

**COUNTY OF HIDALGO***Community Service Agency*

145

*Adm: (956) 383-6250  
Fax: (956) 380-4324**2524 N. Glosner / P.O. Box 204**Edinburg, TX 78540*

September 6, 2006

Ms. Marty L. Salazar,  
Hidalgo County Purchasing Agent  
Purchasing Department  
County of Hidalgo  
100 E. Cano, 4<sup>th</sup> floor,  
Adm. Bldg.  
Edinburg, Tx 78539

Dear Ms. Salazar:

Please be advised that the of the County of Hidalgo Community Service Agency's Request for Proposal #06-301-0830 results are as follows:

Sears, Inc. was the sole respondent. Sears, Inc. met the minimum score of 58½ points for qualification. CHCSA has reviewed the prices submitted by Sears and has determined that Sears prices are below the price analysis provided by our funding source-Texas Department of Housing and Community Affairs, therefore negotiations are not warranted. At this time, CHCSA is prepared to accept Sears' proposal and enter into a one (1) year contract with the option to extend the contract at one (1) year increments, not to exceed a maximum combined period of four (4) years.

Additionally, CHCSA is asking for your consideration in the inclusion of the following statement in our contract with Sears:

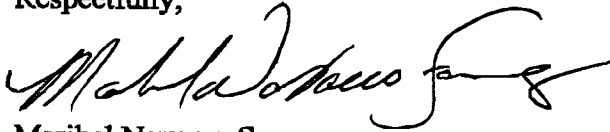
"CHCSA will entertain a price increase when the contract is under consideration for extension based on the following:

- 1). Evaluation of the most current price analysis provided by the Texas Department of Housing and Community Affairs (funding source) reveals a price increase has occurred and/or
- 2). Circumstances beyond the contractor's or CHCSA control have occurred such as:
  - A). Market prices have increased and/or
  - B). Funding source requires program changes that affect the materials utilized causing an increase in the price of the said materials.

The price increase, if any, will be determined upon careful review of any support documentation. CHCSA will use sound business judgment when making this determination."

Your consideration to our request is appreciated. Should you have any questions, please contact me at (956) 383-6250 ext 12.

Respectfully,

A handwritten signature in cursive script, appearing to read "Maribel Navarro-Saenz".

Maribel Navarro-Saenz  
Executive Director

EXHIBIT "C"

COUNTY OF HIDALGO COMMUNITY SERVICE AGENCY  
Repairs, Replacement and/or Retrofit of Refrigerators  
Proposal No. 06-301-08-30

INTEGRITY & FINANCIAL RESOURCES

Proposer's Name: SEARS Contract SALES

I. INTEGRITY- Please list two references of persons or firms that you have conducted business with in the past 12 months who are familiar with your work.

*The following questions that will be asked when we contact the references.*

*2.5 points has been assigned to each question, only favorable responses will be receive points.*

*15 points maximum may be received.*

- Q.1. Do they honor their prices?*
- Q.2. To the best of your knowledge has this firm or person consistently conducted their business affairs in a manner to reflect sound business judgment?*
- Q.3. Would you characterize this vendor as honest, fair and responsible?*

Reference 1

Name: Nueces County CAA - Larry Rodriguez

Address: 101 South Padre Island Drive Corpus Christi, TX 78405

Company: Nueces County Phone # 361-883-7201

Corporate Phone # 361-883-7201 Corporate Fax # 361-883-9173

Reference 2

Name: Pan Handle Community Services - Margaret Wolfe

Address: P.O. Box 32150 Amarillo, TX 79120-2150

Company: Pan Handle Phone # 806-372-2531 x 200

Corporate Phone# 806-372-2531 Corporate Fax # 806-373-8143

EXHIBIT "C" con't

COUNTY OF HIDALGO COMMUNITY SERVICE AGENCY  
Repairs, Replacement and/or Retrofit of Refrigerators  
Proposal No. 06-301-08-30

INTEGRITY & FINANCIAL RESOURCES con't

Proposer's Name: SEARS Contract SALES

II. FINANCIAL RESOURCES- Please answer the following questions.

*2.5 point has been assigned to each question. only favorable responses will receive points.  
15 points maximum may be received.*

A. Does your firm/company have the financial capabilities to provide materials up to a maximum of thirty (30) days before receiving payment?

YES  NO

Please submit a copy of your firm's most recent (within the last 12 months) financial statement.  
(2 part question-1.25 pts per part)

B. Will you hold material until we are ready to pick-up/install?

YES  NO

C. Are you or have you been involved in a Chapter 13 bankruptcy proceeding?

YES  NO

D. Are there any liens against your firm/company?

YES  NO

E. Are there any lawsuits against your firm/company?

YES  NO

F. Have any complaints been filed against your firm with the Better Business Bureau?

YES  NO

If yes, describe the nature of the complaint and its resolution.

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**United States  
Securities And Exchange Commission**  
Washington, D.C. 20549

**FORM 10-K/A**  
(Amendment No. 1)

- For Annual and Transition Reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
- Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the fiscal year ended January 28, 2006
- Or
- Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
Commission file number 000-51217

**SEARS HOLDINGS CORPORATION**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**  
(State of Incorporation)

**3333 Beverly Road, Hoffman Estates, Illinois**  
(Address of principal executive offices)

**28-1920798**  
(I.R.S. Employer Identification No.)

**60179**  
(Zip Code)

Registrant's telephone number, including area code: **(847) 286-2500**

Securities registered pursuant to Section 12(b) of the Act:

Name of each Exchange on Which Registered

None

Securities registered pursuant to Section 12(g) of the Act:  
**Common Shares, par value \$0.01 per share**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act: Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act: Yes  No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days:

**SEARS HOLDINGS CORPORATION**  
**Consolidated Statements of Operations**

<i>millions, except per share data</i>	2005	2004	39 Weeks Ended January 28, 2004	Predecessor Company 13 Weeks Ended April 30, 2003
<b>REVENUES</b>				
Merchandise sales and services .....	\$48,911	\$19,843	\$17,190	\$6,181
Credit and financial products revenues .....	213	—	—	—
Total revenues .....	<u>49,124</u>	<u>19,843</u>	<u>17,190</u>	<u>6,181</u>
<b>COSTS AND EXPENSES</b>				
Cost of sales, buying and occupancy .....	35,505	14,942	13,313	4,762
Selling and administrative .....	10,759	3,999	3,464	1,421
Depreciation and amortization .....	932	27	6	—
Provision for uncollectible credit card accounts .....	49	—	—	—
Gain on sales of assets .....	(39)	(946)	(89)	—
Gain on sale of business .....	(317)	—	—	—
Restructuring charges .....	111	—	—	37
Total costs and expenses .....	<u>47,000</u>	<u>18,022</u>	<u>16,694</u>	<u>6,220</u>
Operating income (loss) .....	2,124	1,821	496	(39)
Interest expense, net .....	237	108	127	57
Bankruptcy-related recoveries .....	(40)	(59)	(4)	—
Other income .....	(38)	(3)	(5)	(7)
Reorganization items, net .....	—	—	—	769
Income (loss) from continuing operations before income taxes, minority interest and cumulative effect of change in accounting principle .....	1,965	1,775	378	(858)
Income taxes .....	716	669	144	(6)
Minority interest .....	301	—	—	—
Income (loss) from continuing operations before cumulative effect of change in accounting principle .....	948	1,106	234	(852)
Discontinued operations (net of income taxes of \$0) .....	—	—	—	(10)
Cumulative effect of change in accounting principle (net of income tax benefit of \$58) .....	(90)	—	—	—
<b>NET INCOME (LOSS) .....</b>	<b><u>\$858</u></b>	<b><u>\$1,106</u></b>	<b><u>\$234</u></b>	<b><u>\$(862)</u></b>
<b>EARNINGS (LOSS) PER COMMON SHARE</b>				
<b>BASIC</b>				
Earnings (loss) per share from continuing operations before cumulative effect of change in accounting principle .....	\$6.22	\$12.39	\$2.61	\$(1.63)
Discontinued operations .....	—	—	—	(0.02)
Cumulative effect of change in accounting principle .....	(0.59)	—	—	—
Earnings (loss) per share .....	<u>\$5.63</u>	<u>\$12.39</u>	<u>\$2.61</u>	<u>\$(1.65)</u>
<b>DILUTED</b>				
Earnings (loss) per share from continuing operations before cumulative effect of change in accounting principle .....	\$6.17	\$11.00	\$2.51	\$(1.63)
Discontinued operations .....	—	—	—	(0.02)
Cumulative effect of change in accounting principle .....	(0.58)	—	—	—
Earnings (loss) per share .....	<u>\$5.59</u>	<u>\$11.00</u>	<u>\$2.51</u>	<u>\$(1.65)</u>
Basic weighted average common shares outstanding .....	152.5	89.3	89.6	522.7
Diluted weighted average common shares outstanding .....	153.6	101.4	93.3	522.7

See accompanying Notes to Consolidated Financial Statements.

**SEARS HOLDINGS CORPORATION**  
**Consolidated Balance Sheets**

	<u>January 28, 2006</u>	<u>January 26, 2005</u>
<i>millions, except per share data</i>		
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents .....	\$4,440	\$3,435
Accounts receivable .....	811	646
Merchandise inventories .....	9,068	3,281
Prepaid expenses, deferred charges and other current assets .....	372	150
Deferred income taxes .....	516	29
Total current assets .....	<u>15,207</u>	<u>7,541</u>
Property and equipment		
Land .....	2,146	59
Buildings and improvements .....	5,920	179
Furniture, fixtures and equipment .....	2,268	109
Capital leases .....	367	—
Gross property and equipment .....	10,701	347
Less accumulated depreciation .....	<u>(878)</u>	<u>(32)</u>
Total property and equipment, net .....	9,823	315
Deferred income taxes .....	—	730
Goodwill .....	1,684	—
Tradenames and other intangible assets (net of accumulated amortization of \$99) .....	3,448	—
Other assets .....	411	65
<b>TOTAL ASSETS</b> .....	<u>\$30,573</u>	<u>\$8,651</u>
<b>LIABILITIES</b>		
Current liabilities		
Short-term borrowings .....	\$178	\$—
Current portion of long-term debt and capitalized lease obligations .....	570	45
Merchandise payables .....	3,458	927
Income taxes payable .....	449	94
Other current liabilities .....	3,917	705
Unearned revenues .....	1,047	13
Other taxes .....	731	297
Total current liabilities .....	<u>10,350</u>	<u>2,081</u>
Long-term debt and capitalized lease obligations .....	3,268	366
Pension and postretirement benefits .....	2,421	1,008
Minority interest and other liabilities .....	2,923	727
Total Liabilities .....	<u>18,962</u>	<u>4,182</u>
<b>SHAREHOLDERS' EQUITY</b>		
Preferred stock, 20 shares authorized; no shares outstanding .....	—	—
Common stock \$0.01 par value; 500 shares authorized; 160 and 89 shares outstanding, respectively .....	2	1
Capital in excess of par value .....	10,258	3,291
Retained earnings .....	2,198	1,340
Treasury stock—at cost .....	(642)	(86)
Accumulated other comprehensive loss .....	<u>(205)</u>	<u>(77)</u>
Total Shareholders' Equity .....	<u>11,611</u>	<u>4,469</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> .....	<u>\$30,573</u>	<u>\$8,651</u>

See accompanying Notes to Consolidated Financial Statements.

**SEARS HOLDINGS CORPORATION**  
**Consolidated Statements of Cash Flows**

<i>millions</i>	2005	2004	39 Weeks Ended January 28, 2004	Predecessor Company 13 Weeks Ended April 30, 2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income.....	\$858	\$1,106	\$234	\$(862)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization .....	932	27	21	177
Cumulative effect of change in accounting principle, net of tax .....	90	—	—	—
Provision for uncollectible credit card accounts .....	49	—	—	—
Restructuring charges .....	—	—	—	44
Reorganization items, net .....	—	—	—	769
Gain on sales of property and investments .....	(77)	(946)	(89)	—
Gain on bankruptcy related settlements .....	(40)	(59)	(4)	—
Equity in unconsolidated subsidiaries .....	—	—	(5)	(7)
Net cash received from bankruptcy related settlements and Meldisco .....	31	59	4	—
Dividends from Meldisco .....	—	—	—	36
Cash used for store closings and other charges .....	—	—	(15)	(64)
Cash used for payments of exit cost and other reorganization items .....	—	—	(481)	(19)
Change in operating assets and liabilities (net of acquisitions and dispositions):				
Deferred income taxes .....	58	597	137	—
Credit card receivables .....	(380)	—	—	—
Merchandise inventories .....	208	(43)	1,193	480
Merchandise payables .....	(71)	251	(273)	(13)
Income and other taxes .....	(53)	66	(99)	32
Other operating assets .....	318	100	152	123
Other operating liabilities .....	375	(90)	(39)	(120)
Net cash provided by operating activities .....	2,298	1,068	736	576
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisitions, net of cash acquired .....	(1,020)	—	—	—
Proceeds from sale of business .....	2,044	—	—	—
Proceeds from sales of property and investments .....	157	562	182	64
Purchases of property and equipment .....	(546)	(230)	(108)	(4)
Net cash provided by investing activities .....	635	332	74	60
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from debt issuances .....	176	—	83	—
Repayments of long-term debt .....	(577)	(53)	(112)	(17)
Decrease in short-term borrowings, primarily 90 days or less .....	(414)	—	—	—
Proceeds from termination of interest rate swaps .....	60	—	—	—
Sears Canada dividend paid to minority shareholders .....	(794)	—	—	—
Issuance of subsidiary stock .....	59	—	—	—
Purchase of treasury stock .....	(590)	—	(4)	—
Debt issue costs .....	(27)	—	(48)	—
Income tax benefit on exercise of nonqualified stock options .....	53	—	—	—
Proceeds from exercise of stock options .....	102	—	—	—
Fees paid to Plan investors .....	—	—	(13)	—
Issuance of common shares .....	—	—	140	—
Net cash (used in) provided by financing activities .....	(1,952)	(53)	46	(17)
Effect of exchange rate changes on cash and cash equivalents .....	24	—	—	—
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS .....</b>	<b>1,005</b>	<b>1,347</b>	<b>856</b>	<b>619</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR .....</b>	<b>3,435</b>	<b>2,088</b>	<b>1,232</b>	<b>613</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR .....</b>	<b>\$4,440</b>	<b>\$3,435</b>	<b>\$2,088</b>	<b>\$1,232</b>
<b>SUPPLEMENTAL DISCLOSURE ABOUT NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>				
Bankruptcy related settlements resulting in the receipt of treasury stock .....	\$25	\$88	\$—	\$—
Sale of owned and assignment of leased properties .....	—	403	—	—
Conversion of 9% convertible note .....	63	—	—	—
Capital lease obligation incurred .....	65	49	75	16
<b>Supplemental Cash Flow Data:</b>				
Income taxes paid .....	114	6	(1)	(2)
Cash interest paid .....	255	52	52	19

See accompanying Notes to Consolidated Financial Statements.

**SEARS HOLDINGS CORPORATION**  
**Consolidated Statements of Shareholders' Equity (Deficit)**

	Number of Shares	Common Stock	Treasury Stock	Capital in Excess of Par Value	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total
<i>dollars and shares in millions</i>							
Balance, beginning of January 29, 2003—							
Predecessor Company .....	519	\$519	\$—	\$1,922	\$(1,835)	\$(907)	\$(301)
Comprehensive loss							
Net loss excluding Plan of Reorganization and Fresh-Start Accounting adjustments .....	—	—	—	—	(855)	—	(855)
Total comprehensive loss .....							(855)
Conversion of preferred securities .....	18	18	—	241	—	—	259
Balance prior to application of Fresh-Start Accounting .....	537	537	—	2,163	(2,690)	(907)	(897)
Adjust pension plan to fair market value .....	—	—	—	—	—	(94)	(94)
Cancellation of Predecessor Company equity and application of Fresh-Start accounting .....	(537)	(537)	—	(2,163)	2,690	1,001	991
Capitalization of Successor Company .....	90	1	—	1,743	—	—	1,744
Balance at April 30, 2003—Successor Company..	90	1	—	1,743	—	—	1,744
Comprehensive income							
Net income .....	—	—	—	—	234	—	234
Market value adjustment for investments .....	—	—	—	—	—	1	1
Total comprehensive income .....							235
Unearned compensation .....	—	—	3	(3)	—	—	—
Pre-petition tax settlements/valuation reserve adjustments .....	—	—	—	233	—	—	233
Purchase of treasury stock .....	—	—	(4)	—	—	—	(4)
Other .....	—	—	—	1	—	—	1
Balance at January 28, 2004 .....	90	1	(1)	1,974	234	1	2,209
Comprehensive income							
Net income .....	—	—	—	—	1,106	—	1,106
Minimum pension liability adjustment, net of tax .....	—	—	—	—	—	(77)	(77)
Market value adjustment for investments .....	—	—	—	—	—	(1)	(1)
Total Comprehensive Income .....							1,028
Unearned compensation .....	—	—	4	2	—	—	6
Pre-petition tax settlement/valuation reserve adjustments .....	—	—	—	1,297	—	—	1,297
Bankruptcy related settlement agreements .....	(1)	—	(88)	18	—	—	(70)
Other .....	—	—	(1)	—	—	—	(1)
Balance at January 26, 2005 .....	89	1	(86)	3,291	1,340	(77)	4,469
Acquisition of Sears .....	63	1	62	6,423	—	—	6,486
Conversion of Subordinated note .....	6	—	24	39	—	—	63
Comprehensive income							
Net income .....	—	—	—	—	858	—	858
Minimum pension liability adjustment, net of tax .....	—	—	—	—	—	(110)	(110)
Cumulative translation adjustment .....	—	—	—	—	—	(18)	(18)
Total Comprehensive Income .....							730
Proceeds from exercise of stock options .....	7	—	—	102	—	—	102
Income tax benefit on non-qualified stock options	—	—	—	53	—	—	53
Pre-petition tax settlements/valuation reserve adjustments .....	—	—	—	292	—	—	292
Bankruptcy related settlement agreements .....	—	—	(38)	13	—	—	(25)
Shares repurchased .....	(5)	—	(590)	—	—	—	(590)
Other .....	—	—	(14)	45	—	—	31
Balance at January 28, 2006 .....	160	\$2	\$(642)	\$10,258	\$2,198	\$(205)	\$11,611

See accompanying Notes to Consolidated Financial Statements.

EXHIBIT "D"

COUNTY OF HIDALGO COMMUNITY SERVICE AGENCY  
Repairs, Replacement and/or Retrofit of Refrigerators  
Proposal No. 06-301-08-30

TECHNICAL KNOWLEDGE AND EXPERIENCE

Proposer's Name: SEARS Contract SALES

I. TECHNICAL KNOWLEDGE- List three work references of persons or firms for whom you have worked as a contractor to perform heating and cooling work such as:

- |                                  |                          |
|----------------------------------|--------------------------|
| Identifying the problem          | Repairing refrigerators  |
| Installing refrigerators         | Proper recovery of freon |
| Proper disposal of refrigerators |                          |

The following questions will be asked when we contact the references.  
2 points has been assigned to each question, only favorable response will receive points.  
24 points maximum may be received.

- 1) Is the quality of work of this firm or person satisfactory or poor? (2 part question-1pt for each part)  
If satisfactory, specify in what way.  
If not satisfactory, specify in what way.
- 2) Has this firm or person been timely in completing projects?
- 3) Has this firm or person's crew operated, to the best of your knowledge, with good behavior at work sites?
- 4) If the occasion arose, would you subcontract again with this firm or person to do a job for you?

Reference 1

Name: Panhandle Community Services - Margaret Wolfe Phone#: 806-372-2531 x220  
Address: PO. Box 32150 Amarillo, TX 79120-2150 Fax#: 806-373-8143  
Company: Panhandle Community Services

Reference 2

Name: Brazos Valley Community - Brian Jones Phone#: 979-775-7692  
Address: 100 West William Joel Hwy, Bryan, TX 77803 Fax#: 979-779-9021  
Company: Brazos Valley Community

Reference 3

Name: Central TX Opportunities - Anna Adams Phone#: 325-625-4167  
Address: 2302 S. Commercial Coleman, TX 76834 Fax#: 325-625-3335  
Company: CENTRAL TEXAS Opportunities

EXHIBIT "D" con't

COUNTY OF HIDALGO COMMUNITY SERVICE AGENCY  
Repairs, Replacement and/or Retrofit of Refrigerators  
Proposal No. 06-301-08-30

TECHNICAL KNOWLEDGE AND EXPERIENCE con't

Proposer's Name: SEARS Contract SALES

**II. LENGTH OF EXPERIENCE** - *1 point has been assigned for each year  
5 points maximum may be received*

State the number of years you have done professional heating and cooling work or general contracting work.  
35 years

**III. GENERAL** - *1 point maximum has been assigned*

Are you a "Certified HUB" minority-owned or women-owned enterprise? NO

EXHIBIT "E"

COUNTY OF HIDALGO COMMUNITY SERVICE AGENCY

Repairs, Replacement and/or Retrofit of Refrigerators

Proposal No. 06-301-08-30

**A. Refrigerators**  
**TECHNICAL SPECIFICATIONS**

- A. Product information. Proposers shall submit with this proposal technical specifications for the Refrigerator. Proposer's submission must include warranty information, a 1-800 service number for the use of clients and/or agency staff and **documentation that the proposed product meets minimum efficiency requirements.**
- B. Product Installation-Refrigerators must be installed in designated area. Installation must include new refrigerator, removal and disposal of old existing refrigerator. Refrigerator must be operable in order to be considered installed. Freon must be recovered from existing refrigerator according to Federal and/or State code.
- Refrigerators must meet Energy Star Rating standards
- 15 cubic ft - less than or equal to 356 kWh usage
  - 17 cubic ft - less than or equal to 391 kWh usage
  - 18 cubic ft - less than or equal to 407 kWh usage
  - 22 cubic ft - less than or equal to 432 kWh usage
- C. Complete installation is required.
- D. **Any additional repairs, replacement, size changes must be authorized by CHCSA before contractor can proceed.**
- E. Price should include complete installation, removal and disposal of original unit!

EXHIBIT "E" con't

COUNTY OF HIDALGO COMMUNITY SERVICE AGENCY  
 Repairs, Replacement and/or Retrofit of Refrigerators  
 Proposal No. 06-301-08-30

A. Refrigerators

Appliance Refrigerator	Materials	Labor	Total	Quantity*	Grand Total
1. Install 15 cubic ft	\$ 384 <sup>00</sup>	\$ 75 <sup>00</sup>	\$ 459 <sup>00</sup>	X 50 =	\$ 22,950 <sup>00</sup>
2. Install 17 cubic ft	\$ 390 <sup>00</sup>	\$ 75 <sup>00</sup>	\$ 465 <sup>00</sup>	X 5 =	\$ 2,325 <sup>00</sup>
3. Install 18 cubic ft	\$ 412 <sup>00</sup>	\$ 75 <sup>00</sup>	\$ 487 <sup>00</sup>	X 125 =	\$ 60,875 <sup>00</sup>
4. Install 22 cubic ft	\$ 474 <sup>00</sup>	\$ 75 <sup>00</sup>	\$ 549 <sup>00</sup>	X 25 =	\$ 13,725 <sup>00</sup>

\*QUANTITIES ARE ESTIMATES ONLY, ANY ITEM MAY VARY IN QUANTITY

Total for Section A	Material \$	Labor \$	Total \$	Grand Total \$
				99,875 <sup>00</sup>

EXHIBIT "E" con't

COUNTY OF HIDALGO COMMUNITY SERVICE AGENCY  
Repairs, Replacement and/or Retrofit of Refrigerators  
Proposal No. 06-301-08-30

PROPOSAL SHEET TOTALS

Please place the totals from the previous sections in the spaces provided below.

Refrigerators  
Item #1-4

Section A Grand Total \$ 99,875<sup>00</sup>

Total Price

Section A Grand Total \$ 99,875<sup>00</sup>  
Please ensure total is correct.

These prices are quoted for all the following counties in our service area.

Contractor Signature: Paul M. Canine Date: 8-22-06

THE STATE OF TEXAS §  
§  
COUNTY OF HIDALGO §

**SERVICE CONTRACT  
C-06-**

THIS CONTRACT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2006 by and between the **COUNTY OF HIDALGO, TEXAS** ("County"), and \_\_\_\_\_ ("Company") a Texas Corporation.

WHEREAS, Company responded to advertised notices for proposals for **"Repairs, Replacement and/or Retrofit of Refrigerators"** (the "Services") for Hidalgo County Community Service Agency, and

WHEREAS, Company submitted a proposal to provide services in accordance with the specifications as proposal, as copy of such specifications is attached hereto as Exhibit "A" respectively and incorporated herein for all purposes (the "Specifications"): and

WHEREAS, in recognition of and in consideration of Company's agreement to perform the Services in accordance with Specifications, the Commissioners Court of Hidalgo County awarded the bid to Company.

NOW, THEREFORE, in mutual consideration of the foregoing and the further consideration of the following, the parties hereto agree as follows:

1. County and Company hereby agree that this Contract is entered into in order to provide the Services within the County of Hidalgo Community Service Agency of Hidalgo County, Texas, This Contract does not extend to any third parties any duties or benefits conferred in any manner hereunder or otherwise.

2. Company hereby promises and agrees to render and provide, during the term of this Contract, and shall be obligated to render and provide the Services in accordance with the Specifications within the Hidalgo County Community Service Agency following a request for service by the Hidalgo County Community Service Agency Executive Director. Company agrees in performing the Services that it will use proper professional standards, comply with any and all appropriate laws and regulation in providing the Services, and devote such time as is necessary to safe and efficiently provide the Services.

3. This Contract shall begin on \_\_\_\_\_, 2006 and end on \_\_\_\_\_, 2006 4. As a condition

of this Contract, Company shall hold and maintain throughout the term of this Contract all licenses and permits required,

or which may be required by any authority during the term hereof to provide the Services.

5. As consideration for rendering the Service provided for in this Contract, the County agrees to pay Company the amounts specified in Exhibit "E" attached hereto payable against written invoice submitted by Company.

6. Company shall ensure that no funds under this Company are used, either directly or indirectly, in the support of any religious or anti-religious activity, worship or instruction.

7. None of the funds provided under this Contract shall be used for influencing the outcome of any election or the passage or defeat of any legislative measure. This prohibition shall not be construed to prevent any official or employee of Company or from furnishing to any member of its governing body upon request or to any other local or state official or employee or to any citizen information in the hands of the employee or official not considered under law to be confidential information. Any action taken against an employee or official for supplying such information shall subject the person initiating the action to immediate dismissal from employment.

8. No funds provided under this contract may be used directly or indirectly to hire employees or in any other way fund or support candidates for the legislative, executive or judicial branches of government of Company, the State of Texas, or the government of the United States.

9. None of the funds provided under this Contract shall be paid to any official or employee who violates any of the provisions of this contract.

10. Company shall provide insurance in force on all its vehicles and all persons (Workers' Compensation) connected with providing services under this Contract naming County as an additional insured (with the coverages and in the amounts described on Exhibit "C" attached hereto and incorporated herein at this point for all purposes) and shall furnish to County certificates of such insurance coverage.

11. Company shall provide a sufficient amount of materials and a sufficient number of trucks, vehicles, personnel and equipment available to safely and efficiently provide the Services in accordance with the Specifications attached hereto.

12. Company shall establish, maintain and utilize internal control systems and procedures sufficient to prevent, detect and correct incidents of waste, fraud and abuse in CEAP and to provide for the proper and

effective management of all program and fiscal activities funded by this Contract. Company's internal control systems and all transactions and other significant events must be clearly documented and the documentation made readily available for review by County.

13. Company shall give County complete access to all of its records, employees and agents for the purpose of monitoring or investigating the CEAP program. Company shall fully cooperate with Department's efforts to detect, investigate and prevent waste, fraud and abuse.

Company shall immediately notify the County of any identified instances of waste, fraud or abuse.

14. County will notify the funding source upon identification of possible instances of waste, fraud and abuse or other serious deficiencies.

15. Company may not discriminate against any employee or other person who reports a violation of the terms of this Contract or of any law or regulation to County or to an appropriate law enforcement authority, if the report is made in good faith.

16. Company shall indemnify and hold harmless County, its elected officials, employees and agents from any and all claims, damages, losses, and expenses including attorney's fees for the defense of any action against County arising out of, resulting from, or connected with the provision of the Service by Company under this Contract. Said indemnity shall cover any act or failure to act by the Company, its agents or employees.

17. This Contract shall not be assignable in whole or in part by either party without prior written consent of the other party.

18. It is expressly agreed that this Contract and the performance by the parties hereunder does not create any agency relationship or master-servant relationship, that County has no supervision of the manner of performance of the Services provided by Company, and that Company is an independent contractor under this Contract.

19. Any notice required or permitted to be given hereunder shall be in writing and shall be delivered personally or sent by certified mail, postage prepaid, as set forth below:

If to County:

**The County of Hidalgo  
Attn: County Judge  
100 E. Cano  
Edinburg, Texas 78539**

If to Company:

20. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

21. This Agreement shall be binding upon and inure to the benefit of and enforceable by the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, and assigns where permitted by this Agreement.

22. Any alterations, additions or deletions to the terms of this Contract which are required by changes in federal law and regulations or state statute are automatically incorporated into this Contract without written and administrative code amendment hereto, and shall become effective on the date designated by such law or regulation.

23. It is understood and agreed by the parties hereto that performances under this Contract must be rendered in accordance with federal law and regulations, and Texas State Law Administrative Code and the assurances and certifications made by County to federal funding agencies with regard to the operation of this program. Based on these considerations, and in order to ensure the legal and effective performance of this Contract by both parties, it is agreed by the parties hereto that the performance under this Contract may be amended in the following manner: TDHCA, from time to time during the period of performance of this Contract, shall issue policy directives which serve to establish, interpret, or clarify performance requirement under this Contract. Such policy directives shall be promulgated by the Executive Director or her designee in the form of Issuances, shall have the effect of qualifying the terms of this Contract, and shall be binding upon Company as if written herein.

24. This Contract shall be governed by and construed in accordance with the laws of the State of Texas and shall be performable in Hidalgo County.

25. Except as specifically authorized by the agency in writing or otherwise authorized by the terms of this Contract, any alterations, additions or deletions to the terms of this Contract shall be amended hereto in

writing and executed by both parties to this Contract.

26. Company represents that it possesses the practical ability and the legal authority to enter into this Contract, receive and manage the funds authorized by this Contract, and to perform the services Company has obligated itself to perform under this Contract.

27. The person signing this Contract on behalf of Company hereby warrants that he/she has been authorized by Company to execute this Contract on behalf of Company and to bind Company to all terms herein set forth.

28. County shall have the right to suspend or terminate this Contract if there is a dispute as to the legal authority of either Company or the person signing this Contract to enter into this contract or to render performances hereunder. Should such suspension or termination occur, Company is liable to County for any money it has received for performance of the provisions of this Contract.

29. After final payment and all other pending matters are closed, Company shall return all records concerning this Contract for four years after the fiscal year end of the year this Contract terminates.

30. This Agreement may be terminated by County without cause upon thirty (30) days written notice to Company.

31. No person shall, on the ground of race, color, national origin or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under the Contract.

32. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1990, or with respect to an otherwise qualified disabled individual as provided in section 504 of the Rehabilitation Act of 1973, shall also apply to any such program or activity.

33. County reserves the right to enforce performance of any contract awarded hereunder in any manner prescribed by law or deemed to be in the best interest of the County in the event of breach or default by successful bidder; County reserves the right to terminate any contract immediately in the event a successful bidder fails to:

1. Meet schedules:

2. Pay any required fees or taxes; or
3. Otherwise perform in accordance with the specifications.

34. All contractors and sub-grants in excess of \$2,000 for construction or repair must comply with the Copland "anti-kickback" Act (18USC 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). Any suspected or reported violations of this Act shall immediately be reported to Texas Department of Housing and Community Affairs.

35. Company covenants that neither it nor any member of its governing body presently has any interest or shall acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of this Contract. Company further covenants that in the performance of this Contract no person having such interest shall be employed or appointed by Company..

36. No person (1) who is an employee, agent, consultant, officer, or official of the Company and who exercises or has exercised any functions or responsibilities with respect to assisted contract activities; or (2) who is in a position to participate in a decision making process or gains inside information with regard to such activities, may obtain a personal or financial interest or benefit, direct or indirect, in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties during their tenure.

37. Company is required to comply with Executive Order 11246, "Equal Employment Opportunity" as amended by Executive order 11592, "Amending Executive Order 11246 relating to Equal Employment Opportunity" and as supplemented by regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, and Department of Labor".

38. The County may copyright any work that is subject to copyright and was developed, or for which ownership was purchased, under an award. The Federal awarding agency (ies) reserve a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work for Federal purposes, and to authorize others to do so.

39. The County is subject to applicable regulations governing patents and invention, including government-wide regulations issued by the Department of Commerce at 37 CFR part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative

Agreements.”

40. The Federal Government has the right to:

(1) obtain, reproduce, publish or otherwise use the data first produced under an award: and

(2) authorize others to receive, reproduce, publish or otherwise use such data for Federal purposes.

41. TDHCA, the federal grantor agency, the Comptroller General of the United States,

or any of their duly authorized representatives shall have access to any books documents, paper, and records which are directly pertinent to this Contract.

WITNESS our hands in duplicate originals this \_\_\_\_ day of \_\_\_\_\_, 2006

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

Ramon Garcia, Hidalgo County Judge

ATTEST:

\_\_\_\_\_  
Juan D. Salinas, III , County Clerk

COMPANY: .

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

Printed Name: \_\_\_\_\_

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

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

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