



BONDLOGISTIX LLC
INSIGHT. INNOVATION. INTEGRATION.

2711 North Haskell Avenue
Lockbox #35, Suite 2600 SW
Dallas, TX 75204
Phone 214 989 2700 Fax 214 989 2712
www.bondlogistix.com

March 26, 2007

Hidalgo County, Texas
100 East Cano Street
3rd Floor
Edinburg, Texas 78539-3587

Re: Arbitrage Rebate Compliance Services

Dear Ladies and Gentlemen:

This letter is to confirm the engagement of Bond Logistix LLC ("BLX") by Hidalgo County, Texas (the "Obligor") for the purpose of performing calculations relating to the arbitrage and rebate requirements contained in the Internal Revenue Code (the "Code"). The calculations are to be performed with respect to the bond issue(s) listed on Exhibit A hereto (the "Bonds") applying applicable federal tax rules.

BLX will calculate the amount of rebate liability with respect to the Bonds once per year as of the end of each bond year (unless specifically directed in writing otherwise by the Obligor) and as of the final maturity or redemption of the Bonds (each such date on which a rebate calculation is performed is referred to herein as a "Rebate Calculation Date") applying regulations of the United States Department of the Treasury ("Treasury") in effect on such Rebate Calculation Date. In addition, if a "penalty in lieu of rebate" election under Code Section 148(f)(4)(C)(vii) has been made by the Obligor with respect to the Bonds, BLX will calculate, every six months, the amount of such "penalty" as of the end of each six-month period beginning on the date of issue of the Bonds (each such date on which a penalty calculation is performed is referred to herein as a "Penalty Calculation Date"). (The term "Calculation Date" as used herein shall refer to a Rebate Calculation Date or a Penalty Calculation Date, as appropriate.) In addition, if required or requested by the Obligor, BLX will include in each report delivered to the Obligor an analysis of compliance with applicable arbitrage yield restrictions. With respect to each Calculation Date, BLX will prepare or cause to be prepared schedules reflecting the relevant calculations and the assumptions involved and will deliver a rebate or penalty liability report addressed to the Obligor as to the amount of the rebate or penalty liability as of such Calculation Date.

At the Obligor's election, which election is made by the Obligor's signature of this engagement letter, each such rebate or penalty liability report will include a legal opinion provided by the law firm, Orrick, Herrington & Sutcliffe LLP ("Orrick"). BLX will engage Orrick to provide legal oversight and review as it deems necessary to render its opinion that the computations shown in the report are mathematically accurate and were performed in accordance with applicable federal law and regulations. Because BLX is an Orrick subsidiary, you may choose to consult counsel other than Orrick about the terms of this engagement. The Obligor undertakes to provide or cause to be provided to BLX all such relevant data, as specified by BLX from time to time, and shall cooperate with all reasonable requests of BLX in connection therewith. The Obligor also agrees to inform BLX of any actual or planned early redemption of the Bonds at its earliest opportunity.

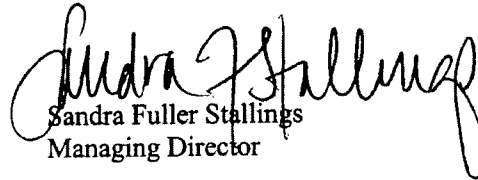


BONDLOGISTIX LLC
INSIGHT. INNOVATION. INTEGRATION

BLX is not being engaged hereunder, and BLX is not hereby obligated, to undertake any of the following: (1) independently determine whether securities allocable to proceeds of the bonds were purchased at fair market value within the meaning of the Treasury Regulations; (2) perform an audit or review of the investments acquired with gross proceeds or the payment of debt service on the Bonds; (3) perform calculations or other research as to the desirability of elections or selections that may be available under applicable federal tax law; (4) review the tax-exempt status of interest on the Bonds or any other aspect of the Bond program except for rebate and penalty liability to the extent set forth in this engagement letter; (5) consider any information obtained by BLX pursuant to this engagement for any purpose other than determining such rebate and penalty liability; and (6) update any report delivered hereunder because of events occurring, changes in regulations, or data or information received, subsequent to the date of delivery of such report. Should the Obligor desire BLX to undertake any of the foregoing, such work will be the subject of a separate engagement and a separate fee, if any. In addition, BLX will be entitled to rely entirely on information provided by the Obligor and the Trustee and/or their agents and assigns without independent verification. The fee with respect to the Bonds will be determined pursuant to Exhibit B hereto. Engagement Fees are due upon each engagement and Report Fees are due upon delivery of each report by BLX. This engagement is terminable by either party by written notice to the other, such termination to be effective immediately; provided that, if BLX terminates this engagement prior to delivering any calculations, the engagement fee (if previously paid) shall be refunded. BLX shall be entitled to assign its rights and obligations under this engagement in whole or in part upon prior written notice to the Obligor; provided that no such notice is required so long as Orrick retains the obligation to deliver legal opinions hereunder. No additional fees will be charged by Orrick for providing the legal services described herein. BLX will separately compensate Orrick for such services.

BLX and/or Orrick may have client relationships with other parties involved in some manner with the Bonds or the Obligor (for example, underwriters, trustees, rating agencies, insurers, credit providers, lenders, contractors, developers, advisors, investment advisors/providers/brokers, public entities and others) whether with respect to the Bonds or some unrelated matter(s). However, to the extent that a conflict-of-interest is created by this engagement, the Obligor hereby waives any such conflict. If this engagement letter is satisfactory, please have an authorized official execute one copy and return it to the undersigned.

Very truly yours,
BOND LOGISTIX LLC


Sandra Fuller Stallings
Managing Director

Accepted:

HIDALGO COUNTY, TEXAS


By:

Print Name:

Title:

Date:

E-mail Address:



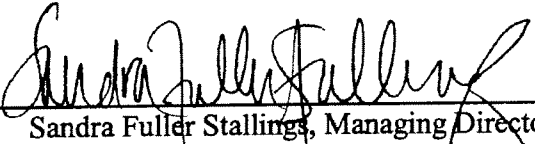
J.D. Salinas III

County Judge

4/10/07

JD.salinas@co.hidalgo.tx.us

CONSULTANT: BOND LOGISTIX, L.L.C.

BY: 
Sandra Fuller Stallings, Managing Director

OWNER:
HIDALGO COUNTY

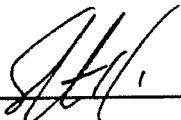
BY: 
J.D. Salinas, County Judge

ATTEST:


Arturo Guajardo, Jr., Hidalgo County Clerk

APPROVED BY COMMISSIONERS' COURT ON: March 13, 2007

APPROVED AS TO FORM
Atlas & Hall, L.L.P.

BY: 

HIDALGO COUNTY

Exhibits:

EXHIBITS A - "Estimate of Fees for Arbitrage Rebate Consulting"

EXHIBIT B - Arbitrage Rebate Compliance Services Fee Schedule

EXHIBIT C - Exhibit "C"-Insurance Certificates



BONDLOGISTIX LLC
INSIGHT. INNOVATION. INTEGRATION.

EXHIBIT A

Description

1. Please see attached "Estimate of Fees for Arbitrage Rebate Consulting"



BONDLOGISTIX LLC
INSIGHT. INNOVATION. INTEGRATION.

EXHIBIT B

ARBITRAGE REBATE COMPLIANCE SERVICES FEE SCHEDULE

Please see attached "Estimate of Fees for Arbitrage Rebate Consulting"

Hidalgo County, Texas
Estimate of Fees for Arbitrage Rebate Consulting

Par Value	Issue Description	Delivery Date	Assumed Last Comp Date	Next IRS Comp Date	End of Temporary Period	Yield Restriction Catch Up Fee (Yr X \$500)	Final Maturity Date	Notes
1	\$6,990,000 Certificate of Obligation, Series 1998	09/15/98	09/15/06	09/15/08	09/15/01	\$2,500	08/15/18	May be considered one issue with Ref 98 Refunded by 2005
2	\$5,845,000 General Obligation Refunding, Series 1998	09/15/98	09/15/06	09/15/08	07/19/03	\$1,500	08/15/08	Final Maturity 8/15/08 unless combined with CO98
3	\$48,160,000 Certificate of Obligation, Series 2000	07/19/00	07/19/06	07/19/10	07/19/03	\$1,500	08/15/10	Refunded by 2005
4	\$25,675,000 Certificate of Obligation, Series 2001	05/23/01	05/23/06	05/23/11	05/23/04	\$1,000	08/15/11	Refunded by 2005
5	\$20,910,000 Certificate of Obligation, Series 2002	09/04/02	09/04/06	09/04/07	09/04/05	\$500	08/15/15	Refunded by 2007
6	\$32,250,000 Certificate of Obligation, Series 2004	09/22/04	09/22/06	09/22/09	01/04/07		08/15/19	Refunded by 2007
7	\$51,640,000 General Obligation Refunding, Series 2005	05/12/05	05/12/06	05/12/10			08/15/21	Refunded Series 1998, 2000 and 2001
8	\$38,770,000 Certificate of Obligation, Series 2006	10/05/06	10/05/06	10/05/11	10/05/09		08/15/26	May be considered one issue with Ref 06
9	\$2,180,000 Limited Tax Refunding, Series 2006	10/05/06	10/05/06	10/05/11			08/15/11	Final Maturity 8/15/11 unless combined with CO06 Refunded 2004 Tax Notes
10	\$26,415,000 Limited Tax Refunding, Series 2007	01/04/07		01/04/12			08/15/24	Refunded Series 2002 and 2004

Hidalgo County, Texas
Estimate of Fees for Arbitrage Rebate Consulting

	Fixed Rate Bonds	Variable Rate Bonds
Annual Report Fee, per Series:	\$1,500	\$2,000
Total Estimated over Five Year Basis (per series):	<u>\$7,500</u>	<u>\$10,000</u>

Option 1 - Annual Reports with Legal Opinion:
 Annual Report Fee, per Series:
 Total Estimated over Five Year Basis (per series):

Option 2 - Formal Reports at Year 3 and Year 5 with Legal Opinion:
 Report which covers 3 years:
 Report which covers years 4-5:
 Total Estimated over Five Year Basis (per series):

Report which covers 3 years:	\$2,500	\$3,000
Report which covers years 4-5:	\$2,000	\$2,500
Total Estimated over Five Year Basis (per series):	<u>\$4,500</u>	<u>\$5,500</u>

Option 3 - Annual Estimate and Formal Report at Year 5 with Legal Opinion:
 Annual Estimate (\$500/year for 4 years):
 Annual Estimate (\$750/year for 4 years):
 Report w/ Opinion at 5th Year:
 Total Estimated over Five Year Basis (per series):

Annual Estimate (\$500/year for 4 years):	\$2,000	\$3,000
Annual Estimate (\$750/year for 4 years):	\$1,500	\$2,000
Report w/ Opinion at 5th Year:	\$3,500	\$5,000

Miscellaneous Fees per Series:
 Retroactive Yield Restriction Analysis (per year):
 Current Year's Yield Restriction Analysis:
 IRS Form 8038-T Preparation:
 Universal Cap or Transferred Proceeds:
 Commingled Funds:
 Recovery of Overpayment (refund claim):

Retroactive Yield Restriction Analysis (per year):	\$500	\$500
Current Year's Yield Restriction Analysis:	\$0	\$0
IRS Form 8038-T Preparation:	\$0	\$0
Universal Cap or Transferred Proceeds:	\$0	\$0
Commingled Funds:	\$0	\$0
Recovery of Overpayment (refund claim):	\$3,000 - \$5,000	\$0

EXHIBIT A

REQUIREMENTS

**HIDALGO COUNTY
REQUEST FOR QUALIFICATIONS**

ARBITRAGE CALCULATION SERVICES

RFQ NO: 2007-018-01-03-VYG

Hidalgo County is inviting statements of qualifications from qualified firms to provide arbitrage compliance services. The County of Hidalgo is seeking to enter into an arbitrage calculation services contract(s) with a state-(Texas) arbitrage consulting firm(s). The Hidalgo County Purchasing Department will receive sealed envelopes containing Statements of Qualifications for the provision of **"HIDALGO COUNTY-ARBITRAGE CALCULATION SERVICES REQUEST FOR QUALIFICATIONS"** as specified herein. Statements of Qualifications will be accepted until **9:30 A.M., Wednesday, January 3, 2007.** **ANY RFQ RECEIVED AFTER THAT DATE AND TIME WILL NOT BE ACCEPTED AND WILL BE RETURNED UNOPENED.**

Deliver Submittal to:

RFQ Number: 2007-018-01-03
Martha L. Salazar, CPPB, Purchasing Agent
Hidalgo County Purchasing Department
Administration Building
100 E. Cano, 4th Floor
Edinburg, Texas 78539

The Submittal Envelope Must Show The RFQ Number, Name And Acceptance Date.

The following outlines the Request For Qualifications:

~~SECTION~~ - GENERAL TERMS AND CONDITIONS

ADDITIONAL INFORMATION:

Hidalgo County is requesting that statements of qualifications be routed to Martha L. Salazar, CPPB, Purchasing Agent, at 100 E. Cano, 4th Floor, Edinburg, Texas 78539. **WRITTEN QUESTIONS WILL BE ACCEPTED VIA FACSIMILE BY NO LATER THAN Wednesday, December 27, 2006 at 5:00 P.M. at (956) 318-2629.** Responses will be sent to all applicants via facsimile by Friday, December 29, 2006. **TELEPHONE INQUIRIES WILL NOT BE ACCEPTED.**

PROPOSER'S AFFIDAVIT:

Respondents to this RFQ must submit a signed Proposer's Affidavit (attached herein in Exhibit "D") certifying that the submission is (1) not the result of Collusion as described in the Proposer's Affidavit; (2) that the Respondent does not have a Conflict of Interest as described in the Proposer's Affidavit; or that the Respondent has not and will not attempt to lobby directly or indirectly as described in the Proposer's Affidavit.

NON-DISCRIMINATION:

Submitters, during the performance of this contract, will not discriminate against any employee or applicant for employment because of race, religion, sex, national origin or disability except

where religion, sex, national origin or disability is a bona fide occupational qualification reasonably necessary to the normal operation of the contractor.

PROCESSING TIME FOR PAYMENT:

Submitters are advised that a minimum of thirty (30) days is required to process invoices for payment.

ELECTRONIC TRANSMISSION OF BIDS:

Hidalgo County's Purchasing Department will not accept telegraphic or electronically transmitted submissions.

PROOF OF FINANCIAL AND BUSINESS CAPABILITY:

Submitters must, upon request, furnish satisfactory evidence of their ability to furnish products or services in accordance with the terms and conditions of these requirements. Hidalgo County will make the final determination as to the submitter's ability.

SUBMITTER DEFAULT:

Hidalgo County reserves the right, in case of submitter default, to procure the articles or services from other sources and hold the defaulting submitter responsible for any excess costs occasioned thereby.

RESTRICTIVE OR AMBIGUOUS REQUIREMENTS:

It is the responsibility of the submitter to review the Request for Qualifications (RFQ) packet and to notify the Purchasing Department if the requirements are formulated in a manner that would unnecessarily restrict competition. Any such protest or question regarding the requirements or bidding procedures must be received in the Purchasing Department not less than seventy-two hours prior to the time set for the opening. These criteria also apply to requirements that are ambiguous.

RFQ DELIVERY:

Hidalgo County requires submitters, when hand delivering statements of qualifications, to have a Purchasing Department representative time/date stamp and initial the envelope.

SIGNING OF QUALIFICATIONS:

In order to be considered, all submittals **must** be signed. Please sign the original in **blue** ink.

WAIVING OF INFORMALITIES:

Hidalgo County reserves the right to waive minor informalities or technicalities when it is in the best interest of Hidalgo County.

SUBCONTRACTING:

The successful submitter may not subcontract the award without the written consent of the Commissioners' Court of Hidalgo County.

TERM OF CONTRACT:

It is intended that the term of the contract will be for an initial period of one (1) year, with

County's option to renew for three (3) additional one (1) year terms, under the same rates, terms and conditions.

DAVIS BACON ACT:

All selected and awarded firms are required to include the Davis-Bacon Act when advertising and developing specifications.

SECTION I -RFQ REQUIREMENTS

REQUEST FOR QUALIFICATIONS:

The required contents and limitations for the preparation of the RFQ are described in this section. Failure to provide the requested information or adhere to any County limitations will result in disqualification of the submitted RFQ. A total of **one (1) original and seven (7) copies** of the RFQ shall be submitted to the address on the cover letter.

CONTENTS:

The required contents for the RFQ are presented below in the order they should be incorporated into the submitted document.

UNDERSTANDING OF THE PROJECT:

This section should demonstrate the submitter's understanding of the project needs, the work required, and any local issues or concerns. This description should be concise, candid, and limited to 3 pages in length.

FIRM QUALIFICATIONS:

The County of Hidalgo is seeking to contract with a competent firm(s), registered and licensed to practice in the State of Texas, that has/have had experience in, but not limited to, the following areas:

- Qualified firm must have a minimum of (5) years experience with arbitrage rebate compliance services;
- Qualified firm must have an office located in Texas;
- A description of the firm's personnel and their most recent similar projects.
- A minimum of at least five (5) such projects with federal, state or local governments in the past three (3) years.
- A minimum of three (3) client references for whom the same type work was performed (list must include name, address, telephone number, date and project description) should be included for reference purposes.

PERSONNEL AND STAFFING:

The firm should provide an organizational chart for the project and a summary paragraph of the project work to be performed by each proposed staff member. Biographic summaries that highlight the experience relevant to the specific project responsibilities should be provided for all

proposed personnel. There is a one (1) page limitation for each biographic summary provided.

REQUIRED CERTIFICATIONS AND SUBMITTAL:

This section will contain any licenses and certifications as required by Hidalgo County, the State of Texas, etc. The firm(s) should add copies of their Professional Liability Insurance. Hidalgo County requires limits as described and detailed in Exhibit "C"-Insurance Requirements contained herein.

SCOPE OF SERVICES:

The firm selected will be required to perform all services and duties customarily and usually performed with respect to the type of work listed above for services the County of Hidalgo. (Please refer to Additional Specifications and Requirements).

PARTICIPATING FIRMS ARE NOT TO PROVIDE A FEE PROPOSAL WITH THIS SUBMITTAL:

The fee will be negotiated in accordance with the Professional Services Procurement Act, Tex. Govt. Code Ann. 2254.001, et seq. Once selected, submitter is to provide a fee proposal for the scope of work to follow.

NUMBER OF COPIES TO BE SUBMITTED:

Hidalgo County requires one (1) original submittal and seven (7) copies.

SECTION II -SELECTION AND SCHEDULES

SELECTION PROCEDURES:

The RFQ shall be submitted according to the schedule below. The respondent should be able to submit a Cost Proposal on short notice at a later time.

PROPOSAL RANKING:

Departmental Committees will evaluate and rank the written RFQs on a per project basis. After the RFQs have been ranked, the respective department will make a recommendation to the Hidalgo County Commissioners' Court.

NEGOTIATION PROCESS:

If negotiations prove unsuccessful, the next highest ranked firm will be contacted. The County of Hidalgo reserves the right to reject any and all RFQs.

RFQ SUBMITTED TO: An original and seven (7) copies of RFQs should be submitted to:

Martha L. Salazar, CPPB, Purchasing Agent
Hidalgo County Purchasing Department
Administration Building
100 E. Cano, 4th Floor
Edinburg, Texas 78539

RFQs must be submitted by **no later than 9:30 a.m. on Wednesday, January 3, 2007.** All

costs and expenses associated with the preparation and submission of (bids, proposals and/or quotes) shall be the responsibility of the bidder and no reimbursements for such charges or expenses shall be passed onto Hidalgo County.

EVALUATION: The evaluation system consists of a 100-point system. The firms will be ranked after evaluation. Categories under the 100-point system include response to RFQ. RFQ submittal evaluation will be based on the criteria outlined in Exhibit B.

Hidalgo County-Arbitrage Calculation Services
RFQ NO: 2007-018-01-03-VYG

Additional Specifications and Requirements

SCOPE OF SERVICES:

The firm selected will be required to perform arbitrage calculations for Hidalgo County's current certificates of obligation issues and any new issues that may be added during the term of the contract.

Hidalgo County's outstanding issues currently include:

1.	Certificates of Obligation, Series 1998	\$ 6,990.00
2.	Certificates of Obligation, Series 2000	\$48,160.00
3.	Certificates of Obligation, Series 2001	\$25,675.00
4.	Certificates of Obligation, Series 2002	\$20,910.00
5.	Certificates of Obligation, Series 2004	\$32,250.00
6.	Certificates of Obligation, Series 2006	\$38,770.00

1. Arbitrage Compliance Program

Firm will establish a program to ensure Hidalgo County is in compliance with all arbitrage rebate requirements contained in Section 148 of the Internal Revenue Code of 1986 (as revised) and related Treasury Regulations. As part of this compliance program the Firm will serve as a resource to all parties involved, explaining the requirements of the Code and Regulations and providing practical solutions to problems as they occur. The Firm will provide constant interaction with the County and provide the following additional services:

- Assist the County in understanding the computational and reporting requirements of the Code and Regulations as they currently exist and facilitate their understanding of changes as they occur.
- Be knowledgeable of the rules regarding expiration of temporary periods and be prepared to assist County in monitoring yield-restricted funds, which may be invested.
- Assist the County, on a rebate installment date, in evaluating whether a full or partial payment of the rebate liability should be paid.

2. Computational Requirements

Firm will compute the arbitrage rebate that is most advantageous to Hidalgo County using computational methods that comply with arbitrage regulations.

- Review all applicable bond documents including tax or arbitrage certificate, official statement and other related documents.
- Compute the arbitrage yield on the bonds in accordance with the regulations and revise such computations in the event that events occur subsequent to delivery of the bonds, which would require recomputation.

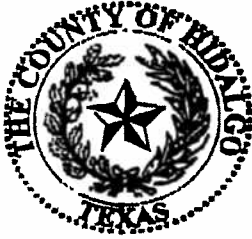
- Identify, and separately account for, all "Gross Proceeds" (as last term is defined in the Treasury Regulations) of the bond issue, including those requiring allocation analyses due to "transferred proceeds" and/or "commingled funds" circumstances.
- Obtain the necessary information related to investments, including expenditure detail; or investment detail; and/or interest earnings.
- Compute the yield on the earnings of the gross proceeds of the issue.
- Firm must be familiar with all of the various regulations to determine which regulations to apply in order to compute the lowest lawful arbitrage liability amount.
- Perform computations of rebatable arbitrage at least once every five years and as of the date all bonds of the issue are retired.
- Provide an executive summary and opinion identifying the methodology employed, major assumptions, conclusions, and any recommendations for changes in record keeping and investment policy. The opinion provided must state that all work performed is consistent with Federal Tax Law and other applicable law.

3. Internal Revenue Service Reporting Requirements

Firm will serve as the interface between the County and the Internal Revenue Service.

Firm must be knowledgeable of the reporting and documentation requirements associated with compliance of the arbitrage rules and perform the following duties:

- Complete Internal Revenue Service Form 8038-T and any other necessary reports so that only a signature is required prior to filing on either an installment computation date or final installment date.
- Provide a written report supporting the computations to the County.
- Determine the correction amount and the penalties associated with any installment failure as required.
- Assist in applying for permitted refunds for certain overpayments in the event the County overpays the amount of rebatable arbitrage for an issue.
- Maintain complete records supporting the computations of rebatable arbitrage for a period of not less than six years after the final maturity of all bonds of an issue.
- Assist the County, as necessary, in responding to any inquiries or audits by the Internal Revenue Service related to the computations performed by the rebate calculation agent.
- Maintain a tickler system, which monitors critical deadlines, calculation due dates, rebate exception dates, and expiration of temporary periods.



PURCHASING DEPARTMENT
County Of Hidalgo

MEMORANDUM
(IMMEDIATE REVIEW AND RESPONSE REQUIRED)

To: Sandra F. Stallings, Managing Director
Bond Logistix

Via Fax: (214-959-2712)

From: Martha L. Salazar, CPPB *MSL*
Hidalgo County Purchasing Department

Date: February 27, 2007

Re: Negotiation Meeting for -"Hidalgo County-Arbitrage Calculation Services"
(RFQ NO: 2007-018-01-03-VYG)

Pursuant to the "Negotiation Meeting" for the above-reference project on February 22, 2007, please be advised that the County of Hidalgo respectfully request a **"Best and Final Offer"** on your proposed rates/fees and detailed schedule of work to be performed and what it is exactly that Bond Logistix will require from Hidalgo County in order for Bond Logistix to proceed in performing the scope of services that were discussed during the meeting.

Once Hidalgo County receives your "Best and Final Offer", we will proceed in placing item on agenda for final approval by Commissioners Court for acceptance on offer.

We request that you submit a proposed "Best And Final Offer" on rates/fees and detailed schedule of work, no later than 10:00 a.m. on Friday, March 2, 2007.

Best and final offer of the proposed contract rates/fees of \$Please see attached

We ask that you approve by signing below acknowledgment of receipt with commitment to submit by deadline and return via fax to (956)318-2629.

Signed: Sandra F. Stallings

Title: Managing Director

Printed Name: Sandra F. Stallings



BONDLOGISTIX LLC
INSIGHT. INNOVATION. INTEGRATION.

2711 N. Haskell Avenue
Suite 2600SW, Lock Box 35
Dallas, Texas 75204
Phone: (214) 989-2701
Fax: (214) 989-2712

TELECOPY COVER SHEET

No. of Pages: (including cover sheet) 5

Date: March 2, 2007

To: Vangle Garcia, Buyer II
Company: Hidalgo County - Purchasing

Telephone: 956.318.2626
Telecopy: 956.318.2629

From: Sandee Stallings

Telephone: 214.989.2701
Telecopy: 214.989.2712

Re: BAFO for RFQ No.: 2007-018-01-03-VYG -
Arbitrage Calculation Services - Hidalgo County

PLEASE NOTE: THE INFORMATION CONTAINED IN THIS FACSIMILE TRANSMISSION IS INTENDED TO BE SENT ONLY TO THE NAMED ADDRESSEE OF THE TRANSMISSION. IT MAY BE PROTECTED FROM UNAUTHORIZED USE OR DISSEMINATION BY THE ATTORNEY-CLIENT PRIVILEGE, THE ATTORNEY WORK-PRODUCT DOCTRINE, OR ANY OTHER APPLICABLE PRIVILEGE. IF YOU ARE NOT THE NAMED ADDRESSEE, YOUR DISSEMINATION, DISTRIBUTION, OR COPYING OF THIS COMMUNICATION IS STRICTLY PROHIBITED. YOU ARE ALSO ASKED TO NOTIFY US IMMEDIATELY BY TELEPHONE AND TO RETURN THE ORIGINAL DOCUMENT TO US IMMEDIATELY BY MAIL AT THE ADDRESS ABOVE. THANK YOU IN ADVANCE FOR YOUR COOPERATION.

(NOTE: If you do not receive all pages, please call 214.989.2701 as soon as possible.)

Please call me if you have any questions.




BONDLOGISTIX LLC
INSIGHT. INNOVATION. INTEGRATION.

2711 North Haskell Avenue
Lockbox #35, Suite 2600 SW
Dallas, TX 75204
Phone 214 989 2700 Fax 214 989 2712
www.bondlogistix.com

MEMORANDUM

TO Hidalgo County, Texas

FROM Sandee Stallings - Bond Logistix LLC 

DATE March 2, 2007

RE Information Necessary to Perform Arbitrage Rebate Analyses

Following is the list of necessary items we will need in order to compute the arbitrage and or rebate liabilities with respect to the County's debt offerings:

Bond Documents (for each issuance):

- Copy of latest arbitrage rebate analysis
- Copy of executed IRS Form 8038-T, and attached check(s) relating to any previous arbitrage rebate or yield reduction payments
- Tax Certificate (aka No Arbitrage Certificate, Certificate as to Tax Exemption)
- Insurance Premium documentation (if insured)
- IRS Tax Form 8038-G
- Accountant's Verification Report (for refundings, if not available online)

Investment Records - from prior computation date through current computation date:

Project Fund(s)

- Detailed Cash Reports
- Ledger/listing of Certificates of Deposits (purchase date, amount invested, interest rate, maturity date, interest received at maturity)
- NOW Account bank statements
- Balance of unexpended bond proceeds as of the current computation date
- Balance of unexpended bond proceeds as of the end of the respective temporary period (see attached worksheet)

Debt Service Fund(s)

- Detailed Cash Reports
- Ledger/listing of Certificates of Deposits (purchase date, amount invested, interest rate, maturity date, interest received at maturity)
- NOW Account bank statements
- Balance of invested proceeds as of the current computation date
- Detailed listing of debt service payments paid from the debt service fund since the last computation date

3/2/2007

Hidalgo County, Texas

Estimate of Fees for Arbitrage Rebate Consulting

Par Value	Issue Description	Delivery Date	Assumed Last Comp Date	Next IRS Comp Date	End of Temporary Period	Yield Restriction Catch Up Fee (Yr X \$500)	Final Maturity Date	Notes
1 \$6,990,000	Certificate of Obligation, Series 1998	09/15/98	09/15/06	09/15/08	09/15/01	\$2,500	08/15/18	May be combined one issue with Ref 98 Refunded by 2005
2 \$5,945,000	General Obligation Refunding, Series 1998	09/15/98	09/15/06	09/15/08			08/15/08	Final Maturity 8/15/08 unless combined with CO98
3 \$48,160,000	Certificate of Obligation, Series 2000	07/19/00	07/19/06	07/19/10	07/19/03	\$1,500	08/15/10	Refunded by 2005
4 \$25,675,000	Certificate of Obligation, Series 2001	05/23/01	05/23/06	05/23/11	05/23/04	\$1,000	08/15/11	Refunded by 2005
5 \$20,910,000	Certificate of Obligation, Series 2002	09/04/02	09/04/06	09/04/07	09/04/05	\$500	08/15/15	Refunded by 2007
6 \$32,250,000	Certificate of Obligation, Series 2004	09/22/04	09/22/06	09/22/09	01/04/07		08/15/19	Refunded by 2007
7 \$51,440,000	General Obligation Refunding, Series 2005	05/12/05	05/12/06	05/12/10			08/15/21	Refunded Series 1998, 2000 and 2001
8 \$38,770,000	Certificate of Obligation, Series 2006	10/05/06	10/05/06	10/05/11	10/05/09		08/15/26	May be combined one issue with Ref 06
9 \$2,180,000	Limited Tax Refunding, Series 2006	10/05/06	10/05/06	10/05/11			08/15/11	Final Maturity 8/15/11 unless combined with CO06 Refunded 2004 Tax Notes
10 \$26,415,000	Limited Tax Refunding, Series 2007	01/04/07	01/04/07	01/04/12			08/15/24	Refunded Series 2002 and 2004

3/2/07

Hidalgo County, Texas

Estimate of Fees for Arbitrage Rebate Consulting

	Fixed Rate Bonds	Variable Rate Bonds
Option 1 - Annual Reports with Legal Opinions:		
Annual Report Fee, per Series:	\$1,500	\$2,000
Total Estimated over Five Year Basis (per series):	\$7,500	\$10,000
Option 2 - Formal Reports at Year 3 and Year 5 with Legal Opinions:		
Report which covers 3 years:	\$2,500	\$1,000
Report which covers years 4-5:	\$2,000	\$2,500
Total Estimated over Five Year Basis (per series):	\$4,500	\$3,500
Option 3 - Annual Estimates and Formal Report at Year 5 with Legal Opinions:		
Annual Estimate (\$500/year for 4 years):	\$2,000	\$3,000
Annual Estimate (\$750/year for 4 years):	\$1,500	\$2,000
Report w/ Opinion at 5th Year:	\$3,500	\$5,000
Total Estimated over Five Year Basis (per series):		
Miscellaneous Fees per Series:		
Retrospective Yield Restriction Analysis (per year):	\$500	\$500
Current Year's Yield Restriction Analysis:	\$0	\$0
IRS Form 8038-T Preparation:	\$0	\$0
Universal Cap or Transferred Proceeds:	\$0	\$0
Commingled Funds:	\$0	\$0
Recovery of Overpayment (refund claim):	\$3,000 - \$5,000	

EXHIBIT "C"
INSURANCE REQUIREMENTS

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)
02/01/08

PRODUCER
Aon Risk Services Northeast, Inc.
fka Aon Risk Services, Inc. of New York
199 Water Street
New York NY 10038-3551 USA

PHONE (866) 283-7122 FAX (847) 953-5390

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED
BondLogistix, LLC
777 South Figueroa Street
Suite 3200
Los Angeles CA 90017 USA

INSURERS AFFORDING COVERAGE	
INSURER A:	Great Northern Insurance Co.
INSURER B:	Federal Insurance Company
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES This Certificate is not intended to specify all endorsements, coverages, terms, conditions and exclusions of the policies shown.

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	GENERAL LIABILITY	3582-11-51 Package Policy	02/01/08	02/01/09	EACH OCCURRENCE	\$1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				FIRE DAMAGE (Any one fire)	\$1,000,000
	CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person)	\$10,000
					PERSONAL & ADV INJURY	\$1,000,000
					GENERAL AGGREGATE	\$2,000,000
					PRODUCTS - COMP/OP AGG	
					Employee Benefit Lia	\$1,000,000
B	AUTOMOBILE LIABILITY	74996769 Automobile Policy	02/01/08	02/01/09	COMBINED SINGLE LIMIT (Ea accident)	\$1,000,000
	<input type="checkbox"/> ANY AUTO				BODILY INJURY (Per person)	
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident)	
	<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident)	
	<input checked="" type="checkbox"/> HIRED AUTOS					
	<input checked="" type="checkbox"/> NON OWNED AUTOS					
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	
	<input type="checkbox"/> ANY AUTO				OTHER THAN AUTO ONLY: EA ACC	
					AGG	
B	EXCESS LIABILITY	79820023 Umbrella Policy	02/01/08	02/01/09	EACH OCCURRENCE	\$25,000,000
	<input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE	\$25,000,000
	<input type="checkbox"/> DEDUCTIBLE					
	<input type="checkbox"/> RETENTION					
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATUTORY LIMITS	OTHER
					E.L. EACH ACCIDENT	
					E.L. DISEASE-POLICY LIMIT	
					E.L. DISEASE-EA EMPLOYEE	
	OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS
Hidalgo County is named as Additional Insured under the General Liability policy.

CERTIFICATE HOLDER

CANCELLATION

Hidalgo County
100 E. Cano
4th Floor
Attn: Purchasing Department
Edinburg TX 78539 USA

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES

AUTHORIZED REPRESENTATIVE

Aon Risk Services Northeast Inc

Holder Identifier: 570026971388
Certificate No: 570026971388



Attachment to ACORD Certificate for BondLogistix, LLC

The terms, conditions and provisions noted below are hereby attached to the captioned certificate as additional description of the coverage afforded by the insurer(s). This attachment does not contain all terms, conditions, coverages or exclusions contained in the policy.

INSURED

BondLogistix, LLC
 777 South Figueroa Street
 Suite 3200
 Los Angeles CA 90017 USA

INSURER
INSURER
INSURER
INSURER
INSURER

ADDITIONAL POLICIES

If a policy below does not include limit information, refer to the corresponding policy on the ACORD certificate form for policy limits.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER POLICY DESCRIPTION	POLICY EFFECTIVE DATE	POLICY EXPIRATION DATE	LIMITS	
	GENERAL LIABILITY					
A		3582-11-51 Package Policy	02/01/08	02/01/09	Emp Benefits Liab Li	\$1,000,000

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

PRODUCER
Aon Risk Services Northeast, Inc.
New York NY Office
199 Water Street
New York NY 10038-3551 USA

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

PHONE: (212) 441-1000 FAX: (212) 441-1953

INSURERS AFFORDING COVERAGE

INSURED
BondLogistix, LLC
777 South Figueroa Street
Suite 3200
Los Angeles CA 90017 USA

INSURER A: Great Northern Insurance Co.
INSURER B: Federal Insurance Company
INSURER C:
INSURER D:
INSURER E:

COVERAGES This Certificate is not intended to specify all endorsements, coverages, terms, conditions and exclusions of the policies shown.

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. LIMITS SHOWN ARE AS REQUESTED

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE(MM/DD/YY)	POLICY EXPIRATION DATE(MM/DD/YY)	LIMITS	
A	GENERAL LIABILITY	35821151 Package Policy	02/01/09	02/01/10	EACH OCCURRENCE	\$1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				FIRE DAMAGE(Any one fire)	\$1,000,000
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person)	\$10,000
	<input checked="" type="checkbox"/> Prod-Comp/Op Incl in Genl Agg				PERSONAL & ADV INJURY	\$1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:				GENERAL AGGREGATE	\$2,000,000
	<input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				PRODUCTS - COMP/OP AGG	
					Employee Benefit Lia	\$1,000,000
B	AUTOMOBILE LIABILITY	74996769 Automobile Policy	02/01/09	02/01/10	COMBINED SINGLE LIMIT (Ea accident)	\$1,000,000
	<input type="checkbox"/> ANY AUTO				BODILY INJURY (Per person)	
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident)	
	<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident)	
	<input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON OWNED AUTOS					
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	
					OTHER THAN AUTO ONLY: EA ACC	
					AGG	
B	EXCESS LIABILITY	79820023 Umbrella Policy	02/01/09	02/01/10	EACH OCCURRENCE	\$5,000,000
	<input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE	\$5,000,000
	<input type="checkbox"/> DEDUCTIBLE					
	<input type="checkbox"/> RETENTION					
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATUTORY LIMITS	OTHER
					E.L. EACH ACCIDENT	
					E.L. DISEASE-POLICY LIMIT	
					E.L. DISEASE-EA EMPLOYEE	
	OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS
Hidalgo County is named as Additional Insured under the General Liability policy.

CERTIFICATE HOLDER
Hidalgo County
100 E. Cano
4th Floor
Attn: Purchasing Department
Edinburg TX 78539 USA

CANCELLATION
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.
AUTHORIZED REPRESENTATIVE *Aon Risk Services Northeast, Inc.*

Holder Identifier : 570032871373 Certificate No :



ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

10/02/2009

PRODUCER

MARSH RISK & INSURANCE SERVICES
 345 CALIFORNIA STREET, SUITE 1300
 CALIFORNIA LICENSE NO. 0437153
 SAN FRANCISCO, CA 94104
 Attn: Audrey Segaud (415)743-8632
 19025 -BOND-MM-09-10

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

BOND LOGISTIX LLC
 FUND SERVICES ADVISORS, INC.
 777 SOUTH FIGUEROA STREET, SUITE 3200
 LOS ANGELES, CA 90017

INSURERS AFFORDING COVERAGE

NAIC #

INSURER A: Twin City Fire Insurance Co	29459
INSURER B: Hartford Underwriters Insurance Company	30104
INSURER C: Hartford Accident & Indemnity Co.	22357
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
		GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR GENERAL AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES(Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
		AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
		EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$
A		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	57 WE TU9541 (AOS)	10/01/09	10/01/10	X WC STATU-TORY LIMITS OTH-ER
B		ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?	57 WE TU9541 (TX)	10/01/09	10/01/10	E.L. EACH ACCIDENT \$ 1,000,000
C		If yes, describe under SPECIAL PROVISIONS below	57 WE TU9541 (CA)	10/01/09	10/01/10	E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
		OTHER				

OCT 14 2009
 [Signature]

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS
 EVIDENCE OF INSURANCE ONLY

CERTIFICATE HOLDER

SEA-001249312-13

CANCELLATION

HIDALGO COUNTY
 ATTN: PURCHASING DEPARTMENT
 100 E. CANO, 4TH FLOOR
 EDINBURG, TX 78539

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL **30** DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE of Marsh Risk & Insurance Services
 Gene Williams

[Signature]

MARSH RISK & INSURANCE SERVICES
345 CALIFORNIA STREET, SUITE 1300
CALIFORNIA LICENSE NO. 0437153
SAN FRANCISCO, CA 94104
ATTN: AUDREY SEGAUD (415)743-8632

HIDALGO COUNTY
ATTN: PURCHASING DEPARTMENT
100 E CANO ST FL 4TH
EDINBURG TX 78539-4582

000961

M-000961

941

