

AGENDA

BE IT KNOWN that the **CITY COUNCIL** of the City of Richwood will meet in **City Council Workshop** on **Monday, July 16, 2018** at **6:00 PM** at 1800 N. Brazosport Blvd., Richwood, TX 77531 at the Richwood City Hall in the Council Chambers with the following agenda:

- I. CALL TO ORDER
- II. INVOCATION
- III. PLEDGES OF ALLEGIANCE 3
 - Pledge of Allegiance & Texas Pledge
- IV. ROLL CALL OF COUNCIL MEMBERS
- V. PUBLIC COMMENTS
 - All public comments will be subject to the following rules: all speakers will be permitted to speak no longer than 3 minutes; all speakers will only be permitted to speak once; speakers cannot defer their 3 minutes to another speaker; the first five individuals who sign up for the public comment section will be permitted to speak
- VI. DISCUSSION AND ACTION ITEMS
 - A. Discuss and consider terminating the financial advisory agreement with Hilltop Securities Inc., formerly First Southwest Company, and entering into a financial advisory agreement with BOK Financial Securities, Inc. 4
- VII. PRESENTATION OF COMPENSATION STUDY
- VIII. FISCAL YEAR 2018-2019 BUDGET WORKSHOP
 - A. FY 18-19 Proposed Budget
 - 1. Adopting a Tax Rate
 - 2. Public Safety
 - a. Police
 - 1. CCPD
 - b. Fire
 - 3. Public Works
 - a. City Maintenance
 - b. Streets & Drainage
 - c. Parks and Recreation
 - d. Water/Sewer Fund
 - e. Transportation
 - 4. Administration
 - a. Municipal Court
 - 5. Permitting and Inspections
 - a. Code Enforcement

IX. CITY MANAGER'S REPORT

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X. ADJOURNMENT

The City Council may go into Executive Session on any item listed on the Agenda in accordance with Section 551.071 of the Government Code (attorney-client privilege).

I, Giani B. Cantu, do hereby certify that I did, on 7/13/18 at _____ p.m., post this notice of meeting on the bulletin board at 1800 N. Brazosport Blvd., Richwood, TX, in compliance with the Texas Open Meetings Law.

Giani Cantu, City Secretary
City of Richwood

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's Office at (979) 265-2082 or FAX (979) 265-7345 for further information.

Pledge of Allegiance

I pledge allegiance to the flag of
the United States of America and
to the republic for which it
stands, one nation under God,
indivisible, with liberty and
justice for all.

Texas Pledge

**Honor the Texas flag. I
pledge allegiance to thee,
Texas, one and indivisible.**

MEMORANDUM

To: The Honorable Mark Guthrie, Mayor and Members of the Richwood City Council

From: Michael Coon, City Manager

Date: June 13, 2018

Subject: Discuss and consider terminating the financial advisory agreement with Hilltop Securities Inc., formerly First Southwest Company, and entering into a financial advisory agreement with BOK Financial Securities, Inc.

In preparation for a potential bond election in November, staff has been reevaluating the City’s selection for a financial advisor, whose job it is to help a city prepare for any debt issuances and to help the city with the process of selling debt. It is important to note that financial advisors are not paid based on a retainer or an hourly fee. They are paid based on the value of any debt that they help issue. So, in the instance of the potential bond election, the financial advisor would only be paid if the bond is passed by the voters and then the debt is issued.

The City has been using our current financial advisor for about 35 years. However, after examining some of alternatives, I believe that we would receive better services from BOK Financial Securities at a price point that is similar to the one being offered by our current advisor. The chart below shows a quick summary of the estimated costs to issue various levels of debt with the three firms that were evaluated.

	\$2.5 Million	\$5 Million*	\$10 Million
BOK Financial	\$24,000	\$28,375	\$35,875
US Capital	\$33,750	\$47,500	\$72,500
First Southwest	\$20,000	\$27,500	\$38,750

**Value of proposed November 2018 Bond*



City of Richwood, Texas

Overview of BOK Financial Securities, City's Current Debt Position and Recent Bond Election Results

July 2018

Securities, insurance and advisory services offered through BOK Financial Securities, Inc., member FINRA/SIPC and a subsidiary of BOK Financial Corporation. Services may be offered under our trade name, BOK Financial Advisors.

NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE



**BOK FINANCIAL
SECURITIES**

“Our role as a financial services provider is to be an ongoing, trusted partner by empowering the City of Richwood’s Administration in the financing process and providing services in an “open, honest and transparent” manner and to serve the “best interests” of the Administration, City Council, taxpayers, community and ALL Texas cities.” – *BOK Financial Securities, Inc.’s Texas Municipal Finance Team (the “Team”)*



- “Players respond to coaches that have their best interests at heart” – *Mike Singletary*
- “The time is always right to do what is right” – *Dr. Martin Luther King, Jr.*
- “Lead with action – Example is Leadership” – *Albert Schweitzer*

BOK Financial Securities, Inc. – Texas Municipal Finance Team

- ❑ BOK Financial Securities, Inc. formed its “Texas Municipal Finance Team” to enhance the financial services available to Texas municipal issuers and directly support their financing needs by providing additional access to capital and additional debt management strategies to lower borrowing costs.



John H. Robuck | 18 Years Experience
Managing Director, Texas Public Finance



1401 McKinney Street, Suite 1000 | Houston, Texas 77010
E-Mail: jrobuck@bokf.com
Direct: 713.289.5897 | **Mobile:** 281.610.8335 | **Fax:** 713.354.0258

Securities, insurance and advisory services offered through BOK Financial Securities, Inc., member FINRA/SIPC and a subsidiary of BOK Financial Corporation. Services may be offered under our trade name, BOK Financial Advisors.
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Rick Menchaca
Managing Director, Texas Public Finance



333 West Campbell Road, Suite 350 | Richardson, Texas 75080
E-Mail: rmenchaca@bokf.com
Direct: 210.497.4842 | **Mobile:** 512.395.5550 | **Fax:** 210.497.4495

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Joshua M. McLaughlin | 20 Years Experience
Managing Director, Director of Texas Public Finance



333 West Campbell Road, Suite 350 | Richardson, Texas 75080
E-Mail: jmclaughlin@bokf.com
Direct: 214.576.0878 | **Mobile:** 972.897.0503 | **Fax:** 214.576.0890

Securities, insurance and advisory services offered through BOK Financial Securities, Inc., member FINRA/SIPC and a subsidiary of BOK Financial Corporation. Services may be offered under our trade name, BOK Financial Advisors.
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Alison M. Long | 9 Years Experience
Director, Texas Public Finance



333 West Campbell Road, Suite 350 | Richardson, Texas 75080
E-Mail: alison.long@bokf.com
Direct: 214.576.0881 | **Mobile:** 254.744.4555 | **Fax:** 214.576.0890

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Steven Murray | 5 Years Experience
Senior Analyst, Texas Public Finance



333 West Campbell Road, Suite 350 | Richardson, Texas 75080
E-Mail: steven.murray@bokf.com
Direct: 214.576.0875 | **Mobile:** 214.507.1355 | **Fax:** 214.576.0890

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Nick Polyak | 11 Years Experience
Senior Vice President, Institutional Sales

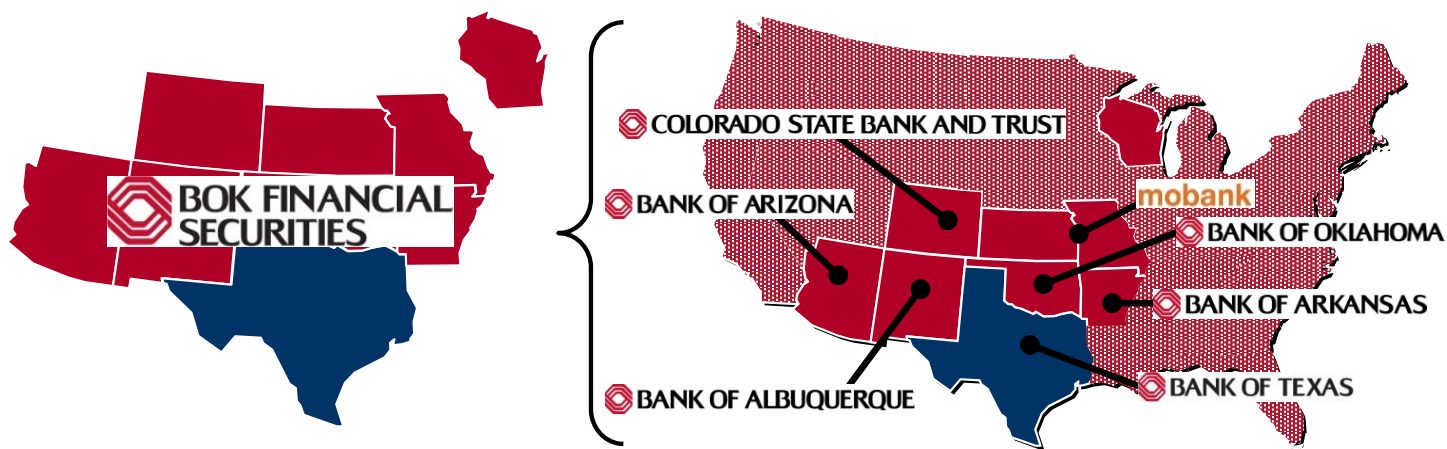


333 West Campbell Road, Suite 350 | Richardson, Texas 75080
E-Mail: npolyak@bokf.com
Direct: 214.346.3921 | **Mobile:** 972.365.8806 | **Fax:** 214.576.0890

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Introduction to BOK Financial Securities, Inc.

-  BOK Financial Corporation (“BOKF”), a publicly traded corporation (symbol: “BOKF”) with over 5,000 employees, is a leading regional financial holding company, and its subsidiary, BOK Financial Securities, Inc. (“BOKFS”) is a full-service registered broker/dealer that provides brokerage and investment banking services and incorporates our Public Finance and Municipal Sales, Trading and Underwriting Departments.
- ☐ In total, BOKFS and our affiliate, Bank of Texas, have 47 locations and over 1,000 employees within the State of Texas.



- ☐ Although a regionally-focused firm, our platform also maintains strong credit ratings. Due to capital strength and earnings stability, BOKF’s credit ratings are higher than many larger and more diversified financial institutions.

Current Long / Short-Term Ratings – BOKF, NA

Moody’s	S&P	Fitch
“A3” / “P-1”	“A-” / “A-2”	“A” / “F1”



BOK Financial Securities, Inc. – Texas Municipal Finance Experience

- Our Texas municipal finance experience is demonstrated by the volume of transactions completed and displayed in the table below. As shown, BOK Financial Securities, Inc. has participated in over \$49.7 billion in Texas municipal bond sales since year 2012, representing 1,456 transactions.

Summary of BOK Financial Securities, Inc.'s Texas Municipal Transactions Completed – Since Year 2012

Year	Senior Manager		Co-Manager		Financial Advisor		Totals	
	No. of Issues	Par Amount	No. of Issues	Par Amount	No. of Issues	Par Amount	No. of Issues	Par Amount
2012	71	\$ 1,130,581,036	77	\$ 3,413,972,053	62	\$ 1,807,648,598	210	\$ 6,352,201,686
2013	135	1,789,488,579	83	2,732,071,965	47	1,579,998,641	265	6,101,559,185
2014	124	1,927,478,668	87	4,549,152,013	66	2,354,860,458	277	8,831,491,139
2015	105	1,752,673,760	97	5,098,552,107	66	2,438,697,186	268	9,289,923,053
2016	82	1,500,081,096	84	5,847,364,199	61	2,138,053,783	227	9,485,499,078
2017	53	1,097,664,701	67	5,380,419,744	36	1,051,509,463	156	7,529,593,908
2018	21	466,550,000	14	875,710,000	18	806,500,000	53	2,148,760,000
Totals	591	\$ 9,664,517,840	509	\$27,897,242,081	356	\$ 12,177,268,129	1,456	\$ 49,739,028,050

- BOK Financial Securities, Inc. is consistently ranked among the top Bond Underwriters and Financial Advisors to Texas municipal issuers.

- ❑ Given our Specialized Team's experience with both the operating and debt sides of cities, BOK Financial Securities, Inc. is able to provide a comprehensive scope of services to assist cities with their financial and debt management needs.
 - **Short and Long-Term Debt Management Planning and Tax Impact Models;**
 - **Capital Improvement Plan Consultation;**
 - **Annual Continuing Disclosure Compliance (SEC Rule 15c2-12);**
 - **Local Debt Reporting Compliance (H.B. 1378);**
 - **Bond Rating Presentation and Consultation;**
 - **Bond Election Services;**
 - **Debt Management Policy Formulation;**
 - **Legislative Initiatives; and**
 - **Other Consultation (i.e. Financial Products, Strategic Planning, etc.).**

BOK Financial Securities, Inc. – Financial Advisory References

- ❑ While not all-inclusive, the following provides references for certain Texas cities that are currently engaged with BOK Financial Securities, Inc.'s Team as their Financial Advisor.



City of Conroe
300 West Davis
Conroe, Texas 77301

Mr. Steve Williams
Assistant City Administrator
(936) 522-3050 – Phone
swilliams@cityofconroe.org



City of Deer Park
710 East San Augustine
Deer Park, Texas 77536

Mr. Jay Stokes
City Manager
(281) 478-7245 – Phone
jstokes@deerparktx.org



City of Friendswood
910 S. Friendswood Drive
Friendswood, Texas 77546

Mr. Morad Kabiri
City Manager
(281) 996-3250 – Phone
mkabiri@ci.friendswood.tx.us



City of Jersey Village
16501 Jersey Drive
Jersey Village, Texas 77040

Ms. Austin Bless
City Manager
(713) 466-2134 – Phone
ableess@ci.jersey-village.tx.us



City of Pearland
3519 Liberty Drive
Pearland, Texas 77581

Ms. Clay Pearson
City Manager
(281) 652-1663 – Phone
cpearson@pearlandtx.gov



City of Santa Fe
12002 State Highway 6
Santa Fe, Texas 77510

Mr. Joe Dickson
City Manager
(409) 925-6412 – Phone
joe@ci.santa-fe.tx.us



City of Seabrook
1700 First Street
Seabrook, Texas 77586

Ms. Gayle Cook
City Manager
(281) 291-5719 – Phone
gcook@seabrooktx.gov



City of Sealy
415 Main Street
Sealy, Texas 77474-2232

Mr. Steven Kutra
Director of Finance
(979) 885-3511 – Phone
skutra@ci.sealy.tx.us



City of Southside Place
6309 Edloe
Houston, Texas 77005

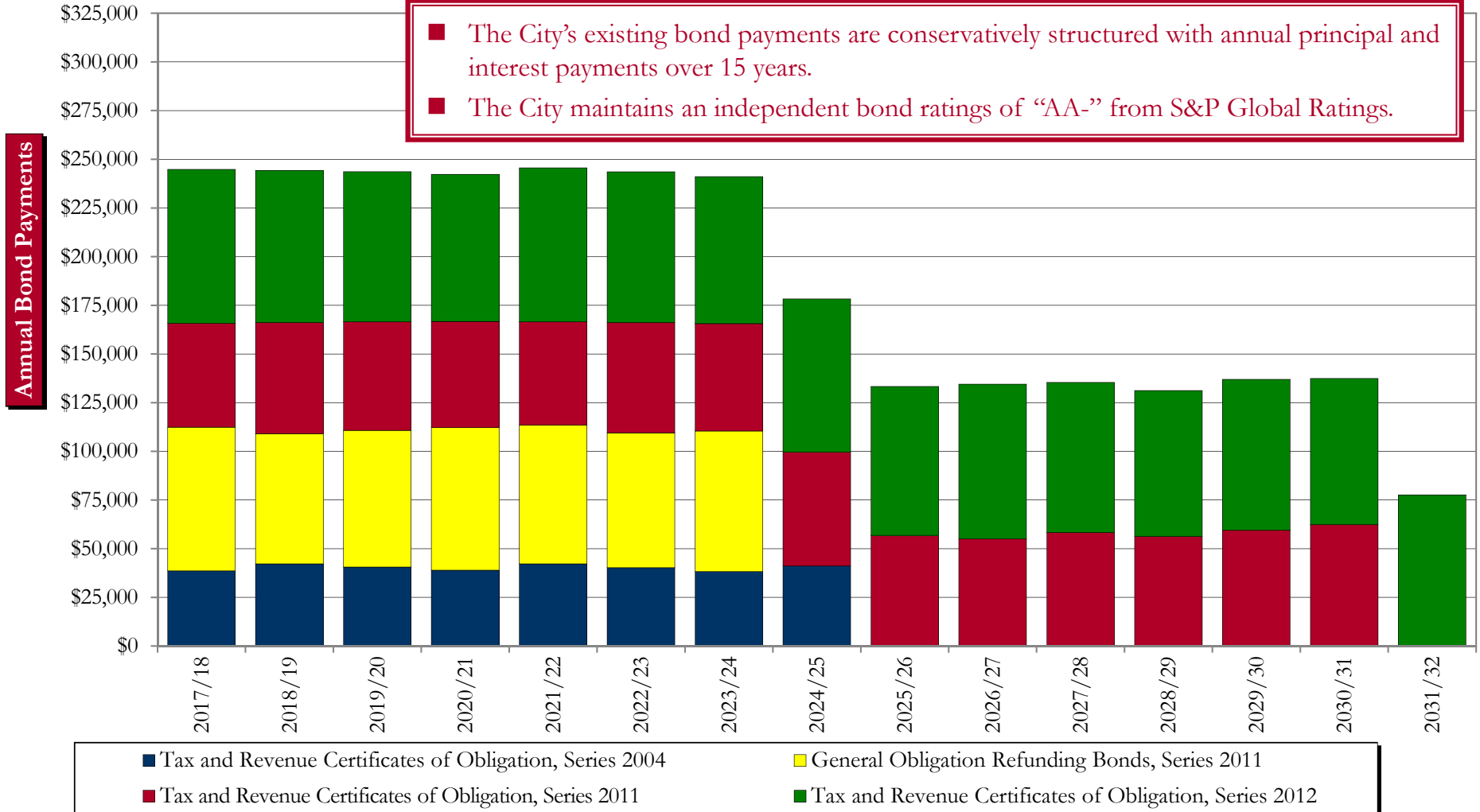
Ms. David Moss
City Manager
(713) 668-2341 – Phone
citymgr@southside-place.org



City of West University Place
3800 University Blvd.
Houston, Texas 77005

Mr. M. Christopher Peifer
City Manager
(713) 662-5810 – Phone
cpeifer@westu.org

Existing Bonds – Debt Service by Series



Note: Debt service payments reflect payments from October 1 through September 30.

The City has a total principal amount of existing bonds equal to \$2,170,000 as of July 1, 2018.

Summary of Outstanding Callable Bonds

- ❑ The City has \$1,795,000 of existing bonds eligible to repaid prior to maturity and \$1,030,000 may potentially be prepaid or refunded at a lower interest rate over the next 2 years.

Summary of City's Outstanding Callable Bonds

Issue Description	Call Date	Principal Amount Outstanding	Principal Amount Callable	Final Maturity
Tax and Revenue Certificates of Obligation, Series 2004	08/15/2018	\$ 235,000	\$ 235,000	2025
General Obligation Refunding Bonds, Series 2011	08/15/2020	440,000	265,000	2024
Tax and Revenue Certificates of Obligation, Series 2011	08/15/2020	600,000	500,000	2031
Tax and Revenue Certificates of Obligation, Series 2012	08/15/2019	895,000	795,000	2032
Totals	---	\$ 2,170,000	\$ 1,795,000	---

- ❑ The Tax Cuts and Jobs Act of 2017 (the “Law”) was signed into law by President Trump on December 22, 2017. The Law provides several significant challenges for municipal issuers in the following areas.

- **Corporate Tax Rate:**

- The corporate tax rate has been reduced from 35% to 21%, making municipal bonds and other “tax-exempt” securities less attractive to investors. While we anticipate several months of “discovery” in the new municipal environment, in general municipal interest rates are expected to rise in relation to treasury bonds and other “taxable” fixed income securities resulting from potential weakened demand.
- The Alternative Minimum Tax (“AMT”) has been eliminated for corporations (The individual AMT remains, but with much higher exemptions and income thresholds).

- **Advance Refundings:**

- Most “tax-exempt” advance refundings are prohibited under the Law, limiting municipal issuers’ refunding options to either a “taxable” advance refunding structure or the completion of a current refunding with “tax-exempt” bonds within 90 days of the existing call date.
- To maintain debt management flexibility, municipal issuers may consider shorter call provisions and/or “make whole” call provisions on new issues.

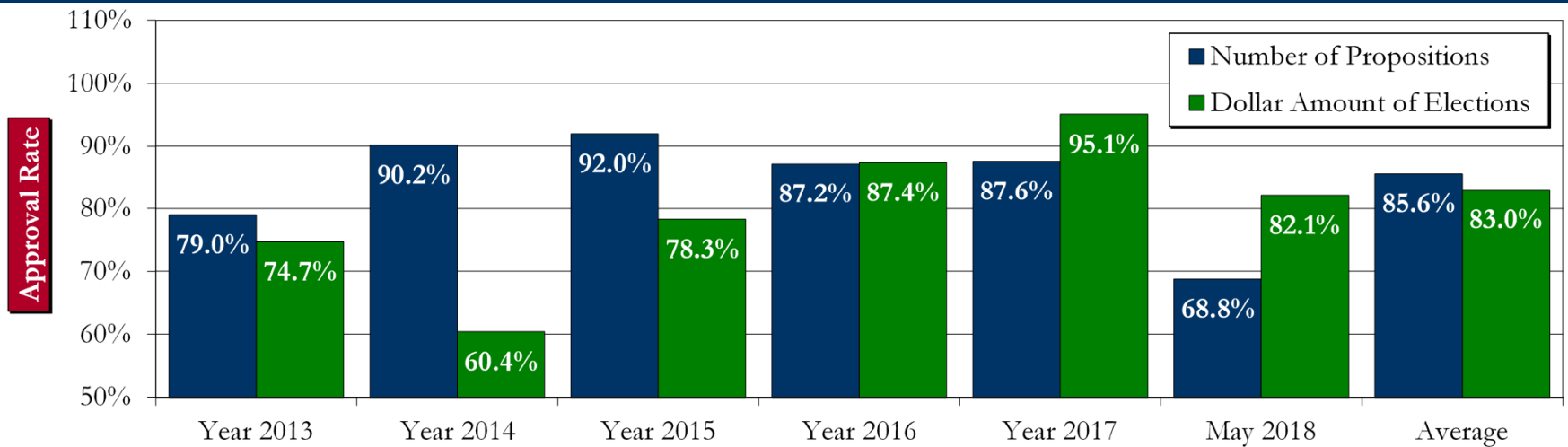
- **Tax Credit Bonds:**

- “Tax credit” and “direct pay” bonds, such as QZABs, QECCBs, QSCBs and CREBs, have been eliminated.

- ❑ On February 13, 2018, H.R. 5003 was introduced to reinstate “tax-exempt” advance refundings and such legislation currently resides within the House Ways and Means Committee.

Historical Bond Election Volume and Results

Texas City and County Bond Elections – Historical Approval Rates



Historical Texas City and County Bond Election Results by Dollar Amount of Elections – Years 2013 Through 2018

Year	No. Of Elections	Dollar Amount Of Bond Elections	Dollar Amount Approved		Dollar Amount Failed	
			Dollar Amount	Percentage	Dollar Amount	Percentage
2013	43	\$ 1,930,344,000	\$ 1,442,499,000	74.7%	\$ 487,845,000	25.3%
2014	28	1,693,998,000	1,023,694,000	60.4%	670,304,000	39.6%
2015	36	3,325,582,500	2,603,357,500	78.3%	722,225,000	21.7%
2016	23	1,958,020,000	1,710,690,000	87.4%	247,330,000	12.6%
2017	37	5,091,715,000	4,843,795,000	95.1%	247,920,000	4.9%
May 2018	13	888,915,000	730,235,000	82.1%	158,680,000	17.9%
Totals	180	\$ 14,888,574,500	\$ 12,354,270,500	83.0%	\$ 2,534,304,000	17.0%



How can we be of service...?

AGREEMENT FOR FINANCIAL ADVISORY SERVICES

This Agreement for Financial Advisory Services (the “Agreement”) by and between the CITY OF RICHWOOD, TEXAS, a political subdivision of the State of Texas (“Issuer”), and BOK FINANCIAL SECURITIES, INC. (“BOKFS”), is entered into and effective as of the date executed by the Issuer, as set forth on the signature page hereof.

1. Background. The Issuer expects to 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, the Issuer desires to retain a financial advisor.

- (a) The Issuer desires to obtain the professional services of BOKFS to advise the Issuer regarding the execution, 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 “Issuer Obligations”) from time to time during the period in which this Agreement shall be effective.
- (b) BOKFS represents and warrants to Issuer that BOKFS has the professional licenses, certificates, knowledge, expertise and experience to provide the services set forth in this Agreement. BOKFS is willing to provide its professional services and facilities as financial 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.

2. Scope of Services. BOKFS will work with the Issuer, bond counsel, legal counsel, and such others as are retained by the Issuer to provide the services (“Services”) with respect to Issuer Obligations on the following terms and conditions:

- (a) The Services shall be limited to the services described in **Appendix A** (the “Scope of Services”).
- (b) In addition to the Services described in Appendix A, BOKFS agrees to perform and make available to the Issuer the services identified in **Appendix B**, when so requested by the Issuer. The terms of the services identified in Appendix B shall be set forth as an amendment to this Agreement or in a separate document.
- (c) Except as otherwise provided in the Scope of Services, BOKFS shall not be responsible for certifying as to the accuracy or completeness of any preliminary or final official statement, other than with respect to any information about BOKFS provided by BOKFS for inclusion in such documents.
- (d) The Scope of Services does not (A) include tax, legal, accounting or engineering advice with respect to any Issuer Obligation or opinion or certificate rendered by counsel or other person at closing or (B) review or advice respecting any feasibility

study, except, in either case, as may prepared by BOKFS as provided for in the Scope of Services.

- (e) The Issuer agrees not to represent, publicly or to any specific person, that BOKFS is its independent registered municipal advisor (“IRMA”) for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the “IRMA exemption”) without BOKFS’s prior written consent.
- (f) When BOKFS is designated by the Issuer as its IRMA, BOKFS shall be the Issuer’s IRMA solely with respect to the Scope of Services. BOKFS shall not be responsible for verifying 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. Any reference to BOKFS, its personnel and its role as IRMA in the Issuer’s written representation contemplated under SEC Rule 15Ba1-1(d)(3)(vi)(B), shall be subject to prior approval by BOKFS.

3. BOKFS’s Regulatory Obligations When Providing Services to the Issuer.

- (a) MSRB Rule G-42 requires that BOKFS (i) make a reasonable inquiry as to the facts that are relevant to the Issuer’s determination whether to proceed with a course of action or that form the basis for and advice provided by BOKFS to the Issuer, (ii) undertake a reasonable investigation to determine that BOKFS is not basing any recommendation on materially inaccurate or incomplete information, and (iii) to use reasonable diligence to know the essential facts about the Issuer and the authority of each person acting on the Issuer’s behalf.
- (b) The Issuer agrees to cooperate, and to cause its agents to cooperate, with BOKFS in carrying out the foregoing requirements, including providing to BOKFS accurate and complete information and reasonable access to relevant documents, other information and personnel needed to fulfill such requirements. In addition, the Issuer agrees that, to the extent it requests BOKFS to provide advice with regard to any recommendation made by a third party, the Issuer will provide to BOKFS written direction to do so and all information it has received from such third party relating to its recommendation.

4. Term of this Engagement. This Agreement shall become effective as of the date executed by the Issuer as set forth on the signature page hereof and, unless terminated by either party as described below, shall remain in effect thereafter for a period of five (5) years from such date. Unless BOKFS or Issuer shall notify the other party in writing at least thirty (30) 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 five (5) year period.

This Agreement may be terminated with or without cause by the Issuer or BOKFS 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. BOKFS may not

terminate for the express purpose of taking an underwriting position in any bonds to be issued by the Issuer. In the event of such termination, it is understood and agreed that only the amounts due BOKFS 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.

5. **Compensation.** For the above services, you agree to pay BOKFS the following:

**Fee Schedule for Financial Advisory Services –
Sale of Issuer Obligations**

<u>Obligation Proceeds</u>		
<u>More Than</u>	<u>And Not More Than</u>	<u>The Fee Is</u>
\$ 0	\$ 2,500,000	\$19,000 plus \$2.00 per \$1,000
2,500,000	5,000,000	\$24,000 plus \$1.75 per \$1,000 for all over \$2,500,000
5,000,000	10,000,000	\$28,375 plus \$1.50 per \$1,000 for all over \$5,000,000
10,000,000	20,000,000	\$35,875 plus \$1.25 per \$1,000 for all over \$10,000,000
20,000,000	No Limit	\$48,375 plus \$0.75 per \$1,000 for all over \$20,000,000

The above charges may be multiplied by up to 1.25 times for the completion of a negotiated sale, the issuance of revenue or refunding bonds, or the issuance of obligations associated with a federal or state program. The charges for Issuer Obligations issued with a floating interest rate, including services provided for the substitution of liquidity facilities or remarketing agreements, will be negotiated with the Issuer.

The payment of charges for financial advisory services described in Appendix A of the Agreement shall be contingent upon the delivery of Issuer Obligations and shall be due at the time that Issuer Obligations are delivered. The payment of charges for services described in Appendix B of the Agreement shall be due and payable in accordance with the mutual agreement therefor between BOKFS and Issuer.

The Issuer shall be responsible for the following expenses, if and when applicable, whether they are charged to the Issuer directly as expenses or charged to the Issuer by BOKFS as reimbursable expenses: fees and expenses of the Issuer's legal counsel, including bond counsel; administrative and regulatory review and approval fees; bond printing expenses; credit rating fees; credit enhancement fees; fees of other professionals, including accountants; official statement printing and distribution expenses; fees of paying agents, registrars, trustees or escrow agents; travel expenses outside of the State of Texas; fees and expenses of underwriter(s) and underwriter's counsel; and, any other miscellaneous expenses incurred on behalf of the Issuer.

The payment of reimbursable pass-through expenses that BOKFS has assumed on behalf of the Issuer shall NOT be contingent upon the delivery of Issuer Obligations and shall be due at the time that services are rendered and payable within thirty days receipt of an invoice therefor submitted by BOKFS.

6. Limitation on Liability. In the absence of willful misconduct, bad faith, gross negligence or reckless disregard of the obligations of BOKFS arising under this Agreement:

- (a) The liability of BOKFS and its associated persons to the Issuer for any act or omission in the course of, or connected with, rendering services hereunder, or for any error of judgment or mistake of law, shall be limited to the fees paid or otherwise due and payable under this Agreement; and,
- (b) BOKFS and its associated persons shall have no liability to the Issuer for any other loss arising out of any issuance of municipal securities, any municipal financial product or any other investment, or for any financial or other damages resulting from the Issuer's election to act or not to act, as the case may be, contrary to any advice or recommendation provided by BOKFS to the Issuer.
- (c) No recourse shall be had against BOKFS for loss, damage, liability, cost or expense (whether direct, indirect or consequential) arising out of or in defending, prosecuting, negotiating or responding to any inquiry, questionnaire, audit, suit, action, or other proceeding brought or received from the Internal Revenue Service in connection with any Issuer Obligation or otherwise relating to the tax treatment of any Issuer Obligation, or in connection with any opinion or certificate rendered by counsel or any other party.

7. Required Disclosures. MSRB Rule G-42 requires that BOKFS provide the Issuer with disclosures of material conflicts of interest and of information regarding certain legal events and disciplinary history. Such disclosures are provided in BOKFS's Disclosure Statement attached hereto as **Appendix C.**

8. Information. While this Agreement is in effect, the Issuer will provide or cause to be provided to BOKFS information concerning the Issuer, including information relating to the Issuer's financial condition and results of operations, the sources of security and payment for any Issuer Obligations, and such other information (excluding confidential information unless such confidential information is reasonably required to provide disclosure to investors) as BOKFS reasonably considers necessary or appropriate to perform its duties under this Agreement. Such information will be taken or derived from the Issuer's official records or from other sources that the Issuer determines and reasonably believes to be accurate and reliable, based on due inquiry and investigation by the Issuer of such other sources; and, the Issuer expressly authorizes BOKFS to rely on the accuracy and completeness of all information provided to BOKFS by or on behalf of the Issuer.

9. Compliance with Applicable Law. As an inducement to BOKFS to enter into this Agreement and to perform the duties assigned to it hereunder, the Issuer agrees to comply with all applicable requirements and procedures imposed by law relating to, and all covenants and agreements entered into in connection with or supporting, the validity, enforceability and terms (including terms relating to security and tax-exemption) of any Issuer Obligations. As an inducement to Issuer to enter into this Agreement and to perform the duties assigned to it hereunder, BOKFS agrees to comply with all applicable requirements and procedures imposed by law relating to, and all covenants and agreements entered into in connection with or supporting, the validity, enforceability and terms (including terms relating to security and tax-exemption) of any services by BOKFS. Further BOKFS represents and warrants to Issuer that BOKFS is familiar with the applicable law, rules, regulations, and requirements in order for BOKFS to perform BOKFS's professional services as a highly qualified and competent provider of said financial services.

10. Professional Judgment. All actions and recommendations of BOKFS pursuant to this Agreement will be based on BOKFS's professional judgment and information that the Issuer provides to BOKFS. BOKFS's recommendations represent its professional judgment based upon BOKFS's review of information provided by the Issuer, to the extent that BOKFS deems such information relevant to any such recommendation, and BOKFS's own knowledge and experience. BOKFS's recommendations will be offered in reliance upon the representations and covenants contained in the agreements, certificates and other instruments prepared, executed and delivered in connection with Issuer Obligations. The Issuer understands and agrees that this Agreement shall constitute an agreement for professional services, and neither the performance by BOKFS of its duties hereunder nor the implementation of any of BOKFS's recommendations shall be construed by the Issuer as a guarantee of any result or outcome.

11. Waiver of Jury Trial. TO THE EXTENT PERMITTED BY LAW, EACH PARTY AGREES TO WAIVE ANY RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY CLAIM, COUNTERCLAIM OR ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE RELATIONSHIP BETWEEN THE PARTIES. PARTIES AGREE TO WAIVE CONSEQUENTIAL AND PUNATIVE DAMAGES.

12. Choice of Law. This Agreement shall be construed and given effect in accordance with the laws of the State of Texas. Venue for any dispute regarding this Agreement shall be in the courts of Brazoria County, Texas.

13. Litigation Expenses. In any action brought by a party hereto to enforce the obligations of any other party hereto, the prevailing party shall be entitled to collect from the opposing party to such action such party's reasonable litigation costs and attorney's fees and expenses (including court costs, reasonable fees of accountants and experts, and other expenses incidental to the litigation).

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

15. 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. This Agreement may not be amended, supplemented or modified except by means of a written instrument executed by both parties. This Agreement and all of the provisions of this Agreement, shall be deemed drafted by all of the parties hereto.

16. Course of Dealing. No course of prior dealing involving any of the parties hereto and no usage of trade shall be relevant or advisable to interpret, supplement, explain or vary any of the terms of this Agreement, except as expressly provided herein.

17. Interpretation. This Agreement shall not be interpreted strictly for or against any party, but solely in accordance with the fair meaning of the provisions hereof to effectuate the purposes and intent of this Agreement.

18. No Third Party Beneficiaries. This is not a third party beneficiary contract. No person or entity other than a party hereto shall have any rights under this Agreement.

19. No Reliance. Each party hereto has entered into this Agreement based solely upon the agreements, representations and warranties expressly set forth herein and upon its own knowledge and investigation. No party has relied on any representation or warranty of any other party hereto except any such representations and warranties as are expressly set forth herein.

20. Authority. Each of the persons signing below on behalf of a party hereto represents and warrants that he or she has full requisite power and authority to execute and deliver this Agreement on behalf of the party for whom he or she is signing and to bind such party to the terms and conditions of this Agreement.

21. Severability. If any provision of this Agreement is, or is held or deemed to be, invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions because it conflicts with any provisions of any constitution, statute, rule or public policy, or for any other reason, such circumstances shall not make the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or make any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

22. Amendment. This Agreement may be amended or modified only in a writing that has been signed by the parties hereto and which specifically references this Agreement.

23. Communication. Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing to the City of Richwood, Texas, 1800 Brazosport Blvd., Richwood, Texas 77531, Attention: Michael Coon, City Manager; and, any notice or other communication to be given to BOKFS under this Agreement may be given by delivering the same in writing to BOKFS, Inc., 1401 McKinney Street, Suite 1000 Houston, Texas 77010, Attention: Public Finance Department.

24. Counterparts. This Agreement may be executed in counterparts, each of which shall be an original, but which taken together, shall constitute one and the same instrument. This Agreement shall become effective only when all of the parties hereto shall have executed the original or counterpart hereof. This Agreement may be executed and delivered by digitized transmission of a counterpart signature page hereof.

[Signature Page Follows]

BOK FINANCIAL SECURITIES, INC.

By _____
Name: John H. Robuck
Title: Managing Director

CITY OF RICHWOOD, TEXAS

By: _____
Name: _____
Title: _____

Date: _____

APPENDIX A – SCOPE OF SERVICES – DESCRIPTION OF BASIC SERVICES

Upon the request of an authorized representative of the Issuer, BOKFS will perform the following financial advisory services pursuant to the terms of the Agreement for Financial Advisory Services.

Financial Planning.

- Perform a survey of the financial resources of the Issuer to determine the extent of its capacity to authorize, issue and service any Issuer Obligations contemplated, including an analysis of any existing debt structure as compared with the existing and projected sources of revenue that may be pledged to secure payment of debt service. BOKFS will also survey any trends of the assessed valuation, taxing power and present and future taxing requirements of the Issuer, as appropriate. If the revenues of a system or facility are to be pledged to repayment of the proposed Issuer Obligations, the survey will take into account (i) any outstanding obligations which are payable from the revenues thereof, (ii) additional revenues expected from any proposed rate increase, and (iii) the additional revenues as projected by your consulting engineers as the result of the improvements to be financed by the proposed Issuer Obligations. BOKFS will also take into account any policy considerations, future financing needs and operational considerations, as provided or projected by Issuer's staff and/or consulting engineers or other experts engaged by the Issuer.
- Assist in the formulation of a 5-10 Year Capital Improvement Plan to review the Issuer's anticipated financing needs in light of future available revenues to support the Issuer's financing needs and applicable State laws restricting debt capacity and assist in periodically updated such plan.
- Submit to the Issuer recommendations regarding Issuer Obligations under consideration, including such terms as the type of debt to be issued (e.g., current interest obligation, capital appreciation obligation, or other obligation), principal amount, interest rate mode (e.g., fixed, floating, or other interest rate mode), type of debt instrument (e.g. tax-exempt, taxable, tax-credit, etc.), form of debt instrument (e.g. Permanent Improvement Bonds, Certificates of Obligation, Water and Sewer System Revenue Bonds, Sales Tax Revenue Bonds, Tax and Revenue Anticipation Note, Contractual Obligation, etc.), date of issue, interest payment dates, schedule of principal maturities, options of prior payment, security provisions, and such other provisions as we believe are appropriate in order to achieve the objectives of the Issuer and make the issue attractive to investors. Such recommendations will be based on information developed by the survey described above and other information available to us. All recommendations will be consistent with the goal of structuring the Issuer Obligations to be sold on terms that are advantageous to the Issuer, including the lowest interest cost consistent with all other considerations.
- Advise the Issuer of current debt market conditions, forthcoming debt issues and general information, including economic data, which might be expected to influence interest rates or bidding conditions, as deemed necessary.

- In the event that an election is required to authorize the Issuer Obligations then under consideration, BOKFS will assist in gathering such information and data as may be required for any petitions, orders, resolutions, ordinances, notices and certificates in connection with the election, including assistance in the transmission of such data to the Issuer's legal counsel.
- Consult with the Issuer regarding available revenues pursuant to existing or proposed rules, as requested.

Debt Management.

- Assist in the preparation of a debt management policy for the Issuer.
- Evaluate financing transactions contemplated by the Issuer, giving consideration to the complexity, market acceptance, rating, size and structure of such transactions in order to make a recommendation as to an appropriate method of sale.
- For qualified projects or financings, upon request, coordinate and assist in the preparation of applications for financial assistance from state or federal governmental agencies.
- In connection with the marketing, offer, sale and delivery of any Issuer Obligations, whether such Issuer Obligations are publicly offered (through negotiated sale or competitive bidding) or privately placed:
 - * Assist with the preparation of any offering materials for use in connection with the marketing, offer and sale of the Issuer Obligations, including the notice of sale and bidding instructions, preliminary official statement, official statement, official bid form and such other documents and information as may be required for the marketing, offer and sale of Issuer Obligations (collectively, "Offering Documents"); however, Offering Documents shall be prepared based on information provided by the Issuer and the Issuer shall be solely responsible for the accuracy of the information contained therein, except to the extent that any such information is expressly attributed by the Offering Document to another source. Offering Documents will be prepared in accordance with customary industry standards and submitted to the Issuer and its legal counsel for examination and approval by the Issuer. Offering Documents shall be certified by the Issuer, as directed by the Issuer's legal counsel. (See "Legal, Regulatory and Administrative Matters", below.)
 - * After Issuer's examination and approval of an Offering Document, BOKFS will assist the Issuer with any arrangements for the printing of the Offering Document and provide the Issuer with Offering Documents in sufficient quantity to meet its needs and distribute such documents by mail or, where appropriate, by electronic delivery, to prospective purchasers or the underwriters, as applicable, of the Issuer Obligations.

- * Provide copies of the final official statement to the purchaser or underwriters, as applicable, of the Issuer Obligations in accordance with the notice of sale and bidding instructions or the Issuer's agreement with the underwriters, as appropriate.
- * Advise the Issuer as to the utility of credit ratings and bond insurance or other forms of credit or liquidity enhancement for Issuer Obligations.
- * Coordinate the preparation of information as may be requested by, or appropriate for submission to, a rating agency, bond insurer, or credit or liquidity enhancement provider; and, consult with and advise the Issuer regarding the form of any oral or written presentations to a rating agency, bond insurer, or credit or liquidity enhancement provider. Any oral or written presentation shall be based on information provided by the Issuer and the Issuer shall be solely responsible for the accuracy of the information provided to any rating agency, bond insurer, or credit or liquidity enhancement provider.
- * To the extent that the Issuer elects to make a personal presentation of information to one or more rating agencies, bond insurers, or credit or liquidity enhancement providers, BOKFS will arrange for such personal presentations, utilizing such composition of representatives from the Issuer as may be approved or directed by the Issuer. Any costs and expenses incurred by representatives of the Issuer as a result of their participation in any personal presentation shall be paid and/or reimbursed pursuant to and in accordance with the Issuer's internal policies governing travel on official business of the Issuer.
- * Coordinate and assist the Issuer's staff in the safekeeping of good faith checks, if any.
- * When appropriate, advise financial publications of the forthcoming sale of the Issuer Obligations and provide them with all pertinent information.
- * 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 Issuer Obligations.
- If Issuer Obligations are to be sold by an advertised competitive sale, BOKFS will:
 - * Supervise the sale of the Issuer Obligations,
 - * Disseminate Offering Documents to prospective bidders and organize such informational meetings as may be necessary.
 - * Assist the Issuer's staff in coordinating the receipt of bids and the tabulation and comparison of submitted bids.
 - * Advise the Issuer regarding the best bid and provide advice regarding acceptance or rejection of bids.

- If Issuer Obligations are to be sold by negotiated sale, BOKFS will:
 - * In connection with the Issuer's selection of one or more investment banking firms to serve as managers of an underwriting syndicate for the purpose of negotiating the purchase of Issuer Obligations, provide any advice and assistance requested by the Issuer; however, the selection of members of an underwriting syndicate shall be controlled by the Issuer and be approved by the Issuer.
 - * Cooperate in the preparation of a bond purchase contract, an underwriters agreement and other related documents; and, consult with the Issuer in connection with the Issuer's policy concerning certain terms of the syndicate's agreement among underwriters (e.g., order priority and designation policy) to achieve the most efficient and lowest interest cost for the Issuer Obligations, consistent with other considerations of the Issuer.
 - * Advise the Issuer as to the fairness of the price offered by the underwriters for the Issuer Obligations.
- Upon request, advise the Issuer in the selection of professional consultants and fiscal agents required in connection with Issuer Obligations, including trustees, paying agents, registrars, escrow agents, verification agents, and assist in the negotiation of agreements related to these services and the fees incident thereto, upon request.
- Attend meetings of the governing body of the Issuer, its staff, representatives or committees, as requested by the Issuer.
- Provide the Issuer's legal counsel with financial information requested by such counsel in connection with such counsel's preparation of legal documents pertaining to the authorization, sale and issuance of the Issuer Obligations.
- Upon request, consult with the Issuer regarding proposed or enacted changes in federal and state laws, rules and regulations that have (or are expected to have) a material effect on the municipal bond market, it being understood that BOKFS does not and may not act as an attorney for, or provide legal advice or services to, the Issuer.
- Coordinate the efforts of all interested parties to effect the delivery of the Issuer Obligations, and assist the Issuer in the preparation or verification of final closing figures incident to the delivery of the Issuer Obligations.
- After the closing of the sale and delivery of the Issuer Obligations, deliver to the Issuer a schedule of annual debt service requirements for the Issuer Obligations and, in coordination with the Issuer's legal counsel, assure that the paying agent/registrar and/or trustee has been provided with a copy of the authorizing ordinance, order or resolution.

Legal, Regulatory and Administrative Matters

- BOKFS will coordinate the issuance of the Issuer Obligations; however, Issuer shall retain a firm of recognized municipal bond attorneys to prepare proceedings and advise the Issuer regarding procedures required to issue the Issuer Obligations and issue an unqualified opinion (in an acceptable form) approving the legality of the Issuer Obligations. BOKFS will coordinate with such firm of bond attorneys and assist in all financial advisory aspects involved in the preparation of appropriate legal proceedings and documentation.
- The Issuer shall also be responsible for the retention and engagement of competent legal counsel to advise the Issuer concerning all other legal matters related to the marketing, offer, sale and delivery of any Issuer Obligations, including applicable federal and state securities laws and regulations; and, the Issuer shall be responsible for the engagement of competent legal counsel to render an opinion covering the Issuer's exercise of appropriate discretion and diligence in the preparation and dissemination of any Offering Documents (e.g., a 10b-5 opinion addressing the accuracy and completeness of each Offering Document).
- To the extent that the issuance and sale of the securities, and construction of the project in question, requires the approval of any state or governmental agency, BOKFS will assist the Issuer in the preparation of all financial information required for inclusion in applications for such approval. When requested by the Issuer, BOKFS will appear on Issuer's behalf to provide appropriate testimony at public hearings before state and other governmental commissions and boards. BOKFS will also participate in any preliminary conferences with the staff of any state or governmental agencies, as necessary.
- BOKFS will annually coordinate the preparation and filing of the Issuer's ongoing disclosure obligations required pursuant to SEC Rule 15(c)2-12 for Issuer's debt obligations and provide guidance on the submission thereof.
- Issuer will coordinate the use of other consultants, as necessary, to perform ongoing activities to ensure the Issuer remains in compliance with applicable Federal and State laws.

APPENDIX B – DESCRIPTION OF ADDITIONAL SERVICES

Upon the request of an authorized representative of the Issuer, BOKFS (or one or more affiliates of BOKFS) will perform the following financial advisory services pursuant to the terms of the Agreement, subject to the mutual agreement of the Issuer and BOKFS regarding the terms and conditions thereof.

- Advise and assist the Issuer in connection with the administration of any of the Issuer's outstanding obligations, including extensions or substitutions of credit or liquidity facilities to support Issuer Obligations and mode conversions for variable rate obligations.
- Advise and assist the Issuer with regard to the exercise of any redemptions of outstanding Issuer Obligations.
- Purchase such investments as may be directed and authorized by Issuer to be purchased. To the extent that BOKFS is entitled to receive fees or other compensation in any form from a third party with respect to investment activities on behalf of the Issuer, BOKFS will disclose to the Issuer the nature and amount of any such compensation so that the Issuer may consider the information in making its investment decision.
- Provide other services (either directly or through an affiliate of BOKFS) with respect to matters which do not involve or affect the financial advisory services covered within the Agreement, including:
 - * Trust Services,
 - * Cash/Investment Management Services,
 - * Financial Products Advisory Services (relating to the use and execution of financial products and certain hedging transactions),
 - * Other Fiscal, Consulting or Advisory Services.

**APPENDIX C –
DISCLOSURE STATEMENT OF BOK FINANCIAL SECURITIES, INC.**

This Disclosure Statement is provided by BOKFS to the Issuer in connection with the Agreement and is dated as of the same date as the Agreement.

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.

Accordingly, BOKFS makes the following disclosures with respect to material conflicts of interest in connection with the Scope of Services, together with explanations of how BOKFS addresses or intends to manage or mitigate each conflict. To that end, with respect to each of the conflicts disclosed below, BOKFS mitigates such conflicts through its adherence to its fiduciary duty to the Issuer, which includes a duty of loyalty. This duty of loyalty obligates BOKFS to deal honestly and with the utmost good faith with the Issuer and to act in its best interests without regard to BOKFS's financial or other interests. The disclosures below describe, as applicable, any additional mitigations that may be relevant with respect to any specific conflict disclosed below.

I. *Other Municipal Advisor or Underwriting Relationships.* BOKFS serves a wide variety of other clients that may have interests that could have an impact on the Issuer's interests. For example, BOKFS serves as municipal advisor to other municipal issuers and, in such cases, owes a regulatory duty to such other clients just as it does to the Issuer under the Agreement. These other clients may have competing interests and BOKFS could face a conflict of interest arising from these competing client interests. Additionally, as a full-service broker-dealer, BOKFS is also engaged as a bond underwriter/placement agent for other municipal issuers in either the competitive, negotiated or private placement sale market. In this regard, BOKFS may be serving as a bond underwriter at the same time it is providing advisory services to the Issuer and a competing interest could arise given our role as a bond underwriter to another municipal issuer. None of these other engagements or relationships would impair BOKFS's ability to fulfill its regulatory duties to the Issuer.

II. *Broker-Dealer and Investment Advisory Business.* BOKFS is a broker-dealer and investment advisory firm that engages in a broad range of securities-related activities, in addition to serving as a municipal advisor or underwriter. Such securities-related activities may be undertaken on behalf of, or as counterparty to, the Issuer, its personnel, and current or potential investors in its securities. These other clients may have interests in conflict with the Issuer's interests and the interests of such other clients could create the incentive for BOKFS to make recommendations to the Issuer that could result in more advantageous pricing for the other clients. Furthermore, any potential conflict arising from BOKFS 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 BOKFS that operate independently from BOKFS's municipal advisory business, thereby reducing the likelihood that the interests of such other clients would have an impact on the services provided by BOKFS to the Issuer.

III. ***Municipal Activities with Other Issuer Financing Team Members.*** In the normal course of business, BOKFS may engage in municipal trading and underwriting activities with other members of the Issuer's financing team, including but not limited to, bond counsel, underwriter's counsel and bond underwriters. This may include BOKFS serving as a bond underwriter for a municipal issuer in which the Issuer's bond counsel is serving as BOKFS's counsel, an Issuer's underwriter is serving as a municipal advisor and/or an Issuer's underwriter is serving as an underwriting syndicate member with BOKFS. Such a situation could present a conflict as BOKFS and members of its financing team jointly participate, from time to time, in other municipal security transactions for compensation. None of these other engagements or relationships would impair BOKFS's ability to fulfill its regulatory duties to the Issuer and the potential conflicts of interest are mitigated as BOKFS relies upon the Issuer to select its other financing team members, including bond counsel and bond underwriters.

IV. ***Compensation-Based Conflicts.*** The fees due under the Agreement will be based on the dollar amount of bond proceeds and the payment of such fees shall be contingent upon the delivery of a bond 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 BOKFS to recommend unnecessary financings. Additionally, the fees due under the Agreement vary based upon the type of sale and the financing structure implemented. As such, this may present a conflict because it could create an incentive for BOKFS to recommend disadvantageous financings to generate a higher fee. These conflicts of interest are mitigated by our adherence to our responsibilities described above.

V. ***Secondary Market Transactions in the Issuer's Securities.*** As part of its municipal trading activities in the secondary market, BOKFS may take a principal position in securities, including the Issuer's securities, and therefore BOKFS could have interests in conflict with the Issuer with respect to the value of its 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, BOKFS or its affiliates may submit orders for and acquire your securities issued 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 the Issuer in that it could create the incentive for BOKFS to make recommendations to the Issuer that could result in more advantageous pricing of its bond in the marketplace. Any such conflict is mitigated by the applicable MSRB rules that prohibit BOKFS (as the municipal advisor) to act as an underwriter for an Issuer's bond sale in the primary market and BOKFS secondary market activities operate independently from BOKFS's municipal advisory business, thereby reducing the likelihood that such investment activities would have an impact on the services provided by BOKFS to the Issuer.

VI. ***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, BOKFS sets out below required disclosures and related information in connection with such disclosures.

(a) **Material Legal or Disciplinary Event.** Other than the disclosures summarized below, which may be material to the Issuer's evaluation of BOKFS or the integrity of BOKFS's management or advisory personnel there are no legal or disciplinary events that should be disclosed, on any Form MA or Form MA-I filed with the SEC.

- April 29, 2009 – A regulatory action against BOKFS by FINRA was resolved via an Acceptance, Waiver & Consent. The allegations were related to “fair and reasonable” pricing of principal transactions and timeliness of trade reporting.
- January 10, 2012 – A regulatory action against BOKFS by FINRA was resolved via an Acceptance, Waiver & Consent. The allegations were related to “fair and reasonable” pricing of principal transactions.
- June 18, 2015 – An order was issued against BOKFS by the U.S. Securities and Exchange Commission. The allegations were related to the due diligence conducted by the firm to establish a reasonable basis that certain material representations made by issuers in official statements connected with the offerings were accurate. The violations were self-reported by BOKFS pursuant to the SEC's Municipalities Continuing Disclosure Cooperation (“MCDC”) Initiative.

Details of the events disclosed above can be found in the firm's Form MA available through the SEC's EDGAR Filing System (<https://www.sec.gov/edgar/searchedgar/companysearch.html>). Search for “BOK Financial Securities, Inc.” to view the firm's most recent Form MA filing.

(b) **Future Supplemental Disclosures.** As required by MSRB Rule G-42, this Disclosure Statement may be supplemented or amended, from time to time as needed, to reflect changed circumstances resulting in new conflicts of interest, or to provide updated information with regard to any legal or disciplinary events of BOKFS. BOKFS will provide the Issuer with any such supplement or amendment as it becomes available throughout the term of the Agreement.

CONFIDENTIAL MATERIAL
CITY MANAGER'S INTRA-AGENCY INFORMATION
DISCLOSURE PROHIBITED AND PUNISHABLE
UNDER SECTION 552.352 OF THE
TEXAS GOVERNMENT CODE

Manager's Letter Supplement
6/16/2018

City Council Meeting

This week I only wanted to provide additional context on one agenda item that has been added at the last minute so that we can get to work and preparing for a potential bond election in November.

Discussion & Action Items

Discuss and consider terminating the financial advisory agreement with Hilltop Securities Inc., formerly First Southwest Company, and entering into a financial advisory agreement with BOK Financial Securities, Inc.

I did not want to get into too much detail in the communication for the packet, but I do want to provide a little more detail here.

Joe Morrow with Hilltop Securities has been the City's financial advisor for about 35 years. In addition to my time working with him in Richwood, I also had the opportunity to work with him while I was in Lake Jackson. I think that he does a good job and I like him, but I do feel like someone else could better serve Richwood. For example, a few months ago we were informed that our continuing disclosures on our current bonds were past due and we didn't get any notice from Joe about it. Typically, the financial advisors will notify you that the information is due soon and they will help you complete and submit it. Also, Joe has known for over a year that we were going to be working on a bond issue, but I have received very little follow up from him in the last several months asking if we needed any help.

In the end, we will pay \$875 more on a \$5 million bond issue with John Robuck from BOK Financials. However, John and his firm were highly recommended by the city managers from Jersey Village and Deer Park, both of whom I know and trust. I think the improved services is worth the \$875, especially if they can take a little more of work getting ready for the bond off mine and Giani's plates.

Also, like I explained in the standard financial communication, BOK Financials will only get paid for their financial advising services if (1) the bond passes and (2) they issue the debt for us.