

**AGREEMENT
FOR
FINANCIAL ADVISORY SERVICES**

By and Between

“CITY OF GRAND PRAIRIE, TEXAS”

And

FIRST SOUTHWEST COMPANY

This Agreement is entered into by and between the City of Grand Prairie, Texas (the “Issuer”) and First Southwest Company (“FSWC”), effective as of the date of execution by the Issuer.

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

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

3. The Issuer has retained, or will retain municipal bond attorneys (“Bond Counsel”). The fees and expenses of Bond Counsel will be paid by the Issuer.

4. FSWC agrees to perform the following duties and all other duties as, in its judgement, may be necessary or advisable:

a. FSWC will conduct a survey of the financial resources of the Issuer to determine the extent of its capacity to authorize, issue and service debt. This survey will include an analysis of existing debt structure as compared with the existing and projected sources of revenues which may be pledged to secure payment of debt service and, where appropriate, will include a study of the trend of the assessed valuation, taxing power and present and future taxing requirements of the Issuer. In the event revenues of existing or projected facilities operated by the Issuer are to be pledged to repayment of the Debt Instruments then under consideration, the survey will take into account any outstanding indebtedness payable from the revenues thereof, additional revenues to be available from any proposed rate increases and additional revenues, as projected by consulting engineers employed by the Issuer, resulting from improvements to be financed by the Debt Instruments under consideration. FSWC will also take into account future financing needs and operations as projected by the Issuer’s staff and consulting engineers or other experts, if any, employed by the Issuer.

b. On the basis of the information developed by the survey described above, FSWC will provide to the Issuer its recommendations on the Debt Instruments under consideration including such elements as the date of issue, interest payment dates, schedule of

principal maturities, options of prior payment, security provisions, and any other additional provisions designed to make the issue attractive to investors.

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

d. In the event it is necessary to hold an election to authorize the Debt Instruments then under consideration, FSWC will assist in coordinating the assembly and transmittal to Bond Counsel of such data as may be required for the preparation of necessary petitions, orders, resolutions, ordinances, notices and certificates in connection with the election.

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

(i) FSWC understands that the issuer has retained, or will retain, a firm of certified public accountants ("Auditors"), whose fee will be paid by the Issuer. FSWC understands that the Issuer may ask the Auditors to review the Official Statement to ascertain that there are no inconsistencies with what is presented in the financial statements. FSWC will assist in providing the Auditors with such data as may be required in connection with this review.

(ii) Advertised Sale: FSWC will supervise the sale of the Debt Instruments at a public sale in accordance with procedures set out herein. FSWC reserves the right, alone or in conjunction with others, to submit a bid for any Debt Instruments issued under this Agreement which the Issuer advertises for competitive bids. In compliance with Rule G-23 of the Municipal Securities Rulemaking Board, FSWC will obtain consent to bid in writing, in any instance wherein FSWC elects to bid, prior to submitting a bid for each installment of Debt Instruments.

(iii) Negotiated Sale: FSWC will recommend one or more investment banking firms as managers of an underwriting syndicate for the purpose of negotiating the purchase of the Debt Instruments. FSWC will collaborate with any managing underwriter selected and Counsel to the underwriters in the preparation of the Official Statement or Offering Memorandum. FSWC will cooperate with the underwriters in obtaining any Blue Sky Memorandum and Legal Investment Survey, preparing Bond Purchase Contract, Underwriters Agreement and any other related documents. The costs thereof, including the printing of the documents, will be paid by the underwriters.

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

g. FSWC will coordinate the preparation of the Notice of Sale and Bidding Instructions, Official Statement, Official Bid Form and such other documents as may be required. FSWC will submit to the Issuer all such documents for examination, approval and certification. After such examination, approval and certification, FSWC will provide the Issuer with a supply of all such documents sufficient to its needs and will distribute by mail sets of the

same to prospective bidders and to banks, life, fire and casualty insurance companies, investment counselors and other prospective purchasers of the Debt Instruments. FSWC will also provide sufficient copies of the Official Statement to the purchaser of the Debt Instruments in accordance with the Notice of Sale and Bidding Instructions. The expenses associated with printing and distribution of these documents will be paid by the Issuer.

h. FSWC understands that the Issuer will designate one staff person to become involved in the preparation of the Official Statement and serve as the central point of contact for collecting information about the City, and FSWC will assist in coordinating the collection and presentation of information with that person. FSWC will facilitate the preparation of the Official Statement for the Issuer and the Issuer will select the vendors who will print and distribute the Official Statement. At the Issuer's request, FSWC will distribute the Official Statement and the Issuer will absorb the cost of postage.

i. FSWC will, after consulting with the Issuer, arrange for such reports and opinions of recognized independent consultants deemed necessary by FSWC and required for the successful marketing of the Debt Instruments.

j. Subject to the approval of the Issuer, FSWC will organize and make arrangements for such information meetings as, in the judgement of FSWC, may be necessary.

k. FSWC will make recommendations to the Issuer as to the advisability of obtaining a credit rating, or ratings, for the Debt Instruments and, when directed by the Issuer, FSWC will coordinate the preparation of such information as, in the opinion of FSWC, is required for submission to the rating agency, or agencies. Any fees and expenses incurred in obtaining a rating or ratings will be paid by the Issuer. In those cases where the advisability of personal presentation of information to the rating agency, or agencies, may be indicated, FSWC will arrange for such personal presentations.

l. FSWC will make recommendations to the Issuer as to the advisability of obtaining municipal bond insurance or other credit enhancement, or qualifications for same, for the Debt Instruments and, when directed by the Issuer, FSWC will coordinate the preparation of such information as, in the opinion of FSWC, is required for submission to the appropriate company, institution or institutions. In those cases where the advisability of personal presentation of information to the appropriate company, institution or institutions, may be indicated, FSWC will arrange for such personal presentations. The premiums for said insurance, if deemed advisable, will be paid by the Issuer if purchased directly or by the underwriters if purchased as bidder's option.

m. FSWC will assist the staff of the Issuer at any advertised sale of Debt Instruments in coordinating the receipt, tabulation and comparison of bids and FSWC will advise the Issuer as to the best bid. FSWC will provide the Issuer with its recommendations as to acceptance or rejection of such bid.

n. As soon as a bid for the Debt Instruments is accepted by the Issuer, FSWC will proceed to coordinate the efforts of all concerned to the end that the Debt Instruments may be delivered and paid for as expeditiously as possible. FSWC will assist the Issuer in the preparation or verification of final closing figures incident to the delivery of the Debt Instruments.

o. FSWC will maintain liaison with Bond Counsel in the preparation of all legal documents pertaining to the authorization, sale and issuance of the Debt Instruments. It is understood that Bond Counsel will provide an unqualified legal opinion as to the legality of the issuance of the Debt Instruments at the time of delivery.

p. If requested, FSWC will advise the Issuer with respect to the selection of a Paying Agent/Registrar for the Debt Instruments, and will assist in the preparation of agreements pertinent to these services and the fees incident thereto.

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

r. FSWC agrees to coordinate, at the Issuer's expense, all work incident to printing of the Debt Instruments, obtaining approval, as may be required by the Attorney General, registration by the Comptroller of Public Accounts and delivery to the purchaser.

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

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

u. FSWC will provide to the Issuer copies of proposed or enacted changes in federal and state laws, rules and regulations having, or expected to have, a significant effect on the municipal bond market of which FSWC becomes aware in the ordinary course of its business, it being understood that FSWC does not and may not act as an attorney for, or provide legal advice or services to, the Issuer.

v. FSWC will work with the Issuer, its staff and any consultants employed by the Issuer in developing financial feasibility studies and analyzing alternative financing plans.

5. In addition to the services set out above, FSWC agrees to provide the following services when so requested:

a. FSWC will, when so directed, purchase and/or sell those investments authorized to be purchased and/or sold by the Issuer and FSWC will be compensated in the normal and customary manner for acting as a broker/dealer in such transactions.

b. FSWC will provide its advice and assistance with regard to exercising any call and refunding of any outstanding Debt Instruments.

c. FSWC will provide its advice and assistance in the development of and financing for, any capital improvements programs of the Issuer.

d. FSWC will provide its advice and assistance in the development of the long-range financing plan of the Issuer.

e. FSWC will provide any other appropriate services when so requested and preapproved by the Issuer for such fee as is mutually agreed upon by the Issuer and FSWC.

6. FSWC will assign at least two individuals to provide financial advisory services to the Issuer. FSWC will honor the Issuer's request to replace a person assigned to work with the Issuer if the Issuer is not satisfied with the level of service which that person is providing.

7. The fees due to FSWC in accordance with Appendix A which is attached hereto and incorporated herein, any other fees as may be mutually agreed and all expenses for which FSWC is entitled to reimbursement, shall become due and payable concurrently with the delivery of the Debt Instruments to the purchaser.

8. This Agreement shall become effective at the date of acceptance by the Issuer set out herein below and may be terminated with or without cause by the Issuer or FSWC upon thirty (30) days' written notice to the other party. In the event of such termination, it is understood and agreed that only the amount due to FSWC for services provided and expenses incurred to the date of termination will be due and payable. No penalty will be assessed for termination of this Agreement.

This Agreement is submitted in triplicate originals. When accepted by the Issuer, it, together with Appendix A attached hereto, will constitute the entire agreement between the Issuer and FSWC for the purposes and the considerations herein specified. Acceptance will be indicated by the signature of authorized officials of the Issuer together with the date of acceptance on all three copies and the return of two executed copies to FSWC.

FIRST SOUTHWEST COMPANY

By: Hill A. Feinberg
Hill A. Feinberg, Chairman and
Chief Executive Officer

By: James S. Sabonis
James S. Sabonis
Senior Vice President

ACCEPTANCE CLAUSE

The above and foregoing is hereby in all things accepted and approved by the City of Grand Prairie City Council on this the 1st day of February, 2000.

By: [Signature]

APPROVED AS TO FORM
[Signature]
CITY ATTORNEY

APPENDIX A

In consideration for the financial advisory services rendered by FSWC in connection with the authorization and issuance of Debt Instruments, it is agreed that the Issuer shall pay FSWC a fee in accordance with the schedule below. Such fee shall become due and payable upon the delivery of the Debt Instruments to the purchaser.

Base Fee – Any Issue				\$	9,000
Plus	\$5.00	per	\$1,000	up to	500,000
Plus	3.50	per	1,000	next	500,000
Plus	2.25	per	1,000	next	1,500,000
Plus	1.75	per	1,000	next	2,500,000
Plus	1.25	per	1,000	next	5,000,000
Plus	0.75	per	1,000	next	10,000,000
Plus	0.35	per	1,000	next	10,000,000
Plus	0.30	per	1,000	next	20,000,000
Plus	0.25	per	1,000	next	50,000,000

A simultaneous sale of same secured and tax treatment debt instruments shall be billed as one issue, rather than several issues. A refunding issue shall entail an additional charge of \$10,000 for analytical services, which shall include ongoing evaluation of refunding opportunities, pricing and structuring of the evaluation of issue, purchase of State and Local Government Series (SLGS) securities or open market securities for the escrow account, coordination with the verification agent, and coordination with the paying agent for the refunded bonds.

The above charges shall be increased by a factor of 1.25 times for the issuance of revenue bonds, and/or a placement of debt with a Federal or State agency, reflecting the additional services required.

The charges for ancillary services, including computer structuring and official statement preparation, printing and mailing, shall be levied only for those services which are reasonably necessary in completing the transaction and which are reasonable in amount, unless such charges were incurred at the specific direction of the Issuer. Prior to issuing debt, FSWC will provide an estimate of total fees and expenses to the City. Actual costs in excess of the estimate must be approved in advance.

The Issuer will be responsible for the payment of the expenses listed below. The payment of reimbursable expenses that FSWC has assumed on behalf of the Issuer shall not be contingent upon the delivery of the Debt Instruments and shall be due at the time that services are rendered.

- Bond counsel
- Bond printing
- Bond ratings
- Computer structuring
- Credit enhancement
- Official statement expenses
- Paying agent/registrar/trustee
- Underwriter and underwriters counsel
- Miscellaneous, including copy, delivery, mail, delivery charges, Fed-Ex charges, travel and phone charges