

**TO:** Board Members

**THROUGH:** Jeff Walker, Executive Administrator  
Rebecca Trevino, Chief Financial Officer  
Todd Chenoweth, General Counsel

**FROM:** Georgia Sanchez, Director, Debt and Portfolio Management

**DATE:** February 11, 2019

**SUBJECT:** Hilltop Securities Inc. financial advisory contract

### **ACTION REQUESTED**

Consider authorizing the Executive Administrator to execute a contract amendment to extend the term of the contract with Hilltop Securities Inc. by one year and increase the limit on total payments for services and expenses by \$900,000.

### **BACKGROUND**

On February 23, 2017, the Board approved the selection of First Southwest, a Division of Hilltop Securities, as financial advisor and authorized the Executive Administrator to negotiate and enter into a financial advisory consultant contract. The Texas Water Development Board (TWDB) entered into a contract effective March 1, 2017 and terminating February 28, 2019. The contract provided two extension options for an additional 12-month period in each case. The maximum value of the contract was set at \$1 million. In January 2018, the firm's name was formally changed to "Hilltop Securities Inc." In May 2018, it was determined that an increase in the number of bond transactions and the large size of individual transactions warranted an increase to the contract of \$975,000, for a new total contract amount of \$1,975,000 through the original contract period of February 28, 2019.

### **KEY ISSUES**

The term of the contract with Hilltop Securities Inc. is renewable at the TWDB's option for up to two one-year periods. The amount of the projected contract authority requirements for a renewal of one year beyond the original contract period is \$900,000, for a total contract amount of \$2,875,000, and includes the potential for at least four debt transactions and other financial advisory work.

**RECOMMENDATION**

To continue to receive financial advisory services, including those pertaining to debt transactions, the Executive Administrator recommends that the Board authorize an amendment to the contract with Hilltop Securities Inc. to extend the term of the contract by one year and increase the limit on total payments for services and expenses by \$900,000.