



# MEMORANDUM

*Financial Services*

**TO:** Paul G. Grimes, City Manager

**FROM:** Kelvin Bryant, Investment and Treasury Manager

**DATE:** May 15, 2026

**SUBJECT:** Competitive Exemption Request (Arbitrage Rebate Services)

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**PURPOSE:**

Request approval for an exception to the competitive procurement process and enter into a service agreement with Hilltop Securities Asset Management, LLC for Arbitrage Rebate Compliance Services.

**JUSTIFICATION:**

These services qualify as professional services under the Texas Local Government Code §252.022.

The proposed agreement establishes a **five (5) year contract term (2026-2030)**, providing cost certainty, calculation continuity and efficient and timely remittance to the federal government. The agreement may be terminated with or without cause by the city or Hilltop Securities Asset Management upon thirty (30) days prior written notice to the other party.

**SCOPE OF SERVICES:**

Perform calculations to determine the Arbitrage Rebate Liability on certain investment earnings required to be remitted to the Internal Revenue Service (IRS).

**QUALIFICATION AND EXPERIENCE:**

Since 1991, Hilltop Securities Asset Management has been a leader in the rebate calculation space and has worked closely with governmental entities nationwide to deliver expertise in Arbitrage Rebate Compliance Services.

**SCOPE OF SERVICES:**

Under the agreement, Hilltop Asset Management will provide the following:

- Review the schedule of investments with debt issuance proceeds
- Perform calculations to determine the Arbitrage Rebate
- Complete required IRS forms for rebate/liability remittance
- Provide a report specifying the Arbitrage Rebate based upon the investment schedule, the calculations of bond yield and investment yield, and other relevant information

**COST:**

The 2026 cost is approximately **\$48,000**. The agreement includes structured pricing through 2030, allowing for predictable budgeting and long-term planning.

**REQUEST:**

Approval to proceed with an exception to the RFP process and authorize execution of the attached service agreement with Hilltop Asset Management.

**APPROVED:**



Paul G. Grimes, City Manager



Date