

## SERVICE AGREEMENT NO. 1306

### Financial Advisor Services

THIS **Financial Advisor Services Agreement** ("Agreement") is entered into by and between the City of Corpus Christi, a Texas home-rule municipal corporation ("City") and FirstSouthwest, a Division of Hilltop Securities, Inc. ("Contractor"), effective upon execution by the City Manager or the City Manager's designee ("City Manager").

WHEREAS, Contractor has bid to provide Financial Advisor Services in response to Request for Bid/Proposal No. 1306 ("RFB/RFP"), which RFB/RFP includes the required scope of work and all specifications and which RFB/RFP and the Contractor's bid or proposal response, as applicable, are incorporated by reference in this Agreement as Exhibits 1 and 2, respectively, as if each were fully set out here in its entirety.

NOW, THEREFORE, City and Contractor agree as follows:

- 1. Scope.** Contractor will provide Financial Advisor Services ("Services") in accordance with the attached Scope of Work, as shown in Attachment A, the content of which is incorporated by reference into this Agreement as if fully set out here in its entirety, and in accordance with Exhibit 2.
- 2. Term.** This Agreement is for twelve months, with performance commencing upon the date of issuance of a notice to proceed from the Contract Administrator or Purchasing Division. This Agreement includes an option to extend the term for up to four additional twelve-month periods ("Option Period"), provided, the parties do so prior to expiration of the original term or the then-current Option Period. The decision to exercise the option to extend the term of this Agreement is, at all times, within the sole discretion of the City and is conditioned upon the prior written agreement of the Contractor and the City Manager.
- 3. Compensation and Payment.** The total value of this Agreement is not to exceed \$171,000.00, subject to approved extensions and changes. Payment will be made for Services completed and accepted by the City within 30 days of acceptance, subject to receipt of an acceptable invoice. All pricing must be in accordance with the attached Bid/Pricing Schedule, as shown in Attachment B, the content of which is incorporated by reference into this Agreement as if fully set out here in its entirety.

4. **Contract Administrator.** The Contract Administrator designated by the City is responsible for approval of all phases of performance and operations under this Agreement, including deductions for non-performance and authorizations for payment. The City's Contract Administrator for this Agreement is as follows:

Constance Sanchez  
Finance  
phone: 361.826.3227  
Email: ConstanceP@cctexas.com

5. **Insurance; Bonds.**

(A) Before performance can begin under this Agreement, the Contractor must deliver a certificate of insurance ("COI"), as proof of the required insurance coverages, to the City's Risk Manager and the Contract Administrator. Additionally, the COI must state that the City will be given at least 30 days' advance written notice of cancellation, material change in coverage, or intent not to renew any of the policies. The City must be named as an additional insured. The City Attorney must be given copies of all insurance policies within 10 days of the City Manager's written request. Insurance requirements are as stated in Attachment C, the content of which is incorporated by reference into this Agreement as if fully set out here in its entirety.

(B) In the event a payment bond, a performance bond, or both, are required of the Contractor to be provided to the City under this Agreement before performance can commence, the terms, conditions, and amounts required in the bonds and appropriate surety information are as included in the RFB/RFP or as may be added to Attachment C, and such content is incorporated here in this Agreement by reference as if each bond's terms, conditions, and amounts were fully set out here in its entirety.

6. **Purchase Release Order.** For multiple-release purchases of Services to be provided by the Contractor over a period of time, the City will exercise its right to specify time, place and quantity of Services to be delivered in the following manner: any City department or division may send to Contractor a purchase release order signed by an authorized agent of the department or division. The purchase release order must refer to this Agreement, and Services will not be rendered until the Contractor receives the signed purchase release order.

7. **Inspection and Acceptance.** Any Services that are provided but not accepted by the City must be corrected or re-worked immediately at no charge to the City. If immediate correction or re-working at no charge cannot be made by the Contractor, a replacement service may be procured by the City on the open market and any costs incurred, including additional costs over the item's bid/proposal price, must be paid by the Contractor within 30 days of receipt of City's invoice.
8. **Warranty.** The Contractor warrants that all products supplied under this Agreement are new, quality items that are free from defects, fit for their intended purpose, and of good material and workmanship. The Contractor warrants that it has clear title to the products and that the products are free of liens or encumbrances. In addition, the products purchased under this Agreement shall be warranted by the Contractor or, if indicated in Attachment D by the manufacturer, for the period stated in Attachment D. Attachment D is attached to this Agreement and is incorporated by reference into this Agreement as if fully set out here in its entirety.
9. **Quality/Quantity Adjustments.** Any Service quantities indicated on the Bid/Pricing Schedule are estimates only and do not obligate the City to order or accept more than the City's actual requirements nor do the estimates restrict the City from ordering less than its actual needs during the term of the Agreement and including any Option Period. Substitutions and deviations from the City's product requirements or specifications are prohibited without the prior written approval of the Contract Administrator.
10. **Non-Appropriation.** The continuation of this Agreement after the close of any fiscal year of the City, which fiscal year ends on September 30<sup>th</sup> annually, is subject to appropriations and budget approval specifically covering this Agreement as an expenditure in said budget, and it is within the sole discretion of the City's City Council to determine whether or not to fund this Agreement. The City does not represent that this budget item will be adopted, as said determination is within the City Council's sole discretion when adopting each budget.
11. **Independent Contractor.** Contractor will perform the work required by this Agreement as an independent contractor and will furnish such Services in its own manner and method, and under no circumstances or conditions will any agent, servant or employee of the Contractor be considered an employee of the City.
12. **Subcontractors.** Contractor may use subcontractors in connection with the work performed under this Agreement. When using subcontractors,

however, the Contractor must obtain prior written approval from the Contract Administrator if the subcontractors were not named at the time of bid or proposal, as applicable. In using subcontractors, the Contractor is responsible for all their acts and omissions to the same extent as if the subcontractor and its employees were employees of the Contractor. All requirements set forth as part of this Agreement, including the necessity of providing a COI in advance to the City, are applicable to all subcontractors and their employees to the same extent as if the Contractor and its employees had performed the work.

13. **Amendments.** This Agreement may be amended or modified only by written change order signed by both parties. Change orders may be used to modify quantities as deemed necessary by the City.
14. **Waiver.** No waiver by either party of any breach of any term or condition of this Agreement waives any subsequent breach of the same.
15. **Taxes.** The Contractor covenants to pay payroll taxes, Medicare taxes, FICA taxes, unemployment taxes and all other related taxes. Upon request, the City Manager shall be provided proof of payment of these taxes within 15 days of such request.
16. **Notice.** Any notice required under this Agreement must be given by fax, hand delivery, or certified mail, postage prepaid, and is deemed received on the day faxed or hand-delivered or on the third day after postmark if sent by certified mail. Notice must be sent as follows:

**IF TO CITY:**

City of Corpus Christi  
Attn: Constance Sanchez  
Director of Finance  
Address: 1201 Leopard Street, Corpus Christi, Texas 78401  
Fax: 361.826.4376

**IF TO CONTRACTOR:**

FirstSouthwest, a Division of Hilltop Securities, Inc.  
Attn: Anne Burger Entekin  
Regional Managing Director  
70 Northeast Loop 410, Suite 710, San Antonio, Texas 78216  
Fax: 210.349.7585

**17. CONTRACTOR AGREES TO INDEMNIFY, HOLD HARMLESS AND DEFEND THE CITY OF CORPUS CHRISTI AND ITS OFFICERS, EMPLOYEES AND AGENTS ("INDEMNITEES") FROM AND AGAINST ANY AND ALL LIABILITY, LOSS, CLAIMS, DEMANDS, SUITS AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER ON ACCOUNT OF PERSONAL INJURIES (INCLUDING DEATH AND WORKERS' COMPENSATION CLAIMS), PROPERTY LOSS OR DAMAGE, OR ANY OTHER KIND OF INJURY, LOSS, OR DAMAGE, INCLUDING ALL EXPENSES OF LITIGATION, COURT COSTS, ATTORNEYS' FEES AND EXPERT WITNESS FEES WHICH ARISE OR ARE CLAIMED TO ARISE OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE PERFORMANCE OF THIS AGREEMENT, REGARDLESS OF WHETHER THE INJURIES, DEATH OR DAMAGES ARE CAUSED OR ARE CLAIMED TO BE CAUSED BY THE CONCURRENT OR CONTRIBUTORY NEGLIGENCE OF INDEMNITEES, BUT NOT IF BY THE SOLE NEGLIGENCE OF INDEMNITEES UNMIXED WITH THE FAULT OF ANY OTHER PERSON. CONTRACTOR MUST, AT ITS OWN EXPENSE, INVESTIGATE ALL CLAIMS AND DEMANDS, ATTEND TO THEIR SETTLEMENT OR OTHER DISPOSITION, DEFEND ALL ACTIONS BASED THEREON WITH COUNSEL SATISFACTORY TO THE CITY ATTORNEY, AND PAY ALL CHARGES OF ATTORNEYS AND ALL OTHER COSTS AND EXPENSES OF ANY KIND ARISING FROM ANY SAID LIABILITY, DAMAGE, LOSS, CLAIMS, DEMANDS, SUITS, OR ACTIONS. THE INDEMNIFICATION OBLIGATIONS OF CONTRACTOR UNDER THIS SECTION SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION OF THIS AGREEMENT.**

**18. Termination.**

(A) The City Manager may terminate this Agreement for Contractor's failure to perform the work specified in this Agreement or to keep any required insurance policies in force during the entire term of this Agreement. The Contract Administrator must give the Contractor written notice of the breach and set out a reasonable opportunity to cure. If the Contractor has not cured within the cure period, the City Manager may terminate this Agreement immediately thereafter.



(B) Alternatively, the City Manager may terminate this Agreement for convenience upon 30 days advance written notice to the Contractor. The City Manager may also terminate this Agreement upon 24 hours written notice to the Contractor for failure to pay or provide proof of payment of taxes as set out in this Agreement.

- 19. Assignment.** No assignment of this Agreement by the Contractor, or of any right or interest contained herein, is effective unless the City Manager first gives written consent to such assignment. The performance of this Agreement by the Contractor is of the essence of this Agreement, and the City Manager's right to withhold consent to such assignment is within the sole discretion of the City Manager on any ground whatsoever.
- 20. Severability.** Each provision of this Agreement is considered to be severable and, if, for any reason, any provision or part of this Agreement is determined to be invalid and contrary to applicable law, such invalidity shall not impair the operation of nor affect those portions of this Agreement that are valid, but this Agreement shall be construed and enforced in all respects as if the invalid or unenforceable provision or part had been omitted.
- 21. Order of Precedence.** In the event of any conflicts or inconsistencies between this Agreement, its attachments, and exhibits, such conflicts and inconsistencies will be resolved by reference to the documents in the following order of priority:

  - A. this Agreement and its attachments
  - B. the bid solicitation document, including addenda (Exhibit 1)
  - C. the Contractor's bid response (Exhibit 2)
- 22. Certificate of Interested Parties.** Contractor agrees to comply with Texas Government Code Section 2252.908, as it may be amended, and to complete Form 1295 "Certificate of Interested Parties" as part of this Agreement.
- 23. Governing Law.** This Agreement is subject to all federal, State, and local laws, rules, and regulations. The applicable law for any legal disputes arising out of this Agreement is the law of the State of Texas, and such form and venue for such disputes is the appropriate district, county, or justice court in and for Nueces County, Texas.
- 24. Entire Agreement.** This Agreement constitutes the entire agreement between the parties concerning the subject matter of this Agreement and supersedes

all prior negotiations, arrangements, agreements and understandings, either oral or written, between the parties.

(SIGNATURE PAGE FOLLOWS)

**CONTRACTOR**

Signature: Anne Burger Entekin  
Printed Name: Anne Burger Entekin  
Title: Regional Managing Director  
Date: 10/20/2017

**CITY OF CORPUS CHRISTI**

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Attached and Incorporated by Reference:**

Attachment A: Scope of Work  
Attachment B: Bid/Pricing Schedule  
Attachment C: Insurance/Bond Requirements  
Attachment D: Warranty Requirements

**Incorporated by Reference Only:**

Exhibit 1: RFB/RFP No. 1306  
Exhibit 2: Contractor's Bid/Proposal Response



## **Attachment A – Scope of Work Financial Advisor Services**

### **1.1. General Requirements**

The Financial Advisor will assist the City in the management of its debt program and the design and issuance, negotiation and writing of bonds, certificates, tax notes, and other financial instruments as may be required. Financial Advisor Services include, but are not limited to, quantitative analysis, evaluation and presentation of financing options, provisions of timely credit market information, preparation of offering documents, advice and assistance with the issuance, sale and delivery of debt instruments, as well as, attending meetings and the provision of ongoing services after the successful delivery of a debt issuance.

### **1.2. Scope of Work**

#### **A. Structure**

The Financial Advisor is expected to actively participate in, and lend expertise to the financial structuring of the bond issue, in conjunction with City's Bond Counsel and City staff.

#### **B. Official Statements**

The City, from time to time, will consider the utilization of various types of debt including, but not limited to, general obligation bonds, certificates of obligation, tax notes, commercial paper, revenue bonds, conduit financings including, but not limited to, housing, education, healthcare, economic development, and other types of financings which will facilitate the most effective, efficient and most cost effective method of financing projects. The Financial Advisor will be required to perform professional Financial Advisory Services in connection with the pre-sale strategic financial analyses, authorization, on-going quantitative analysis, marketing, preparation of offering documents, issuance, sale and delivery of debt instruments, as well as provide ongoing service after the successful delivery of a debt issue. The Financial Advisor will be required to provide professional services and perform these duties as determined by the City.

The preliminary and final official statements will be prepared by the City's financial advisor and its bond counsel. The City will provide to the Financial Advisor its customary disclosure information and will make every effort to provide the financial advisor with all necessary additional information for the specific financing. It is the duty of the financial advisor to thoroughly review and determine the completeness and accuracy of any material representations set forth in the preliminary and final official statements. The Financial Advisor will be responsible to the City in all aspects for the accuracy and completeness of information provided by such Financial Advisor with respect to such disclosure documents. More specifically the Financial Advisor will be responsible for the following:

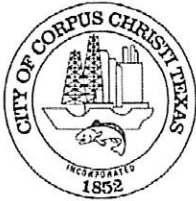
1. All duties and services necessary or advisable to facilitate the issuance of bonds and other obligations,
2. Determine the form, size, timing, and method of sale of the issue;
3. Assist in evaluating underwriting proposals and selecting underwriting teams, including the development of a Request for Proposals;
4. Participate in document preparation and assist bond counsel in the coordination of the issue;
5. Prepare information for rating agency presentations, schedule and assist in the presentations, and act as liaison with the agencies, providing information as needed;
6. Coordinate preparation of official statements for each issue, including arranging for printing and mailing to prospective investors;
7. Advise the City concerning the need for credit enhancement and assist in the procurement and negotiation of related agreements
8. Respond to questions or requests for additional information from prospective investors
9. Coordinate bond sale bid openings or electronic bid verifications and recommend acceptance or rejection of bids. Evaluate reception of the bonds relative to the market and other comparable securities
10. Monitor and control fees and expenses incurred in connection with the issuance of bonds, including soliciting bids for the printing of bond offering documents, ratings, trustee and paying agent fees and related services when necessary;
11. Assist in closing details and post-closing duties. Maintain debt service records on all outstanding City of Corpus Christi obligations
12. Monitor and advise the City on refunding opportunities and other financial products that would benefit the City;
13. Evaluate the performance of remarketing agents and credit facilities for commercial paper programs and variable rate demand notes, including rates, fees, and other costs;
14. Provide advice and assistance in complying with disclosure requirements;
15. Provide assistance in the development of alternative financing programs for potential capital projects, including funding available from state and federal programs;

16. Provide assistance in the development of voted bond programs, including working with citizen committees;
17. Evaluate the city's financial policies related to effective administration of the capital program;
18. Advise the City of current issues in the securities industry and financial markets, including the impact of pending legislation at the state and federal levels;
19. Advice regarding the investment of bond proceeds
20. Advise the City in all other matters necessary or incidental to the issuance and administration of debt obligation.
21. The Financial Advisor will not be permitted to underwrite a portion of an issue or program for the City during the term of an engagement as Financial Advisor.
22. Each member of the underwriting syndicate is expected to play an active role in the placement of the obligations. The Financial Advisor will provide a report of the final allotments/placements executed by each member as soon as practical after closing.

C. Other Financial Consultation

Occasionally the City may need to reach out to the Financial Advisor for other financial advice needed by the City that is not related to the sale of bonds or items outlined in the regular scope of work in the sections above. When this occurs the City staff will identify the work as falling into this "Other Financial Consultation" category and the Financial Advisor will be compensated as outlined on the pricing sheets on a loaded hourly rate basis for this service.

## Attachment B – Schedule of Pricing



### CITY OF CORPUS CHRISTI Pricing Form PURCHASING DIVISION

**RFP No. 1306**  
**Financial Advisor Services**

PAGE 1 OF 1

**DATE:** Sept. 19, 2017

FirstSouthwest, a Division of Hilltop Securities Inc.

**PROPOSER**

**AUTHORIZED SIGNATURE** Vickie Hall  
Vice President

1. Refer to "Instructions to Proposers" and Contract Terms and Conditions before completing proposal.
2. Provide your best price for each item.
3. In submitting this proposal, Proposer certifies that:
  - a. the prices in this proposal have been arrived at independently, without consultation, communication, or agreement with any other Proposer or competitor, for the purpose of restricting competition with regard to prices;
  - b. Proposer is an Equal Opportunity Employer; and the Disclosure of Interest information on file with City's purchasing office, pursuant to the Code of Ordinances, is current and true.
  - c. Proposer has incorporated any changes issue through Addenda to the RFP in this pricing.

| ITEM | DESCRIPTION   | Value of Bond | Value of Bond | Price/Percentage *             |
|------|---|---------------|---------------|--------------------------------|
| 1    | Issuance of bonds backed by the full faith and credit of the City | \$0           | \$1,000,000   | \$15,000 Flat                  |
|      |   | \$1,000,001   | \$5,000,000   | 0.43% - not less than \$15,000 |
|      |   | \$5,000,001   | \$10,000,000  | 0.315% up to \$31,500          |
|      |   | \$10,000,001  | \$25,000,000  | 0.18% up to \$45,000           |
|      |   | \$25,000,001  | \$50,000,000  | 0.13% up to \$65,000           |
|      |   | \$50,000,001  | \$100,000,000 | 0.10% up to \$100,000          |
|      |   | \$100,000,001 | \$200,000,000 | 0.073% up to \$145,000         |
|      |   | \$200,000,001 | \$300,000,000 | 0.065% up to \$195,000         |
|      |   | \$300,000,001 | Anything over | \$200,000 Capped               |
| 2    | Issuance of revenue bonds   |               |               | Fee schedule above + 20%       |
| 3    | Issuance of refunding bonds                                       |               |               | Above fee schedule + 10%       |
|      |   |               |               | <b>Loaded Hourly Rate</b>      |
| 4    | Other Financial Consultation                                      |               |               | \$225                          |

\*Expressed as a percent of par.

## Attachment C – Insurance Requirements

### Insurance Requirements

#### I. CONTRACTOR'S LIABILITY INSURANCE

- A. Contractor must not commence work under this contract until all insurance required has been obtained and such insurance has been approved by the City. Contractor must not allow any subcontractor, to commence work until all similar insurance required of any subcontractor has been obtained.
- B. Contractor must furnish to the City's Risk Manager and Contract Administrator one (1) copy of Certificates of Insurance with applicable policy endorsements showing the following minimum coverage by an insurance company(s) acceptable to the City's Risk Manager. The City must be listed as an additional insured on the General liability and Auto Liability policies **by endorsement**, and a waiver of subrogation **endorsement** is required on GL, AL and WC if applicable. **Endorsements** must be provided with Certificate of Insurance. Project name and/or number must be listed in Description Box of Certificate of Insurance.

| TYPE OF INSURANCE   | MINIMUM INSURANCE COVERAGE   |
|---|--|
| <b>30-day advance written notice of cancellation, non-renewal, material change or termination required on all certificates and policies.</b>  | <b>Bodily Injury and Property Damage</b><br>Per occurrence - aggregate |
| COMMERCIAL GENERAL LIABILITY including:<br>1. Commercial Broad Form<br>2. Premises – Operations<br>3. Products/Completed Operations<br>4. Contractual Liability<br>5. Independent Contractors<br>6. Personal Injury- Advertising Injury | \$1,000,000 Per Occurrence<br>\$2,000,000 Aggregate                    |
| AUTO LIABILITY (including)<br>1. Owned<br>2. Hired and Non-Owned<br>3. Rented/Leased  | \$1,000,000 Combined Single Limit                                      |

|   |  |
|---|--|
| WORKERS'S COMPENSATION<br>(All States Endorsement if<br>Company is not domiciled in<br>Texas) | Statutory and<br>complies with Part II of<br>this Exhibit.   |
| Employers Liability   | \$500,000/\$500,000/\$50<br>0,000  |
| PROFESSIONAL LIABILITY<br>(Errors and Omissions)  | \$1,000,000 Per Claim<br>(Defense costs not<br>included in face value<br>of the policy)<br>If claims made policy,<br>retro date must be<br>prior to inception of<br>agreement, have<br>extended reporting<br>period provisions and<br>identify any limitations<br>regarding who is<br>insured. |

- C. In the event of accidents of any kind related to this contract, Contractor must furnish the Risk Manager with copies of all reports of any accidents within 10 days of the accident.

## II. ADDITIONAL REQUIREMENTS

- A. Applicable for paid employees, Contractor must obtain workers' compensation coverage through a licensed insurance company. The coverage must be written on a policy and endorsements approved by the Texas Department of Insurance. The workers' compensation coverage provided must be in statutory amounts according to the Texas Department of Insurance, Division of Workers' Compensation. An All States Endorsement shall be required if Contractor is not domiciled in the State of Texas.
- B. Contractor shall obtain and maintain in full force and effect for the duration of this Contract, and any extension hereof, at Contractor's sole expense, insurance coverage written on an occurrence basis by companies authorized and admitted to do business in the State of Texas and with an A.M. Best's rating of no less than A- VII.
- C. Contractor shall be required to submit renewal certificates of insurance throughout the term of this contract and any extensions within 10 days of the policy expiration dates. All notices under this Exhibit shall be given to City at the following address:



Attn: Risk Manager  
P.O. Box 9277  
Corpus Christi, TX 78469-9277

- D. Contractor agrees that, with respect to the above required insurance, all insurance policies are to contain or be endorsed to contain the following required provisions:**
- List the City and its officers, officials, employees, and volunteers, as additional insureds by endorsement with regard to operations, completed operations, and activities of or on behalf of the named insured performed under contract with the City, with the exception of the workers' compensation policy;
  - Provide for an endorsement that the "other insurance" clause shall not apply to the City of Corpus Christi where the City is an additional insured shown on the policy;
  - Workers' compensation and employers' liability policies will provide a waiver of subrogation in favor of the City; and
  - Provide thirty (30) calendar days advance written notice directly to City of any, cancellation, non-renewal, material change or termination in coverage and not less than ten (10) calendar days advance written notice for nonpayment of premium.
- E. Within five (5) calendar days of a cancellation, non-renewal, material change or termination of coverage, Contractor shall provide a replacement Certificate of Insurance and applicable endorsements to City. City shall have the option to suspend Contractor's performance should there be a lapse in coverage at any time during this contract. Failure to provide and to maintain the required insurance shall constitute a material breach of this contract.
- F. In addition to any other remedies the City may have upon Contractor's failure to provide and maintain any insurance or policy endorsements to the extent and within the time herein required, the City shall have the right to order Contractor to stop work hereunder, and/or withhold any payment(s) which become due to Contractor hereunder until Contractor demonstrates compliance with the requirements hereof.
- G. Nothing herein contained shall be construed as limiting in any way the extent to which Contractor may be held responsible for payments of damages to persons or property resulting from Contractor's or its subcontractor's performance of the work covered under this contract.



- H. It is agreed that Contractor's insurance shall be deemed primary and non-contributory with respect to any insurance or self insurance carried by the City of Corpus Christi for liability arising out of operations under this contract.
- I. It is understood and agreed that the insurance required is in addition to and separate from any other obligation contained in this contract.

2017 Insurance Requirements

Purchasing

Financial Advisor Services

05/15/2017 sw Risk Management

## **Attachment D – Warranty**

(No warranties are required under this contract therefore Section 8. Warranty in the contract is hereby null and void)

