

Professional Services Contract
Between
The Board of Education of the Gadsden Independent School Board
And
RBC Capital Markets

This agreement is made between the Board of Education of the Gadsden Independent School Board, hereinafter referred to as "Board", and RBC Dain Rauscher Inc. doing business under the name RBC Capital Markets ("RBC Capital Markets"), hereinafter referred to as "Contractor".

1. Scope of Services

A. Contractor shall provide general Financial Advisor Services to Board on an "as needed" basis as described in the Gadsden School Board Request for Proposal 06-07-06, the terms and conditions of which are incorporated by reference as terms and conditions of this agreement. Contractor shall provide Board all related and support services required to carry out the responsibilities and duties described herein. Board, in its sole discretion, shall determine what work, if any, is assigned to Contractor.

B. The Superintendent or his/her designee shall be the Board's contact person for communication with the Contractor, and shall be authorized to request Financial Advisor Services from the Contractor and authorize the Contractor to take action on behalf of the Board.

2. Compensation

A. Regular Financial Advisor Services to be provided under the terms of this agreement by the Contractor shall include all those described as within the "Scope of Services" in Paragraph 1 above, as assigned by the Board or Superintendent, including, but not limited to, attendance at meetings of the Board, meetings with administrators and other independent contractors or consultants, preparation of draft contracts, financial advice and opinions, at the direction of the Superintendent or the Superintendent's designee.

B. As compensation for regular Financial Advisor Services as set forth in Paragraph 2A above, the Board shall pay the Contractor at the rates specified herein. Any change in fees under this contract shall be made by written notice from the Contractor at least thirty (30) days prior to the effective date of the change, unless the change is rejected by the Board, in which case this agreement may terminate at the Contractor's option. Applicable gross receipts taxes shall be included in all statements billed under this contract, but gross receipts tax shall be in addition to total compensation for services specified herein at the rates included herein.

C. The contractor shall provide to the Board billings detailing the amount of time and a description of services performed. Each billing shall be certified correct by the Contractor as to time and services.

D. Payments to the Contractor shall be made by the Board on a monthly basis within thirty (30) days of Board's verification and approval of any billing from Contractor as set forth herein.

E. In addition to the amounts payable under the provisions of this agreement, the Board shall reimburse the Contractor only for costs or expenses reasonably and necessarily incurred in the performance of Financial Advisor Services by the Contractor as set forth in this agreement, at the rates specified herein.

3. Term of Contract; Termination

The term of this contract shall commence effective August 10, 2006 and terminate at the close of business on August 9, 2010. This agreement may be terminated by either party after thirty (30) days written notice is given to the other party to this agreement at any time, regardless of the term of the contract. By such termination, neither party may nullify obligations or liabilities for performance or failure to perform incurred prior to the date of termination.

4. Status of Contractor

The Contractor, its partners, agents and employees, are independent contractors performing professional and Financial Advisor Services for Board and are not employees of the Board. The Contractor, its agents and employees, shall not accrue leave, retirement, insurance or other benefits provided to the Board's employees as a result of this agreement.

5. Indemnification

The Contractor shall indemnify the Board, its individual members, officers, agents and employees from any and all liability, loss or damage, including costs and attorney fees, they, or any of them, may suffer or be subject to as a result of claims, demands, costs or judgments of third parties against the Board, its individual members, officers, agents or employees arising out of the Contractor's negligence, misrepresentation, fraud or any other acts of professional malpractice.

6. Assignment

The Contractor shall not assign or transfer any interest in this agreement or assign any claims for money due, or to become due, under this agreement without the prior written approval of the Board.

7. Records and Audits

The Contractor shall maintain detailed time and expense records which indicate the date, time and nature of the services rendered to the Board, or expenses incurred on behalf of the Board and the Board shall, upon giving reasonable notice, have the right to review the records kept by the Contractor. The Contractor shall maintain such records for a period of at least three years following termination of this agreement.

9. Conflict of Interest

The Contractor warrants that it has no known or current interest and does not anticipate that it will acquire any interest which directly or indirectly would conflict in any manner or degree with the performance of services under this agreement.

10. Confidentiality

Any information given to or developed by the Contractor in the performance of this agreement shall be kept confidential and shall not be made available to any individual or organization by the Contractor without prior written approval of the Board, unless authorized or required by law.

11. Product of Service; Copyright

Nothing produced, in whole or in part, by the Contractor under this agreement shall be the subject of an application for copyright by, or on behalf of, the Contractor, without the prior written approval of the Board.

12. Amendment

Except as provided in Paragraph 3, any material change in the terms of this agreement shall be deemed an amendment, and any amendment shall be void unless made in writing and signed by both parties.

13. Applicable Law

This agreement shall be governed by the laws of the State of New Mexico.

14. Scope of Agreement; Merger

This agreement incorporates all agreements and understandings between the parties about the subject matter; all prior agreements and understandings have been merged into this written agreement and they shall not be enforceable or valid unless contained in this agreement.

15. Waiver

No waiver of any breach of the contract or any of the terms or conditions thereof shall be held to be a waiver of any other or subsequent breach; nor shall any waiver be valid, alleged or binding unless the same shall be in writing and signed by the party alleged to have granted the waiver.

16. Insurance

The Contractor agrees to maintain professional insurance providing coverage in an amount no less than \$1,000,000.00 for claims arising from acts or omissions of the Contractor in performing services under this agreement.

17. Effective Date; Form of Execution

This agreement shall be effective as of August 10, 2006, although it may be executed by the parties by manual or facsimile signature in duplicate originals on one or more different dates.

IN WITNESS WHEREOF, the parties have hereunto set their hands as of the dates set forth below.

The Board of Education of the Gadsden Independent School Board

By: _____
Board President Date

Superintendent Date

RBC Dain Rauscher Inc.

By: _____
Signature Date

FEE SCHEDULE

In consideration for the services rendered by the Contractor, the Board agrees to the following:

1) General Obligation Bond Transaction Fee

<u>More than</u>	<u>And Not More Than</u>	<u>Financial Advisory Fee*</u>
0	\$1,500,000	\$17,500
\$1,501,000	3,000,000	\$18,500
\$3,001,000	5,000,000	\$19,500
\$5,001,000	Above	\$21,000

*Does not include Continuing Disclosure Undertaking requirements

A refunding issue combined with a new money issue will be billed as a separate issue.

Revenue bonds and variable rate transactions will be billed at 125% of fee schedule above.

2. Other Costs of Issuance Expense

In addition to the Financial Advisory Fees above, out-of-pocket travel expenses will be reimbursed by the Board at cost. Due to corporate policy, reimbursable expenses cannot be paid by the Contractor. However, all expenses incurred during the issuance of bonds will be reviewed by the Contractor for accuracy and forwarded to the Board for payment from bond proceeds when the bonds are issued. This provides additional savings in Gross Receipts Tax to the Board. An estimated list of expenses is as follows:

Printing/ mailing of the Final Official Statements	\$ 600
i-Deal Prospectus (Electronic distribution of POS)	750
Fee of bond rating agency	
Moody's (\$5 million - \$9 million – preferred rate)	5,000
Fees of bond counsel	15,000
Legal publication and recoding fees	1,500
In/Out of state travel for rating agency presentation (optional)	7,000
 Total Estimated Miscellaneous Expense	 \$ 29,850

3. Consultant Fees

Hourly rates will be charged for advice and services performed that are not directly related to the issuance of a specific bond or obligation based on the following schedule:

Paul Cassidy, Managing Director	\$190.00/hour
Kevin Powers, Director	\$175.00/hour
Associate Vice President/Associate	\$145.00/hour

4. Investment of Proceeds

The Board may elect to utilize the Contractor as Financial Advisor for the investment of bond proceeds. A separate fee will be charged of 0.2 percent of the amount invested with a minimum fee of \$3,000 and a maximum fee of \$30,000. At no time will it exceed the IRS Safe Harbor Rule.

5. Interest Rate Derivatives

The Board may elect to consider the use of interest rate derivative products as part of the financing plan. Fees for this service will not exceed 8 basis points off of mid-point pricing.

6. Investment of Proceeds

In addition to the fees indicated above, should the Board elect to invest bond proceeds in a full-flex repurchase agreement during the construction period, at the Board's request, the Contractor will develop a Request for Proposal and coordinate the bidding process and closing. Cost will be 5.0 basis points if the investment yield equals, exceeds or is less than the bond rate.

7. Continuing Disclosure Undertaking

For obligations that require continuing disclosure, the issuer must provide a written undertaking committing to disclose annual financial information and the timely reporting of eleven material events. This commitment is referred to as the Continuing Disclosure Undertaking. The Contractor will assist the Board in fulfilling their continuing disclosure responsibilities upon the agreement and receipt of a signed contract which details the Contractor's scope of services and compensation arrangement. The annual fee will range from \$750 to \$1,400. This fee may be waived if a transaction is under contract by Contractor or if a transaction is expected to be completed by Contractor within three months of the disclosure requirements due date.

The Contractor will bill the Issuer at closing for each issue of Obligations a net amount which will include a fee calculated on the above schedule as well as any out-of-pocket expenses incurred on behalf of the Issuer.