

OFFICIAL STATEMENT DATED NOVEMBER 28, 2006

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NEW ISSUE - Book-Entry-Only

RATINGS:  
Moody's: "Aaa"  
S&P: "AAA"  
Fitch: "AAA"

DEC 07 2006  
ME  
COUNTY JUDGE

(See "BOND INSURANCE" and "OTHER INFORMATION - Ratings" herein.)

*In the opinion of Montalvo & Ramirez, Bond Counsel, assuming continuing compliance by the County after the date of initial delivery of the Bonds with certain covenants described in the Order authorizing the issuance thereof and subject to the matters described herein under "TAX EXEMPTION", interest on the Bonds under existing statutes, regulations, rulings and court decisions (1) will be excludable from the gross income of the owners thereof for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as described herein, corporations (see "TAX EXEMPTION").*

**\$26,415,000**  
**HIDALGO COUNTY, TEXAS**  
**LIMITED TAX REFUNDING BONDS,**  
**SERIES 2007**

**Dated: December 1, 2006**

**Due: August 15, as shown on inside cover**

**AUTHORITY FOR ISSUANCE . . .** The \$26,415,000 "Hidalgo County, Texas Limited Tax Refunding Bonds, Series 2007" (the "Bonds") are being issued pursuant to the laws of the State of Texas (the "State"), including Chapter 1207, Texas Government Code, as amended, and an order authorizing the Bonds adopted by the Commissioners Court. The Bonds constitute direct obligations of Hidalgo County (the "County"), payable as to principal and interest from the proceeds of a continuing, direct annual ad valorem tax levied against all taxable property within the County, within the limits prescribed by law.

**PAYMENT TERMS . . .** Interest on the Bonds will accrue from the dated date as shown above and will be payable on February 15 and August 15 of each year, commencing February 15, 2007, and will be calculated on the basis of a 360-day year of 12-30 day months. The definitive Bonds are initially issuable only to Cede and Co., the nominee of The Depository Trust Company ("DTC"), New York, New York, pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the purchasers thereof.** Principal of and interest on the Bonds will be payable by Texas State Bank, McAllen, Texas, the initial Paying Agent/Registrar, to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein.

**PURPOSE . . .** Proceeds from sale of the Bonds will be used to refund certain outstanding obligations of the County, as more particularly described in SCHEDULE I - Schedule of Refunded Obligations in order to achieve a debt service savings, and to pay costs related to the issuance of the Bonds.

**STATED MATURITY SCHEDULE, INTEREST RATES, INITIAL YIELDS, CUSIP NUMBERS,**  
**AND REDEMPTION PROVISIONS**  
**(On Inside Cover)**



**INSURANCE . . .** The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by FINANCIAL SECURITY ASSURANCE INC.

**LEGALITY . . .** The Bonds are offered for delivery when, as, and if issued and received by the Underwriters, and subject to the approving opinion of the Attorney General of the State and the legal opinion of Montalvo & Ramirez, McAllen, Texas, Bond Counsel. See Appendix C - "Form of Bond Counsel Opinion" herein. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Winstead Sechrest & Minick P.C., San Antonio, Texas and The Perez Law Firm, PLLC, McAllen, Texas.

**DELIVERY . . .** It is expected that the Bonds will be tendered for delivery to the Underwriters through the services of DTC on or about January 4, 2007.

**A. G. EDWARDS & SONS, INC.**

**FIRST SOUTHWEST COMPANY**

**JPMORGAN**

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# ESTRADA - HINOJOSA

INVESTMENT BANKERS

January 2, 2007

To: All parties on attached distribution list

From: Wally Sevier, Estrada Hinojosa & Company, Inc.

## CLOSING MEMORANDUM

### HIDALGO COUNTY, TEXAS

**\$26,415,000**  
**LIMITED TAX REFUNDING BONDS,**  
**SERIES 2007**

Date of Closing: Thursday, January 4, 2007  
Time of Closing: 10:00 A.M. (CST)  
Location of Closing: Ms. Yvonne Trevino  
Texas State Bank, Trust Division  
3900 North 10<sup>th</sup> Street, 3<sup>rd</sup> Floor  
McAllen, Texas 78501  
(956) 926-7557 voice  
(956) 632-7738 fax

#### A. RECEIPTS

##### 1. Bond Proceeds

A.G. Edwards & Sons, Inc. on behalf of itself, First Southwest Company, and JPMorgan, (collectively the "Purchaser"), will pay Hidalgo County, Texas (the "Issuer") for its Limited Tax Refunding Bonds, Series 2007 (the "Obligations") the amount of \$26,237,615.50, computed as follows:

Principal Amount of the Obligations	\$26,415,000.00
Plus: Accrued Interest	100,620.90
Less: Net Original Issue Discount	(104,458.85)
Less: Underwriters' Discount	<u>(173,546.55)</u>
<b>Total Paid by the Purchaser for the Obligations</b>	<b><u>\$26,237,615.50</u></b>

ESTRADA HINOJOSA & COMPANY, INC.  
1717 Main Street  
47th Floor, Lockbox 47 ■ Dallas, Texas 75201  
(214) 658-1670 ■ (800) 676-5352 ■ Fax (214) 658-1671  
Member NASD/SIPC

*REVISED FINAL*  
1/2/2007, 3:50 PM

DALLAS      HOUSTON      MIAMI      SAN ANTONIO      SAN DIEGO

The amount of \$26,237,615.50, paid by the Purchaser will be wire-transferred in same day Federal Funds by 9:00 A.M. (CDT) to the following for disbursements as described herein:

Bank Name: Texas State Bank, McAllen, Texas (the "Paying Agent" and "Escrow Agent")  
ABA#: 114 909 013  
FFC: Texas State Bank Trust Checking Account GL #11058087  
REF: Hidalgo County Limited Tax Refunding Bonds, Series 2007  
Attention: Ms. Yvonne A. Trevino, (956) 926-7557

**2. Issuer Contribution**

A cash contribution of \$495,192.33 paid by the Issuer, will be wire-transferred in same day Federal Funds by 9:00 A.M. (CST) on **Wednesday, January 3, 2007** to the following for disbursements as described herein:

Bank Name: Texas State Bank, McAllen, Texas (the "Paying Agent" and "Escrow Agent")  
ABA#: 114 909 013  
FFC: Texas State Bank Trust Checking Account GL #11058087  
REF: Hidalgo County Limited Tax Refunding Bonds, Series 2007  
Attention: Ms. Yvonne A. Trevino, (956) 926-7557

The following is a summary of the receipts:

Paid by the Purchaser	\$26,237,615.50
Issuer Cash Contribution	<u>495,192.33</u>
<b>Total Receipts</b>	<b><u>\$26,732,807.83</u></b>

**B. DISBURSEMENTS**

The proceeds available, as described above, will be treated as follows:

**1. Insurance Premium**

The Paying Agent will wire-transfer \$99,185.47 to the following to pay the Insurance Premium for the Obligations:

Bank: The Bank of New York  
ABA #: 021 000 018  
Account Name: Financial Security Assurance Inc.  
Account #: 8900297263  
Policy #: 207953-N  
Attn: Ms. Erika Paredes-Reboucas, (212) 826-0100

- The Escrow Agent will deposit into the Escrow Fund for the Issuer the following amounts that will be used for the purchase of SLG's identified in Schedule I herein to be used for the defeasance of the Refunded Bonds identified in Schedule II herein.

Initial Cash Deposit	\$2.25
SLG Purchase	<u>26,351,533.00</u>
<b>Total</b>	<b><u>\$26,351,535.25</u></b>

- The Paying Agent will wire-transfer \$100,620.90 to the Issuer's Interest and Sinking Fund as follows:

Bank: First National Bank  
ABA #: 114 921 415  
Account #: 14009471  
Account Name: Hidalgo County Debt Service Fund  
Attn: Roxanna De Leon (956) 380-8506

- The Paying Agent will wire transfer \$176,066.21 to the following to pay certain cost of issuance expenses related to the sale of the Obligations to the following:

ABA#: 113-010-547  
Bank Name: Compass Bank  
Preston Road, Dallas, Texas  
Account #: 0070547120  
REF: Estrada Hinojosa & Company, Inc.

Estrada Hinojosa is requested and instructed to provide an accounting for all expenses associated with cost of issuance to the Issuer.

- Texas State Bank will retain \$500.00 for paying agent fees and \$4,900.00 for Escrow Agent Fees.

The following is a summary of the disbursements:

Disbursements:

Insurance Premium	\$ 99,185.47
Cash Deposit by Escrow Agent	2.25
SLG Purchase by Escrow Agent	26,351,533.00
Deposit to Interest and Sinking Fund (Accrued Interest)	100,620.90
Cost of Issuance (including Paying Agent and Escrow Agent Fees)	<u>181,466.21</u>
<b>Total</b>	<b><u>\$26,732,807.83</u></b>

If there are any questions regarding the above information, please call (214) 658-1670.

**SCHEDULE I**  
**SECURITIES TO FUND ESCROW**

<u>Purchase Date</u>	<u>Type of SLGS</u>	<u>Maturity Date</u>	<u>Par Amount</u>	<u>Rate</u>
1/4/2007	Certificate	2/15/2007	\$ 495,192.00	5.180%
1/4/2007	Certificate	2/15/2007	18,129.00	4.813%
1/4/2007	Certificate	8/15/2007	91,495.00	4.748%
1/4/2007	Note	2/15/2008	94,150.00	4.646%
1/4/2007	Note	8/15/2008	96,337.00	4.516%
1/4/2007	Note	2/15/2009	98,512.00	4.395%
1/4/2007	Note	8/15/2009	100,677.00	4.330%
1/4/2007	Note	2/15/2010	102,857.00	4.312%
1/4/2007	Note	8/15/2010	105,074.00	4.284%
1/4/2007	Note	2/15/2011	107,325.00	4.265%
1/4/2007	Note	8/15/2011	109,614.00	4.256%
1/4/2007	Note	2/15/2012	111,946.00	4.246%
1/4/2007	Note	8/15/2012	13,259,323.00	4.246%
1/4/2007	Note	2/15/2013	47,443.00	4.246%
1/4/2007	Note	8/15/2013	48,451.00	4.246%
1/4/2007	Note	2/15/2014	49,479.00	4.246%
1/4/2007	Note	8/15/2014	11,415,529.00	4.246%
			<u>\$ 26,351,533.00</u>	

**SCHEDULE II**  
**SUMMARY OF BONDS REFUNDED**

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Combination Limited Pledge Revenue Certificates of Obligation, Series 2002					
Serials	8/15/2016	5.500%	\$ 1,100,000	8/15/2012	100.00
	8/15/2017	5.500%	1,165,000	8/15/2012	100.00
	8/15/2018	5.500%	1,225,000	8/15/2012	100.00
	8/15/2019	5.500%	1,295,000	8/15/2012	100.00
	8/15/2020	5.500%	1,365,000	8/15/2012	100.00
	8/15/2021	5.500%	1,750,000	8/15/2012	100.00
	8/15/2022	5.000%	5,245,000	8/15/2012	100.00
			<u>\$ 13,145,000</u>		
Combination Limited Pledge Revenue Certificates of Obligation, Series 2004					
Serials	8/15/2017	5.000%	\$ 1,375,000	8/15/2014	100.00
	8/15/2018	5.000%	1,430,000	8/15/2014	100.00
	8/15/2020	5.000%	1,555,000	8/15/2014	100.00
	8/15/2021	5.250%	1,635,000	8/15/2014	100.00
	8/15/2022	5.250%	1,710,000	8/15/2014	100.00
	8/15/2023	5.250%	1,785,000	8/15/2014	100.00
	8/15/2024	5.250%	1,875,000	8/15/2014	100.00
			<u>\$ 11,365,000</u>		
			<u>\$ 24,510,000</u>		