

MODIFICATION TO TECHNICAL ASSISTANCE AGREEMENT

MODIFICATION NO. 1 (“MODIFICATION NO. 1”) to TECHNICAL ASSISTANCE AGREEMENT TAA25-003 (“Agreement”), between the North American Development Bank (the “NADB”), and Hidalgo County, Texas (the “Sponsor”) hereinafter collectively referred to as the “Parties”.

BACKGROUND:

The Parties entered into the Agreement on April 29, 2025, for the development of a Water Resources Plan for Hidalgo County, Texas (the “Work”).

BY VIRTUE OF THIS MODIFICATION No. 1, THE PARTIES RETROACTIVELY MODIFY THE AGREEMENT IN THE FOLLOWING MANNER:

I. ARTICLE 1 FINANCIAL ASSISTANCE

The Parties hereby modify Article 1 as follows: NADB will provide for the benefit of the Sponsor technical assistance funding in an amount not to exceed US\$320,374.00 for the development of the Water Resources Plan for the Lower Rio Grande Valley (Phase II). Sponsor will provide funding in an amount of US\$32,037.40.

II. ARTICLE 2 SCOPE OF WORK

As a result of this Modification No. 1 the Parties hereby include as part of the Work the development of a “Water Resources Plan for the Lower Rio Grande Valley (Phase II)”, as described in Exhibit “B” attached hereto. Exhibit “A” is maintained as reference of the Work performed for Phase I.

III. ARTICLE 9 TERM OF AGREEMENT

The Parties hereby modify Article 9, Section B of the Agreement, to extend the term of the Agreement and deadline for satisfactory completion of the Work to **June 15, 2027**.

IV. ARTICLE 19 REPRESENTATION

The NADB hereby designates Fernando Ortiz as NADB’s representative for purposes of the Agreement, replacing Renata Manning-Gbogbo. NADB hereby confirms that Fernando Ortiz possesses authority to act on behalf of the NADB in fulfillment of its obligations under the Agreement.

Except as expressly amended by this Modification No. 1, all other terms and conditions of the Agreement remain unchanged and in full force and effect.

V. EXECUTION OF THIS AGREEMENT

The Parties acknowledge and agree that this Modification No. 1 may be executed by electronic signature, which shall be considered as an original signature for all purposes and shall have the same force and effect as an original signature. Without limitation, “electronic signature” shall include faxed versions of an original signature or electronically scanned and transmitted versions (e.g., via pdf) of an original signature.

IN WITNESS WHEREOF, the duly authorized representatives of the Parties hereby execute this Modification No. 1 to Technical Assistance Agreement No. TAA25-003 in duplicate originals.

NORTH AMERICAN DEVELOPMENT BANK

HIDALGO COUNTY, TEXAS

By: 
Name: Fernando Ortiz
Title: Director of Technical Services & Grants

By: _____
Name: Richard F. Cortez
Title: Hidalgo County Judge

DATE: 4/22/2026

DATE: _____

EXHIBIT "A"

TERMS OF REFERENCE WATER RESOURCES PLAN FOR THE LOWER RIO GRANDE VALLEY PHASE I

Phase one – Project scoping:

Significant past and ongoing planning efforts for water resources in the Lower Rio Grande Valley exist, most notably the State Water Plan. Still, it is unclear to what extent these present a holistic, unified vision for the region as opposed to independent initiatives at the individual municipal or water user level. The Consultant shall identify planned initiatives and ascertain what additional planning is needed. The final deliverable will be a scope of work to develop a comprehensive water resources plan for Cameron and Hidalgo counties.

As part of this RFP, the Consultant, supported by a knowledgeable team, shall submit a proposal to accomplish the following objectives during this phase:

- (1) Develop a comprehensive understanding of the water situation in the region and its key players based on a compilation and review of existing regional and local plans and other available information, interviews, and site visits.
- (2) Identify the key players for this study, including the counties and city officials, or irrigation districts members, among others.
- (3) Propose the governance structure and stakeholder engagement process necessary for the execution of phase two.
- (4) Identify additional planning efforts necessary to develop a regional water resources management plan and propose a conceptual work plan to the steering committee.
- (5) Upon approval by the project sponsors, and in consideration of the steering committee's input, develop a scope of work for the execution of the recommended work plan to be completed in the second phase of the study.

The deliverable for the first phase will be a recommended approach for developing the roadmap, along with a tailored format for the planning document. This design will address the specific needs of the project sponsors and/or the unique requirements of the region (e.g., a Regional Integrated Resource Plan, Water Supply Master Plan, or 40-Year Water Supply Plan).

Phase two – Project execution:

The scope and specific tasks of the second phase will be determined in Phase 1 and could shape up in several different ways (e.g. regional Integrated Resource Plan, Water Supply Master Plan, 40-year Water Supply Plan). The following tasks illustrate the type of activities that may be executed for the purpose of preparing a proposal. However, it is important to point out that Phase 1 may recommend a different approach once existing plans are better understood.

- Defining the study area and key stakeholders
- Preparing population and water demand projections
- Researching and describing existing water supplies
- Estimating the future supply-demand gaps
- Identifying water supply options, which may include water supply portfolios
- Defining decision-making criteria for evaluating alternatives
- Evaluating and ranking water supply alternatives
- Providing recommendations and a roadmap for implementation

EXHIBIT "B"

TERMS OF REFERENCE WATER RESOURCES PLAN FOR THE LOWER RIO GRANDE VALLEY PHASE II

March 23, 2026

Carlos Acevedo
Senior Project Manager
North American Development Bank (NADBank)
www.nadbank.org

RE: Proposal to develop a Water Resources Plan for the Lower Rio Grande Valley

Dear Mr. Acevedo:

Halff Associates, Inc. (Halff) has prepared a proposal for services to develop Phase II of the referenced project. This project is expected to last 12 months depending on the committee meetings and review of proposed technical analysis and resulting recommended water supply projects.

Task 1: Project Management and Coordination

Halff project management activities include task leadership and direction; telephone and written communication; project status reports; project progress meetings; project invoicing; and personnel and data management among other general project management activities. Specific meetings, beyond staff management coordination and regular communication, include the following:

- Attend one (1) project kickoff meeting with NADBank staff. The meeting will be coordinated by Halff and is intended to discuss key items such as project schedule, budget, and any specific directives. Halff will provide a preliminary schedule at the kickoff meeting. We will discuss the outreach activities, proposed meetings, timeline of activities, and program goals.
- Prepare monthly project status updates and invoices.

Task 2: Committee Facilitation

Provide structured facilitation and administrative support for the County Judges Steering Committee (CJSC) and the Advisory Committee to promote effective, coordination, transparency, and collective progress towards improving regional water management in the Rio Grande Valley. Activities Include:

- Plan and host up to five meetings for the CJSC and up to five meetings for the Advisory Committee over the course of 12 months.

- Each meeting will be informational and thematically focused, designed to advance water resources management framework for NADBank.
- Develop agenda, presentations, and meeting materials.
- Coordinate meeting notices, invitations, and logistics for the Advisory Committee, the CJSC will be distributed by NADBank staff.
- Facilitate discussions from members that will provide input from the Advisory Committee to inform the CJSC.
- Prepared meeting notes and summary reports capturing key takeaways, recommendations, and next steps.

Deliverables

- Up to ten (10) committee meetings (5 CJSC, 5 Advisory Committee).
- Agendas, presentations, and supporting materials for each meeting.
- Meeting notes and summary reports for each session.
- Committee engagement log summarizing participation, major actions, and follow-up actions.

The central engagement mechanism will operate through a two-tiered committee system. The County Judges Steering Committee (CJSC) and a county-appointed Advisory Committee. This governance structure is designed to foster regional collaboration, transparency and accountability while respecting the roles and capacities of participating counties, water suppliers, water operators, municipalities, and technical experts. The framework is intended to:

- Align regional stakeholders under a common vision.
- Improve coordination across counties, sectors, and agencies.
- Enhance competitiveness for funding.
- Ensure implementation is technically sound, politically supported, and regionally equitable.

These strategies can ensure that outreach is more than a checkbox, they become a measurable, actionable component of water conservation that supports Region M's prioritization and implementation goals.

Task 3: Water Demand – Current and Projections.

Population trends have a significant impact on planning for future water needs in the Lower Rio Grande Valley (LRGV). However, the Regional Water Planning (RWP) process is required to use information from the State of Texas demographer. Region M consultants received requests from several Water User Groups (WUGs) to revise the official population projections. In this task, Halff will incorporate requested revisions to population growth, present pros and cons of the range of scenarios and confirm advisory committee and Judges steering committee agree on preferred scenario.

The LRGV is a unique setting where urban land use is replacing agriculture, theoretically freeing up water supply for other uses. However, population growth is dependent on the continued

agricultural output that drives a significant portion of the economy. This task will evaluate options for guiding growth that both allows for ongoing housing/commercial growth while continuing agricultural operations at a high level. The team will document how cities are growing and how conversion from Agricultural to Municipal uses impacts supply and demand. Halff will work with federal and/or state agricultural agencies to identify prime farmland that is also easiest to supply irrigation water. Halff will:

- Evaluate City Comprehensive plans to look at patterns for new growth areas.
- Work with retail water providers (cities, WSC, and counties) to identify projected growth areas that will require additional water infrastructure and supply sources. Using GIS mapping, identify areas to incentivize new development that will minimize the cost of new infrastructure and work toward regional interconnection of water supply and distribution systems. (Informs Task 8 Options to close the gap)
- Leverage information from the Lower Rio Grande Basin Study (LRGBS) and Public Utility Commission's (PUC) Certificate of Convenience and Necessity (CCN) information to confirm service areas of existing retail water providers with potential for regional interconnection based on projected growth areas identified. (Informs Task 8 Options to close the gap)
- Work with irrigation districts and state agricultural agencies to identify properties with the highest yield and best production capabilities while also being most optimal to supply irrigation water. This information will be provided to communities as information on how they may look at future development patterns that can preserve prime farmland. (Informs Task 8 Options to close the gap)

Using the projections for future population and city/county growth but also changes in land use from Agricultural to Municipal, which may lower the demand, develop at least two scenarios considering the following:

- Conservation efforts could lower the demand (although in planning documents this is sometimes accounted for as "supply")
- Use climate projections from the Fifth National Climate Assessment (NCA5) to assess the effects of future climate induced, increased temperatures on demand.

Deliverables

- Memo identifying range of population projections for study area.
- Regulatory recommendations memo including land use planning mapping.
- Results of two climate scenarios impacts on future water demand.

Task 4: Existing Water Supplies and Business-As-Usual (BAU) Trend

Halff will evaluate the existing water supply sources and how they may behave under different climate scenarios assuming BAU trends. Using existing Water Availability Model (WAM) and Groundwater Availability Model (GAM) results for the four-county region, Halff will identify limitations of both models to evaluate scenarios and use machine learning techniques (if

appropriate) to project future water supply availability and needs. *Note: No additional WAM/GAM model runs will be performed*

- Although the focus of the study is municipal, it is important to understand agricultural water sources given their relative weight in the region and the interconnection with municipal delivery/supply.
- Apply the climate scenarios trend analysis to assess ongoing drought and future rainfall variability impacts.

Deliverables

- Memo documenting potential trends in future water supply with current management approaches. The memo will include projections under potential future droughts and rainfall variability scenarios.

Task 5: Planned and Under-Execution Supply Projects

Halff shall compile supply projects currently under execution and initiatives already under consideration by local and/or regional planning efforts, such as the State Water Plan, seeking synergies and avoiding overlaps or conflicts. Halff will:

- Based on the RWP, identify a project that could be categorized as a success by stakeholders and whose lessons learned could be used as a basis for future projects. Create a fact sheet for the project to initiate discussion on what lessons learned can be applied to other projects in the portfolio. Document funding sources, planning time frames, end users, and cost.
- Identify existing wheeling agreements, cost-sharing agreements, and successful joint water supply projects to craft broader regionalization programs for the region.

Deliverables

- The team will develop a memo describing planned projects, a successful project benefitting one or multiple water user groups (WUG), and interconnection agreements used to convey water between users.
- Correlate the supply projects to the demands identified in Task 3 to identify trends for the region.

Task 6: Gap Analysis – Regional vs Individual

Based on the water supply and demand projections developed above, Halff will estimate water demand gaps disaggregated by user. These gaps shall be compared with existing estimates from other sources and validated in coordination with the CJSC. The analysis shall consider the seasonal nature of some water sources, such as deliveries from the Rio Grande. The Gap analysis will apply previous water balance techniques developed from GAM/WAM, models and updated population estimates.

Deliverables

- Memo documenting identified gaps at both regional and individual water purveyor scale.

Task 7: Preliminary Alternatives Ranking Methodology

Before developing potential alternatives to address supply-demand gaps, the Halff shall propose the principles and criteria to be used for evaluating, ranking, and prioritizing alternatives. While cost-effectiveness, both for Capital costs and Operation and Maintenance, would be important, other considerations, such as technical and political feasibility, water quality, reliability, water rights, social acceptance, etc., shall also be considered. One additional characteristic of the LRGV that must be taken into consideration is the need to convey municipal water in combination with irrigation water using districts' infrastructure.

Halff shall propose a methodology for applying such criteria for consideration and approval by the CJSC. The methodology development should consider the type of stakeholder engagement that would be most appropriate.

Deliverables

- Basis for cost-benefit comparison
- Ranking methodology in a format that allows easy comparison between alternatives.

Task 8: Options to Close the Gaps

Halff will identify opportunities to close the water supply gap through conservation, agricultural to municipal transfers, groundwater development, groundwater desalinization, reuse, stormwater capture, ocean desalinization, and other transfers. A potential difficulty here will be evaluating utility-specific projects vs regional/collaborative solutions, as well as closing individual vs regional gaps. The following factors will be developed for each option:

- Location, potential users/beneficiaries
- Size, volumes
- Average unit cost
- Pros, cons, implications

8.1 Update the Lower Rio Grande Basin Study (LRGBS) for current population projections and future climate predictions that evaluate changes in available water.

- Re-evaluate the need for the identified solutions and refine them, as necessary. Evaluate the siting, size, and cost of the identified solutions.

8.2 Identify potential Regional Detention Facilities (RDF) that could store economically viable amounts of runoff during extreme storm events that could be treated and redistributed for

municipal uses. The RDFs will be selected from proposed solutions identified in the Region 15 Regional Flood Plan

Deliverables

- Database of water conservation and reuse strategies for the region that have already been proposed/enacted by utilities.
- Technical memo summarizing sustainable water supply development approaches for the region.

Task 9: Portfolios of Alternatives

Task 5 may result in an inventory of projects, championed by various stakeholders but lacking a regional perspective on how to benefit the region. The Halff team will work with NADBank and the CJSC to develop up to three portfolios of alternatives that create synergy across the stakeholders and desired projects. The team will evaluate options such as creating portfolios around themes or desired implementation outcomes. With the goal of developing a roadmap, the team can think in terms of strategies with associated portfolios, as opposed to a collection of individual projects. Strategies can organize actions and funding around goals such as:

- Maximize conservation and reuse
- Maximize local resources (e.g., groundwater)
- Maximize regional collaboration

With a major goal of achieving regionalization to leverage economies of scale, it will be important to identify success metrics from existing regionalization projects in the region and craft tailored approaches for regional projects identified in the Region M regional water plan (RWP) and the LRGBS. As part of this task Halff will also:

- Identify opportunities from Task 8 for inter-basin transfers and importing water to distribute through regionalized water distribution systems.
- Identify water provider entities with existing or upcoming membrane/desalinization treatment plants that can expand and provide a more regionalized service. Evaluate the performance and success of a selected treatment plant to serve as a basis of future regional treatment plants.
- Incorporate the Delta project plan, technology, and siting information into the overall updated regional approach proposed by the LRGBS.

Deliverables

- Regionalization strategies for inclusion in final report.
- Up to three portfolio themes chapter of final report.

Task 10: Evaluation/Ranking of Portfolios

Halff and NADBank will evaluate and rank the alternatives developed under Task 9, using the criteria and methodology defined in Task 7. Factors that will be investigated include:

- Amount of “new” water produced
- Unit cost
- Resiliency, drought-proofness
- Feasibility of implementation

The team will:

- Develop sufficient detail for each alternative to allow scoring against the evaluation criteria.
- Develop a planning-level investment cost estimate using TWDB templates for consistency with the Regional M planning cost structure.
- Present the ranking of alternatives in one or more workshops with relevant stakeholders to ensure buy-in for future implementation.

Deliverables

- Scoring of all alternatives along with notes and input from the stakeholders.
- Summarize each project in a standard format such as a “project sheet” to allow review by the CJSC and for inclusion in the final portfolio.

Task 11: Refine Portfolios and Create “Roadmap Portfolio”

Halff shall prepare a draft proposed roadmap for implementation in phases: short, medium, and long term. The roadmap will describe the proposed actions in terms of their dimensions and supply capacity as it relates to their ability to meet the supply-demand gap. A planning-level investment cost estimate will be developed.

The implementation of the different components of the roadmap will be the responsibility of multiple parties. As such, the roadmap will need to identify the main actions to be taken by each party, such as additional technical work, socialization, acquisition of water rights, environmental clearance, and other significant permitting requirements, etc.

The Halff team will develop a graphical summary roadmap, technical report, and all supplemental information into a cohesive document submittal using the template developed in Phase 1 of this project.

The graphical summary will be between 10 and 15 pages and give a high-level overview of the project conclusions, next steps, and action items for each of the main participating groups. The groups will include:

- Elected Officials
- Municipal water suppliers
- Water Supply Corporations
- Irrigation Districts
- Groundwater Districts
- NADBank

The technical report will document the stakeholder engagement efforts, meeting minutes, any additional guidance from the steering committee, and results of the technical analyses. All supporting information will be delivered in electronic format and may be hosted by Halff for up to 2 years.

Deliverables

- Roadmap, Draft and final report with accompanying data and graphical summary

Respectfully,
HALFF ASSOCIATES, INC.



Troy Dorman, PhD, PE, CFM
Vice President

Fee Summary

CONSULTANT will provide all services on a LUMP SUM basis with a total fee of **\$640,748** Upon request, CONSULTANT can prepare proposals to assist the County in future program elements.

Task 1: Project Management and Coordination.....	\$ 17,562
Task 2: Committee Facilitation	\$ 94,864
Task 3: Water Demand – Current and Projections	\$ 44,864
Task 4: Existing Water Sources (supply) and Business-As-Usual (BAU) Trend	\$ 44,518
Task 5: Planned and Under-Execution Supply Projects	\$ 40,374
Task 6: Gap Analysis – Regional vs Individual	\$ 52,932
Task 7: Preliminary Alternatives Ranking Methodology.....	\$ 34,244
Task 8: Options to Close the Gaps	\$ 79,504
Task 9: Portfolios of Alternatives.....	\$ 75,380
Task 10: Evaluation/Ranking of Portfolios.....	\$ 68,272
Task 11: Iterations and Creation of “Roadmap Portfolio”	\$ 88,234

FEE SUMMARY TOTAL **\$ 640,748**

Items Excluded and/ or Optional Services:

The following services are excluded from this scope of work; however, following coordination with the NADBank, the following services may be added as supplemental services.

- Land or Right of Way Acquisition Services
 - Water Rights permitting services
 - Environmental permitting coordination with either State or Federal agencies not mentioned in the proposal
 - Field surveys and Right-of-entry (any field work will utilize public right-of-way and/or easements)
 - Field reconnaissance other than stated in proposal
 - Training
 - Permit and/or application fees
- Any other Halff Associates, Inc. professional services other than stipulated in this scope of work.