

**MINUTES OF THE JOINT MEETING OF THE
TIRZ 17 REDEVELOPMENT AUTHORITY/MEMORIAL CITY REDEVELOPMENT AUTHORITY and
TAX REINVESTMENT ZONE NUMBER SEVENTEEN
CITY OF HOUSTON, TEXAS
BOARD OF DIRECTORS**

November 10, 2016

ESTABLISH QUORUM AND CALL MEETING TO ORDER.

The Board of Directors of the TIRZ 17 Redevelopment Authority/Memorial City Redevelopment Authority and Tax Reinvestment Zone Number Seventeen, City of Houston, Texas, held a regular joint meeting on Thursday, November 10, 2016, at 8:30 a.m., at the Four Points by Sheraton, 10655 Katy Freeway, Wycliffe Room, Houston, Texas 77024, inside the boundaries of the TIRZ, open to the public, and the roll was called of the duly appointed members of the Board, to-wit:

Position 1 – Marshall B. Heins

Position 2 – John Rickel

Position 3 – David P. Durham

Position 4 – Ann T. Givens, *Chair*

Position 5 – Zachary R. Hodges

Position 6 – Brad Freels, *Vice-Chair*

Position 7 – Glenn E. Airola, *Secretary*

and all of the above were present, with the exception of Director Heins, thus constituting a quorum. Also present were Scott Bean, Linda Clayton and Elisa Rodriguez, all with Hawes Hill Calderon, LLC; and Jessica Holoubek, Allen Boone Humphries Robinson, LLP. Others attending the meeting were Steven David, COH - Economic Development Dept.; Council Member Greg Travis and Sallie Acorn, District G; Muhammad Ali, LAN; Edward Conger, Klotz Associates; Kristin Blomquist, FirstSouthwest, Jack Valinski, COH; Kay Haslam; Jim Shroff; Sue Speck; Hugh Rawl; Donna Freedman; Ginny Abiassi; Virginia Gregory; Ed Browne and Lois Myers. Chair Givens called the meeting to order at 8:30 a.m.

RECEIVE PUBLIC COMMENTS.

Kay Haslam stated a permit is needed from Harris County Flood Control for the drainage project and backflow from Buffalo Bayou. Virginia Gregory discussed the public street right-of-way easement conveyance and annexation of homes in her neighborhood that are still waiting to be de-annexed. Lois Myers discussed the annexation of homes and need for de-annexation. She also discussed the need for detention ponds and stated flooding is out of control. She stated the neighborhood never flooded until the developers started digging. Donna Freedman discussed emails received from a TPIA request containing correspondence with City of Bunker Hill.

APPROVE MINUTES OF OCTOBER 25, 2016, REGULAR MEETING.

Upon a motion duly made by Director Durham, and being seconded by Director Rickel, the Board voted unanimously to approve the Minutes of the October 25, 2016, Board meeting, as presented.

CONVEYANCE OF TOWN & COUNTRY WAY RIGHT OF WAY TO THE CITY OF HOUSTON.

Ms. Holoubek reported the Authority had acquired tracts A, B1, B2, C and E for the Town & Country project and the conveyance grants to the City of Houston an easement for public street right-of-way purposes. She stated a survey will need to be performed on Tract E. She reported an update to the environmental study is also required when conveying a right-of-way to the City. Mr. Ali reviewed the proposals for an environmental site assessment update and the proposal to perform a boundary survey for Parcel E.

Upon a motion duly made by Director Givens, and being seconded by Director Hodges, the Board voted to (1) approve the Public Street Right-of-Way Easement Conveyance for tracts A, B1, B2, C and E; (2) approve the proposal from LAN for Phase 1 Environmental Site Assessment update in an amount not to exceed \$7,485.00; and (3) approve the proposal from LAN for boundary survey services on tract E in an amount not to exceed \$2,539.00. Director Freels abstained. The motion passed.

2016 REFUNDING BONDS.

- a. **Appoint Placement Agent.**
- b. **Appoint Paying Agent/Registrar.**
- c. **Adopt Resolution Authorizing the Issuance of the Contract Tax Revenue Refunding Bonds, Series 2016 and authorize the Board of Directors to sign all documents relating to the sale of the bonds.**
- d. **Authorize the Authority's attorney and the financial advisor to take all necessary action in connection with the issuance of the Contract Tax Revenue Refunding Bonds, Series 2016.**
- e. **Execution of Certificate Regarding Provision of Financial Advice.**


Ms. Blomquist distributed a Regulatory Disclosure Regarding Municipal Advisory Agreement, a copy is attached as Exhibit A. She reported she was recommending appointment of Hutchinson, Shockey, Erley & Co. as the placement agent and appointment of Bank of New York Mellon as the Paying Agent/Registrar. Ms. Holoubek reviewed the Resolutions authorizing the issuance of contract revenue refunding bonds, Series 2016, included in the Board agenda materials, and answered questions. There was general discussion regarding designating and authorizing two board members to sign the purchase agreement and authorizing up to \$19 million as the max par amount. She reported there were minimum thresholds that must be reached to be able to sell the bonds. There was general discussion regarding interest rates. She reviewed the Certificate Regarding Provision of Financial Advice which provides that Allen Boone Humphries Robinson LLP has not provided financial advice to the Board of Directors. Ms. Holoubek further noted by adopting the Resolutions the Board is approving the Exhibits to the Resolution.

Upon a motion duly made by Director Freels, and being seconded by Director Hodges, the Board voted unanimously to (1) adopt the Resolution of Reinvestment Zone Number Seventeen Approving the Adoption of a Resolution Authorizing the Issuance of Memorial City Redevelopment Authority Tax Increment Contract Tax Revenue Refunding Bonds, Series 2016; Making Various Findings and Provisions Related Thereto; (2) adopt the Resolution Authorizing the Issuance of the Memorial City Redevelopment Authority Tax Increment Contract Revenue Refunding Bonds, Series 2016; Authorizing the Redemption Prior to Maturity of Certain Outstanding Bonds; Authorizing the Refunding of Certain Outstanding Bonds; Approving Contract Documents Related to the Series 2016 Bonds and Containing other Provisions Related Thereto, including approving Exhibit A Paying Agent/Registrar Agreement appointing The Bank of New

York Mellon Trust Company N.A. as the Paying Agent and Registrar, Exhibit B Purchaser and Exhibit C Certificate Regarding Provision of Financial Advice; (3) designate and authorize Chair Ann Givens and Director John Rick to sign the purchase agreement with an authorization of up to \$19 million as the max par amount; and (4) acknowledge receipt of the Regulatory Disclosure regarding Municipal Advisory Agreement from FirstSouthwest.

ADJOURNMENT

There being no further business to come before the Board, Chair Givens adjourned the meeting at 9:04 a.m.



Secretary

List of Exhibits:

- A. Regulatory Disclosure Regarding Municipal Advisory Agreement

REGULATORY DISCLOSURE REGARDING MUNICIPAL ADVISORY AGREEMENT

FirstSouthwest, a Division of Hilltop Securities Inc. ("FirstSouthwest"), currently is engaged by Memorial City Redevelopment Authority (the "Issuer") to serve as its financial advisor or municipal advisor (hereinafter referred to as ("municipal advisor") under that certain municipal advisory contract dated March 31, 2015 (the "Existing Municipal Advisory Agreement"). As of June 23, 2016, pursuant to Rule G-42 of the Municipal Securities Rulemaking Board ("MSRB"), all municipal advisors are required to evidence their municipal advisory relationships with their municipal entity clients by means of one or more written documents delivered to the client, which documentation is required to include certain specific terms, disclosures and other items of information. This Regulatory Disclosure Regarding Municipal Advisory Agreement (this "Disclosure"), together with the Existing Municipal Advisory Agreement and the accompanying disclosures, shall serve as the required written documentation of our municipal advisory relationship as required under MSRB Rule G-42.

To that end, this Disclosure reaffirms the following matters as set forth in the Existing Municipal Advisory Agreement in connection with the Memorial City Redevelopment Authority Tax-Exempt Loan Agreement (Refunding and New Money) (the "Transaction"):

1. *Scope of Services.*

(a) The scope of services with respect to FirstSouthwest's engagement with the Issuer is as provided in the Existing Municipal Advisory Agreement (the "Municipal Advisory Services"). For purposes of this Disclosure, such Municipal Advisory Services, together with any services to be provided by FirstSouthwest as the Issuer's independent registered municipal advisor ("IRMA") as described in clause (b) below, is referred to as the "Scope of Services."

(b) IRMA within the Scope of Municipal Advisory Services. Unless Issuer has designated an entity other than FirstSouthwest as its IRMA for purposes of Securities and Exchange Commission ("SEC") Rule 15Ba1-1(d)(3)(vi) (the "IRMA exemption"), FirstSouthwest will treat such role as IRMA as within the scope of Municipal Advisory Services. Unless the Existing Municipal Advisory Agreement otherwise provides, FirstSouthwest will provide advice with regard to any recommendation made by a third party relying on the IRMA exemption only if the Issuer provides to FirstSouthwest written direction to provide advice with regard to such third-party recommendation as well as any information it has received from such third party, and FirstSouthwest may communicate with such third party as necessary or appropriate in order for FirstSouthwest to have the information it needs to provide informed advice to the Issuer with regard to such recommendation. Unless the Existing Municipal Advisory Agreement otherwise provides, FirstSouthwest will provide to the Issuer recommendations it receives directly from any third party but will not be required to provide advice to the Issuer with regard to any such recommendation unless the Issuer has provided to FirstSouthwest written direction to do so.

IRMA Outside the Scope of Municipal Advisory Services. FirstSouthwest views its duties as being strictly limited to the provision of advice to the Issuer with regard to such third-party recommendations on any aspects of the issuance of municipal securities or municipal financial products. FirstSouthwest will provide to the Issuer such recommendations it receives directly from any third party but will not be required to provide advice to the Issuer with regard to any such recommendations unless the Issuer has provided to FirstSouthwest written direction to do so.

Furthermore, FirstSouthwest is of the view that the provision of advice by FirstSouthwest to the Issuer with respect to matters involving third-party recommendations outside the scope of the Municipal Advisory Services shall not result in a change in scope of the Municipal Advisory Services. By way of example, if FirstSouthwest serves as municipal advisor for an issuance of municipal securities within the scope of Municipal Advisory Services but is asked to review a recommendation made by a third party with respect to a different issuance of municipal securities not within the scope of Municipal Advisory Services, any advice with respect to such review would not, by itself, cause such other issuance to come within the scope of Municipal Advisory Services, and FirstSouthwest would not be obligated to undertake any of the services within the scope of Municipal Advisory Services with regard to such issuance unless such scope of Municipal Advisory Services under the Existing Municipal Advisory Agreement is amended by the Issuer and FirstSouthwest.

(c) If and to the extent within the Scope of Services, FirstSouthwest is called upon, from time to time:

(i) to make recommendations to the Issuer or to review recommendations made by others to the Issuer, and in connection therewith to determine whether such recommendations are suitable for the Issuer, in order to fulfill its duties with respect to such recommendations and any associated suitability determinations, FirstSouthwest will be required under MSRB Rule G-42 to make reasonable inquiries of the Issuer as to the relevant facts. Such facts include, at a minimum, information regarding the Issuer's financial situation and needs, objectives, tax status, risk tolerance, liquidity needs, experience with municipal securities transactions or municipal financial products generally or of the type and complexity being recommended, financial capacity to withstand changes in market conditions during the term of the municipal financial product or the period that municipal securities to be issued in the municipal securities transaction are reasonably expected to be outstanding, and any other material information known by FirstSouthwest about the Issuer and the municipal securities transaction or municipal financial product. In addition, FirstSouthwest will be required to use reasonable diligence to know the essential facts about the Issuer and the authority of each person acting on behalf of the Issuer so as to effectively service FirstSouthwest's municipal advisory relationship with the Issuer, to act in accordance with any special directions from the Issuer, to understand the authority of each person acting on behalf of the Issuer, and to comply with applicable laws, regulations and rules.

Accordingly, the Issuer will be expected to provide information that it reasonably believes to be accurate and complete upon request to permit FirstSouthwest to fulfill its responsibilities under MSRB Rule G-42.

FirstSouthwest notes that the Issuer is not required to act in accordance with any advice or recommendation provided by FirstSouthwest to the Issuer.

(ii) to assist the Issuer in the preparation of its official statement in connection with the issuance of municipal securities, the Issuer will be expected to provide information that it reasonably believes to be accurate and complete upon request to FirstSouthwest to permit FirstSouthwest to fulfill its responsibility under MSRB Rule G-42.

(iii) to make representations and certifications with regard to certain aspects of matters pertaining to the Issuer, its municipal securities or municipal financial products arising as part of the Municipal Advisory Services to be provided pursuant to the Existing Municipal Advisory Agreement, the Issuer will be expected to provide information that it reasonably believes to be accurate and complete, upon request, to FirstSouthwest to permit FirstSouthwest to fulfill its responsibility under MSRB Rule G-42.

(d) The Scope of Services with respect to FirstSouthwest's engagement as municipal advisor is limited solely as provided in the Existing Municipal Advisory Agreement. FirstSouthwest serves as municipal advisor to the Issuer only with respect to the matters, and with respect to specific aspects of matters, within the Scope of Services, and that FirstSouthwest is not a municipal advisor to the Issuer with respect to matters expressly excluded from, or not within, the Scope of Services. FirstSouthwest's service as municipal advisor for one issuance of municipal securities will not result in FirstSouthwest being a municipal advisor to the Issuer for any other issuances of municipal securities if such other issuances are not within the Scope of Services.

2. Term and Termination. The term of FirstSouthwest's engagement as municipal advisor to the Issuer, and the terms on which the engagement may be terminated, is as provided in the Existing Municipal Advisory Agreement.

3. Form and Basis of Compensation. The form and basis of compensation for FirstSouthwest's services as municipal advisor to the Issuer are as provided in the Existing Municipal Advisory Agreement.

4. Disclosure of Conflicts of Interest and Information Regarding Legal or Disciplinary Events. Attached hereto is the Municipal Advisory Disclosure Statement, dated as of the date of this Disclosure, setting forth disclosures by FirstSouthwest of material conflicts of interest (the "Conflict Disclosures"), if any, and of any legal or disciplinary events required to be disclosed pursuant to MSRB Rule G-42(b) and (c)(ii). The Conflict Disclosures also describe how FirstSouthwest addresses or intends to manage or mitigate the disclosed conflicts of interest, as well as describing the specific type of information regarding, and the date of the last material change, if any, to the legal and disciplinary events required to be disclosed on Forms MA and MA-I filed by FirstSouthwest with the SEC.

5. Disclosure of Material Risks. Also attached hereto is the Disclosure of Material Risks (the "Risk Disclosures") setting forth disclosures by FirstSouthwest of the material financial risks associated with the issuance of municipal securities or municipal financial products within the then-current Scope of Services, known to or reasonably foreseeable to FirstSouthwest as of **November 10, 2016**. The Risk Disclosures may be supplemented by FirstSouthwest if the financial characteristics of the financing structure materially change as the Transaction progresses.

**FIRSTSOUTHWEST,
a Division of Hilltop Securities Inc.**

By: _____

Name: Drew K. Masterson
Title: Managing Director

MUNICIPAL ADVISOR DISCLOSURE STATEMENT

This disclosure statement (“Conflict Disclosures”) is provided by **FirstSouthwest, a Division of Hilltop Securities Inc.** (“the Firm”) to you (the “Client”) in connection with our current municipal advisory agreement, (“the Agreement”). These Conflict Disclosures provide information regarding conflicts of interest and legal or disciplinary events of the Firm that are required to be disclosed to the Client pursuant to MSRB Rule G-42(b) and (c)(ii).

PART A – Disclosures of Conflicts of Interest

MSRB Rule G-42 requires that municipal advisors provide to their clients disclosures relating to any actual or potential material conflicts of interest, including certain categories of potential conflicts of interest identified in Rule G-42, if applicable.

Material Conflicts of Interest – The Firm makes the disclosures set forth below with respect to material conflicts of interest in connection with the Scope of Services under the Agreement with the Firm, together with explanations of how the Firm addresses or intends to manage or mitigate each conflict.

General Mitigations – As general mitigations of the Firm’s conflicts, with respect to all of the conflicts disclosed below, the Firm mitigates such conflicts through its adherence to its fiduciary duty to Client, which includes a duty of loyalty to Client in performing all municipal advisory activities for Client. This duty of loyalty obligates the Firm to deal honestly and with the utmost good faith with Client and to act in Client’s best interests without regard to the Firm’s financial or other interests. In addition, because the Firm is a broker-dealer with significant capital due to the nature of its overall business, the success and profitability of the Firm is not dependent on maximizing short-term revenue generated from individualized recommendations to its clients but instead is dependent on long-term profitability built on a foundation of integrity, quality of service and strict adherence to its fiduciary duty. Furthermore, the Firm’s municipal advisory supervisory structure, leveraging our long-standing and comprehensive broker-dealer supervisory processes and practices, provides strong safeguards against individual representatives of the Firm potentially departing from their regulatory duties due to personal interests. The disclosures below describe, as applicable, any additional mitigations that may be relevant with respect to any specific conflict disclosed below.

I. Affiliate Conflict. The Firm, directly and through affiliated companies, provides or may provide services/advice/products to or on behalf of clients that are related to the Firm’s advisory activities within the Scope of Services outlined in the Agreement. First Southwest Asset Management (FSAM), a SEC-registered affiliate of the Firm, provides post issuance services including arbitrage rebate and treasury management. The Firm’s arbitrage team verifies rebate and yield restrictions on the investments of bond proceeds on behalf of clients in order to meet IRS restrictions. The treasury management division performs portfolio management/advisor services on behalf of public sector clients. The Firm, through affiliate First Southwest Advisory, provides a multi-employer trust tailor-made for public entities which allows them to prefund Other Post-Employment Benefit liabilities. The Firm has a structured products desk that provides advice to help clients mitigate risk through investment management, debt management and commodity price risk management products. These products consist of but are not limited to swaps (interest rate, currency, commodity), options, repos, escrow structuring and other securities. Continuing Disclosure services provided by the Firm work with issuers to assist them in meeting disclosure requirements set forth in SEC rule 15c2-12. Services include but are not limited to ongoing maintenance of issuer compliance, automatic tracking of issuer’s annual filings and public notification of material events. The Firm administers two

government investment pools for Texas governments; the Short-Term Asset Reserve Fund (TexSTAR) and the Local Government Investment Cooperative (LOGIC). These programs offer Texas government entities investment options for their cash management programs based on the entities specific needs. The Firm and the aforementioned affiliate's business with a client could create an incentive for the Firm to recommend to a client a course of action designed to increase the level of a client's business activities with the affiliates or to recommend against a course of action that would reduce or eliminate a client's business activities with the affiliates. Furthermore, this potential conflict is mitigated by the fact that the Firm and affiliates are subject to their own comprehensive regulatory regime as a member of multiple self-regulatory organizations in which compliance is verified by not only internal tests but annual external examinations.

II. Other Municipal Advisor or Underwriting Relationships. The Firm serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of Client. For example, the Firm serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to Client. These other clients may, from time to time and depending on the specific circumstances, have competing interests, such as accessing the new issue market with the most advantageous timing and with limited competition at the time of the offering. In acting in the interests of its various clients, the Firm could potentially face a conflict of interest arising from these competing client interests. In other cases, as a broker-dealer that engages in underwritings of new issuances of municipal securities by other municipal entities, the interests of the Firm to achieve a successful and profitable underwriting for its municipal entity underwriting clients could potentially constitute a conflict of interest if, as in the example above, the municipal entities that the Firm serves as underwriter or municipal advisor have competing interests in seeking to access the new issue market with the most advantageous timing and with limited competition at the time of the offering. None of these other engagements or relationships would impair the Firm's ability to fulfill its regulatory duties to Client.

III. Secondary Market Transactions in Client's Securities. The Firm, in connection with its sales and trading activities, may take a principal position in securities, including securities of Client, and therefore the Firm could have interests in conflict with those of Client with respect to the value of Client's securities while held in inventory and the levels of mark-up or mark-down that may be available in connection with purchases and sales thereof. In particular, the Firm or its affiliates may submit orders for and acquire Client's securities issued in an Issue under the Agreement from members of the underwriting syndicate, either for its own account or for the accounts of its customers. This activity may result in a conflict of interest with Client in that it could create the incentive for the Firm to make recommendations to Client that could result in more advantageous pricing of Client's bond in the marketplace. Any such conflict is mitigated by means of such activities being engaged in on customary terms through units of the Firm that operate independently from the Firm's municipal advisory business, thereby reducing the likelihood that such investment activities would have an impact on the services provided by the Firm to Client under this Agreement.

IV. Broker-Dealer and Investment Advisory Business. The Firm is dually registered as a broker-dealer and an investment advisor that engages in a broad range of securities-related activities to service its clients, in addition to serving as a municipal advisor or underwriter. Such securities-related activities, which may include but are not limited to the buying and selling of new issue and outstanding securities and investment advice in connection with such securities, including securities of Client, may be undertaken on behalf of, or as counterparty to, Client, personnel of Client, and current or potential investors in the securities of Client. These other clients may, from time to time and depending on the specific circumstances, have interests in conflict with those of Client, such as when their buying or selling of Client's securities may have an adverse effect on the market for Client's securities, and the interests of such other clients could create the incentive for the Firm to make recommendations to Client that could result in more advantageous pricing for the other clients. Furthermore, any potential conflict arising from the firm effecting or otherwise

assisting such other clients in connection with such transactions is mitigated by means of such activities being engaged in on customary terms through units of the Firm that operate independently from the Firm's municipal advisory business, thereby reducing the likelihood that the interests of such other clients would have an impact on the services provided by the Firm to Client.

V. Compensation-Based Conflicts. Fees that are based on the size of the issue are contingent upon the delivery of the Issue. While this form of compensation is customary in the municipal securities market, this may present a conflict because it could create an incentive for the Firm to recommend unnecessary financings or financings that are disadvantageous to Client, or to advise Client to increase the size of the issue. This conflict of interest is mitigated by the general mitigations described above.

Fees based on a fixed amount are usually based upon an analysis by Client and the Firm of, among other things, the expected duration and complexity of the transaction and the Scope of Services to be performed by the Firm. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, the Firm may suffer a loss. Thus, the Firm may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. This conflict of interest is mitigated by the general mitigations described above.

Hourly fees are calculated with, the aggregate amount equaling the number of hours worked by Firm personnel times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest if Client and the Firm do not agree on a reasonable maximum amount at the outset of the engagement, because the Firm does not have a financial incentive to recommend alternatives that would result in fewer hours worked. This conflict of interest is mitigated by the general mitigations described above.

VI. Additional Conflicts Disclosures.

The Firm has not identified any additional potential or actual material conflicts of interest that require disclosure on behalf of the Firm.

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 [Disclosures](#) webpage.
- The Firm self-reported violations of SEC Rule 15c2-12: Continuing Disclosure. The Firm settled with the SEC on February 2, 2016. The firm agreed to retain independent consultant and adopt the consultant's finding. Firm paid a fine of \$360,000.
- The Firm settled with the SEC in matters related to violations of MSRB Rules G-23(c), G-17 and SEC rule 15B(c) (1). The Firm disgorged fees of \$120,000 received as financial advisor on the deal, paid prejudgment interest of \$22,400.00 and a penalty of \$50,000.00.

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

[www.edgar.gov](#). 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://www.brokercheck.com/>, and the Firm's most recent Form ADV is publicly accessible at the Investment Adviser Public Disclosure website at <http://www.adviserinfo.com/>. For purposes of accessing such BrokerCheck reports or Form ADV, click previous hyperlinks.

PART C – Future Supplemental Disclosures

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

DISCLOSURE OF MATERIAL RISKS

Municipal entities and other obligated parties should carefully consider the risks of all securities transactions prior to execution. A certain level of risk is inherent in all liabilities. The key is to determine whether the level of risk is acceptable. Risks will vary depending upon the structure, terms, and timing of the issue. There are risks that are common to all deal types and some that are specific to each offering. Some risks can be mitigated if properly identified ahead of time. Some risks are out of the control of all parties involved in the transaction and therefore cannot be mitigated nor avoided. Some risks are borne by the lender, resulting in the lender demanding a higher interest rate to offset the acceptance of risk.

As a municipal advisor, it is our fiduciary duty to analyze every aspect of a client's financial situation. A municipal adviser must take into account all assets and all liabilities of the client, current and anticipated, to create the best financial plan to achieve the client's objectives. No single transaction is viewed as separate and apart from prior transactions. The analysis includes a number of other factors, but it must include a thorough understanding of the client's risk tolerance compared to the material risks associated with a specific contemplated transaction.

The following is a general description of the financial characteristics and material risks associated with Memorial City Redevelopment Authority Tax-Exempt Loan Agreement (Refunding and New Money) that are foreseeable to us at this time. As the transaction progresses, material changes to the risk disclosures identified here will be supplemented for your consideration. However, the discussion of risks contained here should not be considered to be a disclosure of all risks or a complete discussion of the risks that are mentioned. Nothing herein constitutes or shall be construed as a legal or tax advice. You should consult your own attorney, accountant, tax advisor or other consultant for legal or tax advice as it relates to this specific transaction.

Fixed Rate Bond Risks

Issuer Default Risk

You may be in default if the funds pledged to secure your obligations are not sufficient to pay debt service on the bonds when due. The consequences of a default may be serious for you and, depending on applicable state law and the terms of the authorizing documents, the holder of the obligations, the trustee and any credit and/or liquidity support provider may be able to exercise a range of available remedies against you. For example, if the obligations are secured by a general obligation pledge, you may be ordered by a court to raise taxes. Other budgetary adjustments also may be necessary to enable you to provide sufficient funds to pay debt service on the bonds. If the bonds are revenue bonds, you may be required to take steps to increase the available revenues that are pledged as security for the obligations. A default may negatively impact your credit, including credit ratings on future obligations. If the potential ratings on future obligations are decreased, holders of future obligations will bear a higher interest rate after any applicable interest reset. Further, a default may effectively limit your ability to publicly offer bonds or other securities at market interest rate levels. If you are unable to provide sufficient funds to remedy the default, subject to applicable state law and the terms of the authorizing documents, you may find it necessary to consider available alternatives under state law, including (for some issuers) state-mandated receivership or bankruptcy. A default also may occur if you are unable to comply with covenants or other provisions agreed to in connection with the issuance of the bonds.

This description is only a brief summary of issues relating to defaults and is not intended as legal advice. You should consult with your bond counsel for further information regarding defaults and remedies.

Redemption Risk

Your ability to redeem the bonds prior to maturity may be limited, depending on the terms of any optional redemption provisions. In the event that interest rates decline, you may be unable to take advantage of the lower interest rates to reduce debt service.

Refinancing Risk

If your financing plan contemplates refinancing some or all of the bonds at maturity (for example, if you have term maturities or if you choose a shorter final maturity than might otherwise be permitted under the applicable federal tax rules), market conditions or changes in law may limit or prevent you from refinancing those bonds when required. Further, limitations in the federal tax rules on advance refunding of bonds (an advance refunding of bonds occurs when tax-exempt bonds are refunded more than 90 days prior to the date on which those bonds may be retired) may restrict your ability to refund the bonds to take advantage of lower interest rates.

Reinvestment Risk

You may have proceeds of the obligations to invest prior to the time that you are able to spend those proceeds for the authorized purpose. Depending on market conditions, you may not be able to invest those proceeds at or near the rate of interest that you are paying on the bonds, which is referred to as “negative arbitrage”.

Tax Compliance Risk

The issuance of tax-exempt obligations is subject to a number of requirements under the United States Internal Revenue Code, as enforced by the Internal Revenue Service (IRS). You must take certain steps and make certain representations prior to the issuance of tax-exempt obligations. You also must covenant to take certain additional actions after issuance of the tax-exempt obligations. A breach of your representations or your failure to comply with certain tax-related covenants may cause the interest on the obligations to become taxable retroactively to the date of issuance of the obligations, which may result in an increase in the interest rate that you pay on the obligations or the mandatory redemption of the obligations. The IRS also may audit you or your obligations, in some cases on a random basis and in other cases targeted to specific types of bond issues or tax concerns. If the Obligations are declared taxable, or if you are subject to audit, holders of Obligations that are subject to optional tender may elect to put their obligations, the remarketing agent may have difficulty remarketing the Obligations and the Obligations likely will bear a higher interest rate after any applicable interest reset. Further, your ability to issue other tax-exempt obligations also may be limited.

This description of tax compliance risks is not intended as legal advice and you should consult with your bond counsel regarding tax implications of issuing the obligations.

Disclosure Compliance Risk

By selling securities in the public capital markets, issuers are usually required by contract to enter into a continuing disclosure contract to provide certain financial information contained in the official statement for the life of the notes to the Municipal Securities Rulemaking Board. The failure to comply with this contractual undertaking may impair or limit the ability of an issuer to access the capital markets, to make disclosure on its failure to comply with the contract and may be subject to other actions by regulatory bodies or investors or underwriter’s enforcing the contractual obligation. In addition, the issuer and its

representatives are responsible for fair and accurate disclosure of its financial condition and all material information is contained within the offering document, and is amended as needed within the underwriting period. Failure to accurately disclose information within the offering document can have significant legal implications to the issuer and its representatives.

Risk of Increased Cost and Reduced Return

If any Change in Law shall (i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, Lender; (ii) subject Lender to any Indemnified Taxes; or (iii) impose on Lender any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by Lender; and the result of any of the foregoing shall be to increase the cost to Lender of making, converting to, continuing or maintaining any Loans or of maintaining its obligation to make the Loans, or to reduce the amount of any sum received or receivable by Lender (whether of principal, interest or any other amount) then, upon request of Lender, Borrower will pay to Lender such additional amount or amounts as will compensate Lender such additional costs incurred or reduction suffered.

If Lender determines that any Change in Law affecting Lender or any lending office of Lender regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on Lender's capital as a consequence of this Agreement, the Loans to a level below that which Lender could have achieved but for such Change in Law (taking into consideration Lender's policies with respect to capital adequacy), then from time to time Borrower will pay to Lender such additional amount or amounts as will compensate Lender for any such reduction suffered.

A certificate of Lender setting forth the amount or amounts necessary to compensate Lender as specified in this Section, and delivered to Borrower, shall be conclusive absent manifest error. Borrower shall pay Lender the amount shown as due on any such certificate within 10 days after receipt thereof. Failure or delay on the part of Lender to demand compensation pursuant to this Section shall not constitute a waiver of Lender's right to demand such compensation.