

**CITY OF EL PASO, TEXAS**  
**AGENDA ITEM DEPARTMENT HEAD'S SUMMARY FORM**

**DEPARTMENT:** FINANCIAL SERVICES

**AGENDA DATE:** AUGUST 28, 2012

**CONTACT PERSON/PHONE:** CARMEN ARRIETA-CANDELARIA, CHIEF FINANCIAL OFFICER, 541-4293  
BRUCE D. COLLINS, PURCHASING MANAGER, 541-4313

**DISTRICT (S) AFFECTED:** All

**SUBJECT:**

Discussion and action on a resolution that the City Manager be authorized to sign an Agreement between the City and First Southwest Company to perform financial advisory services for the City's Finance Portfolio related to the authorization and issuance of debt instruments or other securities as well as debt management planning services. Estimated costs over the five-year term of the contract is \$1,000,000 which includes the Financial Advisory Services Fees plus reimbursable expenses as outlined in Exhibit C of the Agreement. The term of the contract is from September 1, 2012 through August 31, 2017.

**BACKGROUND / DISCUSSION:**

The Office of the Chief Financial Officer, along with representatives from the Financial Services Department, OMB and the Deputy City Manager for Tourism and Development, reviewed the solicitations from RFQ #: 2012-223R and recommends that a five-year contract be awarded to First Southwest for an estimated amount of \$1,000,000. This estimated amount is based on the City's planned debt issuances over the course of the next five years and may change depending on the amount and number of issuances.

Out of the four respondents to this solicitation, First Southwest received the highest number of points based on the combination of all raters. Given the variance between First Southwest and then next lowest respondent, City staff recommended that First Southwest be awarded the contract for the next five years.

**SELECTION SUMMARY:**

Solicitation was advertised on 6/5/2012 and 6/12/2012. The postcards were mailed out on 6/5/2012. The solicitation was posted on City website on 6/5/2012. The email (Purmail) notification was sent out on 6/5/2012. Total of fifteen bidders with one local vendor were solicited and four bids were received. One local vendor submitted a bid. First Southwest is considered a local vendor because they have a local office.

**PRIOR COUNCIL ACTION:**

Council awarded a contract 2006-155R to First Southwest on 8/29/2006 and extended their contract for one year from 9/1/2011 through 8/31/2012.

**AMOUNT AND SOURCE OF FUNDING:**

Costs are paid for out of bond proceeds.

**BOARD / COMMISSION ACTION:**

Enter appropriate comments or N/A

N/A

\*\*\*\*\*REQUIRED AUTHORIZATION\*\*\*\*\*

**DEPARTMENT HEAD:** \_\_\_\_\_  
Name Signature Date

**2012-223R PROFESSIONAL FINANCIAL ADVISORY SERVICES  
COMMITTEE SCORE SHEET**

		ESTRADA HINOJOSA & COMPANY, INC.	FIRST SOUTHWEST COMPANY	GEORGE K. BAUM & COMPANY	PUBLIC FINANCIAL MANAGEMENT, INC.	
	Points	DALLAS, TX	DALLAS, TX	ALBUQUERQUE, NM	PHILADELPHIA, PA	
<b>EVALUATION FACTOR A</b>						
<b>Firm's Experience in Financial Advisory Services</b>	<b>25</b>	<b>18.25</b>	<b>24.25</b>	<b>19.00</b>	<b>20.00</b>	
The firm should provide a description, including resumes of the professional (s) that will provide direct financial advisory services to the City, including the name of the lead consultant for this account and his/her primary office location. The primary individual assigned to the City should be a licensed public finance professional. The firm must be licensed in the State of Texas.						
<b>EVALUATION FACTOR B</b>						
<b>Experience of Individuals Assigned to Contract</b>	<b>20</b>	<b>13.25</b>	<b>19.50</b>	<b>12.75</b>	<b>12.50</b>	
<b>EVALUATION FACTOR C</b>						
<b>Financing Techniques</b>	<b>20</b>	<b>15.00</b>	<b>17.75</b>	<b>12.00</b>	<b>13.75</b>	
Describe the firm's depth of knowledge of Texas City's financing techniques and provide a list of the municipal tax-exempt and taxable financings that have been completed for the last 5 years for which the firm served as financial advisor for cities in the State of Texas. Please include issuer, issue description, and par amount.						
<b>EVALUATION FACTOR D</b>						
<b>General Overview of Firm and Services</b>	<b>15</b>	<b>9.00</b>	<b>14.50</b>	<b>9.00</b>	<b>10.00</b>	
<b>EVALUATION FACTOR E</b>						
<b>Local Knowledge and Support</b>	<b>15</b>	<b>8.00</b>	<b>14.75</b>	<b>8.00</b>	<b>6.50</b>	
Describe the firm's experience and/or knowledge of the City's political, economic, financial, legal or other issues and environment that may affect a proposed financing. Describe the firm's familiarity with GFOA's Recommended Practices relating to the selling of bonds and the selection of finance professionals. Please provide any other information that the City should consider in selecting its Financial Advisor.						
<b>EVALUATION FACTOR F</b>						
<b>Trading Desk or Other Source of Market Information</b>	<b>5</b>	<b>3.50</b>	<b>4.75</b>	<b>2.75</b>	<b>4.00</b>	
If applicable, a complete description of the firm's short and long-term municipal underwriting and trading desk activities should be included in the proposal for evaluation by the CFO. If the firm does not have its own underwriting desk, then describe other resources the firm will use to provide pertinent pricing and market information.						
<b>TOTAL Maximum Points</b>		<b>100</b>	<b>67.00</b>	<b>95.50</b>	<b>63.50</b>	<b>66.75</b>



**CITY OF EL PASO  
REQUEST FOR QUALIFICATIONS TABULATION  
FORM**



Bid Opening Date: JULY 11, 2012

Project Name: PROFESSIONAL FINANCIAL ADVISORY SERVICES

Solicitation #: 2012-223R

Department: FINANCIAL SERVICES

<b>ESTRADA HINOJOSA &amp; COMPANY, INC.</b>	<b>DALLAS, TX</b>
<b>FIRST SOUTHWEST COMPANY</b>	<b>DALLAS, TX</b>
<b>GEORGE K. BAUM &amp; COMPANY</b>	<b>ALBUQUERQUE, NM</b>
<b>PUBLIC FINANCIAL MANAGEMENT, INC.</b>	<b>PHILADELPHIA, PA</b>
<b>RFPs SOLICITED: 15</b>	<b>RFPs RECEIVED: 4</b>
<b>RFPs LOCAL: 1</b>	<b>NO RFPs: 0</b>

The information contained in this bid tabulation is for information only and does not constitute actual award/execution of contract.

APPROVED: *Anna Wood for Denise Brusley*

DATE: 7/19/12

ESTRADA HINOJOSA CO.  
1717 MAIN STREET LB 47 SUITE  
4760  
DALLAS, TX 75201

RBC DAIN RAUSCHERCITY  
PLACE  
CENTER EAST  
2711 NORTH HASKELL AVENUE  
SUITE 2400  
DALLAS, TX 75204

BKD, LLP  
14241 DALLAS PARKWAY STE  
1100  
DALLAS, TX 75254

BLEY INVESTMENT GROUP, INC.  
4200 S. HULEN ST. #519  
FORT WORTH, TX 76109

ERNEST R. GARZA AND  
COMPANY, P.C.  
10201 LEOPARD ST.  
CORPUS CHRISTI, TX 78410

FIRST SOUTHWEST COMPANY  
325 NORTH ST. PAUL STREET  
SUITE 800  
DALLAS, TX 75201

RAYMOND JAMES & ASSOCIATES,  
INC.  
ATTN: RAYMOND JAMES  
745 EAST MULBERRY AVENUE  
TRINITY PLAZA  
SAN ANTONIO, TX 78212  
DELOITTE & TOUCHE  
400 WEST 15TH STREET  
SUITE 1700  
AUSTIN, TX 78701

BOKF, N.A. DBA BANK OF TEXAS  
111 CONGRESS AVE  
SUITE 400  
AUSTIN, TX 78701

GARZA/GONZALEZ &  
ASSOCIATES  
207 ARDEN GROVE  
SAN ANTONIO, TX 78215

WELLS FARGO INVESTMENTS  
1340 GEORGE DIETER DRIVE  
EL PASO, TX 79936

GEORGE K. BAUM \$  
COMPANY  
6501 AMERICAS PARKWAY  
NE, SUITE 360  
ALBUQUERQUE, NM 87110

REZNICK GROUP PC  
100 CONGRESS AVE  
SUITE 480  
AUSTIN, TX 78701

DELOITTE FINANCIAL  
ADVISORY SERVICES LLP  
400 W 15TH ST  
SUITE 1700  
AUSTIN, TX 78701

JPMORGAN CHASE BANK NA  
221 WEST SIXTH STREET,  
2ND FLOOR  
TX3-8211  
AUSTIN, TX 78701

## RESOLUTION

### BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

THAT the City Manager be authorized to sign an agreement for financial advisory services between the City and First Southwest Company for a contract term of five (5) years beginning on September 1, 2012 and ending on August 31, 2017.

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2012

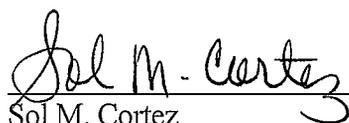
THE CITY OF EL PASO

ATTEST:

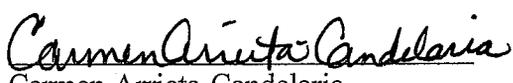
\_\_\_\_\_  
John F. Cook,  
Mayor

\_\_\_\_\_  
Richarda D. Momsen,  
City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Sol M. Cortez  
Assistant City Attorney

APPROVED AS TO CONTENT:

  
\_\_\_\_\_  
Carmen Arrieta-Candelaria  
Chief Financial Officer  
Financial Services

STATE OF TEXAS )  
 )  
 )  
COUNTY OF EL PASO )

**FINANCIAL ADVISORY SERVICES  
AGREEMENT FOR FIRST SOUTHWEST  
COMPANY**

This financial advisory services agreement (this "**Agreement**") is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2012 (the "**Effective Date**") by and between the City of El Paso, a home rule municipal corporation (the "**City**"), and First Southwest Company, a Texas Corporation (the "**Company**").

**RECITALS**

**WHEREAS**, the City desires to engage the Company to perform financial advisory services related to the authorization and issuance of debt instruments or other securities and debt management planning services; and

**WHEREAS**, the Company possesses the credentials, experience, and expertise to perform said financial advisor services for the City.

**AGREEMENT**

**NOW, THEREFORE**, in consideration of the mutual promises set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

**SECTION I. TERM.** This Agreement commences as of September 1, 2012 and remains in effect thereafter through August 31, 2017.

**SECTION II. SCOPE OF SERVICES.** The Company hereby agrees to perform the professional financial advisory services in accordance with the City's Request for Qualifications Solicitation No. 2012-223 (the "**Solicitation**") attached hereto as **Exhibit A** and incorporated herein by reference and that certain Proposal to provide Financial Advisory Services RFQ 2012-223 submitted to the City by the Company in response to the Solicitation, attached hereto as **Exhibit B** and incorporated herein by reference. The scope of services included is the Solicitation and Proposal shall be referred to collectively as "**Advisory Services**."

**SECTION III. COMPENSATION AND METHOD OF PAYMENT.** The Company shall be paid in accordance with the modified proposal terms set forth in **Exhibit C** which is attached hereto and incorporated herein by reference. The Company hereby agrees that at no time will the Company make a claim against the City for more than the rates provided under the terms of this Agreement.

**SECTION IV. ALTERNATE/ADDITIONAL SERVICES.** Should alternate or additional services outside the scope set for in Section II be requested of the Company by the City, said alternate or additional services shall automatically become a part of this Agreement upon acceptance and funding by the City and acceptance by the Company. It is understood and agreed

that the City will not be liable for any cost overrun on this Agreement without its prior written approval. Said approval must be obtained prior to the Company commencing alternate or additional services that will result in the cost overrun.

**SECTION V. LOCATION OF PERFORMANCE.** The Company shall perform the Advisory Services in the city and county of El Paso, Texas or such other place(s) as may be necessary to fulfill the terms of this Agreement.

**SECTION VI. REPRESENTATIONS OF THE COMPANY.** The Company represents, warrants, and agrees as follows:

- A. It will comply with all applicable federal, state and local governmental laws, rules, regulations and all provisions of the City of El Paso Charter and the El Paso City Code, now existing or as may be amended, in the performance of its duties under this Agreement.
- B. It shall obtain and pay for all licenses, permits and certificates required by any applicable statute, ordinance, rule or regulation of any regulatory body having jurisdiction over the conduct of its operations hereunder. The Company warrants that it is duly authorized and licensed to perform its duties hereunder in each jurisdiction in which it will act. It further warrants that its employees, agents and subcontractors shall maintain all required profession licenses during the term of this Agreement. If the Company receives notice from a licensing authority of a suspension or revocation of a license of the Company's employee(s), agent(s) or subcontractor(s), the Company shall immediately remove such employee, agent or subcontractor from performing any further services under this Agreement until such license is reinstated and in good standing. If the Company fails to maintain such licenses or fails to remove any employee, agent or subcontractor who performs services under this Agreement whose license has expired or been revoked or suspended, the City shall be entitled, in its sole discretion, to immediately terminate this Agreement upon written notice to the Company.
- C. It warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for commission, percentage, brokerage, or contingent fee excepting bona fide employees of bona fide established commercial or selling agencies maintained by the Company for the purpose of securing business. For breach or violation of this warranty, the City shall have the right in addition to any other right or rights to cancel this Agreement without liability and to deduct from the Agreement price, or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

**SECTION VII. INDEPENDENT CONTRACTOR RELATIONSHIP.** Nothing herein shall be construed as creating a relationship of employer and employee between the parties hereto. The City shall not be subject to any obligations or liabilities of the Company incurred in the performance

of this Agreement unless otherwise herein authorized. The City will provide no fringe benefits to the Company or its employees.

**SECTION VIII. CONFIDENTIAL WORK.** The Company recognizes that all materials to be prepared hereunder and all data received by the Company shall be kept in strictest confidence. The Company shall not divulge such confidential information except as approved in writing by the City or as otherwise required by law.

The Company has or shall establish a method to secure the confidentiality of records or information that the Company may have access to in accordance with the applicable federal, state, and local laws and regulations. This provision shall not be construed as limiting the City's or its authorized representatives, right of access to records or other information under this Agreement.

If the Company receives inquiries regarding documents within its possession pursuant to this Agreement, the Company shall immediately forward such request to the City Attorney's office for disposition.

**SECTION IX. INSPECTIONS & AUDITS.** The City shall have the right to perform, or cause to be performed: (1) audits of the books and records of the Company; and (2) inspections of all places where work is undertaken in connection with this Agreement. The Company shall be required to keep such books and records available for such purpose for at least five (5) years after its performance under this Agreement ceases. Nothing in this provision shall affect the time for bringing a cause of action nor the applicable statute of limitations.

**SECTION X. OWNERSHIP.** All files generated by Company as a result of its activity under this Agreement shall remain at all times the property of the City. The data stored in the computer database shall also remain the property of the City.

**SECTION XI. INSURANCE REQUIREMENTS.** With no intent to limit Company's liability or the indemnification provisions set forth hereinafter, the Company shall provide and maintain the following insurance in full force and effect at all times during the term of this Agreement and any extensions thereto. Such insurance is described as follows:

- A. Risks and Limits of Liability. The insurance, at a minimum, must include the following coverage and limits of liability:

<u>COVERAGE</u>	<u>LIMIT OF LIABILITY</u>
Worker's Compensation and Employer's Liability	Statutory for Workers' Compensation
	Bodily Injury by Accident
	\$500,000 (each accident)
	Bodily Injury by Disease
	\$250,000 (policy limit)
	Bodily Injury by Disease
	\$250,000 (each employee)

Comprehensive General: Including Broad Form Coverage, Contractual Liability Bodily and Personal Injury	Bodily Injury and Property Damage, combined limits of \$1,000,000 each occurrence and \$2,000,000 aggregate
Excess Liability	Bodily Injury and Property Damage, combined limits of \$1,000,000 each occurrence and \$2,000,000 aggregate
Automobile Liability Insurance (for automobiles used by the Company in the course of its performance under this Agreement including Employer's Non-ownership and Hired Auto Coverage)	\$1,000,000 combined single limit per occurrence
Professional Liability Coverage	\$1,000,000 per occurrence \$2,000,000 aggregate

- B. Form of Policies. The insurance may be in one or more policies of insurance, the form of which must be approved by the City's Risk Manager.
- C. Issuers of Policies. The issuer of any policy must have a certificate of authority to transact insurance business in the State of Texas. Each issuer must be responsible, reputable, and have financial capability consistent with the risks covered. Each issuer shall be subject to approval by the City's Risk Manager in his sole discretion as to conformance with these requirements.
- D. Insured Parties. Each policy, except those for Workers' Compensation, Employer's Liability and Professional Liability, must name the City (and its elected and appointed officials, officers, agents and employees) as Additional Insured parties on the original policy and all renewals or replacements during the term of this Agreement.
- E. Deductibles. A policy may contain deductible amounts only if the City's Risk Manager approves the amount and scope of the deductible. The Company shall assume and bear any claims or losses to the extent of such deductible amount and waives any claim it may ever have for the same against the City, its officers, agents or employees.
- F. Cancellation. Each policy must expressly state that it may not be canceled or non-renewed unless thirty (30) days advance notice of cancellation or intent not to renew is given in writing to the City's Purchasing Manager by the insurance company. The Company shall give written notice to the City's Purchasing Manager within five (5) days of the date upon which total claims by any party.

against the Company reduce the aggregate amount of coverage below the amounts required by this Agreement.

- G. Material Change in Policy(ies). Prior to any material change in any policy required herein, the City will be given sixty (60) days advance written notice by registered mail. Further, the City will be immediately notified of any reduction or possible reduction in aggregate limits of any such policy where such reduction, when added to any previous reductions, would exceed twenty-five percent (25%) of the aggregate limits.
- H. Subrogation. Each policy must contain an endorsement to the effect that the issuer waives any claim or right in the nature of subrogation to recover against the City, its elected and appointed officials, officers, agents or employees.
- I. Endorsement of Primary Insurance. Each policy must contain an endorsement that such policy is primary insurance to any other insurance available to the Additional Insured with respect to claims arising hereunder and that the insurance applies separately to each insured.
- J. Liability for Premium. If any of the policies referred to above do not have a flat premium rate and such premium has not been paid in full, such policy must have a rider or other appropriate certificate of waiver sufficient to establish that the issuer is entitled to look only to the Company for any further premium payment and has no right to recover any premiums from the City.
- K. Subcontractors. The Company shall require any and all subcontractors performing work under this Agreement to carry insurance naming the City as an Additional Insured and meeting all of the above requirements.
- L. Delivery of Policies. The originals of all policies referred to above, or copies thereof certified by the agent or attorney-in-fact issuing them together with written proof that the premiums have been paid, shall be deposited by the Company with the City's Purchasing Manager prior to beginning work under this Agreement, and thereafter before the beginning of each year of the term of this Agreement. Notices and Certificates required by this clause shall be provided to:

City of El Paso  
Financial Services Department- Purchasing Division  
Attn: Purchasing Manager  
2 Civic Center Plaza  
El Paso, TX 79901

Notwithstanding the termination notice provisions in this Agreement, the failure of the Company to provide the City's Purchasing Manager with the above proof of insurance prior to beginning work and thereafter prior to the beginning of each year of the term of this Agreement, shall constitute a default on the part of the

Company entitling the City, upon three (3) days written notice to the Company to terminate this Agreement. This default provision shall also apply to the proof of insurance requirements under circumstances where a policy is canceled or expires during a given year of the Agreement. Notwithstanding the proof of insurance requirements set forth above, it is the intention of the parties hereto that the Company, throughout the term of this Agreement, continuously and without interruption, maintain in force the required insurance coverage set forth above. Failure of the Company to comply with this requirement shall constitute a default of the Company allowing the City, at its option, to terminate this Agreement.

**SECTION XII. GRATUITIES.** The City may, by written notice to the Company, cancel this Agreement without liability to the Company if it is determined by the City that gratuities, in the form of entertainment, gifts, or otherwise, were offered or given by the Company, or any agent or representative of the Company, to any officer or employee of the City with a view toward securing a Agreement or securing favorable treatment with respect to the awarding or amending, or the making or any determinations with respect to the performing of such a contract. In the event this Agreement is canceled by the City pursuant to this provision, the City shall be entitled, in addition to any other rights and remedies, to recover or withhold the amount of the cost incurred by the Company in providing such gratuities.

**SECTION XIII. INDEMNIFICATION.** The Company or its insurer shall indemnify, hold harmless, and defend the City, its elected officials, agents, employees, officers, directors and representatives of the City, individually or collective, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal injury or death of property damage, made upon the City directly arising out of, resulting from or related to the Company's activities under this Agreement for Third Party Claims Administration and Medical Cost Containment, including any act or omission by the Company, its agents, employees or subcontractors while in the exercise of performance of the rights or duties under this Agreement, all, without however, waiving and governmental immunity available to the City. The provisions of this indemnification are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any person or entity. Without modifying the conditions of preserving, asserting, or enforcing any legal liability against the City as required by the City Charter or any law, the City will promptly forward to the Company every demand, notice, summons or other process received by the City in any claim or legal proceeding contemplated herein. In addition, the Company shall promptly advise the City in writing of any claim or demand against the City or the Company known to the Company related to or arising out of the Company's activities under this Agreement. the Company will: 1) investigate or cause the

investigation of accidents or occurrences involving such injuries or damages; 2) negotiate or cause to be negotiated the claim as the Company may deem expedient; and 3) defend or cause to be defended on behalf of the City all suits for damages even if groundless, false or fraudulent, brought because of such injuries or damages. The Company will pay all judgments finally establishing liability of the City in actions defended by the Company pursuant to this section along with all attorneys' fees and costs incurred by the City including interest accruing to the date of payment by the Company, and premiums on any appeal bonds. The City, at its election will have the right to participate in any such negotiations or legal proceedings to the extent of its interest without relieving Company of any of its obligations under this paragraph. The City will not be responsible for any loss of or damage to the Company's property from any cause.

**SECTION XIV. SUBCONTRACTOR'S INDEMNITY.** The Company shall require all of its subcontractors to include in their subcontracts indemnity in favor of the City in substantially the same form as *Section XIII*.

**SECTION XV. DISPUTE RESOLUTION.** The parties hereto agree that reasonable efforts will be made to aid and assist the other in accomplishing the objectives of this Agreement. In the event of any dispute, claim, question, or disagreement arising from or relating to this Agreement or any breach thereof, the parties shall use their best efforts to meet regularly and resolve the dispute, claim, question, or disagreement. To this effect, the parties hereby agree to consult and negotiate with each other in good faith. The parties further agree that should their efforts to resolve a dispute, claim, questions, or disagreement arising from this Agreement fail, that before either party files suit against the other to enforce, or otherwise relating to, the terms of this Agreement, it shall notify the other party of its intent to sue. Upon delivery and receipt of such notice, the parties agree to submit the matter to be litigated to mediation before a mutually-agreed upon mediator and to diligently pursue a mediated settlement until such time as the parties mutually agree to terminate such mediation or the mediator declares an impasse. No lawsuit under this Agreement by one party against the other may be filed until mediation of the issue has ended in accordance with the terms hereof.

**SECTION XVI. TERMINATION OF AGREEMENT.** This Agreement may be terminated under any one of the following circumstances:

- A. **TERMINATION FOR CONVENIENCE:** This Agreement may be terminated by the City upon written notice, provided such notice specifies an effective date for cancellation of not less than thirty (30) calendar days from the date such notice is received. The Company will be paid its costs, including the contract close out costs, and profit on work performed up to the time of termination. The Company will promptly submit its termination claim to the City to be paid the Company.

- B. **TERMINATION FOR CAUSE:** Either party may terminate its performance under this Agreement in the event of default by the other party and a failure by that party to cure such default after receiving notice thereof, all as provided in this Section. Default shall occur if a party fails to observe or perform any of its duties under this Agreement. Should such a default occur, the injured party may deliver a written notice to the defaulting party describing such default and the proposed date of termination. Such proposed date of termination may not be sooner than the 30<sup>th</sup> day following receipt of the notice. The injured party, at its sole option, may extend the proposed date of termination to a later date. If prior to the proposed date of termination, the defaulting party cures such default, then the proposed termination shall be ineffective. If the defaulting party fails to cure such default prior to the proposed date of termination, then the injured party may terminate its performance under this Agreement as of such date.
- C. **EFFECTS OF TERMINATION:** All duties and obligations of the City and the COMPANY shall cease upon termination or expiration of this Agreement, except that:
1. All files are property of the City and at the City's request will be delivered at no cost to the City or its designated recipient at the effective date of cancellation. Any City funds held in any escrow account(s) shall be returned to the City within thirty (30) calendar days after the effective date of termination or expiration.
  2. The Company shall release and make available to the City all records owned by the City, including all supporting documentation for the claims data contained in the computer database, and the database itself, which the Company shall download to one or more ASCII formatted tape(s), to be supplied to the City and shall cooperate fully to effect an orderly transfer of services and claim files.
  3. All provisions of this Agreement that expressly or impliedly contemplate or require payment or performance after the expiration or termination of this Agreement shall survive such expiration or termination. Any unpaid obligation due and owing, by either party, as of the date of termination, shall continue to be due and payable.
  4. Upon termination or expiration of this Agreement, the City shall have option to:
    - a) Assume responsibility of all claims pending as of the effective date of the termination; or
    - b) Require the Company to continue administering all pending claims as provided herein at the compensation provided in this Agreement. If the City assumes responsibility for all claims, the Company agrees to do all things necessary to transfer administration of all claims to the City.

**SECTION XVII. RIGHT TO ASSURANCE.** Whenever one party to this Agreement in good faith has reason to question the other party's intent to perform, it may demand that the other

party give written assurance of its intent to perform. In the event that a demand is made and no assurance is given within five (5) calendar days, the demanding party may treat this failure as an anticipatory repudiation of the Agreement.

**SECTION XVIII. ASSIGNMENT.** Neither party may assign its rights or obligations under this Agreement without the prior written consent of the other party hereto. Any attempted assignment or delegation by either party shall be wholly void and totally ineffective for all purposes unless made in conformity with this paragraph.

**SECTION XIX. SUBCONTRACTORS.** The Company may subcontract with other competent entities to provide services required to be performed under this Agreement. Any work or services approved for subcontracting hereunder, however, shall be contracted only by written Agreement and, unless specific waiver is granted in writing by the City, shall be subject by its terms to each and every provision of this Agreement. Compliance by subcontracts with this Agreement shall be the Company's responsibility. The Company shall submit a list, identifying the subcontractors who will perform services under this Agreement, within ten (10) days of the Effective Date of this Agreement. All subcontractors, however, must be accepted and approved by the City in writing, and such consent shall not be unreasonably withheld.

Despite the City's approval of a subcontract or subcontractor, the City shall in no event be obligated to any third party, including any subcontract of the Company, for performance of work or services.

**SECTION XX. SURVIVAL.** The Company shall remain obligated to the City under all clauses of this Agreement that expressly or by their nature extend beyond the expiration or termination of this Agreement, including but not limited to the Indemnification provisions hereof.

**SECTION XXI. AMENDMENT & WAIVER.** This Agreement may be amended by the parties at any time, by mutual consent of the parties. Unless otherwise provided herein, this Agreement may be amended only by written instrument duly executed on behalf of the City and the Company. No claim or right arising out of a breach of this Agreement can be discharged in whole or in part by a waiver or renunciation of the claim or right unless the waiver or renunciation is supported by consideration and is in writing signed by the aggrieved party.

**SECTION XXII. APPLICABLE LAW & VENUE.** This Agreement shall be governed by the laws of the State of Texas along with any applicable provisions of Federal law, the City Charter, or any ordinance or resolution of the City. Both parties agree that venue for any litigation arising from this Agreement shall lie in El Paso, El Paso County, Texas.

**SECTION XXIII. LEGAL CONSTRUCTION.** Every provision of this Agreement is severable, and if any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement. Where the context of the Agreement require, the singular shall include the plural and the masculine gender shall include feminine. Any reference to the City Manager in this Agreement shall mean the City of El Paso or her designee.

**SECTION XXIV. NOTICES.** Any notices required under this Agreement shall be sufficient if sent by Certified Mail, Return Receipt Requested, postage prepaid, to the City and the Company at the following addresses:

**THE CITY:**

City of El Paso  
Attention: City Manager  
2 Civic Center Plaza – 10<sup>th</sup> Floor  
El Paso, Texas 79901-1196

With copy to:

City of El Paso  
Attention: Purchasing Manager  
2 Civic Center Plaza – 7<sup>th</sup> Floor  
El Paso, Texas 79901-1196

**THE COMPANY:**

First Southwest Company  
George H. Williford  
Managing Director  
325 North St. Paul Street, Suite 800  
Dallas, Texas 75201

OR

First Southwest Company  
Maria Fernanda Urbina  
Senior Vice President  
221 North Kansas, Suite 1200  
El Paso, Texas 79901

Any party may change the address to which notices shall thereafter be given upon five (5) days prior written notice to the other in the manner set forth in this paragraph.

**SECTION XXV. ENTIRE AGREEMENT.** This Agreement and attached Exhibits constitute the entire Agreement between the parties hereto. There exists no other written or oral understanding, Agreements or assurances with respect to such matters except as are set forth herein. Unless expressly stated, this Agreement confers no rights on any person(s) or business entity(s) that is not a party hereto. This Agreement shall not be construed against or unfavorably to any party because of such party's involvement in the preparation or drafting of this Agreement.

*[Signature page to follow]*

STATE OF TEXAS )  
 )  
 )  
COUNTY OF EL PASO )

**FINANCIAL ADVISORY SERVICES  
AGREEMENT FOR FIRST SOUTHWEST  
COMPANY**

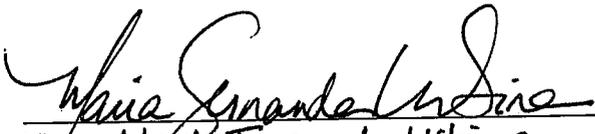
*(Signature page)*

IN WITNESS WHEREOF, the parties have hereunto set their hands this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

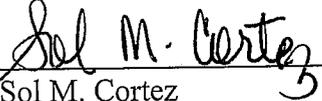
CITY OF EL PASO

\_\_\_\_\_  
Joyce Wilson  
City Manager

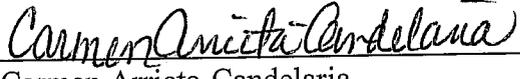
FIRST SOUTHWEST COMPANY

  
\_\_\_\_\_  
Name: Maria Fernanda Urbina  
Title: Senior Vice President

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Sol M. Cortez  
Assistant City Attorney

APPROVED AS TO CONTENT:

  
\_\_\_\_\_  
Carmen Arrieta-Candelaria  
Chief Financial Officer

**EXHIBIT A**

**CITY OF EL PASO, TEXAS**

**RFQ 2012-223**

**REQUEST FOR QUALIFICATIONS**

**FOR**

**PROFESSIONAL FINANCIAL ADVISORY SERVICES**

**REQUEST FOR QUALIFICATIONS**  
ISSUED BY  
**THE CITY OF EL PASO**  
FINANCIAL SERVICES / PURCHASING DIVISION

<b>SOLICITATION NO: 2012-223R</b>	<b>DATE ISSUED: JUNE 5, 2012</b>
<b>TITLE: PROFESSIONAL FINANCIAL ADVISORY SERVICES FINANCIAL SERVICES</b>	
An original, signed, sealed, OFFER to furnish the goods and/or services set forth below will be received at the place indicated below, until: 2:00 PM, local time, <u>WEDNESDAY, JULY 11, 2012</u>	
<u>NOTICE</u> When used in Request for Proposals, the terms 'Offer' and 'Proposal' and 'Offeror' and 'Vendor' are interchangeable.	
<b>ADDRESS OFFERS TO: PURCHASING MANAGER FINANCIAL SERVICES / PURCHASING DIVISION CITY OF EL PASO</b>	
<b>MAIL TO:</b>	<b>HAND DELIVER TO:</b>
<b>CITY OF EL PASO</b> OR <b>FINANCIAL SERVICES DEPARTMENT/PURCHASING DIVISION</b> <b>2 CIVIC CENTER PLAZA, 7<sup>TH</sup> FLOOR</b> <b>EL PASO, TX 79901-1196</b>	<b>CITY HALL, 7TH FLOOR</b> <b>2 CIVIC CENTER PLAZA</b> <b>FRANKLIN &amp; SANTA FE ST.</b> <b>EL PASO, TX 79901</b>
FOR ADDITIONAL INFORMATION CONCERNING THIS SOLICITATION, CONTACT: DENIESE BAISLEY, PROCUREMENT ANALYST Telephone: [915] 541-4263 FAX: [915] 541-4347 Email: <a href="mailto:BAISLEYDX@elpasotexas.gov">BAISLEYDX@elpasotexas.gov</a>	

**EXPIRATION OF OFFERS**

The Offeror agrees, to furnish all items [supplies or services] at the prices offered, and delivered at the designated point or points, within the time set forth below, if this offer is accepted within ONE HUNDRED TWENTY [120] consecutive days from the date set for the receipt of offers.

**AMENDMENTS TO SOLICITATION**

Receipt of all numbered amendments to Solicitations must be acknowledged:

<u>AMENDMENT</u>	<u>DATED</u>	<u>AMENDMENT</u>	<u>DATED</u>	<u>AMENDMENT</u>	<u>DATED</u>	<u>AMENDMENT</u>	<u>DATED</u>
A001	_____	A002	_____	A003	_____	A004	_____
A005	_____	A006	_____	A007	_____	A008	_____

**OFFER SUBMITTED BY**

\_\_\_\_\_  
COMPANY NAME AS IT APPEARS ON ORGANIZATION CERTIFICATE ISSUED BY STATE IN WHICH COMPANY WAS ORGANIZED)

\_\_\_\_\_  \_\_\_\_\_   
STREET ADDRESS P.O. BOX NUMBER

\_\_\_\_\_  
CITY, STATE AND ZIP CODE

\_\_\_\_\_  \_\_\_\_\_   
TELEPHONE NUMBER FAX NUMBER

\_\_\_\_\_  PLEASE CHECK PREFERRED ADDRESS FOR RECEIVING SOLICITATION DOCUMENTS.  
E-Mail address

**OFFER EXECUTED BY [PLEASE PRINT]**

\_\_\_\_\_  
NAME AND TITLE OF PERSON AUTHORIZED TO OBLIGATE COMPANY

\_\_\_\_\_  
SIGNATURE AND DATE OF OFFER

WITHOUT AN ORIGINAL SIGNATURE ON THIS OR OTHER DOCUMENT BINDING THE OFFEROR, THE OFFER WILL BE REJECTED

NOTE: AWARD OF THE CONTRACT RESULTING FROM THIS SOLICITATION WILL BE MADE TO THE SUCCESSFUL OFFEROR BY AN AUTHORIZED WRITTEN NOTICE, WHICH MAY BE IN THE FORM OF A LETTER NOTICE OF AWARD OR A PURCHASE ORDER ISSUED BY THE CITY OF EL PASO. THIS IS A ONE TIME CONTRACT

**CITY OF EL PASO, TEXAS**  
**RFQ: 2012-223R**  
**REQUEST FOR QUALIFICATIONS**  
**FOR**  
**PROFESSIONAL FINANCIAL ADVISORY SERVICES**  
**DUE DATE: JULY 11, 2012**

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## PART 1 – GENERAL INFORMATION

### 1.1 Introduction

The intent of this document is to provide interested firms with sufficient information to enable them to prepare and submit innovative submittals for consideration to the City of El Paso Finance and Management Support team, headed by the Chief Financial Officer, hereafter referred to as “**Office of CFO,**” to satisfy the need for professional Financial Advisory Services. The term of the engagement based on the awarded RFQ is anticipated to not exceed a period of five (5) years. Joint proposals with other firms will not be considered for this RFQ. The City reserves the right to select one financial advisor or to form a financial advisory team as a result of this solicitation.

### 1.2 Background Information

The Office of the CFO, headed by the Chief Financial Officer, with the assistance of the Comptroller and Director of the Office of Management and Budget, manages the analysis, accounting and projection of debt issuances and related issues. The Financial Advisor will coordinate with the CFO to ensure that relevant issues are discussed and analysis prepared is reflective of City needs. Due to inherent conflicts of interest, the firm selected as Financial Advisor will not be allowed to resign in order to serve as underwriter for a proposed transaction.

It is the policy of the City of El Paso to develop and maintain a sound debt management program. In November 2005, the City adopted a Debt Management Policy (“**Policy**”) that set forth the parameters for issuing new debt as well as managing the outstanding debt portfolio, identifying the types and amounts of permissible debt, and maintaining the current bond rating in order to minimize borrowing costs and preserving access to credit. It is the intent of the City to establish the Debt Management Policy to provide guidance to staff to:

- Ensure high quality debt management decisions;
- Ensure that debt management decisions are viewed positively by rating agencies, investment community and citizenry-at-large;
- Ensure support for debt issuances both internally and externally;
- Demonstrate a commitment to long-term financial planning.

This policy has been amended since November 2005 and updated bi-annually in accordance with the provisions of the Policy. The most up-to-date policy can be located on the City’s website at [www.elpasotexas.gov](http://www.elpasotexas.gov).

### 1.3 Solicitation Purpose

The CFO seeks the services of a nationally recognized and experienced consulting firm. This firm, hereafter referred synonymously as the “**Financial Advisor,**” should provide Financial Advisory Services related to the authorization and issuance of debt instruments or other securities as well as debt management planning services as requested by the CFO. It is understood that the authorization and issuance of indebtedness in amounts and forms cannot be predetermined and that in connection with the authorization, sale, issuance and delivery of such indebtedness, this Request for Qualifications is being sought.

**PART 2 - NOTICES TO PROPOSERS.....**

**2.1 Public Disclosure Proposal Information**

Offerors are cautioned that once a bid is opened, all information contained therein will be available to the **PUBLIC** unless the information is excepted from the requirements of Government Code Section 552.021 pertaining to Open Records.

The exception that allows the City to protect information that, if released, would give advantage to a competitor or bidder does not apply after the bidding is complete and the contract has been awarded. *Trade secrets, commercial or financial background data and privileged or confidential information* may be excepted from public inspection. If any information contained in your offer qualifies for an exception because it falls into one of the categories above it should be clearly marked "CONFIDENTIAL" and the basis of your claim of confidentiality should be stated. Data so identified will be maintained as a protected record. Offerors who claim that information contained in a bid should be protected from public disclosure after the award of the contract may be asked to support such claim if the City receives an Open Records request for the information and requests a determination by the Attorney General. [Rev. 04-03-98]

**2.2 Bid Net Notification**

If you received your copy of this solicitation from the **BID NET**, or any source other than directly from the City of El Paso, and you plan to respond to it, please notify the City immediately. You will be placed on the active bidders list and will be directly sent all amendments and notices pertaining to the solicitation. It would also be helpful if you would supply a contact person's name along with their telephone number, fax number, and E-mail address.

NOTE: ANY CHANGES IN DUE DATE OR MATERIAL CHANGES FOR ANY RFP'S/SOLICITATIONS WILL BE POSTED ON THE SOLICITATIONS PAGE OF THE CITY OF EL PASO PURCHASING DEPARTMENT'S WEBSITE: [http://www.elpasotexas.gov/financial\\_services/invitations.asp](http://www.elpasotexas.gov/financial_services/invitations.asp)

It is the bidder's responsibility to ensure that they have all pertinent information regarding solicitations, including all amendments prior to submitting their offer. Please check the website, even after submitting a bid, to ensure that you have all amendments as they may be posted at any time, up to and including the day of bid opening.

**2.3 Communications**

**2.3.1 Cone of Silence**

"Cone of Silence" is imposed upon each RFP, RFQ or Bid after advertising and terminates at the time the Purchasing Manager places a written recommendation on City Council Agenda. The Cone of Silence prohibits any communication regarding RFPs, RFQs or Bids between, among others:

1. Potential vendors, service providers, Offerors, lobbyists or consultants and City's staff;
2. Potential vendors, service providers, Offerors, lobbyists or consultants, any member of the City's staff, the Mayor, Council Representatives or their respective staff and members of the respective selection committee; and

The provisions do not apply to, among other communications:

1. Oral communications with the Purchasing Manager or Contract Administrator, provided the communications are strictly limited to matters of process or procedure already contained in the solicitation document;
2. The provisions of the Cone of Silence do not apply to oral communications at pre-proposal or pre-bid conferences, oral presentations before selection committees, contract negotiations during duly noticed public meeting, public presentations made to the Mayor and Council Representatives during a duly noticed public meeting; or
3. Communications in writing at any time unless specifically prohibited by the applicable RFP, RFQ or bid document.

In addition to any other penalties provided by law, violation of the Cone of Silence by any Offeror shall render that Offeror's RFP, RFQ or bid award voidable. Any person having personal knowledge of a violation of these provisions shall report such violations to the City Attorney.

### 2.3.2 Request for Clarification

In order to meet the City's schedule it is extremely important that requests for clarification or additional information be submitted in writing no later than June 27, 2012. Questions submitted after this date may not elicit a response. All proposals or requests for clarification should be sent to the following:

#### **BY E-MAIL**

DENIESE BAISLEY  
 PROCUREMENT ANALYST  
 Fax: (915) 541-4347  
 Email: [BAISLEYDX@elpasotexas.gov](mailto:BAISLEYDX@elpasotexas.gov)

#### **IN WRITING (MAIL OR HAND DELIVERY)**

City of El Paso  
 Financial Services Department/Purchasing Division  
 2 Civic Center Plaza, 7<sup>th</sup> Floor  
 El Paso, TX 79901-1196  
 Attn: DENIESE BAISLEY

### 2.4 Schedule of Events

The following Schedule of Events represents the City's estimate of the timetable that will be followed in connection with this solicitation:

EVENTS	DATE AND/OR TIME
Release Request for Qualifications	06/5/2012 and 06/12/2012
Non-Mandatory Pre-Qualification Conference <b>(2 p.m. – 3 p.m. Conference Dial-in Number:            (503) 881-1000            Participant Access Code: 341098#)</b>	06/18/2012 2:00 PM TO 3:00 P.M.(MDT)
Last Day for Offerors to Submit Written Questions	06/27/2012
Answers provided	07/05/2012
Submission of Qualifications	07/11/2012
Evaluations	07/23/2012
Negotiations	07/25/2012 thru 07/30/2012
Contract Award Date	08/14/2012

The City reserves the right, at its sole discretion, to adjust this Schedule of Events as it deems necessary. If necessary, the City will communicate adjustments to any event in the Schedule of Events in the form of an amendment. Amendment to this RFQ will only be issued and posted on the City's website at: [http://www.elpasotexas.gov/financial\\_services/invitations.asp](http://www.elpasotexas.gov/financial_services/invitations.asp)

#### **2.4.1 Non-Mandatory Pre-Qualification Conference**

A Non-Mandatory Request for Pre-Qualification Conference call is scheduled **MONDAY, JUNE 18, 2012 AT 1:00 P.M. MOUNTAIN TIME. CONFERENCE CALL DIAL IN NUMBER: (503) 881-1000/ACCESS CODE: 341098#.** This conference will afford each Offeror opportunities to ask representatives of the COEP questions regarding provisions of the Request for Qualifications.

After the Non-Mandatory Pre-Qualifications conference, prospective Offerors may submit written questions until 6:00 p.m., Mountain Standard Time, on **JUNE 27, 2012.** The COEP may accept and/or respond to any questions submitted after that time. Only responses designated in writing as part of a formal amendment to the Request for Qualification will be binding on the COEP.

#### **2.5 Contract Period (Initial and Option Terms)**

The initial term of the Contract will be for: **FIVE (5) YEARS** with no option to extend the contract.

#### **2.6 Notices of Instruction to Offerors**

##### **1. Signature of Offer to person Authorized to Sign**

All offers shall bear an original signature, in ink, of a responsible officer or agent of the company. Failure to sign the OFFER portion of the SOLICITATION, OFFER AND AWARD form, or to include a substitute signed document binding the offeror, will be the basis for declaring a proposal non-responsive.

##### **2. Effective Period of Proposals**

Proposals should expressly state that the offer (including all rate, fee, or cost proposals submitted in response to this RFQ, as well as the scope and character of the services described in the proposal) will remain in effect until at least 120 consecutive days from the date set for the receipt of offers and may be accepted by the City of El Paso at any time on or before such date.

##### **3. Required Number of Copies**

Offer (bid or proposal) must be submitted in original form with five (5) additional copies, unless otherwise stated herein.

##### **4. Offer Submission Instructions**

**OFFER MUST BE SEALED WHEN PRESENTED TO THE PURCHASING DIVISION.** Offers will be received by the City of El Paso until **2:00 P.M., local time, on WEDNESDAY, JULY 11, 2012.** Proposals will not be publicly opened and read aloud.

## 5. Addressing Instructions

The envelope containing the offer must be addressed as follows:

CITY OF EL PASO  
FINANCIAL SERVICES DEPT/PURCHASING DIVISION  
2 CIVIC CENTER PLAZA, 7<sup>TH</sup> FLOOR  
EL PASO, TEXAS 79901-1196  
ATTN: PURCHASING MANAGER

Also, write the Request for Qualification Number, Request for Qualification Title, and Proposal Opening Date clearly on a visible section of the envelope.

## 6. Labeling Of Proposals/Bids [Rev 6/15/05]

**The Due Date and Solicitation Number must be written on the outside of the package containing the offer.** The City Purchasing Division may open any unlabeled submittal to identify it properly. Offerors are required to identify their package to protect the integrity of their proposals and to fully avail themselves of the evaluation and selection process.

## 7. Offeror Delivery Responsibility

Bids received at the Purchasing Office after the specified date and time will not be accepted. Package delivery services such as FedEx, UPS, etc. deliver packages addressed to the Purchasing Manager directly to the Purchasing Division. U.S. Postal Service deliveries, including Express Mail, are only delivered to the Mail Room at City Hall and may or may not be delivered by the Mail Room to the Purchasing Division by the time and place proposals are recorded. The offeror accepts all responsibility for delivering its offer to address stated above within the specified time or the offer will be considered non-responsive and will be mailed back unopened. If the envelope does not reflect a return address, it will be opened for the sole purpose of obtaining the return address.

## 8. Descriptive Literature

Descriptive literature, where applicable, containing complete scope of services or other information sufficient for the City to determine compliance with the specifications must accompany each proposal, in DUPLICATE. If an Offeror wishes to furnish additional information more sheets may be added.

The City is not responsible for locating or securing any information that is not identified in the offer and reasonably available to the City, and the City will not be responsible for locating or securing information not included with the offer. In conducting its assessment the City may use data provided by the Offeror and data obtained from other sources, but while the City may elect to consider data obtained from other sources the burden of providing thorough and complete information rests with the Offeror.

## 9. Offer Documents, Supporting Literature and Related Data

Related data, where applicable, will be made part of the proposal. All documents, literature and related data submitted as an offer become the property of the City of El Paso.

**10. Alternate Offers**

The City of El Paso is not accepting alternate proposals for review, evaluation and/or consideration.

**11. Solicitation Changes or Clarifications**

Requests for changes or clarifications to this solicitation are welcomed by the Purchasing Division for its consideration, provided the requests are in writing and received by MAY 23, 2012. Requests received after that time may not elicit a response. Refer to REQUESTS FOR CLARIFICATION in Communication Section for more details.

**12. Acknowledgement of Solicitation Amendments**

All Amendments will be acknowledged on the *Solicitation of Offers* form (first page of this solicitation). Failure to do so may cause the proposal to be rejected. It is the Offeror's responsibility to ensure that all information regarding the RFP, including all amendments, is included in the offer. Amendments may be posted at any time up to and including the due date.

**13. Proposal/Bid Preparation Cost**

This solicitation does not commit the City of El Paso to pay any costs incurred in preparing and submitting the proposal or to contract for the services specified. This RFQ is not to be construed as a contract or a commitment of any kind, nor does it commit the City of El Paso to pay for any costs incurred in the preparation of a formal presentation, or for any costs incurred prior to the execution of a formal contract.

**14. Additional Information**

For further procedural information concerning this Request for Qualifications contact the point of contact for contract administration (refer to in the Communication Section for contact details).

**15. Notification to Unsuccessful Offerors**

All awards are made by the City Council of the City of El Paso. All City Council agenda are posted on the City of El Paso's Web Page for review by all Offerors. The URL is: <http://www.elpasotexas.gov>.

**16. Acceptance or Rejection of Proposals**

The City reserves the right to accept or reject any or all proposals, to waive all minor technicalities, and to accept the proposal or proposal determined to be the most advantageous to the City. Additionally, the City may accept a proposal subject to an exception if, in the sole judgment of the City, the proposal meets or exceeds the City's specifications.

**17. Failure to Respond to Solicitations**

Any offeror who fails to respond to three consecutive solicitations will be purged from the mailing list. It is the offeror's responsibility to remain on the mailing list under his requested commodity classes.

**18. Time**

[RESERVED]

**19. Debriefing Requests**

A written request for a debriefing should be directed to the Analyst identified in **Request for Clarification in Part 2, Item 2.3.2** within five (5) days after the date of award. Debriefing requests will be scheduled with the appropriate evaluation committee and Purchasing representative.

Only an Offeror who has actually submitted a proposal may appeal an award decision.

Failure to follow the requirements of the Protest procedures established by the City of El Paso, Texas, shall constitute a waiver of all protest rights. Protest must be made after the Council agenda has been posted and by 5 p.m. the day before the Council meeting in which the award will be made. The Offeror must write a letter to Bruce D. Collins, Purchasing Manager, using the phrase "Proposal Protest" to the address listed above. Protest must be sent by certified or registered mail or delivered in person. Note: the recommendation for award is posted on the City's website at least 72 hours before each Tuesdays Council meeting.

The written protest should include 1) the Request for Proposal number and should clearly state, with particularity, the relevant facts believed to constitute an error in the award recommendation, or desired remedy; 2) a specific identification of the statutory or regulatory provision that the Protesting Offeror alleges has been violated and the provisions entitling the Protesting Offeror to relief; 3) a specific factual description, with particularity, of each action by the City that the Protesting Offeror alleges to be a violation of the statutory or regulatory provision that the Protesting Offeror has identified pursuant to item (2) of this paragraph (mere disagreement with the decisions of City employees does not constitute grounds for protest). If there is no disputed issue of the material fact, the Protest must indicate this as well.

Only the information provided within the protest period will be considered for response.

**PART 3 - SCOPE OF WORK .....**

**3.1 SCOPE OF WORK AND MINIMUM REQUIREMENTS**

**SCOPE OF WORK**

In general, the Financial Advisor shall submit to the City recommendations on debt instruments under consideration including such elements as the date of issue, interest payment dates, schedule of principal maturities, options of prior payments, security provisions and any other additional provisions designed to make the issue attractive to investors. Information to make these recommendations will be provided by City staff. Submitted recommendations should be based on the professional judgment of the Financial Advisor with the goal of designing debt instruments, which can be sold under terms most advantageous to the City and at the lowest interest cost consistent with other considerations.

The City also strives to maintain good working relationships with bond rating agencies as well as disclose financial reports and information to these agencies and to the public. The Financial Advisor will assist the City by preparing professional ratings presentations as well as advising the City on a semi-annual basis on strategies about how to maintain and/or upgrade the City's ratings from these agencies.

The City requests that the Financial Advisor provide a brief description of the firm, how it is organized, and how its resources will be utilized on behalf of the City. Additionally, the overview should include how the Financial Advisors will approach the aforementioned recommendations and other services that the firm may provide as

the Financial Advisor of the City. The Financial Advisor shall take into account the Debt Management Policy adopted by the City of El Paso. (See Attachment B)

The overview should also include but not be limited to:

- Relevant experience of the firm and the individuals assigned to the issuer;
- Identification of the individual in charge of day-to-day management and the percentage of time committed for each individual on the account;
- The respondent's ideas on how the issuer should approach the financing, including the structure of the offering, credit-rating strategy, and investor marketing strategy;
- The analytic capability of the firm and assigned individuals and ongoing training and educational services that could be provided to the City of El Paso.
- Description of the firm's access to sources of current market information to assist in the pricing of negotiated sales and information to assist the City in planning and executing competitive sales.;
- The level and types of insurance carried, including the deductible amount, to cover errors and omissions, improper judgments, or negligence; and
- Any finder's fees, fee splitting, or other contractual arrangements of the Financial Advisor that could present a real or perceived conflict of interest, as well as any pending investigation of the Financial Advisor or enforcement or disciplinary actions taken within the past three years by the SEC or other regulatory bodies.
- Disclosure of the firm's affiliation or relationship with any broker-dealer.

#### **ADDITIONAL REQUIREMENTS**

In addition to the previous information described, the selected Financial Advisor shall consider the following, based on their assessment, to further satisfy the requirements of the Services Overview and needs of the CFO.

##### **Component I – Experience in Financial Advisory Services**

The firm should have relevant experience with financings of the City of El Paso or comparable issuers and financings of similar size, types and structures, including financing in the state of Texas. The firm should provide a description, including resumes, of the professional(s) that will provide direct financial advisory services to the City, including the name of the lead consultant for this account and his/her primary office location. The primary individual assigned to the City should be a licensed public finance professional. The firm must be licensed in the State of Texas.

The firm should discuss the firm's financial advisory experience necessary to assist the City of El Paso with either competitive or negotiated sales. The firm should indicate any specific firm resources available to the proposed team that differentiates the firm from any competing firms.

For the past five years, indicate the firm's ranking as a Financial Advisor for the following categories (indicate both total dollar volume and number of issues):

- General National Financial Advisor
- Financial Advisor in the State of Texas
- Financial Advisor for Texas Cities

References from at least three other municipal clients, preferably Texas municipalities for whom similar services have been provided, are requested.

## Component II – Local Support and Knowledge

A critical aspect of providing quality service is access to the Financial Advisor. The firm should provide a brief description of the firm's presence and knowledge of the El Paso area tax-exempt bond market and resources dedicated to the El Paso area. The selected firm will provide the location of the office responsible for the day-to-day contact, hours of operation, secondary offices and other contact support to be provided.

Describe the firm's experience and/or knowledge of the City's political, economic, financial, legal or other issues and environment that may affect a proposed financing. Describe the firm's familiarity with GFOA's Recommended Practices relating to the selling of bonds and the selection of finance professionals. Please provide any other information that the City should consider in selecting its Financial Advisor.

## Component III – Financing Techniques

The Financial Advisor will outline the overall approach to accessing the needs of the City. An example of a quantitative analysis must be included in the proposal. Describe the firm's depth of knowledge of Texas City's financing techniques and provide a list of the municipal tax-exempt and taxable financings that have been completed for the last 5 years for which the firm served as financial advisor for cities in the State of Texas. Please include issuer, issue description, and par amount.

## Component IV – Trading Desk Information

If applicable, a complete description of the firm's short and long-term municipal underwriting and trading desk activities should be included in the proposal for evaluation by the CFO. If the firm does not have its own underwriting desk, then describe other resources the firm will use to provide pertinent pricing and market information.

## Work Plan

Include a brief narrative description of the firm's organization and how the organization anticipates best being able to meet the specifications outlined herein in terms of methodology and solutions in performing the services described. The work plan should address the Additional Requirements.

## **SCHEDULE FOR WORK**

### A. Quantitative Analysis

As requested by the CFO, the Financial Advisor shall provide any quantitative analysis as needed within 10 days of the request. If the Financial Advisor is unable to fulfill such request, a proposed time schedule and a list of all information to be provided to the firm and dates that the data will be required.

### B. Draft Reports

As requested by the CFO, the Financial Advisor will prepare and submit drafts of the reports and recommendations to management available for review as is mutually agreeable to the CFO and the Financial Advisor.

### C. Work Schedule

The Deputy City Manager, or designee, shall determine the work schedule for a particular debt issuance or related project.

#### D. Ratings Presentations

For every rating presentation before the City's rating agencies, the Financial Advisor will take the lead in preparing a thorough and complete analysis to present to the City's rating agencies. Additionally, the City requests a semi-annual review of its credit rating position and requests the Financial Advisor to identify potential strategies to maintain and/or upgrade the City's current bond ratings.

#### E. Continuing Disclosure Requirements

Timely disclosure of annual financial information is critical to ensuring that the City maintains good relationships with its bond rating agencies. The Financial Advisor is responsible for coordinating and obtaining necessary information to comply with all continuing disclosure requirements on behalf of the City.

#### F. Presentations to Council

As requested by the CFO, the Financial Advisor will make presentations to City Council and others as necessary. This will generally require extensive preparation as well as submittal of professionally prepared reports no later than seven days prior to the actual Council presentation date.

### **TEAM'S EXPERIENCE, PAST PERFORMANCE, FINANCIAL CAPABILITY AND LITIGATIONS**

Describe any other experiences related to the work described in this RFQ; in particular, experiences related to the work described. Describe any prior or pending litigation, either civil or criminal, involving a governmental agency or which may affect the performances of the services to be rendered in which the consultant, any of its employees or subcontractors or sub consultants is or has been involved within the last three years.

### **OTHER DELIVERABLES (OPTION)**

Provide a high quality, written document to illustrate a presentation to City Council or other governing body that the consulting firm has prepared and presented.

#### **4.1 Proposal Format and Structure**

All submissions must follow the submission guidelines below. The City reserves the right to reject proposals not in compliance with these requirements.

1. Use fonts no smaller than Times New Roman, 10 point. Maximum length including title page, the entire proposal, and appendices should not exceed 100 pages.
2. All pages must be numbered.
3. Address qualifications criteria in the order presented in PART 5 – PROPOSAL EVALUATION.
4. Major sections must have page breaks between them and the following sections.
5. The proposal must be signed and titled by a duly authorized representative of the Offeror.

In addition, the City requires that all proposals contain the following:

6. Title Page – Clearly label with the RFQ number, RFQ title, Offeror's name, mailing address, and fax number, and the name, telephone number, and email address of a contact person.
7. Table of Contents – Identify the page location of each major section.
8. Introduction – Provide brief narrative of background and general qualifications of the Offeror, including any experience with services/products similar in scope and/or size to those requested in this RFQ.
9. Offeror's Proposal – Include all pages from this Request for Qualifications in addition to any other materials submitted by the Offeror. State in succinct terms the Offeror's understanding of the services to be provided and how the Offeror anticipates being able to meet the scope of work as delineated within Part 3 Scope of Work.
10. Contract Clauses and Forms – Include all pages and completed forms. In addition to the above information, describe any prior or pending litigation, civil or criminal, involving a governmental agency or which may affect the performances of the services to be rendered. This includes any instances in which the Offeror or any of its employees, subcontractors, or sub-consultants is or has been involved within the last three years.
11. Client list – include points of contact and relevant information from three or more organizations that have used your company for similar products/services within the last five years.
12. Response must demonstrate your comprehension of the objectives and services from the RFQ. Do not merely duplicate the Scope of Work as presented within this RFQ.
13. Appendices – include any additional information that the Offeror deems important to the decision process but that is not specified elsewhere in the RFQ.
14. Identify by name and title the individual responsible for the administration of the project. (That is, the individual who has the responsibility to oversee the contract, not a firm's contract negotiator, etc.)
15. Identify the project organization and staffing. A project organizational chart is to be provided, along with resumes of the personnel assigned to the project. Level of staff for work to be performed under this Contract. Proposals must describe the work to be performed by the individuals you name to perform essential functions and detail their specific qualifications and substantive experience directly related to this RFQ. A response prepared specifically for this RFQ is required. Marketing resumes often include non-relevant information that may detract from the evaluation of a proposal. Lists of projects are not useful. Focus on individual's specific duties and responsibilities and how project experience is relevant to the requirements of this RFQ.
16. A list of references that can be contacted to discuss the performance on similar work. If available, provide a sample of comparable data your firm has generated for a similar project.

References that are not relevant to RFQ should not be included. Therefore, the References provided should be directly related to the requirements in the SOW. The City is particularly interested in government references. The City may obtain other information by sending out questionnaires and/or through other sources. References other than those identified by the Offeror may be contacted by the City with the information received used in the evaluation.

The Offeror shall provide references from at least three contracts, within the last three years that are similar in size, scope and complexity to Part 1 – PROFESSIONAL FINANCIAL ADVISORY SERVICES.

17. Additional Information. Offerors are asked not to include loose brochures (e.g. general marketing material). **BROCHURE MATERIAL WILL NOT BE CONSIDERED FOR REVIEW.** Only pertinent information should be submitted.

#### 4.2 Copies Required

Paper – One (1) complete, original copy (signed in blue ink where required) and **Five (5) copies**, both contained in a single sealed submission. All responses shall contain those pages on which prices, other information, or signatures are required.

Electronic – One (1) electronic copy on a CD-ROM or flash drive. Format of the electronic copy must be either .doc (readable by Microsoft Word 2003 or 2007) or .pdf (readable by Adobe Reader 9). The content of the electronic file shall be an exact submission of the hard copies of the proposals (i.e., documents should bear signatures, where applicable and be filled out entirely). In event of discrepancy/conflict between the hard copy and an electronic copy will govern.

#### 4.3 Fee Proposal

The term of this contract shall be for: **FIVE (5) YEARS** with no option to extend the contract.

##### 4.3.1 Fee Proposal

Offerors should include the total cost of the PROFESSIONAL FINANCIAL ADVISORY SERVICES. Assumptions made by the Offerors about the needs, functions and/or requirements of the City, outside of those contained in this solicitation or provided to Offerors subsequent to the issuance of this solicitation, and used to calculate costs should be clearly noted in the response.

#### Fee Proposal

Submittal must include a proposed fee schedule for providing the services outlined in the RFQ. Fee schedules are not considered a part of the award selection process and will not be considered during the ranking of proposals.

Fee Proposal is not an evaluation factor however; the City requires that respondents **submit a proposal cost for the services requested in this solicitation in a separate envelope** and write the Request for Qualification Number, Request for Qualification Title, and Proposal Opening Date clearly on a visible section of the envelope and mail or hand deliver to the address specified in Section 2.6, #4 Offer Submission Instructions.

## **PROMPT PAYMENT**

Unless a prompt payment discount is offered and accepted by the City of El Paso, payments will be made to the Contractor within thirty (30) days following acceptance by the City of El Paso of goods or services, and receipt of a properly prepared invoice by the City Department identified in the Invoice Instructions set forth on the Purchase Order, whichever is later. Any discount for prompt payment will be calculated from the day goods or services are accepted or when a properly prepared invoice is received. Payments will be considered to have been made on the date of mailing (postmark) of the payment check or, for an electronic funds transfer, the specified payment date. Invoices are to be submitted in single copy to the appropriate Department.

PAYMENT TERMS:            Please mark appropriate block.

- \_\_\_\_\_ % - 10 Days      
\_\_\_\_\_ % - 20 Days      
\_\_\_\_\_ % - 30 Days      
Net - 30 Days

Late Payment fees will incur at the State of Texas statutory rate.

## **PART 5 - PROPOSAL EVALUATION**

### **5.1 Evaluation Factors**

The proposal evaluation process is designed to award the contract, not necessarily to the Respondent of least cost, but rather to the Respondent with the best combination of attributes (i.e., qualifications and experience, cost) based upon the evaluation factors specifically established for this RFQ.

Respondents must provide all information outlined in the Evaluation Factors to be considered responsive. Proposals will be evaluated based on the responsiveness of the Respondent's information to the Evaluation Factors which will demonstrate the Respondent's understanding of the Evaluation Factors and capacity to perform the required services of this Request for Proposals.

Proposals will be evaluated based on the following Evaluation Factors:

<b>EVALUATION FACTORS</b>	<b>MAXIMUM POINTS</b>
A. Firm's Experience in Financial Advisory Services	25 Points
B. Experience of Individuals Assigned to Contract	20 Points
C. Financing Techniques	20 Points
D. General Overview of Firm and Services	15 Points
E. Local Knowledge and Support	15 Points
F. Trading Desk or Other Source of Market Information	5 Points
<b>TOTAL</b>	<b>100 Points</b>

**The establishment, application and interpretation of the above Evaluation Factors shall be solely within the discretion of The City of El Paso ("the City").** The City reserves the right to determine the suitability of proposals on the basis of all these factors.

**5.2 Evaluation Factor Description**

The maximum points that shall be awarded for each of the Evaluation Factors are detailed and described below.

**EVALUATION FACTOR A**

**Firm's Experience in Financial Advisory Services.....25 Points**

The firm should provide a description, including resumes, of the professional(s) that will provide direct financial advisory services to the City, including the name of the lead consultant for this account and his/her primary office location. The primary individual assigned to the City should be a licensed public finance professional. The firm must be licensed in the State of Texas.

**EVALUATION FACTOR B**

**Experience of Individuals Assigned to Contract..... 20 Points**

**EVALUATION FACTOR C**

**Financing Techniques .....20 Points**

Describe the firm's depth of knowledge of Texas City's financing techniques and provide a list of the municipal tax-exempt and taxable financings that have been completed for the last 5 years for which the firm served as financial advisor for cities in the State of Texas. Please include issuer, issue description, and par amount.

**EVALUATION FACTOR D**

**General Overview of Firm and Services .....15 Points**

**EVALUATION FACTOR E**

**Local Knowledge and Support .....15 Points**

Describe the firm's experience and/or knowledge of the City's political, economic, financial, legal or other issues and environment that may affect a proposed financing. Describe the firm's familiarity with GFOA's Recommended Practices relating to the selling of bonds and the selection of finance professionals. Please provide any other information that the City should consider in selecting its Financial Advisor.

**EVALUATION FACTOR F**

**Trading Desk or Other Source of Market Information .....5 Points**

If applicable, a complete description of the firm's short and long-term municipal underwriting and trading desk activities should be included in the proposal for evaluation by the CFO. If the firm does not have its own underwriting desk, then describe other resources the firm will use to provide pertinent pricing and market information

**MAXIMUM TOTAL POSSIBLE POINTS..... 100 Points**

### 5.3 Evaluation and Award Process-General Information

- A. All offers are subject to the terms and conditions of this solicitation. Material exceptions to the terms and conditions, or failure to meet the City's minimum specifications, shall render the offer non-responsive to the solicitation.
- B. Any award made under this solicitation shall be made to the Offeror who provides goods or services, other than professional services as defined by Section 2254.002 of the Government Code, that are determined to be the most advantageous to the City. Factors to be considered in determining the proposal most advantageous to the City are included below.
- C. After the highest ranked offeror is selected by the evaluation committee, prompt payment discounts will be considered when making a determination that the negotiated price is fair and reasonable, providing the City is allowed at least ten (10) days in which to take advantage of the discount.
- D. As part of the requirement to establish the responsibility of the Offeror, the City of El Paso may perform a price analysis to determine the reasonableness of the price(s) of the highest ranked Offeror's professional services. Prices that appear to be unreasonably low may be determined to be evidence that pricing is not fair and reasonable and cause the Offer to be rejected.

#### 5.3.1 Evaluation and Award Process

- A. An Evaluation Committee shall be established to evaluate responses based solely on the Evaluation Factors set forth below. Factors not specified in the RFQ will not be considered. The City reserves the right to waive any minor irregularities or technicalities in the offers received. Responses will be evaluated on an individual basis against the requirements stated in the RFQ.
- B. Minor problems of completeness or compliance may be called to the attention of Offerors for clarification. Substantial deviations from specifications or other requirements of this RFQ will result in disqualification of an offeror's response.
- C. Award of a contract for professional services will be made on the basis of demonstrated competence and qualifications to perform the services and for a fair and reasonable price. Detailed evaluation of the responses to this RFQ will involve a determination of the most favorable combination of various elements contained in this RFQ.
- D. During the evaluation process, the City reserves the right, where it may serve in the City's best interest, to request additional information or clarifications from Offerors, or to allow corrections of errors or omissions.
- E. All responses meeting the minimum specifications of the scope of work will be ranked based on the evaluation criteria listed. After initial evaluations, the Evaluation Committee will determine a competitive range. The competitive range includes the proposals that have a reasonable chance of being selected for award considering all aspects of the RFQ. If required, only those respondents within the competitive range may be selected for an oral presentation and/or interview.
- F. A presentation/interview process may be arranged to assist the Evaluation Committee in differentiating those respondents within the competitive range. Points may be deducted or added to respondent's preliminary score as deemed necessary by the Evaluation Committee.

- G. At the completion of the evaluation period, the City will enter into negotiations with the highest ranked offeror. If the City cannot come to an agreement with that offeror it will formally end negotiations with that respondent and begin negotiations with the next highest ranked respondent.
- H. The City reserves the right to negotiate the final scope of services, price, schedule, and any and all aspects of this solicitation with the highest ranked respondent.
- I. Responses to this RFQ that are considered non-responsive will not receive consideration. The City reserves the right at any time during the evaluation process to reconsider any proposal submitted. It also reserves the right to meet with any Respondent at any time to gather additional information. Furthermore, the City reserves the right to delete, add or modify any aspect of this procurement through competitive negotiations up until the final contract signing.
- J. The successful Offeror's response to this RFQ will be incorporated into the final contract. Any false or misleading statements found in the proposal will be grounds for disqualification or contract termination. Submission of a proposal indicates acceptance by the Offeror of the conditions contained in this RFQ, unless clearly and specifically noted in the proposal and confirmed in the contract between the City and the Offeror selected.
- K. The City reserves the right to award this contract to one Respondent. The city may reject any or all offers if such action is in the City's interest, award, waive informalities and minor irregularities in offers received, and award all or part of the requirements stated.

**PART 6 - MANDATORY SUBMITTALS .....**

- 6.1 Acknowledgement by Offeror.....
- 6.2 Business Information Certification .....
- 6.3 Non-Collusion and Business Disclosure Affidavit .....
- 6.4 Indebtedness Affidavit.....

- Attachment "A" - CONTRACT CLAUSES.....**
- Attachment "B" - CITY OF EL PASO DEBT MANAGEMENT POLICY .....**

## Responsibility Determination

The responsibility determination includes consideration of a Respondent's integrity, compliance with public policy, past performance with the City (if any), financial capacity and eligibility to perform government work (e.g., debarments/suspension from any Federal, State, or local government). The City reserves the right to perform whatever research it deems appropriate in order to access the merits of any Respondent's proposal.

### A. Financial Capacity Determination

#### FINANCIAL INFORMATION

**Financial Statements.** Please provide financial statements for your organization for at least the last two (2) fiscal years as follows:

If a **publicly** held organization:

- (1) Consolidated financial statements as submitted to the Securities and Exchange Commission (SEC) on Form 10K.
- (2) The most recent Forms 100 since the last Form 10K was submitted.
- (3) Any Form 8K's in your last fiscal year.

If a **privately** held organization:

- (1) Balance sheet for your last two fiscal years certified by an independent Certified Public Accountant.
- (2) Statement of income of your last two fiscal years certified by an independent Certified Public Accountant.

Management discussion and analysis of your organization's financial condition for the last two years indicating any changes in your financial position since the certified statements were prepared.

If not considered proprietary, any recent Management Letters.

#### **Evidence of Financial Responsibility.**

Submit evidence of financial responsibility. This may be a credit rating from a qualified firm preparing credit rating or a bank reference.

The City reserves the right to confirm and request clarification of all financial information provided (including requesting audited financial statements certified by an independent Certified Public Accountant), or to request documentation of the Offeror's ability to comply with all of the requirements in the Proposal Documents.

Incomplete disclosures may result in a proposal being deemed non-responsive.

Note: Dun & Bradstreet has the capability to obtain information on past performance on specific contractors. Accordingly, the City of El Paso may require Offerors to provide a copy of a recent past performance report prepared by Dun & Bradstreet. The Past Performance Evaluation Report provided to the Offeror by Dun & Bradstreet shall be submitted, not later than 14 calendar days after request by the City. The Offeror shall be responsible for the cost of Dun & Bradstreet's preparation of the report.

**B. Technical Capacity Determination**

The City may conduct a survey relating to the Respondent's record of performance on past and present projects that are similar to the scope of work identified in this RFQ, which may include services/projects not identified by the Respondent. The City reserves the right to perform whatever research it deems appropriate in order to assess the merits of any Respondent's proposal. Such research may include, but not necessarily be limited to, discussions with outside Respondents, interviews and site visits with the Respondent's existing clients and analysis of industry reports. The City will make a finding of the Respondent's Technical Resources/Ability to perform the RFQ scope of work based upon the results of the survey.

A Respondent will be determined responsible if the City determines that the results of the Technical Resources/Ability survey reflect that the Respondent is capable of undertaking and completing the RFQ scope of work in a satisfactory manner.

**ACKNOWLEDGEMENT BY OFFEROR**

**The undersigned hereby acknowledges and agrees that:**

1. The Request for Proposals has been reviewed by the undersigned prior to the execution of this proposal;
2. The City may reject any or all proposals submitted;
3. The City may award the privilege to the Offeror that, in the sole opinion of the City, provides best value to the City and the public interest;
4. The decision of the City in selection of the successful Offeror shall be final, and not subject to review or attack; and
5. This proposal is made with full knowledge of the foregoing and in full agreement thereto.

By submission of this proposal, the Offeror acknowledges that the City of El Paso has the right to make any inquiry or investigation it deems appropriate to substantiate or supplement information contained in the proposal and related documents, and authorizes release to the City of El Paso of information sought in such inquiry or investigation.

ATTESTED BY: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**(Corporate seal, if applicable)**

## BUSINESS INFORMATION CERTIFICATION

Mark all that apply.

- |   |  |
|---|--|
| <input type="checkbox"/> Manufacturer or Producer | <input type="checkbox"/> Disadvantaged Business Enterprise   |
| <input type="checkbox"/> Wholesaler               | <input type="checkbox"/> Asian - Pacific American  |
| <input type="checkbox"/> Retailer                 | <input type="checkbox"/> Black American  |
| <input type="checkbox"/> Franchised Distributor   | <input type="checkbox"/> Hispanic American   |
| <input type="checkbox"/> Factory Representative   | <input type="checkbox"/> Native American   |
| <input type="checkbox"/> Other _____              | <input type="checkbox"/> Woman Owned Business  |
| <input type="checkbox"/> Large Business           | <input type="checkbox"/> Handicapped   |
| <input type="checkbox"/> Small Business           | <input type="checkbox"/> Local Business Enterprise   |
|   | <input type="checkbox"/> HUB State Certified Historically Underutilized Business<br>(please furnish copy of Certification) |

**SMALL BUSINESS CONCERN:** Less than \$1,000,000.00 in annual receipts or fewer than one hundred [100] full time employees.

**DISADVANTAGED BUSINESS ENTERPRISE:** At least fifty-one percent [51%] owned by one or more socially disadvantaged individuals, or a publicly held corporation with at least fifty-one percent [51%] of the stock owned by one or more such individuals.

**WOMAN-OWNED BUSINESS:** At least fifty-one percent [51%] owned by a woman, or women, who also control and operate the business. "Control" in this context means making policy decisions. "Operate" in this context means actively carrying on day to day management

**HANDICAPPED:** At least fifty-one percent [51%] owned by a person or persons with an orthopedic, otic [hearing], optic [visual], or mental impairment which substantially limits one or more of their major life activities.

**LOCAL BUSINESS ENTERPRISE:** A legal entity, a least fifty-one percent [51%] of which is owned by a resident, or residents of El Paso County, and which concern has been physically located within the legal boundaries of El Paso county for at least twelve [12] months.

**HUB [HISTORICALLY UNDERUTILIZED BUSINESS]:** A Business Enterprise, which has been granted a Certificate by the State of Texas, as a Historically Underutilized Business. The City of El Paso utilizes information on Historically Underutilized Businesses (HUB), from the State of Texas Comptroller of Public Accounts (CPA), HUB Program, 1711 San Jacinto Ave, P.O. Box 13186, Austin, Texas 78711. The City encourages you to contact the State if you feel you may qualify.

I certify that the foregoing information is a full, true and correct statement of the facts.

\_\_\_\_\_  
Signature of Person Authorized to Sign Application

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date



City Of El Paso  
Financial Services Department – Purchasing Division

**NON-COLLUSION AND BUSINESS DISCLOSURE AFFIDAVIT**

**THIS IS AN OFFICIAL PURCHASING DOCUMENT – RETAIN WITH PURCHASE ORDER FILE**

Before me, the undersigned official, on this day, personally appeared \_\_\_\_\_, a person known to me to be the person whose signature appears below; whom after being duly sworn upon his/her oath deposed and said:

1. I am over the age of 18, have never been convicted of a crime and am competent to make this affidavit.
2. I am a duly authorized representative of the following company or firm (the "Offeror") which is submitting a response to 2012-223R PROFESSIONAL FINANCIAL ADVISORY SERVICES–FINANCIAL SERVICES :  
\_\_\_\_\_  
(Name of Offeror).
3. **BY SUBMITTING THIS BID, I CERTIFY THAT OFFEROR AND ITS AGENTS, OFFICERS OR EMPLOYERS HAVE NOT DIRECTLY OR INDIRECTLY ENTERED INTO ANY AGREEMENTS, PARTICIPATED IN ANY COLLUSION, OR OTHERWISE TAKEN ANY ACTION IN RESTRAINT OF FREE COMPETITIVE BIDDING IN CONNECTION WITH THIS PROPOSAL OR WITH ANY CITY OFFICIAL.**
4. I have listed in Paragraph 10 below all the names the Offeror uses and has used in the past and certify that I have disclosed all such names, including any assumed (DBA) names.
5. **Certificate of Organization.** In completing this Affidavit, I have attached a copy of the organization certificate issued by the Secretary of State of the state in which the company was organized (i.e. Certificate of Formation, Certificate of Good Standing, Statement of Operation or Registration and/or a copy of Assumed Name Certificate if the Offeror/Offeror used a trade name in the Solicitation documents is other than the name under which company was organized).
6. **Material Change in Organization or Operation.** *Except as described in Paragraph 10 below*, I certify that Offeror is not currently engaged nor does it anticipate that it will engage in any negotiation or activity that will result in the merger, transfer of organization, management reorganization or departure of key personnel within the next twelve (12) months that may affect the Offeror's ability to carry out the contract with the City of El Paso.
7. **Debarment/Suspension.** *Except as described in Paragraph 10 below*, I certify that Offeror and its subcontractors, officers or agents are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any covered transactions by any federal, state or local department or agency. If such an event has occurred, state in Paragraph 10 below, the reason for or the circumstances surrounding the debarment or suspension, including but, not limited to, the name of the governmental entity, the period of time for such debarment or suspension and provide the name and current phone number of a governmental contact person familiar with the debarment or suspension.  
  
I understand the Offeror is obligated to immediately inform the City in the event that the Offeror is included in such a debarment/suspension list during the performance of this Contract with the City of El Paso.
8. **Default/Termination of Contracts.** *Except as described in Paragraph 10 below*, I certify that, within the last 24 months, there are no Contract(s) between the Offeror and a governmental entity that have been terminated, with or without the Offeror's default. If such a contract has been terminated within the last 24 months, state in Paragraph 10 below the reason for or circumstances surrounding the termination.
9. **Taxpayer Identification.** In completing this Affidavit, I have also attached a copy of a completed Form W-9 that shows the Offeror's taxpayer identification number (Employer Identification Number or Social Security Number). I understand that failure

to provide this information may require the City to withhold 20% of payments due under the contract and pay that amount directly to the IRS.

10. Additional Information (state the number of paragraph above which corresponds to the information provided)

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*(Attach additional pages if needed)*

*Attached are the following:*

- Certificate of Organization (required by Paragraph 5)
- Taxpayer Identification (required by Paragraph 9)

I understand that by providing false information on this Affidavit, I could be found guilty of a Class A misdemeanor or state jail felony under the Texas Penal Code, Section 37110. In addition, by providing false information on this Affidavit, the Offeror it could be considered not responsible on this and future solicitations, and such determination could result in the discontinuation of any/all business or contracts with the Offeror by the City of El Paso.

SUBSCRIBED AND SWORN to before me on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Signature \_\_\_\_\_

Notary Public \_\_\_\_\_

Printed Name \_\_\_\_\_

Commission Expires \_\_\_\_\_



**City Of El Paso  
Financial Services Department – Purchasing Division**

**INDEBTEDNESS AFFIDAVIT**

**THIS IS AN OFFICIAL PURCHASING DOCUMENT – RETAIN WITH PURCHASE ORDER FILE**

Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_ [FULL NAME]  
(hereafter “*Affiant*”), a person known to me to be the person whose signature appears below, whom after being duly sworn upon  
his/her oath deposed stated as follows:

1. Affiant is authorized and competent to give this affidavit and has personal knowledge of the facts and matters herein stated.
2. Affiant is an authorized representative of the following company or firm: \_\_\_\_\_  
[*Contracting Entity's Corporate or Legal Name*] (hereafter, “*Contracting Entity*”).
3. Affiant is submitting this affidavit in response to the following bid: *Solicitation No. 2012-223R PROFESSIONAL FINANCIAL ADVISORY SERVICES– FINANCIAL SERVICES*, which is expected to be in an amount that exceeds \$50,000.00.
4. Contracting Entity is organized as a business entity as noted below (check box as applicable):

**For Profit Entity (select below):**

- Sole Proprietorship
- Corporation
- Partnership
- Limited Partnership
- Joint Venture
- Limited Liability Company
- Other (Specify type in space provided below):  
\_\_\_\_\_

**For Non-Profit Entity or Other (select below):**

- Non-Profit Corporation
- Unincorporated Association

5. The information shown below is true and correct for the Contracting Entity. If Contracting Entity is a sole proprietorship or partnership, list all owners of 5% or more of the Contracting Entity. Where the Contracting Entity is an unincorporated association, the required information has been shown for each officer. [Note: In all cases, use FULL name, business and residence addresses and telephone numbers.]

**Contracting Entity:**

Name	
Business Address [No./Street]	
City/State/Zip Code	
Telephone Number	
Resident Address (if applicable)	
City/State/Zip Code	
Telephone Number	
Federal Tax ID Number	
Texas Sales Tax Number	

**5% Owner(s) or Officers of Unincorporated Association \*\* (If none, state "None"):**

Name	
Business Address [No./Street]	
City/State/Zip Code	
Telephone Number	
Resident Address (if applicable)	
City/State/Zip Code	
Telephone Number	

\*\* Attach additional pages if necessary to supply the required names and addresses.

6. Affiant understands that in accordance with Ordinance No. 016529 of the City of El Paso (the "City"), the City may refuse to award a contract to or enter into a transaction with Contracting Entity that is an apparent low Offeror or successful Offeror that is indebted to the City.
7. Affiant understands that the term "*Debt*" shall mean any sum of money, which is owed to the City by a Contracting Entity, Owner, or Vendor, that exceeds one hundred dollars (\$100.00) and that has become Delinquent, as defined hereinafter. Such Debt shall include but not be limited to: (i) property taxes; (ii) hotel/motel occupancy taxes; and (iii) license and permit fees.
8. Affiant understands that the term "*Delinquent*" shall mean any unpaid Debt that is past due for sixty (60) days or more and, which is not currently subject to challenge, protest, or appeal.
9. Affiant represents that to the best of its knowledge, the Contracting Entity is not indebted to the City in any amounts as described in Item No. 7 above, as of the date of the submittal. If the Contracting Entity is indebted to the City, the following represents the type and estimated amount of indebtedness:

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10. If the Contracting Entity is indebted to the City, describe any payment arrangements that have been entered into to settle the Debt.

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11. In the event that the City refuses to do business with a Contracting Entity due to any indebtedness listed above or as determined by the City Financial Services Department, the Contracting Agency may appeal this determination in accordance with the appeal regulations in Ordinance 016529.

Affiant certifies that he is duly authorized to submit the above information on behalf of the Contracting Entity, that Affiant is associated with the Contracting Entity in the capacity noted above and has personal knowledge of the accuracy of the information provided herein; and that the information provided herein is true and correct to the best of Affiant's knowledge and belief. Affiant understands that providing false information on this form shall be grounds for debarment and discontinuation of any/all business with the City of El Paso.

SUBSCRIBED AND SWORN to before me on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Signature \_\_\_\_\_

Notary Public \_\_\_\_\_

Printed Name \_\_\_\_\_

Commission Expires \_\_\_\_\_



## ATTACHMENT A CONTRACT CLAUSES

### 1. TYPE AND TERM OF CONTRACT

This is a Request for Qualifications contract under which the City shall order all of its supplies and/or services described in Section A from the successful bidder, hereinafter referred to as the Contractor, for the duration of the contract.

In the event the City has not obtained another service contractor by the expiration date of the term contract, the City, at its discretion, may extend the contract on a month-to-month basis not to exceed six (6) months until such time as a new contract is awarded.

The term of this agreement shall be for FIVE (5) YEARS commencing on the date the Contractor receives a written NOTICE OF AWARD. Delivery of the NOTICE OF AWARD shall be by Certified Mail, and the date of receipt shall be established as the date of Delivery shown on the US Postal Service Domestic Return Receipt form or facsimile confirmation.

### 2. INVOICES & PAYMENTS

- A. The Contractor will submit invoices, in single copy, on each contract after each delivery. Invoices covering more than one purchase order will not be accepted.
- B. Invoices will be itemized, including serial number of unit; transportation charges, if any, will be listed separately.
- C. Invoices will reflect the Contract Number and the Purchase Order Number.
- D. Do not include Federal Tax, State Tax, or City Tax. The City will furnish a tax exemption certificate upon request.
- E. Discounts will be taken from the date of receipt of goods or date of invoice, whichever is later.
- F. A copy of the bill of lading and the freight waybill when applicable will be attached to the invoice.
- G. Payment will not be due until the above instruments are submitted after delivery and acceptance.
- H. Mail invoices to the City Department indicated in the Invoice Instructions set forth on the Purchase Order.
- I. Contractor shall advise the Comptroller of any changes in its remittance addresses.

### 3. CONTRACTUAL RELATIONSHIP

Nothing herein will be construed as creating the relationship of employer and employee between the City and the Contractor or between the City and the Contractor's employees. The City will not be subject to any obligations or liabilities of the Contractor or his employees incurred in the performance of the contract unless otherwise herein authorized. The Contractor is an independent Contractor and nothing contained herein will constitute or designate the Contractor or any of his employees as employees of the City. Neither the Contractor nor his employees will be entitled to any of the benefits established for City employees, nor be covered by the City's Workers' Compensation Program.

4. **INDEMNIFICATION [Rev. 04-15-99] [Rev. 01-04-04]**  
Contractor or its insurer will **INDEMNIFY, DEFEND AND HOLD** the City, its officers, agents and employees, **HARMLESS FOR AND AGAINST ANY AND ALL CLAIMS, CAUSES OF ACTION, LIABILITY, DAMAGES OR EXPENSE, (INCLUDING BUT NOT LIMITED TO ATTORNEY FEES AND COSTS) FOR ANY DAMAGE TO OR LOSS OF ANY PROPERTY, OR ANY ILLNESS, INJURY, PHYSICAL OR MENTAL IMPAIRMENT, LOSS OF SERVICES, OR DEATH TO ANY PERSON ARISING OUT OF OR RELATED TO THIS AGREEMENT.** Without modifying the conditions of preserving, asserting or enforcing any legal liability against the City as required by the City Charter or any law, the City will promptly forward to Contractor every demand, notice, summons or other process received by the City in any claim or legal proceeding contemplated herein. Contractor will 1) investigate or cause the investigation of accidents or occurrences involving such injuries or damages; 2) negotiate or cause to be negotiated the claim as the Contractor may deem expedient; and 3) defend or cause to be defended on behalf of the City all suits for damages even if groundless, false or fraudulent, brought because of such injuries or damages. Contractor will pay all judgments finally establishing liability of the City in actions defended by Contractor pursuant to this section along with all attorneys' fees and costs incurred by the City including interest accruing to the date of payment by Contractor, and premiums on any appeal bonds. The City, at its election, will have the right to participate in any such negotiations or legal proceedings to the extent of its interest. The City will not be responsible for any loss of or damage to the Contractor's property from any cause.

### 5. GRATUITIES

The City may, by written notice to the Contractor, cancel this contract without liability to Contractor if it is determined by the City that gratuities, in the form of entertainment, gifts, or otherwise, were offered or given by the Contractor, or any agent or representative of the Contractor, to any officer or employee of the City of El Paso with a view toward securing a contract or securing favorable treatment with respect to the awarding or amending, or the making or any determinations with respect to the performing of such a contract. In the event this contract is canceled by the City pursuant to this provision, the City shall be entitled, in addition to any other rights and remedies, to recover or withhold the amount of the cost incurred by the Contractor in providing such gratuities.

## 6. WARRANTY-PRICE

- A. The price to be paid by the City will be that contained in the Contractor's bid which the Contractor warrants to be no higher than Seller's current prices on orders by others for products of the kind and specification covered by this contract for similar quantities under similar or like conditions and methods of purchase. In the event Contractor breaches this warranty the prices of the items will be reduced to the Contractor's current prices on orders by others, or in the alternative, the City may cancel this contract without liability to Contractor for breach or Contractor's actual expense.
- B. The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for commission, percentage, brokerage, or contingent fee excepting bona fide employees of bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty the City will have the right in addition to any other right or rights to cancel this contract without liability and to deduct from the contract price, or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

## 7. RIGHT TO ASSURANCE

Whenever one party to this contract in good faith has reason to question the other party's intent to perform, he may demand that the other party give written assurance of his intent to perform. In the event that a demand is made and no assurance is given within five (5) calendar days, the demanding party may treat this failure as an anticipatory repudiation of the contract.

## 8. TERMINATION [Rev. 06/07/97]

### A. Termination for Convenience

The City of El Paso may terminate this contract, in whole or in part, at any time by written notice to the Contractor. The Contractor will be paid its costs, including the contract close out costs, and profit on work performed up to the time of termination. The Contractor will promptly submit its termination claim to the City of El Paso to be paid the Contractor. If the Contractor has any property in its possession belonging to the City of El Paso, the Contractor will account for the same, and dispose of it in the manner the City of El Paso directs.

### B. Termination for Default

If the Contractor fails to comply with any provision of the contract the City of El Paso may terminate this contract for default. Termination shall be effected by serving a notice of intent to terminate the contract setting forth the manner in which the Contractor is in default. The Contractor will be given an opportunity to correct the problem within a reasonable time before termination notice is rendered. The Contractor will only be paid the contract price for supplies delivered and accepted, or services performed in accordance with the manner of performance set forth in the contract. The City shall have the right to immediately terminate the Contract for default if the Contractor violates any local, state, or federal laws, rule or regulations that relate to the performance of this Agreement.

## 9. ADDITIONAL REMEDIES [New 12/96]

If the City terminates the contract because the Contractor fails to deliver goods as required by the contract, the City shall have all of the remedies available to a buyer pursuant to the *UNIFORM COMMERCIAL CODE* including the right to purchase the goods from another vendor in substitution for those due from the Contractor. The cost to cover shall be the cost of substitute goods determined by informal or formal procurement procedures as required by the Local Government Code. The City may recover the difference between the cost of cover and the contract cost by deducting the same from amounts owed to Contractor for goods delivered prior to termination or any other lawful means.

## 10. TERMINATION FOR DEFAULT BY CITY [Rev. 06/09/97]

If the City fails to perform any of its duties under this contract, Contractor may deliver a written notice to the Purchasing Manager describing the default, specifying the provisions of the contract under which the Contractor considers the City to be in default and setting forth a date of termination not sooner than 90 days following receipt of the Notice. The Contractor at its sole option may extend the proposed date of termination to a later date. If the City fails to cure such default prior to the proposed date of termination, Contractor may terminate its performance under this Contract as of such date.

## 11. FORCE MAJEURE [Rev. 06/07/97]

If, by reason of Force Majeure, either party hereto will be rendered unable wholly or in part to carry out its obligations under this Contract then such party will give notice and full particulars of such Force Majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied upon, and the obligation of the party giving such notice, so far as it is affected by such Force Majeure, will be suspended for only thirty (30) days during the continuance of the inability then claimed, except as hereinafter provided, but for no longer period, and such party will try to remove or overcome such inability with all reasonable dispatch.

The term Force Majeure as employed herein, will mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemies, orders of any kind of government of the United States or the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines, or canals. It is understood and agreed that the settlement of strikes and lockouts will be entirely within the discretion of the party having the difficulty, and that the above requirement that any Force Majeure will be remedied with all reasonable dispatch will not require the settlement of strikes and lockouts by acceding to the demands of the opposing party or parties when such settlement is unfavorable in the judgment of the party having the difficulty. If a party is unable to comply with the provisions of this contract by reason of Force Majeure for a period beyond thirty days after the event or cause relied upon, then upon written notice after the thirty (30) days, the affected party shall be excused from further performance under this contract.

## 12. ASSIGNMENT-DELEGATION

No right or interest in this contract will be assigned or delegation of any obligation made by the Contractor without the written permission of the City. Any attempted assignment or delegation by the Contractor will be wholly void and totally ineffective for all purposes unless made in conformity with this paragraph.

### 13. WAIVER

No claim or right arising out of a breach of this contract can be discharged in whole or in part by a waiver or renunciation of the claim or right unless the waiver or renunciation is supported by consideration and is in writing signed by the aggrieved party.

### 14. INTERPRETATION-PAROL EVIDENCE

This writing is intended by the parties as a final expression of their agreement and is intended also as a complete and exclusive statement of the terms of their contract. No course of prior dealings between the parties and no usage of the trade will be relevant to supplement or explain any term used in this contract. Acceptance or acquiescence in a course of performance rendered under this contract will not be relevant to determine the meaning of this contract even though the accepting or acquiescing party has knowledge of the performance and opportunity for objection. Whenever a term defined by the Uniform Commercial Code is used in this contract, the definition contained in the Code is to control.

### 15. APPLICABLE LAW

The law of the State of Texas will control this contract along with any applicable provisions of Federal law or the City Charter or any ordinance of the City of El Paso.

### 16. ADVERTISING

Contractor will not advertise or publish, without the City's prior consent, the fact that the City has entered into this contract, except to the extent necessary to comply with proper requests for information from an authorized representative of the federal, state or local government.

### 17. AVAILABILITY OF FUNDS

The awarding of this contract is dependent upon the availability of funding. In the event that funds do not become available the contract may be terminated or the scope may be amended. A 30-day written notice will be given to the vendor and there will be no penalty nor removal charges incurred by the City.

### 18. VENUE

Both parties agree that venue for any litigation arising from this contract will lie in El Paso, El Paso County, Texas.

### 19. ADDITIONAL REMEDY FOR HEALTH OR SAFETY VIOLATION

If the Manager of Purchasing determines that Contractor's default constitutes an immediate threat to the health or safety of City employees or members of the public he may give written notice to Contractor of such determination giving Contractor a reasonable opportunity to cure the default which shall be a period of time not less than 24 hours. If the Contractor has not cured the violation within the time stated in the notice, the City shall have the right to terminate the contract immediately and obtain like services as necessary to preserve or protect the public health or safety from another vendor in substitution for those due from the Contractor at a cost determined by reasonable informal procurement procedures. The City may recover the difference between the cost of substitute services and the contract price from Contractor as damages. The City may deduct the damages from Contractor's account for services rendered prior to the Notice of Violation or for services rendered by Contractor pursuant to a different contract or pursue any other lawful means of recovery. The failure of the City to obtain substitute services and charge the Contractor under this clause is not a bar to any other remedy available for default.

### 20. COMPREHENSIVE GENERAL LIABILITY INSURANCE

For the duration of this contract and any extension hereof, Contractor shall carry in a solvent company authorized to do business in Texas, comprehensive general liability insurance in the following amounts:

\$1,000,000.00 – Per Occurrence  
\$1,000,000.00 – General Aggregate  
\$1,000,000.00 – Products/Completed Operations-Occurrence & Aggregate

With respect to the above-required insurance, the City of El Paso and its officers and employees shall be named as additional insured as their interests may appear. The City shall be provided with sixty (60) calendar days advance notice, in writing, of any cancellation or material change. The City shall be provided with certificates of insurance evidencing the above required insurance prior to the commencement of this contract and thereafter with certificates evidencing renewal or replacement of said policies of insurance at least fifteen (15) calendar days prior to the expiration or cancellation of any such policies.

Notices and Certificates required by this clause shall be provided to:

City of El Paso  
Financial Services Department/Purchasing Division  
2 Civic Center Plaza, 7<sup>th</sup> Floor  
El Paso, Texas 79901-1196  
Attn: DENIESE BAISLEY, PROCUREMENT ANALYST

Please refer to Bid Number/Contract Number and Title in all correspondence.

**Failure to submit insurance certification may result in contract cancellation.**

### 21. WORKERS' COMPENSATION

For the duration of this contract and any extension hereof, Contractor shall carry Workers' Compensation and Employers' Liability Insurance in the amount required by Texas law: \$500,000.00. Out-of-state Contractors that provide goods through US mail, UPS, etc. are exempt from this requirement.

### 22. CONTRACT ADMINISTRATION

The point of contact for the administration of this Contract, on behalf of the City of El Paso, is:

DENIESE BAISLEY  
PROCUREMENT ANALYST  
Telephone: (915) 541-4263  
Fax: (915) 541-4347  
Email: BAISLEYDX@elpasotexas.gov

Mail correspondence should be addressed to:

City of El Paso  
Financial Services - Purchasing Division  
2 Civic Center Plaza, 7<sup>th</sup> Floor  
El Paso, TX 79901-1196  
Attn: DENIESE BAISLEY, PROCUREMENT ANALYST

Please refer to Bid Number/Contract Number and Title in all correspondence.

### 23. COMPLIANCE WITH NON-DISCRIMINATION LAWS

The Contractor agrees that it, its employees, officers, agents, and subcontractors, will comply with all applicable federal and state laws and regulations and local ordinances of the City of El Paso in the performance of this Contract, including, but not limited to, the American with Disabilities Act, the Occupational Safety and Health Act, or any environmental laws.

The Contractor further agrees that it, its employees, officers, agents, and subcontractors will not engage in any employment practices that have the effect of discriminating against employees or prospective employees because of sex, race, religion, age, disability, ethnic background or national origin, or political belief or affiliation of such person, or refuse, deny, or withhold from any person, for any reason directly or indirectly, relating to the race, gender, gender identity, sexual orientation, color, religion, ethnic background or national origin of such person, any of the accommodations, advantages, facilities, or services offered to the general public by place of public accommodation.

### 24. RIGHT TO AUDIT

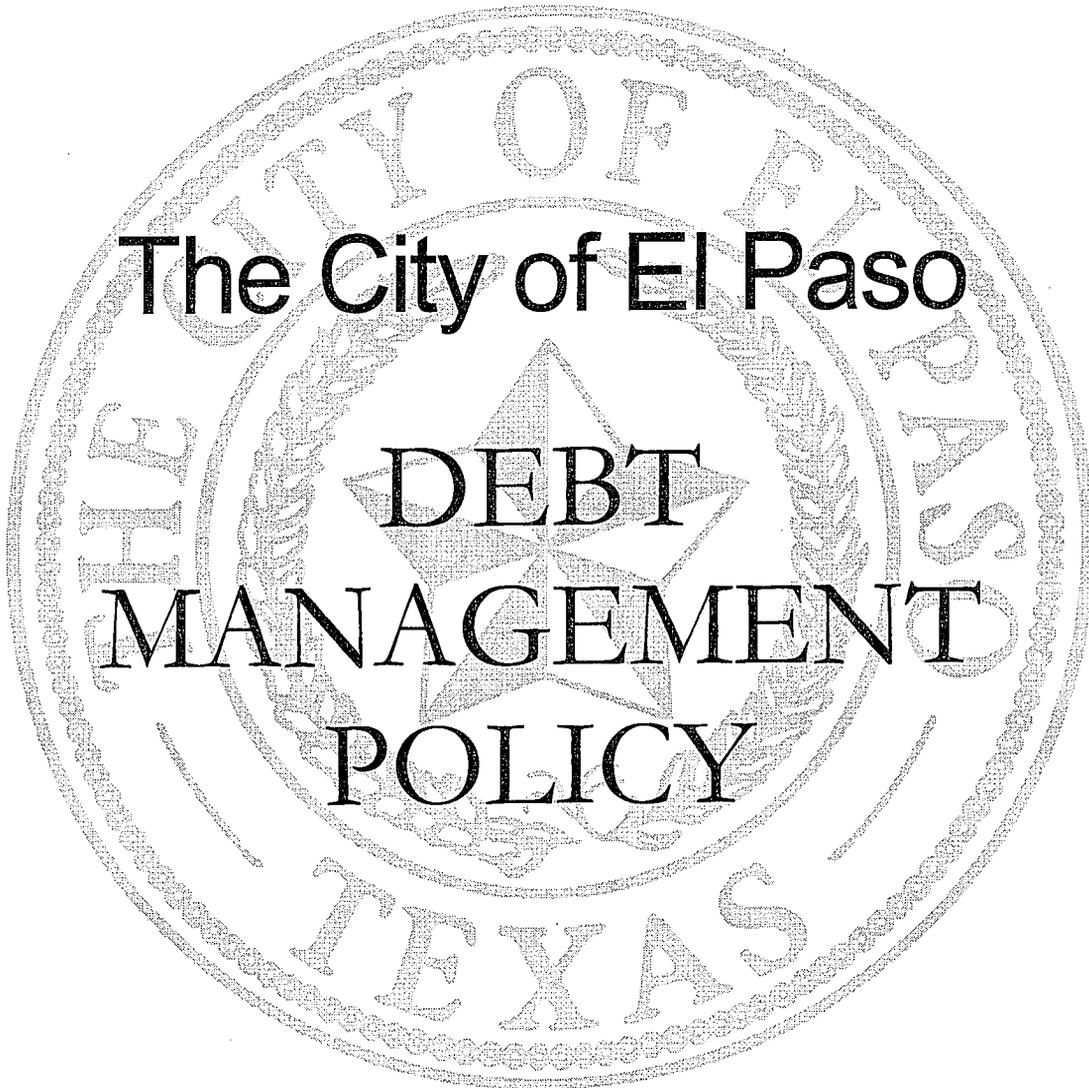
The Contractor agrees that the City shall, until the expiration of three (3) years after final payment under this Contract, have access to and the right to examine and copy any directly pertinent books, computer and digital files, documents, papers, and records of the Contractor involving transactions relating to this Contract. Contractor agrees that the City shall have access during normal working hours to all necessary Contractor facilities, and shall be provided adequate and appropriate workspace in order to conduct audits in compliance with the provisions of this section. The City shall give Contractor reasonable advance notice of intended audits. The City will pay Contractor for reasonable costs of any copying the City performs on the Contractor's equipment or requests the Contractor to provide. The Contractor agrees to refund to the City any overpayments disclosed by any such audit.

The Contractor agrees that it will include this requirement into any subcontract entered into in connection with this Contract.

### 25. COOPERATIVE PURCHASING

When stated specifically in the solicitation, the City of El Paso may participate in, sponsor, conduct or administer a cooperative procurement agreement with one or more other public bodies or agencies of the State of Texas for the purpose of combining requirements to increase the efficiency or reduce administrative expenses. The Contractor must deal directly with each participating governmental entity named in the solicitation concerning the placement of orders, issuance of the purchase order, insurance certificates, contractual disputes, invoicing and payment or any other terms or conditions the participating agency may require. The actual utilization of this contract award by the participating governmental entity is at the sole discretion of that participating entity.

The City of El Paso is acting on behalf of the participating governmental agency for the sole purpose of complying with Texas competitive bidding requirements and shall not be held liable for any costs, damages, etc. incurred by the Contractor with regard to any purchase by the participating agency. The City of El Paso shall be legally responsible only for payment for goods and services in the quantities detailed in the City's own purchase order or contract.



# The City of El Paso

## DEBT MANAGEMENT POLICY

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Adopted by Council on November 28, 2005; revised by Council on November 13, 2007; revised by Council on October 27, 2009; revised by Council on April 19, 2011; revised by Council on February 14, 2012.

# The City of El Paso

## Debt Management Policy

### 1.0 POLICY

It is the policy of the City of El Paso to develop and maintain a sound debt management program. This policy sets forth the parameters for issuing new debt as well as managing the outstanding debt portfolio, identifying the types and amounts of permissible debt, and maintaining the current bond rating in order to minimize borrowing costs and preserving access to credit. It is the intent of the City to establish this policy to provide guidance to staff to:

- Ensure high quality debt management decisions;
- Ensure that debt management decisions are viewed positively by rating agencies, investment community and citizenry-at-large;
- Ensure support for debt issuances both internally and externally;
- Demonstrate a commitment to long-term financial planning.

### 2.0 SCOPE

The City of El Paso Debt Management Policy (this "Policy") applies to all debt instruments issued by the City of El Paso regardless of the funding source. Funding sources can be derived from ad valorem taxes, general City revenues, enterprise fund revenues or any other identifiable source of revenue that may be identified for appropriate pledging for bonded indebtedness.

### 3.0 OBJECTIVES

The primary objective of this Policy is to ensure that the City establishes and maintains a solid position with respect to its debt service fund. It is intended to demonstrate that proceeds from long-term debt will not be used for current operations but rather for capital improvements and other long-term assets.

Other objectives include: i) bonds will be paid back within a period not to exceed, and preferably sooner than, the expected useful life of the capital project; ii) decisions will be made based on a number of factors and will be evaluated against long-term goals rather than a short-term fix.; and iii) debt service funds will be managed and invested in accordance with all federal, state and local laws.

### 4.0 STRUCTURE OF DEBT

Debt service will be structured, to the greatest extent possible, to match projected cash

flows, minimize the impact of future property tax levies, and maintain a relatively rapid payment of principal. The term of the debt issuance should equal the lesser of the useful life of the asset being financed or the maximum maturity permitted by State law for the obligations issued to finance the acquisition and construction of the asset.

#### 4.1 Fixed Interest versus Variable Interest

The City primarily issues fixed rate bonds to protect the City against interest rate risk. The City has the option to issue variable rate bonds and may, if market conditions warrant, consider such a structure. Commercial paper notes, due to their short term maturities (270 days or less), are treated as variable rate obligations.

#### 4.2 Other considerations

Bonds are generally issued with an average life of 20 years or less for general obligation bonds, certificates of obligation and revenue bonds but may be greater for some projects such as landfills and major utility facilities whose lives are greater than 20 years. Typically, interest is paid in the first fiscal year after a bond sale, and principal is paid no later than the second fiscal year after the debt is issued. Call provisions for bond issues shall be made as short as possible consistent with the lowest interest cost to the City. The targeted maximum length to call is 10 years. However, the City may opt for a call date longer than 10 years in order to achieve the necessary goals of the particular issue.

### 5.0 FINANCING ALTERNATIVES

It is the City's intent to develop a level of cash and debt funded capital improvement projects that provide the citizens with the desired amount of City services at the lowest cost. The City may use both general obligation bonds or certificates of obligations as deemed appropriate by City staff and approved by Council.

#### 5.1 General obligations bonds will be used if the following criteria is met:

- The size of the issuances is \$100 million or above.
- Funds will be used for new and expanded facilities, major repair/renovations to existing facilities, and quality-of-life projects.
- Useful lives of assets acquired will be fifteen (15) years or more; or will extend the useful life of an asset for more than (15) years.
- Voter authorized debt

5.1.1 The total dollar amount of bond election propositions recommended to the voters shall not exceed the City's estimated ability to issue said bonds within a normal 6 year period.

5.1.2 The use of reimbursement resolutions shall be encouraged as a cash management tool for general obligation debt funded projects.

5.1.3 Commercial paper can be used as a source of long-term financing for projects that have received voter authorization if City staff has determined that such financing is prudent. It is the policy of the City that the amount of commercial paper outstanding should not exceed 120% of the total investment portfolio of the City. It is the policy of the City that the net amount (total commercial paper less the investment portfolio) of commercial paper outstanding not exceed 25% of the amount of fixed rate debt outstanding. Commercial paper will be converted to refunding bonds when dictated by economic and business conditions.

5.1.4 Quality-of-life projects are defined as projects such as but not limited to the City's parks, museums, zoo, libraries, non-public safety facilities, and entertainment, sports and amusement-type facilities.

## 5.2 Certificates of Obligation – For Issuances < \$100 million

It is the City's priority to fund the majority of capital projects with voter-approved debt. However, on occasion, it becomes necessary to seek additional financing in order to fund a particular non-quality of life project(s). COs will be issued for the following projects/acquisitions:

- Capital asset acquisitions (heavy equipment, vehicles, IT equipment, etc.)
- Rehabilitation and/or extension of the useful life of existing facilities
- Street resurfacing
- Unpaved Rights of Way
- ADA retrofitting/rehabilitation projects
- Street lighting
- Infrastructure projects (street and draining work)
- Emergency city facilities rehabilitation (storm water draining, etc.)
- Major core service facilities (police, fire, streets, etc.)

Notwithstanding the policy set forth herein and in section 5.1, certificates of obligation or other long-term debt may be considered if the following criteria are met:

- The need for the project is urgent and immediate;
- The project(s) is necessary to prevent an economic loss to the City;
- Source of revenue is specific and can be expected to cover the additional debt;
- The expected debt is the most cost effective financing option available.

In addition, the average maturity of non-voter approved debt shall not exceed the average life of the project financed. Capital items shall have a value of at least \$5,000 and a life of at least four years.

Reimbursement resolutions may be used for projects funded through certificates of obligations.

- 5.3 Certificates of Obligations – Enterprise Fund  
Certificates of obligation for an enterprise system will be limited to only those projects, which can demonstrate the capability to support the certificate debt either through its own revenues, or another pledged source other than ad valorem taxes and meet the same criteria as outlined in 4.2 above.
- 5.4 Revenue Bonds  
Revenue bonds will be issued for projects that generate revenues that are sufficient to repay the debt. Except where otherwise required by State Statutes, revenue bonds may be issued without voter approval and only in accordance with the laws of Texas.
- 5.5 Other debt obligations  
The use of other debt obligations, permitted by law, including but not limited to public property finance act contractual obligations, pension obligation bonds, tax notes, and lease purchase obligations, will be reviewed on a case-by-case basis. The findings in 5.2 above will be considered for the use of these obligations.

## 6.0 METHODS OF SALE

The City may use competitive sales, negotiated sales, or private placements. When considering the method of sale, the City will take the following conditions into consideration:

- a. Financial conditions;
- b. Market conditions;
- c. Transaction-specific conditions;
- d. City-related conditions; and
- e. Risks associated with each method.

Additionally, the City considers the following criteria when determining the appropriate method of sale for any debt issuance:

- a. Complexity of the Issue – Municipal securities with complex security features require greater marketing and buyer education efforts on the part of the underwriter, to improve the investors' willingness to purchase.
- b. Volatility of Bond Yields – If municipal markets are subject to abrupt changes in interest rates, there may be a need to have some flexibility in the timing of the sale to take advantage of positive market changes or to delay a sale in the face of negative market changes.
- c. Familiarity of Underwriters with the City's Credit Quality – If underwriters are familiar with the City's credit quality, a lower TIC may be achieved. Awareness of the credit quality of the City has a direct impact on the TIC an

underwriter will bid on an issue. Therefore, where additional information in the form of presale marketing benefits the interest rate, a negotiated sale may be recommended. The City strives to maintain an excellent bond rating. As a result, the Municipal Bond Market is generally familiar with the City's credit quality.

- d. Size of the Issue - The City may choose to offer sizable issues as negotiated so that pre-marketing and buyer education efforts may be done to more effectively promote the bond sale.

#### 6.1 Definitions of Methods of Sales

A **Competitive Sale** is when bonds are awarded in a sealed bid sale to an underwriter or syndicate of underwriters that provides the lowest True Interest Cost (TIC) bid. TIC is defined as the rate, which will discount the aggregate amount of debt service payable over the life of the bond issue to its present value on the date of delivery. In today's market, bids primarily are submitted electronically through a secure website.

A **Negotiated sale** is when the City chooses an underwriter or underwriting syndicate, generally from the pool selected through its RFQ process, that is interested in reoffering a particular series of bonds to investors. The terms of the sale including the size of the underwriter's discount, date of sale, and other factors are negotiated between the two parties. Although the method of sale is termed negotiated, individual components of the sale may be competitively bid. The components are subject to a market analysis and reviewed prior to recommendation by staff. Negotiated sales are more advantageous when there needs to be some flexibility in the sale date or when less conventional bond structures are being sold. Negotiated sales are also often used when the issue is particularly large or if the sale of the debt issuance would be perceived to be more successful with pre-marketing efforts.

A **Private placement** is a sale of debt securities to a limited number of sophisticated investors. The City may engage a placement agent to identify likely investors. A private placement is beneficial when the issue size is small or when the security of the bonds is weak since the private placement permits issuers to sell more risky securities at a higher yield to investors that are familiar with the credit risk.

### 7.0 REFUNDING OF DEBT

- 7.1 Advance refunding and forward delivery refunding transactions for savings should be considered when the net present value savings as a percentage of the par amount of refunded bonds is at least 3%.
- 7.2 Current refunding transactions issued for savings should be considered when the net present value savings as a percentage of the par amount of refunded bonds is at least 2%.

- 7.3 From time to time, the City may also issue refunding debt for purposes of restructuring debt, changing covenants, and/or changing the repayment source of the bonds. Such purpose should be specifically recognized by City Council.

## **8.0 DEBT LIMITS**

- 8.1 The total principal amount of general obligation bonds together with the principal amount of all other outstanding tax indebtedness of the City shall not exceed ten percent of the total assessed valuation of the City's tax rolls.
- 8.2 Since debt service payments represent a fixed expense of the City's total annual operating budget, debt service as a percent of total expenditures should not exceed 15%.

## **9.0 MATURITY LEVELS**

- 9.1 The term of debt shall not exceed the expected useful life of the capital asset being financed and in no case shall it exceed 30 years. The average (weighted) general obligation bond maturities shall be kept at or below 15 years.

## **10.0 MANAGEMENT OF DEBT SERVICE FUND**

- 10.1 Interest earnings from general obligation bonds and certificates of obligation shall be used solely to fund direct or related capital expenditures or to service current and future debt payments. Interest earnings will be allocated in accordance with the City's Investment Policy, adopted annually by Council.
- 10.2 Debt service reserves for tax-supported debt shall not exceed a three-month reserve of the current year total debt service expenditure budget (i.e. Total Annual Debt Service Budget/12 month x 3 months). If this reserve balance is exceeded during any given fiscal year, a plan should be adopted to reduce the size of the reserves as quickly as possible without causing large variances in the ad valorem property tax rate.
- 10.3 The minimum debt service unrestricted fund balance should exceed the debt service portion of the largest taxpayer's tax levy for the ensuing fiscal year.
- 10.4 Debt service reserves for revenue bonds shall be maintained at levels required by controlling bond ordinances.
- 10.5 The City shall comply with all Internal Revenue Service rules and regulations including but not limited to arbitrage.

## **11.0 DEBT SERVICE TAX RATE**

Council shall adopt the necessary debt service tax rate up to a maximum amount of twenty-seven cents (27 ¢) per \$100 valuation in order to meet debt service principal, interest and fees payments, net of transfers, for each particular fiscal/budget year, subject to any reserve availability as

outlined in 8.2 above.

## **12.0 RATINGS**

- 12.1 The City will strive to maintain good relationships with bond rating agencies as well as disclose financial reports and information to these agencies and to the public.
- 12.2 The City will obtain a rating from at least one nationally recognized bond-rating agency on all issues being sold on the public market.
- 12.3 Timely disclosure of annual financial information including other information will be provided to the rating agencies. The Comprehensive Annual Financial Report (CAFR) will be prepared by management and attested to by an outside nationally recognized audit firm.
- 12.4 Timely disclosure of any pertinent financial information that could potentially affect the City's credit rating will also be presented to the ratings agencies required information repositories, bond insurance companies insuring City of El Paso debt and commercial banks providing liquidity support for commercial paper programs.

## **13.0 SELECTION OF FINANCIAL ADVISORS**

- 13.1 In order to obtain the best price, achieve a high level of quality service, promote fairness and objectivity, and allow the City to compare Financial Advisors, the City will prepare a Request for Qualifications (RFQ) to select a Financial Advisor at least once every five years. City staff should review ongoing contracts periodically to ensure that the selected Financial Advisor is performing at a satisfactory level.
- 13.2 The Financial Advisor selected will provide financial advisory services related to the authorization and issuance of debt instruments or other securities as well as debt management planning services as requested by the City.
- 13.3 Any RFQ developed should provide, at a minimum, a clear and concise description of the scope of work, specify the length of the contract and indicate whether joint proposals with other firms are acceptable; include objective selection criteria and explain how proposals will be evaluated; and require all fee structures to be presented in a standard and clear format. In addition, the RFQ should include questions related distinguish firms' qualifications and experience, including relevant experience of the firm and the particular individuals assigned to the issuer.

## **14.0 SELECTION OF UNDERWRITERS**

- 14.1 In order to obtain the best price, achieve a high level of quality service, promote fairness and objectivity, and allow the City to compare underwriters, the City will prepare a Request for Qualifications (RFQ) to select underwriters at least once every five years. Although the City anticipates using this RFQ as the basis for selecting Underwriters for all

future debt issuances for general obligation, contractual obligations, revenue bonds and other such type debt, the City may solicit underwriters for certain future debt instruments that it determines require additional consideration or specialty such as pension obligation debt issuances.

- 14.2 A list of selected underwriters will be developed from responses to the RFQ process, which shall be provided to Council for its approval. This list will be used on a rotation basis from which to select underwriters for a particular transaction. City staff should review ongoing contracts periodically to ensure that the selected underwriter(s) are performing at a satisfactory level.
- 14.3 Any RFQ developed should provide, at a minimum, a clear and concise description of the scope of work, specify the length of the contract and indicate whether joint proposals with other firms are acceptable; include objective selection criteria and explain how proposals will be evaluated; and require all fee structures to be presented in a standard and clear format. In addition, the RFQ should include questions related distinguish firms' qualifications and experience, including relevant experience of the firm and the particular individuals assigned to the issuer.

## **15.0 SELECTION OF BOND COUNSEL**

- 15.1 The Chief Financial Officer and Deputy City Manager for Finance and Management Support Services shall coordinate with the City Attorney on the recommendation of bond counsel for debt issues. The recommendation will be submitted to the City Manager and upon approval by the City Manager, will then be forwarded to the City Council for final authorization and approval. Bond counsel will have comprehensive municipal debt knowledge and experience. When the bond counsel has been selected, they are responsible for providing an opinion to investors in two specific areas. The bond counsel must opine to investors that the securities are valid and legally binding obligations of the issuer. Then, the bond counsel will opine on whether the interest on the bonds is exempt from federal taxation.

The bond counsel also prepares all bond documents necessary to execute the bond issuance. The bond counsel is responsible for coordinating with the City Attorney's office, City Clerk's office, and the Finance and Management Support Services Portfolio, as well as the City's financial advisor, to ensure that all tasks associated with the bond issuance are completed within prescribed timeframes. To the extent required by State law, bond counsel is responsible for coordinating with the Office of the Attorney General and the Office of the Comptroller of Public Accounts of the State of Texas matters relating to the approval of City obligations. The City values continuity in maintaining a relationship with bond counsel due to the complexity of issues and laws related in issuing municipal bonds. However, the City reserves the right to conduct a formal request for qualifications process.

## **16.0 DEBT MANAGEMENT POLICY REVIEW**

This Debt Management Policy shall be reviewed at least bi-annually by the City Council and any modifications must be adopted by Council.

**EXHIBIT B**

**First Southwest Company**

**Proposal to Provide Financial Advisory Services**

**RFQ 2012-223**

Proposal to Provide Professional Financial Advisory Services RFQ # 2012-223R

# City of El Paso

July 11, 2012

**ORIGINAL**

City of El Paso

**ORIGINAL**

**FirstSouthwest** 

**CONTACT:**

Maria Fernanda Urbina, Senior Vice President  
Maria.Urbina@firstsw.com

221 N. Kansas Street, Suite 1200, El Paso, TX 79901

Phone: 915.351.7228 Fax: 915.351.7230

George H. Williford, Managing Director,  
George.Williford@firstsw.com

325 North St. Paul Street, Suite 800, Dallas, TX 75201

Phone: 214.953.4000 Fax: 214.953.4050

July 11, 2012  
Proposal to Provide  
Professional Financial Advisory Services

## FirstSouthwest

**Maria Fernanda Urbina**  
Senior Vice President  
221 North Kansas Street, Suite 1200  
El Paso, Texas 79901  
915.351.7228 Direct  
915.351.7230 Fax  
Maria.Urbina@firstsw.com  
July 11, 2012

**George H. Williford**  
Managing Director  
325 North St. Paul Street, Suite 800  
Dallas, Texas 75201  
214.953.8705 Direct  
214.953.4050 Fax  
George.Williford@firstsw.com

City of El Paso  
Financial Services Department / Purchasing Division  
2 Civic Center Plaza, 7<sup>th</sup> Floor  
El Paso, Texas 79901-1196  
Attention: Purchasing Manager

Ladies and Gentlemen:

FirstSouthwest greatly appreciates the opportunity to present the capabilities, resources, and experience of our firm to serve as financial advisor to the City of El Paso (the "City"). We have enjoyed a long and fruitful relationship with the City and hope to continue this relationship into the future. FirstSouthwest is proud to be the only firm with a public finance office in El Paso. We are an active participant in the El Paso community and support many charitable and worthy organizations in the area.

We are also proud of the many things we have assisted the City in accomplishing. We assisted in conjunction with two successful bond elections in an intense planning effort to manage the tax rate to help pay for capital improvements with minimal tax rate impact. At the same time, we have worked with the City to maintain its higher bond ratings throughout the implementation of a capital program and a changing form of government.

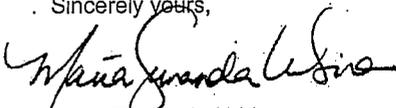
We are confident that our unmatched combination of resources and our team approach will continue to provide the utmost in service to the City. We understand the City's goals, challenges and opportunities and believe that we are the firm most qualified and capable of providing, on an efficient and timely basis, all services needed and described in the City's Request for Qualifications for Financial Advisor. FirstSouthwest believes that our capabilities and comprehensive services fully provide for the desired scope of services as detailed in the Request for Qualifications. In fact, we are prepared and accustomed to providing service in addition to and beyond the stated scope of services, as needed, including extensive planning and modeling. It is hoped that our actual experience in serving the City is indicative of the capabilities, resources and focus which can be dedicated to serving the City. As a firm dedicated to financial advisory work, we will continue to bring products and services to our financial advisory clients as required by either market demand or regulations. We are the only firm in our industry to respond to these requirements on a continual and responsive basis.

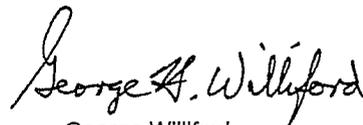
We bring an experienced team which offers unparalleled familiarity with the City and its finances. Additionally, we have public finance employees that reside in, and are active in, supporting the El Paso community.

As El Paso continues to grow, it will use more complex and cutting edge financial products. We believe that we are the best equipped firm to assist the City in any area, whether it is economic development or redevelopment, pension and OPEB, regional mobility and transportation, creation of new credit programs, or assistance in complying in the ever increasing regulatory rules and laws.

As expressed above, we very much appreciate the opportunity to present our qualifications to continue to serve as financial advisor to the City. As always, we commit that our service will be professional, personalized and responsive. We hope that the information contained in this proposal adequately demonstrates our commitment and desire to be of service to the City. Above all, we commit that our service and efforts will be directed toward assuring that the best interests of the City are continually service. Should you have any questions or desire additional information, please do not hesitate to contact me.

Sincerely yours,

  
Maria Fernanda Urbina  
Senior Vice President

  
George Williford  
Managing Director

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**SEPARATELY SEALED EXHIBIT 1**

Fee Proposal

2010 and 2011 Audited Financial Statements

High Quality Sample Document

*FirstSouthwest agrees that this offer (including all rate, fee, or cost proposals submitted, as well as the scope and character of the services described in the proposal) will remain in effect until at least 120 consecutive days from the date set for the receipt of offers and may be accepted by the City of El Paso at any time on or before such date.*

**A. Overview**

The City requests that the Financial Advisor provide a brief description of the firm, how it is organized, and how its resources will be utilized on behalf of the City. Additionally, the overview should include how the Financial Advisors will approach the aforementioned recommendations and other services that the firm may provide as the Financial Advisor of the City. The Financial Advisor shall take into account the Debt Management Policy adopted by the City of El Paso.

The overview should also include but not be limited to:

- Relevant experience of the firm and the individuals assigned to the issuer;

Please refer to our response to Section B. Proposal – Subsection a. Firm’s Experience in Financing Advisory Services for a description of relevant experience of FirstSouthwest and our response to Section B. Proposal - Subsection b. Experience of Individuals Assigned to the Contract.

- Identification of the individual in charge of day-to-day management and the percentage of time committed for each individual on the account;

**Team Leader and Division of Work**

Ms. Maria Fernanda Urbina and Mr. George Williford will serve as the co-project managers to the City. Ms. Urbina is a Senior Vice President in our El Paso office and has more than 15 years of public finance experience and will serve as our local representative to the City. Mr. George Williford is a Managing Director in our Dallas headquarters with 35 years of experience. Contact information follows:

**Co-Project Manager and Local Contact**

Ms. Maria Fernanda Urbina  
 Senior Vice President  
 221 North Kansas, Suite 1200  
 El Paso, Texas 79901  
 Phone: 915.351.7228  
 Fax: 915.351.7230  
 E-mail: Maria.Urbina@firstsw.com

**Co-Project Manager**

Mr. George Williford  
 Managing Director  
 325 North Saint Paul Street, Suite 800  
 Dallas, Texas 75201  
 Phone: 214.953.8705  
 Fax: 214.953.4050  
 E-mail: George.Williford@firstsw.com

The following table lists the full team assigned to perform financial advisory services for the City, as well as their respective roles and the percentage of time each team member will provide. Please note that Ms. Urbina and Mr. Williford are prepared to dedicate 100% of their time to the City, as needed in order for the City to meet its financing goals.

Name	Role	Percentage of Time
Ms. Maria Fernanda Urbina	Project Co-Manager and Local Contact	Up to 100% if needed
Mr. George Williford	Project Co-Manager	Up to 100% if needed
Mr. J. C. "Corky" Hall	Support Banker	As needed
Mr. Richard Fox	Analytic Support	As needed
Mr. Andre Ayala	Analytic Support	As directed by Ms. Urbina
Mr. Peter B. Stare	Underwriting Support	As needed
Mr. David Brayshaw	Derivatives Support	As needed
Mr. Bill Johnson	Arbitrage Rebate Consultant	As needed
Ms. Julie James	Continuing Disclosure	As needed
Ms. Angela Kukoda	Credit Support	As needed

- The respondent’s ideas on how the issuer should approach the financing, including the structure of the offering, credit-rating strategy, and investor marketing strategy;

Please refer to our response to Section B. Proposal – Subsection c. Financing Techniques for a description of FirstSouthwest’s approach to providing financial advisory services.

- The analytic capability of the firm and assigned individuals and ongoing training and educational services that could be provided to the City of El Paso.

**Analytical Capabilities**

FirstSouthwest’s approach to providing financial advisory services centers on detailed analysis and continuous technical support during the planning process and throughout each transaction. We develop detailed financial models to help quantify the benefits and risks of any proposed financing. We want our clients to have total confidence in the final transaction structure and to be assured that all options are analyzed thoroughly. Evident of our commitment to provide the

highest level of analytical support, FirstSouthwest has an exemplary quantitative analysis group. Some firms use this area as a training ground for new bankers; however, we believe it is critical to have an experienced banker leading such effort.

The software packages FirstSouthwest utilizes include DBC Finance, MUNEX Advanced Decision Support Software for Public Finance and Financial Management Systems Micro Muni Debt Refund and Sizing, and Microsoft Excel. Occasionally, specific software is built on a contract basis for clients should the complexities of transactions exceed the capabilities of the standard software packages. FirstSouthwest maintains proprietary models for the evaluation of derivative structures and investments. In addition to the software that directly supports the public finance effort, we subscribe to Bloomberg, Reuters, Telerate, Dalnet, Ipreo and Thomson Financial Securities Data Company.

#### **Section B. Proposal – Subsection c. Financing Techniques.**

##### **Ongoing Training of City Staff**

FirstSouthwest is active in training on a variety of topics. For example, we have had a series of pension and OPEB seminars and conducted an arbitrage rebate conference. Additionally, our bankers are asked to speak at numerous conferences during the year in Texas and across the U.S. This background helps us communicate on topics which are often complex and evolving. Our audiences include staff, elected officials, regulators, rating agencies, and investors. FirstSouthwest also has weekly economic market calls and written commentaries available for our clients.

At the request of the City, the team is also available to provide training to existing and/or new staff and Council members on topics related to the municipal finance industry. Our bankers specialize in public finance and can make presentations on a wide variety of important topics such as: Debt issuance, rating evaluation, pricing process, asset management, and various other related topics.

- **Description of the firm's access to sources of current market information to assist in the pricing of negotiated sales and information to assist the City in planning and executing competitive sales;**

##### **Current Market Information**

In financial advisory roles, FirstSouthwest believes that maintaining a trading and underwriting desk is essential to properly advise clients on market conditions. Our active trading and underwriting desk assures financial advisory clients that their securities are priced and sold at market levels. As participants in the market rather than merely observers of the market, we are more qualified to recommend the appropriate structure as well as the timing of the offering.

As a licensed firm, FirstSouthwest is an active participant in the marketplace every day. Our financial advisory clients benefit from market advice from firsthand, real-time information as opposed to second and third-hand observations compiled from information vendors. The foundation of our expertise is that we are active participants in the marketplace every day, not merely observers. FirstSouthwest's underwriters bring a wealth of first-hand market knowledge to every engagement. We believe that the accountability and transparency that results from maintaining an active broker-dealer operation benefits our clients in numerous ways and will be of exceptional value to the City.

We truly believe our clients are better served and receive the highest quality financial advice by relying on a firm with the greatest amount of market knowledge and experience. We can provide references to major clients who have experience as financial advisors both with FirstSouthwest and with firms which do not have underwriting desks, and who give overwhelming compliments to FirstSouthwest versus their experience with other firms in advising on pricing of their bond issues.

The market involvement and capabilities of FirstSouthwest make us truly independent as financial advisor, especially during the process of pricing and marketing of issues. Advisory firms without underwriting capabilities do not have direct market participation of actual market involvement. They are dependent on and rely solely on outside vendors and third parties to provide them with information regarding the bond market. These third parties may not be motivated to act in the best interests of the issuer. Therefore, reliance on information and pricing views from outside third parties may result in "loose" or inefficient pricing relative to the actual market, and

may not be specifically related to the needed structure of the issuer.

Additionally, it is not valid to view recent secondary market trades of select maturities of an issuer's outstanding bonds and attempt to extrapolate the trading spread for that limited amount and maturity relative to an index as legitimate market level pricing for an entire new issue. This is the practice of at least some firms attempting to provide advisory services without underwriting/trading areas.

In addition to providing advice based on actual market involvement and conditions versus determining assumed market levels based on limited secondary market trading or supposed index movement, we are truly independent as financial advisor and do not have any perceived conflicts based on reliance on third parties or underwriting firms for information relating to market levels.

The underwriting desk at our firm works in partnership with our financial advisors from the beginning of preliminary structuring, updating with current scales and coupon ideas, call features, priority of order decisions all the way to the final pricing. As much as 70% of our underwriters' time is invested in working with financial advisory clients.

Our underwriting desk participates in all pricing discussions on the issuer's behalf. We will provide real-time market information, including changes in market indices and comparable sales.

We truly believe our clients are better served and receive the highest quality financial advice by relying on a firm with the greatest amount of market knowledge and experience.

The advice and input from our underwriting desk assures financial advisory clients that their securities are priced and sold at market levels. It also assures that the issuer achieves optimal structure and pricing of debt issues, given market conditions at the time of sale. The professionals at FirstSouthwest are able to negotiate as equals with underwriters and to speak with authority on market conditions. We strongly believe that this approach distinguishes our services from our competitors, but – more importantly – it provides a higher quality of service to our clients. We are better able to represent the interest of the issuer versus underwriters.

- **The level and types of insurance carried, including the deductible amount, to cover errors and omissions, improper judgments, or negligence; and**

#### **Insurance**

FirstSouthwest maintains liability insurance in an amount that we consider sufficient to hold harmless, indemnify, and defend the City for losses, costs, and expenses arising from claims resulting from the alleged negligence of FirstSouthwest, our officers, employees, and subcontractors. We maintain general liability insurance with a general aggregate limit of \$2 million. In addition, the combined single limit of our firm's automobile liability insurance is \$1 million, and FirstSouthwest maintains workers' compensation and employer's liability insurance with a limit of \$500,000. We also maintain professional liability insurance as a licensed broker/dealer, with an aggregate limit of \$2 million. FirstSouthwest also carries umbrella insurance on the above policies. Certificates for our liability insurance can be found in **Section E. Appendices**.

- **Any finder's fees, fee splitting, or other contractual arrangements of the Financial Advisor that could present a real or perceived conflict of interest, as well as any pending investigation of the Financial Advisor or enforcement or disciplinary actions taken within the past three years by the SEC or other regulatory bodies.**

FirstSouthwest has no binding or implied affiliation or relationship with any other broker-dealer. In the role of underwriter, on competitive and negotiated sales, FirstSouthwest enters into "an agreement among underwriters" to market and sell municipal securities, which defines the liability and compensation to all members of the syndicate. Additionally, acting in the role of financial advisor, FirstSouthwest has a small number of co-financial advisor relationships. These arrangements are directed by and fully disclosed to the issuer. FirstSouthwest does not pay or receive any fees for the direct or indirect solicitation of business and has no other contractual arrangements that we believe would create a conflict of interest if the firm is selected to provide financial advisory services to the City. As financial advisor, any fee received by FirstSouthwest Company must be fully disclosed to the issuer.

There have been no enforcement or disciplinary actions taken against FirstSouthwest in the past three years related to the firm's Public Finance business. From time to time in the ordinary course of its business,

FirstSouthwest is called upon to respond to inquiries or is subject to investigations or proceedings by federal, state or industry self-regulatory organizations. To the best of our knowledge, information and belief based upon the facts available at this time, there is no threatened or pending inquiry, investigation, or regulatory proceeding that may reasonably be expected to have a material adverse impact on the ability of FirstSouthwest to perform public finance investment banking and advisory services. The Financial Industry Regulatory Authority (FINRA) maintains a public database known as BrokerCheck© that discloses reportable regulatory matters for FirstSouthwest. BrokerCheck© may be found at [www.FINRA.org](http://www.FINRA.org).

**12/3/2010:** FirstSouthwest filed a Financial and Operational Combined Uniform Single (FOCUS) report that was inaccurate with respect to its customer reserve formula computation. Margin debits in customer accounts were collateralized by control stocks and the debit balances should have been excluded from the firm's customer reserve formula and treated as non-allowable assets, resulting in an overstatement of the firm's net capital.

Fine: \$35,000

**8/19/2010:** FirstSouthwest failed to display immediately customer limit orders in NASDAQ securities in its public quotation, failed to submit reportable order events, and transmitted reports that contained inaccurate, incomplete, or improperly formatted data.

Fine: \$15,000

**12/10/2009:** FirstSouthwest reported transactions to the MSRB without including an accurate reference to seconds in the execution time and for some municipal transactions, the firm's reported execution times to the MSRB were not consistent with the execution times as reflected on the order tickets. The firm failed to

adequately monitor its trade reporting to ensure compliance with MSRB rules.

Fine: \$10,000

**11/4/2009:** FirstSouthwest failed to display immediately customer limit orders in NASDAQ securities in its public quotation, failed to transmit reportable order events, and failed to file desk reports.

Fine: \$12,500

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• **Disclosure of the firm's affiliation or relationship with any broker-dealer.**

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As previously noted, FirstSouthwest is itself a registered and regulated broker-dealer firm. FirstSouthwest has no affiliation or relationship with any other broker-dealer. In the role of underwriter to various issuers, on competitive and negotiated sales, FirstSouthwest enters into "an agreement among underwriters" along with other firms which are members of the underwriting syndicate to market and sell municipal securities, which defines the liability and compensation to all members of the syndicate. Additionally, acting in the role of financial advisor, FirstSouthwest has a small number of co-financial advisor relationships with other firms. These arrangements are directed by and fully disclosed to the issuer.

FirstSouthwest is truly an independent financial advisory firm in terms of providing market advice. Unregulated financial advisory firms, which base bond pricing upon information from outside underwriting firms, may have a direct conflict of interest in that underwriting firms are dependent upon unregulated financial advisory firms for underwriting business. Therefore, information and assistance may be provided by the underwriters based on reciprocity; i.e., the underwriters provide information with the expectation of getting underwriting business from the unregulated financial advisory firms.

## B. Proposal

The proposal is hereafter formatted in accordance with Part 5: Proposal Evaluation, Section 5.1: Evaluation Factors as required in the City of El Paso's (the "City") RFP on page 12.

### a. Firm's Experience in Financial Advisory Services

The firm should provide a description, including resumes, of the professional(s) that will provide direct financial advisory services to the City, including the name of the lead consultant for this account and his/her primary office location. The primary individual assigned to the City should be a licensed public finance professional. The firm must be licensed in the State of Texas. 25 Points

Please refer to our response to Section B. Proposal – Subsection b. Experience of Individuals Assigned to the Contract for descriptions and resumes of the professionals that will provide financial advisory services to the City. Please note that FirstSouthwest is licensed in the State of Texas and has provided evidence of this licensure in Section C – Contract Clauses and Forms, Subsection b. Legal Documents and Disclosures.

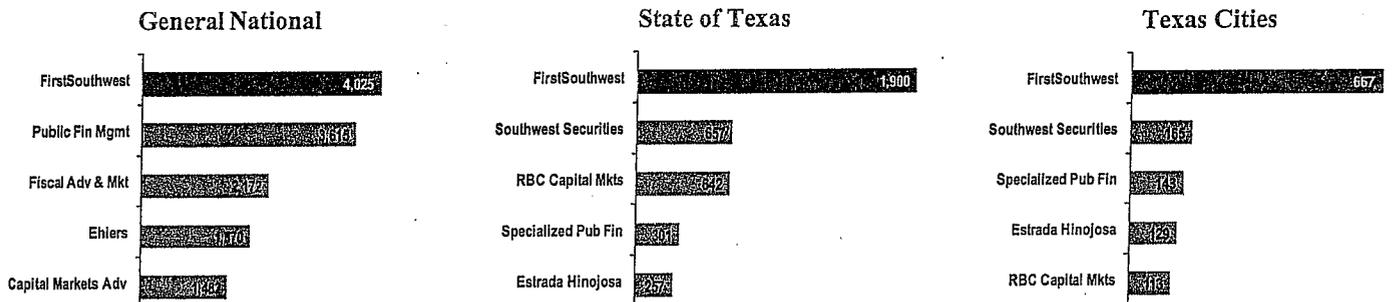
#### i. Rankings (National/State/Texas Cities)

FirstSouthwest's experience in the field of financial advisory services ranks us among the top firms in the nation and the State of Texas. The following table summarizes our rankings for the past five years.

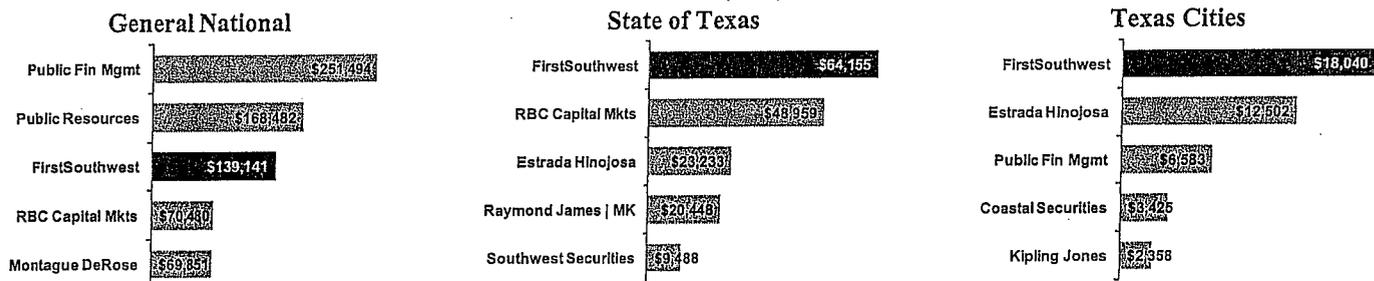
#### Financial Advisory Ranking July 1, 2007- June 30, 2012

Source: Ipreo MuniAnalytics

##### Number of Issues



##### Par Amount (\$mil)

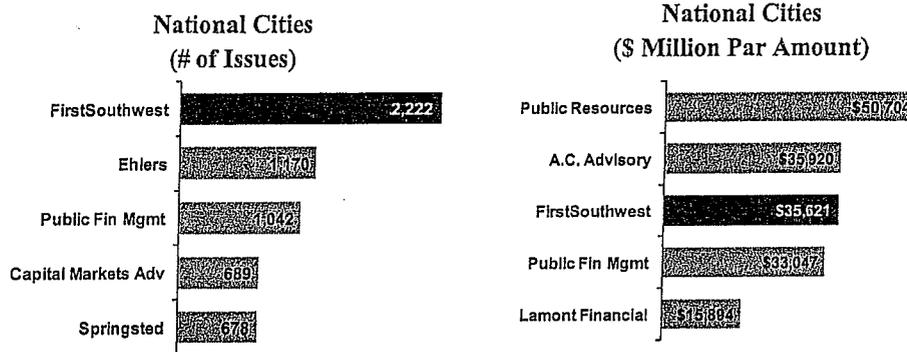


#### ii. City Related Work Experience

FirstSouthwest is the number-one financial advisor in the nation to city issuers for number of transactions completed. For the past five years, FirstSouthwest provided financial advisory services on 2,222 national city transactions totaling \$35.62 billion par amount.

**Financial Advisory Ranking July 1, 2007 – June 30, 2012**

Source: Ipreo MuniAnalytics  
Number of Issues



Our work on behalf of city financial advisory clients encompasses the gamut of types of financings, including: general obligation, appropriation-backed, utility revenue, drainage, assessment, sales tax (and Gross Receipts Tax), tax increment, special district, airport, rail and other transportation, convention centers, arenas, other special facility, and economic development issues, as well as equipment and real asset leases.

The following lists representative city financial advisory clients throughout the nation that are comparable to the City.

- |                           |                            |                            |
|---------------------------|----------------------------|----------------------------|
| Albuquerque, New Mexico   | Houston, Texas             | Plano, Texas               |
| Anchorage, Alaska         | Irving, Texas              | Providence, Rhode Island   |
| Atlanta, Georgia          | Kansas City, Missouri      | Quincy, Massachusetts      |
| Baltimore, Maryland       | Memphis, Tennessee         | Richardson, Texas          |
| Brockton, Massachusetts   | Miami, Florida             | San Antonio, Texas         |
| Charlotte, North Carolina | Nashua, New Hampshire      | San Francisco, California  |
| Dallas, Texas             | Nashville, Tennessee       | Santa Fe, New Mexico       |
| Fort Worth, Texas         | Oakland, California        | Springfield, Massachusetts |
| Foxboro, Massachusetts    | Pawtucket, Rhode Island    | Tulsa, Oklahoma            |
| Garland, Texas            | Philadelphia, Pennsylvania |                            |

The experience of FirstSouthwest in serving major cities throughout the nation is relevant to the City. Situations encountered and experience dealing with other cities may bring beneficial ideas and applications to the City.

*iii. Financial Advisory Awards*

FirstSouthwest has received thirteen "Deal of the Year" awards for innovative and effective investment banking strategies, including six transportation-related deals, all of which are listed below. Our bankers were at the forefront of several innovations in municipal finance, including the use of a forward derivative transaction in 1994; Internet competitive bidding; and the issuance of municipal debt in foreign markets, specifically a yen-denominated Samurai Bond with a cross currency swap for the State of Kentucky in 1989.

- 2011 Southeast Deal of the Year, Financial Advisor to the Atlanta Department of Aviation for its \$1.5 billion new money and refunding deal (The Bond Buyer)
- 2011 Southwest Deal of the Year, Financial Advisor to the Love Field Modernization Corporation for its \$310 million special facilities revenue bonds (The Bond Buyer)
- 2010 Regional Title, Co-Managing Underwriter to The La Vernia Higher Education Finance Corp. for the Kipp Academy's \$66.17 million education revenue bonds (The Bond Buyer)
- 2009 Regional Title The Dallas County Hospital District for its \$705 million deal to renovate Parkland Memorial Hospital (The Bond Buyer)
- 2008 Regional Title Financial Advisor to the Camino Real Regional Mobility Authority (The Bond Buyer)

- 2006 Small Issuer Financial Advisor to the Town of Clayton, New Mexico (The Bond Buyer)
- 2005 Southwest Region Financial Advisor to the Central Texas Regional Mobility Authority (The Bond Buyer)
- 2004 Runner-Up Financial and Swap Advisor to New Mexico Finance Authority – State Department of Transportation (The Bond Buyer)
- 2003 Regional Title Financial Advisor to Dallas/Fort Worth International Airport (The Bond Buyer)
- 2003 Financial and Swap Advisor to Orlando-Orange County Expressway (The Bond Buyer)
- 1996 Swap Advisor to the City of Fort Worth (The Bond Buyer)
- 1993 Financial and Swap Advisor to the City of Lewisville, Texas (Institutional Investor)
- 1990 Financial and Swap Advisor to the Dallas/Fort Worth Regional Airport (Institutional Investor)

FIRSTSOUTHWEST AT A GLANCE



- #1 Financial Advisor in the Nation for Number of Issues every year for Nine of the Past Ten Years\*\*
- #1 Financial Advisor to Municipal Issuers on More Transactions in the Past Ten Years than any Other Firm\*\*
- #1 Financial Advisor in the Nation for Number of Issues Completed for City and County Issuers\*\*
- #1 Financial Advisor for Number of Issues in the Southwest Region 2011\*\*
- #1 Financial Advisor for Number of Issues and Par Amount in the State of Texas 2011\*\*
- #1 Financial Advisor for Number of Issues and Par Amount in the El Paso Region

\*Approximately \*\* Source: Ipreo MuniAnalytics

**b. Experience of Individuals Assigned to the Contract**

**Experience of Individuals Assigned to Contract, 20 Points**

For the individuals assigned to the Contract, please refer to our response to Section B. Proposal – Subsection c. Financing Techniques for additional information on specific National/Texas City related experience, analytical capabilities, credit rating

knowledge, and experience with the City for individuals assigned to the Contract.

*i. Team (Resumes)*

The most valuable resources FirstSouthwest has to offer the City are experienced and skilled professionals. FirstSouthwest's business philosophy has always been to implement the team concept in providing the best possible service to its clients. Under this concept, the client's needs are met by professionals from different disciplines with specialized expertise in various aspects of particular transactions. We believe that the team approach to serving clients provides a higher level of experience, proficiency, ideas, and client service.

FirstSouthwest has confidence that the proposed financial advisory team will provide the City with all of the resources necessary to meet its financial objectives. We respect the City's high expectations and ensure that throughout the term of our engagement, the fully qualified professionals assigned to meet those expectations are available to the City. Because of our team approach, the City can expect a higher level of customized service from FirstSouthwest.

For our engagement with the City, FirstSouthwest offers a staff of experienced and skilled professionals. **The professionals also provide unmatched familiarity and continuity of service with the City.** For every client, the lead banker incorporates other needed resources within our firm, as needed.

FirstSouthwest's engagement with the City of El Paso will be led by **Ms. Maria Fernanda Urbina (15 years of experience and El Paso region native)**, the lead banker and a Senior Vice President in FirstSouthwest's El Paso office, and **Mr. George Williford (35 years of experience)**, a Managing Director in FirstSouthwest's Dallas office. As Co-Project Managers, Ms. Urbina and Mr. Williford will maintain day-to-day communication and expedite the work effort required of FirstSouthwest on behalf of City. Ms. Urbina and Mr. Williford will be assisted by a select group of financial specialists who will continue to provide services and support to the City. **Mr. Corky Hall (50 years of experience and 47 years serving El Paso area issuers)** will provide project and relationship support to Ms. Urbina and Mr. Williford.

Mr. Richard Fox (35 years of experience) and Mr. Andre Ayala (5 years of experience and El Paso region native) will provide analytical support for service to the City. *Collectively, the management and support team have over 135 years of financial advisory experience.* Ms. Julie James will provide continuing disclosure support. Mr. Peter Stare will provide underwriting support and market advice. Mr. David Brayshaw will provide structured financial products support. Mr. Bill Johnson will provide arbitrage support. Ms. Angela Kukoda will provide credit support.

*Note: Ms. Urbina and Mr. Ayala speak fluent Spanish and are prepared to communicate with non-English speaking citizens/residents of the City.*

## FIRSTSOUTHWEST FINANCIAL ADVISORY TEAM

CO-PROJECT MANAGERS				
<b>Maria Fernanda Urbina</b> Senior Vice President El Paso Office		<b>George Williford</b> Managing Director Dallas Office		
PROJECT SUPPORT	ANALYTICAL SUPPORT			
<b>Corky Hall</b> Executive Director El Paso Office	<b>Richard Fox</b> Senior Vice President Dallas Office	<b>Andre Ayala</b> Assistant Vice President Dallas Office		
SPECIALIZED SUPPORT				
<u>DISCLOSURE</u> <b>Julie James</b> Vice President Dallas Office	<u>UNDERWRITING</u> <b>Peter Stare</b> Senior Vice President Dallas Office	<u>STRUCTURED PRODUCTS</u> <b>David Brayshaw</b> Senior Vice President Dallas Office	<u>ARBITRAGE</u> <b>Bill Johnson</b> Senior Vice President Dallas Office	<u>CREDIT</u> <b>Angela Kukoda</b> Senior Vice President Dallas Office

### Resumes



**Maria Fernanda Urbina**  
Senior Vice President  
221 North Kansas Street, Suite 1200  
El Paso, Texas 79901  
Telephone: 915.351.7228  
Fax: 915.351.7230  
maria.urbina@firstsw.com

#### Areas of Expertise

Specializes in public finance

#### Profile

- Joined FirstSouthwest in 2001
- Has been in public finance for approximately fifteen years
- Provides technical support to clients and has structured and priced deals totaling more than \$2 billion in bonds

- Experience includes structuring and pricing current and advance refunding, private placements, short-term financings, new revenue or general obligation debt and restructurings of outstanding debt
- Experience includes working with cities, counties, utilities, airports, school districts, special districts, hospital districts, community colleges and economic development
- Previously worked as an entrepreneur and as a financial analyst for the Texas Water Development Board (TWDB)
- Has conducted credit analysis for multi-million dollar construction projects and possesses knowledge of TWDB funding programs such as the State Revolving Fund, Drinking Water State Revolving Fund and Economically Distressed Areas Program

#### Education

- Bachelor of Arts in Economics with a minor in Mathematics, The University of Texas at Austin (1996)

#### Current Affiliations

- Junior League of El Paso Inc., Community Research Committee (Active Member: 2012-2013)
- Camelot Townhomes Association, Inc., Board President (May 2011 – Present)
- Paso Del Norte Group, Active Member

#### Past Affiliations

- El Paso Greater Chamber of Commerce, Leadership El Paso Class XXXIII (2011)
- Center Against Family Violence, Lend Us Your Ear Fundraising Committee Member (2011)
- Junior League of El Paso Inc. (Provisional Project Co-Chair: 2010-2011, Resource Development Committee: 2011-2012)
- Keystone Heritage Park, Board Member (January 2010 – December 2011)
- El Paso Women's Fund, Power of the Purse Fundraising Committee Member (2010)
- Meals on Wheels

#### Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
  - General Securities Representative, Series 7
  - Uniform Securities Agent, Series 63
  - Investment Banking Representative, Series 79



**George Williford**  
Managing Director  
325 North Saint Paul Street, Suite 800  
Dallas, Texas 75201  
Telephone: 214.953.8705  
george.williford@firstsw.com

#### Area of Focus

Specializes in public finance

#### Profile

- Specializes in public finance efforts in the firm's Dallas office and provides services to Texas, Oklahoma, New Mexico, and other states in the Southwest and Midwest
- Has more than 35 years experience in public finance, commercial banking, real estate financing, and consulting services to banks and other financial firms
- Has handled a number of different types of financings, including commercial enterprises and non-profit groups, as well as municipalities and public entities
- Represents different types of issuers including school districts, cities, counties, state agencies, state and private universities, water agencies and special purpose issuers in a variety of capital financings and refunding issues
- Originated FirstSouthwest's continuing disclosure service
- Active in affiliate organizations for various issuer groups

#### Education

- Bachelor of Science, Texas A&M University
- Master of Science, Texas A&M University
- Honors Graduate, Stonier School of Banking

#### Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
  - General Securities Principal, Series 24
  - General Securities Representative, Series 7
  - Municipal Securities Principal, Series 53
  - Uniform Securities Agent, Series 63
  - Uniform Investment Adviser, Series 65
  - Investment Banking Representative, Series 79



**J.C. "Corky" Hall**  
Executive Director, Public  
Finance  
221 North Kansas Street, Suite  
1200  
El Paso, Texas 79901  
Telephone: 915.351.7228  
Fax: 915.351.7230  
corky.hall@firstsw.com

#### Areas of Focus

Provides senior financial advisory services to numerous Texas cities, school districts and other public entities

#### Profile

- Has more than 50 years experience in public finance
- Joined FirstSouthwest in 1951; joined public finance in 1962
- Senior banker on virtually every type of debt in the public finance sector
- Was the Firm's representative on the creation of the Texas Municipal Power Agency, a joint action issuer of more than \$7 billion in financings
- Served as the senior financial advisor to the Brazos River authority, an issuer of more than \$3 billion in bonds

#### Education

- East Texas State University

#### Licenses Held

- Registered Financial Principal of the Financial Industry Regulatory Authority (FINRA)
  - General Securities Representative, Series 7
  - General Securities Principal, Series 24
  - Investment Banking Representative, Series 79

#### Current Affiliations

- American Public Power Association
- Government Finance Officers Association of the United States and Canada
- Numerous other church and civic activities

#### Past Affiliations

- Mental Health and Mental Retardation services advisory committees
- Served on the Board of Trustees of Christian Care Centers, Inc. for over 34 years



**Richard A. Fox**  
Senior Vice President

325 North St. Paul, Suite 800  
Dallas, Texas 75201

Telephone: 214.953.4030  
richard.fox@firstsw.com

#### Areas of Focus

Specializes in public finance and structuring of municipal issues

#### Profile

- Joined FirstSouthwest in 1982
- Wrote FirstSouthwest's proprietary software programs
- Developed software for financial modeling, projections and feasibility, structuring new debt, revenue bond sizing, bid comparison and verification, escrow structuring, alternate advance refunding methods, lease analysis and design, and arbitrage yield and rebate calculations
- Has structured more than 620 financings totaling \$38 billion for a variety of issuers including airports, counties, cities, power agencies, water authorities, and hospital and school districts
- Responsible for structuring two transactions that have received "Deal of the Year Award" from *Investors Daily Digest*, including an issue which utilized for the Dallas/Fort Worth International Airport the first interest rate swap in Texas
- Structured the first transaction in the nation that incorporates the radical revision to the transferred proceeds rules that occurred in 1987
- Structured the Texas Water Resources Finance Authority's purchase of more than 500 individual loans from the Texas Water Development Board
- Structured transactions for cities including Dallas, Fort Worth, Charlotte, and San Antonio; public power transactions for the Texas Municipal Power Agency, Austin Electric, San Antonio CPS,

Florida Gas Utility, and Orlando Utilities Commission; and the states of Rhode Island, New Hampshire, North Carolina, Mississippi, Virginia, Michigan and Texas

**Education**

- Bachelor of Science in Accounting, Indiana University Kelley School of Business
- Master of Science in Management Information Systems, University of Arizona Eller College of Business and Public Administration

**Licenses Held**

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
  - General Securities Representative, Series 7
  - Municipal Securities Principal, Series 53
  - Uniform Securities Agent, Series 63
  - Investment Banking Representative, Series 79



**Andre Ayala**  
 Assistant Vice President

325 North St. Paul, Suite 800  
 Dallas, Texas 75201

Telephone: 214.953.4184  
 andre.ayala@firstsw.com

**Areas of Focus**

Specializes in technical and analytical investment banking services for a variety of clients with a focus on City, County and School District public finance; economic development; and public/private partnerships

**Profile**

- Joined FirstSouthwest in 2007
- Primary responsibility is to provide quantitative and analytical support to a variety of clients in North and South Texas, and for economic development and public/private partnership projects throughout the country.
- Structures and sizes bond issues, provides quantitative financial analyses, models innovative financing structures, analyzes credit and cash flow, reviews legal documentation, prepares rating

agency and bond insurer presentations, obtains credit enhancement, and contributes to the general processing of financings

- Since joining FirstSouthwest, Mr. Ayala has structured approximately 155 transactions for a total par amount of approximately \$1.4 billion.
- Actively participates in private placement of municipal debt with banking institutions, or federal and state government agencies such as the Texas Water Development Board
- Mr. Ayala is fluent in Spanish and proficient in French.

**Education**

- Bachelor of Arts in Economics, University of Texas at Austin
- Bachelor of Business Administration in Finance, University of Texas at Austin

**Licenses Held**

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
  - General Securities Representative, Series 7
  - Uniform Securities Agent, Series 63
  - Investment Banking Representative, Series 79



**Julie James**  
 Vice President

325 North St. Paul Street, Suite 800  
 Dallas, Texas 75201

Telephone: 214.953.8701  
 julie.james@firstsw.com

**Areas of Focus**

Continuing Disclosure services

**Profile**

- Joined FirstSouthwest in November 2003
- Primary duties in the Continuing Disclosure Department include training related to continuing disclosure, preparing reports and material event notices as well as determining each client's disclosure compliance through the five-year look-back process.

#### Education

- Bachelors of Business Administration, University of Missouri-Columbia.



**Peter B. Stare**  
Senior Vice President  
325 North St. Paul Street, Suite  
800  
Dallas, Texas 75201  
Telephone: 214.953.4040  
peter.stare@firstsw.com

#### Area of Focus

Long-Term Underwriting of municipal bonds

#### Profile

- Joined FirstSouthwest in 1996
- Responsible for the competitive and negotiated underwriting efforts of both tax-exempt and taxable municipal issues
- Has been involved in the securities industry since 1974 in the areas of sales, trading, underwriting, and portfolio management
- Worked with several regional and nationally recognized firms managing their trading desks, municipal bond departments, and investment divisions

#### Education

- Bachelor of Business Administration, Southern Methodist University

#### Past Affiliations

- The Municipal Advisory Council of Texas, board member
- Municipal Bond Clubs of Dallas and Houston, president

#### Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
  - General Securities Representative, Series 7
  - Municipal Securities Principal, Series 53
  - Uniform Securities Agent, Series 63



**David R. Brayshaw**  
Senior Vice President  
325 North St. Paul Street, Suite  
800  
Dallas, Texas 75201  
Direct: 214.953.4020  
Fax: 214.954.4339  
dbrayshaw@firstsw.com

#### Areas of Expertise

Structured financial products specialist offering advisory and consulting services designed to meet the balance sheet management needs of public funds issuers.

#### Profile

- 25 years structured finance experience.
- Joined FirstSouthwest in 1992.
- Leads a five person team of municipal structured finance specialists
- Manages the structured finance desk located on FirstSouthwest's Dallas trading floor
- Responsibilities have included trading government guaranteed loans and pools; structuring refunding issues for outstanding municipal debt, engineering single family mortgage revenue issues; and designing/selling various asset backed securitizations.
- Provides analytical expertise and development support for the firm's in-house software and proprietary trading models
- Manages portfolio performance and structures derivative products.
- Former member of the financial engineering team at the Federal Home Loan Bank of Dallas where he was responsible for:
  - Trading and hedging portions of the bank's mortgage backed securities portfolio;
  - Measuring and adjusting the bank's interest rate swap portfolio with respect to hedge relationships and potential counterparty risk exposure;
  - Implementing and maintaining hedging strategies using swaps, futures, and forward rate agreements.

#### Education

- M.B.A., Texas Christian University

- B.B.A., Texas Christian University

**Licenses Held**

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
  - General Securities Representative, Series 7
  - Uniform Securities Agent, Series 63
  - Limited Representative - Investment Banker, Series 79



**William (Bill) Johnson, CPA**  
 Senior Vice President  
 325 North St. Paul Street, Suite 800  
 Dallas, Texas 75201  
 Telephone: 214.953.8817  
 william.johnson@firstsw.com

**Areas of Focus**

Arbitrage rebate

**Profile**

- Joined FirstSouthwest in October 2006
- Has more than 15 years of experience with federal taxation and arbitrage rebate
- Serves as the primary contact for issuers and provides technical support to the Rebate Compliance group
- Has provided arbitrage consultation and education services to clients, explaining the application of the arbitrage regulations and assisting issuers with the implementation of computational/internal reporting procedures to ensure their compliance with the rebate requirements
- Worked with clients to re-engineer their data gathering efforts to reduce the time and effort required to gather and assemble rebate calculation information
- Has high-volume data gathering and conversion experience, as well as large project management experience
- Worked previously at Arthur Andersen in their Municipal Bond Services Group and for BondResource Partners (the Arthur Andersen successor).

**Education**

- Bachelor of Business Administration in Accounting, Southern Methodist University
- Master of Science in Taxation, Texas Tech University

**Current Affiliations**

- National Association of Certified Public Accountants
- Texas Society of Certified Public Accounts

**Past Affiliations**

- Texas Instruments Incorporated
- Arthur Andersen LLP
- BondResource Partners LLP

**Licenses Held**

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
  - General Securities Principal, Series 24
  - General Securities Representative, Series 7
  - Uniform Securities Agent, Series 63
- Licensed Certified Public Accountant



**Angela M. Kukoda**  
 Senior Vice President

325 N. St. Paul Street  
 Dallas, Texas 75201

Telephone: 214.953.4003  
 angela.kukoda@firstsw.com

**Areas of Focus**

Provides support with rating agency and credit enhancement issues to offices throughout the FirstSouthwest system.

**Profile**

- Joined FirstSouthwest in 2010
- Over 20 years of public finance experience as a financial advisor, investment banker and credit analyst
- Member of FirstSouthwest's financial advisory teams for the cities of Atlanta, GA; Kansas City, Mo; Oakland, CA; and Phoenix, AZ

- Prior to joining FirstSouthwest, Ms. Kukoda was a senior analyst at Radian Asset Assurance Inc., where she specialized in working on sophisticated credits
- Noteworthy transactions she completed include the City of New Orleans' first post-Hurricane Katrina general obligation bond issue; she was also the lead analyst on all transportation credits
- Prior to joining Radian, Ms. Kukoda worked as an investment banker for Raymond James & Associates, Inc.; Merrill Lynch & Co.; and J.P. Morgan Chase & Co.
- Noteworthy clients for which she served as lead banker include the Metropolitan Washington Airports Authority, the Alabama State Port Authority, the Port of Galveston, TX, the Kansas Department of Transportation, the State of Indiana, the Chicago Park District, IL and Miami-Dade County, FL.
- Opened and managed Public Financial Management, Inc.'s Miami Office, where she served as financial advisor to the Florida Ports Financing Commission
- Began her career at Standard & Poor's as a senior analyst, where, for seven years, she covered high-profile credits and state-level issuers throughout the U.S and helped develop analytic criteria for various types of lease and covenant debt, as well as the firm's Issuer Credit (implied G.O.) Rating product.

#### Education

- Master's Degree in International Economics, Columbia University School of International and Public Affairs
- Bachelor of Arts in Political Science, New York University
- Phi Beta Kappa

#### Current Affiliations

- Member of American Association of Port Authorities Finance Committee

#### Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
  - Municipal Securities Representative, Series 52
  - Uniform Securities Agent, Series 63

#### El Paso & Border Related Experience

Since 1965, Mr. Hall has assisted many issuers in the El Paso area. He served as the first financial advisor to the El Paso ISD. Mr. Williford and Ms. Urbina have also worked with El Paso issuer clients as financial advisors at FirstSouthwest. As a financial analyst, Ms. Urbina worked with the Texas Water Development Board's Financial Assistance Department and assisted with loan analysis for all El Paso issuers. In addition, Mr. Ayala, a native of El Paso, is currently working in the Dallas office and is involved with FirstSouthwest's Border Valley clients such as McAllen, Hidalgo, and others. The combination of experience with Texas/Mexico Border and El Paso clients offers a benefit to the City that no other firm can match.

#### Economic Development and Special Projects

Mr. Williford and members of the team have been responsible for numerous special facilities projects, including convention/conference centers for Richardson, Irving, and Santa Fe, New Mexico, and for entertainment/sports revenues for Frisco, Richardson, Midland, and Kansas City, Missouri. In addition, Mr. Williford has been involved in evaluation and negotiation of a number of proposed public/private partnerships (P3) for city, county and higher education clients including Midland, Richardson and Kansas City, Missouri. As a former commercial banker and private sector lender, Mr. Williford brings unique ability with analysis and structure of credit from different revenue sources.

FirstSouthwest also has the benefit of Angela Kukoda to assist in credit evaluation, and our corporate finance group to assist in analysis/structure of commercial ventures or projects involving the private sector.

Ms. Urbina has been active in negotiation and modeling of complex public/private partnerships. She has been involved in high-profile projects with the City of El Paso, Viridian Municipal Management District, Hackberry, TX (Hidden Cove Development), Oak Cliff Municipal Management District, West Dallas Municipal Management District, and Tornillo Municipal Management District. In addition, Ms. Urbina worked with the City of Grand Prairie as the City sold bonds to build a baseball stadium for the Air Hogs.

### **Special District and TIF**

Very little direct tax increment (TIF or TIRZ) revenue financing has been done during the past five years. That is indicative of market conditions, and the at least somewhat speculative nature of most tax-increment zones which are based on pro-forma revenue estimates. In Texas, most financings related to tax increment zones has been done by cities through the issuance of CO's, with the enhanced security of the property tax pledge. This is also true in other states or parts of the country. For example, in order to finance TIF's for major redevelopment, Kansas City, Missouri has secured financing with a general appropriation pledge by the City.

Mr. Williford has been responsible for TIF analysis and structuring for numerous cities, including El Paso, Richardson, Kansas City, Missouri, Albuquerque, New Mexico, and other entities such as Arlington ISD, Richardson ISD, and Hurst-Eules-Bedford ISD, and Dona Ana County, New Mexico.

Ms. Urbina has been involved in the evaluation of numerous TIF zones as a quantitative specialist for projects in the North Texas region. Her quantitative expertise in the evaluation of projects have led to the creation of more than four different Municipal Management Districts. Three of those projects are within the North Texas region in the Cities of Arlington, Texas and Dallas, Texas. The fourth project is within the El Paso area in Tornillo, Texas. In her recent capacity as financial advisor for the City, she has provided consulting and quantitative assistance to the existing El Paso Downtown TIRZ.

Ms. Urbina recently assisted the El Paso County Tornillo Water Improvement District as it negotiated with the Tornillo Municipal Management District for future development within the area. Both entities agreed to work together to provide water/sewer services to those people within the District. Due to her experience with other Municipal Management Districts in the State, and her understanding of the unique needs of the El Paso region, FirstSouthwest recommended to the Tornillo Water Improvement District and the Tornillo Municipal Management District, the formation of a Community Services Organization ("CSO") for the purpose of enhancing the quality of life of the future residents within the area. This type of CSO in the future shall provide funding for basic quality of life

needs to the unincorporated area of Tornillo and is the first of its kind in the region.

### **Evaluation of Developer Proposals and Negotiating Assistance**

#### **Experience: Evaluating Developer Proposals**

The situation faced by the City is similar to relevant experience of FirstSouthwest with a number of cities, *particularly Irving, Richardson, Kansas City, Albuquerque, Houston, and Dallas*, regarding inner city redevelopment, and with a number of growing cities pertaining to "Greenfield" or new development. In most cases, developer proposals have requested some level of tax increment, public or neighborhood improvement assessments, and even city appropriation or direct tax support.

In our representation, FirstSouthwest has been responsible for evaluating developer proposals, developing counter proposals on the part of the city, and in a number of cases, engaging in direct negotiations with developers.

In addition to our experience and expertise, FirstSouthwest has access to and relationships with master development specialists and real estate consulting firms.

In most of the proposed TIF, special district, or other incentive packages requested or presented by developers to our municipal financial advisory clients, FirstSouthwest is active in assisting in negotiating the participation or incentive levels and terms to be provided to developers. In most cases, this is based on our evaluation and "stress testing" of financial projections and on determination of ongoing service costs to be faced by the city or governmental entity.

#### **Experience: Development/Tax Increment Financing (TIF), Public Improvement District (PID) Experience**

FirstSouthwest's strengths are reflected in the amount of work that we have completed for land and economic development. We have been highly proactive in the area of economic development in that we have assisted a variety of municipalities, industrial development corporations, and other public entities.

FirstSouthwest has significant experience in:

- Community Facilities Districts (CFD)
- Special Assessment District (SAD)

- Public Improvement Districts (PID)
- Tax Increment Reinvestment Zones (TIRZ), also known as Tax Increment Financings (TIF)
- Creating Economic Development Corporations
- Sales tax financings
- Joint Use Facilities
- Public/Private Partnerships
- Sales Tax Corporations

#### **Economic Development Issuers**

Select issuers for which we have provided financial advisory services specific to economic development include the following.

- City of Dallas, TX
- City of Fort Worth, TX (Fort Worth Sports Authority)
- City of Grapevine, TX
- City of Houston, TX
- City of Irving, TX
- City of Richardson, TX
- City of Southlake, TX
- City of Garland, TX
- City of Kansas City, MO
- Frisco Economic Development Corp. (TX)
- Greater Greenspoint Redevelopment Authority (TX)
- Harris County Sports Authority (Houston, TX)
- Midtown Redevelopment Authority (TX)
- Texas Economic Development Bank
- Dona Ana County (NM)
- City of Albuquerque, NM

Mr. Williford and Ms. Urbina have been very active in negotiation and the decision process regarding developer proposals and other economic development projects on behalf of clients including, Richardson, HEB ISD, Albuquerque, Kansas City, and Dona Ana County, New Mexico.

#### **c. Financing Techniques**

**Describe the firm's depth of knowledge of Texas City's financing techniques and provide a list of the municipal tax-exempt and taxable financings that have been completed for the last 5 years for which the firm served as financial advisor for cities in the State of Texas. Please include issuer, issue description, and par amount. 20 Points**

#### **Experience with Texas Cities**

FirstSouthwest is the number-one financial advisor in the State of Texas to city issuers for number and par amount of transactions completed.

As previously mentioned, during the past five years, we have served as financial advisor on 669 issues totaling \$64.15 billion par amount for cities throughout Texas.

**No other firm has more experience with Texas laws regarding debt issuance by cities and other governmental issuers than FirstSouthwest.** We have been proactive in advocating statutory and regulatory changes that enabled contemporary debt issuance and enhanced debt management strategies and practices by Texas municipalities.

Please refer to **Section D. Client List** for a list of the municipal tax-exempt and taxable financings over \$4 million par amount that have been completed for the last 5 years for which the firm served as financial advisor for cities in the State of Texas.

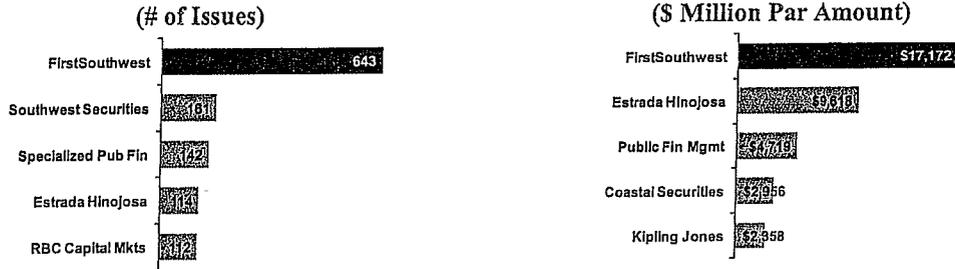
**Section E. Appendices** contains multiple case studies for cities, both in Texas and outside the state, presenting examples of experience relevant to the areas of the RFP questions.

FirstSouthwest has a great deal of experience serving cities in the State of Texas on both taxable and tax-exempt transactions. Such level of experience ranks FirstSouthwest as the number-one financial advisor to cities in the State of Texas for both taxable (30 transactions totaling \$2.56 billion) and tax-exempt (643 transactions totaling \$17.17 billion par amount) for the five year period from July 1, 2007 through June 30, 2012, according to Ipreo MuniAnalytics.

**Tax-Exempt Financial Advisory Experience to Cities in the State of Texas**

(July 1, 2007 – June 30, 2012)

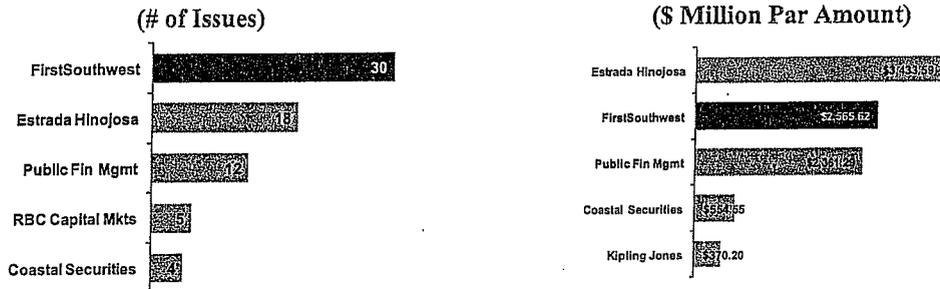
Source: Ipreo MuniAnalytics



**Taxable Financial Advisory Experience to Cities in the State of Texas**

(July 1, 2007 – June 30, 2012)

Source: Ipreo MuniAnalytics



**Texas City Experience**

Mr. Williford possesses specialized experience working with cities throughout the State, and his expertise is complemented by work with numerous cities.

Significant Texas cities served by Mr. Williford include:

- El Paso
- Abilene
- Richardson
- Midland
- Odessa

Ms. Urbina also possesses specialized experience with a number of Texas cities. Significant Texas cities served by Ms. Urbina include:

- El Paso
- Greenville
- Southlake
- Highland Village
- Colleyville
- Commerce

- Garland
- Grand Prairie
- Desoto

Mr. Ayala also possesses specialized experience with a number of Texas cities. Significant Texas cities served by Mr. Ayala include:

- Garland
- Grand Prairie
- Desoto
- Benbrook
- Harlingen
- McAllen
- Pharr

Mr. Williford also serves as the managing financial advisor to the following FirstSouthwest city clients.

- Kansas City, Missouri
- Santa Fe, New Mexico
- Albuquerque, New Mexico
- Phoenix, Arizona

As previously mentioned, experience gained and situations faced in serving major cities in other states may bring ideas or have beneficial application to service to the City.

The El Paso Financial Advisory Management Team has dealt with a very wide range of financing needs, types of issues, and types of credit support for cities, including: property tax (GO), water and sewer, sales tax, hotel/motel tax, and other revenue sources such as parking, special facility, and lease revenue. They have been involved in a number of innovative financing structures for infrastructure as well as for economic development.

In addition to the City, FirstSouthwest provides financial services to the following of the 35 largest cities in Texas:

- |                 |                   |
|-----------------|-------------------|
| ▪ Houston       | ▪ McAllen         |
| ▪ San Antonio   | ▪ Abilene         |
| ▪ Dallas        | ▪ Frisco          |
| ▪ Fort Worth    | ▪ Denton          |
| ▪ Plano         | ▪ Midland         |
| ▪ Garland       | ▪ Odessa          |
| ▪ Irving        | ▪ Richardson      |
| ▪ Grand Prairie | ▪ Lewisville      |
| ▪ Mesquite      | ▪ College Station |
| ▪               |                   |

*i. Scope of work (FA process, etc.)*

Based on our extensive and varied experience with public entities, FirstSouthwest provides a full-service approach to providing financial advisory services that ensures every aspect of an issuer's needs is addressed. The driving force behind our long history of success, our approach combines all of the firm's public finance capabilities and additionally employs as needed representatives of our other specialty groups.

**Understanding of Scope of Services**

From our vast experience providing a comprehensive scope of financial advisory services to clients

nationwide, including the City itself, FirstSouthwest fully understands the needs of the City. It is hoped that our service to the City has evidenced the full extent of our capabilities, in addition to responsibilities related solely to individual debt issuance. The specific services as listed in the City's RFP fall within our seven-phase approach to providing financial advisory services, as summarized in the following chart.

The scope of services listed in the RFP all are areas in which we are well-versed, from credit ratings and enhancement to bond structuring and planning to marketing and closing. We will customize our approach for the City's needs and will integrate the many other services, tools and resources of our firm as necessary throughout our engagement. We will readily accommodate needs not mentioned in the RFP. Because of the experience and competence of our professionals, FirstSouthwest confidently assures timely and responsive service. Acting as an extension of the City's full-time staff, we will provide the City with ongoing services during the contract period, as our relationships are not transaction-based.

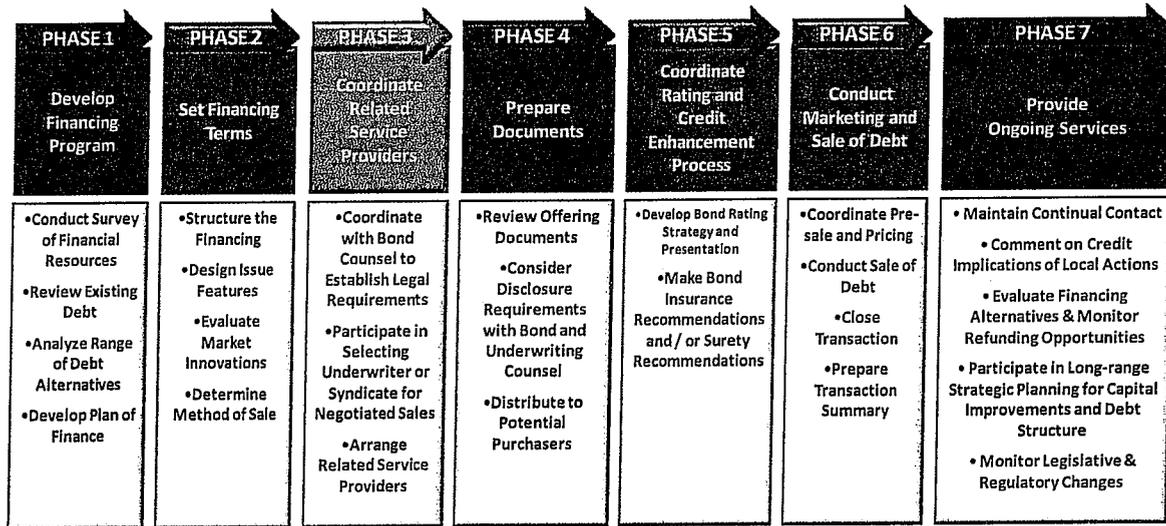
**Organization and Management of Services**

We consider financial advisory service as an ongoing or continuing process and relationship versus only a transaction-based service. **FirstSouthwest believes that the financial advisory process is ongoing and dynamic – tied to the changing situation and needs of the client.**

FirstSouthwest's team approach is critical to the organization and management of our representation of and service to the City. Under the guidance and coordination of Ms. Urbina and Mr. Williford, all primary banking personnel will be fully apprised and engaged in the respective service to the City.

The following chart summarizes each step of our approach:

**Customary Phases in a Financial Advisory Engagement**



**Work Plan**

The following is an explanation of our financial advisory approach; we believe that our experience gives us the requisite experience to fully meet each of the City's requirements.

**Phase 1: Develop Financing Program**

For the planning and structuring of tax-exempt financings, FirstSouthwest will incorporate the implications of arbitrage rebate, investment policies, marketing, and technical considerations. Furthermore, our financing strategies factor in the implications of relevant financial issues, both current and potential, ensuring clients that the relevant aspects of a transaction will be considered before terms are finalized.

In order to determine available borrowing capacity, we will continue to maintain the City's complex debt model and will evaluate existing debt policies, optimum debt structure and financial resources of the City. FirstSouthwest will analyze the projected sources of revenue that may be pledged to secure payment of debt service, and we will assist in determining the cash flows that are legally available to pay principal and interest as well as the optimal revenue pledge in terms of the overall credit rating of the City and the marketability of the issue. FirstSouthwest will devise and recommend a plan for financing bonds to be issued through monitoring and controlling the costs of fees and expenses incurred, a maturity schedule, and other terms and conditions requested by the City.

FirstSouthwest will recommend the investment of bond proceeds in compliance with federal arbitrage regulations, and will provide sound, current advice concerning the ongoing legislative considerations of new bond or borrowing initiatives. Furthermore, we will provide oversight, coordination, and experience in the development of new bond or borrowing initiatives.

Upon completion of Phase 1, the City and FirstSouthwest will have designed a financing strategy that facilitates the success of all future financing initiatives.

**Phase 2: Set Financing Terms**

FirstSouthwest will continue to perform analyses to determine the timing of the offering, appropriate size of the bond issue, and structure of each financing. In addition, we will evaluate the cost effectiveness of various financing alternatives to recommend the structure that achieves the highest possible credit rating within the constraints of the City and underlying loan participant.

We have the technical capability and experience required to assess virtually every type of financial structure contemplated by a government issuer or conduit borrower. Therefore, we are able to run scenarios that quantify the benefits and costs of various structuring considerations, such as: fixed versus variable rate debt, credit enhancement, optimal call dates and prices, desired maturity dates, premium versus discount bonds, and serial versus term bonds. FirstSouthwest will prepare cash flow forecasts and

debt models that will enable the City to evaluate the annual debt service requirements associated with alternative financing structures. We will recommend the method of sale that maximizes the marketability of the City's securities and minimizes the overall borrowing cost.

For the most common types of design analysis, FirstSouthwest will:

- Produce cash flow models with the flexibility to calculate bond capacities based on debt service installments; utilize forecasted revenues, expenditures and growth factors; model construction drawdowns and interest earnings; and project tax rates and user charges.
- Size a financing including allowance for capitalized interest, construction costs, escrow requirements, insurance costs, interest earnings, issuance costs and reserve funds.
- Structure a payment amortization to a tailored schedule based on projected revenue and expenditure constraints.
- Defease outstanding debt utilizing a state-of-the-art proprietary advance refunding software system that structures an optimal escrow fund; structure new debt on a level, front-end or tail-end savings basis; and provide other structures as necessary.
- Calculate the issue price to the public and, using this price, calculate the arbitrage yield as defined by the Tax Reform Act of 1986.
- Calculate an internal rate of return or "true interest cost" and provide present value schedules based on such yield for use in evaluating bids or modeling present values of cash flow projections.
- Devise debt capacity models that can be used to detail the issuer's existing debt service requirements; forecast proposed debt service requirements; and project the impact of the proposed requirements on financial ratios, such as debt to valuation and per capita debt as well as taxes and tax rates.
- Develop debt service schedules, which can be used to illustrate the debt service requirements on an actual, bond, or fiscal year basis, while

assuming annual, semi-annual, or monthly payments. Our schedules can accommodate serial and term bonds, discount and premium bonds, and zero coupon bonds, including premium capital appreciation bonds, as well as variable rate and synthetic fixed rate debt.

- Provide refunding analysis, which can be used to illustrate savings on a gross basis or a present value basis of refundings.

We offer a distinctly different approach to providing technical services from our competitors. Often investment banking firms use the technical area as a training ground for new bankers; however, we believe that structuring a bond transaction requires the implementation of innovative financing techniques by experienced professionals. The team of professionals carefully selected to work with the City has the ideal combination of expertise, skill, and creativity to address and achieve future financing needs of the City.

### **Phase 3: Coordinate Related Service Providers**

FirstSouthwest will assist with the evaluation of proposals from financial printers, paying agents/registrars, and trustees. We will participate in document preparation and assist bond counsel in the coordination of the offering, prepare information as necessary for the rating agencies and will help the City maintain ongoing relationships with credit rating agencies. We will disclose all fees, define all relationships, and meet the City's needs by facilitating excellent working relationships with the City's other service providers.

We serve as financial advisor for approximately 800 transactions per year. Our professionals work daily with bond attorneys, financial advisors, and underwriters. Because we often commit our own capital for the benefit of our clients, we understand the role of underwriters. Our underwriting capability enables us to negotiate as equals with underwriters during the structuring, marketing, and pricing phases of a transaction. Furthermore, we have a long history of working with minority and female-owned firms involved in all facets of the investment banking industry. For these reasons, our firm is well equipped to provide recommendations on the composition of the financing team.

#### **Phase 4: Prepare Documentation**

FirstSouthwest will coordinate closing details and post-closing duties, including the development of closing memorandum and the final preparation of documents necessary for financing current and future projects. Our participation ensures the creation of documents that will provide credit strength and operating flexibility to the City, security to the investor, and marketability for the underwriter. Additionally, we will assist with the preparation of an Official Statement and other disclosure documents that describe all terms and conditions of the transaction.

#### **Phase 5: Coordinate Rating & Credit Enhancement Process**

For the past five years, FirstSouthwest served as financial advisor on 4,059 bond issues nationwide. At least two of the three major ratings agencies rated the majority of the transactions. As part of each rated transaction, our bankers interact closely with the rating agencies throughout the transaction. This experience has led our firm to develop detailed rating strategies for our clients.

As a result of our experience, FirstSouthwest has unparalleled relationships with Moody's Investors Service, Standard & Poor's, and Fitch. This continual "hands-on" exposure to all aspects of the rating process affords the City a major advantage: an in-depth understanding of the rating agencies' typical concerns regarding City credits. We will closely guide the City through the presentation process in order to help City achieve its ratings goals.

In addition to our standing as the nation's leading municipal financial advisory firm for credit enhanced financings, FirstSouthwest has a thorough knowledge of liquidity facilities and relationships with providers of third party- credit enhancement and commercial banks beneficial to the successful completion of the City proposed financing. We regularly explore bond insurance and letters of credit in order to lower the interest and issuance costs of our clients. To evaluate the credit worthiness of our clients' bonds and the cost effectiveness of municipal bond insurance, we maintain contact, nearly daily, with the remaining bond insurance companies. We also maintain close contact with domestic and foreign banks and other companies that provide letters of credit, surety bonds, and other credit enhancement instruments.

#### **Phase 6: Conduct Marketing and Sale of Debt**

FirstSouthwest will take the steps necessary to obtain the broadest possible participation in bidding regarding a competitive sale. We ensure that investors and underwriters understand the City's credit and the mechanics of the sale, evaluating such to determine the most beneficial financing structure. For a negotiated sale, we will represent the City in all areas of pricing and sale. We will assist with the negotiation of covenants, coupons, expenses, takedowns, and yields to ensure that the City's bonds are sold at market rates. Our professionals will conduct pre-pricing calls with the City and the underwriters, set marketing priorities, monitor all orders, and balance requests for re-pricing.

FirstSouthwest's constant evaluation of alternatives to re-marketing and the implementation of those alternatives, when appropriate, will be highly beneficial to the City. We will recommend approval of final pricing only after our underwriting desk has assured the City that the borrowing has achieved a fair cost of capital for the sale date, based on to-the-minute market conditions for that type of security.

#### **Phase 7: Ongoing Services**

##### ***Maintain Continual Client Relations***

As part of FirstSouthwest's comprehensive service, we will continue to offer assistance to the City by:

- Commenting on the credit implications of local actions and events
- Developing debt management policies
- Evaluating financing alternatives
- Participating in long-range strategic planning for capital improvements and debt structure
- Developing financial models to analyze the full range of debt funding alternatives
- Evaluating the appropriateness and benefit of derivative products
- Identifying cost savings or debt service restructuring opportunities
- Providing an ongoing link between such parties as underwriters, bankers, insurers, investors, regulators, trade groups, and other issuers

##### ***Monitor Legislative and Regulatory Changes***

FirstSouthwest monitors legislative and regulatory changes as they relate to our clients and advises as to

where action and participation may be beneficial. This is of particular benefit to our clients given the continually changing regulatory environment. When appropriate, we work with a client's attorney and bond counsel to identify, draft, and propose legislation for the direct benefit of the client, or prepare a response to proposed legislation that adversely may impact our clients.

*Through Ms. Urbina's involvement with the Leadership El Paso Program administered by the Greater El Paso Chamber of Commerce, she had an opportunity to attend the "2011 El Paso Days in Austin" with the El Paso Delegation and was exposed to the issues affecting the community of El Paso. We have included a narrative of her experience in Section E. Appendices as provided within the Greater El Paso Chamber of Commerce May 2011 Newsletter. FirstSouthwest's comprehensive approach to legislative matters and our local understanding of key issues affecting the community of El Paso makes FirstSouthwest the best firm to represent the City.*

#### **Technical Capabilities in Government Auditing**

FirstSouthwest's arbitrage rebate services focus on governmental bond issues for state and local governments, and we recognize a number of different accounting systems are used to trace bond proceeds. We have developed several methods of calculating the arbitrage rebate computations that align with various recordkeeping methods and also maintain compliance with the arbitrage rebate regulations. FirstSouthwest works with each client's existing records to develop a computational approach rather than requiring the client to follow one established method. This approach minimizes compliance costs to the client and requires substantially less time from the client's personnel. To provide an overview of our process and how we minimize the data gathering efforts of our clients, the following outlines our standard procedures.

#### **Ongoing Training of City Staff**

FirstSouthwest is active in training on a variety of topics. For example, we have had a series of pension and OPEB seminars and conducted an arbitrage rebate conference. Additionally, our bankers are asked to speak at numerous conferences during the year in Texas and across the U.S. This background helps us communicate on topics which are often complex and

evolving. Our audiences include staff, elected officials, regulators, rating agencies, and investors. FirstSouthwest also has weekly economic market calls and written commentaries available for our clients.

At the request of the City, the team is also available to provide training to existing and/or new staff and Council members on topics related to the municipal finance industry. Our bankers specialize in public finance and can make presentations on a wide variety of important topics such as: Debt issuance, rating evaluation, pricing process, asset management, and many other topics.

#### *ii. Analytical Capabilities*

FirstSouthwest's approach to providing financial advisory services centers on detailed analysis and continuous technical support during the planning process and throughout each transaction, often before an underwriter is selected. We develop detailed financial models to help quantify the benefits and risks of any proposed financing. We want our clients to have total confidence in the final transaction structure and to be assured that all options are analyzed thoroughly. Evident of our commitment to provide the highest level of analytical support, FirstSouthwest has an exemplary quantitative analysis group. Some firms use this area as a training ground for new bankers; however, we believe it is critical to have an experienced banker leading such effort.

We offer a distinctly different approach to providing technical services from our competitors. The team of professionals carefully selected to work with the City have the ideal combination of expertise, skill, and creativity to address and achieve future financing needs of the City.

FirstSouthwest's exemplary quantitative analysis group is lead by a senior banker with 35 years of experience, and we annually recruit and train analysts to maintain depth and support for all assigned engagements. We have the technical capability and experience required to evaluate virtually every type of financial structure contemplated by an issuer. FirstSouthwest performs analyses to determine the timing of the offering, appropriate size of the bond issue and structure of each financing. In addition, we evaluate the cost effectiveness of various financing alternatives so that we may recommend the structure that achieves the

highest possible credit rating within the constraints of the issuer and underlying loan participant. In addition, FirstSouthwest has extensive experience evaluating, analyzing, and advising on economic development projects throughout the nation.

The software packages FirstSouthwest utilizes include DBC Finance, MUNEX Advanced Decision Support Software for Public Finance and Financial Management Systems Micro Muni Debt Refund and Sizing, and Microsoft Excel. Occasionally, specific software is built on a contract basis for clients should the complexities of transactions exceed the capabilities of the standard software packages. FirstSouthwest maintains proprietary models for the evaluation of derivative structures and investments. In addition to the software that directly supports the public finance effort, we subscribe to Bloomberg, Reuters, Telerate, Dalnet, Ipreo and Thomson Financial Securities Data Company.

The computer capabilities of the underwriting and trading desk that are fundamental to broker/dealer firms enhance the financial advisory services that FirstSouthwest provides. Therefore, FirstSouthwest is committed to staying abreast of the latest developments in the digitalization of fixed income trading. Since the emergence of the Electronic Communication Networks ("ECNs") and electronic bid submission systems, we have been a pioneer, working with the leading vendors in the field to provide unique insight. Among the vendors we are actively utilizing today are: Bloomberg, I-deal, MuniAuction, Thomson, MuniCenter, Bonddesk and Valubond. We have recently engaged Random Walk, a consulting firm notable for their development of the Real Time Reporting System ("RTRS") for the Municipal Securities Rulemaking Board ("MSRB"). We believe the transparency created by the data disseminated in the RTRS has far-reaching implications for our clients, and that FirstSouthwest Company is in a unique position to harness and interpret that data by equipping our experienced trading professionals with the most up-to-date market information, and analyzing that information for our clients.

#### **Long-Term Planning Experience and Capital Planning Analysis**

FirstSouthwest has been involved extensively with assisting public entities to initiate, develop and

maintain long-term finance programs. We have assisted our clients in creating and implementing customized financial models that enable our clients to finance their programs using cost-effective strategies. During the capital improvement planning process, FirstSouthwest will assist the City's staff in considering all financial factors, both current and contemplated.

We will conduct a thorough review of the City's existing financial resources and legal structure, as well as all data pertaining to the City's future capital projects. We will evaluate the existing debt structure and financial resources to determine available borrowing capacity and will advise as to opportunities to restructure existing debt to take advantage of savings opportunities. We then will analyze the projected sources of revenue available to pay debt service.

**In particular, Mr. Williford and Ms. Urbina have been responsible for long-term planning on behalf of numerous entities. This planning has addressed all elements expressed above and has evaluated and implemented refunding/restructuring, synthetic fixed-rate and other derivative applications, and private activity regulations determining the ability to finance on a tax-exempt versus taxable basis.**

#### **Experience with Large Capital Improvement Plans**

The following table illustrates FirstSouthwest's proven ability to assist our clients with managing large and complex Capital Improvement Plans ("CIPs") in a fiscally responsible manner. These projects represent multi-year engagements that required the development of detailed plans of finance that identified several financing options, which ensured that the undertakings were completed in a timely manner while also mitigating the impact on rates, fees and charges.

FirstSouthwest currently manages the City's capital improvement debt model. The ten-year model takes into account \$907 million in par currently outstanding plus \$404.4 million in approved, but unissued, certificates of obligation. Through our relationship with the City, we have assisted the City in assessing debt tax rate impact based on proposed plans and projects.

We manage a complex list of self-supporting debt, its different cost centers and revenue sources, Build America Bonds tax credits, and all other revenue projections to calculate tax rate impact based on proposed debt issuance for future years. All of our projections have been carefully crafted with guidance from the Chief Financial Officer (“CFO”) and to meet the City’s policy of a not-to-exceed debt tax rate of \$0.27/\$100 valuation. As the City’s Financial Advisors, we will continue to work to meet all debt management goals as per the direction of the CFO. A copy of the latest debt models have been included in **Section E. Appendices.**

FirstSouthwest and Staff Financial Advisory Experience Large Capital Improvement Programs	
Issuer	Par Amount of Program
City of El Paso (TX)	\$1.31 Billion
Miami International Airport	\$5.30 Billion
Philadelphia International Airport (PA)	\$1.20 Billion
Dallas/Fort Worth International Airport	\$2.60 Billion
Houston Metropolitan Transit Authority	\$2.20 Billion
Houston Airport System	\$2.05 Billion
New Mexico Finance Authority/New Mexico Department of Transportation	\$1.58 Billion
Harris County Toll Road Authority (TX)	\$1.30 Billion
Orlando-Orange County Expressway Authority	\$1.20 Billion
Dallas Area Rapid Transit	\$2.90 Billion
City of Fort Worth (TX)	\$1.09 Billion

### **Incorporating Live Market Data into the City’s Financial Models**

FirstSouthwest believes maintaining a trading and underwriting desk is essential to properly advise our clients about market conditions. We believe that this approach towards our financial advisory business will benefit the City immensely.

Our firm’s underwriting desk participates in the market on a daily basis when purchasing positions for our own account as well as when purchasing for others, and assures our financial advisory clients that their securities are priced and sold at market levels. The risks of not knowing the market are enormous. For example, a difference of five basis points (0.05%) on a \$20 million offering can cost the City \$10,000 annually or \$200,000 over a 20-year life.

#### *iii. Rating Experience/Presentation*

### **Bond Rating Expertise**

During the past five years, FirstSouthwest served as financial advisor on more than 4,000 bond and note issues nationwide. At least two of the three major

ratings agencies rated the majority of the transactions. As part of each rated transaction, our bankers interact closely with the rating agencies throughout the transaction. This experience has led our firm to develop detailed rating strategies for our clients.

As a result of our experience, FirstSouthwest has unparalleled relationships with Moody’s Investors Service, Standard & Poor’s, and Fitch. This continual “hands-on” exposure to all aspects of the rating process affords the City a major advantage: an in-depth understanding of the rating agencies’ typical concerns regarding airports’ credits. We will closely guide the City through the presentation process in order to help the City achieve its ratings goals.

In addition to our standing as the nation’s leading municipal financial advisory firm for credit enhanced financings, FirstSouthwest has a thorough knowledge of liquidity facilities and relationships with providers of third party credit enhancement and commercial banks beneficial to the successful completion of the City proposed financing. We regularly explore bond insurance and letters of credit in order to lower the interest and issuance costs of our clients. To evaluate

the credit worthiness of our clients' bonds and the cost effectiveness of municipal bond insurance, we maintain contact, nearly daily, with the remaining bond insurance companies. We also maintain close contact with domestic and foreign banks and other companies that provide letters of credit, surety bonds, and other credit enhancement instruments.

We are one of the few financial advisory firms in the nation that employs a full-time credit analyst to assist our clients during the rating process. Ms. Angela Kukoda, who is a member of our proposed team for the City, has 18 years of municipal credit analysis experience. With the expertise of Ms. Kukoda and the personal knowledge provided by Ms. Urbina, Mr. Williford, and Mr. Hall regarding the City, we are able to identify the City's strengths and weaknesses, obtain comparable data and determine ratings strategies for the City.

With the demise or downgrade of AAA rated bond insurers, underlying bond or credit ratings of issuers has become even more critical. FirstSouthwest is experienced in and dedicated to assisting our clients to achieve and maintain the highest ratings possible.

#### **Our Approach**

FirstSouthwest recognizes that each issuer is unique. While the rating agencies often come up with the same equivalent ratings on a particular credit, the factors underlying their decisions may differ, as well as their views on what could trigger rating changes. As the City's financial advisor, we will continue to utilize every resource available and will identify trends that may warrant outlook or rating changes for the City. We will also assist the City with any rating agency presentations and reviews that occur in the interim of bond sales. FirstSouthwest will continue to monitor all external conditions such as national/regional/local economic and political conditions that may impact the City's credit and will be prepared to present the most favorable findings to all rating agencies.

*As an extension of our services, we will propose to meet with the City at least one month in advance to any scheduled rating meeting to strategize and identify with City staff any potential key points and internal improvements that could help enhance the City's existing rating. In addition, we will meet with*

*City staff, and rating agencies, as many times as needed during the year to address any rating matters.*

#### **The City's Current Rating Situation**

The City's General Obligation Bonds and Certificates of Obligation currently have unenhanced ratings of "AA" from both Standard & Poor's ("S&P") and Fitch Ratings ("Fitch"), with "Stable" outlooks. These ratings were last reviewed and affirmed in August 2011.

Credit strengths recognized by the rating agencies in their most recent report include:

- A broad economic base, anchored by a large governmental sector and a growing health care sector;
- A diverse tax base; and
- Strong financial management and performance.

Offsetting challenges include:

- Relatively low wealth and income indicators; and
- A moderately high debt burden, although Fitch notes that direct debt per capita is low at \$1,400, according to its calculation.

In their reports, the rating agencies provide "clues" as to events or trends that could lead to rating changes. S&P does so in its "Outlook" section. In its August 2011 report, the rating agency noted:

"We do not expect to change the rating within the next two-year horizon...but...an increase in financial reserves and decline in debt burden could lead us to raise the rating."

In its August 21 report, Fitch reported:

"Balancing debt issuance with tax base growth and capital needs is essential to the rating, given the city's grow-related capital pressures and already above-average debt service tax rate."

#### **Our Resources**

In March 2012, S&P announced that it was planning to modify its general obligation rating criteria to make the rating process more transparent by assigning weighted values to its primary rating factors. FirstSouthwest was asked to comment on the proposed changes. To complete this task and, ultimately, better serve our clients, we recently developed a model that

encompasses the proposed changes to enable us to predict likely rating outcomes. When S&P releases its final criteria, we will update our model accordingly. As we discuss below, based upon a preliminary analysis of the City's General Obligation credit characteristics, we believe the City may have upward potential with respect to its S&P rating.

FirstSouthwest also subscribes to Moody's Financial Ratio Analysis ("MFRA"), a data service provided by Moody's Investors Service that enables us to compare our clients' financial and economic metrics with those of other issuers, as well as to median values at different rating levels. A sample of the output provided by this product is presented in **Section E. Appendices**. By including this material, we are not advocating that the City apply for a Moody's rating. However, we believe this information can be useful in determining how the City measures up against other issuers: with equal or higher S&P and Fitch Ratings equivalent ratings, along the US/Mexico border, and Texas issuers with strong military bases.

### Rating Strategy

We use several tools in developing rating strategies for our clients. FirstSouthwest's overall strategy for maintaining, and ultimately increasing, the City's ratings is three-fold. First, given our previous knowledge of the City, we would demonstrate that the City has already taken some steps to address the rating agencies' concerns. Second, we would use our newly developed S&P model to determine if there is cause for a possible rating upgrade from that rating agency and will continue to monitor the City's credit. Third, we would use the MFRA product to track comparisons between the City's financial and economic metrics and those of similarly and higher rated Texas credits.

Rating agencies already view the City's General Obligation debt as a strong credit. As per S&P's Financial Management Assessment methodology, the City ranks as "strong" due to existing management and conservative policies already in place. S&P will continue to evaluate the City's overall capital plan and will monitor debt ratios as a key component. We believe that the City has, and continues, to positively address the issues of fund balance. Unassigned fund balance as a percentage of revenue is still below typical "AA+" credits. However, we believe the City's fund balance should continue to grow as a result of its

adopted policy of not using general fund reserves to balance its budget, except for one-time and/or emergency capital acquisitions. As economic recovery continues, we would expect growth of major revenues to accelerate, leading to positive budgetary variances that will increase the City's reserves—especially in light of its positive track record in containing expenditure growth.

Based upon our extensive analysis of S&P's proposed criteria and preliminary testing of the City's credit using our model, we believe a rating upgrade may be within reach if the City continues to address the rating agencies' concerns. Economic characteristics will continue to drive S&P's ratings. An issuer's economic "score," based upon market value per capita and projected per capita income increases as a percentage of the national level, will initially be examined. The City's wealth and income levels are obviously below both state and national averages when viewing these statistics. However, S&P will consider qualitative factors that could have a strong positive impact on the City's economic score. These factors include:

- "Participation in a larger broad and diversified economy with employment stability better than the U.S. through economic cycles;" and
- "An ongoing stabilizing institutional influence existing for more than 30 years, such as a major state university, state capital, military base, or large and stable corporate presence."

We believe the employment presence of Fort Bliss, as well as the University of Texas at El Paso, with an enrollment of approximately 18,000 students, and the Paul L. Foster School of Medicine (although relatively new to the City's economic base) will partially offset concerns over wealth and income levels. With an estimated \$3.9 Billion annual economic impact to the City from Fort Bliss, the continued stability and expansion of Fort Bliss is likely to be viewed as especially important. Furthermore, economic impact from the expansion of the University Medical Center/Children's Hospital, Medical Center of the Americas, Downtown Redevelopment Plan, potential Triple-A baseball park, and new mix-use smart growth residential developments (Montecillo, Northwest Master Plan, and Northeast Retirement Master Planned Community) will positively impact the City's tax base and regional economic vitality in the near future.

In addition, it should be further mentioned to the rating agencies that City management has been working on revamping its regional economic development partnerships to help bring new and higher paying jobs to the City. Recently, a consultant was hired to look at El Paso's economy and to make recommendations to attract businesses and new jobs into the area. The City Manager has started to implement some of the recommendations and has been actively searching opportunities to maximize public/private partnerships. The Business Journals recently conducted a study of employment streaks for America's 100 biggest metropolitan areas as of April 2012 and concluded that El Paso has been leading the nation in longest economic growth for the past 26 consecutive months. The City has gained 7,100 private sector jobs in the last 12 months. *Rating agencies should consider all these positive economic factors as potential indications of improved tax base and income levels in the near future.*

Rating analysts closely monitor overall and direct debt for any credit. With respect to debt burden, there are clearly several ways to measure it. Usually, the rating agencies focus on the following ratios: overall net debt per capita, overall net debt as a percentage of market value, direct debt per capita and direct debt as a percentage of market value. Debt service as a percentage of expenditures is also often considered. They will look at the City's projected capital needs in the next five years and the impact to the overall tax rate on a yearly basis. Fitch also looks at debt service tax rate—a measure of debt burden that is also important, but not usually mentioned by the rating agencies. Here, again, we believe the City's debt policies should allay rating agency concerns about its debt burden—particularly its decision to limit its tax rate for debt service to \$0.27/\$100 of taxable assessed valuation going forward. In order to improve these metric calculations, the City will have to maintain adequate debt levels and continue to balance its issuance with tax base increases.

Other factors and their weightings proposed by S&P include: institutional framework (10%), management (20%), liquidity (10%), budgetary performance (10%), budgetary flexibility (10%) and debt and contingent liabilities (10%). However, we believe the City's debt calculations are inflated by the inclusion of its \$209.2 million pension bonds and that the rating agencies

should also calculate its debt ratios without these obligations. Most municipalities do not have pension bonds outstanding and many have high unfunded pension liabilities. The rating agencies do factor pension burdens into their rating determinations, but they are generally not included in direct debt totals. This may change in the future, as it has in the analysis of state credits.

S&P estimates that, under its proposed criteria changes, 65% of ratings would remain unchanged, 32% would increase and 3% would decrease. Again, we believe an upgrade of the City's G.O. credit may be within reach, although, despite the "scorecard" system, final rating decisions will remain the purview of the rating committee.

Finally, we used Moody's MFRA product to compare El Paso's credit metrics to those of Texas Cities rated "Aa1" (S&P and Fitch's equivalent ratings would be "AA+") with populations of over 100,000. Our sample includes the Cities of Amarillo, Arlington, Carrollton, Dallas, Fort Worth, Frisco, McKinney and Midland. We included operations and debt service tax rate data obtained from the Texas Municipal Advisory Council, as the MFRA product does not track these values. We also calculated unassigned fund balance with the inclusion of the City's \$16 million cash reserve, as we believe doing so provides a better estimate of available general fund resources.

As the accompanying charts reveal, the City's metrics are significantly lower than Moody's "Aa1"-rated cities in terms of wealth and income indicators (full value per capita and per capita income as a percentage of the state's), as well as debt service tax rate. Additionally, even with the inclusion of the \$16 million cash reserve, its unassigned fund balance is below that of most of the other credits. However, as mentioned above, we believe the City's fund balance will grow as economic recovery continues and "catch up" to some of the higher rated credits.

The City does compare extremely well in tax base diversity, tax base growth, and direct debt per capita.

Please refer to **Section E. Appendices** for FirstSouthwest's MFRA Data.

*i. Experience with the City*

FirstSouthwest has provided financial advisory services to the City since 1965. During the past five years, we have provided financial advisory services on 16 issues for the City, with a total par volume of more than \$753.03 million. The following table includes a brief summary of these transactions:

Sale Date	Par (\$mil)	Issue Description Short
01/26/12	52.78	Water and Sewer Revenue Refunding Bonds, Series 2012
08/31/11	32.78	Combination Tax and Revenue Certificates of Obligations, Series 2011A
08/31/11	5.86	General Obligation Refunding Bonds, Series 2011B
07/13/11	14.68	Water and Sewer System Revenue Refunding Bonds, Series 2011
06/06/11	16.33	Airport Revenue Bonds, Series 2011
11/18/10	76.35	Combination Tax and Revenue Certificates of Obligation
10/05/10	42.58	Water and Sewer Revenue Refunding Bonds, Series 2010A
01/19/10	22.12	Water and Sewer Revenue Refunding Bonds, Series 2010
09/24/09	76.18	Combination Tax and Revenue Certificates of Obligation, Series 2009 A, B, C
05/19/09	16.02	General Obligation Refunding Bonds, Series 2009
05/12/09	111.55	General Obligation Pension Bonds, Taxable Series 2009
01/27/09	57.62	Combination Tax and Revenue Certificates of Obligation, Series 2009f
11/14/08	35.00	Water and Sewer Revenue Refunding Bonds, Series 2008A
02/26/08	56.46	General Obligation Bonds, Series 2008
07/24/07	35.50	Water and Sewer Revenue Refunding Bonds, Series 2007B
06/19/07	101.24	General Obligation Pension Bonds, Taxable Series 2007
<b>TOTAL:</b>	<b>753.03</b>	

**Knowledge of the City of El Paso**

The El Paso Airport system refunded its debt and reduced its debt significantly with FirstSouthwest's assistance in 2003. FirstSouthwest and El Paso Airport staff developed a plan to use restricted cash to restructure the airport's debt and create a vast amount of savings over a two year period. This savings and cash were used in such a way to reduce fees to airlines who had not yet fully recovered from 9-11 air traffic declines. These lower fees for El Paso helped the City to retain Southwest Airline flights that could have moved to other cities.

In 2004, FirstSouthwest and City staff developed a solid waste financing system to help the solid waste system continue with a capital improvement program while avoidance of the use of certificates of obligation. This challenge was set forth to the financing team by the City Council.

FirstSouthwest and the City's staff worked together to maintain the City's high ratings as the City converted from a strong Mayor to a City Manager form of government. FirstSouthwest's primary goal was to

apprise the new management team of any potential rating implications and assist in managing the relationship with the rating agencies. Together, the financing team was able to accomplish this task.

FirstSouthwest assisted the City of El Paso as it transitioned its drainage system responsibilities to the El Paso Public Service Board. We assisted City staff and Bond Counsel through the entire process and have helped the City of El Paso Municipal Drainage System issue over \$50 million in bonds for drainage improvements.

In 2009, FirstSouthwest staff quickly and efficiently became familiar with the Economic Recovery Program Act and presented to the City a number of opportunities to issue Build America Bonds ("BAB's"). Furthermore, FirstSouthwest helped the City issue the first set of Recovery Zone Economic Development bonds, better know as Super BAB's, in the State of Texas. The issuance of these bonds helped the City save significant interest costs.

ii. *Case studies for cities and projects (Issuer, issue description, and par amount).*

For case studies, please refer to Section E. Appendices.

iii. *Work Plan & Schedule of Work*

**State in succinct terms the Offeror's understanding of the services to be provided and how the Offeror anticipates being able to meet the scope of work as delineated within Part 3 Scope of Work.**

**Understanding of Services to be Performed**

As noted in our earlier discussion and response regarding Scope of Work, FirstSouthwest understands that the City requires a financial advisor to provide full services on the City's Administrative and Financial Services Portfolio. FirstSouthwest will conform to all time requirements of the City. Using our full-service approach (as detailed in our response to Question I-E), FirstSouthwest will assist the City with the issuance of debt instruments or other securities, as well as any debt management planning services required. *FirstSouthwest bankers currently strive to be very responsive to the CFO and will make sure that any quantitative analysis requested is submitted within 10 days of the request. Should additional time be needed, we will make sure the CFO knows when the report will be submitted to her office. In addition, FirstSouthwest will make sure that a formal presentation is prepared for all rating agency meetings and will meet with the City on a semi-annual basis (or as many times necessary) to discuss potential strategies with the City.* Should there be any further services that the City requires, FirstSouthwest will be glad to discuss providing assistance to the City on these services.

FirstSouthwest's team philosophy, as mentioned, is designed to maximize the expertise available to the City for its intended financings. While our team has more than 75 years of experience in public finance collectively, we will draw upon the skills of the other professionals employed by FirstSouthwest if further or more diverse expertise is necessary. In this fashion, we will ensure that the City receives quality services from FirstSouthwest.

Ms. Urbina will serve as the primary and local liaison between the City and FirstSouthwest. This focus

allows us to maintain a close working relationship with our clients. Ms. Urbina's proximity to the City will allow us to provide ongoing services between transactions, as well as during the issuing process.

**d. General Overview of the Firm and Services**

**General Overview of Firm and Services, 15 Points**

i. *Summary of the Firm*

**History of the Firm**

Founded in 1946, FirstSouthwest has been providing public financial advisory services since inception. **Financial advisory services to governmental entities has been and continues to be the primary focus of FirstSouthwest.** Today, our firm is a nationally recognized firm focused on one mission: *to provide superior financial advisory services to our clients.* Furthermore, we have been ranked as one of the leading financial advisory firms in the nation for as long as Thomson Reuters has been compiling such information.

FirstSouthwest is confident that our 66 years of experience with providing financial advisory services to issuers of tax-exempt and taxable debt, along with our extensive analytical and human resources will provide the full scope of financial advisory services the City of El Paso (the "City") seeks.

**FIRSTSOUTHWEST AT A GLANCE**

**FirstSouthwest** 

Founded in 1946

395\* Employees Firm Wide

24 Offices in 12 States and Washington D.C.

150\* Employees in Public Finance

THIRTEEN "Deal of the Year" Awards

Reliable, Firsthand Market Information

**History of FirstSouthwest as Financial Advisor**

Since our founding in 1946, FirstSouthwest has played a pivotal role in shaping the landscape of public finance. In fact, FirstSouthwest is one of the earliest founders of the concept of "financial advisor." During the 1940s and 1950s, the municipal securities industry was virtually unregulated and void of the oversight present today. FirstSouthwest recognized the need for

governmental bond issuers to have knowledgeable and experienced advisors acting as their advocates during bond sales.

For more than 66 years, FirstSouthwest has maintained its founding philosophy and continues to use those principles as its core business strategy in carrying out its financial services to its clients. FirstSouthwest provides continuously updated and highly specialized knowledge in the public finance field and the securities industry. We have dedicated much of our resources to the development of services specifically designed to meet the needs of public entities such as the City. Throughout our six decades of providing financial advisory services for issuers in Texas, FirstSouthwest is recognized for our commitment to integrity, innovation and professionalism.

In addition to external acquisitions benefiting our clients, we strategically added departments internally in an effort to provide comprehensive services. For example, in the mid 1990s, FirstSouthwest began hosting seminars and consulting with clients on the new continuing disclosure regulations. We formally established a fully-staffed, dedicated department in 2002. Other examples of our evolution include adding departments related to arbitrage rebate in 1987; investment management in 1988; swap advisory in 1990; and continuing disclosure in 2002, as mentioned.

All of these service expansions have been based on the needs of our clients, as municipal finance became more complex.

### Corporate Structure of FirstSouthwest

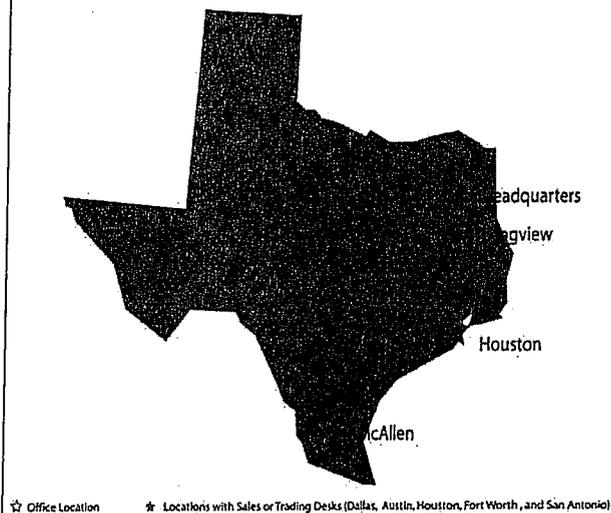
FirstSouthwest Holdings LLC, the parent of FirstSouthwest merged with PlainsCapital Corporation on December 31, 2008. FirstSouthwest became a wholly owned subsidiary of PlainsCapital Bank, which is a wholly-owned subsidiary of PlainsCapital Corporation. Hilltop Holdings Inc. (NYSE:HTH), a Dallas-based holding company, and Dallas-based PlainsCapital Corporation, the financial services holding company for PlainsCapital Bank, PrimeLending, and FirstSouthwest, announced on May 9, 2012 that the companies have signed a definitive merger agreement pursuant to which PlainsCapital Corporation will become a subsidiary of Hilltop Holdings Inc.

We are able to prudently maintain a wealth of services that cater to our primary line of business: municipal financial advisory services. FirstSouthwest maintains more than \$81 million in equity capital, and as a regulated firm, FirstSouthwest understands the importance of equity to support our commitments and obligations to our clients. Simply put, **we have the financial resources to stand behind our advice and the quality of our work, unlike unregulated firms that are not subject to capital requirements.**

### Office Locations and Size

Our financial advisory personnel serving the City are located in our headquarters office in Dallas, Texas, in Fort Worth and, as needed, will call upon the resources found in our other offices. By utilizing the expertise of our senior bankers throughout the firm, the City will receive the full benefits of a national firm with the client-oriented approach of a local firm. FirstSouthwest maintains ten offices in the state of Texas. The nearly 300 employees who work in these offices stay abreast of the latest legislation, trends, opportunities, and challenges affecting public debt issuers in the State and region. FirstSouthwest is able to provide responsive service and deliver solutions on a very timely basis. As a leading financial advisor to government authorities similar to the City, FirstSouthwest is involved in more Texas governmental financings by number of issues amount than any other firm, affording our staff in-depth knowledge of the State market and beyond.

### Offices in Texas



## Commitment to Public Finance

Public finance, and particularly financial advisory services to municipal issuers, always has been and continues to be the core business of FirstSouthwest.

Within our Public Finance Department, which is organized by industry, region, and product, we have a focus group for nearly every type of public entity: city government, power, water/wastewater, economic development, housing, education, state revolving funds, transportation, and healthcare. We are the first investment banking firm in the country to offer arbitrage rebate services, and the first firm to have a separate continuing disclosure department. Other ancillary services further support our financial advisory practice: underwriting, pension and OPEB funding strategies, asset management, equity capital markets, swap advisory, corporate finance, and others. Our governmental clients receive attention from all corners of the firm however and whenever necessary.

Ancillary services further support our financial advisory practice: **arbitrage rebate, continuing disclosure, underwriting/remarketing, asset management**, corporate finance, and others. All areas of our firm provide support to our Finance Team as necessary when providing financial advisory services to the City.



At FirstSouthwest, we organize our Public Finance Department by industry, region, and product, giving us a focus group for nearly every type of public entity: power, water/wastewater, economic development, housing, education, state and local government

projects, state revolving funds, transportation, and healthcare. Ancillary services further support our financial advisory practice: underwriting, asset management, swap advisory, corporate finance, and others.

All areas of our firm will support our Finance Team as necessary when providing financial advisory services to the City.

The following diagram illustrates the organization of our Public Finance Department's resources. All ancillary services will be called upon as necessary when providing financial advisory services and advice to the City.

### Capital Standing

The following table illustrates FirstSouthwest's capital positions as of year-end 2009 through 2011.

CAPITAL (audited)			
As of 12/31	Equity (000s)	Net Regulatory (000s)	Excess Net (000s)
2011	\$79,683	\$57,101	\$52,350
2010	\$74,949	\$51,653	\$48,152
2009	\$67,942	\$58,357	\$56,194
CAPITAL (unaudited)			
5/31/12	\$81,806	\$60,494	\$55,331

### ii. Ancillary Services

As a leading advisor to state and local issuers nationwide, FirstSouthwest has responded to today's increasingly complex public finance landscape by raising the bar on the services, resources, and experience our firm offers. In fact, FirstSouthwest is the most well-equipped and resourceful investment banking firm in the nation.

FirstSouthwest offers a full-service approach to all our clients, which is **unique, unmatched, and unavailable** from other firms in the industry. FirstSouthwest is the only financial advisory firm with the level of resources and required auxiliary services capable of fully supporting major clients.

FirstSouthwest offers more services complementary to public finance than any other financial advisory firm. Our services include not only debt issuance, but also swap advisory services, arbitrage rebate calculation services, investment management, continuing

disclosure, and quantitative/computer modeling capabilities.

We are the only firm capable of providing comprehensive advice regarding not only debt issuance but also arbitrage rebate, investment management and continuing disclosure. In addition to the core public finance services, affiliated services include:

- Technical Resources
- Arbitrage Compliance
- Investment Management Expertise
- Assistance from Underwriting Department
- Pension and OPEB
- Structured Finance
- Continuing Disclosure

FirstSouthwest incorporates the implications of arbitrage rebate, investment policies, marketing and technical consideration at the planning and structuring phase of every transaction in which we participate. This ensures our clients that every aspect of a transaction has been considered before the terms of the transaction are finalized.

Our Public Finance Department is structured to provide clients with access to multiple professionals with expertise in diverse areas of finance. The following table summarizes the volume of our participation providing these select services.

**FirstSouthwest Financial Services Experience**

Type of Service	Volume of Participation
<b>Arbitrage Rebate Calculation Services**</b>	Provides calculations to approximately 475 clients on more than 3,100 bond issues, totaling \$149 billion par amount
<b>Continuing Disclosure Services**</b>	Provides services for approximately 650 clients and annually files more than 700 reports
<b>Investment Management**</b>	Actively manages \$6.4 billion for 33 state and local governments; also serves as the investment advisor for an additional \$5.7 billion
<b>Structured Finance**</b>	For the five year period ending December 31, 2011, FirstSouthwest has served as the bidding and structuring agent for 347 municipal transactions totaling approximately \$24.05 billion in bond proceeds.
<b>Underwriting</b>	During the five-year period ending December 31, 2011, served as senior or co-managing underwriter on 1,550 transactions totaling \$73.09 billion par amount

Type of Service	Volume of Participation
<b>OPEB Consulting</b>	Members of FirstSouthwest have reviewed over 1,100 pension and OPEB actuarial studies and related CAFRs. Our firm has worked with independent actuaries to review pension studies, including TMRS members. In some cases, there were material changes.

Sources: \*Ipreo MuniAnalytics; \*\*FirstSouthwest Internal Database

**Arbitrage Rebate.** FSAM's Arbitrage Rebate department assists municipalities in monitoring the investments of bond proceeds and performs annual calculations to ensure they retain their tax-exempt status. FirstSouthwest was the first investment banking firm in the nation to offer arbitrage rebate calculation services.

**Continuing Disclosure.** The firm is one of the few financial advisors that offer a separate continuing disclosure service to assist municipal bond issuers with the required annual financial filings and ongoing material event notices.

**Investment Management.** FirstSouthwest Asset Management ("FSAM") provides investment management services and investment pool administration for the public sector. FSAM serves as either the investment manager or the investment advisor for **\$11.7 billion** in public funds.

**Structured Finance:** FirstSouthwest offers a full range of structured financial products designed to meet the balance sheet needs of our clients. The structured finance areas of expertise include swap advisory, online monitoring, accounting and consulting services, and bond proceeds management services. The structured finance desk has been helping governmental, not-for-profit, and for-profit issuers meet their financial objectives since 1992.

**Underwriting:** FirstSouthwest is one of the leading municipal underwriting firms in the region, drawing national experience serving numerous types of entities.

**Pension and OPEB Consulting Services:** Members of FirstSouthwest have reviewed over 2,000 pension and OPEB actuarial studies and related CAFRs. Our firm has worked with independent actuaries to review pension and OPEB studies. In some cases, there were material changes.

We frequently review CAFR and bond OS disclosures related to pension and OPEB. Our objectives include:

- Create disclosures which are current, clear, complete, and compliant with recent GASB changes.
- Enhance client understanding of their plans and actuarial reports.
- Improve discussions with rating agencies.
- Reduce potential problems for our clients.
- Identify concerns/questions regarding OPEB & pension plans/actuarial studies.
- Provide information to assist with planning & budgeting.
- Look for opportunities to reduce long term costs and annual budget volatility.
- Where potential problems are identified, discuss with client.

FirstSouthwest also is a frequent speaker on these topics and has organized a 2012 series of seminars on pension and OPEB in 6 cities across Texas.

**Corporate Finance.** This group provides publicly traded and private companies the following services: merger and acquisition advisory, private placements, financial advisory and public offerings.

**Debt Capital.** The Debt Capital Markets group offers bond issuers a national presence into the municipal, governmental and private sectors of the capital markets through a broad range of investment services related to tax-exempt and taxable fixed income securities.

### e. Local Knowledge and Support

**Describe the firm's experience and/or knowledge of the City's political, economic, financial, legal or other issues and environment that may affect a proposed financing. Describe the firm's familiarity with GFOA's Recommended Practices relating to the selling of bonds and the selection of finance professionals. Please provide any other information that the City should consider in selecting its Financial Advisor. 15 Points**

#### i. Local office

Ms. Maria Fernanda Urbina and Mr. George Williford will serve as the co-project managers to the City. Ms. Urbina is a Senior Vice President in our El Paso office and has more than 15 years of public finance experience and will serve as our local representative to the City.

### Go-Project Manager and Local Contact

**Ms. Maria Fernanda Urbina**  
 Senior Vice President  
 221 North Kansas, Suite 1200  
 El Paso, Texas 79901  
 Phone: 915.351.7228  
 Fax: 915.351.7230  
 E-mail: Maria.Urbina@firstsw.com

#### ii. Local clients

### Commitment to El Paso

FirstSouthwest has provided financial advisory services to the City since 1965 and hopes to continue doing so in the near future. During the past five years, we have provided financial advisory services on 16 issues for the City, with a total par volume of more than \$753.02 million. In addition, we have provided financial advisory services to a number of related issuers, including:

- El Paso County Community College District
- El Paso Independent School District
- Socorro Independent School District
- Ysleta Independent School District
- Canutillo Independent School District
- Clint Independent School District
- Camino Real Regional Mobility Authority
- El Paso Property Finance Authority
- El Paso Housing Authority
- El Paso Public Service Board
- Town of Horizon City
- Tornillo Water Improvement District
- Lower Valley Water District
- University Medical Center of the Americas Foundation
- Village of Vinton
- Paseo Del Este Municipal Utilities District No. 1-11

#### iii. Local understanding

FirstSouthwest is the leading financial advisor representing governmental entities within the El Paso area. Due to the firm's strong position as financial advisor in the region and our long-standing relationship with the community, FirstSouthwest made a financial

commitment and investment in El Paso by opening an office in the community in 2002. FirstSouthwest believes that having people that understand the unique and complex political issues facing the border has set it apart from the competition. For that reason, FirstSouthwest has consistently hired local talent to train as public finance bankers. Project Co-Manager, Maria Fernanda Urbina, lives in El Paso and understands the issues facing the community. FirstSouthwest's El Paso office and its proximity to the City is a benefit no other firm can offer. In fact, FirstSouthwest is the only financial advisory firm with a local office to serve El Paso area clients.

Furthermore, FirstSouthwest is a community partner. Over the last ten years, the firm has supported many community and charitable organizations such as:

- The Greater El Paso Chamber of Commerce: Sponsor of (the State of the School District Address, the State of the City Address, the State of Higher Education Address, the State of the County Address, and the Leadership El Paso Program, among others).
- Keystone Heritage Park, Inc. -El Paso Botanical Garden
- El Paso Holocaust Museum,
- Center Against Family Violence
- YWCA El Paso del Norte Region
- USO El Paso
- Region 19 ESC
- Various fundraising events for schools districts.

*iv. GFOA Recommended Practices*

FirstSouthwest is familiar with the GFOA's five best practices (BPs), including —Selecting and Managing the Method of Sale of State and Local Government Bonds, and —Selecting Financial Advisors. FirstSouthwest supports the selection of financial advisors, underwriters and other professionals based on merit using a competitive process and using an RFP in order to select the most qualified firm. Additionally, FirstSouthwest has assisted a number of clients in instituting GFOA recommended practices and guidelines into policies and procedures of the client entity.

*v. Other info as to why we should be considered as FA*

**Why FirstSouthwest?**

FirstSouthwest believes the City should place emphasis on hiring a company that will provide the best and most efficient service to the City. The financial advisory team should be seen as an experienced extension of the City's internal financing team.

*The best financial advisory team should be a leader in the financial advisory industry, understand local needs and political environment, be easily and readily accessible to the City, have direct access to current market data, and provide access to multiple ancillary services such as arbitrage rebate, disclosure, and asset management to name several. FirstSouthwest offers the City these qualities and more.*

We believe several factors differentiate FirstSouthwest from other public finance firms and enable us to best serve as the City's financial advisor. Some of these have been previously mentioned.

*#1: Firm Experience*

As a nationally recognized public finance firm for more than 65 years, FirstSouthwest represents more cities in the United States than does any other advisory firm. FirstSouthwest has proven success in developing creative financing solutions for our clients.

*#2: Methodical Approach to Financial Advisory Services*

*#3: Team Approach/Banker Expertise*

With an office in El Paso and access to a diverse group of experts and services, our bankers will continue to provide the best service available to the City from the #1 nationally recognized financial advisory firm.

*#4: Quantitative/Analytical Capabilities*

*#5: Reputation of the Firm as a Financial Advisor*

*#6: Full Service Approach*

FirstSouthwest offers a full service approach to all our clients, which is unique, unmatched, and unavailable from other firms in the industry. Although our comprehensive level of service is considered normal to us, most of our competitors cannot offer the scope of services we provide.

FirstSouthwest offers more services complimentary to public finance than any other financial advisory firm. Our services include swap advisory services, arbitrage rebate calculation services, investment management, continuing disclosure, and quantitative/computer modeling capabilities.

#7: Experience with Rating Agencies

#8: Assistance from Underwriting Department

We strongly believe that this approach distinguishes our services from our competitors, but most importantly, it provides a higher quality service to our clients and allows them to achieve the lowest possible cost of borrowing. The City can be confident that when the time arrives to price its issue, our professional underwriters will be watching over every detail of the transaction and getting the most value for the City's securities the market will allow.

#9: Special Services

#10: Industry Recognition

FirstSouthwest continues to receive national recognition as an industry leader in public finance. As mentioned, we have received thirteen "Deal of the Year" Awards by The Bond Buyer and Institutional Investor.

**References**

The following references are representative examples of Texas municipalities for which FirstSouthwest has provided financial advisory services. We encourage the City to contact these clients for assessments of our quality services.

**City of Dallas, Texas**

Ms. Jeanne Chipperfield  
Chief Financial Officer  
1500 Marilla, Room 4DN  
Dallas, Texas 75201  
Phone: 214.670.5631  
jeanne.chipperfield@dallascityhall.com

**City of Fort Worth**

Mr. Tom Higgins  
Acting City Manager  
1000 Throckmorton  
Fort Worth, Texas 76102  
Phone: 817.392.6192  
Thomas.higgins@fortworthgov.org

**City of Richardson**

Mr. Kent Pfeil  
Director of Finance  
411 West Arapaho Road, Room 101  
Richardson, Texas 75080  
Telephone: 972.238.4201  
kent.pfeil@cor.gov

**City of Midland**

Mr. Bob McNaughton  
Finance Director  
300 N. Loraine St.  
Midland, Texas 79702  
Telephone: 432.685.7210  
bmчнаughton@midlandtexas.gov

**City of Kansas City**

Ms. Tammy Queen  
City Treasurer  
City Hall, Treasury Division,  
First Floor, 414 E. 12th Street  
Kansas City, Missouri 64106  
Telephone: 816.513.1024  
Tammy.Queen@kcmo.org

**City of Garland**

Mr. David Schuler  
Director of Financial Services  
P.O. Box 469002  
Garland, Texas 75046-9002  
Telephone: 972.205.2355  
dschuler@ci.garland.tx.us

**City of Grand Prairie**

Diana Ortiz  
Chief Financial Officer  
317 College Street  
Grand Prairie, Texas 75050  
Telephone: 972.237.8090  
dortiz@gptx.org

**City of Houston**

Ronald C. Green  
City Controller  
901 Bagby Street, 6th Floor  
Houston, Texas 77002  
Telephone: 832.393.3460  
ronald.green@houstontx.gov

## f. Trading Desk or Other Source of Market Information

**If applicable, a complete description of the firm's short and long-term municipal underwriting and trading desk activities should be included in the proposal for evaluation by the CFO. If the firm does not have its own underwriting desk, then describe other resources the firm will use to provide pertinent pricing and market information 5 Points**

- i. *Describe Underwriting desk and capabilities available to the City (short & long term)*

### Assistance from Underwriting Department

In financial advisory roles, FirstSouthwest believes that maintaining a trading and underwriting desk is essential to properly advise clients on market conditions. **Our active trading and underwriting desk assures financial advisory clients that their securities are priced and sold at market levels.** As participants in the market rather than merely observers of the market, we are more qualified to recommend the appropriate structure as well as the timing of the offering.

As a licensed firm, FirstSouthwest is an active participant in the marketplace every day. Our financial advisory clients benefit from market advice from firsthand, real-time information as opposed to second and third-hand observations compiled from information vendors. The foundation of our expertise is that we are active participants in the marketplace every day, not merely observers. FirstSouthwest's underwriters bring a wealth of first-hand market knowledge to every engagement. We believe that the accountability and transparency that results from maintaining an active broker-dealer operation benefits our clients in numerous ways and will be of exceptional value to the City.

We truly believe our clients are better served and receive the highest quality financial advice by relying on a firm with the greatest amount of market knowledge and experience. We can provide references to major clients who have experience as financial advisors both with FirstSouthwest and with firms which do not have underwriting desks, and who give

overwhelming compliments to FirstSouthwest versus their experience with other firms in advising on pricing of their bond issues.

The market involvement and capabilities of FirstSouthwest make us truly independent as financial advisor, especially during the process of pricing and marketing of issues. Advisory firms without underwriting capabilities do not have direct market participation of actual market involvement. They are dependent on and rely solely on outside vendors and third parties to provide them with information regarding the bond market. These third parties may not be motivated to act in the best interests of the issuer. Therefore, reliance on information and pricing views from outside third parties may result in "loose" or inefficient pricing relative to the actual market, and may not be specifically related to the needed structure of the issuer.

Additionally, it is not valid to view recent secondary market trades of select maturities of an issuer's outstanding bonds and attempt to extrapolate the trading spread for that limited amount and maturity relative to an index as legitimate market level pricing for an entire new issue. This is the practice of at least some firms attempting to provide advisory services without underwriting/trading areas.

In addition to providing advice based on actual market involvement and conditions versus determining assumed market levels based on limited secondary market trading or supposed index movement, we are truly independent as financial advisor and do not have any perceived conflicts based on reliance on third parties or underwriting firms for information relating to market levels.

The underwriting desk at our firm works in partnership with our financial advisors from the beginning of preliminary structuring, updating with current scales and coupon ideas, call features, priority of order decisions all the way to the final pricing. *As much as 70% of our underwriters' time is invested in working with financial advisory clients.*

Our underwriting desk participates in all pricing discussions on the issuer's behalf. We will provide real-time market information, including changes in market indices and comparable sales.

In our role as financial advisor, FirstSouthwest's underwriting and trading desk will provide input and

recommendations regarding the following matters based on their active market involvement and extensive institutional investor relationships:

- Structure, Call Options and Premiums
- Yields and Coupons
- Placement of Term Bonds and Pricing
- Underwriters' Takedown and Spread
- Syndicate Rules and Allocation of Bonds

*The risks of not knowing the market are enormous;* for example, a difference of five basis points (0.05%) on a \$50 million offering can cost the issuer \$25,000 annually or \$500,000 over a 20-year life.

*We truly believe our clients are better served and receive the highest quality financial advice by relying on a firm with the greatest amount of market knowledge and experience.*

The advice and input from our underwriting desk assures financial advisory clients that their securities are priced and sold at market levels. It also assures that the issuer achieves optimal structure and pricing of debt issues, given market conditions at the time of sale. The professionals at FirstSouthwest are able to negotiate as equals with underwriters and to speak with authority on market conditions. We strongly believe that this approach distinguishes our services from our competitors, but – more importantly – it provides a higher quality of service to our clients. We are better able to represent the interest of the issuer versus underwriters.

Advisory firms without underwriting capabilities do not have direct market participation of actual market involvement. They are merely observers versus participants in the bond market. They are dependent on and rely solely on outside vendors and third parties to provide them with information regarding the bond market. These third parties may not be motivated to act in the best interests of the issuer. Therefore, reliance on information and pricing views from outside third parties may result in “loose” or inefficient pricing relative to the actual market, and may not be specifically related to the needed structure of the issuer.

In the case of a negotiated sale, our underwriting desk and our team will represent the client in all areas of pricing and sale. We assist in the negotiation of covenants, coupons, expenses, takedowns and yields to ensure that the issuer's bonds are sold at the most favorable rates possible. Our professionals conduct pre-

pricing calls with the issuer and the underwriters, set marketing priorities, monitor all order, and balance requests for re-pricing. We recommend approval of final pricing only after our underwriting desk assures the issuer that the borrowing has achieved the lowest cost of capital based on market conditions at the then-present time.

Additionally, we have advised many issuers in competitive bond sales. If the sale is competitive, we maintain contact with potential purchasers to ensure that questions are being answered.

## Marketing and Distribution Professionals

FirstSouthwest employs the following number of marketing and distribution professionals in each of our Texas offices:

Marketing and Distribution Professionals	
Office Location	# of Marketing and Distribution Professionals
San Antonio	2
Austin	5
Houston	10
Fort Worth	2
Dallas	10

*FirstSouthwest has increased the size of its sales, trading and underwriting personnel by 33% since 2008.*

Municipal Sales, Trading & Underwriting Personnel (as of 12/31/11)			
Institutional	18	Total Institutional	28
Bank Sales	10	Total Municipal Sales	35
Retail	7	Total Munis	58
UW and Trading	23		

As a nationally recognized leader in the field of public finance, FirstSouthwest has the benefit of exposure to a wider variety of underwritings than do most firms. Our Debt Capital Markets group has professionals with extensive experience. We underwrite both competitive and negotiated issues. Additionally, our underwriters assist our financial advisors in structuring and pricing issues. Through the continuous commitment of capital, we enjoy a greater understanding of the important and

complex demands of the role of underwriter. Our extensive pool of unique financing concepts allows us to see on a daily basis what structures, coupons, call features and other aspects of a transaction are leading to the lowest cost of funds for an issuer. FirstSouthwest's active involvement with both institutional and retail buyers enables us to know what investors are willing to pay for premium or discount securities, and what various trade-offs will cost the issuer.

Because of its active market involvement and extensive institutional investor relationships, FirstSouthwest's underwriting and trading desk provides timely recommendations to its underwriting clients in such areas as:

- Structure of the Bonds
- Call Options and Premiums
- Underwriters' Takedown
- Placement of Term Bonds
- Capital Appreciation Bonds
- Serial Bonds and Pricing
- Coupons
- Yields
- Syndicate Roles
- Credit Aspects
- Allocation of Bonds

FirstSouthwest's salesforce includes 28 fixed income institutional sales professionals and nine high-net-worth individual account personnel. Our institutional salespeople have longstanding relationships with accounts that rely on them for credit information in the states in which we have a financial advisory operation. As one of the largest financial advisors in the country that is also a broker/dealer, we enjoy a unique advantage over other financial advisory firms.

FirstSouthwest's sales force has strong relationships with the following groups (ranked in order by volume):

- **Tier 1 Firms:** Large institutional investors (e.g., mutual funds, trust departments, major corporations, money managers, insurance companies, arbitrage accounts, hedge funds and tender option programs). Because FirstSouthwest is such a prolific financial advisor, we are the eyes and ears for many large institutions in those areas

of the country where we have a public finance presence.

- **Tier 2 Firms:** Regional institutions (e.g., certain bond funds, trust departments, smaller corporations). FirstSouthwest can expose an issuer's bonds to different markets that are often overlooked by major firms.
- **Retail (e.g., high net worth individuals, local money managers, prime brokers)**

As an integral part of our financial advisory services, our trading desk works closely with underwriters across the nation on all types of projects, amassing a valuable store of knowledge concerning the latest structures and strategies that will produce the lowest interest cost for our issuers.

### Short-term Debt Placement Capability

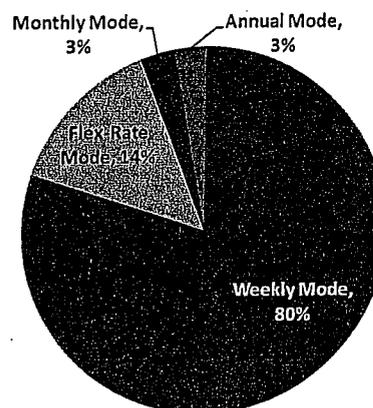
FirstSouthwest's Short-term group is an important component of the Municipal Trading and Underwriting Department within the firm's Capital Markets Division.

Two short-term traders/underwriters with an average of 31 years experience bid on primary market Notes in the competitive market and provide secondary market liquidity by bidding on notes and short-term bonds out to five years. One of the traders also resets the rates for the issues for which FirstSouthwest serves as remarketing agent.

At present, FirstSouthwest serves as remarketing agent for 33 variable rate bonds with over \$600 million VRDBs outstanding.

FirstSouthwest's variable rate program is illustrated in the pie chart below:

**FirstSouthwest's Short-Term Underwriting Book Composition**



ii. Pricing input for negotiated vs. competitive sales

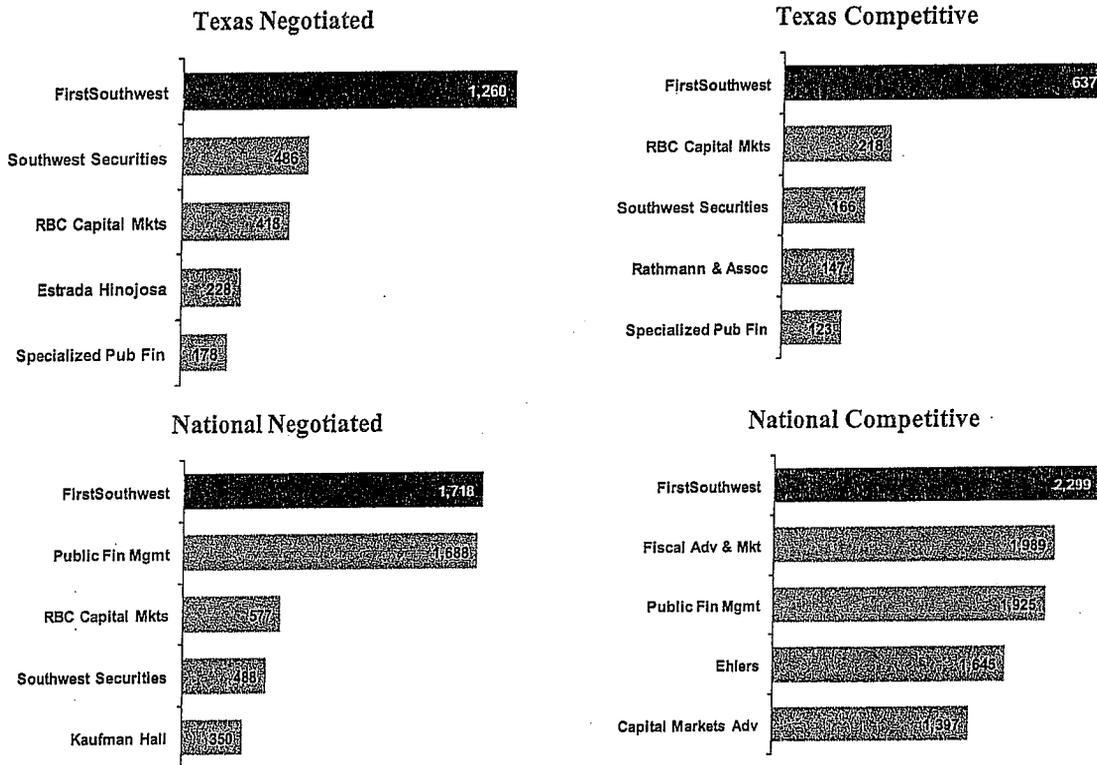
**Competitive Bids versus Negotiated Sales**

FirstSouthwest has a great deal of experience with both competitively bid and negotiated transactions. The following table reflects our volume of participation with each transaction type during the last two and a half years. Details on our philosophy and approach for each issue type follows.

**Financial Advisory Rankings July 1, 2007 – June 30, 2012**

**Number of Bond and Note Issues**

Source: Ipreo MuniAnalytics



When evaluating between competitive bids and negotiated sales, every situation must be evaluated independently. FirstSouthwest's overall goal is to advise the City on the sale method that provides the lower all-in cost of funds. Therefore, if one method has higher costs, we would evaluate the likelihood of those costs being offset by lower yields. We have developed a comparison of the two methods that helps us determine the all-in cost of each method:

**Negotiated Sale**

- Pre-selected syndicate negotiates the rates and terms with the financial advisor.
- Pricing occurs 1 to 3 days prior to the sale date.

- Size and structure can be finalized at pricing.
- Underwriting spreads are generally less since there is less uncertainty involved in the process.

**Competitive Bid**

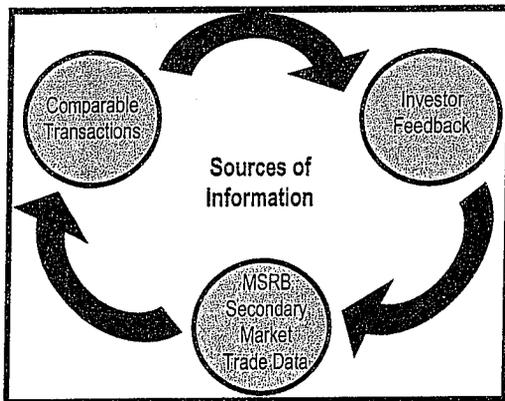
- Bonds sold at a certain date and time.
- Once announced, the date, time, and size cannot be as easily changed.
- Underwriter's discount is imputed in the interest rate.
- Cost is likely higher during volatile markets.
- Cost is likely higher with more complex credits.

**Negotiated Process**

FirstSouthwest will take the steps necessary to obtain the broadest possible participation in bidding. We ensure that investors and underwriters understand the City's credit and the mechanics of the sale, evaluating such to determine the most beneficial financing structure. For a negotiated sale, we will represent the City in all areas of pricing and sale. We will assist with the negotiation of coupons, expenses, takedowns, and yields to ensure that the City's bonds are sold at market rates. Our professionals will conduct pre-pricing calls with the City and the underwriters, set marketing priorities, monitor all orders, and balance requests for re-pricing.

FirstSouthwest's constant evaluation of alternatives to re-marketing and the implementation of those alternatives, when appropriate, will be highly beneficial to the City. We will recommend approval of final pricing only after our underwriting desk has assured the City that the borrowing has achieved a fair cost of capital for the sale date, based on to-the-minute market conditions for that type of security.

As noted in the following diagram, FirstSouthwest relies on three sources of information when negotiating with underwriters, or acting as private placement agent.



FirstSouthwest has the technological resources and personnel to gather data from all three of these sources, and as such, we do not have to rely on outside or third party firms to gather such data. Each resource provides insight into the value of an issuer's bonds on any given market day. Many of our competitors simply rely on spread to Municipal Market Data ("MMD"), and while MMD has its uses, it has proven faulty in down and volatile markets.

Prior to each transaction, we will send the City pre-pricing information regarding how the City's outstanding bonds initially priced with a spread to MMD, along with information as to how those bonds have traded in the secondary market. We also will give the City current market data and scales reflecting what our underwriting desk believes are the current trading values for the City's new issue. This information will provide the basis of professional negotiations with the underwriters.

**Competitively Bid Process**

These characteristics indicate that competitively bid issues are generally best for highly rated, new money bond issues with easy-to-understand credit. The most obvious example of this is voted general obligation bonds sold for new money projects in a relatively calm market environment.

Even for these types of issues, market volatility can lead to competitive bids with a higher implied underwriter's discount built into the bid. Generally, we ask our desk to prepare a "mock bid" for issues when there is a question. We compare the all-in cost of the mock bid to the cost of a negotiated underwriting and present the results to the client.

The one cost that we cannot calculate is the political cost sometimes associated with not bidding a bond issue. To help clients make the determination of that cost, we compare the all-in cost of the two alternatives and present it to the client.

With regard to competitive bid bond issues, we help clients to understand the cost of structures, call dates and coupon by mock bidding each reasonable alternative. We feel that it is important that a client carefully review the bidding specifications and review each constraint placed on bidders. Carelessness during evaluation, even on one small detail, can lead to unnecessary interest costs to the issuer. FirstSouthwest works with online bidding services to ensure that each client's bidding documents are properly distributed to the marketplace.

*iii. Advantage of a broker/dealer*

**Advantage of a Regulated Firm**

FirstSouthwest is a registered broker-dealer firm. This distinguishes us from firms that propose to provide financial advisory services without having been subject

to such oversight and the capital requirements that go along with such regulation. As a broker-dealer, FirstSouthwest and all of our professionals are subject to the rules, regulations, and individual licensing requirements of various governmental bodies such as the SEC, the MSRB, and the FINRA.

Regulated firms are held to more stringent standards of business practices and strict rules of conduct. The regulations to which FirstSouthwest is subject are designed to protect clients' best interests, and they help ensure fiduciary responsibility to clients. Providing financial advice based on our own firsthand market knowledge makes FirstSouthwest truly independent.

We believe that appropriate regulation has and will become more important in the era of financial reform, bringing increased scrutiny and requirements on municipal issuers. However, although previously unregulated firms providing advisory service may now be subject to certain registration requirements, they are not subject to mandated minimum capital positions in order to provide assurance to support their commitments to clients.

Pursuant to MSRB Rule G-23, FirstSouthwest commits that it will not request to participate in underwriting of negotiated issues or permission to bid on competitive sales by the City.

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C. Contract Clauses and Forms

a. Forms

Please see the following forms as requested in the City's RFP.

## EXHIBIT C

### Financial Advisory Service Fees

(As modified from Pages 19-20 of the Proposal)

The fees due the Company for financial advisory services will not exceed those contained in the customary fee schedule as follows:

<b>Base Fee</b>	<b>\$10,000</b>
<b>for the first \$25,000,000 of bonds issued</b>	<b>plus \$1.00 per \$1,000</b>
<b>thereafter</b>	<b>plus \$0.75 per \$1,000</b>

The above charges shall be multiplied by 1.20 times for the completion of an application to a federal or state government agency, for the issuance of revenue bonds, for the issuance of refunding bonds, and/or for a defeasance, reflecting the additional services required. The charges for ancillary services, including computer structuring and official statement printing, shall be levied only for those services that are reasonably necessary in completing the transaction and that are reasonable in amount, unless such charges were incurred at the specific direction of the City.

The payment of charges for financial advisory services described in the Agreement shall be contingent upon the delivery of bonds and shall be due at the time that bonds are delivered. The payment of charges for services described in the Agreement shall be due and payable in accordance with the mutual Agreement between the Company and the City.

The City shall be responsible for the following expenses, if and when applicable, whether they are charged to the City directly as expenses or charged to the City by the Company as reimbursable expenses.

- A. Bond counsel;
- B. Bond printing;
- C. Bond ratings;
- D. Computer structuring;
- E. Credit enhancement;
- F. CPA fees for refunding;
- G. Official statement preparation and printing;
- H. Paying agent/registrar/trustee;
- I. Travel expenses;
- J. Underwriter and underwriter's counsel; and
- K. Miscellaneous, including copy, delivery, and phone charges.

The payment of reimbursable expenses that the Company has assumed on behalf of the City shall not be contingent upon the delivery of bonds and shall be due at the time that services are rendered and payable upon receipt of an invoice therefore submitted by the Company to the respective City departments having direct oversight of this Agreement.