

Bickerstaff Heath Delgado Acosta LLP

816 Congress Avenue Suite 1700 Austin, Texas 78701 (512) 472-8021 Fax (512) 320-5638 www.bickerstaff.com

September 23, 2008

Hidalgo County-Urban County Program
1916 Tesoro Blvd.
Pharr, Texas 78577

Attn: Urban County Program

RE: Agreement by and between Hidalgo County-Urban County Program and on behalf of Hidalgo County Precinct #3 and La Joya Water Supply Corporation ("LJWSC") dated April 24, 2007, and Agreement by and between Hidalgo County-Urban County Program and on behalf of Hidalgo County Precinct #3 and LJWSC dated February 19, 2007 (collectively, the "Subject Contract")

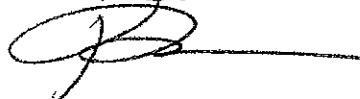
Dear Sir or Madam:

Pursuant to Section 7201.02 of the Special District Local Laws Code, the Texas Legislature has mandated that LJWSC transfer all of its assets, debts, and contractual rights and obligations to Agua Special Utility District (the "SUD"). The transfer will be effective upon order of the receivership court. The effective date is September 30, 2008. At closing, the SUD will (i) acquire all of the assets of LJWSC, (ii) assume all of the operations of LJWSC, and (iii) continue all the activities and business of LJWSC. The former employees of LJWSC will become employees of the SUD.

Please sign in the space provided below to indicate your consent to the assignment of the Subject Contract to the SUD. Execution of this letter represents your agreement that any and all licenses and warranties regarding the work specified in the Subject Contract shall transfer to the SUD. The assignment document from LJWSC will include an assumption by the SUD of the obligations of LJWSC under the Subject Contract.

If you have any questions regarding this matter, do not hesitate to contact LJWSC at (956) 585-2459 or me at (512) 404-7725.

Very truly yours,



Kathryn Lumpkin

The undersigned hereby consents to the
assignment of the Subject Contract
this ____ day of _____, 2008:

County of Hidalgo – Urban County Program

By: _____
Name: _____
Title: _____

STATE OF TEXAS
COUNTY OF HIDALGO

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AGREEMENT

This Agreement, made and entered into on this 24th day of April, 2007 by and between Hidalgo County-Urban County Program and on behalf of Hidalgo County Precinct #3 hereinafter referred to as "ENTITY," a political subdivision of the State of Texas and La Joya Water Supply Corporation a private not-for-profit organization, hereinafter referred to as "SUB RECIPIENT".

WITNESSETH

WHEREAS, the SUBRECIPIENT desires to carry out eligible activities as described in Exhibit A and permitted by 24 CER §570.201 (1); and

WHEREAS, the ENTITY proposes to contract with SUBRECIPIENT in order that the eligible activities described in Exhibit A can be carried out in the ENTITY's jurisdiction;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS: That for and in consideration of the mutual covenants and agreements herein set forth and other good and valuable consideration, the ENTITY and the SUBRECIPIENT do mutually agree as follows:

SECTION I Rules and Regulations

The SUBRECIPIENT agrees to cooperate with the ENTITY in respect to the implementation of Community Development Block Grant (CDBG) activities to be carried out by SUBRECIPIENT pursuant to 24 CFR Part 570 and other rules, regulations and decisions as may be made by the Department of Housing and Urban Development (HUD) or any other federal or state ENTITY that may legally exercise its jurisdiction over expenditures of CDBG funds.

SECTION II Statement of Work

SUBRECIPIENT agrees to perform services as outlined in Exhibit A: Statement of Work, of this Agreement for and in consideration of CDBG funding in the amount of \$1,478,662.29 enumerated in Exhibit B-1: Grant Budget and B-2: Payment Schedule.

SECTION II Statement of Work (Continued)

SUBRECIPIENT agrees to notify ENTITY in writing of any changes in its Statement of Work, Grant Budget and Payment Schedule. SUBRECIPIENT shall obtain approval in writing from ENTITY prior to commencing work on any changes made to the Statement of Work, Grant Budget and Payment Schedule.

ENTITY shall not be liable for costs incurred or performances rendered by SUBRECIPIENT before commencement of this agreement or after termination of this agreement.

SUBRECIPIENT agrees to follow the schedule outlined in Exhibit D: Schedule of Activity, of this Agreement, and shall notify ENTITY, in writing, of any changes, delays or departures from the schedule. If SUBRECIPIENT demonstrates that delays or departure from the schedule is due to circumstances beyond its control, ENTITY and SUBRECIPIENT may amend such Schedules of Activities.

SECTION III Records and Reports

SUBRECIPIENT agrees to maintain records and reports as outlined in *Exhibit C: Records and Reports* and agrees to make those records and reports available to the ENTITY, HUD, and any other local, state or federal entity or authority that may exercise jurisdiction over expenditure of CDBG funds.

SECTION IV Monitoring Visits

SUBRECIPIENT agrees that ENTITY shall conduct on-site monitoring visits to assure compliance with applicable Federal requirements and that performance goals are being achieved as per 24 CFR Part 85.40 (a).

SECTION V Payment Requests and Program Income

SUBRECIPIENT agrees to follow administrative directions from the ENTITY regarding documenting and processing payment requests as defined in *Exhibit E: Requests for Payments*.

ENTITY agrees that the program income stipulation is not applicable to SUBRECIPIENT.

SUBRECIPIENT and ENTITY agree that all unused CDBG funds will be returned to ENTITY at the end or termination of this agreement for either reallocation or to be reprogrammed by ENTITY.

SECTION VI Religious Activities

The SUBRECIPIENT and ENTITY both agree that none of the funds expended or activities undertaken shall be used in support of any sectarian or religious activity, nor shall any building or structure funded under this Agreement be used for sectarian or religious activities.

SECTION VII Other Program Requirements

SUBRECIPIENT agrees to comply with "Other Program Requirements" as listed in 24 CFR

§§570.600 - 611 except for those environmental review requirements listed as 24 CFR 070.604.

SECTION VIII
Uniform Administrative Requirements

SUBRECIPIENT agrees to comply with the requirements and standards of OMB Circular No. A-122, "Cost Principles for Nonprofit Organizations" and the following attachments to OMB Circular No. A-110 as applicable:

- (1) Attachment A, "Cash Depositories", except for paragraph 4 concerning deposit insurance;
- (2) Attachment B, "Bonding and Insurance";
- (3) Attachment C, "Retention and Custodial Requirements for Records", except that in lieu of the provisions in paragraph 4, the retention period for records pertaining to individual CDBG activities starts from the date of submission of the annual performance and evaluation report, as prescribed in 24 CFR §570.507, in which the specific activity is reported on for the final time;
- (4) Attachment F, "Standards for Financial Management Systems";
- (5) Attachment H, "Monitoring and Reporting Program Performance", paragraph 2;
- (6) Attachment N, "Property Management Standards," except for paragraph 3 concerning the standards for real property and *except* that paragraphs 6 and 7 are modified so that in all cases in which personal property is sold, the proceeds not needed by the SUBRECIPIENT for CDBG activities shall be transferred to the ENTITY for the use of the CDBG program or shall be retained after compensating the ENTITY for the original cost of such property or *the* portion thereof acquired with CDBG Funds; and
- (7) Attachment O, "Procurement Standards".

SECTION IX
Audit Requirements

SUBRECIPIENT agrees to comply with the applicable requirements and standards as set forth in OMB Circular A-133, Audits of States, Local Governments and Non-Profit organizations. SUBRECIPIENT agrees to provide to ENTITY a copy of its Financial Report.

SECTION X
Suspension and Termination

SUBRECIPIENT understands that this agreement may be suspended or terminated, in accordance with 24 CFR 05.43, if the SUBRECIPIENT materially fails to comply with the provisions of this agreement or the provisions so listed on Exhibits A through E.

This agreement may be terminated for convenience by either party at any time prior to the full term of the Agreement period, provided that written notice is given to the other party thirty (30) days in advance.

It is expressly agreed that this Agreement may not be amended except upon the joint action of both Hidalgo County, Urban County Program and La Joya Water Supply Corporation

SECTION XI
Assets

SUBRECIPIENT shall not purchase any asset unless so permitted by the ENTITY and such procurement shall be done in the form and manner so prescribed by the ENTITY.

Any asset acquired or improved in part or in whole with CDBG funds in excess of \$25,000 must be used in an activity that meets one of the national objectives listed in 24 CFR §570.208 for a period of five years after the expiration of this Agreement or a longer period if so determined by the ENTITY.

The disposition of any asset improved or acquired in part or in whole with CDBG funds by the SUBRECIPIENT must be done with prior approval of the ENTITY and the ENTITY shall be reimbursed for the asset, if sold, in the full amount of the disposed value of the asset. The ENTITY may, at its option, request that such asset be transferred to ENTITY if the asset is no longer being used to meet one of the national objectives or in any case where the SUBRECIPIENT no longer provides services shown on Exhibit A.

SECTION XII
Indemnity Clause

SUBRECIPIENT agrees to hold ENTITY harmless from, and indemnify ENTITY for and defend ENTITY against any and all claims brought against ENTITY by employees or officers of SUBRECIPIENT or brought by any third person arising in any manner directly or indirectly from SUBRECIPIENT programs, activities or events conducted pursuant to this Agreement.

SUBRECIPIENT shall acquire, maintain and furnish to ENTITY a Certificate of Insurance as proof that it has secured and paid for policies of public liability and automobile insurance to cover all operations and services under the contract agreement with limits of not less than \$300,000.00 per occurrence, \$300,000.00 aggregate, covering all risks incident to or in connection with the execution, performance, attempted performance or non-performance of this Agreement. This requirement shall be to meet SUBRECIPIENT's duty of indemnification under this paragraph.

SECTION XIII
Procurement

SUBRECIPIENT agrees to follow the rules of the ENTITY on the procurement of services, supplies or non-real property in relation to ENTITY-funded projects. The legal standards that will apply include the Procurement Standards of the Hidalgo County Urban County Program which includes 24 CFR 85 36, and the Texas County Purchasing Act. In such case as SUBRECIPIENT has developed procurement standards governing its operation, such standards shall be reviewed by ENTITY to ensure compliance with the Standards implemented by ENTITY.

SECTION XIV
Conflict of Interest

The SUBRECIPIENT covenants that no member of its organization or staff member who exercises influence on the decision-making process presently has or will have any interest, direct or indirect, with any person, corporation, company or association that is hired to carry out any of the activities so listed on Exhibit A.

The SUBRECIPIENT agrees that no person who is an elected official, officer, director, employee, consultant, or agent of the SUBRECIPIENT's organization or the ENTITY's organization shall gain any interest in any corporation, company, or association that is hired to carry out any of the activities so listed in Exhibit A during their tenure or for a period of one year thereafter.

No ENTITY employees, elected officials, consultants and/or agents shall solicit nor accept gratuities, favors, or anything of monetary value from any person, corporation, company, or association that has been hired or expects to be hired to perform any of the activities so described on Exhibit A.

SECTION XV Legal Action and Venue

The SUBRECIPIENT agrees to notify the ENTITY when a problem arises that may lead to legal action or claim against the SUBRECIPIENT. The SUBRECIPIENT agrees to furnish to the ENTITY any information with respect to such action or claim. The SUBRECIPIENT agrees not to take any action with respect to any legal action or claim sought against the SUBRECIPIENT without the advice and consent of the ENTITY.

Venue and jurisdiction of any suit, right or cause of action arising under or in connection with this Agreement shall lie exclusively in Hidalgo County.

SECTION XVI Miscellaneous Provisions

14.01 **Conflict with Applicable Law.** Nothing in this Agreement shall be construed so as to require the commission of any act contrary to law, and whenever there is any conflict between any provision of this Agreement and any present or future law, ordinance or administrative, executive or judicial regulation, order or decree, or amendment thereof, contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the affected provision or provisions of this Agreement shall be modified only to the extent necessary to bring them within the legal requirements and only during the time such conflict exists.

14.02 **No Waiver.** No waiver by ENTITY of any breach of any provision of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision hereof.

14.03 **Entire Agreement.** This Agreement contains the entire contract between the parties hereto, and each party acknowledges that neither has made (either directly or through any agent or representative) any representations or agreements in connection with this Agreement not specifically set forth herein. This Agreement maybe modified or amended only by agreement in writing executed by ENTITY and SUBRECIPIENT, and not otherwise.

14.04 **Texas Law to Apply.** This Agreement shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Hidalgo County, Texas. *The parties hereby consent to personal jurisdiction in Hidalgo County, Texas.*

14.05 **Notice.** Except as may be otherwise specifically provided in this Agreement, all notices, demands, requests or communications required or permitted hereunder shall be in writing and shall either be (i) personally delivered against a written receipt, or (ii) sent by registered or certified mail, return receipt requested, postage prepaid and addressed to the parties at the addresses set forth below, or (iii) by facsimile, at such other addresses as may have been theretofore specified by written notice delivered in accordance herewith:

If to ENTITY:

Hidalgo County

Attention: Urban County Program
1916 Tesoro Blvd. Pharr, Texas
78577

956
787
8127

if to SUBRECIPIENT:

La Jova Water Supply Corporation
P.O. Box A La Java, TX 78560

SECTION XVI Miscellaneous Provisions (Continued)

14.05 (Continued) Each notice, demand, request or communication which shall be delivered or mailed in the manner described above shall be deemed sufficiently given for all purposes at such time as it is personally delivered to the addressee or, if mailed, at such time as it is deposited in the United States mail.

14.06 **Additional Documents.** The parties hereto covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the terms of this Agreement.

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

14.08 **Assignment.** This Agreement shall not be assignable by SUBRECIPIENT. ENTITY may assign this Agreement without the consent of SUBRECIPIENT.

14.09 **Headings.** The headings and captions contained in this Agreement are solely for convenient reference and shall not be deemed to affect the meaning or interpretation of any provision or paragraph hereof.

14.10 **Gender and Number.** All pronouns used in this Agreement shall include the other gender, whether used in the masculine, feminine or neuter gender, and the singular shall include the plural whenever and as often as may be appropriate.

14.11 **Authority to Execute.** The execution and performance of this Agreement by ENTITY and SUBRECIPIENT have been duly authorized by all necessary laws, resolutions or corporate action, and this Agreement constitutes the valid and enforceable obligations of ENTITY and SUBRECIPIENT in accordance with its terms.

SECTION XVII
Effective Date

The effective date of this contract shall be the 24th day of April, 2007, such date being the date the County Commissioners' Court approved entering into this Agreement with SUBRECIPIENT, and shall terminate on the 31st day of December, 2007.

Approved and signed this 16 day of April, 2007.



Pablo Vela, Receiver

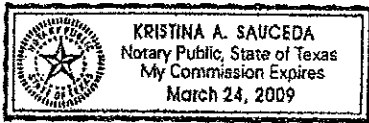
SUBRECIPIENT Firm Name: La Jova Water Supply Corporation
Address: P.O. Box A
City/State/Zip: La Java, TX 78550
Fed. I.D. # or Soc. Sec. #:

STATE OF TEXAS

COUNTY OF HIDALGO

Pablo Vela, Jr., personally appeared before me and declared that he/she signed this application in the capacity designated, if any, and further states that, he/she has read the above application, and the statements therein contained are true.

Subscribed and sworn to me before this 19th day of April, 2007.



Kristina A. Saucedo
NOTARY-SIGNATURE

COUNTY OF HIDALGO
URBAN COUNTY PROGRAM

Witness

Diana R. Serna, UCP Executive Director

Exhibit A
Statement of Work

Describe the type and amount

s of services provided by your agency that will result from the use of grant Funds. (Please explain in detail. If additional space is needed, use additional paper.)

The funding of \$1,478,662.29 will:

Relocate a large portion of the Corporations water lines. The relocations are required by TxDOT as a result of TxDOT's proposed improvements to US 83, which include widening the US 83 right of way to include a large portion of the Corporation's water lines and easements, as well as TxDOT projects to improve FM 1924 and Business Location of existing water lines are as follows:

US 83. US 83 and Abram Road (CSJ 0039-17-142; CSJ-0039-17-144; 0039-17-145;0039-17-147;0039-17-148;0885-01-085)Relocation of approximately 47,100' of water lines located along and outside of the current right of way of US Highway 83 from the Edinburg Main Canal to Business 83 West connector in Peñitas.

FM 1924 (3 Mile Rd.) (CSJ-1802-01-031)
Relocation of approximately 11,200' of water lines from Bentsen Palm Drive to FM 492.

Business US 83 (CSJ 0039-02-043). Relocation of approximately 17,500' of water lines along Business 83 from Inspiration Road west to US Highway 83

The following services will be performed in this manner:

The relocation of the water lines will be performed by the LJWSC through its own contractor under service agreement utilizing accepted construction methods.

The following services will be expanded/added as a result of CDBG funds:

Re-location of water lines for improvements to US 83, which include widening the US 83 right of way to include a large portion of the Corporation's water lines and easements, as well as TxDOT projects to improve FM 1924 and Business US 83.

The following type of beneficiaries will be served:

At least 51% of service area covered by the line are persons of low/mod income.

The services will be provided at the following address and/or location(s):

CT 24201 BG 1-4; CT 24202 BG 1-4

Exhibit B-1

Grant Budget
 City:___/ Pct.:3

TYPE OF EXPENDITURES	BUDGETED AMOUNT
US 83 and Abram Road (CSJ 0039-17-142; 0039-17-144; 0039-17-145; 0039-17-147; 0039-17-148; 0885-01-085) Relocation of approximately 47,100' of water lines located along and outside of the current right of way of US Highway 83 from the Edinburg Main Canal to Business 83 West connector in Peñitas.	
FM 1924 (3 Mile Rd.) (CSJ-1802-01-031) Relocation of approximately 11,200' of water lines from Bentsen Palm Drive to FM 492.	
Business US 83 (CSJ 0039-02-043). Relocation of approximately 17,500' of water lines along Business 83 from Inspiration Road west to US Highway 83.	
SUBTOTAL	
15% CONSTRUCTION CONTINGENCY	\$
	\$
TOTAL GRANT BUDGET:	\$ 1,478,662.29

**EXHIBIT B-2
PAYMENT SCHEDULE**

City: _____ 1 Pct.: _____

2007 _ For the Months of..	Estimated Amount of	Type of Budgeted Expenditures
JULY	\$	
AUGUST		
SEPTEMBER	\$	
OCTOBER		
NOVEMBER	\$	
DECEMBER	\$	
JANUARY	\$	
FEBRUARY	\$	
MARCH	\$	
APRIL	\$1,478,662.29	One lump sum payment prior to construction to LJWSC (a sole source provider).
MAY		
JUNE	\$	
TOTALS:	\$1,478,662.29	

Exhibit C
Records & Reports
City: _____/Pct:3

A). When requesting payment, attach a cover letter summarizing the expenditures with the following documents:

- Copies of Invoices
- Other Supporting Documents

Payment requests must be submitted to Urban County by the 15th of each month.

B). 1 Performance report must be submitted to the Urban County Program at the completion of the project. The performance report must have the following items:

- Period covered by Performance Report
- Type of services provided
- Type of Equipment/Supplies Purchased
- Amount of fund Expended
- Number of Beneficiaries Served & Ethnicity Data

4000	White, non Hispanic
600	Black, non Hispanic
	Native American
75	Asian or Pacific Islander
19000	Hispanic
23675	Total

Other significant Information

***BECAUSE OF THE NATURE OF THIS PROJECT, THE URBAN COUNTY PROGRAM WILL ASSUME THE LEAD IN GATHERING THE DATA ABOVE (BENEFICIARY AND ETHNICITY DATA) FOR FILE COMPLIANCE.**

C.) SUBRECIPIENT must maintain a file of all records and reports submitted to the Urban County Program.

SUBRECIPIENT must maintain files of all original contract agreements, amendments, and correspondence.

D.) SUBRECIPIENT must maintain proper financial records.

Exhibit D
Schedule of Activity
City: ____ / Pet.: 3

SLBRECIPIENT hereby agrees to perform services as outlined in Exhibit A.

A proposed monthly schedule of activity should be provided in this space. Schedule should not exceed SUB.RECWIENT contract time frame of twelve months from contract date.

2007 For the Months of...	Number of Beneficiaries	Services
JULY	0	Continue project construction
AUGUST	0	Continue project construction
SEPTEMBER	0	Continue project construction
OCTOBER	0	Continue project construction
NOVEMBER	0	Continue project construction
DECEMBER	23675	Completion of re-location of water lines for Precinct 3 area.
JANUARY		
FEBRUARY		
MARCH		
APRIL	0	Commence Project Construction
MAY	0	Continue project construction
JUNE	0	Continue project construction

EXHIBIT E
REQUESTS FOR PAYMENT
City: _____/Pct.: 3

- A) SUBRECIPIENT shall submit one invoice for the entire cost of the project. This invoice can be submitted at the onset of the project. Entity will pay in advance the total cost of the project.
- B) ENTITY will only reimburse for those costs and areas eligible as identified in Exhibits A, B, C, and D.

STATE OF TEXAS

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COUNTY OF HIDALGO

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AGREEMENT

This Agreement, made and entered into on this the 13th day of February, 2007 by and between **Hidalgo County-Urban County Program** and on behalf of Hidalgo County Precinct #3 hereinafter referred to as "ENTITY," a political subdivision of the State of Texas and La Joya Water Supply Corporation a private not-for-profit organization, hereinafter referred to as "SUB RECIPIENT".

WITNESSETH

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WHEREAS, the ENTITY proposes to contract with SUBRECIPIENT in order that the *eligible* activities described in Exhibit A can be carried out in the ENTITY's jurisdiction;

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**SECTION II
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Conflict of Interest

The **SUBRECIPIENT** covenants that no member of its organization or staff member who exercises influence on the decision-making process presently has or will have any interest, direct or indirect, with any person, corporation, company or association that is hired to carry out any of the activities so listed on Exhibit A.

The **SUBRECIPIENT** agrees that no person who is an elected official, officer, director, employee, consultant, or agent of the **SUBRECIPIENT**'s organization or the **ENTITY**'s organization shall gain any interest in any corporation, company, or association that is hired to carry out any of the activities so listed in **Exhibit A** during their tenure or for a period of one year thereafter.

No **ENTITY** employees, elected officials, consultants and/or agents shall solicit nor accept gratuities, favors, or anything of monetary value from any person, corporation, company, or association that has been hired or expects to be hired to perform any of the activities so described on **Exhibit A**.

SECTION XV Legal Action and Venue

The **SUBRECIPIENT** agrees to notify the **ENTITY** when a problem arises that may lead to legal action or claim against the **SUBRECIPIENT**. The **SUBRECIPIENT** agrees to furnish to the **ENTITY** any information with respect to such action or claim. The **SUBRECIPIENT** agrees not to take any action with respect to any legal action or claim sought against the **SUBRECIPIENT** without the advice and consent of the **ENTITY**.

Venue and jurisdiction of any suit, right or cause of action arising under or in connection with this Agreement shall lie exclusively in Hidalgo County.

SECTION XVI Miscellaneous Provisions

14.01 Conflict with Applicable Law. Nothing in this Agreement shall be construed so as to require the commission of any act contrary to law, and whenever there is any conflict between any provision of this Agreement and any present or future law, ordinance or administrative, executive or judicial regulation, order or decree, or amendment thereof, contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the affected provision or provisions of this Agreement shall be modified only to the extent necessary to bring them within the legal requirements and only during the time such conflict exists.

14.02 No Waiver. No waiver by **ENTITY** of any breach of any provision of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision hereof.

14.03 Entire Agreement. This Agreement contains the entire contract between the parties hereto, and each party acknowledges that neither has made (either directly or through any agent or representative) any representations or agreements in connection with this Agreement not specifically set forth herein. This Agreement may be modified or amended only by agreement in writing executed by **ENTITY** and **SUBRECIPIENT**, and not otherwise.

~~**14.04 Texas Law to Apply.** This Agreement shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Hidalgo County, Texas. The parties hereby consent to personal jurisdiction in Hidalgo County, Texas.~~

14.05 Notice. Except as may be otherwise specifically provided in this Agreement, all notices, demands, requests or communications required or permitted hereunder shall be in writing and shall either be (i) personally delivered against a written receipt, or (ii) sent by registered or certified mail, return receipt requested, postage prepaid and addressed to the parties at the addresses set forth below, or (iii) by facsimile, at such other addresses as may have been theretofore specified by written notice delivered in accordance herewith:

If to **ENTITY**:

Hidalgo County

Attention: Urban County Program
1916 Tesoro Blvd.
Pharr, Texas 78577

If to SUBRECIPIENT:

La Joya Water Supply Corporation
P.O. Box A
La Joya, TX 78560

SECTION XVI
Miscellaneous Provisions (Continued)

14.05 (Continued) Each notice, demand, request or communication which shall be delivered or mailed in the manner described above shall be deemed sufficiently given for all purposes at such time as it is personally delivered to the addressee or, if mailed, at such time as it is deposited in the United States mail.

14.06 **Additional Documents.** The parties hereto covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the terms of this Agreement.

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

14.08 **Assignment.** This Agreement shall not be assignable by SUBRECIPIENT. ENTITY may assign this Agreement without the consent of SUBRECIPIENT.

14.09 **Headings.** The headings and captions contained in this Agreement are solely for convenient reference and shall not be deemed to affect the meaning or interpretation of any provision or paragraph hereof.

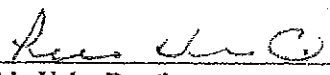
14.10 **Gender and Number.** All pronouns used in this Agreement shall include the other gender, whether used in the masculine, feminine or neuter gender, and the singular shall include the plural whenever and as often as may be appropriate.

14.11 **Authority to Execute.** The execution and performance of this Agreement by ENTITY and SUBRECIPIENT have been duly authorized by all necessary laws, resolutions or corporate action, and this Agreement constitutes the valid and enforceable obligations of ENTITY and SUBRECIPIENT in accordance with its terms.

SECTION XVII
Effective Date

The effective date of this contract shall be the 13th day of February, 2007, such date being the date the County Commissioners' Court approved entering into this Agreement with SUBRECIPIENT, and shall terminate on the 30th day of June, 2007.

Approved and signed this 19th day of FEB, 2007.



Pablo Vela, Jr., Receiver

SUBRECIPIENT Firm Name: La Joya Water Supply Corporation
Address: P.O. Box A
City/State/Zip: La Joya, TX 78560
Fed. I.D. # or Soc. Sec. #:

STATE OF TEXAS

COUNTY OF HIDALGO

Pablo Vela Jr, personally appeared before me and declared that he/she signed this application in the capacity designated, if any, and further states that, he/she has read the above application, and the statements therein contained are true.

Subscribed and sworn to before me this 19th day of February, 2007



Suzette J. Ruelas
Notary - Signature

COUNTY OF HIDALGO
URBAN COUNTY PROGRAM

Hiedra Parzan
Witness:

Diana R. Serna
Diana R. Serna
UCP Executive Director

Exhibit A
Statement of Work

Describe the type and amounts of services provided by your agency that will result from the use of grant Funds. (Please explain in detail. If additional space is needed, use additional paper.)

The funding of \$486,220.00 will:

Replace 17,025 linear feet of waterline with upgraded 12 inch DR25 fire-rated line from the Havana Water Plant going east on Highway 83. The upgraded line will defer the 30% water loss currently experienced by the present line and will also allow for the commercial and industrial development of the service area by offering fire protection (fire hydrants) that the current line cannot offer.

The following services will be performed in this manner:

The installation of the line will be performed by the LJWSC through its own contractor under service agreement utilizing accepted construction methods.

The following services will be expanded/added as a result of CDBG funds:

Increased access to water service for customers of the LJWSC by negating water service loss due to constant breaks in the existing line. Increased access to fire protection along Highway 83.

The following type of beneficiaries will be served:

At least 51% of service area covered by the line are persons of low/mod income.

The services will be provided at the following address and/or location(s):

CT 24201 BG 1-4; CT 24202 BG1-4

Exhibit B-1
Grant Budget
City: _____ / Pct.: 3

TYPE OF EXPENDITURES	BUDGETED AMOUNT
12" PVC, 17025 LINEAR FEET AT \$22.00 PER FT	\$ 374,550.00
12" PVC 90 DEGREE BEND; 1 AT \$750.00 EACH	\$ 750.00
6" FLUSH VALVES 10 AT \$1,250.00 EACH	\$ 12,500.00
TIE-IN TO EXISTING WATERLINE; 2 AT \$2,500.00 EACH	\$ 5,000.00
12" VALVE AND BOX; 12 AT \$2,500.00 EACH	\$ 30,000.00
SUBTOTAL	\$ 422,800.00
15% CONSTRUCTION CONTINGENCY	\$ 63,420.00
	\$
TOTAL GRANT BUDGET:	\$ 486,220.00

EXHIBIT B-2
PAYMENT SCHEDULE
City: _____ / Pct.: _____

2007 For the Months of...	Estimated Amount of Expenditures	Type of Budgeted Expenditures
JULY	\$	
AUGUST	\$	
SEPTEMBER	\$	
OCTOBER	\$	
NOVEMBER	\$	
DECEMBER	\$	
JANUARY	\$	
FEBRUARY	\$ 486,220.00	CONSTRUCTION AND SUPPLY COSTS
MARCH	\$	
APRIL	\$	
MAY	\$	
JUNE	\$	
TOTALS:	\$ 486,220.00	

**Exhibit C
Records & Reports**

City: _____ / Pct.: 3

A). When requesting payment, attach a cover letter summarizing the expenditures with the following documents:

- Copies of Invoices
- Other Supporting Documents

Payment requests must be submitted to Urban County by the 15th of each month.

B). 1 Performance report must be submitted to the Urban County Program at the completion of the project. The performance report must have the following items:

- Period covered by Performance Report
- Type of services provided
- Type of Equipment/Supplies Purchased
- Amount of fund Expended
- Number of Beneficiaries Served & Ethnicity Data
 - 4000 White, non Hispanic
 - 600 Black, non Hispanic
 - Native American
 - 75 Asian or Pacific Islander
 - 19000 Hispanic
 - 23675 Total
- Other significant Information

***BECAUSE OF THE NATURE OF THIS PROJECT, THE URBAN COUNTY PROGRAM WILL ASSUME THE LEAD IN GATHERING THE DATA ABOVE (BENEFICIARY AND ETHNICITY DATA) FOR FILE COMPLIANCE.**

~~C). SUBRECIPIENT must maintain a file of all records and reports submitted to the Urban County Program.~~

SUBRECIPIENT must maintain files of all original contract agreements, amendments, and correspondence.

D.) SUBRECIPIENT must maintain proper financial records.

Exhibit D
Schedule of Activity
City: _____ / Pct.: 3

SUBRECIPIENT hereby agrees to perform services as outlined in Exhibit A.

A proposed monthly schedule of activity should be provided in this space. Schedule should not exceed SUBRECIPIENT contract time frame of twelve months from contract date.

<u>20 07</u> For the Months of..	Number of Beneficiaries	Services
JULY		
AUGUST		
SEPTEMBER		
OCTOBER		
NOVEMBER		
DECEMBER		
JANUARY		
FEBRUARY	0	Order materials for project
MARCH	0	Commence project construction
APRIL	0	Continue and complete construction
MAY	23675	Increased access to water for LJWSC customers and fire protection along hwy 83
JUNE		

EXHIBIT E
REQUESTS FOR PAYMENT
City: _____ / Pct.: 3

- A) **SUBRECIPIENT** shall submit one invoice for the entire cost of the project. This invoice can be submitted at the onset of the project. Entity will pay in advance the total cost of the project.
- B) **ENTITY** will only reimburse for those costs and areas eligible as identified in Exhibits A, B, C, and D.