter and their counsel in connection with their efforts to prepare any Official Statement or Offering Memorandum. HilltopSecurities will cooperate with and assist the underwriters in the preparation of a bond purchase contract, an underwriters' agreement and other related documents. The costs incurred in such efforts, including the printing of the documents, will be paid in accordance with the terms of the Issuer's agreement with the underwriters, but shall not be or

become an obligation of HilltopSecurities except to the extent specifically provided otherwise in this Agreement or assumed in writing by HilltopSecurities.

- iii. Assist the staff of the Issuer in the safekeeping of any good faith checks, to the extent there are any such, and provide a cost comparison, for both expenses and interest which are suggested by the underwriters, to the then current market.
 - iv. Advise the Issuer as to the fairness of the price offered by the underwriters.
2. **Offering Documents.** Coordinate the preparation of the notice of sale and bidding instructions, official statement, official bid form and such other documents as may be required and submit all such documents to the Issuer for examination, approval and certification. After such examination, approval and certification, HilltopSecurities shall provide the Issuer with a supply of all such documents sufficient to its needs and distribute by mail or, where appropriate, by electronic delivery, sets of the same to prospective purchasers of the Debt Instruments. Also, HilltopSecurities shall provide copies of the final Official Statement to the purchaser of the Debt Instruments in accordance with the Notice of Sale and Bidding Instructions.
 3. **Credit Ratings.** Make recommendations to the Issuer as to the advisability of obtaining a credit rating, or ratings, for the Debt Instruments and, when directed by the Issuer, coordinate the preparation of such information as may be appropriate for submission to the rating agency, or agencies. In those cases where the advisability of personal presentation of information to the rating agency, or agencies, may be indicated, HilltopSecurities will arrange for such personal presentations, utilizing such composition of representatives from the Issuer as may be finally approved or directed by the Issuer.
 4. **Trustee, Paying Agent, Registrar.** Upon request, counsel with the Issuer in the selection of a Trustee and/or Paying Agent/Registrar for the Debt Instruments and assist in the negotiation of agreements pertinent to these services and the fees incidentthereto.
 5. **Financial Publications.** When appropriate, advise financial publications of the forthcoming sale of the Debt Instruments and provide them with all pertinent information.

- 6. Consultants.** After consulting with and receiving directions from the Issuer, arrange for such reports and opinions of recognized independent consultants as may be appropriate for the successful marketing of the Debt Instruments.
- 7. Auditors.** In the event formal verification by an independent auditor of any calculations incident to the Debt Instruments is required, make arrangements for such services.
- 8. Issuer Meetings.** Attend meetings of the governing body of the Issuer, its staff, representatives or committees as requested at all times when HilltopSecurities may be of assistance or service and the subject of financing is to be discussed.
- 9. Printing.** To the extent authorized by the Issuer, coordinate all work incident to printing of the offering documents and the Debt Instruments.
- 10. Bond Counsel.** Maintain liaison with Bond Counsel in the preparation of all legal documents pertaining to the authorization, sale and issuance of the Debt Instruments.
- 11. Changes in Laws.** Provide to the Issuer copies of proposed or enacted changes in federal and state laws, rules and regulations having, or expected to have, a significant effect on the municipal bond market of which HilltopSecurities becomes aware in the ordinary course of its business, it being understood that HilltopSecurities does not and may not act as an attorney for, or provide legal advice or services to, the Issuer.
- 12. Delivery of Debt Instruments.** As soon as a bid for the Debt Instruments is accepted by the Issuer, coordinate the efforts of all concerned to the end that the Debt Instruments may be delivered and paid for as expeditiously as possible and assist the Issuer in the preparation or verification of final closing figures incident to the delivery of the Debt Instruments.
- 13. Debt Service Schedule; Authorizing Resolution.** After the closing of the sale and delivery of the Debt Instruments, deliver to the Issuer a schedule of annual debt service requirements for the Debt Instruments and, in coordination with Bond Counsel, assure that the paying agent/registrars and/or trustee has been provided with a copy of the authorizing ordinance, order or resolution.

Section 2. Other Available Services. In addition to the services set forth and described in Section I herein above, HilltopSecurities agrees to make available to Issuer the following services, when so requested by the Issuer and subject to the agreement by Issuer and HilltopSecurities regarding the compensation, if any, to be paid for such services, it being understood and agreed that the services set forth in this Section II shall require further agreement as to the compensation to be received by HilltopSecurities for such services:

- A. Exercising Calls and Refunding.** Provide advice and assistance with regard to exercising any call and/or refunding of any outstanding Debt Instruments.
- B. Capital Improvements Programs.** Provide advice and assistance in the development of any capital improvements programs of the Issuer.
- C. Long-Range Planning.** Provide advice and assistance in the development of other long-range financing plans of the Issuer.
- D. Post-Sale Services.** Subsequent to the sale and delivery of Debt Instruments, review the transaction and transaction documentation with legal counsel for the Issuer, Bond Counsel, auditors and other experts and consultants retained by the Issuer and assist in developing appropriate responses to legal processes, audit procedures, inquiries, internal reviews and similar matters.

Section 3. Term of Agreement. This Agreement shall become effective as of October 1, 2019 and, unless sooner terminated by either party pursuant to the terms of this Agreement, shall remain in effect thereafter for a period of five (5) years from such date. Unless HilltopSecurities or the Issuer shall notify the other party in writing at least forty-five (45) days in advance of the applicable anniversary date that this Agreement will not be renewed, this Agreement will be automatically renewed on the fifth anniversary of the date hereof for an additional one (1) year period, and thereafter will be automatically renewed on each anniversary date for successive one (1) year periods, for a maximum term, including all renewals, of ten (10) years.

Section 4. Termination. This Agreement may be terminated with or without cause by the Issuer or HilltopSecurities upon the giving of at least forty-five (45) 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

TERMINATION IN REGARDS TO F.S. 287.135: Contractor certifies that it and those related entities of respondent as defined by Florida law are not on the Scrutinized Companies that Boycott Israel List, created pursuant to s. 215.4725 of the Florida Statutes, and are not engaged in a boycott of Israel. In addition, if this agreement is for goods or services of one million dollars or more, Contractor certifies that it and those

related entities of respondent as defined above by Florida law are not on the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, created pursuant to Section 215.473 of the Florida Statutes and are not engaged in business operations in Cuba or Syria.

County may terminate this Contract if Contractor is found to have submitted a false certification as provided under section 287.135(5), Florida Statutes, been placed on the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, or been engaged in business operations in Cuba or Syria, as defined by section 287.135, Florida Statutes.

County may terminate this Contract if Contractor, including all wholly owned subsidiaries, majority-owned subsidiaries, and parent companies that exist for the purpose of making profit, is found to have been placed on the Scrutinized Companies that Boycott Israel List or is engaged in a boycott of Israel as set forth in section 215.4725, Florida Statutes.

Section 5. Compensation and Expense Reimbursement. The fees due to HilltopSecurities for the services set forth and described in Section I of this Agreement with respect to each issuance of Debt Instruments during the term of this Agreement shall be calculated in accordance with the schedule set forth on Appendix A attached hereto. Unless specifically provided otherwise on Appendix A or in a separate written agreement between Issuer and HilltopSecurities such fees, together with any other fees as may have been mutually agreed upon and all expenses for which HilltopSecurities is entitled to reimbursement, shall become due and payable concurrently with the delivery of the Debt Instruments to the purchaser.

Section 6. Personnel. Joel Tindal, Director, will be assigned to work with County as Municipal advisor. If, for any reason, personnel assigned is changed or replaced, the County has the right to immediately terminate this Agreement. The County has the right to approve, disapprove, or request, for any reason, HilltopSecurities to replace any personnel assigned by HilltopSecurities to the account. Should the County make such a request, HilltopSecurities shall promptly suggest a substitute until a satisfactory substitute is selected.

Section 7. Indemnification. To the fullest extent permitted by law, HilltopSecurities shall indemnify and hold harmless the County, its commissioners, officers, and employees from liabilities, damages, losses and costs including, but not limited to, reasonable attorney's fees, to the extent caused by the negligence, recklessness, or intentional wrongful conduct of HilltopSecurities and other persons employed or utilized by HilltopSecurities in the performance of this Agreement.

Section 8. Insurance. HilltopSecurities shall not commence to perform the Services or Additional Services under this Agreement until it has obtained all of the insurance

required under this Agreement and such certificates of insurance have been approved by the County's Risk Manager. A certificate of insurance shall be provided to the County's Risk Manager for review and approval ten days prior to commencement of any work under this Agreement. The insurance company must have a rating by AM. Best Company of at least A: V. Such certificates of insurance or an endorsement provided by HilltopSecurities must state that the County will be given thirty days' prior written notice prior to cancellation or material change in coverage. The County shall be named as an additional insured on all policies except workers' compensation and professional liability. HilltopSecurities shall procure and maintain, for the duration of this Agreement, the minimum insurance coverage as set forth herein, and the cost of such insurance shall be included in HilltopSecurities fee.

- A. Workers Compensation and Employers Liability:** Workers Compensation limits as required by the State of Florida and employers Liability limits of \$500,000.00 disease (policy limit) and \$100,000 disease (each employee).
- B. Commercial General Liability:** Minimum combined single limit of \$500,000 per occurrence for bodily injury and property damage. This is to include premises/operations, products/completed operations, contractual liability and independent contractors' coverage.
- C. Business Auto Liability:** Minimum combined single limit of \$500,000 per occurrence for bodily injury and property damage. This is to include owned, hired, and non-owned autos.
- D. Professional liability:** Minimum limit of \$1,000,000 per occurrence.

The County, through its Risk Manager, reserves the right to periodically review any and all policies of insurance and reasonably adjust the limits of coverage required hereunder, from time to time throughout the term of this Agreement. In such event, the County shall provide HilltopSecurities with separate written notice of such adjusted limits and HilltopSecurities shall comply within thirty days of receipt thereof. The failure of HilltopSecurities to provide such additional coverage shall constitute a default by HilltopSecurities and shall be grounds for termination of this Agreement by the County.

Section 9. Miscellaneous.

- A. Background Recitals.** The Background recitals are true and correct and form a material part of this Agreement
- B. County Designee.** The County Administrator is hereby designed as the representative of the County. All work performed by HilltopSecurities pursuant to this Agreement shall be by the direction of the County acting through the County Administrator or his or her designee.
- C. Independent Contractor.** It is specifically acknowledged and agreed by the parties hereto that HilltopSecurities is and shall be, in the performance of all

Services and activities under this Agreement, an independent contractor, and not an employee, agent or servant of the County. All persons engaged in any of the Services performed pursuant to this Agreement shall at all times, and in all places, be subject to HilltopSecurities' sole discretion, supervision, and control. HilltopSecurities shall exercise control over the means and manner in which HilltopSecurities and its employees perform the Services, and in all respects HilltopSecurities' relationship and the relationship of its employees to the County shall be that of an independent contractor performing solely under the terms of the Agreement and not as employees, agents, or servants of the County.

- D. Governing Law; Venue; Attorney Fees.** This Agreement shall be construed, governed and interpreted according to the laws of the State of Florida. Venue for any lawsuit brought by either party against the other party or arising out of this Agreement shall be in Indian River County, Florida or, in the event of federal jurisdiction, in the United States District Court for the Southern District of Florida. Each party shall bear its own attorney fees in any dispute arising under this Agreement
- E. Remedies; No Waiver.** All remedies provided in this Agreement shall be deemed cumulative and additional, and not in lieu or exclusive of each other or of any other remedy available to either party, at law, or in equity. Each right, power, remedy of the parties provided in this Agreement shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. The failure of either party to enforce any provision of this Agreement, or the waiver thereof, in any specific instance by either party shall not be construed as a general waiver or relinquishment on its part of such provision in any other instance, and such provision shall nevertheless remain in full force and effect.
- F. Severability.** If any term or provision of this Agreement, or the application thereof to any person or circumstance shall, to any extent, be held invalid or unenforceable for the remainder of this Agreement, then the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected, and every other term and provision of this Agreement shall be deemed valid and enforceable to the extent permitted by law.
- G. Availability of Funds.** The obligations of the County under this Agreement are subject to the availability of funds lawfully appropriated for its purpose by the Board of County Commissioners of Indian River County.
- H. No Pledge of Credit.** HilltopSecurities shall not pledge the County's credit or make it a guarantor of payment or surety for any contract, debt, obligation, judgment, lien or any form of indebtedness.

I. Public Records Compliance.

- a. Indian River County is a public agency subject to Chapter 119, Florida Statutes. HilltopSecurities shall comply with Florida's Public Records Law. Specifically, HilltopSecurities shall:
 - i. Keep and maintain public records that ordinarily and necessarily would be required by the County in order to perform the service.
 - ii. Upon request from the County's Custodian of Public Records, provide the County with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in Chapter 119 or as otherwise provided by law.
 - iii. Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if the contractor does not transfer the records to the County.
 - iv. Upon completion of the contract, transfer, at no cost, to the County all public records in possession of the Contractor or keep and maintain public records required by the County to perform the service. If the Contractor transfers all public records to the County upon completion of the contract, the Contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the contractor keeps and maintains public records upon completion of the contract, the Contractor shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to the County, upon request from the Custodian of Public Records, in a format that is compatible with the information technology systems of the County.

b. IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT:

**(772) 226-1424
publicrecords@ircgov.com
Indian River County Office of the County Attorney
1801 27th Street
Vero Beach, FL 32960**

c. Failure of HilltopSecurities to comply with these requirements shall be a material breach of this Agreement.

J. Notices. Any notice, request, demand, consent, approval, or other communication required or permitted by this Agreement shall be given or made in writing and shall be served, as elected by the party giving such notice, by any of the following methods: (a) Hand delivery to the other party; (b) Delivery by commercial overnight courier service; or (c) Mailed by registered or certified mail (postage prepaid), return receipt requested at the addresses of the parties shown below:

If to County:

County Administrator
Indian River County
1801 27th Street
Vero Beach, Florida 32960

If to HilltopSecurities:

Joel Tindal
Director
Hilltop Securities Inc.
450 South Orange Avenue, Suite 460
Orlando, FL 32801

Notices shall be effective when received at the address as specified above. Either party may change its address, for purposes of this section, by written notice to the other party given in accordance with the provisions of this section.

- K. Survival.** Except as otherwise expressly provided herein, each obligation in this Agreement to be performed by HilltopSecurities shall survive the termination or expiration of this Agreement.
- L. Construction/Interpretation of Agreement.** Each party has participated equally in the negotiation and drafting of this Agreement. In the event that an arbitration panel or court is required to interpret any provision of this Agreement, the provision shall not be interpreted for or against either party upon the basis that such party was or was not the preparer of this Agreement.
- M. Sovereign Immunity.** Nothing herein shall constitute a waiver of the County's sovereign immunity.
- N. No Third-Party Beneficiaries.** Except as otherwise expressly provided herein, this Agreement is solely for the benefit of the named parties, and no enforceable right or cause of action shall accrue hereunder to or for the benefit of any entity or individual not a named party hereto.
- O. Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all which together will constitute one and the same instrument.
- P. Entire Agreement; Amendments.** This Agreement constitutes the entire agreement between the parties and supersedes all previous discussions, understandings, and agreements between the parties relating to the subject matter of this Agreement. Amendments to and waivers of the provisions of this Agreement shall be made by the parties only in writing by written amendment or other appropriate written document.

IN WITNESS THEREOF, Issuer and HilltopSecurities have caused this Agreement to be executed in their respective names as of the date entered below.

ATTEST: Jeffrey R. Smith, Clerk
of
Court and Comptroller

**BOARD OF COUNTY COMMISSIONERS,
INDIAN RIVER COUNTY ("Indian River
County")**

By: _____

By: _____

Bob Solari, Chairman

(Affix Seal)

Approved by BCC: _____.

Approved:

Approved as to form and legal sufficiency:

By: _____

By: _____

Jason E. Brown
County Administrator

Dylan Reingold
County Attorney

HILLTOP SECURITIES INC.

By: _____

Joel Tindal
Director

APPENDIX A

The fees due HilltopSecurities for the services set forth and described in this Agreement with respect to each issuance of Debt Instruments during the term of the Agreement shall be calculated in accordance with the schedules set forth below.

- A. With respect to compensation on a time and expenses basis, for non-bond related services, HilltopSecurities's hourly fee schedule, excluding out-of-pocket expenses, is as follows:

<u>Position</u>	<u>Rate per Hour</u>
Managing Director/Director:	\$175/hr.
Vice President:	\$120/hr.
Assistant Vice President:	\$120/hr.
Analyst/Associate:	\$120/hr.
Administrative:	\$ 40/hr.

- B. The fees due the HilltopSecurities for the services with respect to each issuance of Debt Instruments (bonds, bank loans, etc.) during the term of this Agreement shall be calculated in accordance with the schedule set forth below. Unless specifically provided otherwise herein or in a separate written agreement between the Issuer and HilltopSecurities, such fees, together with any other fees and may have been mutually agreed upon and all expenses, for which HilltopSecurities is entitled to reimbursement, shall become due and payable concurrently with the delivery of the Debt Instruments to the purchaser.

Debt Transaction Fee

\$1.20 per \$1,000 for the first \$20,000,000 of debt instruments, plus
\$0.75 per \$1,000 for amounts greater than \$20,000,000 of debt instruments

Minimum \$15,000 per transaction

- C. The County shall be responsible for typical transaction related expenses, if and when applicable, whether they are charges directly to the County as expenses or charged to the County by HilltopSecurities as reimbursable expenses. The payment of reimbursable expenses that HilltopSecurities has assumed on behalf of the County shall NOT be contingent upon the delivery of bonds and shall be due at the time that services are rendered and payable upon receipt of an invoice submitted by HilltopSecurities. Proposed charges may include items as listed below.
- Travel, lodging and meals, provided travel occurs in coach
 - Courier services, facsimile, and photocopies
 - Conference call charges
 - Third party expenses, such as advertising, incurred on behalf of the County
- D. Fees for ancillary services including continuing disclosure, arbitrage rebate, asset management, structured products, pension and OPEB trusts, and non-traditional services will be based on a mutual agreed upon fee.

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 First Southwest Advisory, 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 two government investment pools for Texas governments; the Short-Term Asset Reserve Fund (TexSTAR) and the Local

Government Investment Cooperative (LOGIC). These programs offer Texas government 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. FirstSouthwest's 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.

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 – 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.