



**HilltopSecurities**  
Investment Banking Solutions



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# City of Boerne, Texas

## Certificates of Obligation Bonds, Series 2026

and

## General Obligation Refunding Bonds, Series 2026 A and Series B



**Goals = 1) Fund \$20 million Fire Station  
2) Economically Refund Existing Callable Debt**

**Tax Status = Tax-Exempt**

**Bond Rating Assumption = Confirmation of existing "Aa1" bond rating by Moody's Ratings**

**Interest Rates = Assumes "Aa1" Tax-Exempt Interest Rates as of June 9, 2026 plus 25 basis points. Subject to change at any time.**

**Pricing and Council Approval = Tuesday, 09/8/26**

**Closing and Delivery of funds to the City = Wednesday, 09/30/26**

## Fire Station Funding

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**Debt Instrument = Certificates of Obligation, Series 2026**

**Credit Pledge = Combination of I&S Ad Valorem Taxes and Limited Net Revenues of the Utility System**

**Repayment = Levy of I&S Ad Valorem Tax**

## Economic Refunding

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**Debt Instrument = General Obligation Refunding Bonds, Series 2026**

**1) Series A = I&S Ad Valorem Tax Supported Debt**

**2) Series B = Utility Fund Supported Debt**

**Credit Pledge = Levy of I&S Ad Valorem Tax**

**Repayment = 1) Series A = Levy of I&S Ad Valorem Tax**

**2) Series B = Net Revenues of the Utility Fund**



	Certificates of Obligation	General Obligation Refunding Bonds	Total
Par Amount of Bonds	\$20,145,000	\$26,055,000	\$26,055,000
<u>Plus: Original Issue Premium</u>	<u>\$213,740</u>	<u>\$2,308,662</u>	<u>\$2,308,662</u>
<b>Total Sources of Funds</b>	<b>\$20,358,740</b>	<b>\$28,363,662</b>	<b>\$28,363,662</b>
Project Fund	\$20,000,000	\$0	\$0
Refunding Escrow Deposits	\$0	\$27,923,859	\$27,923,859
Financing Cost	\$161,160	\$283,473	\$283,473
<u>Underwriter's Discount</u>	<u>\$197,580</u>	<u>\$156,330</u>	<u>\$156,330</u>
<b>Total Uses of Funds</b>	<b>\$20,358,740</b>	<b>\$28,363,662</b>	<b>\$28,363,662</b>
All-in True Interest Cost	4.34%	3.78%	
<b>Total Principal and Interest</b>	<b>\$31,832,267</b>	<b>\$30,504,212</b>	
Amortization	20 years	14 years	
<b>Avg. Annual P&amp;I</b>	<b>\$1,591,613</b>	<b>\$2,178,872</b>	

Notes

1) Estimated, subject to change.

2) Assumes "Aa1" Tax-Exempt Interest Rates plus 0.25% as of 6/9/2026. Subject to change at any time.

# General Obligation Refunding Details



	<u>Par</u>	<u>Coupon</u>	<u>Call Date</u>
General Obligation Refunding Bonds, Series 2016	\$6,430,000	3.0% to 4.0%	11/13/2026
General Obligation Refunding Bonds, Series 2017	<u>\$21,385,000</u>	3.5% to 5.0%	11/13/2026
	\$27,815,000		

	<u>2026A</u>	<u>2026B</u>	
	<u>I&amp;S</u>	<u>Utility</u>	<u>Total</u>
Gross Savings	\$37,881	\$645,601	\$683,481
Net Present Value Savings	\$34,240	\$515,727	\$549,967
NPV Savings as a % of Refunded Bonds	2.18%	0.83%	1.98%

	<u>Gross Savings</u>
Current Interest Rates less 0.25%	\$1,694,427
Current Interest Rates	\$1,193,007
Current Interest Rates plus 0.25% (Current Scenario)	\$683,481

## Notes

1) Estimated, subject to change.

2) Assumes "Aa1" Tax-Exempt Interest Rates plus 0.25% as of 6/9/2026. Subject to change at any time.

# Projected Refunding Debt Service Savings



FYE 30-Sep	Utility Debt Component			I&S Debt Component			Total Projected Refunding Savings <sup>(1)</sup>
	Existing Utility Supported D/S	Less: Projected Refunding Savings <sup>(1)</sup>	Projected Total Utility Supported D/S	Existing I&S Tax Supported D/S	Less: Projected Refunding Savings <sup>(1)</sup>	Projected Total I&S Tax Supported D/S	
2026	\$2,863,175	\$0	\$2,863,175	\$5,660,272	\$0	\$5,660,272	\$0
2027	\$2,246,950	\$3,613	\$2,242,307	\$3,863,957	\$3,056	\$3,860,902	\$6,669
2028	\$2,241,675	\$26,050	\$2,201,375	\$3,969,125	\$4,375	\$3,964,750	\$30,425
2029	\$2,243,500	\$24,750	\$2,205,000	\$3,990,500	\$7,200	\$3,983,300	\$31,950
2030	\$2,245,775	\$27,150	\$2,205,375	\$4,028,275	\$7,775	\$4,020,500	\$34,925
2031	\$2,239,775	\$34,275	\$2,192,750	\$4,072,075	\$4,225	\$4,067,850	\$38,500
2032	\$2,406,950	\$192,950	\$2,201,750	\$3,968,875	\$6,300	\$3,962,575	\$199,250
2033	\$2,397,075	\$183,450	\$2,201,875	\$3,318,025	\$4,950	\$3,313,075	\$188,400
2034	\$1,908,225	\$5,850	\$1,905,750	\$2,525,600	\$0	\$2,525,600	\$5,850
2035	\$2,197,125	\$23,625	\$2,166,875	\$2,609,450	\$0	\$2,609,450	\$23,625
2036	\$2,204,063	\$25,313	\$2,172,375	\$2,705,650	\$0	\$2,705,650	\$25,313
2037	\$2,203,000	\$23,500	\$2,173,375	\$2,805,100	\$0	\$2,805,100	\$23,500
2038	\$2,204,500	\$23,875	\$2,169,875	\$2,913,200	\$0	\$2,913,200	\$23,875
2039	\$2,208,000	\$26,125	\$2,176,500	\$3,024,050	\$0	\$3,024,050	\$26,125
2040	\$2,203,200	\$25,075	\$2,173,000	\$3,107,850	\$0	\$3,107,850	\$25,075
2041	\$0	\$0	\$0	\$2,253,600	\$0	\$2,253,600	\$0
2042	\$0	\$0	\$0	\$2,390,100	\$0	\$2,390,100	\$0
2043	\$0	\$0	\$0	\$165,600	\$0	\$165,600	\$0
2044	\$0	\$0	\$0	\$164,500	\$0	\$164,500	\$0
2045	\$0	\$0	\$0	\$163,200	\$0	\$163,200	\$0
	\$34,012,988	\$645,601	\$33,251,357	\$57,699,004	\$37,881	\$57,661,124	\$683,481

## Notes

1) Estimated, subject to change.

2) Assumes "Aa1" Tax-Exempt Interest Rates plus 0.25% as of 6/9/2026. Subject to change at any time.

# Impact of Certificates of Obligation, Series 2026



Fiscal Year	Existing I&S Tax Supported Debt Service	Less: Series 2021 Elctetric Utility Transfer	Net I&S Tax Supported Debt Service	Less: Series 2026A Refunding Savings <sup>(1)</sup>	Fire Station \$20,145,000 Certificates of Obligation, Series 2026			NEW I&S Tax Supported Debt Service
					<i>All-in True Interest Cost = 4.34% <sup>(1)</sup></i>			
					Principal	Total	Total D/S	
Ending 30-Sep								
2026	\$5,660,272	(\$1,103,463)	\$4,556,809	\$0	\$0	\$0	\$0	\$4,556,809
2027	\$3,863,957	(\$1,073,025)	\$2,790,932	(\$1,044)	\$1,445,000	\$783,905	\$2,228,905	\$5,018,792
2028	\$3,969,125	(\$1,198,995)	\$2,770,130	(\$9,750)	\$415,000	\$809,250	\$1,224,250	\$3,984,630
2029	\$3,990,500	(\$1,156,587)	\$2,833,913	(\$7,450)	\$370,000	\$789,625	\$1,159,625	\$3,986,088
2030	\$4,028,275	(\$1,128,372)	\$2,899,903	(\$8,025)	\$325,000	\$772,250	\$1,097,250	\$3,989,128
2031	\$4,072,075	(\$1,102,608)	\$2,969,467	(\$9,350)	\$270,000	\$757,375	\$1,027,375	\$3,987,492
2032	\$3,968,875	(\$1,017,735)	\$2,951,140	(\$6,300)	\$300,000	\$743,125	\$1,043,125	\$3,987,965
2033	\$3,318,025	(\$1,031,629)	\$2,286,396	(\$4,950)	\$355,000	\$726,750	\$1,081,750	\$3,363,196
2034	\$2,525,600	(\$579,776)	\$1,945,824	\$0	\$720,000	\$699,875	\$1,419,875	\$3,365,699
2035	\$2,609,450	(\$578,764)	\$2,030,686	\$0	\$670,000	\$665,125	\$1,335,125	\$3,365,811
2036	\$2,705,650	(\$579,975)	\$2,125,675	\$0	\$610,000	\$633,125	\$1,243,125	\$3,368,800
2037	\$2,805,100	(\$580,659)	\$2,224,441	\$0	\$535,000	\$604,500	\$1,139,500	\$3,363,941
2038	\$2,913,200	(\$581,115)	\$2,332,085	\$0	\$455,000	\$579,750	\$1,034,750	\$3,366,835
2039	\$3,024,050	(\$578,522)	\$2,445,528	\$0	\$360,000	\$559,375	\$919,375	\$3,364,903
2040	\$3,107,850	(\$578,579)	\$2,529,271	\$0	\$295,000	\$543,000	\$838,000	\$3,367,271
2041	\$2,253,600	\$0	\$2,253,600	\$0	\$590,000	\$520,875	\$1,110,875	\$3,364,475
2042	\$2,390,100	\$0	\$2,390,100	\$0	\$480,000	\$494,125	\$974,125	\$3,364,225
2043	\$165,600	\$0	\$165,600	\$0	\$2,760,000	\$426,925	\$3,186,925	\$3,352,525
2044	\$164,500	\$0	\$164,500	\$0	\$2,885,000	\$314,025	\$3,199,025	\$3,363,525
2045	\$163,200	\$0	\$163,200	\$0	\$3,005,000	\$196,225	\$3,201,225	\$3,364,425
2046	\$0	\$0	\$0	\$0	\$3,300,000	\$68,063	\$3,368,063	\$3,368,063
2047	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2048	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$57,699,004	(\$12,869,804)	\$44,829,200	(\$46,869)	\$20,145,000	\$11,687,267	\$31,832,267	\$76,614,598

**Notes**

1) Estimated, subject to change.

2) Assumes "Aa1" Tax-Exempt Interest Rates plus 0.25% as of 6/9/2026. Subject to change at any time.

# Proposed Schedule of Events



<u>Date</u>	<u>Event</u>
Tuesday, 06/23/26	<u>City Council Meeting</u> <ul style="list-style-type: none"><li>1) Presentation of Initial Plan of Finance to Fund 2026 Capital improvement Plan and Economically Refunding Existing Debt<ul style="list-style-type: none"><li>A) Combination Tax and Limited Net Revenue of the Utility System Certificates of Obligation, Series 2026 (Fire Station)</li><li>B) General Obligation Refunding Bonds, Series 2026A (I&amp;S Ad Valorem Tax)</li><li>C) General Obligation Refunding Bonds, Series 2026B (Utility)</li></ul></li></ul>
Tuesday, 07/14/26	<u>City Council Meeting</u> <ul style="list-style-type: none"><li>1) Presentation of Final Plan of Finance to Fund 2026 Capital improvement Plan and Economically Refunding Debt</li><li>2) City Council approves Final Plan of Finance and directs Staff to work with Finance Team to Implement</li><li>3) City Council considers a Resolution for Publication of a Notice of Intent to issue Combination Tax and Limited Net Revenue of the Utility System Certificates of Obligation, Series 2026 (Fire Station)</li></ul>
Saturday, 07/25/26	Certification of Taxable Assessed Value
Tuesday, 09/8/26	Morning of September 8, 2026 - Pricing of Debt Issuances  <u>City Council Meeting</u> <ul style="list-style-type: none"><li>1) Presentation of the Results of Pricings and Final Transaction Numbers</li><li>2) City Council considers and approves the Ordinance authorizing issuance of the General Obligation Refunding Bonds, Series 2026A (I&amp;S Ad Valorem Tax)</li><li>3) City Council considers and approves the Ordinance authorizing issuance of the General Obligation Refunding Bonds, Series 2026B (Utility)</li><li>4) City Council considers and approves the Ordinance authorizing issuance of the Combination Tax and Limited Net Revenues of the Utility System Certificates of Obligation, Series 2026 (Fire Station Funding Sized to March Bid Result)</li></ul>
Before Closing	Texas Attorney General Municipal Bond department reviews and approves the City's debt issuance
Wednesday, 09/30/26	Closing of Debt Issues <ul style="list-style-type: none"><li>1) General Obligation Refunding Series A and Series B net proceeds deposited into the Refunding Escrow Account</li><li>2) Certificates of Obligation, Series 2026 net proceeds deposited in the City Project Account</li></ul>

## Notes

- 1) Schedule of Events is preliminary; subject to change.
- 2) Blue font indicates City Council agenda action items.



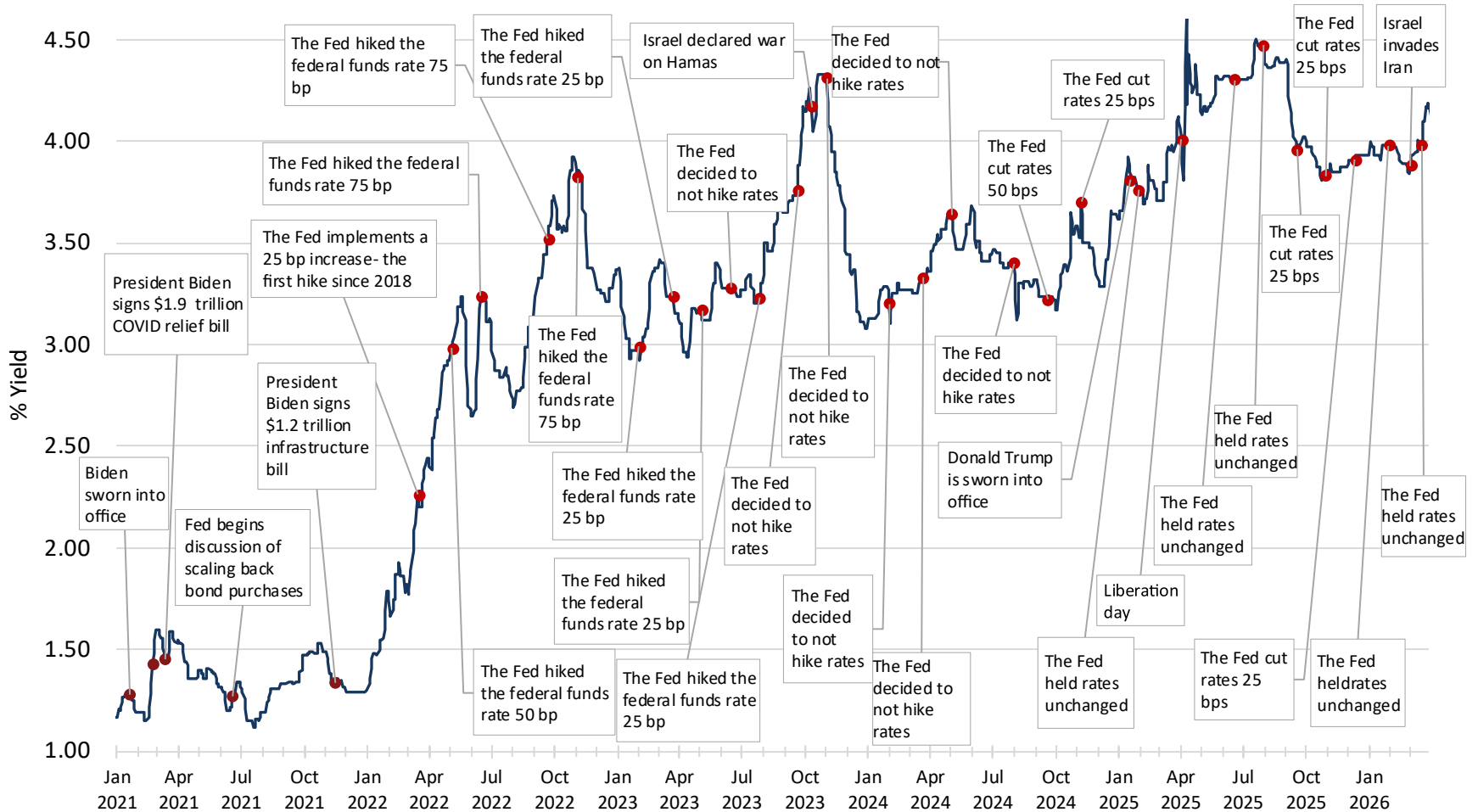
# Questions and Discussion



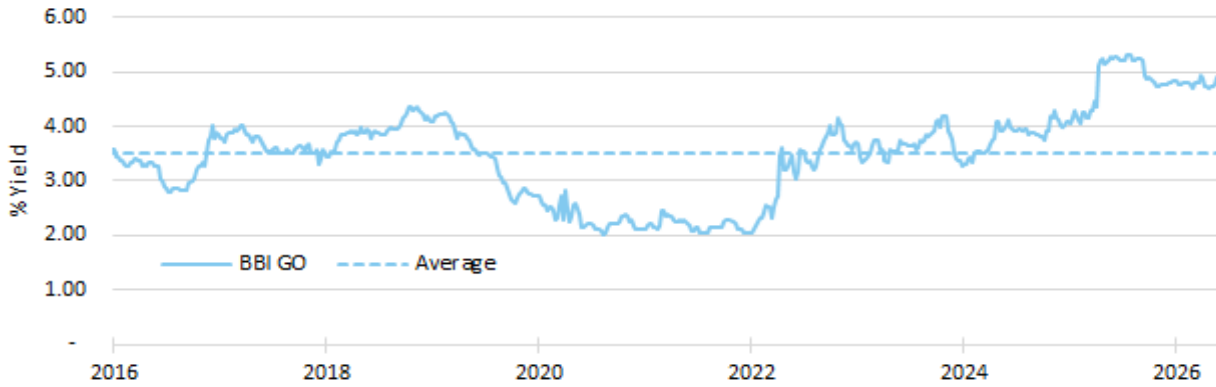
# Appendix A

## June 5, 2026 - Market Update

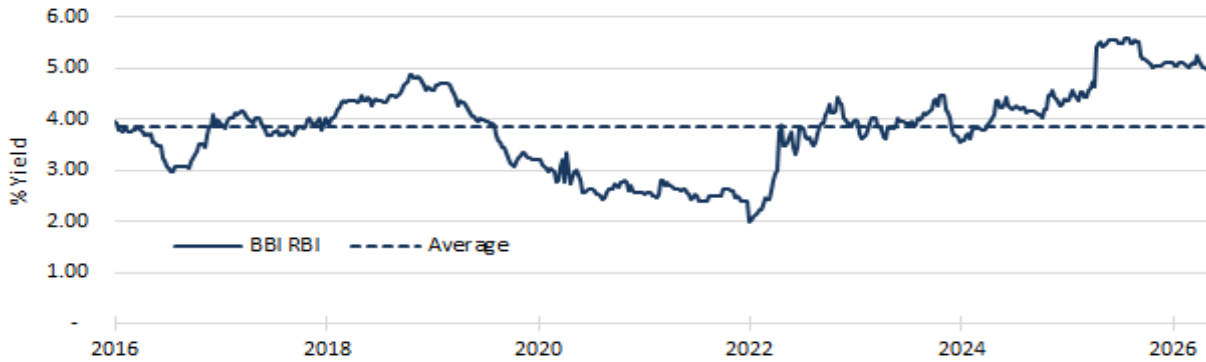
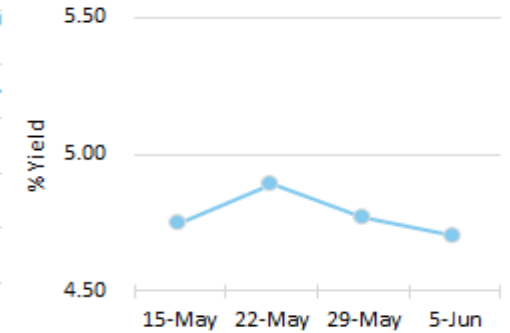
# CHANGE IN 20-YEAR MMD



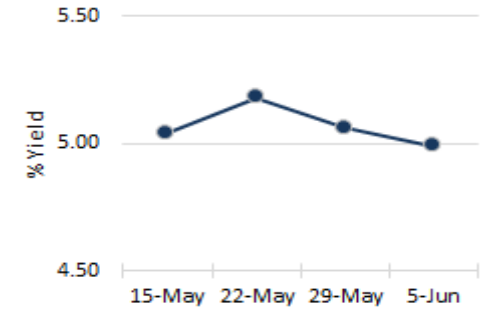
# TAX-EXEMPT MARKET OVERVIEW | THE BOND BUYER



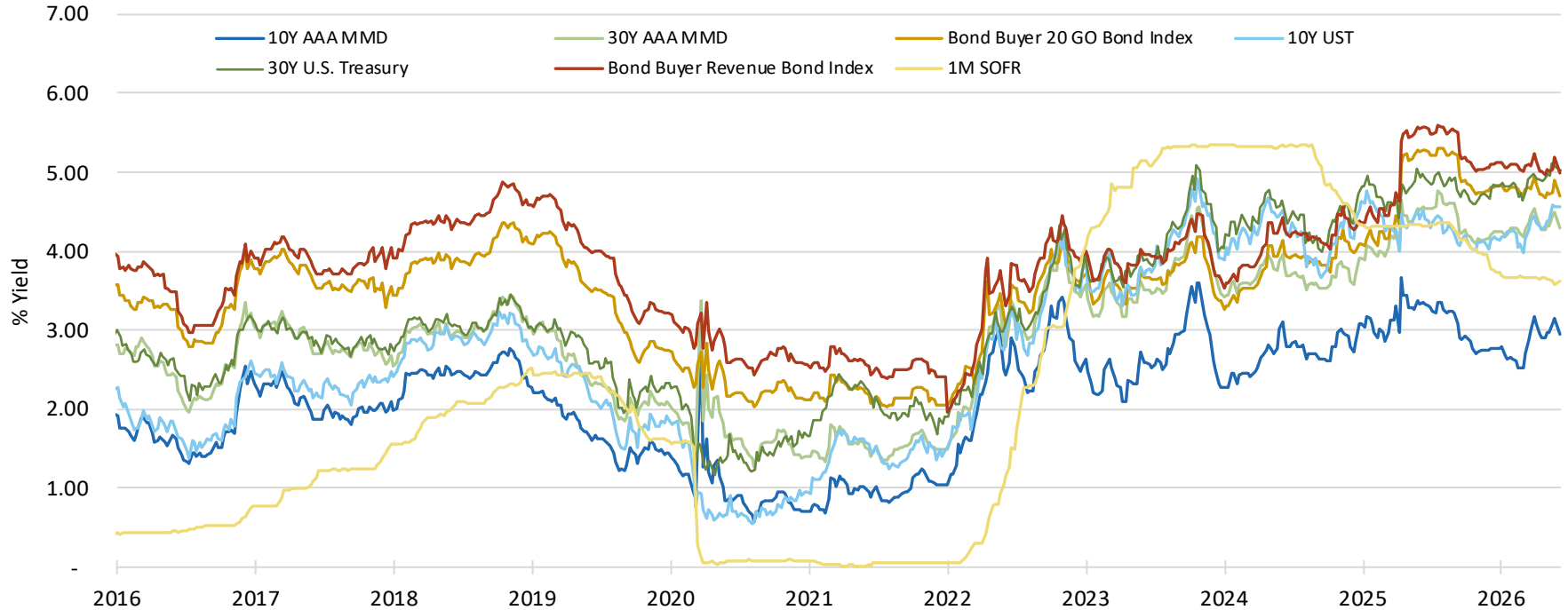
**4-Week Snapshot**



**4-Week Snapshot**



# WEEKLY BENCHMARK INTEREST RATES



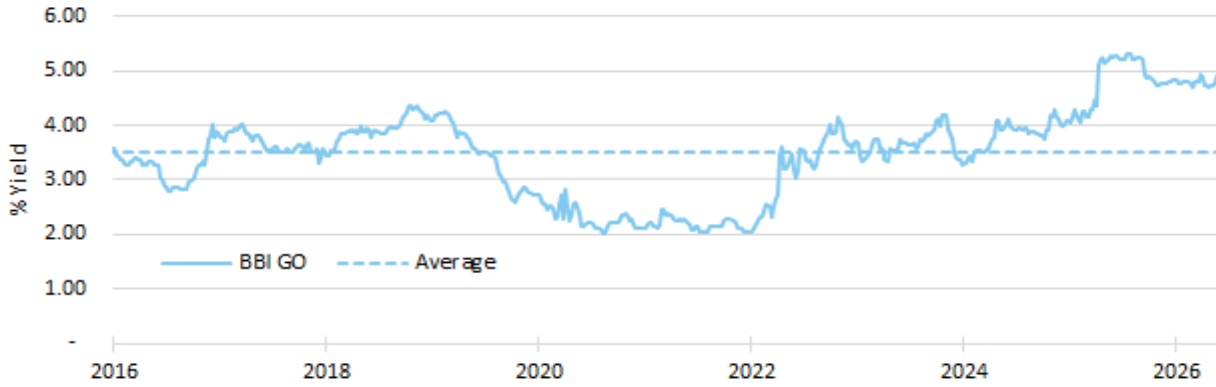
	10-Year AAA MMD	30-Year AAA MMD	Bond Buyer 20 GO Bond Index	Bond Buyer Revenue Bond Index	10-Year U.S. Treasury	30-Year U.S. Treasury	SIFMA	1-Month SOFR
Current	2.95	4.30	4.70	4.99	4.55	5.01	2.14	3.61
Maximum	3.66	4.77	5.30	5.59	4.93	5.12	5.20	5.36
Minimum	0.58	1.27	2.02	1.97	0.55	1.17	0.01	0.01
Average	2.11	2.93	3.49	3.82	2.76	3.19	1.56	2.29
% Time Lower	86.9%	93.2%	89.2%	89.2%	96.7%	98.9%	68.6%	66.5%

Source: Refinitiv Municipal Market Data, U.S. Treasury and Bloomberg

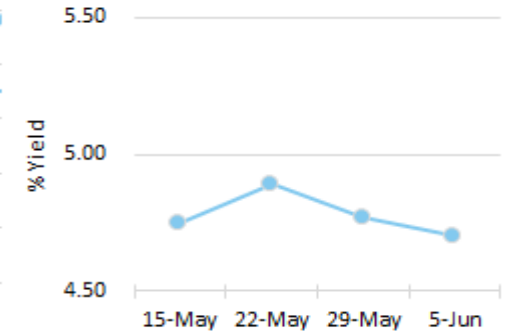
(1) SOFR 1 Month is blended with LIBOR 1 Month rates prior to 2019

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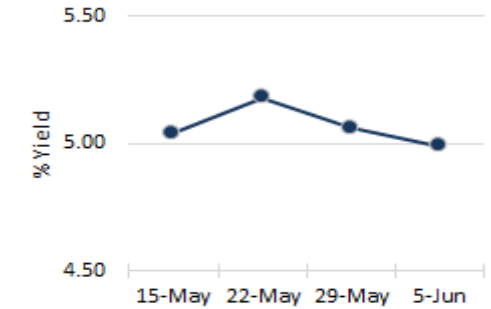
# TAX-EXEMPT MARKET OVERVIEW | THE BOND BUYER



4-Week Snapshot



4-Week Snapshot



# Municipal Advisor Disclosure Statement



This disclosure statement (“Conflict Disclosures”) is provided by Hilltop Securities Inc. (“the Firm”) to disclose information regarding conflicts of interest and legal or disciplinary events of the Firm that are required to be disclosed to potential clients 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 clients, which includes a duty of loyalty to clients in performing all municipal advisory activities for clients. This duty of loyalty obligates the Firm to deal honestly and with the utmost good faith with client and to act in the 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 profitably 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. Hilltop Securities Asset Management (HSAM), a SEC-registered affiliate of the Firm, provides post issuance services including arbitrage rebate and treasury management. The Firm’s arbitrage team verifies rebate and yield restrictions on the investments of bond proceeds on behalf of clients in order to meet IRS restrictions. The treasury management division performs portfolio management/advisor services on behalf of public sector clients. The Firm, through affiliate Hilltop Securities Asset Management (HSAM), provides a multi-employer trust tailor-made for public entities which allows them to prefund Other Post-Employment Benefit liabilities. The Firm has a structured products desk that provides advice to help clients mitigate risk through investment management, debt management and commodity price risk management products. These products consist of but are not limited to swaps (interest rate, currency, commodity), options, repos, escrow structuring and other securities. Continuing Disclosure services provided by the Firm work with issuers to assist them in meeting disclosure requirements set forth in SEC rule 15c2-12. Services include but are not limited to ongoing maintenance of issuer compliance, automatic tracking of issuer’s annual filings and public notification of material events. The Firm administers government investment pools. These programs offer governmental entities investment options for their cash management programs based on the entities specific needs. The Firm and the aforementioned affiliate’s business with a client could create an incentive for the Firm to recommend to a client a course of action designed to increase the level of a client’s business activities with the affiliates or to recommend against a course of action that would reduce or eliminate a client’s business activities with the affiliates. This potential conflict is mitigated by the fact that the Firm and affiliates are subject to their own comprehensive regulatory regimes.

**II. PlainsCapital Bank Affiliate Conflict.** The Firm, directly and through affiliated companies, provides or may provide services/advice/products to or on behalf of clients that are related to the Firm’s advisory activities. 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 other clients. 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 all its municipal advisory clients. 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 any specific 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 its clients, and therefore the Firm could have interests in conflict with a client with respect to the value of the client's securities while held in inventory and the levels of mark-up or mark-down that may be available in connection with purchases and sales thereof. In particular, the Firm or its affiliates may submit orders for and acquire a municipal advisory client's securities issued in an issue under a municipal advisory 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 client in that it could create the incentive for the Firm to make recommendations to the client that could result in more advantageous pricing of the 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 any client under a municipal advisory 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 the firm's municipal advisory clients, may be undertaken on behalf of, or as counterparty to, the client, personnel of the client, and current or potential investors in the securities of the client. These other clients may, from time to time and depending on the specific circumstances, have interests in conflict with those of the Firm's municipal advisory clients, such as when their buying or selling of the municipal advisory client's securities may have an adverse effect on the market for municipal advisory client's securities, and the interests of such other clients could create the incentive for the Firm to make recommendations to the municipal advisory 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 its municipal advisory clients.

**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 its clients, or to advise clients 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 the client and the Firm of, among other things, the expected duration and complexity of the transaction and the scope of municipal 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.

# Municipal Advisor Disclosure Statement



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 the 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.
- From July 2011 to October 2015, Hilltop failed to submit required MSRB Rule G-32 information to EMMA in connection with 122 primary offerings of municipal securities for which the Firm served as placement agent. During the period January 2012 to September 2015, the Firm failed to provide MSRB Rule G-17 letters to issuers in connection with 119 of the 122 offerings referenced above. From October 2014 to September 2015, the Firm failed to report on Form MSRB G-37 that it had engaged in municipal securities business as placement agent for 45 of these 122 offerings. This failure was a result of a misunderstanding by one branch office of Southwest Securities. Hilltop discovered these failures during the merger of FirstSouthwest and Southwest Securities and voluntarily reported them to FINRA. The Firm paid a fine of \$100,000 for these self-reported violations.
- In connection with a settlement on July 9, 2021, the U.S. Securities and Exchange Commission found that, between January 2016 and April 2018, the Firm bought municipal bonds for its own account from another broker-dealer and that, on occasion during that time period, the other broker-dealer mischaracterized the Firm's orders when placing them with the lead underwriter. The SEC found that, among other things, the Firm lacked policies and procedures with respect to how stock orders were submitted for new issues bonds to third parties, including the broker-dealer that mischaracterized the Firm's orders. The SEC found violations of MSRB Rules G-27, G-17, and SEC rule 15B(c)(1) and a failure to reasonably supervise within the meaning of Section 15(b)(4)(E) of the Securities Exchange Act of 1934. The Firm was censured and ordered to pay disgorgement of \$206,606, prejudgment interest of \$48,587 and a penalty of \$85,000.
- On August 14, 2024, the Securities and Exchange Commission ("SEC") entered into a settlement order with Hilltop Securities Inc. ("Hilltop") to settle an administrative action finding that Hilltop failed to (1) maintain and preserve off-channel communications related to Hilltop's broker-dealer business, as well as related to recommendations made or proposed to be made and advice given or proposed to be given with respect to Hilltop's investment advisory business; and (2) reasonably supervise its personnel with a view to preventing or detecting certain of its personnel's aiding and abetting violations of certain provisions of the federal securities laws. Hilltop admitted to the facts in the settlement order, acknowledged its conduct violated the federal securities laws, and agreed to: (a) a cease-and-desist order, (b) a censure, (c) payment of a civil monetary penalty in the amount of \$1,600,000, and (d) certain undertakings related to the retention of electronic communications.

**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.

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

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

Hilltop Securities Inc. is registered with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board as a Municipal Advisor.

You can access the website for the Municipal Securities Rulemaking Board at [www.msrb.org](http://www.msrb.org)

The Municipal Securities Rulemaking Board has posted a municipal advisory client brochure. A copy of the brochure is attached to the memo. This link will take to you to the electronic version MA-Clients-Brochure.

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

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