

Memorandum



CITY OF DALLAS

DATE January 23, 2009

TO Members of the Finance, Audit & Accountability Committee:
Chair Mitchell Rasansky, Vice-Chair Jerry Allen, Mayor Pro-Tem Elba Garcia,
Vonciel Jones Hill, Angela Hunt, Ron Natinsky, David Neumann

SUBJECT First Southwest Asset Management Contract and First
Southwest Company Contract

This memo is to inform the Committee of the completion of the merger between First Southwest Holdings and PlainsCapital Corporation, holding company of PlainsCapital Bank. First Southwest Holdings is now a wholly-owned subsidiary of PlainsCapital Bank. First Southwest Holdings is the corporate parent of First Southwest Company and First Southwest Asset Management, Inc. The City of Dallas contracts with First Southwest Company for professional services related to debt issuances and other financial advisory services. The City contracts with First Southwest Asset Management, Inc. for investment advice and execution of securities transactions.

First Southwest Company ("FSW") serves as co-financial advisor to the City of Dallas under a contract approved by the City Council in January 2006 (Resolution Number 06-0318). This contract expires on December 31, 2010. The City has contracted with a financial advisor since 1957 to provide assistance with the preparations for and sale of bonds; preparations for and presentations to bond rating agencies; prepare arbitrage rebate computations; certain aspects of capital budgeting and planning; and provide other financial assistance and advice as needed. Financial advisory fees relative to debt issuances are contingent upon completion of each bond sale. Arbitrage computation fees are not to exceed \$80,000 annually and advisory services not related to debt issuances are not to exceed \$60,000 annually.

First Southwest Asset Management, Inc., ("FSAM") serves as investment advisor to the City of Dallas under a contract approved by the City Council in September 2007 (Resolution Number 07-2782) in the amount of \$80,000. This contract expires on October 31, 2009. The City has contracted with an investment advisor since 1989 for execution of securities transactions and investment advice, including economic updates, market research, and portfolio performance reviews. In the execution of investment transactions, FSAM has met the contract objectives and actively seeks out MWBE broker/dealers in the competitive bid process for the transactions. For the FY quarter ending December 31, 2008, total percent of MWBE participation is 19.54%.

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Page 2

The merger was complete as of December 31, 2008. First Southwest Holdings is operating as an independent subsidiary of PlainsCapital Corporation. There has been no change in service or in personnel assigned under the City's contracts.

Please let me know if you have any questions.


for David Cook
Chief Financial Officer

c: Honorable Mayor & Members of the City Council
Mary K. Suhm, City Manager
Ryan S. Evans, First Assistant City Manager
Ramon F. Miguez, P.E., Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Forest E. Turner, Interim Assistant City Manager
Craig Kinton, City Auditor
Thomas P. Perkins, City Attorney
Jeanne Chipperfield, Director, Budget and Management Services
Edward R. Scott, City Controller