

NAWSC shall gratuitously furnish to City's designated engineer, such waterline modeling information as it may have to the extent such information affects the lines and hydrants shown in Exhibit "A"; such information does not constitute any representation or warranty of any condition and is subject to all limitations, disclaimers, etc. found in this agreement.

3. Except as otherwise provided in this paragraph, all City fire hydrants on NAWSC waterlines or any part of NAWSC's system, shall be painted black so as to be designated that they may be unavailable for use in a fire emergency and shall be operated by City such that a positive pressure of no less than 30 p.s.i. is maintained in NAWSC's water line at the point of connection between the water line and the fire hydrant. Should City perform annual testing of each hydrants subject to this agreement so as to determine the color coding attributable to each hydrant under City's fire hydrant coding scheme, City may paint the tested hydrants the appropriate color under that color coding scheme for a period of one (1) year following the test, after which a new test must be done, or the hydrant painted black until the appropriate test is done. Should a tested and color-coded hydrant's condition change after being tested and its condition be such that a different color code is appropriate, City will immediately repaint the hydrant accordingly or should a year expire without a hydrant being re-tested, City will immediately paint it black and if City fails to so test and paint City's fire hydrants, NAWSC may (but is not required to) do so at City's expense, such expense to be paid by City to NAWSC upon demand. By allowing a hydrant subject to this agreement to be painted any color other than black, NAWSC is not representing or warranting that the hydrant is available and suitable for use in a fire emergency.
4. The Fire Hydrants will be constructed by Developer and maintained by Developer and City as set out in Exhibit "B." If concrete is used for additional stability, the hydrant weep holes should not be covered.
5. All water used from NAWSC system will be reported monthly to NAWSC by City. This report will state the estimated amount of water used, the date of use, the location of use and any problems encountered with the Fire Hydrants. Forms will be provided by City.
6. There may be an annual charge by NAWSC for water used in fire protection. Such charge will be established annually by the Board of Directors. However, in no case will water be used for any domestic use, equipment wash-downs or construction purposes or any other purpose other than the actual use in controlling fires and maintaining the Fire Hydrants.
7. Because NAWSC is a rural system that cannot patrol all locations daily, a problem may arise as to the abuse of Fire Hydrants by the taking of water for uses other than fire protection. If this becomes a problem, NAWSC reserves the right to install security devices on all hydrants at the cost of City and Developer. Sufficient special wrenches, or keys, will be provided to NAWSC by City at no cost to NAWSC. Should City fail to install the required security devices, NAWSC may install such devices as it deems appropriate at a

cost to the City.

8. All Fire Hydrants maintenance, inspection and flushing will be done by City personnel, or those under contract to City, for which City will retain responsibility. A schedule will be set up by City to perform flushing no less frequently than once every six (6) months; maintenance, inspection and testing according to National Fire Protection Association 291 shall be performed by City no less frequently than every twelve (12) months. Such schedule shall be provided to NAWSC in writing no later than thirty (30) days prior to any date shown on the schedule. City will maintain the Fire Hydrants such that they may be used as a temporary water sales point and as a flush valve by NAWSC and if City fails to so maintain the Fire Hydrants, NAWSC may (but is not required to) do so at City's expense, such expense to be paid by City to NAWSC upon demand. NAWSC may use the Fire Hydrants as temporary water sales point and as flush valves in order to assure the sanitary conditions of the potable water. In order to assure the integrity of its system and to maintain the sanitary conditions of the potable water, NAWSC personnel will be present at the times of Fire Hydrants maintenance, inspection and flushing and no such activity will occur without such presence. All Fire Hydrants maintenance, inspection and flushing will be done at City's expense. NAWSC may require such maintenance, inspection, and/or flushing to be made at any time, and after notice of such is given to City, such will be conducted as soon as reasonably possible.
9. All installation and replacement of Fire Hydrants and appurtenances will be performed by those personnel approved by NAWSC and under City's and Developer's authority and responsibility, but only under NAWSC's inspection for defects in construction that may affect water quality. No installation or replacement of Fire Hydrants and appurtenances may occur without the presence of NAWSC personnel. All expenses involved in the installation and replacement of Fire Hydrants and appurtenances will be borne by City and Developer, including a reasonable fee for the presence and administration of NAWSC's personnel.
10. CITY AND DEVELOPER ACKNOWLEDGE AND AGREE THAT NAWSC, BY ALLOWING ACCESS TO ITS SYSTEM, ASSUMES A DUTY TO NOT INJURE A PERSON EMPLOYED BY OR OTHERWISE AUTHORIZED BY CITY OR DEVELOPER TO USE, ACCESS, OR IN ANY WAY BENEFIT FROM THE FIRE HYDRANTS, THE WATER THEREIN OR ANY APPURTENANCES THERETO (THE "USER") BY WILLFUL OR WANTON CONDUCT OR BY GROSS NEGLIGENCE, AND THAT NAWSC ASSUMES NO OTHER DUTY OR STANDARD OF CARE. CITY AND DEVELOPER UNDERSTAND THAT THE STANDARD OF CARE ASSUMED UNDER THIS AGREEMENT DOES NOT REQUIRE NAWSC TO WARN THE USER OF AN UNSAFE CONDITION OR TO MAKE AN UNSAFE CONDITION SAFE SHOULD NAWSC BECOME AWARE, EITHER ACTUALLY OR CONSTRUCTIVELY, OF A CONDITION WHICH RESULTS IN AN

UNREASONABLE RISK TO THE USER. FURTHER, CITY AND DEVELOPER UNDERSTAND THAT NAWSC MAY CHANGE THE CONDITION OF ITS SYSTEM IN A MANNER THAT MIGHT RENDER THE SYSTEM UNSAFE FOR A USER WITHOUT INCURRING LIABILITY FOR SUBSEQUENT INJURY TO USER BY THE NEW DANGER. CITY AND DEVELOPER AGREE TO USE THE WATER AND SYSTEM AT ITS OWN RISK AND AS IT IS FOUND. NAWSC, WITHOUT ACCEPTING ANY DUTY, GRATUITOUSLY WILL ENDEAVOR TO NOTIFY CITY AND DEVELOPER OF ANY CONDITION THAT MIGHT RENDER THE SYSTEM UNSAFE FOR USE BY CITY AND DEVELOPER SHOULD ITS MANAGER BECOME CONSCIOUSLY AWARE OF SUCH A CONDITION. NAWSC HEREBY SPECIFICALLY DISCLAIMS ANY WARRANTY, GUARANTY, OR REPRESENTATION, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, OR CONCERNING (A) THE NATURE AND CONDITION OF THE SYSTEM INCLUDING, WITHOUT LIMITATION, THE PIPELINES, HYDRANTS, FLUSH VALVES, APPURTENANCES, WATER AND REAL PROPERTY, THE SUITABILITY THEREOF FOR ANY AND ALL ACTIVITIES AND USES WHICH CITY AND DEVELOPER MAY ELECT TO CONDUCT OR THE EXISTENCE OF ANY HAZARD OR CONDITION; (B) THE NATURE AND EXTENT OF ANY RIGHT-OF-WAY, LEASE, POSSESSION, LICENSE, RESERVATION, CONDITION OR OTHERWISE; AND (C) THE COMPLIANCE OF THE SYSTEM OR ITS OPERATION WITH ANY LAWS, ORDINANCES OR REGULATIONS OF ANY GOVERNMENTAL ENTITY OR BODY. CITY AND DEVELOPER ACKNOWLEDGE BY USE OF THE SYSTEM THAT IT HAS AND WILL INSPECT THE SYSTEM AND CITY AND DEVELOPER WILL RELY SOLELY ON ITS OWN INVESTIGATION OF THE SYSTEM AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY OR ON BEHALF OF NAWSC. CITY AND DEVELOPER FURTHER ACKNOWLEDGE THAT THE INFORMATION PROVIDED AND TO BE PROVIDED WITH RESPECT TO THE SYSTEM WAS OBTAINED WITHOUT CONSIDERATION BEING GIVEN AND NAWSC (1) HAS NOT MADE ANY INVESTIGATION OR VERIFICATION OF SUCH INFORMATION; (2) DOES NOT MAKE ANY REPRESENTATION AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. ACCESS TO THE SYSTEM IS ALLOWED ON AN "AS IS", "WHERE IS", AND "WITH ALL FAULTS" BASIS, AND CITY AND DEVELOPER EXPRESSLY ACKNOWLEDGE THAT, IN CONSIDERATION OF THIS ACCESS, NAWSC MAKES NO WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OF CONDITION OR FITNESS FOR PARTICULAR PURPOSE WITH RESPECT TO THE SYSTEM OR ANY PORTION THEREOF.

CITY AND DEVELOPER AGREE BY ITS USE OF THE SYSTEM, DIRECTLY OR THROUGH OTHERS, THAT NAWSC SHALL NOT BE RESPONSIBLE OR LIABLE TO THE CITY AND DEVELOPER, FOR ANY DEFECT, ERRORS, OMISSIONS, OR

ON ACCOUNT OF ANY OTHER CONDITIONS AFFECTING THE PROPERTY, AS CITY AND DEVELOPER MAKE USE OF THE SYSTEM "AS-IS", "WHERE-IS", AND "WITH ALL FAULTS". CITY AND DEVELOPER OR ANYONE CLAIMING BY, THROUGH, OR UNDER CITY AND DEVELOPER, HEREBY FULLY RELEASE NAWSC, ITS EMPLOYEES, OFFICERS, DIRECTORS, REPRESENTATIVES, ATTORNEY AND AGENTS FROM ANY COST, LOSS LIABILITY, DAMAGE, EXPENSE, DEMAND, ACTION OR CAUSE OF ACTION ARISING FROM OR RELATED TO ANY DEFECTS, ERRORS, OMISSIONS, OR OTHER CONDITIONS AFFECTING THE SYSTEM. CITY AND DEVELOPER BY THEIR USE OF THE SYSTEM, FURTHER ACKNOWLEDGE AND AGREE THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH OF THE EXPRESSED TERMS AND PROVISIONS.

TO THE EXTENT APPLICABLE AND PERMITTED BY LAW, CITY AND DEVELOPER, IN CONSIDERATION FOR USING THE SYSTEM AND AS A MATERIAL INDUCEMENT TO NAWSC FOR ALLOWING SUCH USE, WAIVE THE PROVISIONS OF THE TEXAS DECEPTIVE TRADE PRACTICES-CONSUMER PROTECTION ACT, AS WELL AS ALL OTHER STATUTORY PROVISIONS WHICH MIGHT CREATE A CLAIM AGAINST NAWSC AS A RESULT OF THE USE OF NAWSC'S SYSTEM. ACCORDINGLY, CITY AND DEVELOPER, BY AND THROUGH THE BELOW SIGNING REPRESENTATIVES WHO HAVE BEEN GIVEN THE APPROPRIATE AUTHORITY BY THEIR GOVERNING BODIES STATE:

I WAIVE MY RIGHTS UNDER THE DECEPTIVE TRADE PRACTICES CONSUMER PROTECTION ACT, SECTION 17.41 ET SEQ, BUSINESS AND COMMERCE CODE, A LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS. AFTER CONSULTATION WITH AN ATTORNEY OF MY OWN SELECTION, I VOLUNTARILY CONSENT TO THIS WAIVER.

TO THE EXTENT APPLICABLE AND PERMITTED BY LAW, CITY AND DEVELOPER, BY ITS USE OF THE SYSTEM, DIRECTLY OR THROUGH OTHERS, AGREE TO INDEMNIFY, PROTECT, DEFEND, SAVE AND HOLD HARMLESS NAWSC, ITS EMPLOYEES, OFFICERS, DIRECTORS, REPRESENTATIVES, ATTORNEYS AND AGENTS FROM AND AGAINST ANY AND ALL DEBTS, DUTIES, OBLIGATIONS, LIABILITIES, SUITS, CLAIMS, DEMANDS, CAUSES OF ACTION, LOSSES, COST AND EXPENSES AND TO PAY ALL EXPERTS' AND ATTORNEYS' FEES AND EXPENSES AND COURT COSTS ASSERTED OR INCURRED BY NAWSC AT ANY TIME AND IN ANY WAY RELATING TO, CONNECTED WITH, OR ARISING OUT OF THE CONDITION OF NAWSC'S SYSTEM AND THE USE OF THE FIRE HYDRANTS OR THE OPERATION,

MAINTENANCE AND MANAGEMENT THEREOF, INCLUDING ANY CLAIMS, SUITS, OR CAUSES OF ACTION ARISING FROM ANY NEGLIGENCE, INCLUDING GROSS NEGLIGENCE OF NAWSC AND ITS AGENTS, OFFICERS AND EMPLOYEES AS THEY RELATE TO THE PROVISION OF WATER AND ACCESS TO NAWSC'S SYSTEM UNDER THIS AGREEMENT.

IT IS THE EXPRESS INTENTION OF THE PARTIES THAT THE INDEMNITY PROVIDED FOR IN THIS AGREEMENT IS TO INDEMNIFY AND PROTECT NAWSC FROM THE CONSEQUENCES OF ITS OWN NEGLIGENCE AND GROSS NEGLIGENCE, EVEN WHEN THAT NEGLIGENCE AND GROSS NEGLIGENCE IS FOUND TO BE THE SOLE CAUSE OF THE INJURY, DEATH OR DAMAGES. CITY AND DEVELOPER ALSO WAIVE ALL RIGHTS TO SUBROGATION AGAINST NAWSC.

11. This Agreement is intended to provide NAWSC with all the protections and limitations from liability allowed by the laws as they exist and will exist, including, but not limited to, Texas Water Code §67.0105, and the common law and all the terms and conditions hereof shall be liberally construed to effectuate this purpose and to sustain the validity of this Agreement. The parties agree that this Agreement shall not be construed in favor of or against either party on the basis that the party did or did not authorize the Agreement. This Agreement constitutes the entire agreement between the parties.
12. This agreement is effective upon execution by the parties and the recordation of Exhibit "A", with the official records of Hidalgo County and continues until terminated by either party in writing, such termination to occur only after written notice by the terminating party at least two (2) months prior to the termination date. All parties may terminate in the event of a default if such default is left uncured for 30 days after giving written notice.
13. Each person, signing below, warrants and represents to the parties to this Agreement, that he has been given full authority to execute this Agreement, such that it binds the party for which he signs to fully fulfill the terms of this Agreement.
14. This Agreement is not executed for the benefit of any third party and its terms shall not be enforceable by or in favor of any person or entity other than the express parties to the Agreement.
15. Developer will list NAWSC as an additional insured on all liability insurance policies it holds related to the property being the subject of this Agreement, if any, for the duration of this Agreement. Developer will provide NAWSC with a certificate of such insurance and 60 days prior notice for any cancellation of such insurance.
16. NAWSC shall have the right to locate the pipe and accessories necessary to provide water

for the Fire Hydrants in the Facility at a point to be chosen by NAWSC, and shall have access to the Facility property and equipment constructed by Developer and/or City at all reasonable and necessary times for any purpose with or in the furtherance of its business operations, and upon discontinuance of service, NAWSC shall have the right to remove any of its equipment from the Facility property. NAWSC may inspect its valves, piping, and appurtenances to the supply line as well as the Fire Hydrants on an annual basis for a reasonable fee to be set by NAWSC (initially \$200.00) to be paid by City, which may be increased based on future costs increases to provide this service. Where applicable, and upon notice, Developer shall have personnel present as necessary to assist in the inspection. Developer shall install, its own expense, any necessary fire service lines and equipment from NAWSC's facilities and equipment to the point of use, including any customer isolation valves, backflow prevention and other equipment as may be specified by NAWSC. NAWSC shall also have access to the Facility property for purpose of inspecting for possible illegal connections, cross-connections, potential contamination hazards, and illegal lead materials, and Developer and City agrees to annual inspections of its own facilities for these conditions.

17. Developer and City shall enforce the following restrictions to ensure the public health and welfare. The following undesirable practices are prohibited by State regulations and by this Agreement:
 - a. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contaminations shall be isolated from the Fire Hydrants by an air gap or an appropriate backflow prevention assembly in accordance with state regulations.
 - b. No cross-connection between the Fire Hydrants and a private water system is permitted. Potential threats to the public drinking water supply shall be eliminated at the service connection by the proper installation of an air gap or an appropriate backflow prevention assembly. Backflow assemblies require annual inspections and testing by a certified backflow prevention assembly tester and documentation of the inspections reflecting proper installation, maintenance, and operation must be provided to NAWSC no later than 30 days after the inspection.
 - c. No connection which allows condensing, cooling, industrial process water, or any water of unknown quality to be returned to the Fire Hydrants or the public drinking water supply is permitted.
 - d. No pipe or pipe fitting which contains more than 8.0% lead may be used for the installation or repair of the plumbing in the Fire Hydrants.
 - e. No solder or flux which contains more than 0.2% lead may be used for the

installation or repair of the plumbing in the Fire Hydrants.

18. NAWSC may notify Developer and/or City, as applicable, of any cross-connection or other undesirable practices which have been identified during the initial or subsequent inspection. Developer and/or City shall immediately correct any undesirable practice in the Facility. Developer and/or City shall, at its expense, properly install, test and maintain any backflow prevention device required by NAWSC. Copies of all testing and maintenance records shall be provided to NAWSC. Failure to comply with the terms of this Agreement shall cause NAWSC to terminate services or to install, test, and maintain an appropriate backflow prevention device at the service connection at the sole expense of Developer and/or City. Any expenses associated with the enforcement of this Agreement shall be paid to NAWSC upon presentation to Developer and/or City, as applicable.
19. Developer shall grant to NAWSC, now and in the future, any easements required for the purpose of installing, maintaining, and operating such pipelines, meters, valves, and any other equipment which may be deemed necessary by NAWSC to extend or improve NAWSC's service for existing and future customers and members of NAWSC, on such forms as are required by NAWSC.
20. Developer and City agree that the maximum amount of liability to Developer and City that may be incurred by NAWSC by virtue of any noncompliance with the terms of this Agreement is limited to the amount of fees paid by Developer and City to NAWSC for services provided under this Agreement during the calendar year in which the noncompliance occurs.
21. Should any amounts to be paid by any party hereto, remain unpaid after the date the payment is due, such unpaid amount shall accrue interest, payable to the party to which the payment is due, at an annual, compounded rate of ten percent (10%) from the date the payment is due until it is fully paid.
22. In the event any litigation arises out of this Agreement between the parties hereto, the non-prevailing party shall pay the prevailing party all reasonable and necessary attorney's fees, expert fees, expenses and costs of court expended or incurred in connection with the litigation pursuant to Section 271.153 of the Texas Local Government Code or similar authority effective at the time of the execution of this Agreement.
23. If any part, term, or provision of this Agreement is held by the courts to be illegal, invalid, or otherwise unenforceable, such illegality, invalidity, or enforceability shall not affect the validity of any other part, term, or provision, and the rights of the parties will be construed as if the part, term, or provision was never part of this Agreement.

24. The Agreement may be supplemented, amended, or modified only by the mutual agreement of the parties. No supplement, amendment, or modification of this Agreement shall be binding unless it is in writing and signed by all parties.

By signing and delivering this Agreement to the appropriate official of NAWSC, the City and Developer authorizes completion of this Agreement by filling in the Effective Date below.

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IN WITNESS WHEREOF, EXECUTED by NAWSC, Developer and City, acting under the authority of their respective governing bodies in multiple originals on the date indicated below.

SIGNED this _____ day of _____, 2018.

THE CITY OF San Juan, Texas

ATTEST:

By: _____,
Mario Garza, Mayor

By: _____,
Diana Cavazos, City Secretary

APPROVED AS TO FORM:

By: _____,
Rick Palacios, City Attorney

STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared Mario Garza, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he is Mayor of City of San Juan, that he executed the same as the act of City of San Juan for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the _____ day of _____, 2018.

Notary Public in and for the State of Texas

HIDALGO COUNTY, TEXAS

By: _____
Ramon Garcia, County Judge

APPROVED AS TO FORM:

By: _____
Attorney for Entity

STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared Ramon Garcia, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he is the County Judge of Hidalgo County, Texas and that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the _____ day of _____ 2018.

Notary Public in and for the State of Texas

NORTH ALAMO WATER SUPPLY CORPORATION
420 S. Doolittle Rd
San Juan, TX 78539-3832
Telephone: (956) 383-1618
Fax: (956) 383-1372

APPROVED AS TO FORM:

By: _____
Richard Ward Fryer, Attorney for
North Alamo Water Supply Corporation

By: _____
Steven P. Sanchez, General Manager

STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared Steven P. Sanchez, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he is General Manager of North Alamo Water Supply Corporation, that he executed the same as the act of North Alamo Water Supply Corporation for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the _____ day of _____, 2018.

Notary Public in and for the State of Texas

EXHIBIT "A"

EARLING ROAD

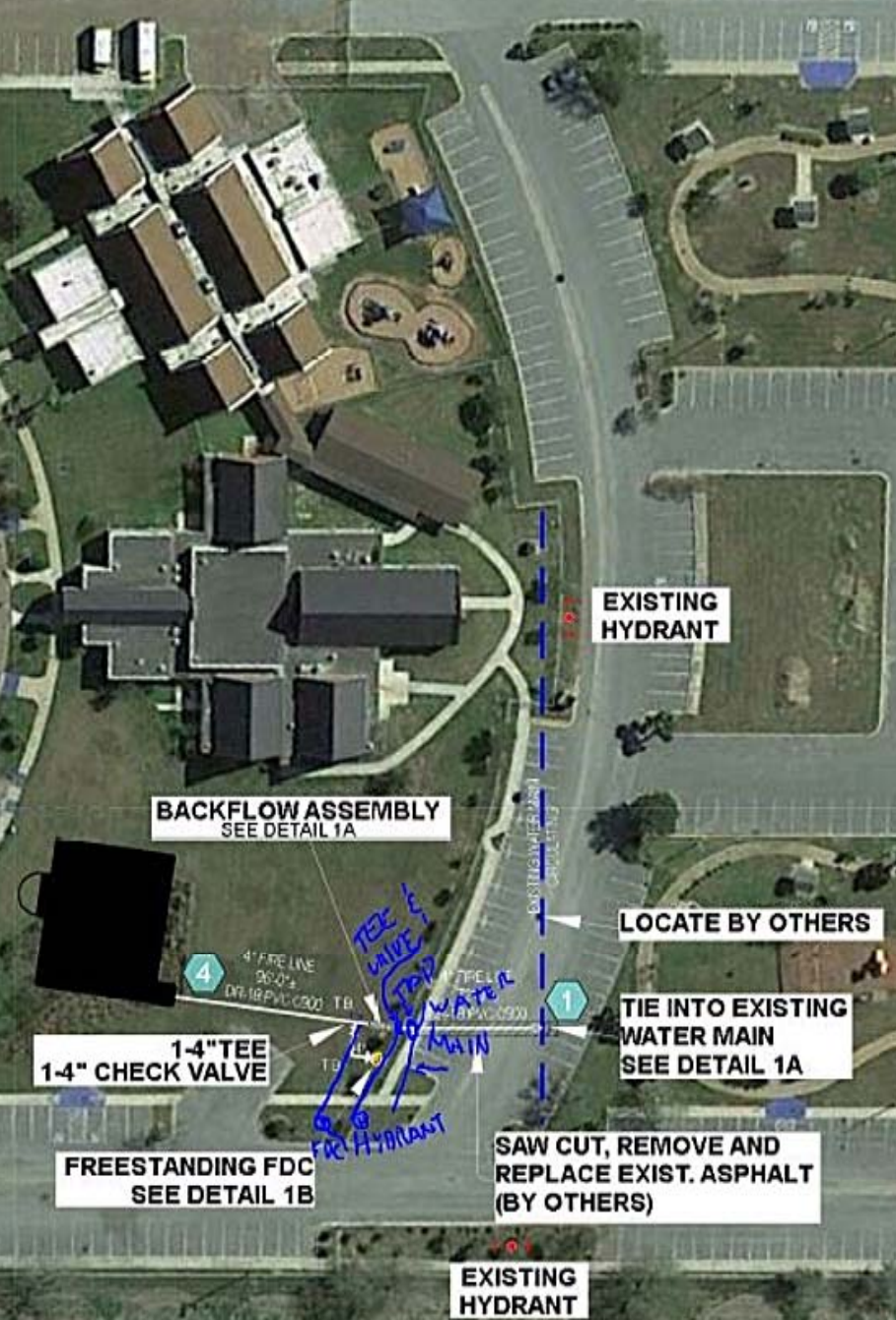


Exhibit A

EXHIBIT "B"

Fire Hydrant Installation

Each fire hydrant run-out shall be equipped with a 6" flanged mechanical joint resilient seated gate valve. This valve may be located adjacent to the mainline or between the mainline and the hydrant. Each fitting (Branch Tee, Gate Valve & Hydrant) shall be separately supported by a concrete thrust block including anchor rods. Care must be taken that the hydrant drain be kept clear when pouring concrete. Mainline Tees shall have mechanical joint, flanged fittings. Mega lugs shall also be used at all mechanical joint fittings.