

Justine Cherne

Sent: Wednesday, July 21, 2010 7:19 PM
To: Justine Cherne; 'Ann Werlein'; 'Bronsell Mandi (E-mail)'; 'D'Neal Brown'; 'Evans-Smith Felicia (E-mail)'; 'Hegemier Jesse (E-mail)'; 'Johnson Laura (E-mail)'; 'Judge Hebert'; 'McCarver Jean (E-mail)'; 'Meyers Andy (E-mail)'; 'Ospina Donna (E-mail)'; 'Patterson James (E-mail)'; 'Prestage Grady (E-mail)'; 'Robin Vrana'; 'richard.morrison@co.fort-bend.tx.us'; 'Sue Brock'; 'gubbepam@co.fort-bend.tx.us'; 'rodgeher@co.fort-bend.tx.us'; 'Cordes Jr., Roy L. (corderoy@co.fort-bend.tx.us)'; 'harrisli@co.fort-bend.tx.us'; 'gutierrez@co.fort-bend.tx.us'; 'chingjen@co.fort-bend.tx.us'; 'Reveles, Mary (revelmar@co.fort-bend.tx.us)'
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Subject: Fort Bend County Toll Road Authority Agenda Item Request

July 22, 2010

Dear Judge and Commissioners:

The Board of Directors of the Fort Bend Grand Parkway Toll Road Authority reviewed the following item at their regular meeting held on July 21, 2010, and makes the following recommendation to Commissioners Court:

1. Approval of service agreement with First Southwest Company for financial advisory services.

A copy of the related document is attached for your review. Please place this item for consideration by Commissioners Court on the agenda for the meeting scheduled on July 27, 2010.

As always, if you should have any questions regarding this matter, please don't hesitate to contact any member of the Board of Directors or the Authority's consultants.

Very truly yours, *RM*

Richard L. Muller, Jr.
Richard L. Muller, Jr.

Allen Boone Humphries Robinson LLP
713-860-6401

FINANCIAL ADVISORY AGREEMENT

This Financial Advisory Agreement (the "Agreement") is made and entered into by and between Fort Bend Grand Parkway Toll Road Authority ("Issuer") and First Southwest Company ("FSC") effective as of the date executed by the Issuer as set forth on the signature page hereof.

WITNESSETH:

WHEREAS, the Issuer will have under consideration from time to time the authorization and issuance of indebtedness in amounts and forms which cannot presently be determined and, in connection with the authorization, sale, issuance and delivery of such indebtedness, Issuer desires to retain an independent financial advisor; and

WHEREAS, the Issuer desires to obtain the professional services of FSC to advise the Issuer regarding the issuance and sale of certain evidences of indebtedness or debt obligations that may be authorized and issued or otherwise created or assumed by the Issuer or issued on behalf of the Issuer (hereinafter referred to collectively as the "Debt Instruments") from time to time during the period in which this Agreement shall be effective; and

WHEREAS, FSC is willing to provide its professional services and its facilities as financial advisor in connection with all programs of financing as may be considered and authorized by Issuer during the period in which this Agreement shall be effective.

NOW, THEREFORE, the Issuer and FSC, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, do hereby agree as follows:

SECTION I DESCRIPTION OF SERVICES

Upon the request of an authorized representative of the Issuer, FSC agrees to perform the financial advisory services stated in the following provisions of this Section I; and for having rendered such services, the Issuer agrees to pay to FSC the compensation as provided in Section V hereof.

A. Financial Planning. At the direction of Issuer, FSC shall:

1. Survey and Analysis. Conduct a survey of the financial resources of the Issuer to determine the extent of its capacity to authorize, issue and service any Debt Instruments contemplated. This survey will include an analysis of any 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 available to 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.

2. Future Financings. Consider and analyze future financing needs as projected by the Issuer's staff and consulting engineers or other experts, if any, employed by the Issuer.

3. Recommendations for Debt Instruments. On the basis of the information developed by the survey described above, and other information and experience available, submit to the Issuer recommendations regarding 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 such other provisions as may be appropriate in order to make the issue attractive to investors while achieving the objectives of the Issuer. All recommendations will be consistent with the goal of designing the Debt Instruments to be sold on terms which are advantageous to the Issuer, including the lowest interest cost consistent with all other considerations.

4. Market Information. Advise the Issuer of our interpretation of current bond market conditions, other related forthcoming bond issues and general information, with economic data, which might normally be expected to influence interest rates or bidding conditions so that the date of sale of the Debt Instruments may be set at a favorable time.

B. Debt Management and Financial Implementation. At the direction of Issuer, FSC shall:

1. Method of Sale. Evaluate the particular financing being contemplated, giving consideration to the complexity, market acceptance, rating, size and structure in order to make a recommendation as to an appropriate method of sale, and:

a. If the Debt Instruments are to be sold by an advertised competitive sale, FSC will:

(1) Supervise the sale of the Debt Instruments;

(2) Disseminate information to prospective bidders, organize such informational meetings as may be necessary, and facilitate prospective bidders' efforts in making timely submission of proper bids;

(3) Assist the staff of the Issuer in coordinating the receipt of bids, the safekeeping of

good faith checks and the tabulation and comparison of submitted bids;

(4) Advise the Issuer regarding the best bid and provide advice regarding acceptance or rejection of the bids; and

(5) It is further understood and agreed that FSC is not authorized to submit a bid for the Debt Instruments when offered for sale at competitive bidding by the Issuer.

b. If the Debt Instruments are to be sold by negotiated sale, FSC will:

(1) Recommend for Issuer's final approval and acceptance one or more investment banking firms as managers of an underwriting syndicate for the purpose of negotiating the purchase of the Debt Instruments.

(2) Cooperate with and assist any selected managing underwriter and their counsel in connection with their efforts to prepare any Official Statement or Offering Memorandum. FSC will cooperate with and assist the underwriters in the preparation of a bond purchase contract, an underwriters agreement and other related documents. The costs incurred in such efforts, including the printing of the documents, will be paid in accordance with the terms of the Issuer's agreement with the underwriters, but shall not be or become an obligation of FSC, except to the extent specifically provided otherwise in this Agreement or assumed in writing by FSC.

(3) Provide a cost comparison, for both expenses and interest which are suggested by the underwriters, to the then current market.

(4) Advise the Issuer as to the fairness of the price offered by the underwriters.

C. If debt instruments are to be privately placed:

(1) Assist the Authority in negotiations of agreements for placement of debt instruments.

2. Offering Documents. Coordinate the preparation of the notice of sale and bidding instructions, official statement, official bid form and such other documents as may be required and submit all such documents to the Issuer for examination, approval and certification. After such examination, approval and certification, FSC shall provide the Issuer with a supply of all such documents sufficient to its needs and distribute by mail sets of the same to prospective purchasers of the Debt Instruments. Also, FSC shall provide copies of the final Official Statement to the purchaser of the Debt Instruments in accordance with the Notice of Sale and Bidding Instructions.

3. Credit Ratings. 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, coordinate the preparation of such information as may be appropriate for submission to the rating agency, or agencies. In those cases where the advisability of personal presentation of information to the rating agency, or agencies, may be indicated, FSC will arrange for such personal presentations, utilizing such composition of representatives from the Issuer as may be finally approved or directed by the Issuer.
4. Trustee, Paying Agent, Registrar. Upon request, counsel with the Issuer in the selection of a Trustee and/or Paying Agent/Registrar for the Debt Instruments, and assist in the negotiation of agreements pertinent to these services and the fees incident thereto.
5. Financial Publications. When appropriate, advise financial publications of the forthcoming sale of the Debt Instruments and provide them with all pertinent information.
6. Consultants. After consulting with and receiving directions from the Issuer, arrange for such reports and opinions of recognized independent consultants as may be appropriate for the successful marketing of the Debt Instruments.
7. Auditors. In the event formal verification by an independent auditor of any calculations incident to the Debt Instruments is required, make arrangements for such services.
8. Issuer Meetings. Attend meetings of the governing body of the Issuer, its staff, representatives or committees as requested at all times when FSC may be of assistance or service and the subject of financing is to be discussed.
9. Printing. To the extent authorized by the Issuer, coordinate all work incident to printing of the offering documents.
10. Bond Counsel. Maintain liaison with Bond Counsel in the preparation of all legal documents pertaining to the authorization, sale and issuance of the Debt Instruments.
11. Delivery of Debt Instruments. As soon as a bid for the Debt Instruments is accepted by the Issuer, coordinate the efforts of all concerned to the end that the Debt Instruments may be delivered and paid for as expeditiously as possible and assist the Issuer in the preparation or verification of final closing figures incident to the delivery of the Debt Instruments.

12. Debt Service Schedule: Authorizing Resolution. After the closing of the sale and delivery of the Debt Instruments, deliver to the Issuer a schedule of annual debt service requirements for the Debt Instruments and, in coordination with Bond Counsel, assure that the paying agent/registrar and/or trustee has been provided with a copy of the authorizing ordinance, order or resolution.

SECTION II OTHER AVAILABLE SERVICES

In addition to the services set forth and described in Section I herein above, FSC agrees to make available to Issuer the following services, when so requested by the Issuer, at the hourly rates shown in Appendix B:

1. Exercising Calls and Refunding. Provide advice and assistance with regard to exercising any call and/or refunding of any outstanding Debt Instruments.
2. Capital Improvements Programs. Provide advice and assistance in the development of any capital improvements programs of the Issuer.
3. Long-Range Planning. Provide advice and assistance in the development of other long-range financing plans of the Issuer.
4. Post-Sale Services. Subsequent to the sale and delivery of Debt Instruments, review the transaction and transaction documentation with legal counsel for the Issuer, Bond Counsel, auditors and other experts and consultants retained by the Issuer and assist in developing appropriate responses to legal processes, audit procedures, inquiries, internal reviews and similar matters.

SECTION III TERM OF AGREEMENT

This Agreement shall become effective as of the date executed by the Issuer as set forth on the signature page hereof and, unless terminated by either party pursuant to Section IV of this Agreement, shall remain in effect thereafter for a period of five (5) years from such date. Unless FSC or Issuer shall notify the other party in writing at least thirty (30) days in advance of the applicable anniversary date that this Agreement will not be renewed, this Agreement will be automatically renewed on the fifth anniversary of the date hereof for an additional one (1) year period and thereafter will be automatically renewed on each anniversary date for successive one (1) year periods.

SECTION IV TERMINATION

This Agreement may be terminated with or without cause by the Issuer or FSC upon the giving of at least thirty (30) days' prior written notice to the other party of its intention to terminate, specifying in such notice the effective date of such termination. In the event of such termination, it is understood and agreed that only the amounts due FSC 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.

SECTION V COMPENSATION AND EXPENSE REIMBURSEMENT

The fees due to FSC for the services set forth and described in Section I of this Agreement with respect to each issuance of Debt Instruments during the term of this Agreement shall be calculated in accordance with a schedule to be agreed upon by the Issuer and First Southwest Company to be included as Appendix A of this Agreement. Unless specifically provided otherwise on Appendix A or in a separate written agreement between Issuer and FSC, such fees, together with any other fees as may have been mutually agreed upon and all expenses for which FSC is entitled to reimbursement, shall become due and payable concurrently with the delivery of the Debt Instruments to the purchaser.

SECTION VI DISCLOSURE OF CONTRACT

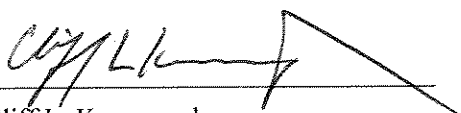
FSW hereby discloses that it is engaged as financial advisor to Fort Bend County (the "County") in connection with issuance of bonds by the County. It is hereby understood that relative to services rendered by FSW relating to the Authority's toll road projects, the source of compensation for such services shall be through the Authority, and compensation shall not be made from both the Authority and the County.

SECTION VII MISCELLANEOUS


1. Choice of Law. This Agreement shall be construed and given effect in accordance with the laws of the State of Texas.
2. Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the Issuer and FSC, their respective successors and assigns; provided however, neither party hereto may assign or transfer any of its rights or obligations hereunder without the prior written consent of the other party.

3. Entire Agreement. This instrument contains the entire agreement between the parties relating to the rights herein granted and obligations herein assumed. Any oral or written representations or modifications concerning this Agreement shall be of no force or effect except for a subsequent modification in writing signed by all parties hereto.

FIRST SOUTHWEST COMPANY

By: 
Cliff L. Kavanaugh
Senior Vice President

**FORT BEND GRAND PARKWAY
TOLL ROAD AUTHORITY**

By: 
Title: James D. Condrey
Date: 7/21/10

ATTEST:

By:



Title:

Asst. Secretary, Board of Directors

APPENDIX A

APPENDIX B

Fees for Services based upon hourly charges shall be billed based upon the following rates:

Administrative	At a rate of \$75 per hour
Associates	At a rate of \$150 per hour
Assistant Vice Presidents	At a rate of \$200 per hour
Vice Presidents	At a rate of \$250 per hour
Senior Vice Presidents	At a rate of \$275 per hour

plus, reimbursement for out-of-pocket expenses including the cost of materials.