

**AGREEMENT FOR FINANCIAL ADVISORY SERVICES**

**By and Between**

**COUNTY OF HIDALGO, TEXAS  
(Hereinafter referred to as the "Issuer")**

**And**

**ESTRADA HINOJOSA & COMPANY, INC.**

It is understood that the Issuer will have under consideration from time to time the authorization and issuance of indebtedness in amounts and forms which cannot be determined and that in connection with the authorization, sale, issuance and delivery of such indebtedness of the Issuer, we have been requested to submit a proposal to provide professional services to the Issuer in the capacity of Financial Advisor. We are pleased to comply with this request and submit the following proposal for consideration. This proposal, if accepted by the Issuer, shall become the agreement (the "Agreement") between the Issuer and Estrada Hinojosa & Company, Inc. effective at the date of its acceptance as provided for herein below.

I.

This Agreement shall apply to any and all evidences of indebtedness or debt obligations (other than purchases of Equipment or Vehicles under the Public Property Finance Act) that may be authorized and issued or otherwise created or assumed by the Issuer (hereinafter referred to collectively as the "Debt Instruments"), particularly the CIP and Road District financing issues and other projects that may arise from time to time during the period in which this Agreement shall be effective.

II.

We agree to provide our professional services and our facilities as Financial Advisor and agree to direct and coordinate all issuance of Debt Instruments as may be considered and authorized during the period in which this Agreement shall be effective, with the exception of equipment procured in the regular course of business under the Public Property Finance Act, and to assume and pay those expenses set out in Appendix A, provided, however, that our obligations to pay expenses shall not include any costs incident to litigation, mandamus action, test case or other similar actions.

III.

We agree to perform the following duties normally performed by financial advisors and all other duties as, in our judgement, may be necessary or advisable:

1. We will conduct a survey of the financial resources of the Issuer to determine the extent of its capacity to authorize, issue and service debt. This survey will include an analysis of existing debt structure as compared with the existing and projected sources of revenues which may be pledged to secure payment of debt service and, where appropriate, will include a study of the trend of the assessed valuation, taxing power and present and future taxing requirements of the Issuer. In the event revenues of existing or projected facilities operated by the Issuer are to be pledged to repayment of the Debt Instruments then under consideration, the survey will take into account any outstanding indebtedness payable from the revenues thereof, additional revenues, as projected by consulting engineers employed by the Issuer, resulting from improvements to be financed by the Debt Instruments under consideration. We will also take into account future financing needs and operations as projected by the Issuer's staff and consulting engineers or other experts, if any, employed by the Issuer.

2. On the basis of the information developed by the survey described above, and other information and experience available to us, we will submit to the Issuer our recommendations on the Debt Instruments under consideration including such elements as the date of issue, interest payment dates, schedule of principal maturities, portions of prior payment, security provisions, and any other additional provisions designed to make the issue attractive to investors. All recommendations will be based upon our professional judgement with the goal of designing Debt Instruments which can be sold under terms most advantageous to the Issuer and at the lowest interest cost consistent with all other considerations.

3. We will advise the Issuer of current bond market conditions, forthcoming bond issues and other general information and economic data which might normally be expected to influence interest rates or bidding conditions so that the date of sale of the Debt Instruments may be set at a time which, in our opinion, will be favorable.

4. We understand the Issuer has retained, or will retain, firms or municipal bond attorneys (the "Bond Counsel") whose fees will be paid by the Issuer. In the event it is necessary to hold an election to authorize the Debt Instruments then under consideration, we will assist in coordinating the assembly and transmittal to Bond Counsel of such data as may be required for the preparation of necessary petitions, orders, resolutions, ordinances, notices, and certificates in connection with the election.

5. We will recommend the method of sale of the Debt Instruments that, in our opinion, is in the best interest of the Issuer and will proceed, as directed by the Issuer, with one of the following methods:

a. Advertised Sale: We will supervise the sale of the Debt Instrument at a public sale in accordance with procedures set out herein. We reserve the right, alone or in conjunction with others, to submit a bid for any Debt Instruments issued under this Agreement which the Issuer advertises for competitive bids. In compliance with Rule G-23 of the Municipal Securities Rulemaking Board, we will request consent to bid in writing, in any instance wherein we elect to bid, prior to submitting a bid for each installment of Debt Instruments.

b. Negotiated Sale: We will recommend one or more investment banking firms as managers of an underwriting syndicate for the purposes of negotiating the purchase of Debt Instruments and in no event will we participate either directly or indirectly in the underwriting of the Debt Instruments. We will collaborate with any senior managing underwriter selected and Counsel to the underwriters in the preparation of the Official Statement or Offering Memorandum. We will cooperate with the underwriters in obtaining any Blue Sky Memorandum and Legal Investment Survey, preparing the Bond Purchase Contract, Underwriters' Agreement and any other related documents. The costs thereof, including the printing of the documents, will be paid by the underwriters.

6. When appropriate, we will advise financial publications of the forthcoming sale of the Debt Instruments and provide them with all pertinent information.

7. We will coordinate the preparation of the Notice of Sale and Bidding Instructions, Official Statement, Official Bid Form and such other documents as may be required. We will submit to the Issuer all such documents for examinations, approval and certification. After such examination, approval and certification, we will provide the Issuer with a supply of all such documents sufficient to its needs and will distribute by mail sets of the same to prospective bidders and to banks, life, fire and casualty insurance companies, investment counselors and other prospective purchasers of the Debt Instruments. We also provide sufficient copies of the Official Statement to the purchaser of the debt Instruments in accordance with the Notice of Sale and Bidding Instructions. The expenses associated with printing and distribution of these documents will be paid by the Issuer.

8. We will, after consulting the Issuer, arrange for such reports and opinions of recognized independent consultants we deem necessary and required for the successful marketing of the Debt Instruments.

9. Subject to the approval of the Issuer, we will organize and make arrangements for such information meetings as, in our judgement, may be necessary.

10. We will make recommendations to the Issuer as to the advisability of obtaining a credit rating, or ratings, for the Debt Instruments as, in our opinion, is required for submission to the appropriate company, institution or institutions. In those cases where personal presentations are advisable, the expenses associated with the preparation of information and personal presentations will be paid by the Issuer.

11. We will make recommendations to the Issuer as to the advisability of obtaining municipal bond insurance or other credit enhancement, or qualifications for same, for the Debt Instruments and, when directed by the Issuer, we will coordinate the preparation of such information as, in our opinion, is required for submission to the appropriate company, institution or institutions. In those cases where the advisability of personal presentation of information to the appropriate company, institution or institutions may be indicated, we will arrange for such personal presentations. The expenses associated with the preparation of information and personal presentations will be paid by the Issuer.

12. We will assist the staff of the Issuer at any advertised sale of Debt Instruments in coordinated the receipt, tabulation and comparison of bids and we will advise the Issuer as to the best bid. We will provide the Issuer with our recommendations as to acceptance or rejection of such bid.

13. As soon as a bid for the Debt Instruments is accepted by the Issuer, we will proceed to coordinate the efforts of all concerned to the end that the Debt Instruments may be delivered and paid for as expeditiously as possible. We will assist the Issuer in the preparation or verification of final closing figures incident to the delivery of the Debt Instruments.

14. We will maintain liaison with Bond Counsel in the preparation of all legal documents pertaining to the authorization, sale and issuance of the Debt Instruments. Bond Counsel will provide an unqualified legal opinion as to the legality of the issuance of the Debt Instruments at the time of delivery.

15. If requested, we will counsel with the Issuer in the selection of a Paying Agent/Registrar for the Debt Instruments, and will assist in the preparation of agreements pertinent to these services and the fees incident thereto.

16. In the event formal verification by an independent auditor or any calculations incident to the Debt Instruments is required, we will make arrangements for such services.

17. We agree to do, or cause to be done, all work incident to pertaining of the Debt Instruments, obtaining approval, as may be required by the Attorney General, registration by the Comptroller of Public Accounts and delivery to the purchaser. The expenses associated with the printing of the debt instruments will be paid by the Issuer.

18. After the closing of the sale and delivery of the Debt Instruments, we will deliver to the Issuer a schedule of annual debt service requirements on the Debt Instruments. In coordination with Bond Counsel, we will assure that the Paying Agent/Registrar has been provided with a copy of the authorizing ordinance, order or resolution.

19. We will attend any and all meeting of governing body of the Issuer, its staff, representatives or committees as requested and at the Issuer's expense, at all times when we may be of assistance or service and the subject of financing is to be discussed.

20. We will advise the Issuer and its staff of changes, proposed or enacted, in Federal and State laws and regulations which would affect the municipal bond market.

21. We will work with the Issuer, its staff and any consultants employed by the Issuer in developing financial feasibility studies and analyzing alternative financing plans.

IV.

In addition to the services set out above, we agree to provide the following services when so requested:

1. We will provide our advice as to the investment of proceeds of Debt Instruments. We will, when so directed, purchase those investments authorized to be purchased and we will charge a normal and customary commission for each such transaction.
2. We will provide our advice and assistance with regard to exercising any call and/or refunding of any outstanding Debt Instruments.
3. We will provide our advice and assistance in the development of, and financing for, any capital improvement programs of the Issuer.
4. We will provide our advice and assistance in the development of the long-range financing plan of the Issuer.
5. We will provide any other financial planning services as may be requested by the Issuer.

V.

With the exception of retainer fee discussed in Appendix A, the fees due Estrada Hinojosa & Company, Inc. for the issuance of Debt Instruments in accordance with Appendix A attached hereto, any other fees as may be mutually agreed and all expenses for which Estrada Hinojosa & Company, Inc. is entitled to reimbursement, shall become due and payable concurrently with the delivery of the Debt Instruments to the purchaser.

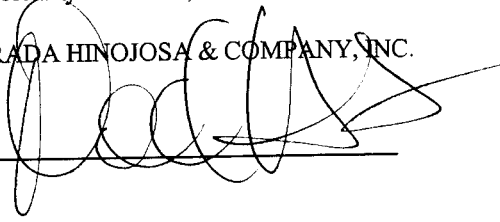
VI.

This Agreement shall become effective at the date of acceptance by the Issuer set out herein below and remain in effect thereafter for a period of five years from the date of acceptance. Provided, however, this Agreement may be terminated with or without cause by the Issuer upon thirty (30) days' written notice. In the event of such termination, it is understood and agreed that only the amount due to Estrada Hinojosa & Company, Inc. for services provided and expenses incurred to the date of termination will be due and payable. No penalty will be assessed for termination of this Agreement. This Agreement is submitted in triplicate originals. When accepted by the Issuer, it, together with Appendix A attached hereto, will constitute the entire Agreement between the Issuer and Estrada Hinojosa & Company, Inc. for the purposes and the considerations herein specified. Acceptance will be indicated by the signature of authorized officials of the Issuer together with the date of acceptance on all three copies and the return of two executed copies to Estrada Hinojosa & Company, Inc.

Respectfully submitted,

ESTRADA HINOJOSA & COMPANY, INC.

By: \_\_\_\_\_



Hidalgo County

By: \_\_\_\_\_



Ramon Garcia, Hidalgo County Judge

Approved by Commissioners' Court

on

12-13-05

ATTEST:

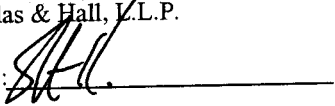


Eddy Trevino, County Clerk

Approved on Commissioners' Court \_\_\_\_\_

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

By: \_\_\_\_\_



## APPENDIX A

For services rendered by Estrada Hinojosa in connection with the issuance of debt, our proposed fee schedule for General Obligation Bond issues sold either competitive or negotiated will be as follows:

Base-fee - Any Issue - \$4,250

Plus	\$ 11.00	per	\$1,000	up to	\$ 1,000,000	or	\$15,250	for	\$ 1,000,000 Bonds
Plus	5.50	per	\$1,000	next	1,500,000	or	23,500	for	2,500,000 Bonds
Plus	4.00	per	\$1,000	next	2,500,000	or	33,500	for	5,000,000 Bonds
Plus	2.50	per	\$1,000	next	5,000,000	or	46,000	for	10,000,000 Bonds
Plus	1.50	per	\$1,000	next	10,000,000	or	61,000	for	20,000,000 Bonds
Plus	1.25	per	\$1,000	anything over	20,000,000				

Revenue Bond or Certificate of Obligation Issues -- Fees shall be the amount shown plus a 20% additional charge.

International/Bridge Issues - Fees for International Bridge Issues shall be 1.25% of the par amount of the debt instrument.

Advanced Refunding Issues -- Fees shall be the amount shown plus a 25% additional charge.

For any financial assistance secured from Texas Water Development Board, U.S. Department of Housing and Urban Development or any similar state or federal agency, the fee for such issue shall be 140% of the above fee schedule.

For any issue of Advance Refunding Bonds and/or other Debt Instruments involving Escrow Agreements, it is understood and agreed that we will charge, in addition to our Financial Advisory fee, a computer fee to be negotiated on a case by case basis.

At the time that Debt Instruments are delivered, the Company will bill the County for each issue of Debt Instruments an amount which will include the fee calculated on the above schedule as well as costs and expenses, where applicable, incurred on behalf of the County for the following items, if applicable:

- Bond Counsel fees
- bond rating and/or credit enhancement fees
- messenger, overnight delivery, photocopying, postage, and telephone
- personal meetings with bond rating agencies and/or credit enhancement providers
- preparation and printing of the Notice of Sale, Official Statement, and Uniform Bid Form
- preparation and printing of physical securities
- reports of independent auditors or consultants
- travel expenses of County and Company personnel

Our fees and expenses are contingent upon the County receiving funds and payable only to Estrada Hinojosa from proceeds delivered at closing. Expenses are borne by the firm until the closing in accordance with the contract between the County and our firm. Our depth of resources and capital base allows Estrada Hinojosa to operate on this basis without creating ongoing costs to the County. No hourly fees are proposed to be billed for these services.

We understand that the County may require considerable assistance on an ongoing basis. Estrada Hinojosa proposes an annual retainer fee of \$30,000 plus reimbursement of reasonable out-of-pocket expense. This retainer fee covers ongoing financial advisory services provided to the Issuer as set forth in Section III of our proposed contract, in addition to any professional fees charged in connection with the issuance of debt. In the event the work performed under Section III results in the issuance of debt, the annual retainer fee will be waived if the fee charged for the bond transaction is in excess of \$30,000 during that calendar year.