Agenda Item Form

Agenda Date: _____

Districts Affected: N/A
Dept. Head/Contact Information: Carmen Arrieta-Candelaria 541-4293

Type of Agenda Item:

- ☒ Resolution
- ☐ Tax Installment Agreements
- ☐ RFP/ BID/ Best Value Procurement
- ☐ Application for Facility Use
- ☐ Interlocal Agreements
- ☐ Other _____
- ☐ Staffing Table Changes
- ☐ Tax Refunds
- ☐ Budget Transfer
- ☐ Bldg. Permits/Inspection
- ☐ Contract/Lease Agreement
- ☐ Board Appointments
- ☐ Donations
- ☐ Item Placed by Citizen
- ☐ Introduction of Ordinance
- ☐ Grant Application

Funding Source:

- ☐ General Fund
- ☐ Grant (duration of funds: _____ Months)
- ☐ Other Source: _____

Legal:

☐ Legal Review Required Attorney Assigned (please scroll down): Ruth Reyes ☒ Approved ☐ Denied

Timeline Priority: ☐ High ☐ Medium ☐ Low # of days: _____

Why is this item necessary:
Approval of Broker/Dealer to comply with the Investment Policy.

Explain Costs, including ongoing maintenance and operating expenditures, or Cost Savings:
N/A

Statutory or Citizen Concerns:
N/A

Departmental Concerns:
Requires approved broker/dealers in order to purchase securities in conformity with Investment Policy.

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

That the Mayor or City Manager is authorized to sign a Business Account Application, as amended, and Client Agreement, as amended, with Morgan Stanley, and to execute and deliver such additional documents as may be necessary to accomplish the purpose contemplated by this Resolution.

ADOPTED THIS 28th DAY OF September, 2004.

CITY OF EL PASO

_____
Joe Wardy
Mayor

ATTEST:

_____
Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:

Ruth Reyes
Assistant City Attorney

APPROVED AS TO CONTENT:

Carmen Arrieta-Candelaria
Comptroller

641 North Stanton
El Paso, TX 79901

toll-free 800 347 3002
tel 915 842 7900
fax 915 842 7993

Morgan Stanley

September 14, 2004

Carmen Arrieta Candelaria
City Comptroller
The City of El Paso
Comptroller-2 Civic Center Plaza
El Paso, TX 79901

RE: Margin Account Policy

The proper investment of the City of El Paso's Cash Reserve Fund should be an important issue for review.

The current City of El Paso primary objectives are safety, liquidity, and return on investments and allows for investments in guaranteed government securities up to maturities of two years. Section 9 of the City of El Paso's Investment Policy states:

9.0 Authorized Investments

The City of El Paso may invest in the following types of securities which are authorized by the Texas Public Funds Investment Act of 1995, as may be amended (TPFIA), at the discretion of the Investment Officers based on the overall investment strategy:

- **9.1 Obligations of, or Guaranteed by, Governmental Entities**
- **9.2 Certificates of Deposit**
- **9.3 Fully Collateralized Repurchase Agreements**
- **9.4 Investment Pools**

Since the City's investment policy only allows for investments in guaranteed or insured government securities which mature in less than two years, the interest earned on the securities would be less than the interest charged to margin these securities. Under these circumstances, Morgan Stanley would prohibit an institutional account from having margin privileges.

In addition, because the City of El Paso's investment goals are capital appreciation and not speculation, Morgan Stanley would not allow a margin account even without the constraints of the City's strict investment policies. Morgan Stanley may deny any account for having margin privileges.

If there are any additional concerns or questions please feel free to contact me at 915-842-7915.

Best Regards,

Bernard K. Semon
Financial Advisor

CC: Mayor Joe Wardy
CC: Assistant City Attorney Ruth Reyes
CC: Municipal Clerk Richarda Duffy Momsen

Morgan Stanley

Official Request to become Authorized Financial Dealer for Investment Transactions for the City of El Paso

Prepared by:
Bernard Semon
Financial Advisor
Morgan Stanley
641 N. Stanton Street
El Paso, Texas 79901
(915) 842- 7915
(800) 347- 3002

July 28, 2004

641 North Stanton
El Paso, TX 79901

toll-free 800 347 3002
tel 915 842 7900
fax 915 842 7993

Morgan Stanley

Wednesday, July 28, 2004

Carmen Arrieta Candelaria
City of El Paso
Comptroller-2 Civic Center Plaza
El Paso, TX 79901

RE: Authorized Financial Dealer

Dear Mrs. Candelaria:

Thank you for your interest in Morgan Stanley.

Morgan Stanley is recognized the world over for integrity and professionalism, as well as its uncompromising commitment to excellence. We are one of the top three investment firms in the world in terms of assets under management and we provide financial services to five thousand institutions. Clearly, the cash management services Morgan Stanley offers would be beneficial to the City of El Paso.

This letter represents Morgan Stanley's official request to become qualified bidders for investment transactions for the City of El Paso.

Enclosed you will find the paperwork required for us to become qualified bidder for investment transactions under the Authorized Financial Dealers and Institutions section of the Investment Policy for the City of El Paso.

Sincerely,

Bernard K.Semon
Financial Advisor

CC: Mayor Joe Wardy
CC: Municipal Clerk Richarda Duffy Momsen

Morgan Stanley

Morgan Stanley DW Inc.

Consolidated Statement of Financial Condition

as of November 30, 2003 and Independent Auditors' Report

Investments and services are offered through Morgan Stanley DW Inc., member SIPC.

Morgan Stanley DW Inc.
Consolidated Statement of Financial Condition

November 30, 2003
(In thousands of dollars)

Assets

Cash and cash equivalents	$312,806
Cash and securities deposited with clearing organizations or segregated under federal and other regulations (securities at fair value of $2,266,900)	2,312,044
Financial instruments owned ($80,691 was pledged to various parties):	
U.S. government and federal agency	793,618
Corporate and other debt	1,077,371
Corporate equities	194,084
Securities purchased under agreements to resell	3,431,045
Securities borrowed	967,094
Receivables:	
Customers (net of allowances of $15,089)	4,587,985
Brokers, dealers and clearing organizations	134,469
Office facilities, at cost (less accumulated depreciation and amortization of $422,339)	174,835
Other assets	951,119
Total assets	$14,936,470

Liabilities and Stockholder's Equity

Financial instruments sold, not yet purchased:	
U.S. government and federal agency	$652,444
Corporate and other debt	289,379
Corporate equities	18,062
Securities sold under agreements to repurchase	3,665,516
Securities loaned	907,475
Payables:	
Customers	3,988,924
Brokers, dealers and clearing organizations	200,110
Affiliates	1,176,263
Other liabilities and accrued expenses	1,786,040
	12,684,213
Subordinated liabilities	750,000
Stockholder's equity	1,502,257
Total liabilities and stockholder's equity	$14,936,470

See Notes to Consolidated Statement of Financial Condition.

Morgan Stanley DW Inc.
Notes to Consolidated Statement of Financial Condition

For the year ended November 30, 2003
(In thousands of dollars, except share data)

Note 1—Introduction and Basis of Presentation

The consolidated statement of financial condition includes the accounts of Morgan Stanley DW Inc., a broker-dealer registered with the Securities and Exchange Commission ("SEC"), and its wholly-owned subsidiaries (the "Company"). The Company serves the investment needs of its customers by providing a wide range of investment products and advice through its sales organization located throughout the United States. The Company is also registered as a futures commission merchant with the Commodity Futures Trading Commission ("CFTC"). The Company is a wholly-owned subsidiary of Morgan Stanley (the "Parent").

All material intercompany accounts and transactions have been eliminated in consolidation.

The consolidated statement of financial condition is prepared in accordance with accounting principles generally accepted in the U.S., which require the Company to make estimates and assumptions regarding the valuation of certain financial instruments, the potential outcome of litigation and other matters that affect the consolidated financial statement and related disclosures. The Company believes that the estimates utilized in the preparation of the consolidated financial statement are prudent and reasonable. Actual results could differ materially from these estimates.

Note 2—Summary of Significant Accounting Policies

Cash and cash equivalents consist of cash and highly liquid investments not held for resale with maturities, when purchased, of three months or less.

Financial instruments owned and financial instruments sold, not yet purchased used in the Company's trading activities are recorded at fair value in the consolidated statement of financial condition, and gains and losses are reflected in principal transactions revenue. Fair value is the amount at which financial instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. A substantial percentage of the fair value of the Company's financial instruments owned and sold, not yet purchased is based on observable market prices, observable market parameters, or is derived directly from such prices or parameters. Transactions in

financial instruments owned and sold, not yet purchased are recorded on trade date.

Customers' securities transactions are recorded on a settlement date basis with related commission revenues and expenses recorded on trade date.

Asset management and administration fees include revenues from asset management services, including fees for promoting and distributing mutual funds ("12b-1 fees"), fees for investment management services provided to segregated customer accounts pursuant to various contractual arrangements, and revenues from customers electing a fee-based pricing arrangement. The Company receives 12b-1 fees for services it provides in promoting and distributing certain open-ended mutual funds. These 12b-1 fees are based on either the average daily fund net asset balances or average daily aggregate net fund sales and are affected by changes in the overall level and mix of assets under management or supervision.

Investment banking revenues are derived from the Company's distribution of equity, fixed income securities, and unit investment trust products underwritten by affiliates. Investment banking revenues are recorded when services for the transaction are substantially completed.

Office facilities consist of fixed assets, leasehold improvements and capitalized software. Fixed assets placed into service on or prior to June 30, 2002 are depreciated utilizing accelerated methods. Leasehold improvements placed into service on or prior to June 30, 2002 are amortized utilizing either accelerated or straight-line methods. Fixed assets and leasehold improvements placed in service after June 30, 2002, are depreciated/amortized utilizing the straight-line method. All fixed assets are depreciated over their useful lives of two to nine years, and leasehold improvements are amortized over the lesser of the lease term or useful life. Capitalized software is amortized utilizing the straight-line method over the useful life of three years.

Income taxes are provided using the asset and liability method, under which deferred tax assets and liabilities are determined based upon the temporary differences between the financial statement and income tax bases of assets and liabilities, using currently enacted tax rates.

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," the amortization of goodwill and indefinite-lived intangible assets is not permitted. Instead, those assets must be reviewed annually (or more frequently under certain circumstances) for impairment. During the first quarter of fiscal 2003, the Company completed the annual goodwill impairment test, which did not indicate any goodwill impairment and therefore did not have an effect on the Company's consolidated financial condition. At November 30, 2003, goodwill of approximately $159,283 was included in the Company's consolidated statement of financial condition as a component of other assets.

New Accounting Pronouncements

In July 2002, the Financial Accounting Standards Board ("FASB") issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities", which supersedes prior accounting guidance, Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)". SFAS No. 146 prescribes new guidelines for recognition of costs associated with exit or disposal activities. The provisions of SFAS No. 146 are effective for disposal activities initiated after December 31, 2002.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), which clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties ("variable interest entities"). Variable interest entities ("VIEs") are required to be consolidated by their primary beneficiaries if they do not effectively disperse risks among parties involved. Under FIN 46, the primary beneficiary of a VIE is the party that absorbs a majority of the entity's expected losses, receives a majority of its expected residual returns, or both, as a result of holding variable interests. FIN 46 also requires new disclosures about VIEs.

On February 1, 2003, the Company adopted FIN 46 for VIEs created after January 31, 2003 and for VIEs in which the Company obtains an interest after January 31, 2003. The adoption did not have an effect on the Company's consolidated statement of financial condition. In October 2003, the FASB agreed to defer the effective date of FIN 46 for arrangements with VIEs existing prior to February 1, 2003 to fiscal periods ending after December 15, 2003. Subsequently in December 2003, the FASB issued a revision of FIN 46 ("FIN 46R"), which replaces FIN 46, to modify FIN 46 to address certain technical corrections and implementation issues that have arisen. The adoption of FIN 46R is not expected to have an effect on the Company's consolidated financial position.

Note 3—Securities Financing Transactions

Securities purchased under agreements to resell ("reverse repurchase agreements") and securities sold under agreements to repurchase ("repurchase agreements"), principally U.S. government and federal agency securities,

are treated as financing transactions and are carried at the amounts at which the securities subsequently will be resold or reacquired as specified in the respective agreements; such amounts include accrued interest. Reverse repurchase and repurchase agreements are presented on a net-by-counterparty basis, when appropriate. It is the Company's policy to take possession of securities purchased under agreements to resell. Securities borrowed and securities loaned are also treated as financing transactions and are carried at the amounts of cash collateral advanced and received in connection with the transactions.

The Company may pledge its financial instruments owned to collateralize repurchase agreements and other securities financing. Pledged securities that can be resold or repledged by the secured party are identified as financial instruments owned (pledged to various parties) on the consolidated statement of financial condition. The carrying value and classification of financial instruments owned by the Company that have been loaned or pledged to counterparties, where those parties do not have the right to sell or repledge the collateral were approximately:

November 30, 2003

Financial instruments owned:

U.S. government and agency securities	$553,990
Corporate and other debt	824,456
Total	$1,378,446

The Company enters into reverse repurchase agreements, repurchase agreements, securities borrowed and securities loaned transactions to, among other things, finance the Company's inventory positions, acquire securities to cover short positions and settle other securities obligations, and accommodate customers' needs. The Company also engages in securities financing transactions for customers through margin lending. Under these agreements and transactions, the Company either receives or provides collateral, including U.S. government and agency securities, corporate and other debt, and corporate equities. The Company receives collateral in the form of securities in connection with reverse repurchase agreements, securities borrowed transactions, and customer margin loans. In many cases, the Company is permitted to sell or repledge these securities held as collateral and use the securities to secure repurchase agreements, to enter into securities lending transactions or for the delivery to counterparties to cover short positions. At November 30, 2003, the fair value of securities received as collateral where the Company is permitted to sell or repledge the securities was $11,741,194, and the fair value of the portion that has been sold or repledged was $7,348,489.

The Company manages credit exposure arising from reverse repurchase agreements, repurchase agreements, securities borrowed and securities loaned transactions by, in appropriate circumstances, entering into master netting agreements and collateral arrangements with counterparties that provide the Company, in the event of a customer default, the right to liquidate collateral and the right to offset a counterparty's rights and obligations. The Company also monitors the fair value of the underlying securities as compared with the related receivable or payable, including accrued interest, and, as necessary, requests additional collateral to ensure such transactions are adequately collateralized. Where deemed appropriate, the Company's agreements with third parties specify its rights to request additional collateral. Customer receivables generated from margin lending activity are collateralized by customer-owned securities held by the Company. For these transactions, the Company's collateral policies significantly limit the Company's credit exposure in the event of customer default. The Company may request additional margin collateral from customers, if appropriate, and if necessary may sell securities that have not been paid for or purchase securities sold but not delivered from customers.

Note 4—Related Party Transactions

At November 30, 2003, balances with affiliates included securities borrowed and reverse repurchase agreements of $967,094 and $54,414, respectively, and securities loaned of $857,579 and repurchase agreements of $49,925.

In the normal course of its securities business, the Company enters into transactions with affiliates including securities underwriting, mutual fund distribution and research activities.

Payable to affiliates on the statement of financial condition includes net payable to the Parent of $1,100,983 and other affiliates of $75,280. The net payable to the Parent includes net deferred taxes payable of $781,992, borrowings of $299,114 and other payables of $19,877; payables to the Parent are unsecured, bear interest at prevailing market rates and are payable on demand. Included in other assets on the statement of financial condition is a net receivable from affiliates of $21,326.

The Company sells certain of its receivables to an affiliate. For the year ended November 30, 2003, $75,243 of receivables were sold to the affiliate without recourse.

Note 5—Subordinated Liabilities

Subordinated liabilities consist of a Cash Subordination Agreement and a Subordinated Revolving Credit Agreement with the Parent.

The Cash Subordination Agreement is for $750,000, bears interest at 2.19% per annum and has a maturity date of June 30, 2018. Additionally, there is no balance outstanding under the Company's $1,000,000 Subordinated Revolving Credit Agreement which has a commitment termination date and maturity date of June 30, 2006 and June 30, 2007, respectively. Interest on this borrowing is payable at rates based upon the federal funds rate or the London Interbank Offered Rate.

The Morgan Stanley Capital Accumulation Plan, a deferred compensation plan, was restructured to eliminate the subordination clause. The plan provides eligible employees of the Company with a means of protecting the value of current and future income. The balances were transferred to other liabilities and accrued expenses during 2003.

Note 6—Stockholder's Equity and Regulatory Requirements

At November 30, 2003, 11,000 shares of $100 par value common stock were authorized and outstanding. The Company also had 1,000 shares of preferred stock authorized. No shares of preferred stock have been issued.

Morgan Stanley DW Inc. is a registered broker-dealer and futures commission merchant and, accordingly, is subject to the Net Capital rules of the SEC, the CFTC and the New York Stock Exchange, Inc. ("NYSE"). Under these rules, Morgan Stanley DW Inc. is required to maintain minimum Net Capital of not less than the greater of 2% of aggregate debit items arising from customer transactions, as defined, plus excess margin collateral on securities purchased under agreements to resell or 4% of funds required to be segregated for customers' regulated commodity accounts, as defined. The NYSE may require a member firm to reduce its business if net capital is less than 4% of such aggregate debit items and may prohibit a firm from expanding its business if net capital is less than 5% of such aggregate debit items. At November 30, 2003, Morgan Stanley DW Inc.'s Net Capital was $1,056,302, which exceeded the minimum requirement by $955,148.

Advances to the Parent and its affiliates, repayment of subordinated liabilities, dividend payments and other equity withdrawals are subject to certain notification and other provisions of the Net Capital rules of the SEC.

Note 7—Income Taxes

The Company is included in the consolidated federal income tax return filed by the Parent. Federal income taxes have been provided on a separate entity basis. The Company is included in the combined state and local income tax returns with the Parent and certain other subsidiaries of the Parent. State and local income taxes have been provided on separate entity income at the effective tax rate of the Company's combined filing group.

In accordance with the terms of the Tax Allocation Agreement with the Parent, all current and deferred taxes are offset with all other intercompany balances with the Parent. The Company and its affiliates are considering a change to their tax allocation methodology which could impact the allocation of certain state and local income taxes associated with unitary and combined tax filings. The impact to the Company has not yet been determined.

Deferred income taxes reflect the net tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities and are primarily attributable to various accruals, including deferred compensation and litigation reserves.

Note 8—Employee Benefit and Compensation Plans

Pension Plans

Substantially all of the employees of the Company are covered by a non-contributory pension plan that is qualified under Section 401(a) of the Internal Revenue Code (the "Qualified Plan") which is sponsored by an affiliate. The employees of the Company have a distinct benefit structure within this plan. Plan assets are available to pay all benefits of all participants; however, for purposes of financial reporting, assets are allocated to the Company as if the Company maintained a separate plan. An unfunded supplemental plan (the "Supplemental Plan") covers certain executives. These pension plans generally provide pension benefits that are based on each employee's years of credited service and on compensation levels specified in the plans.

Effective January 1, 2003, the lump sum option for benefits that accrue after December 31, 2002 under the Qualified Plan was eliminated. Also effective January 1, 2003, the Morgan Stanley Financial Advisor Pension Protection Program ("FAPPP") was established as a nonqualified plan to guarantee selected financial advisors that their lump sum benefit on pre-2003 qualified plan accruals will be calculated using the qualified plan's lump sum rate or 4.93%, whichever produces a higher benefit. It also guarantees a lump sum death benefit. Any difference between the benefits calculated under the FAPPP and the benefits calculated under the Qualified Plan rate will be paid under the FAPPP from Company assets. Effective January 1, 2004, pensionable earnings under the Qualified Plan will be limited to $170 (unindexed for inflation).

For the Qualified Plan, the Company's policy is to contribute at least the amounts sufficient to meet minimum funding requirements under applicable employee benefit and tax regulations. Liabilities for benefits payable under

the Supplemental Plan and FAPPP are accrued by the Company and are funded when paid to the beneficiaries.

The weighted-average discount rate, the rate of increase in future compensation levels and the expected long-term rate of return on plan assets used in determining the benefit obligation were 6.20%, 5.00% and 7.50%, respectively.

The following table provides a reconciliation of the changes in the benefit obligation and fair value of plan assets for fiscal 2003 as well as a summary of the funded status of the plans as of November 30, 2003:

	Qualified Plans	Supplemental Plan	FAPP Plan
Reconciliation of benefit obligation:			
Benefit obligation at beginning of year	$895,916	$3,808	$ –
Service cost	47,033		
Interest cost	56,644	241	325
Actuarial (gain) loss	101,555	253	(4,116)
Benefits paid	(99,964)	(451)	
Plan amendment	(44,435)		6,434
Benefit obligation at end of year	$956,749	$3,851	$2,643
Reconciliation of the fair value of plan assets:			
Fair value of plan assets at beginning of year	$819,347	$ –	$ –
Actual return on plan assets	133,726		
Employer contributions	60,000	451	
Benefits paid	(99,964)	(451)	
Fair value of plan assets at end of year	$913,109	$ –	$ –
Funded status:			
Funded status	$(43,640)	$(3,851)	$(2,643)
Unrecognized (gain) loss	436,680	632	(4,116)
Unrecognized prior service cost	(20,936)	394	5,594
Adjustment to recognize additional minimum liability		75	
Prepaid (accrued) benefit cost	$372,104	$(2,750)	$(1,165)

Postretirement Benefits

The Company has unfunded postretirement benefit plans that provide medical and life insurance for eligible retirees, employees and dependents. At November 30, 2003, the Company's accrued postretirement benefit cost was $3,992.

Compensation Plans

Effective December 1, 2002, the Parent adopted SFAS No. 123, "Accounting for Stock-Based Compensation," as amended, using the prospective adoption method. The Company now records compensation expense based upon the fair value of stock-based awards.

During the year, the Parent completed an extensive analysis of its stock-based compensation program and revised elements of its program to encourage and incent long-term performance, enhance employee retention, and better align employee and shareholder interests. The revisions to fiscal 2003 awards included extending the time period over which vesting and non-compete provisions apply generally to 3 to 4 years including the year of grant, and raising the eligibility requirements to participate in such awards.

Compensation costs are allocated to the Company by the Parent based upon the relative compensation of Company employees participating in the Parent's equity-based compensation programs.

Employees of the Company are eligible to participate in the Company's 401(k) plan upon meeting certain eligibility requirements. The Company matches a portion of each participant's contribution based upon the Company's performance.

Note 9—Commitments and Contingencies

Leases

The Company has non-cancelable operating leases covering office space and equipment. At November 30, 2003, future minimum rental commitments under such leases (net of subleases, principally on office rentals) were as follows:

2004	$174,922
2005	152,704
2006	134,946
2007	108,179
2008	87,420
Thereafter	184,586
Total	$842,757

Included in the table above are $101,403 of future minimum rental commitments (net of actual sublease income) related to closed or downsized branch offices and support space for which the present value was included in the restructuring charges taken during the year ended November 30, 2002 ("fiscal 2002").

Occupancy lease agreements, in addition to base rentals, generally provide for rent and operating expense escalations resulting from increased assessments for real estate taxes and other charges.

Other Commitments and Contingencies

The Company had approximately $22,510 of letters of credit outstanding at November 30, 2003 to satisfy various collateral requirements.

In the normal course of business, the Company has been named as a defendant in various legal actions, including arbitrations, arising in connection with its activities as a diversified financial services institution. Some of the legal actions include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. The Company is also involved, from time to time, in investigations and proceedings by governmental and self-regulatory agencies. Some of these legal actions, investigations and proceedings may result in adverse judgments, penalties or fines. In view of the inherent difficulty of predicting the outcome of such matters, particularly in cases in which claimants seek substantial or indeterminate damages, the Company cannot predict with certainty what the eventual loss or range of loss related to such matters will be. The Company believes, based on current knowledge and after consultation with counsel, that the outcome of such matters will not have a material adverse effect on the consolidated financial condition of the Company, although the outcome could be material to the Company's operating results for a particular period, depending, upon other things, on the level of the Company's income for such period.

Financial instruments sold, not yet purchased represent obligations of the Company to deliver specified financial instruments at contracted prices, thereby creating commitments to purchase the financial instruments in the market at prevailing prices. Consequently, the Company's ultimate obligation to satisfy the sale of financial instruments sold, not yet purchased may exceed the amounts recognized in the consolidated statement of financial condition.

At November 30, 2003, the Company had commitments to enter into reverse repurchase and repurchase agreements of approximately $300,000 and $200,000, respectively.

The Company is a member of various U.S. exchanges and clearinghouses that trade and clear securities and/or futures contracts. Associated with its membership, the Company may be required to pay a proportionate share of the financial obligations of another member who may default on its obligations to the exchange or the clearinghouse. While the rules governing different exchange or clearinghouse memberships vary, in general the Company's guarantee obligations would arise only if the exchange or clearinghouse had previously exhausted its resources. In addition, any such guarantee obligation would be apportioned among the other non- defaulting members of the exchange or clearinghouse. Any potential contingent liability under these membership agreements cannot be estimated. The Company has not recorded any contingent liability in the consolidated statement of financial condition for these agreements and believes that any potential requirement to make payments under these agreements is remote.

Note 10—Trading Activities

The Company's trading activities are primarily generated by customer order flow and such customer activities involve the execution, settlement and financing of various customer securities and commodities transactions.

The Company's securities brokerage activities involve certain market and credit risks. Customer securities activities are transacted on either a cash or margin basis and customer commodity transactions are generally transacted on a margin basis subject to individual exchange regulations. These transactions include the purchase and sale of securities, the writing of options and the purchase and sale of commodity futures and forward contracts. These activities may expose the Company to off-balance sheet risk from customers that may fail to satisfy their obligations, requiring the Company to purchase or sell financial instruments at prevailing market prices.

The Company's exposure to credit risk associated with these transactions is measured on an individual basis, as well as by groups that share similar attributes. The Company services a diverse group of domestic and foreign corporations, governments, and institutional and individual investors. Credit risk may be impacted by trading market volatility. The Company seeks to control risks associated with its customers' activities by requiring customers to maintain collateral in compliance with internal and regulatory guidelines. The Company monitors required margin levels and established credit limits daily and, pursuant to such guidelines, requires customers to deposit additional collateral, or reduce positions, when necessary.

Note 11—Financial Instruments Fair Value Information

The estimated fair value amounts of financial instruments are determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required to develop estimates of fair value. Accordingly, the estimates are not necessarily indicative of the amounts the Company could realize in a current market exchange. The use of different assumptions or estimation methodologies may have a material effect on the estimated fair value amounts.

Assets including cash and cash equivalents, cash and securities segregated under federal and other regulations and receivables are carried at cost which approximates fair value due to their short-term maturities.

Financial instruments owned and financial instruments sold, not yet purchased are carried at fair value using market quotes obtained from various sources, including the major securities exchanges and dealers, observable market parameters, or are derived directly from such prices or parameters.

Customer receivables, primarily consisting of floating rate loans collateralized by margin securities, are charged interest at rates similar to other such loans made throughout the industry.

Other liabilities and subordinated liabilities are carried at cost which, when estimated using current market rates, approximates the fair value.

Substantially all other financial instruments on the Company's consolidated statement of financial condition are carried at fair value or at amounts which approximate fair value.

Note 12—Restructuring and Other Charges

In fiscal 2002, the Company recorded liabilities of $65,600. This reflected several actions that were intended to resize and refocus the Company in order to respond to decreased retail investor participation in the equity markets.

The fiscal 2002 liability consisted of space-related accruals of $59,300 and severance-related accruals of $6,300. The space-related accruals were attributable to the closure or subletting of office space, in an effort to consolidate the number of branch locations and support space. The space-related accruals consisted of the present value of future rental charges net of actual and estimated sublease income and asset write-offs related to furniture, fixtures and other fixed assets at the affected office locations. The severance-related accruals were attributable to workforce reductions and were comprised of severance payments and outplacement costs provided to the affected individuals.

At November 30, 2003, the remaining liability was approximately $49,300, which was included in other liabilities and accrued expenses in the Company's consolidated statement of financial condition. The majority of the decrease from the original liability of $65,600 was due to severance-related cash payments and net rental payments on the affected offices, made by the Company during fiscal 2003. In the year ending November 30, 2004, the liability is expected to decline by an additional $30,800 due to the continuing payment of net rentals on these locations. The liability will continue to be reduced through November 30, 2012 as these leases expire.

Independent Auditors' Report

To the Board of Directors of Morgan Stanley DW Inc.

We have audited the accompanying consolidated statement of financial condition of Morgan Stanley DW Inc. and subsidiaries (the "Company") as of November 30, 2003. This consolidated financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this consolidated financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated statement of financial condition presents fairly, in all material respects, the financial position of Morgan Stanley DW Inc. and subsidiaries at November 30, 2003, in conformity with accounting principles generally accepted in the United States of America.

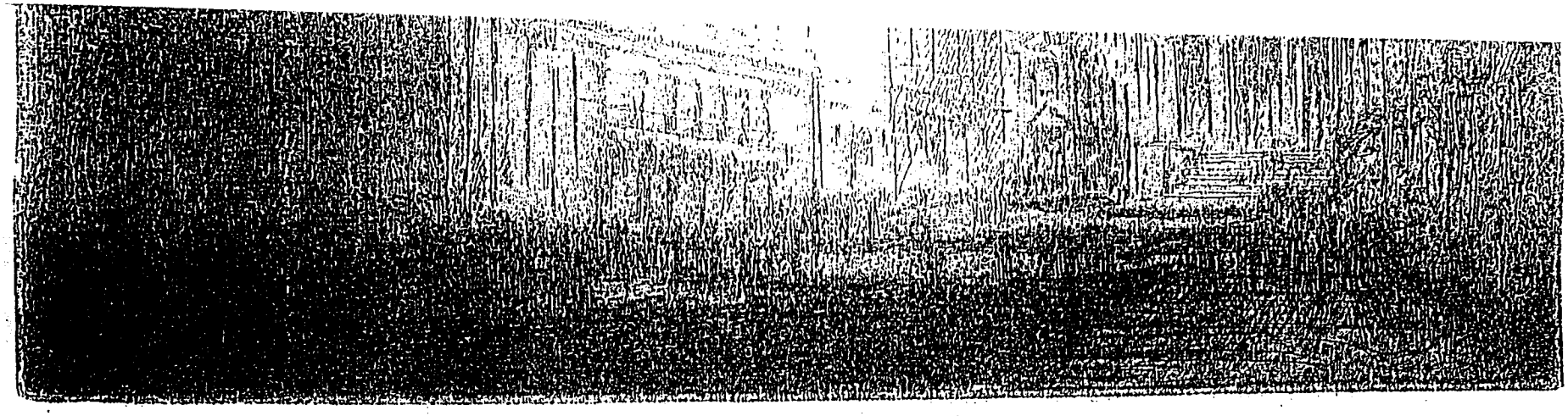
Deloitte & Touche LLP

New York, New York
January 26, 2004

The Company filed a copy of its November 30, 2003 consolidated statement of financial condition with the Securities and Exchange Commission pursuant to Rule 17a-5 of the Securities Act of 1934. Such report is available for examination at offices of the Securities and Exchange Commission in Washington D.C. or New York at the Company's offices at 1585 Broadway, New York, NY 10036

Securities and cash held in Morgan Stanley accounts are protected up to their full net equity value by a combination of coverage provided by the Securities Investor Protection Corporation ("SIPC") a non-profit organization created by an Act of Congress and additional protection purchased from a private insurer by Morgan Stanley (the "Excess Coverage"). SIPC protects up to $500,000 of each customer's securities of which up to $100,000 may be uninvested cash. Excess Coverage provides additional protection up to the full net equity value of each account including unlimited coverage for uninvested cash. SIPC and Excess Coverage apply only to securities and cash in the exclusive possession and control of Morgan Stanley and do not protect against losses due to market fluctuations. If you would like more information, ask your Financial Advisor for a detailed brochure.

Morgan Stanley



THIS IS TO CERTIFY THAT

Morgan Stanley DW Inc.

IS A MEMBER ORGANIZATION

OF THE

NEW YORK STOCK EXCHANGE, INC.

AN INSTITUTION WHOSE HISTORY DATES BACK TO 1792 AND WHOSE RULES AND REGULATIONS HAVE BEEN FORMULATED FOR THE PURPOSE OF MAINTAINING HIGH STANDARDS OF HONOR AMONG ITS MEMBERS AND FOR PROMOTING AND INCULCATING JUST AND EQUITABLE PRINCIPLES OF TRADE

Darla C. Stuckey
SECRETARY

Dick Grasso
CHAIRMAN OF THE BOARD

THIS CERTIFICATE IS THE PROPERTY OF THE NEW YORK STOCK EXCHANGE, INC.

NASD®

Certificate of Membership

This is to Certify That

DEAN WITTER REYNOLDS INC.

Is a Member of the

National Association of Securities Dealers, Inc.

2 0 0 0

By The Authority of The Board of Governors

Frank G. Zarb, Chairman and Chief Executive Officer

The BusinesScape® Program

Account Authorization Agreement

for Unincorporated Entities and Other Organizations

Office Number	Account Number	FA Number
213		015

Type of Organization:

☐ Municipality/Governmental Entity ☐ Non-Profit/Private Sector ☐ Charitable/Foundation
☐ Labor Union/Credit Union/Cooperative ☐ Educational ☐ Religious
☐ Other: _____

To Morgan Stanley DW Inc. and Morgan Stanley Dean Witter Commercial Financial Services, Inc.:

I the undersigned, duly authorized and acting _____ (President/Chairman/Mayor, or other title) of _____, a _____ organized under the laws, rules or regulations of _____ (the "Client"), pursuant to the certified enabling resolutions of the Client annexed hereto (the "Resolutions"), hereby authorize Morgan Stanley DW Inc. ("Morgan Stanley") to open a BusinesScape Account (the "BusinesScape Account") in the name of the Client, and to obtain and borrow at any time and from time to time under, any commercial line of credit that may be extended, and/or term loan that may be made or any other financial accommodation, financial service or extension of credit, by Morgan Stanley Dean Witter Commercial Financial Services, Inc. ("MSDWCFS") to the Client (a "Credit Facility"), subject to the terms and conditions set forth herein.

I hereby certify that the _____ of the Client, named in the certification set forth below, is (a) the duly elected, authorized and acting _____ of the Client and that the signature that appears opposite his or her name is his or her true signature, and (b) authorized to deliver the certification set forth below, including the designation of the authorized individuals (the "Authorized Individuals") of the Client set forth therein.

The Client shall indemnify and hold harmless Morgan Stanley, MSDWCFS, and any of their subsidiaries and affiliates, from any and all claims that a transaction was unauthorized or outside the scope of the Client's powers, if such transaction was authorized by any of the Authorized Individuals. Furthermore, the Client acknowledges and agrees that in the event that Morgan Stanley or MSDWCFS receives conflicting instructions from one or more of the Authorized Individuals, Morgan Stanley or MSDW-CFS or both, as the case may be, may (a) choose which instructions to follow and which to disregard, (b) suspend all activity on the BusinesScape Account until the conflicting instructions are resolved by the Client, (c) close the BusinesScape Account and deliver all securities and other property, net of debits or liabilities, to the Client's address of record, or (d) take any other legal action or combination of actions, and the Client shall indemnify and hold harmless Morgan Stanley and MSDWCFS from any and all claims resulting therefrom.

In the event of any change in the office or powers of an Authorized Individual, the Client shall immediately notify Morgan Stanley and MSDWCFS in writing of same and shall provide a written certification of any person substituted therefor; provided, however, that neither Morgan Stanley nor MSDWCFS shall be liable for any action taken or not taken upon instruction of any Authorized Individual prior to the actual receipt by Morgan Stanley and MSDWCFS of written notice of the termination or impairment of such person's authority; provided further, that the failure to supply any specimen signature or any other documentation shall not invalidate any transaction which is in accordance with authority actually granted.

Compliance with Laws

The Client hereby acknowledges that the BusinesScape Account will be subject to federal and state laws, including, but not limited to, the rules, regulations and customs of the United States Securities and Exchange Commission, the United States Commodity Futures Trading Commission, the United States Federal Reserve Board, the New York Stock Exchange, the National Association of Securities Dealers and any other industry self-regulatory organizations and exchanges.

Communications; Suspected Errors

Unless and until Morgan Stanley receives written notice of a different address, I hereby acknowledge and agree that all communications sent to the Client's address of record shall be conclusively deemed to have been delivered to the Client without regard to whether such communications have been actually received by or on behalf of the Client.

Further, if an error on the monthly statement or trade confirmation (collectively, the "Statements") is suspected, one of the Authorized Individuals shall promptly notify the manager of the branch servicing the Client's BusinesScape Account. The Client hereby acknowledges and agrees that each Statement shall be deemed to be accurate, correct and complete by Morgan Stanley unless it receives written notification from an Authorized Individual about a suspected error within 10 days of receipt of such Statement. It is hereby acknowledged and agreed that it is the Client's responsibility to seek immediate clarification about entries that it does not clearly understand.

Termination or Restriction of Account

If no Credit Facility is outstanding, the Client may terminate the BusinesScape Account at any time. If a Credit Facility is outstanding, the BusinesScape Account may not be terminated unless and until such Credit Facility has been terminated and all principal, interest, fees and other charges in connection with any such Credit Facility have been paid in full, and no further loans or advances are required to be made by MSDWCFS thereunder. Morgan Stanley may terminate the BusinesScape Account at any time or place limitations on available services, including the nature, volume and timing of transactions. If the BusinesScape Account is terminated, the Client will remain responsible for any outstanding charges incurred in connection therewith.

Amendments; Governing Law; Etc.

No provision of this Agreement may be amended or waived unless agreed to in writing and signed by an authorized officer of Morgan Stanley, and, if a Credit Facility is outstanding, of MSDWCFS. If any provision of this Agreement becomes inconsistent with any applicable current or future law, that provision will be deemed amended to conform with the law, but all other provisions will remain in effect. This Agreement will be governed by the law of the State of New York.

This Agreement applies to the BusinesScape Account which is held by Morgan Stanley for the Client and shall be binding upon Morgan Stanley, MSDWCFS and the Client and their respective successors and assigns. Notwithstanding the foregoing, the Client may not assign this Agreement or transfer any of its rights hereunder without the prior written consent of Morgan Stanley, and, if a Credit Facility is outstanding, by MSDWCFS.

The Client hereby unconditionally waives notice of acceptance with regard to this Agreement.

As required by IRS regulations, I hereby certify that I have provided Morgan Stanley and MSDWCFS with the Client's correct federal tax identification number.

Acknowledgement of Client

The undersigned, as Mayor (President/Chairman/Mayor, or other title) of the Client, and on behalf of the Client, agrees to all of the terms and conditions of this Agreement and acknowledges that Morgan Stanley, MSDWCFS and their subsidiaries and affiliates shall be entitled to rely on the certifications, authorizations, agreements and other provisions set forth herein
[NAME OF CLIENT]

By: Joe Wardy (Name *(please print)*) _____ (Date) Mayor (Title)

Certification; Authorized Individuals

I, the undersigned,being the duly authorized and acting Mayor of the Client, hereby certify that (a) the Client is duly organized, validly existing and, if applicable, in good standing under the laws, rules or regulations governing its organization; (b) the Authorized Individuals designated below hold the offices in the Client set forth by their respective names and that opposite the name of each such individual is set forth his or her true signature; and (c) the Client has no other accounts with Morgan Stanley other than none.

I hereby certify that each of the following Authorized Individuals has been and is duly authorized, individually, pursuant to resolutions and on behalf of the Client, to issue orders and instructions concerning the BusinesScape Account, to execute and deliver the credit, security and other agreements and other documents in connection with the BusinesScape Account and any Credit Facilities which may be extended or made to the Client by MSDWCFS, to request loans and advances in connection with any Credit Facility, and to otherwise act on behalf of the Client with respect to the BusinesScape Account and any Credit Facilities, and the following are true and correct signatures of such individuals:

Name *(please print)*	Title	Signature
William A. Chapman	Deputy Chief Financial Officer	William A. Chapman
Carmen Arrieta Candelaria	Comptroller	Carmen Arrieta-Candelaria
Blanca Lorkowski	Treasury Services Manager	Blanca B. Lorkowski

IN WITNESS WHEREOF, I have hereunto affixed my hand, this _____ day of _____, 20_____.

By: _____ (Name *(please print)*) _____ (Date) _____ (Title)

Investments and services are offered through Morgan Stanley DW Inc., member SIPC. Morgan Stanley and BusinesScape are service marks of Morgan Stanley. All credit facilities are subject to credit approval and offered through Morgan Stanley Commercial Financial Services, Inc. ©2003 Morgan Stanley 9/03

The BusinesScape® Program

Enabling Resolutions

for Unincorporated Entities and Other Organizations

Office Number	Account Number	FA Number
213		015

I, the undersigned, duly authorized and acting Municipal Clerk (President/Chairman/Mayor, or other title) of City of El Paso (the "Client") hereby certify that attached hereto is a full, true and correct copy of the Resolutions duly adopted by the Client:

First: Resolved that the client (the "Client") is authorized to open a BusinesScape Account (the "BusinesScape Account") with Morgan Stanley DW Inc. ("Morgan Stanley") as described in the Business Account Authorization Agreement for Municipalities, Non-Profit Organizations and Other Organizations and Institutions with Morgan Stanley and Morgan Stanley Dean Witter Commercial Financial Services, Inc. ("MSDWCFS") and to enter into such Business Account Authorization Agreement for Municipalities, Non-Profit Organizations and Other Organizations and Institutions.

Second: Resolved that the BusinesScape Account shall be a cash account or a margin account for the purpose of purchasing, selling (including short sales), transferring, exchanging, pledging, and generally dealing in any and all forms of securities and other financial assets of every kind or nature whatsoever. All orders and instructions, written or oral, relating to the BusinesScape Account shall be given to Morgan Stanley by one of the individuals (the "Authorized Individuals") designated as "Authorized Individuals" in the Business Account Authorization Agreement for Municipalities, Non-Profit Organizations and Other Organizations and Institutions, and each of them individually is hereby authorized to purchase and/or sell and/or otherwise deal in any and all securities and other financial assets for the Client, including the power to deliver, accept delivery of, pledge, endorse, and direct the transfer of record title of any assets beneficially owned by the Client, without any obligation of Morgan Stanley to inquire into the reasons for such orders or instructions.

Third: Resolved that the Client is authorized to obtain, and borrow at any time and from time to time under, any commercial line of credit that may be extended, and/or term loan that may be made or any other financial accommodation, financial service or extension of credit, by MSD-WCFS to the Client at any time and from time to time (a "Credit Facility"), and to secure payment therefor with property of the Client (including but not limited to equipment, inventory, accounts, general intangibles, real property and investment property), and to enter into any credit, security and other agreements and other documents necessary to effect the foregoing, in form and substance and in such amounts and with such repayment provisions, interest and fees, and other terms, as shall be satisfactory to any of the Authorized Individuals, acting alone, such satisfaction to be conclusively evidenced by the execution and delivery of such agreements and other documents by such Authorized Individual.

Fourth: Resolved that Morgan Stanley and MSDWCFS may deal with any of the Authorized Individuals as though dealing with the Client directly.

Fifth: Resolved that each of the Authorized Individuals, acting alone, is authorized to execute and deliver to Morgan Stanley and MSDWCFS on behalf of the Client any and all credit, security and other agreements and other documents that either Morgan Stanley or MSDWCFS may require in connection with the BusinesScape Account and any Credit Facility.

Sixth: Resolved that the Municipal Clerk of the Client is hereby authorized, empowered and directed to certify in connection with the foregoing:

(a) a true copy of these Resolutions;

(b) specimen signatures of each and every individual empowered by these Resolutions; and

(c) a certificate (which, upon the request of Morgan Stanley and/or MSDWCFS, shall be supported by an opinion of the general counsel of the Client, or other counsel satisfactory to Morgan Stanley and/or MSDWCFS, as the case may be) that the Client is duly organized, validly existing, and, if applicable, in good standing (where the nature of the business requires it), that its charter and governing documents empowers it to transact the business and take the actions contemplated in these Resolutions, and that no limitation has been imposed upon such powers by constitution, statute, rule, regulation, charter or otherwise.

Morgan Stanley

Seventh: Resolved that Morgan Stanley and MSDWCFS may rely upon any certification given in accordance with these Resolutions, which Morgan Stanley and MSDWCFS may assume are continuing and in full force and effect unless and until they shall have received due written notice of an amendment, modification or rescission of such Resolutions or certification. Further resolved that neither Morgan Stanley nor MSDWCFS shall be liable for any action taken or not taken upon instruction of any Authorized Individual prior to the actual receipt by Morgan Stanley and MSDWCFS of written notice of the termination or impairment of such person's authority. The Company hereby ratifies and confirms any and all actions of its employees in their dealings and communications with Morgan Stanley prior to the effectiveness of these resolutions. The failure to supply any specimen signature or any other documentation shall not invalidate any transaction which is in accordance with authority actually granted.

Eighth: Resolved that in the event of any change in the office or powers hereby empowered, the Client shall certify such changes to Morgan Stanley and MSDWCFS in writing, which certification, when received, shall terminate the powers of the persons previously authorized and empower the persons thereby substituted.

Ninth: Resolved that the Client hereby authorizes Morgan Stanley to charge any amount due Morgan Stanley under any arrangement with the Client against any or all of the accounts and other property of the Client held with Morgan Stanley or any of its affiliates, with the Client remaining liable for any deficiency.

I, the undersigned, duly authorized and acting Municipal Clerk (President/Chairman/Mayor, or other title) of the Client, hereby certify that the above Resolutions were duly adopted by the Client by Affirmative Vote. Such Resolutions (a) have not been modified, amended, annulled, rescinded or revoked and remain in full force and effect, (b) are in accord with and pursuant to the Client's organizational and governing documents and (c) are in accord with all applicable law and regulations. There exist no other resolutions of the Client relating to the matters set forth herein that are inconsistent with or would contravene the above Resolutions.

IN WITNESS WHEREOF, I have hereunto affixed my hand, this _____ day of _____, 20_____.

By: Richarda Duffy Monsen _____ Municipal Clerk
Name *(please print)* Date Title

Financial Advisor ▸ Please submit this completed application to:
Morgan Stanley, Harborside Financial Center, Plaza III, 6th Floor, Jersey City, NJ 07311, Attn: BusinesScape New Accounts

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Morgan Stanley

641 North Stanton
El Paso, TX 79901

toll-free 800 347 3002
tel 915 842 7900
fax 915 842 7993

Morgan Stanley

July 28, 2004

Carmen Arrieta Candelaria
City Comptroller
City of El Paso
Comptroller-2 Civic Center Plaza
El Paso, TX 79901

Dear Mrs. Candelaria:

Reference is made to (i) that certain Business Account Authorization Agreement dated_____, 2004 (the "Agreement") among Morgan Stanley DW Inc.("Morgan Stanley"), Morgan Stanley Dean Witter Commercial Financial Services, Inc. (the "MSDWCFS") and the City of El Paso, Texas and (ii) the Enabling Resolutions date_____, 2004 (the "Resolutions") from the City of El Paso, Texas to Morgan Stanley and MSDWCFC. This is to confirm our understanding that we have agreed to certain modifications to the Agreement and the Enabling Resolutions. The modifications are as follows.

1) The first line of the third full paragraph on page one of the Agreement shall be amended to read as follows:" To the maximum extent permitted by law, the Client shall indemnify and hold harmless Morgan Stanley, MSDWCFS, and any of their subsidiaries, from any and all..."

2) The first sentence of the third full paragraph on page one of the Agreement shall be amended and restated to read as follows: "The Client shall indemnify and hold harmless, to the extent allowed by law, Morgan Stanley, MSDWCFS, and any of their subsidiaries and affiliates, from any and all claims that a transaction was unauthorized or outside the scope of the Clients powers. The second sentence of the third paragraph on page one of the Agreement shall be amended and restated to read as follows: "Furthermore, the Client acknowledges and agrees that in the event that Morgan Stanley or MSDWCFS receives conflicting instructions from one or more of the Authorized Individuals, Morgan Stanley or MSDWCFS or both, as the case may be, shall notify the Client, of the conflicting instructions and may (a) suspend all activity on the BusinesScape Account until the conflicting instructions are resolved by the Client, (b) close the BusinesScape Account and deliver all securities and other property, net of debits or liabilities, to the Client's address of record, or (c) take any legal action or combination of actions, and the Client shall, to the maximum extent permitted by law, indemnify and hold harmless Morgan Stanley and MSDWCFS from any and all claims resulting therefrom.

3) The sixth full paragraph on page one of the Agreement, which paragraph appears under the heading "Communications; Suspected Errors" shall be amended such that the words" without regard to whether such communications have been actually received by or on behalf of the Client".

4) The first line of the second full paragraph of page two of the Agreement, which appears under the heading "Amendments; Governing Law; Etc.", shall be amended to read as follows: "No provision of this Agreement may be amended or waived unless agreed to in a writing signed by authorized officers of the City of El Paso and Morgan....".

641 North Stanton
El Paso, TX 79901

toll-free 800 347 3002
tel 915 842 7900
fax 915 842 7993

Morgan Stanley

5) The second sentence of the second full paragraph of page two of the Agreement, which appears under the heading "Amendments; Governing Law, Etc.", shall be amended and restated to read as follows: "This Agreement will be governed by the laws of the State of Texas".

6) The first line of resolution "FIFTH" on the first page of the Enabling Resolutions shall be amended and restated to read as follows: "Resolved that each of the Authorized Individuals, acting individually, is authorized to execute and deliver to Morgan Stanley and..."

Otherwise the Agreement and the Enabling Resolutions shall remain in full force and effect, and each of them is hereby ratified and confirmed in all respects. If you agree to the foregoing terms and conditions, please have duly authorized officer sign in the appropriate place below. A copy of this letter should be attached to the Agreement.

Sincerely yours,

Thomas Fingleton
Vice President
Morgan Stanley Dean Witter
Commercial Financial Services, Inc.

Bernard K. Semon
Financial Advisor
Morgan Stanley Dean Witter

Acknowledged and accepted:

CITY OF EL PASO

_____
Joe Wardy
Mayor

ATTEST:

_____
Richarda Duffy Momsen
Municipal Clerk

APPROVED AS TO FORM:

_____
Ruth Reyes
Assistant City Attorney

APPROVED AS TO CONTENT:

_____
Carmen Arrieta Candelaria
Comptroller

641 North Stanton
El Paso, TX 79901

toll-free 800 347 3002
tel 915 842 7900
fax 915 842 7993

Morgan Stanley

BERNARD K. SEMON

REG 213 015 2/5
SEMON, BERNARD K. Hired: 980616 REG DATE: 980824

EXCHANGES	STATES	EXAMS
NYSE GS NASD GS OHLX GS	AL AZ CA CO FL GA IL	S-07 S-63
AMEX GS CBOE GS PCX	IN KS MO NC NM NY	S-03 INHO
NFA AP CFTC ET	OH OR TN TX UT	S-65

1. EXCHANGES

I am allowed to do investment transactions at all the major US Exchanges.

2. STATE REGISTRATIONS:

I am registered in the following states: Alabama; Arizona: California; Colorado Florida; Georgia; Illinois; Indiana; Kansas; Missouri; North Carolina; New Mexico; New York; Ohio; Oregon; Tennessee; Texas; Utah

3. LICENSES:

I have the following licenses:

Series 7	Securities Broker
Series 3	Commodity Broker
Series 63	Blue Sky State Securities REG
Series 65	Registered Investment Advisor

Registrations with Current Employers

Individual CRD#: 2129512	Individual Name: SEMON, BERNARD K
Firm CRD # : 7556	Firm Name : MORGAN STANLEY DW INC.
Employment Start Date	06/15/1998

Regulatory Authority	Registration Category	Filing Date	Status Date	Registration Status	Approval Date
AMEX	GS	07/05/1999	10/12/1998	APPROVED	10/12/1998
CBOE	GS	07/05/1999	08/25/1998	APPROVED	08/25/1998
NASD	GS	07/05/1999	08/25/1998	APPROVED	08/25/1998
NYSE	GS	07/05/1999	10/12/1998	APPROVED	10/12/1998
PCX	GS	07/05/1999	08/25/1998	APPROVED	08/25/1998
PHLX	GS	07/05/1999	08/25/1998	APPROVED	08/25/1998
AZ	AG	12/14/2001	12/14/2001	APPROVED	12/14/2001
CA	AG	11/03/2000	11/03/2000	APPROVED	11/03/2000
FL	AG	08/24/2001	08/27/2001	APPROVED	08/27/2001
IL	AG	07/05/1999	10/27/1998	APPROVED	10/27/1998
IN	AG	07/05/1999	01/06/1999	APPROVED	01/06/1999
NM	AG	07/05/1999	10/28/1998	APPROVED	10/28/1998
NY	AG	07/05/1999	10/27/1998	APPROVED	10/27/1998
OH	AG	07/05/1999	05/18/1999	APPROVED	05/18/1999
OR	AG	01/09/2001	01/09/2001	APPROVED	01/09/2001
TX	AG	07/05/1999	09/04/1998	APPROVED	09/04/1998
TX	RA	05/27/2002	09/04/1998	APPROVED	09/04/1998

Exam History

Individual CRD#: 2129512 Individual Name: SEMON, BERNARD K

Exam	Status	Status Date	Exam Date	Grade	Score	Window Begin Date	Window End Date
S3	Official Result	06/28/1994	06/28/1994	PASSED	0		
	Official Result	02/12/1991	02/12/1991	PASSED	0		
S7	Official Result	08/24/1998	08/24/1998	PASSED	92		
S31	Expired	11/27/1998			0		
S63	Official Result	09/03/1998	09/03/1998	PASSED	78		
S65	Official Result	09/03/1998	09/03/1998	PASSED	88		

641 North Stanton
El Paso, TX 79901

toll-free 800 347 3002
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Morgan Stanley

July 28, 2004

Carmen Arrieta Candelaria
City Comptroller
City of El Paso
Comptroller-2 Civic Center Plaza
El Paso, TX 79901

ACKNOWLEDGEMENT OF RECEIPT OF INVESTMENT POLICY

Please accept this letter as a certification of having read and understood the City's Investment Policy and depository contract. Because of the City's authorized investment requirements, stated in the City's investment policy and depository contract, Morgan Stanley will only be facilitating unsolicited transactions. The suitability and objectives outlined in the City of El Paso, Texas Investment Policy lies with the City of El Paso. Any changes to said investment policy will only be accepted in writing.

Bernard K. Semon
El Paso Branch
Morgan Stanley

7-28-2004
Date