

PROPOSAL AND AGREEMENT
FOR
FINANCIAL AND INVESTMENT ADVISORY SERVICES

By and Between

CITY OF PFLUGERVILLE, TEXAS

And

HARRISON SECURITIES, INC.
Registered Investment Advisor CRD #144685
Lockhart, Texas

It is understood that the Issuer will have under consideration from time to time the authorization and issuance of indebtedness in amounts and forms which cannot be determined and that in connection with the authorization, sale, issuance and delivery of such indebtedness of the Issuer. We have been requested to submit a proposal to provide professional services to the Issuer in the capacity of Financial Investment Advisor. We are pleased to comply with this request and submit the following proposal for consideration. This proposal, if accepted by the Issuer, shall become the agreement (the "Agreement") between the Issuer and Harrison Securities, Inc. effective at the date of its acceptance as provided for herein below.

I. This agreement shall apply to any and all evidences of indebtedness or debt obligations that may be authorized and issued or otherwise created or assumed by the Issuer (hereinafter referred to collectively as the "Debt Instruments") from time to time during the period in which this Agreement shall be effective.

II. We agree to provide our professional services and our facilities as Financial Investment Advisor and agree to direct and coordinate all programs of financing as may be considered and authorized during the period in which this Agreement shall be effective and to assume and pay those expenses set out in Appendix A, provided, however, that our obligations to pay expenses shall not include any costs incident to litigation, mandamus action, test case or other similar legal actions.

III. We agree to perform the following duties normally performed by such financial advisors and all other duties as, in our judgment, may be necessary or advisable:

A. We will conduct a survey of the financial resources of the Issuer to determine the extent of its capacity to authorize, issue, and service debt. This survey will include an analysis of the existing debt structure as compared with the existing and projected sources of revenues which may be pledged to secure payment of debt service and, where appropriate, will include a study of the trend of the assessed valuation, taxing

power and present and future taxing requirements of the Issuer. In the event revenues of existing or projected facilities operated by the Issuer are to be pledged to repayment of the Debt Instruments then under consideration, the survey will take into account any outstanding indebtedness payable from the revenues thereof, additional revenues to be available from any proposed rate increases and additional revenues, as projected by consulting engineers employed by the Issuer, resulting from improvements to be financed by the Debt Instruments under consideration. We will also take into account future financing needs and operations as projected by the Issuer's staff and consulting engineers or other experts, if any, employed by the Issuer.

B. On the basis of the information developed by the survey described above, and other information and experience available to me, we will submit to the Issuer our recommendations of the Debt Instruments under consideration including such elements as the date of issue, interest payment dates, schedule of principal maturities, options of prior payment, security provisions, and any other additional provisions designed to make the issue attractive to investors. All recommendations will be based upon our professional judgment with the goal of designing Debt Instruments that can be sold under terms most advantageous to the Issuer and at the lowest interest cost consistent with all other considerations.

C. We will advise the Issuer of current bond market conditions, forthcoming bond issues and other general information and economic data which might normally be expected to influence interest rates or bidding conditions so that the date of sale of the Debt Instruments may be set at a time which, in our opinion, will be favorable.

D. It is understood and agreed upon that the Issuer will retain a firm or firms of municipal bond attorneys to act as bond counsel on all proposed bond issues whose fees will be paid by the Issuer. In the event it is necessary to hold an election to authorize the Debt Instruments then under consideration, we will assist in coordinating the assembly and transmittal to Bond Counsel of such data as may be required for the preparation of necessary petitions, order, resolutions, ordinances, notices and certificates in connection with the election.

E. We will recommend the method of sale of the Debt Instruments that, in our opinion, is in the best interest of the Issuer and will proceed, as directed by the Issuer, with one of the following methods:

1. Advertised Sale: We will supervise the sale of the Debt Instruments at a public sale in accordance with procedures set out herein. We do not hereby agree to submit a bid for any Debt Instruments issued under this Agreement that the Issuer advertises for competitive bids.

2. Negotiated Sale: We will recommend one or more investment banking firms as managers of an underwriting syndicate for the purpose of negotiating the purchase of the Debt Instruments and in no event will participate either directly or indirectly in the underwriting of the Debt Instruments. We will collaborate with any

managing underwriter selected and Counsel to the underwriters in the preparation of the official Statement or Offering memorandum. We will cooperate with the underwriters in obtaining any Blue Sky Memorandum and Legal Investment survey, preparing Bond Purchase Contract, Underwriters Agreement and any other related documents. The costs thereof, including the printing of the documents, will be paid by the underwriters.

3. Private Placement: Upon authorization by the Issuer and acting on its behalf, we will place privately the Debt Instruments directly with institutional investors for a placement fee of \$10.00 per \$1,000 par value of Debt Instruments issued and placed, which fee will be in addition to the applicable reimbursement expenses as set forth in Appendix A attached hereto. We will prepare and provide to the prospective purchasers a Limited Offering Memorandum and other related documents.

4. Texas Water Development Board or Farmers Home Administration (USDA): We will prepare the application and coordinate as required under the current funding rules of either organization, all required funding procedures in the placement of Debt Instruments with the organization on behalf of the Issuer. The fee due is commensurate with a standard bond sale as stated in Appendix A.

F. When appropriate, we will advise financial publications of the forthcoming sale of the Debt Instruments and provide them with all pertinent information.

G. We will coordinate the preparation of the Notice of Sale and Bidding Instruction, Official Statement, Official Bid Form and such other documents as may be required. We will submit to the Issuer all such documents for examination, approval and certification. After such examination, approval and certification, we will provide the Issuer with a supply of all such documents sufficient to its needs and will distribute by mail sets of the same to prospective bidders and to banks, life, fire and casualty insurance companies, investment counselors, and other prospective purchasers of the Debt Statement to the purchaser of the Debt Instruments in accordance with the Notice of Sale and Bidding Instructions.

H. We will, after consulting with the Issuer, arrange for such reports and opinions of recognized independent consultants we deem necessary and required in the successful marketing of the Debt Instruments.

I. Subject to the approval of the Issuer, we will organize and make arrangements for such information meetings as, in our judgment, may be necessary.

J. We will make recommendations to the Issuer as to the advisability of obtaining a credit rating, or ratings, for the Debt Instruments and, when directed by the Issuer, we will coordinate the preparation of such information as, in our opinion, is required for submission to the rating agency, or agencies, may be indicated, we will arrange for such personal presentations.

K. We will assist the staff of the Issuer at any advertised sale of Debt Instruments in coordinating the receipt and tabulation and comparison of bids and we will advise the Issuer as to the best bid. We will provide the Issuer with our recommendation as to acceptance or rejection of such bid.

L. As soon as a bid for the Debt Instruments is accepted by the Issuer, we will proceed to coordinate the efforts of all concerned to the end that the Debt Instruments may be delivered and paid for as expeditiously as possible. We will assist the Issuer in the preparation of the issuance of the Debt Instruments at the time of delivery.

M. We will maintain liaison with Bond and General Counsel in the preparation of all legal documents pertaining to the authorization, sale and issuance of the Debt Instruments. Bond Counsel will provide an unqualified legal opinion as to the legality of the issuance of the Debt Instruments at the time of delivery.

N. If required, we will counsel with the Issuer in the selection of a Paying Agent/Registrar for the Debt Instruments, and we assist in the preparation of agreements pertinent to these services and the fees incident thereto.

O. In the event formal verification by an independent auditor of any calculations incident to the Debt Instruments is required, we will make arrangements for such services.

P. We agree to do, or cause to be done, all work incident to printing of the Debt Instruments, obtaining approval, as may be required by the Attorney General, registration by the Comptroller of Public Accounts and delivery to the purchaser.

Q. After the closing of the sale and delivery of the Debt Instruments, we will deliver to the Issuer a schedule of annual debt service requirements of the Debt Instruments. In coordination with Bond Counsel, we will assure that the Paying Agent/Registrar has been provided with a copy of the authorizing ordinance, order or resolution.

R. We will attend any and all meetings of the governing body of the Issuer, its staff, representatives or committees as requested at all times we may be of assistance or service and the subject of bond financing is to be discussed.

S. We will advise the Issuer and its staff of changes, proposed or enacted, that would affect the municipal bond market.

IV. In addition to the services set out above, we agree to provide the following services when so requested:

A. We will provide our advice as to the investment of certain funds of the issuer. We will, when so directed, assist in the purchase of those investments authorized to be purchased.

B. We will provide our advice and assistance with regard to exercising any call and/or refunding of any outstanding Debt Instruments.

C. We will provide our advice and assistance in the development of, and financing for, any capital bond improvements of the Issuer.

D. We will provide any other financial planning services such as rate studies, financial impact analysis, etc., as may be requested by the issuer on an hourly negotiated basis.

V. The fee due to Harrison Securities, Inc. in accordance with Appendix A attached hereto, any other fees as may be mutually agreed and all expenses for which Harrison Securities, Inc. is entitled to reimbursement, shall become due and payable concurrently with the delivery of the Debt Instruments to the purchaser or services performed.

VI. This Agreement shall become affective at the date of acceptance by the Issuer set out herein below and remain in effect until terminated with or without cause by the Issuer upon thirty (30) days written notice. In the event of such termination, it is understood and agreed that only the amount due to Harrison Securities, Inc. for services provided and expenses incurred to the date of termination will be due and payable. No penalty will be assessed for termination of this Agreement.

VII. Special Provisions of Rule 116.12 for Registered Investment Advisors.

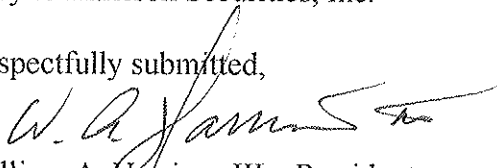
A. Client/Issuer acknowledges receipt of Part II of Form ADV and if the appropriate disclosure statement was not delivered to the client at least 48 hours prior to the execution of this contract, then the client has the right to terminate this agreement without penalty within 5 business days after execution. If the client /issuer choose to terminate the contract within 5 business days, Harrison Securities, Inc. can only charge fees incurred prior to the termination excluding administrative fees, account set-up fees and minimal quarterly fees.

B. This advisory contract can not be assigned by Harrison Securities, Inc. without the written consent of the issuer/client.

C. Nothing in this section shall relieve Harrison Securities, Inc. from any obligation pursuant to any provision of the Investment Advisors Act of 1940 or the rules and regulations hereunder or other federal case law, interpretative opinions, and administrative actions by the SEC (as in existence on April 8, 1997) or state law to disclose any information to its clients not specifically required by this section.

This Agreement is submitted in duplicate originals. When accepted by the Issuer, it, together with Appendix A attached hereto, will constitute the entire Agreement between the Issuer and Harrison Securities, Inc. for the purposes and the considerations herein specified. Acceptance will be indicated by the signature of the authorized officials of the Issuer together with the date of acceptance on both copies and the return of one executed copy to Harrison Securities, Inc.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "W. A. Harrison III". The signature is fluid and cursive, with a long horizontal stroke at the end.

William A. Harrison III – President
Harrison Securities, Inc. CRD #144685
Registered Investment Advisor CRD #847317
Municipal Securities Rulemaking Board #KO654

ACCEPTANCE

ACCEPTED and adopted by the City Council
of Pflugerville, Texas on this
_____ day of _____, 2012, at a _____
_____ meeting of the Councilmen.

TITLE Jeff Coleman - Mayor

ATTEST:

TITLE Karen Thompson - City Secretary

(SEAL)

APPENDIX A

FEE SCHEDULE AND EXPENSE ITEMS

In consideration for the service rendered, it is understood and agreed that our fee for each issue of debt instruments will be as follows:

Base Fee:

Any Issue \$20,000 minimum
Plus \$10.00 per \$1,000 up to \$2,500,000
Plus \$9.00 per \$1,000 next \$2,500,000
Plus \$5.00 per \$1,000 next \$5,000,000
Plus \$1.00 per \$1,000 next \$10,000,000

Private Placements

\$10.00 per \$1000 par value
with a \$10,000.00 minimum
plus reimbursable expenses below

Plus Any Reimbursements Expense Items:

Bond Attorney Fees
Bond Rating Fees
Travel to Rating Meetings
Paying Agent/Registrar Fees
Copying/mailing/printing cost
Dunbar preparations/Computer expenses/delivery charges
Verification reports/cusip numbers/DTC charges and other misc. issuance costs

Expenses Paid by Financial Advisor:

All In-State Travel and Communication
Expenses of Financial Advisor

Negotiated Additional Service:

All additional financing services performed at the request of the issuer will be billed at an hourly rate of \$200.00.

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Table C ter

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6			uca	n a	Bu	ces	acl	ou
7			her	asir	s A	vit
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1. A. Advisory Services and Fees. (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

Applicant:

- | | | | |
|-------------------------------------|--|----|---|
| <input type="checkbox"/> | (1) Provides investment supervisory services | 0 | % |
| <input type="checkbox"/> | (2) Manages investment advisory accounts not involving investment supervisory services..... | 0 | % |
| <input type="checkbox"/> | (3) Furnishes investment advice through consultations not included in either service described above... | 0 | % |
| <input type="checkbox"/> | (4) Issues periodicals about securities by subscription | 0 | % |
| <input type="checkbox"/> | (5) Issues special reports about securities not included in any service described above..... | 0 | % |
| <input type="checkbox"/> | (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities..... | 0 | % |
| <input checked="" type="checkbox"/> | (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities... | 5 | % |
| <input type="checkbox"/> | (8) Provides a timing service | 0 | % |
| <input checked="" type="checkbox"/> | (9) Furnishes advice about securities in any manner not described above..... | 95 | % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

- B. Does applicant call any of the services it checked above financial planning or some similar term? Yes No

C. Applicant offers investment advisory services for: (check all that apply)

- | | | | |
|--------------------------|--|-------------------------------------|-----------------------|
| <input type="checkbox"/> | (1) A percentage of assets under management | <input type="checkbox"/> | (4) Subscription fees |
| <input type="checkbox"/> | (2) Hourly charges | <input type="checkbox"/> | (5) Commissions |
| <input type="checkbox"/> | (3) Fixed fees (not including subscription fees) | <input checked="" type="checkbox"/> | (6) Other |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. Types of clients - Applicant generally provides investment advice to: (check those that apply)

- | | | | |
|--------------------------|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/> | A. Individuals | <input type="checkbox"/> | E. Trusts, estates, or charitable organizations |
| <input type="checkbox"/> | B. Banks or thrift institutions | <input type="checkbox"/> | F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> | C. Investment companies | <input checked="" type="checkbox"/> | G. Other (describe on Schedule F) |
| <input type="checkbox"/> | D. Pension and profit sharing plans | | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1)

3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- | | |
|--|--|
| <input type="checkbox"/> A. Equity securities
(1) exchange-listed securities
<input type="checkbox"/> (2) securities traded over-the-counter
<input type="checkbox"/> (3) Foreign issuers | <input type="checkbox"/> H. United States government securities |
| <input type="checkbox"/> B. Warrants | <input type="checkbox"/> I. Options contracts on:
(1) securities
<input type="checkbox"/> (2) commodities |
| <input type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> J. Futures contracts on:
(1) tangibles
<input type="checkbox"/> (2) intangibles |
| <input type="checkbox"/> D. Commercial paper | <input type="checkbox"/> K. Interests in partnerships investing in:
(1) real estate
<input type="checkbox"/> (2) oil and gas interests
<input type="checkbox"/> (3) other (explain on Schedule F) |
| <input type="checkbox"/> E. Certificates of deposit | <input type="checkbox"/> L. Other (explain on Schedule F) |
| <input checked="" type="checkbox"/> F. Municipal securities | |
| <input type="checkbox"/> G. Investment company securities:
(1) variable life insurance
<input type="checkbox"/> (2) variable annuities
<input type="checkbox"/> (3) mutual fund shares | |

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|--|--|
| (1) <input type="checkbox"/> Charting | (4) <input type="checkbox"/> Cyclical |
| (2) <input type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|--|--|
| (1) <input type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the
Securities and Exchange Commission |
| (3) <input type="checkbox"/> Research materials prepared by others | (7) <input type="checkbox"/> Company press releases |
| (4) <input type="checkbox"/> Corporate rating services | (8) <input type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|---|--|
| (1) <input type="checkbox"/> Long term purchases
(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions |
| (2) <input type="checkbox"/> Short term purchases
(securities sold within a year) | (6) <input type="checkbox"/> Option writing, including covered options,
uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days) | (7) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short sales | |

Applicant: Harrison Securities, Inc.

SEC File Number:
801- 866-01126-00

Date:
8-18-2011

5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? Yes No

(If yes, please describe these standards on Schedule F)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

7. Other Business Activities. (check those that apply)

- A. Applicant is actively engaged in a business other than giving investment advice.
- B. Applicant sells products or services other than investment advice to clients.
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
 - (1) broker-dealer
 - (2) investment company
 - (3) other investment adviser
 - (4) financial planning firm
 - (5) commodity pool operator, commodity trading adviser or futures commission merchant
 - (6) banking or thrift institution
 - (7) accounting firm
 - (8) law firm
 - (9) insurance company or agency
 - (10) pension consultant
 - (11) real estate broker or dealer
 - (12) entity that creates or packages limited partnerships

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?.. Yes No

(If yes, describe on Schedule F the partnerships and what they invest in.)

Applicant: Harrison Securities, Inc.

SEC File Number:
801- 866-01126-00

Date:
8-18-2011

9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sell for itself securities it also recommended to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment advisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other condition for starting or maintaining an account?

Yes No

(If yes, describe on Schedule F)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory account, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Not applicable

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

Not applicable

Schedule F of
FORM ADV
Continuation Sheet for Form ADV Part II

Applicant:
Harrison Securities, Inc.

SEC File Number:
801- 866-01126-00

Date:
8-18-2011

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedules)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:
Harrison Securities, Inc.

IRS Empl. Ident. No.:
74-2428504

Item of Form (identify)	Answer
1-C-6	Financial and Investment Advisory services to issuers of tax exempt municipal bonds. Fees based on the amount of bonds/notes issued and payable upon delivery-non negotiable after execution of contract. Termination with 30 days notice.
1-D	<p>Base Fee</p> <p>Any Issue \$20,000 minimum Plus \$10.00 per \$1000 up to \$2,500,000 Plus \$9.00 per \$1000 next \$2,500,000 Plus \$5.00 per \$1000 next \$5,000,000 Plus \$1.00 per \$1000 next \$10,000,000</p> <p>Private Placements \$10.00 per \$1000 par value with \$10,000.00 minimum plus reimbursable expenses below</p> <p>Plus Any Reimbursements Expense Items: Bond Attorney Fees Bond Rating Fees Travel to Rating Meetings Paying Agent/Registrar Fees Copying/maillings Dunbar preparations/Computer expenses/DTC delivery charges</p> <p>Expenses Paid By Financial Advisor All In State Travel And Communications Expenses of Financial Advisor</p> <p>Negotiated Additional Services: All additional financing services performed at the request of the issuer will billed at an hourly rate of \$200.00.</p>
2-g 6	<p>Clients-Tax exempt municipal bond issuers by political subdivisions of Texas</p> <p>William A. Harrison III - 1951- 1974 BBA-Finance Texas Tech 1976 to present Fiscal agent on over 600 issues of bonds. 1976-86 First Southwest Co., 1986-1992 Harrison Mayes Securities, 1992-present Harrison Securities Inc.</p>
7-C	Financial Advisory and Fiscal agent services on the issuance of tax exempt municipal bonds. Approximately 5% of time spent on other services not related to issuance of municipal bonds.
9	The firm's code of ethics adheres to the highest current industry standards, a copy of the firm's code of ethics is available upon request at anytime.
12-B	Assistance in the selection of underwriters on negotiated bond sales.

(Complete amended pages in full, circle amended items and file with execution page (page 1).)

Schedule F of
FORM ADV
Continuation Sheet for Form ADV Part II

Applicant:
Harrison Securities, Inc.

SEC File Number:
801- 866-01126-00

Date:
8-18-2011

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedules)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:
Harrison Securities, Inc.

IRS Empl. Ident. No.:
74-2428504

Item of Form (identify)	Answer
3.C(7)	All investment recommendations are based on making sure all bond proceeds are invested to meet the public investment act for public funds. No strategy used except what has the highest return at the time with no loss of principal invested.

(Complete amended pages in full, circle amended items and file with execution page (page 1).)

APPENDIX A

DISCLOSURE OF CONFLICTS OF INTEREST WITH VARIOUS FORMS OF COMPENSATION

The Municipal Securities Rulemaking Board requires us, as your municipal advisor, to provide written disclosure to you about the actual or potential conflicts of interest presented by various forms of compensation. We must provide this disclosure unless you have required that a particular form of compensation be used. You should select a form of compensation that best meets your needs and the agreed upon scope of services.

Forms of compensation; potential conflicts. The forms of compensation for municipal advisors vary according to the nature of the engagement and requirements of the client, among other factors. Various forms of compensation present actual or potential conflicts of interest because they may create an incentive for an advisor to recommend one course of action over another if it is more beneficial to the advisor to do so. This document discusses various forms of compensation and the timing of payments to the advisor.

Fixed fee. Under a fixed fee form of compensation, the municipal advisor is paid a fixed amount established at the outset of the transaction. The amount is usually based upon an analysis by the client and the advisor of, among other things, the expected duration and complexity of the transaction and the agreed-upon scope of work that the advisor will perform. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, the advisor may suffer a loss. Thus, the advisor may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. There may be additional conflicts of interest if the municipal advisor's fee is contingent upon the successful completion of a financing, as described below.

Hourly fee. Under an hourly fee form of compensation, the municipal advisor is paid an amount equal to the number of hours worked by the advisor times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest if the client and the advisor do not agree on a reasonable maximum amount at the outset of the engagement, because the advisor does not have a financial incentive to recommend alternatives that would result in fewer hours worked. In some cases, an hourly fee may be applied against a retainer (e.g., a retainer payable monthly), in which case it is payable whether or not a financing closes. Alternatively, it may be contingent upon the successful completion of a financing, in which case there may be additional conflicts of interest, as described below.

Fee contingent upon the completion of a financing or other transaction. Under a contingent fee form of compensation, payment of an advisor's fee is dependent upon the successful completion of a financing or other transaction. Although this form of compensation may be customary for the client, it presents a conflict because the advisor may have an incentive to recommend unnecessary financings or financings that are disadvantageous to the client. For example, when facts or circumstances arise that could cause the financing or other transaction to be delayed or fail to close, an advisor may have an incentive to discourage a full consideration of such facts and circumstances, or to discourage consideration of alternatives that may result in the cancellation of the financing or other transaction.

Fee paid under a retainer agreement. Under a retainer agreement, fees are paid to a municipal advisor periodically (e.g., monthly) and are not contingent upon the completion of a financing or other transaction. Fees paid under a retainer agreement may be calculated on a fixed fee basis (e.g., a fixed fee per month regardless of the number of hours worked) or an hourly basis (e.g., a minimum monthly payment, with additional amounts payable if a certain number of hours worked is exceeded). A retainer agreement does not present the conflicts associated with a contingent fee arrangement (described above).

Fee based upon principal or notional amount and term of transaction. Under this form of compensation, the municipal advisor's fee is based upon a percentage of the principal amount of an issue of securities (e.g., bonds) or, in the case of a derivative, the present value of or notional amount and term of the derivative. This form of compensation presents a conflict of interest because the advisor may have an incentive to advise the client to increase the size of the securities issue or modify the derivative for the purpose of increasing the advisor's compensation.

[If applicable, describe other form of compensation for the engagement and associated conflicts with a comparable level of specificity].

Acknowledgement

The undersigned hereby acknowledges that he/she has received this disclosure and that he/she has been given the opportunity to raise questions and discuss the foregoing matters with the advisor.

_____ [name of client]

By: _____

Name: _____

Title: _____

Date: _____

[1] File No. SR-MSRB-2011-14. Comments on the proposed rule change should be submitted to the SEC and should reference this file number.

[2] Pub. Law. No. 111-203, 124 Stat. 1376 (2010).