

**CITY OF SAN ANTONIO
INTERDEPARTMENTAL MEMORANDUM
FINANCE DEPARTMENT**

TO: Mayor and City Council

FROM: Milo Nitschke, Director, Finance Department

THROUGH: Terry M. Brechtel, City Manager

COPIES: Melissa Byrne Vossmer, Assistant City Manager; City Attorney's Office; City Clerk; File

SUBJECT: Approving Publication of the Notice of Intention to Issue Combination Tax and Revenue Certificates of Obligation; Approving the Form, Content and Distribution of the Preliminary Official Statements Related to General Improvement Bonds, Series 2004, Combination Tax and Revenue Certificates of Obligation, Series 2004 and Taxable General Improvement Refunding Bonds, Series 2004; and Approving a Reimbursement Resolution Related to the future issuances of general improvement bonds and Certificates of Obligation, Series 2004-A

DATE: February 19, 2004

SUMMARY AND RECOMMENDATIONS

- A. This Ordinance authorizes and approves publication of the Notice of Intention to issue City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation, Series 2004 in a maximum principal amount not to exceed \$30,710,000; complies with the requirements contained in Securities and Exchange Commission Rule 15c2-12, including the approval and distribution of the Preliminary Official Statements pertaining to the issuance of such obligations and approximately \$34,685,000 City of San Antonio, Texas General Improvement Bonds, Series 2004 and approximately \$13,675,000 City of San Antonio, Texas Taxable General Improvement Refunding Bonds, Series 2004; authorizes the City's staff, co-financial advisors, and co-bond counsel to take all actions deemed necessary in connection with the sale of such obligations; and provides for an effective date.
- B. This Ordinance approves a resolution relating to establishing the City's intention to reimburse itself for the prior lawful expenditures of funds from the proceeds of tax-exempt obligations to be issued by the City for authorized purposes designated as future issuances of general obligation bonds and "City of San Antonio Combination Tax and Revenue Certificates of Obligation, Series 2004-A"; authorizes other matters incident and related thereto; and provides for an effective date.

Staff recommends approval of these Ordinances.

BACKGROUND INFORMATION

The fiscal year 2004 Debt Management Plan includes the proposed sale of approximately \$34,685,000 General Improvement Bonds, Series 2004 (the "2004 Bonds") and approximately \$30,710,000 Combination Tax and Revenue Certificates of Obligation, Series 2004 (the "2004 Certificates").

The 2004 Bonds are being issued to provide funds (1) to finance the construction of general improvements to the City, including (a) streets and pedestrian improvements; (b) drainage improvements; (c) parks and recreation improvements; (d) library improvements; and (e) public health and safety improvements; and (2) to pay the costs of issuance. The sale of the 2004 Bonds represents the first installment of the 2003 Authorized Bond Program and the allocation of funds is detailed below.

| | |
|-------------------------------------|----------------------|
| Streets and Pedestrian Improvements | \$ 14,231,235 |
| Drainage Improvements | 6,727,477 |
| Parks and Recreation Improvements | 10,967,438 |
| Library Improvements | 353,850 |
| Public Health and Safety | 2,405,000 |
| Total 2004 Bonds | <u>\$ 34,685,000</u> |

The 2004 Certificates will be used for the purpose of providing funds for the payment of contractual obligations to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) constructing public safety improvements, including constructing new fire stations and renovating and improving existing fire stations, (2) constructing street improvements, sidewalk improvements, bridge improvements, drainage improvements, and drainage incidental thereto, (3) constructing improvements and renovations to existing municipal facilities, including the Tower of the Americas, (4) acquiring, constructing and renovating park facilities, (5) constructing improvements for flood control, dams, landscaping and amenities along the San Antonio River, (6) purchasing materials, supplies, machinery, land, and rights-of-way for authorized needs and purposes relating to public safety, drainage, street and public works purposes, (7) paying the costs associated with the implementation of a new Enterprise Resource Management System, including development and installation costs relating thereto, and (8) the payment of professional services related to the construction and financing of the aforementioned projects.

The allocation of funds is detailed below:

| | |
|---------------------------------------|----------------------|
| Enterprise Resource Management System | \$ 13,500,000 |
| Fire | 540,000 |
| Parks and Recreation | 1,945,000 |
| Tower of the Americas | 400,000 |
| Metropolitan Planning Organization | 8,860,000 |
| Streets | 2,465,000 |
| San Antonio River Improvements | 3,000,000 |
| Total 2004 Certificates | <u>\$ 30,710,000</u> |

Pending tax counsel advice on the private activity use of parking facility space and the allocation of previously issued tax-exempt general obligation bonds and certificates of obligation proceeds allocated to the parking system, the City may refund such obligations with Taxable General Improvement Refunding Bonds, Series 2004 (the "2004 Refunding Bonds"). The 2004 Refunding Bonds may be issued to refund approximately \$12,505,000 in previously issued tax-exempt general obligation bonds and certificates of obligation whose proceeds have been utilized to fund construction and improvements to the City's parking facilities. This amount is subject to change pending tax counsel advice and will be determined prior to pricing, on or about March 12, 2004. Refunding this outstanding debt with taxable bonds will provide the parking system with the flexibility to enter into contracts to secure parking for private entities. The refunding analysis shows that refinancing approximately \$12,505,000 in previously issued general obligation bonds and certificates of obligation results in an estimated gross loss of \$1,403,374 and a present value loss of \$742,816. To create approximately \$220,000 in savings in fiscal years 2004 and 2005, the maturity of the bonds has been extended from February 1, 2015 to August 1, 2016.

In connection with the issuance and sale of the bonds and certificates, rating agency presentations have been scheduled with Moody's, Standard & Poor's and Fitch, on March 1 and 2, 2004 and will take place in San Antonio.

It is anticipated that the bonds and certificates will be sold the week of March 15, 2004 by an underwriting syndicate including First Southwest Company as Senior Book Running Manager; Ramirez & Company as Co-Senior Manager; and M.E. Allison, Southwestern Capital Markets and Southwest Securities as Co-Managers.

Approval of the reimbursement resolution will enable the City to reimburse itself for project expenditures to be funded by the issuance of future obligations but incurred prior to the sale and delivery of such obligations' proceeds. Such expenditures are related to projects funded by the future issuance of general improvement bonds and Combination Tax and Revenue Certificates of Obligation, Series 2004-A (the "2004-A Certificates") which are anticipated to be sold in November, 2004. The next installment of general improvement bonds is anticipated to be sold in November, 2005. The sale of the 2004-A Certificates is anticipated to be approximately \$17,140,000. The anticipated sale of the general improvement bonds and 2004-A Certificates is consistent with the Debt Management Plan and the Adopted 2004 Capital Budget.

POLICY ANALYSIS

The aforementioned transactions are consistent with approved capital projects, the 2004 Approved Capital Budget and the Debt Management Plan.

FISCAL IMPACT

Any costs pertaining to the proposed bond transactions will be paid from the proceeds derived from the issuance and sale of such obligations. Therefore, there is no impact on the City's Operating Budget.

SUPPLEMENTAL COMMENTS

The disclosures required by the City's Ethics Ordinance for each of the underwriting firms are attached.

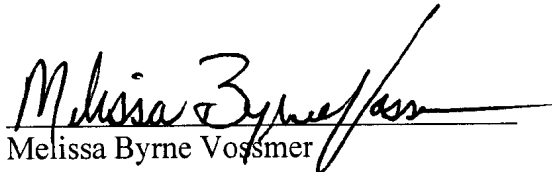
COORDINATION

This action was coordinated with the City Manager's Office, City Attorney's Office, the Departments of Finance, Public Works, Parks and Recreation, Fire, the Office of Management and Budget, the City's Underwriting Syndicate, Co-Financial Advisors and Co-Bond Counsel.



Milo D. Nitschke
Director, Finance Department

Approved:



Melissa Byrne Vossmer
Assistant City Manager



Terry M. Brechtel
City Manager

City of San Antonio
Discretionary Contracts Disclosure*

For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2

Attach additional sheets if space provided is not sufficient.

State "Not Applicable" for questions that do not apply.

* This form is required to be supplemented in the event there is any change in the information under (1), (2), or (3) below, before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed.

Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the City in the enforcement of provisions contained in the City Charter and the Code of Ethics, an individual or business entity seeking a discretionary contract from the City is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any **individual** who would be a party to the discretionary contract:

None.

(2) the identity of any **business entity**¹ that would be a party to the discretionary contract:

None.

and the name of:

(A) any individual or business entity that would be a **subcontractor** on the discretionary contract;

None.

and the name of:

(B) any individual or business entity that is known to be a **partner**, or a **parent** or **subsidiary** business entity, of any individual or business entity who would be a party to the discretionary contract;

First Southwest Company is owned by First Southwest Holdings, Inc.

¹ A *business entity* means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

- (3) the identity of any *lobbyist* or *public relations firm* employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

None.


Political Contributions

Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any *current* or *former member* of City Council, any *candidate* for City Council, or to any *political action committee* that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

| To Whom Made: | Amount: | Date of Contribution: |
|---------------|---------|-----------------------|
| None. | | |

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question² as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

| | | |
|--|--|-------------------------|
| | | |
| Signature:  | Title: Senior Vice President Company: First Southwest Company | Date: 8/12/03 |

² For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.

LITIGATION DISCLOSURE

Failure to fully and truthfully disclose the information required by this Litigation Disclosure form may result in the disqualification of your proposal from consideration or termination of the contract, once awarded.

1. Have you or any member of your Firm or Team to be assigned to this engagement ever been indicted or convicted of a felony or misdemeanor greater than a Class C in the last five (5) years?

Circle One

YES

NO

2. Have you or any member of your Firm or Team been terminated (for cause or otherwise) from any work being performed for the City of San Antonio or any other Federal, State or Local Government, or Private Entity?

Circle One

YES

NO

3. Have you or any member of your Firm or Team been involved in any claim or litigation with the City of San Antonio or any other Federal, State or Local Government, or Private Entity during the last ten (10) years?

Circle One

YES

NO

If you have answered "Yes" to any of the above questions, please indicate the name(s) of the person(s), the nature, and the status and/or outcome of the information, indictment, conviction, termination, claim or litigation, as applicable. Any such information should be provided on a separate page, attached to this form and submitted with your proposal.

TO THE BEST OF MY KNOWLEDGE, THE ABOVE INFORMATION IS TRUE AND CORRECT.

Company Name: First Southwest Company

Anne Burger Entekin
Signature of Principal:

Anne Burger Entekin
Printed Name of Principal:

Senior Vice President
Title of Principal

City of San Antonio Discretionary Contracts Disclosure*

For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2
Attach additional sheets if space provided is not sufficient.
State "Not Applicable" for questions that do not apply.

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Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the City in the enforcement of provisions contained in the City Charter and the Code of Ethics, an individual or business entity seeking a discretionary contract from the City is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any **individual** who would be a party to the discretionary contract:

(2) the identity of any **business entity**¹ that would be a party to the discretionary contract:

Ramirez & Co., Inc.

and the name of:

(A) any individual or business entity that would be a **subcontractor** on the discretionary contract;

None

and the name of:

(B) any individual or business entity that is known to be a **partner**, or a **parent** or **subsidiary** business entity, of any individual or business entity who would be a party to the discretionary contract;

Samuel A. Ramirez & Company

¹ A *business entity* means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

(3) the identity of any *lobbyist* or *public relations firm* employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

None

Political Contributions


Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any *current* or *former member* of City Council, any *candidate* for City Council, or to any *political action committee* that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

| | | |
|---|-----------------------------|--|
| To Whom Made: Councilman Art Hall | Amount: \$ 100.00 | Date of Contribution: 02/27/03 |
|---|-----------------------------|--|

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question² as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

None

| | | |
|--|--|-----------------------|
| None | | |
| Signature:  Carlos Sanchez | Title: Senior Vice President Company: Ramirez & Co., Inc. | Date: 08/12/03 |

² For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.

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1. Have you or any member of your Firm or Team to be assigned to this engagement ever been indicted or convicted of a felony or misdemeanor greater than a Class C in the last five (5) years?

Circle One

YES

NO

2. Have you or any member of your Firm or Team been terminated (for cause or otherwise) from any work being performed for the City of San Antonio or any other Federal, State or Local Government, or Private Entity?

Circle One

YES

NO

3. Have you or any member of your Firm or Team been involved in any claim or litigation with the City of San Antonio or any other Federal, State or Local Government, or Private Entity during the last ten (10) years?

Circle One

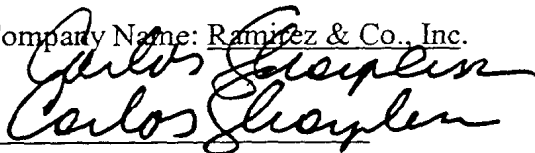
YES

NO

If you have answered "Yes" to any of the above questions, please indicate the name(s) of the person(s), the nature, and the status and/or outcome of the information, indictment, conviction, termination, claim or litigation, as applicable. Any such information should be provided on a separate page, attached to this form and submitted with your proposal.

TO THE BEST OF MY KNOWLEDGE, THE ABOVE INFORMATION IS TRUE AND CORRECT.

Company Name: Ramirez & Co., Inc.


Signature of Principal:

CARLOS SHARPLESS

Printed Name of Principal:

SENIOR VICE PRESIDENT

Title of Principal

City of San Antonio
Discretionary Contracts Disclosure*

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Attach additional sheets if space provided is not sufficient
State "Not Applicable" for questions that do not apply*

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Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the city in the enforcement of provisions contained in the City Charter and the code of ethics, an individual or business entity seeking a discretionary contract from the city is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any individual who would be a party to the discretionary contract;

Not Applicable

(2) The identity of any **business entity**⁴ that would be a party to the discretionary contract:

And the name of:

(A) Any individual or business entity that would be a **subcontractor** on the discretionary contract;

Not Applicable

And the name of:

(B) Any individual or business entity that is known to be a **partner, or a parent or subsidiary** business entity, of any individual or business entity who would be a party to the discretionary contract;

Not Applicable

⁴ A *business entity* means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

- (3) The identity of any lobbyist or public relations firm employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

Not Applicable

Political Contributions


Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any member of City Council, or to any political action committee that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, or registered lobbyists of the entity.

| To Whom Made: | Amount: | Date of Contribution: |
|---------------|---------|-----------------------|
| None. | | |

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question⁵ as to whether any city official would violate Section 1 of Part B by participating in official action relating to the discretionary contract.

Not Applicable

| | | |
|---|--|-----------------------|
| Signature:  | Title: President and Chief Executive Officer Company: M. E. Allison & Co., Inc. | Date: August 12, 2003 |
|---|--|-----------------------|

⁵ For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.

LITIGATION DISCLOSURE

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Circle One

YES

NO

2. Have you or any member of your Firm been terminated (for cause or otherwise) from any work being performed for the City of San Antonio or any other Federal, State or Local Government, or Private Entity?

Circle One

YES

NO

3. Have you or any member of your Firm been involved in any litigation with or filed a claim against the City of San Antonio or any other Federal, State or Local Government, or Private Entity during the last ten (10) years?

Circle One

YES

NO

If you have answered "YES" to any of the above questions, please indicate the name(s) of the person(s), the nature, and the status and/or outcome of the indictment, conviction, termination, claim or litigation, as applicable. Any such information should be provided on a separate page, attached to this form and submitted with your proposal.

TO THE BEST OF MY KNOWLEDGE, THE ABOVE INFORMATION IS TRUE AND CORRECT.

Company Name: M. E. Allison & Co., Inc.

M. E. Allison Jr.
Signature of Principal

M. E. Allison, Jr.
Printed Name of Principal:

President and Chief Executive Officer
Title of Principal

City of San Antonio Discretionary Contracts Disclosure*

For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2
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State "Not Applicable" for questions that do not apply.

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Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the City in the enforcement of provisions contained in the City Charter and the Code of Ethics, an individual or business entity seeking a discretionary contract from the City is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any **individual** who would be a party to the discretionary contract:

Robert G. Rodriguez, President & CEO

(2) the identity of any **business entity**¹ that would be a party to the discretionary contract:

Southwestern Capital Markets, Inc.

and the name of:

(A) any individual or business entity that would be a **subcontractor** on the discretionary contract;

None.

and the name of:

(B) any individual or business entity that is known to be a **partner**, or a **parent** or **subsidiary** business entity, of any individual or business entity who would be a party to the discretionary contract;

None.

¹ A *business entity* means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

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- (3) the identity of any *lobbyist* or *public relations firm* employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

None.

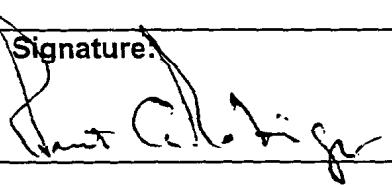
Political Contributions

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| To Whom Made: | Amount: | Date of Contribution: |
|---|----------|-------------------------------|
| MSRB Rule G-37 prohibits any dealer from engaging in municipal securities business with an issuer within 2 years of any contribution to an official of such issuer except a maximum of \$250 is allowed for someone you may vote for. | \$250.00 | Sometime before the election. |
| A contribution was made to Art A. Hall | | |

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question² as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

| Signature: | Title: | Date: |
|---|---|----------------|
|  | President & CEO Company: Southwestern Capital Markets, Inc. | August 8, 2003 |

² For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.

LITIGATION DISCLOSURE

Failure to fully and truthfully disclose the information required by this Litigation Disclosure form may result in the disqualification of your proposal from consideration or termination of the contract, once awarded.

1. Have you or any member of your Firm or Team to be assigned to this engagement ever been indicted or convicted of a felony or misdemeanor greater than a Class C in the last five (5) years?

Circle One

YES

NO

2. Have you or any member of your Firm or Team been terminated (for cause or otherwise) from any work being performed for the City of San Antonio or any other Federal, State or Local Government, or Private Entity?

Circle One

YES

NO

3. Have you or any member of your Firm or Team been involved in any claim or litigation with the City of San Antonio or any other Federal, State or Local Government, or Private Entity during the last ten (10) years?

Circle One

YES

NO

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TO THE BEST OF MY KNOWLEDGE, THE ABOVE INFORMATION IS TRUE AND CORRECT.

Company Name: Southwestern Capital Markets, Inc.

Signature of Principal:

Robert G. Rodriguez
Printed Name of Principal:

President & CEO
Title of Principal

City of San Antonio Discretionary Contracts Disclosure*

For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2

Attach additional sheets if space provided is not sufficient.

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(1) the identity of any **individual** who would be a party to the discretionary contract:

None - Only Southwest Securities employees will work on this transaction.

(2) the identity of any **business entity**¹ that would be a party to the discretionary contract:

- None -

and the name of:

(A) any individual or business entity that would be a **subcontractor** on the discretionary contract;

- None -

and the name of:

(B) any individual or business entity that is known to be a **partner**, or a **parent** or **subsidiary** business entity, of any individual or business entity who would be a party to the discretionary contract;

- None -

¹ A *business entity* means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

- (3) the identity of any *lobbyist* or *public relations firm* employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

- None -

Political Contributions

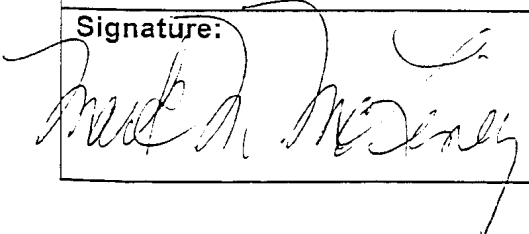
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| To Whom Made: | Amount: | Date of Contribution: |
|---------------|---------|-----------------------|
| - None - | | |

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question² as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

- None -

| | | |
|--|---|------------------|
| Signature:  | Title: Vice President Company: Archwest Securities | Date: 8/12/03 |
|--|---|------------------|

² For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.

LITIGATION DISCLOSURE

Failure to fully and truthfully disclose the information required by this Litigation Disclosure form may result in the disqualification of your proposal from consideration or termination of the contract, once awarded.

1. Have you or any member of your Firm or Team to be assigned to this engagement ever been indicted or convicted of a felony or misdemeanor greater than a Class C in the last five (5) years?

Circle One

YES

NO

2. Have you or any member of your Firm or Team been terminated (for cause or otherwise) from any work being performed for the City of San Antonio or any other Federal, State or Local Government, or Private Entity?

Circle One

YES

NO

3. Have you or any member of your Firm or Team been involved in any claim or litigation with the City of San Antonio or any other Federal, State or Local Government, or Private Entity during the last ten (10) years?

Circle One

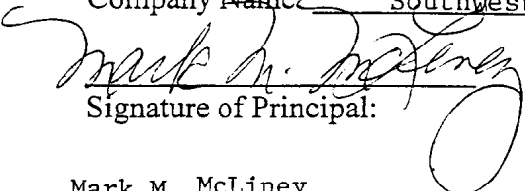
YES

NO

If you have answered "Yes" to any of the above questions, please indicate the name(s) of the person(s), the nature, and the status and/or outcome of the information, indictment, conviction, termination, claim or litigation, as applicable. Any such information should be provided on a separate page, attached to this form and submitted with your proposal.

TO THE BEST OF MY KNOWLEDGE, THE ABOVE INFORMATION IS TRUE AND CORRECT.

Company Name: Southwest Securities


Signature of Principal:

Mark M. McLiney
Printed Name of Principal:

Senior Vice President

Title of Principal