

APPENDIX "A"
PROJECT OVERVIEW

Hidalgo County is inviting statements of qualifications from qualified arbitrage firms to provide arbitrage calculation services. The County of Hidalgo is seeking to enter into an arbitrage calculation services contract(s) with a qualified 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.

The Hidalgo County Drainage District No. 1 Board of Director's may, at their option, utilize the **"ARBITRAGE CALCULATION SERVICES"** selected by Hidalgo County for Hidalgo County Drainage District No. 1. Should the Board of Directors of Hidalgo County Drainage District No. 1 decide the firm selected as the Provider is the same as the one selected by Hidalgo County, the Provider shall offer Hidalgo County Drainage District No. 1 the same terms and provisions as it offers Hidalgo County.

SCOPE OF SERVICES:

The firm selected will be required to perform arbitrage calculations for the Hidalgo County and Hidalgo County Drainage District No. 1 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:

ISSUANCE OUTSTANDING	PRINCIPAL
1. Certificates of Obligation, Taxable Series 2014	\$ 14,775,000.00
2. Limited Tax Refunding Bonds, Series 2014C	\$ 10,925,000.00
3. Certificates of Obligation, Series 2015A	\$ 14,495,000.00
4. Limited Tax Refunding Bonds, Series 2015B	\$ 14,760,000.00
5. Limited Tax Refunding Bonds, Taxable Series 2015C	\$ 2,340,000.00
6. Certificates of Obligation, Series 2016	\$ 26,780,000.00
7. Certificates of Obligation, Series 2017	\$ 24,075,000.00
8. Certificates of Obligation, Series 2018A	\$118,590,000.00
9. Certificates of Obligation, Series 2018B	\$ 22,140,000.00
10. Limited Tax Refunding Bonds, Taxable Series 2018C	\$ 23,200,000.00
11. Certificates of Obligation, Series 2019A	\$ 23,025,000.00
12. Limited Tax Refunding Bonds, Taxable Series 2019B	\$ 18,045,000.00
13. Certificates of Obligation, Series 2020	\$ 27,910,000.00
14. Certificates of Obligation, Series 2021	\$ 26,075,000.00
	\$367,135,000.00

Hidalgo County Drainage District No. 1 outstanding issues currently include:

ISSUANCE OUTSTANDING	PRINCIPAL
1. Unlimited Tax Improvement Bonds, Series 2013	\$45,225,000.00
2. Unlimited Tax Improvement Bonds, Series 2014	\$ 7,665,000.00
3. Refunding Bond 2016	\$28,965,000.00
4. Unlimited Tax Refunding Bonds, Series 2019	\$67,270,000.00
5. Unlimited Tax Improvement Bonds, Taxable Series 2021 (FIF)	\$22,106,000.00
6. Unlimited Tax Improvement Bonds, Series 2021	\$28,775,000.00
7. Unlimited Tax Improvement Bonds, Series 2021 A	\$40,940,000.00
	\$240,946,000.00

1. Arbitrage Compliance Program

Firm will establish a program to ensure Hidalgo County and Hidalgo County Drainage District No. 1 are 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 the Drainage District and provide the following additional services:

- Assist the County and the Drainage District 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 and the Drainage District in monitoring yield-restricted funds, which may be invested.
- Assist the County and the Drainage District, 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 and Hidalgo County Drainage District No. 1 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 re-computation.
- 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/or the Drainage District 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 [and the Drainage District](#).
- 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 [and the Drainage District](#) 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 [and the Drainage District](#), 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.

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(s) 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 five (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. References must include name, address, telephone number, date and project description.

Additionally, this section should include a description of the firm's project personnel and their most recent similar projects. For each project, a client contract name and phone number should be included for reference purposes. Additionally, the names of the personnel proposed for this project who participated in the listed projects should be provided. This project list is limited to 5 pages.

Personnel and Staffing:

The participant 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

