

PURCHASE CONTRACT

RELATING TO

\$14,760,000
HIDALGO COUNTY, TEXAS
LIMITED TAX REFUNDING BONDS, SERIES 2015B

September 15, 2015

The Honorable County Judge Ramon Garcia
and Members of the Commissioners Court
Hidalgo County Courthouse
100 N. Closner
Edinburg, Texas 78539

Dear Judge Garcia and Members of the Commissioners Court:

J.P. MORGAN SECURITIES LLC (the "**Representative**"), acting on its own behalf and on behalf of the other underwriters listed on the signature page hereto (collectively, the "**Underwriters**"), in the capacity described in Section 1 below, offers to enter into the following agreement (this "**Contract**") with **HIDALGO COUNTY, TEXAS** (the "**Issuer**") which, upon the Issuer's written acceptance of this offer, will be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer's written acceptance hereof on or before 10:00 p.m., Central Time, on September 15, 2015, and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Contract shall have the same meanings set forth in the Order (as defined herein) or in the Official Statement (as defined herein). J.P. Morgan Securities LLC represents that it has been duly authorized to execute this Contract and has been duly authorized to act hereunder as the Representative. All actions which may be taken hereunder by the Underwriters may be taken by the Representative alone.

1. **PURCHASE AND SALE OF THE BONDS.** (a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer's **LIMITED TAX REFUNDING BONDS, SERIES 2015B** (the "**Bonds**"). The Issuer acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Contract is an arm's-length commercial transaction between the Issuer and the Underwriters, (ii) in connection therewith and with the discussions, undertakings, and procedures leading up to the consummation of this transaction, each of the Underwriters is and has been acting solely as a principal and is not acting as the agent or fiduciary of the Issuer, (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the Issuer with respect to the offering described herein or the discussions, undertakings, and procedures leading thereto

(regardless of whether the Underwriters have provided other services or are currently providing other services to the Issuer on other matters), and the Underwriters have no obligation to the Issuer with respect to the offering described herein except the obligations expressly set forth in this Contract, (iv) the Issuer has consulted its own legal, financial, and other advisors to the extent it has deemed appropriate, and (v) the Underwriters have provided the Issuer prior disclosures required under Rule G-17 of the Municipal Securities Rulemaking Board (the "**MSRB**"), which disclosures have been received by the Issuer.

(b) The purchase price for the Bonds shall be **\$17,225,809.03** (representing the principal amount of the Bonds, plus an original issue premium on the Bonds of **\$2,551,642.20**, and less an Underwriters' discount on the Bonds of **\$85,833.17**) and no accrued interest.

(c) Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer understands, and hereby confirms, that each Underwriter is not acting as a fiduciary of the Issuer, but rather is acting solely in its individual capacity as an underwriter for its own account.

(d) The principal amount of the Bonds to be issued, the dated date therefor, and the maturities, interest rates per annum, initial yields and redemption provisions shall be as set forth in Schedule I attached hereto. The Certificates shall be as described in, and shall be issued and secured under and pursuant to an Order adopted by the governing body of the Issuer on August 4, 2015 (the "**Order**"). In the Order, the Commissioners Court of the Issuer delegated the authority to various officials of the Issuer to establish the pricing terms for the Bonds through the execution of an Approval Certificate dated the date hereof (the "**Approval Certificate**"). The Bonds are to mature on the dates and in the respective amounts, are to bear interest, are subject to redemption, and are payable, all as provided in the Order and the Approval Certificate and as set forth in Schedule I attached hereto.

2. **PUBLIC OFFERING.** The Underwriters agree to make a bona fide public offering of all of the Bonds at a price not to exceed the public offering price set forth in the Official Statement and in Schedule I attached hereto, and may subsequently change such offering price without any requirement of prior notice. The Underwriters may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated in Schedule I attached hereto and on page ii of the Official Statement; provided that on or before Closing, the Representative shall execute and deliver to Bond Counsel an Issue Price Certificate prepared by Bond Counsel and acceptable to the Underwriters.

3. **THE OFFICIAL STATEMENT.** (a) The Preliminary Official Statement of the Issuer, dated September 3, 2015, including the cover pages, Schedule and Appendices thereto, relating to the Bonds (the "**Preliminary Official Statement**"), as amended to conform to the terms of this Contract and with changes and amendments to the date hereof as have been mutually agreed to by the Issuer and the Representative, is referred to herein as the "**Official Statement**."

(b) The Preliminary Official Statement has been prepared, in an electronic format, for use in connection with the public offering, sale and distribution of the Bonds by the Underwriters. The Issuer hereby represents and warrants that the Preliminary Official Statement delivered to the

Underwriters (via electronic mail) immediately prior to or concurrently herewith is deemed final by the Issuer as of the date hereof, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Rule 15c2-12 under the Securities Exchange Act of 1934 ("**Rule 15c2-12**"). Until the Official Statement has been prepared and is available for distribution, the Issuer shall provide to the Underwriters sufficient reasonable quantities (or, alternatively, in an electronic format via electronic mail) of the Preliminary Official Statement as the Representative deems reasonably necessary to satisfy the obligations of the Underwriters under Rule 15c2-12 with respect to distribution to each potential customer, upon request, of a copy of the Preliminary Official Statement.

(c) As soon as practicable after the date hereof, and in any event within seven business days after the acceptance of this Contract by the Issuer and, in the event the date of Closing is less than seven business days following the date hereof, upon request of the Representative, the Issuer shall deliver or cause to be delivered to the Underwriters, without charge, in sufficient time to accompany any confirmation requesting payment from any customers of the Underwriters, the final Official Statement relating to the Bonds, in a "designated electronic format" which will be determined by an officer duly authorized by the Issuer to be a final Official Statement for purposes of Rule 15c2-12, as well as the number of printed Official Statements reasonably requested by the Representative to permit satisfaction of the requirements of Rule G-32 of the MSRB obligating the Underwriters to deliver a copy of the Official Statement to a purchaser of Bonds not later than the date of Closing upon an Underwriters' receipt from the purchaser of a request therefor.

(d) The Issuer ratifies the use of the Preliminary Official Statement, in an electronic format, and authorizes the Official Statement to be used in connection with the offering of the Bonds.

(e) If after the date of this Contract, to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to Rule 15c2-12 (the earlier of (i) 90 days from the "end of the underwriting period" [as defined in Rule 15c2-12] and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances when the Official Statement is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Representative (and for the purposes of this clause provide the Representative with such information as it may from time to time request), and if, in the reasonable opinion of the Representative, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish, at the Issuer's own expense (in a manner approved by the Representative), an amendment or supplement to the Official Statement, and make the same available to the Underwriters in a "designated electronic format" so that the statements in the Official Statement as so amended and supplemented will not, in light of the circumstances when the Official Statement is delivered to a purchaser, be misleading or so that the Official Statement will comply with law; provided; however,

that for all purposes of this Contract and any certificate delivered by the Issuer in accordance herewith, the Issuer makes no representation with respect to the descriptions in the Preliminary Official Statement or the Official Statement of The Depository Trust Company, New York, New York ("**DTC**"), or its book-entry-only system. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Representative may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(f) The Representative hereby agrees to timely file the Official Statement with the MSRB through its Electronic Municipal Markets Access system (commonly referred to as "**EMMA**") and notify the Issuer of the date of such filing. Unless otherwise notified in writing by the Representative, the Issuer can assume that the "end of the underwriting period" for purposes of Rule 15c2-12 shall be the date of the Closing.

(g) To the best knowledge and belief of the Issuer, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account or person that is material to an evaluation of the offering of the Bonds. Except as may otherwise be noted and disclosed in the Official Statement under the caption "CONTINUING DISCLOSURE OF INFORMATION - Compliance with Prior Undertakings", the Issuer has not failed to substantially comply with any undertaking specified in paragraph (b)(5)(i) of Rule 15c2-12 within the last five years.

4. **SECURITY DEPOSIT.** Delivered to the Issuer as a good faith deposit is a corporate check of the Representative payable to the order of the Issuer in the amount of **\$150,500**. In the event you accept this offer, such check shall be held uncashed by you until the time of Closing, at which time such check shall be returned uncashed to the Representative. In the event that the Issuer does not accept this Contract, such check will be immediately returned to the Representative. Should the Issuer fail to deliver the Bonds at Closing, or should the Issuer be unable to satisfy the conditions of the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds, as set forth in this Contract (unless waived by the Representative), or should such obligations of the Underwriters be terminated for any reason permitted by this Contract, such check shall immediately be returned to the Representative. In the event that the Underwriters fail (other than for a reason permitted hereunder) to purchase, accept delivery of and pay for the Bonds at the Closing as herein provided, the check shall be cashed and the amount thereof retained by the Issuer as and for fully liquidated damages for such failure of the Underwriters, and, except as set forth in Sections 9 and 11 hereof, no party shall have any further rights against the other hereunder. The Representative hereby agrees not to stop or cause payment on said check to be stopped unless the Issuer has breached any of the terms of this Contract. The Underwriters and the Issuer understand that in such event the Issuer's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the Issuer's actual damages are less than such amount, and the Issuer's acceptance of this offer shall constitute a waiver of any right the Issuer may have to additional damages from the Underwriters.

5. **REPRESENTATIONS, WARRANTIES, AND COVENANTS OF THE ISSUER.** The Issuer hereby represents and warrants to and covenants with the Underwriters that:

(a) The Issuer is a political subdivision of the State of Texas existing and operating under the Constitution and laws of the State of Texas, and has full legal right, power and authority under Chapter 1207, Texas Government Code, as amended (the "**Act**"), and at the date of the Closing will have full legal right, power and authority under the Act and the Order (i) to enter into, execute and deliver this Contract, the Order, the Escrow Agreement described in the Official Statement (the "**Escrow Agreement**"), and all documents required hereunder and thereunder to be executed and delivered by the Issuer, (ii) to sell, issue and deliver the Bonds to the Underwriters as provided herein, and (iii) to carry out and consummate the transactions described in this Contract, the Order, the Escrow Agreement and the Official Statement, and the Issuer has complied, and will at the Closing be in compliance in all respects, with the terms of the Act and the Order as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Order and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds, the Order, the Escrow Agreement and this Contract, and (iii) the consummation by it of all other transactions described by the Official Statement, the Order, the Escrow Agreement, this Contract and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions described herein and in the Official Statement;

(c) The Order, the Escrow Agreement and this Contract constitute legal, valid and binding agreements of the Issuer, enforceable in accordance with their respective terms, subject to principles of sovereign immunity and by bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights or by general principles of equity which permit the exercise of judicial discretion; the Bonds, when issued, delivered and paid for, in accordance with the Order and this Contract, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Order and be enforceable in accordance with their terms, subject to principles of sovereign immunity and by bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the Bonds as aforesaid, the Order will provide the legally valid and binding pledge of ad valorem taxes as set forth in the Order;

(d) The Issuer is not aware nor has it been notified that it is in material breach of or default under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party

or to which the Issuer is otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a material default or event of default by the Issuer under any such instrument; and the execution and delivery of the Bonds, the Escrow Agreement, this Contract and the adoption of the Order and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a material breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is otherwise subject or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Order;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under this Contract, the Order, and the Bonds have been duly obtained or will be obtained prior to Closing, except for compliance with the provisions of Section 5(j) hereof and approval of the Bonds by the Office of the Attorney General of the State (the "*Attorney General*") and registration of the Bonds by the Office of the Comptroller of the State (the "*Comptroller*"), and the Issuer shall cause a transcript of proceedings to be filed with the Attorney General in form and substance consistent with the administrative rules of the Public Finance Division of the Attorney General, which will permit the review of such transcript and the approval of the Bonds by the Attorney General, and the registration of the Bonds by the Comptroller on or before the Closing, as required by Section 7(k)(6) hereof, but subject to the discretion of the Attorney General with respect to the issuance of his approving opinion;

(f) The Bonds and the Order conform to the descriptions thereof contained in the Official Statement under the caption "THE OBLIGATIONS" and the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the captions "THE OBLIGATIONS - Purpose of the Obligations" and "THE OBLIGATIONS - Sources and Uses of Funds for the 2015B Bonds."

(g) Except as may otherwise be disclosed in the Official Statement, there is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer, after due inquiry threatened against the Issuer, affecting the corporate existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of ad valorem taxes or other revenues pledged to the payment of principal of and interest on the Bonds pursuant to the Order or in any way contesting or affecting the validity or enforceability of the Bonds, the Order, the Escrow Agreement, or this Contract, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers

of the Issuer or any authority for the issuance of the Bonds, the adoption of the Order or the execution and delivery of the Escrow Agreement or this Contract, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds, the Order, the Escrow Agreement or this Contract;

(h) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided that for the purpose of this Contract and any certificate delivered by the Issuer in accordance herewith, the Issuer makes no representations with respect to the descriptions in the Preliminary Official Statement or the Official Statement of The Depository Trust Company, New York, New York ("*DTC*"), or its book-entry-only system;

(i) At the time of the Issuer's acceptance hereof and (unless an event occurs of the nature described in paragraph (e) of Section 3 of this Contract) at all times subsequent thereto during the period up to and including twenty-five (25) days subsequent to the "end of the underwriting period," the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(j) If the Official Statement is supplemented or amended pursuant to paragraph (e) of Section 3 of this Contract, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including twenty-five (25) days subsequent to the "end of the underwriting period," the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(k) The Issuer will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Order and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(l) The Issuer will furnish such information and execute such instruments, at the sole expense of the Underwriters, and take such action in cooperation with the Underwriters as the Representative may reasonably request (A) to (y) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign

corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Representative immediately of receipt by the Issuer of any written notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(m) The financial statements of, and other financial information regarding, the Issuer in the Official Statement fairly present the financial position and results of the Issuer as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer. Except as disclosed in the Official Statement, the Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer;

(n) Prior to the Closing the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money (except the Issuer's "*Certificates of Obligation, Series 2015A*" and its "*Limited Tax Refunding Bonds, Taxable Series 2015C*" which are being issued concurrently with the issuance of the Bonds), or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues or assets which will secure the Bonds except in the ordinary course of business for the Issuer; and

(o) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions contemplated by this Contract, shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein.

By delivering the Official Statement to the Representative, the Issuer shall be deemed to have reaffirmed, with respect to the Official Statement, the representations, warranties and covenants set forth above with respect to the Preliminary Official Statement.

6. **CLOSING.** At 10:00 A.M., Central Time, on October 14, 2015 (the "**Closing**"), the Issuer will deliver the initial Bond (as provided for in the Order) to the Representative and, provided the Representative shall have made arrangements with DTC for the Bonds to be qualified for trading as book-entry only securities through the facilities of DTC, the Issuer shall take appropriate steps to provide DTC or the Paying Agent/Registrar acting on behalf of DTC, with one definitive Bond for each year of maturity of the Bonds and to provide the Representative with the other documents hereinafter mentioned, and the Underwriters will accept such delivery and pay the purchase price of the Bonds as set forth in Paragraph 1(b) hereof in immediately available funds. Concurrently with such payment by the Underwriters, the Issuer shall return to the Representative the check referred to in Paragraph 4 hereof. Payment for the Bonds shall be made at the offices of The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "**Paying Agent/Registrar**"). Delivery of all documents required herein shall be made at the office of The J. Ramirez Law Firm, 700 Veterans Blvd., Suite B, San Juan, Texas, or such other place as shall have been mutually agreed upon by the Issuer and the Representative.

In addition, the Issuer and the Underwriters agree that there shall be a preliminary closing held at such place as the Issuer and the Representative shall mutually agree, commencing at least 24 hours prior to the Closing; provided, however, in lieu of this preliminary closing Bond Counsel may provide the counsel to the Underwriters with a complete Transcript of Proceedings or the documents described in Section 7(k) hereof on the business day preceding the Closing. Drafts of all documents to be delivered at the Closing shall be prepared and distributed to all parties and their counsel for review at least two business days prior to the Closing.

7. **CLOSING CONDITIONS.** The Underwriters have entered into this Contract in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations, hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligations under this Contract to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Representative, Bond Counsel and counsel to the Underwriters:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Contract to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Order, the Escrow Agreement and this Contract shall be in full force and effect in the form heretofore approved by the Representative and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; (ii) the net proceeds of the sale of the Bonds shall be deposited and applied as described in the Official Statement and in the Order, and (iii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel to deliver its opinions referred to hereafter;

(d) At the time of the Closing, all official action of the Issuer relating to this Contract, the Bonds, the Escrow Agreement, and the Order shall be in full force and effect and shall not have been amended, modified or supplemented, and the Representative shall have received, in appropriate form, evidence thereof;

(e) At or prior to the Closing, the Order shall have been duly approved and executed by the Issuer, and the Issuer shall have duly executed and delivered, and the Paying Agent/Registrar shall have duly authenticated, the Bonds;

(f) The Issuer shall have agreed in the Order to provide certain periodic information and notices of material events in accordance with Rule 15c2-12 as described in the Preliminary Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The Underwriters' obligation to accept and pay for the Bonds is conditioned upon delivery to the Representative of a certified copy of the Order containing the agreement described under such heading;

(g) At the time of the Closing, the Issuer shall deliver the Bonds in accordance with the provisions of Section 6 hereof;

(h) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer, from that set forth in the Official Statement that in the reasonable judgment of the Representative, is material and adverse and that makes it, in the reasonable judgment of the Representative, impracticable to market the Bonds on the terms and in the manner described in the Official Statement;

(i) The Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(j) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions described in this Contract shall be reasonably satisfactory in legal form and effect to the Representative, Bond Counsel, and to counsel for the Underwriters;

(k) At or prior to the Closing, the Representative, or counsel for the Underwriters, shall have received one copy of each of the following documents:

(1) a conformed copy of the Official Statement, and each supplement or amendment thereto, if any, as may have been agreed to by the Representative;

(2) the Order having been duly adopted or approved by the Issuer and the Approval Certificate having been duly executed by an authorized representative of the Issuer and each as being in full force and effect, with such supplements or amendments as may have been agreed to by the Representative;

(3) the Paying Agent/Registrar Agreement, having been duly executed on behalf of the Issuer and The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as Paying Agent/Registrar;

(4) the Escrow Agreement, having been duly executed on behalf of the Issuer and The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as Escrow Agent;

(5) the approving opinion of Bond Counsel with respect to the Bonds, in substantially the form attached to the Official Statement;

(6) the opinion of the Attorney General, dated on or prior to the date of Closing, approving the Bonds as required by law, and the registration certificate of the Comptroller relating to the registration of the Bonds as required by law;

(7) a supplemental opinion of Bond Counsel addressed to the Issuer and the Underwriters as to the matters set forth in Exhibit A hereto;

(8) an opinion, dated the date of the Closing and addressed to the Underwriters, of counsel for the Underwriters, in substantially the form attached hereto as Exhibit B;

(9) A certificate of the Issuer, dated the date of the Closing, of an appropriate official of the Issuer in form and substance satisfactory to Bond Counsel and counsel to the Underwriters (a) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (b) certifying that to the best of the knowledge and belief of the Issuer there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(10) a certificate, dated the date of Closing, signed by the County Judge and County Auditor of the Issuer, to the effect that (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) except to the extent disclosed in the Official Statement, no litigation is pending or, to the knowledge of such persons, threatened in any court to restrain or enjoin the issuance or delivery of the Bonds, or the collection of ad valorem taxes or other revenues pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity of the Bonds, the Order, the Escrow Agreement, or this Contract, or contesting the power of the Issuer (other than tax protests which, individually and in the aggregate, are not material) or the authorization of the Bonds, the Order, the Escrow Agreement or this Contract, or contesting in any way the accuracy, completeness or fairness of the Official Statement (but in lieu of or in conjunction with such certificate, the Representative may, in its sole discretion, accept certificates or opinions of counsel to the Issuer that, in the opinion thereof, the issues raised in any such pending or threatened litigation are without substance or that the contentions of all plaintiffs therein are without merit); (iii) to the best of their knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the

Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; and (iv) that there has not been any material and adverse change in the affairs or financial condition of the Issuer since December 31, 2014, the latest date as to which audited financial information is available;

(11) any other certificates and opinions required by the Order for the issuance thereunder of the Bonds;

(12) a letter or report evidencing the rating on the Bonds by Moody's Investor's Service, Inc. and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, of "Aa2" and "AA-" respectively, in a form acceptable to the Representative, and that such ratings are in effect as of the date of Closing;

(13) A copy of the report prepared by Grant Thornton LLP, certified public accountants, addressed to the Issuer, Bond Counsel and the Underwriters, verifying (i) the arithmetical computations of the adequacy of the maturing principal and interest on the Escrowed Securities and any uninvested cash on hand under the Escrow Agreement to pay, when due, the principal of and interest on the obligations being refunded by the Bonds, and (ii) the computation of the yields with respect to the Escrowed Securities and the Bonds; and

(14) such additional legal opinions, certificates, instruments and other documents as the Representative or counsel to the Underwriters and Bond Counsel may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Issuer's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance reasonably satisfactory to the Representative.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Contract, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Contract, this Contract shall terminate and neither the Underwriters nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriters set forth in Section 4 (with respect to the Check), 9 and 11 hereof shall continue in full force and effect.

8. **TERMINATION.** The Underwriters shall have the right to cancel their obligation to purchase the Bonds if, between the date of this Contract and the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the reasonable judgment of the Underwriters (as evidenced by a written notice to the Issuer terminating the obligation of the Underwriters to accept delivery of and pay for the Bonds), by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds, of the interest on the Bonds as described in the Official Statement, or other action or events shall transpire which may have the purpose or the effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions described herein, or any other action or events shall have occurred which, in the reasonable judgment of the Representative, materially adversely affect the market for the Bonds or the market price generally of obligations of the general character of the Bonds;

(b) a general suspension of trading in securities on the New York Stock Exchange, the establishment of minimum prices on such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(c) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters;

(d) any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income, securities, or the validity or enforceability of the pledge of ad valorem taxes or revenues to secure the payment of principal of and interest on the Bonds;

(e) any event occurring, or information becoming known which, in the reasonable judgment of the Representative, makes untrue in any material respect any statement or

information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(f) there shall have occurred since the date of this Contract any materially adverse change in the affairs or financial condition of the Issuer;

(g) the United States shall have become engaged in hostilities that did not exist prior to the date hereof which have resulted in a declaration of war or a national emergency or there shall have occurred a new material outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise, the effect of such outbreak, calamity or crisis on the financial markets of the United States being such as, in the reasonable opinion of the Representative, would materially and adversely affect the ability of the Underwriters to market the Bonds;

(h) any fact or event shall exist or have existed that, in the Representative's reasonable judgment, requires or has required an amendment of or supplement to the Official Statement, and the Issuer has not provided the Underwriters with such amendment or supplement as required by Section 3(e) hereof;

(i) there shall have occurred any downgrading, or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status, by any rating agency that has been asked by the Issuer to furnish a rating on the Bonds; and

(j) the purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

With respect to the conditions described in subparagraphs (c) and (j) above, the Representative is not aware of any current, pending or proposed restriction or law as of the date of execution of this Contract which would permit the Underwriters to invoke their termination rights thereunder.

9. **EXPENSES.** (a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds, the Order, the Preliminary Official Statement and the Official Statement, (ii) the fees and disbursements of Bond Counsel; (iii) the fees and disbursements of the Financial Advisor to the Issuer; (iv) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Issuer; (v) the fees and expenses of the Paying Agent/Registrar, the Escrow Agent, the verification agent, and other paying agents, if any, for the obligations being refunded by the Bonds, (vi) the fees for the bond ratings; and (vii) the fees of the Texas Attorney General.

(b) The Underwriters shall pay (i) the cost of preparation and printing of this Contract; (ii) all advertising expenses in connection with the public offering of the Bonds; (iii) all other expenses incurred by it in connection with the public offering of the Bonds, including any Blue Sky fees and expenses and the fees and disbursements of counsel retained by the Underwriters; and (iv) other expenses incurred at the Underwriters' discretion (including, but not limited to, travel, lodging, meals, entertainment, deal mementos, and similar expenses).

10. **NOTICES.** Any notice or other communication to be given to the Issuer under this Contract may be given by delivering the same in writing to the County Judge (with a copy to the County Auditor) at the Hidalgo County Courthouse, 100 N. Closner, Edinburg, Texas 78539, and any notice or other communication to be given to the Underwriters under this Contract may be given by delivering the same in writing to J.P. Morgan Securities LLC, 1020 North East Loop 410, 2nd Floor, San Antonio, Texas 78209; Attn: Pedro Ramos.

11. **PARTIES IN INTEREST.** This Contract as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. This Contract may not be assigned by the Issuer. All of the Issuer's representations, warranties and agreements contained in this Contract shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriters; (ii) delivery of and payment for the Bonds pursuant to this Contract; and (iii) any termination of this Contract.

12. **EFFECTIVENESS.** This Contract shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

13. **CHOICE OF LAW.** This Contract shall be governed by and construed in accordance with the law of the State of Texas and the United States of America.

14. **SEVERABILITY.** If any provision of this Contract shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Contract invalid, inoperative or unenforceable to any extent whatever.

15. **BUSINESS DAY.** For purposes of this Contract, "business day" means any day on which the New York Stock Exchange is open for trading.

16. **SECTION HEADINGS.** Section headings have been inserted in this Contract as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Contract and will not be used in the interpretation of any provisions of this Contract.

17. **NO PERSONAL LIABILITY.** No member of the governing body of the Issuer, nor any officer, agent, or employee of the Issuer, shall be charged personally by the Underwriters with any liability, or be held liable to the Underwriters under any term or provision of this Contract, or because of execution or attempted execution, or because of any breach or attempted alleged breach of this Contract.

18. **COUNTERPARTS.** This Contract may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

[The remainder of this page intentionally left blank]

If you agree with the foregoing, please sign the enclosed counterpart of this Contract and return it to the Representative. This Contract shall become a binding agreement between you and the Underwriters when at least the counterpart of this Contract shall have been signed by or on behalf of each of the parties hereto.

THE UNDERWRITERS:

**J.P. MORGAN SECURITIES LLC
RBC CAPITAL MARKETS, INC.
STIFEL, NICOLAUS & COMPANY, INCORPORATED**

BY: J.P. MORGAN SECURITIES LLC
(As Representative of the Underwriters)

By: 
Title: Executive Director

ACCEPTANCE

Accepted and agreed to at 11:00 a.m., Central Time, this 15th day of September, 2015.

By: 
County Judge
Hidalgo County, Texas

APPROVED BY
COMMISSIONERS' COURT
ON: 9/15/15

SCHEDULE I

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS
AND REDEMPTION PROVISIONS**

**\$14,760,000
HIDALGO COUNTY, TEXAS
LIMITED TAX REFUNDING BONDS, SERIES 2015B**

<u>Maturity (August 15)</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Initial Yield (%)</u>	<u>Maturity (August 15)</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Initial Yield (%)</u>
2023	2,170,000	5.000	2.570	2026	2,510,000	5.000	2.930 ⁽¹⁾
2024	2,280,000	5.000	2.690	2027	2,640,000	5.000	3.020 ⁽¹⁾
2025	2,390,000	5.000	2.810	2028	2,770,000	5.000	3.120 ⁽¹⁾

(1) Yield calculated based on the assumption that the Bonds denoted and sold at a premium will be redeemed on August 15, 2025, the first optional call date for the Bonds, at a redemption price of par plus accrued interest to the redemption date.

(Interest accrues from the Date of Initial Delivery)

Optional Redemption:

The Bonds scheduled to mature on and after August 15, 2026, are subject to redemption, in whole or in part, at the option of the Issuer, on August 15, 2025, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

EXHIBIT A

SUPPLEMENTAL BOND COUNSEL OPINION MATTERS

1. The Order, the Approval Certificate and the Escrow Agreement have each been duly authorized by the Issuer and are in full force and effect.

2. The Bonds are exempt securities under the Securities Act of 1933, as amended (the "1933 Act") and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act or to qualify the Indenture under the Trust Indenture Act.

We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of such statements. In our capacity as bond counsel, however, we have reviewed the Official Statement and have considered the information contained in the Official Statement under the headings "THE OBLIGATIONS" (except for the subheading "Book-Entry-Only System" as to which no opinion is expressed), "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (except for the subheading "Compliance with Prior Undertakings" as to which no opinion is expressed), and "OTHER INFORMATION" under the subheadings "Registration and Qualification of Obligations For Sale," "Legal Investments and Eligibility to Secure Public Funds in Texas," and Legal Opinions and No-Litigation Certificate," and we are of the opinion that the information relating to the Bonds and the Order contained under such captions is a fair and accurate summary of the information purported to be shown and that the information and descriptions contained under such captions relating to the provisions of applicable state and federal laws are correct as to matter of law. Further, based upon our review and discussions, and assuming the accuracy of the information contained in the aforementioned documents, certificates, opinions, records and instruments, nothing has come to our attention which leads us to believe that the Official Statement contains any untrue statement of a material fact, or omits to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. We express no view, however, as to any financial, technical or statistical data or any estimates, projections, assumptions or expressions of opinions included in the Official Statement or any appendix thereto.

EXHIBIT B

FORM OF UNDERWRITERS' COUNSEL OPINION

October 14, 2015

J.P. MORGAN SECURITIES LLC
RBC CAPITAL MARKETS, INC.
STIFEL, NICOLAUS & COMPANY, INCORPORATED
c/o J.P. MORGAN SECURITIES LLC
1020 North East Loop 410, 2nd Floor,
San Antonio, Texas 78209

RE: \$14,760,000 HIDALGO COUNTY, TEXAS
LIMITED TAX REFUNDING BONDS, SERIES 2015B

Ladies and Gentlemen:

We have acted as counsel to you as the Underwriters (the "*Underwriters*") of **\$14,760,000** aggregate principal amount of **HIDALGO COUNTY, TEXAS LIMITED TAX REFUNDING BONDS, SERIES 2015B** (the "*Bonds*"), issued under and pursuant to an order (the "*Order*") of **HIDALGO COUNTY, TEXAS** (the "*Issuer*") authorizing the issuance of the Bonds, which Bonds you are purchasing pursuant to a Purchase Contract, dated September 15, 2015 (the "*Purchase Contract*"), between the Underwriters and the Issuer.

In connection with the rendering of this opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of documents, opinions, certificates, instruments and records as we have considered necessary or appropriate for purposes of rendering the opinions hereinafter expressed. In addition, we have made such investigations of law and facts as we have deemed appropriate or necessary as a basis for these opinions. We have assumed, but have not independently verified, that the signatures on all documents and certificates that we have examined are genuine and that the Bonds conform to the specimen copies thereof that we have examined.

Based upon the foregoing, we are of the opinion that:

(1) the Bonds are exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and it is not necessary in connection with the sale of the Bonds to the public to register the Bonds under the Securities Act of 1933, as amended; and

(2) the Order is not required to be qualified under the Trust Indenture Act of 1939, as amended.

Because the primary purpose of our professional engagement as your counsel was not to establish factual matters, because of the wholly or partially nonlegal character of many of the determinations involved in the preparation of the Official Statement, and because the information in the Official Statement under the headings "THE OBLIGATIONS – Book-Entry-Only System" and "TAX MATTERS" and the Appendices thereto were prepared by others who have been engaged to review or provide such information, we are not passing on and do not assume any responsibility for, except as set forth in the last sentence of this paragraph, the accuracy, completeness or fairness of the statements contained in the Official Statement (including any appendices, schedules and exhibits thereto), and we make no representation that we have independently verified the accuracy, completeness or fairness of such statements. In the course of our participation in the preparation and review of the Official Statement as your counsel, we had discussions with representatives of the Issuer, including its Financial Advisor and Bond Counsel, regarding the contents of the Official Statement. In the course of such activities, no facts came to our attention which would lead us to believe that the Official Statement (except for the financial statements and other financial and statistical data contained therein, the information set forth under the headings "THE OBLIGATIONS – Book-Entry-Only System" and "TAX MATTERS" and the Appendices thereto, as to which we express no opinion), as of its date contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

This letter is furnished by us for your sole benefit and no other person or entity shall be entitled to rely upon this opinion without our express written consent.

Very truly yours,