



**COMMISSIONER'S COURT MINUTES**

**FEBRUARY 16<sup>TH</sup> SPECIAL TERM, A.D. 2017**

- 1. CALL TO ORDER.
- 2. DETERMINATION THAT A QUORUM IS PRESENT:

**BE IT REMEMBERED** that on this the 16<sup>th</sup> day of February A.D. 2018 at 9:15 o'clock A.M., after due notice was given by posting of the attached Agenda; the Honorable Val Verde County Commissioners' Court convened in **SPECIAL SESSION**. The meeting was called to order, the following members being present and constituted a quorum: Efrain V. Valdez, County Judge, Presiding; Martin Wardlaw, Commissioner of Precinct No. 1; Lewis Owens, Commissioner of Precinct No. 2; Robert "LeBeau" Nettleton; Commissioner of Precinct No. 3; Gustavo Flores, Commissioner of Precinct No. 4; and Generosa Gracia-Ramon, County Clerk; when the following proceeding was had to wit:

- 3. Pledge of Allegiance.
- 4. Citizens' Comments.

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1) None

2) \_\_\_\_\_

3) \_\_\_\_\_

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**NOTICE IS HEREBY GIVEN TO THE PUBLIC THAT THE FOLLOWING ITEMS WILL BE DISCUSSED AND POSSIBLE ACTION MAY BE TAKEN BY THE VAL VERDE COUNTY COMMISSIONERS COURT:**

**MOTION KEY:**  
 EFRAIN V VALDEZ= EVV  
 COMM WARDLAW=W  
 COMM OWENS=O  
 COMM NETTLETON=N  
 COMM FLORES= F

**QUORUM**

COUNTY JUDGE  
 \_\_\_\_\_ Judge's Staff  
 \_\_\_\_\_ Judge's Staff  
 COMM. PRCT# 1  
 COMM. PRCT# 2  
 COMM. PRCT# 3  
 COMM. PRCT# 4

**ATTENDING**

**COUNTY STAFF/DEPTS:**

\_\_\_\_\_ COUNTY ATTY  
 Jason \_\_\_\_\_ COUNTY ATTY STAFF  
 \_\_\_\_\_ COUNTY ATTY STAFF  
 \_\_\_\_\_ DISTRICT CLERK  
 IT  
 \_\_\_\_\_ SHERIFF  
 SHERIFF'S STAFF  
 AUDITOR  
 \_\_\_\_\_ TREASURER  
 PURCHASING  
 Nereida \_\_\_\_\_ HR  
 \_\_\_\_\_ TAX COLLECTOR  
 RISK MGMT  
 FIRE DEPT  
 \_\_\_\_\_ EMERGENCY MGMT  
 \_\_\_\_\_ JP #1  
 \_\_\_\_\_ JP #2  
 JP #3  
 \_\_\_\_\_ JP #4  
 OTHER  
 Constable Hernandez

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MOTION KEY: EFRAIN V VALDEZ= EVV; COMM WARDLAW=W; COMM OWENS=O; COMM NETTLETON=N; COMM FLORES=F

**Efrain Valdez, County Judge**

## 5. Discussion and possible action on hail damage insurance money to be used for other projects.

ORDER	Motion	2 <sup>nd</sup>	Amend	Amendment/Notes	Accept	Ayes	Noes	Abst
18-068	N	O		Motion to approve, unassign the money and authorize the use for women's shelter.		W, O, N, F, EVV		

## 6. Discussion and possible action on pay raise for employees.

ORDER	Motion	2 <sup>nd</sup>	Amend	Amendment/Notes	Accept	Ayes	Noes	Abst
18-069	W	F		Motion to approve 2 ½ % raise and take out of contingency, not to include any temporary part-time, seasonal workers or two employees who received a previous increase, effective today. Total cost: \$124,000.00.		W, O, N, F, EVV		

## 7. Discussion and possible action on a committee to interview Engineer applicants.

ORDER	Motion	2 <sup>nd</sup>	Amend	Amendment/Notes	Accept	Ayes	Noes	Abst
18-070	N	F		All Commissioners to interview applicants and recommend.		W, O, N, F, EVV		

**Gustavo Flores, County Commissioner Pct. 4**

## 8. Discussion and possible action of approval to transfer \$8,500.00 from Pct 4 Operating Budget to The Fire Departments Supply Budget. This is for the purchase of two trucks Pct.4 bought from the Fire Department for \$8,500.00.

ORDER	Motion	2 <sup>nd</sup>	Amend	Amendment/Notes	Accept	Ayes	Noes	Abst
18-071	F	N		Motion to approve transfer from Pct. 4 Operating budget to fire department supply budget.		W, O, N, F, EVV		

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MOTION KEY: EFRAIN V VALDEZ= EVV; COMM WARDLAW=W; COMM OWENS=O; COMM NETTLETON=N; COMM FLORES=F

9. Discussion and possible action to approve an agreement between Val Verde County and the City of Del Rio regarding the Small Towns Environment Program (STEP) application for Ridgeline.

ORDER	Motion	2 <sup>nd</sup>	Amend	Amendment/Notes	Accept	Ayes	Noes	Abst
18-072	F	N		Motion to approve and		W, O, N, F, EVV		
				authorize Judge to sign.				

**Rogelio R. Musquiz Jr., County Purchasing Agent**

10. Discussion and possible action regarding Val Verde County entering into a 4 year service contract with Equity Community Development Corporation (ECDC) for the administration of the Colonia Self-Help Center Program to include authorized signature.

ORDER	Motion	2 <sup>nd</sup>	Amend	Amendment/Notes	Accept	Ayes	Noes	Abst
18-073	N	O		Motion to approve and		W, O, N, F, EVV		
				authorize Judge to sign.				

**Matthew Weingardt, County Auditor**

11. Discussion and possible action on negotiated settlement with District Attorney.

ORDER	Motion	2 <sup>nd</sup>	Amend	Amendment/Notes	Accept	Ayes	Noes	Abst
18-074	N	O		Motion to approve, authorize		W, O, N, F, EVV		
				Judge to sign and order to be				
				included in the minutes.				

12. Discussion and possible action on certification of new revenue.

ORDER	Motion	2 <sup>nd</sup>	Amend	Amendment/Notes	Accept	Ayes	Noes	Abst
18-075	N	F		Motion to approve budget for DA		W, O, N, F, EVV		
				as per the agreement and				
				budgets to be included with				
				the County Budget.				

13. Discussion and possible action on Judges signature for Patillo Brown & Hill LLP management letter.

ORDER	Motion	2 <sup>nd</sup>	Amend	Amendment/Notes	Accept	Ayes	Noes	Abst
18-076	N	W		Motion to approve.		W, O, N, F, EVV		

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MOTION KEY: EFRAIN V VALDEZ= EVV; COMM WARDLAW=W; COMM OWENS=O; COMM NETTLETON=N; COMM FLORES=F

**Ana Markowski Smith, County Attorney**

Executive Session items that may result in action in open session thereafter;

14. Ana Markowski Smith, County Attorney, requesting Executive Session pursuant to Texas Government Code §551.071(1)(A), attorney/client consultation regarding contemplated litigation and possible action in open session thereafter.

15. Ana Markowski Smith, County Attorney, requesting Executive Session pursuant to Texas Government Code §551.071(2), consultation which is governed by the attorney/client privilege and possible action in open session thereafter

EXECUTIVE SESSION: _____ v _____ §551.071(1) (A) _____ v _____ §551.071(2) _____
OTHER _____ BEGAN @ 9:25 AM ENDED @ 9:40 AM BREAK @ _____ RESUMED @ _____
_____ ACTION AFTER EX: _____

ORDER	Motion	2 <sup>nd</sup>	Amend	Amendment/Notes	Accept	Ayes	Noes	Abst
N/A								

**Commissioners Court reserves the right to hear any of the above agenda items that qualify for an executive session in an executive session by publicly announcing the applicable section number of the Open Meetings Act (Chapter 551 of the Texas Government Code) that justifies executive session treatment.**

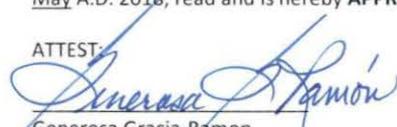
16. Approve bills for payment.

ORDER	Motion	2 <sup>nd</sup>	Amend	Amendment/Notes	Accept	Ayes	Noes	Abst
18-077	N	O		Motion to approve as presented.		W, O, N, F, EVV		

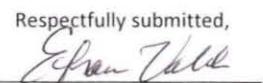
17. County Judge's comments. None.

18. Adjourn. 9:44 A.M.

The foregoing, recorded in Volume 50, pages 552-583, inclusive, was on this the 2<sup>nd</sup> day of May A.D. 2018, read and is hereby **APPROVED**.

ATTEST:  
  
 Generosa Gracia-Ramon  
 Val Verde County Clerk



Respectfully submitted,  
  
 Efran Valdez, County Judge  
 Val Verde County, Texas

MOTION KEY: EFRAIN V VALDEZ= EVV; COMM WARDLAW=W; COMM OWENS=O; COMM NETTLETON=N; COMM FLORES=F

County of Val Verde



**Efrain V. Valdez**  
County Judge

P.O. Box 4250  
Del Rio, TX 78841  
Email: [evaldez@valverdecountry.org](mailto:evaldez@valverdecountry.org)

Phone (830) 774-7501  
Fax (830) 775-9406

**AGENDA/NOTICE**

**VAL VERDE COUNTY COMMISSIONERS COURT**  
**February 16, 2018 SPECIAL TERM**

Old County Court at Law  
207 B East Losoya Street  
Del Rio, TX

**February 16, 2018 at 9:15 AM**

1. Call to order.
2. Determination that a quorum is present.
3. Pledge of allegiance.
4. Citizens' Comments.

**NOTICE IS HEREBY GIVEN TO THE PUBLIC THAT THE FOLLOWING ITEMS WILL BE DISCUSSED AND POSSIBLE ACTION MAY BE TAKEN BY THE VAL VERDE COUNTY COMMISSIONERS COURT:**

**Efrain Valdez, County Judge**

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6. Discussion and possible action on pay raise for employees.

7. Discussion and possible action on a committee to interview Engineer applicants.

**Gustavo Flores, County Commissioner Pct. 4**

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**Rogelio R. Musquiz Jr., County Purchasing Agent**

10. Discussion and possible action regarding Val Verde County entering into a 4 year service contract with Equity Community Development Corporation (ECDC) for the administration of the Colonia Self-Help Center Program to include authorized signature.

**Matthew Weingardt, County Auditor**

11. Discussion and possible action on negotiated settlement with District Attorney.
12. Discussion and possible action on certification of new revenue.
13. Discussion and possible action on Judges signature for Patillo Brown & Hill LLP management letter.

**Ana Markowski Smith, County Attorney**

Executive Session items that may result in action in open session thereafter;

14. Ana Markowski Smith, County Attorney, requesting Executive Session pursuant to Texas Government Code §551.071(1)(A), attorney/client consultation regarding contemplated litigation and possible action in open session thereafter.

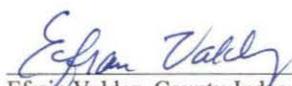
15. Ana Markowski Smith, County Attorney, requesting Executive Session pursuant to Texas Government Code §551.071(2), consultation which is governed by the attorney/client privilege and possible action in open session thereafter

**Commissioners Court reserves the right to hear any of the above agenda items that qualify for an executive session in an executive session by publicly announcing the applicable section number of the Open Meetings Act (Chapter 551 of the Texas Government Code) that justifies executive session treatment.**

16. Approve bills for payment.

17. County Judge's comments.

18. Adjourn.

  
Efrain Valdez, County Judge  
Val Verde County, Texas

2018 FEB 13 A 9:12  
GENERAL COUNCIL CLERK  
VAL VERDE COUNTY CLERK  
BY  DEPUTY

FILED

THIS NOTICE OF THE AGENDA WAS POSTED ON THE BULLETIN BOARD ON  
FEBRUARY 13, 2017: AT 9:12 AM/PM

P.O. Box 4250 • Del Rio, TX 78841

**CERTIFICATION**

I, the undersigned County Clerk, do hereby certify that the attached **AGENDA/NOTICE/ ADDENDUM** of the Val Verde County Commissioner's Court is a true and correct copy of the **AGENDA/NOTICE/ADDENDUM** received for filing by the County Clerk from the Val Verde County Judge on the 13th day of FEBRUARY, 2018 at 9:12 o'clock A. M. and recorded in the minutes of the Val Verde County Commissioner's Court.

SEAL



**Generosa Gracia-Ramon  
Val Verde County Clerk**

# 9

**SMALL TOWNS ENVIRONMENT PROGRAM (STEP)  
GRANT AGREEMENT**

**VAL VERDE COUNTY/CITY OF DEL RIO**

This is an agreement between Val Verde County, Texas a political subdivision of the State of Texas acting by its duly Commissioners Court, herein called County and the City of Del Rio.

The purpose of this agreement as required by the funding agency the Texas Department of Agriculture is to set forth the terms between the parties. The County agrees to submit an application for a Texas Community Development Block Grant Program grant to the Texas Department of Agriculture (TDA) in the amount of \$350,000.00 to be used for first-time water improvements for the Ridgeline community as addressed in the County's Texas Community Development Block Grant Small Towns Environment Program (STEP) application.

Those terms are:

1. Val Verde County agrees to serve as the agent for all programmatic and fiscal matters for the grant, if awarded.
2. The City of Del Rio shall bear no additional costs to this project above the grant funds.
3. All construction plans and specs for the First Time Water Service shall be reviewed and approved by the Del Rio Public Utility Commission before construction may commence.
4. All services and improvements shall comply with the subdivision rules for the City of Del Rio.
5. The City of Del Rio agrees to provide water to the Ridgeline Community and maintain the services and improvements addressed in the County's TxCDBG application.
6. This agreement is performable in its entirety in Val Verde County. Val Verde County agrees that it will indemnify and hold harmless the City of Del Rio from any and all claims and from any financial obligations or claimed obligation to the project.

Signed by Val Verde County this  
16<sup>th</sup> day of February, 2018

Efrain Valdez  
Efrain Valdez, County Judge

Generosa (Janie) Gracia-Ramon

Generosa Gracia-Ramon  
Generosa (Janie) Gracia-Ramon

Signed by the City of Del Rio  
this 7 day of February, 2018

Henry Arredondo  
Henry Arredondo, City Manager

Beatriz Vela  
Beatriz Vela, Deputy Secretary



#10

**ADMINISTRATIVE SERVICES CONTRACT**

**COLONIA SELF-HELP CENTER PROGRAM**

**VAL VERDE COUNTY SELF-HELP CENTER CONTRACT NO. 7217013**

**STATE OF TEXAS**

**COUNTY OF VAL VERDE**

**SECTION 1. PARTIES TO CONTRACT**

This Agreement for Services ("Contract") is made and entered into by and between the County of Val Verde, a political subdivision of the State of Texas, referred to as the "County" and Equity Community Development Corporation, a Texas nonprofit corporation with tax-exempt 501(c)(3) status, as determined by the IRS, referred to as "ECDC." The parties have severally and collectively agreed and by the execution of this Contract are bound to the mutual obligations and to the performance and accomplishment of the described tasks.

**SECTION 2. PERIOD OF PERFORMANCE**

This contract shall commence on February 1, 2018 and terminate on January 31, 2022, unless otherwise specifically provided by the terms of this Contract.

**SECTION 3. PERFORMANCE**

- A. The County entered into a contract with the Texas Department of Housing and Community Affairs ("TDHCA") wherein the County assumed certain duties and obligations relative to the Texas Community Development Block Grant, Colonia Self-Help Center Program, therein described. The County desires, by execution of this Contract, to enter into an agreement with ECDC to assume some of the County's duties and obligations as described in the above-mentioned contract with TDHCA.
- B. By execution hereof, ECDC agrees to provide, on the County's behalf, certain services required by the contract between the County and TDHCA in connection with the development of a Colonia Self-Help Center Program in Val Verde County, Texas.
- C. All services will be in accordance with the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301 *et. seq.*), referred to as the "Act," pursuant to Chapter 2306 of the Texas Government Code and the State's implementing regulations under Title 10, Part 1, Chapters 1, 20, and 25 of the Texas Administrative Code.
- D. All activities shall be performed in accordance with the terms of the "Performance Statement," attached hereto as Exhibit A and incorporated herein; the "Budget," attached

hereto as Exhibit B and incorporated herein; the "Project Implementation Schedule," attached hereto as Exhibit C and incorporated herein.

SECTION 4. COUNTY OBLIGATIONS

A. Payment. In consideration of full and satisfactory performance of the activities referred to in Section 3 of this Contract, the County shall reimburse actual and reasonable costs incurred by ECDC, subject to the limitations in Section 4(B).

1. Reimbursements shall begin as early as start date of Contract.
2. County shall not reimburse costs incurred after end date of Contract.
3. It is understood and agreed upon by the parties hereto that County's obligations under this Section 4 are contingent upon evidence of performance consistent with the Performance Statement.
4. County shall not reimburse ECDC for any costs incurred by ECDC, which are not allowable costs as set forth in Section 6(A) of this Contract.
5. County shall not reimburse ECDC for costs incurred and reserved on the Project Completion Report if such costs are not billed to County within ten (10) months after the end of its fiscal year that follows the termination date of the Contract.

B. Limit of Liability. Notwithstanding any other provision of this Contract to the contrary, the maximum amount of all reimbursement by the County to ECDC under this Contract shall not exceed the sum of \$1,000,000, unless additional funds are provided by TDHCA under this Contract.

SECTION 5. DRAWS

A. Draw Requests. ECDC shall compile, organize and electronically submit to the County all forms and backup documentation necessary for the County to review and approve draw requests for activities and services, including project activity draw requests for third-party vendors and administrative draw requests, as set forth in Section 3. Should the County seek reimbursement for Administrative or Force Account expenses incurred by the County, the County shall submit to ECDC documentation of County expenses on the required forms and with the necessary backup as soon as administratively possible to the actual, incurred expenses.

B. Limitations. ECDC requests for payments and reimbursements shall be limited to the amounts approved and necessary for the activities that are included in the Performance Statement. Advances from the County to third party vendors for project activities may be negotiated on a case-by-case basis according to County procedure.

C. Contingency for Payment. Notwithstanding the provisions of Section 5(A) of this Contract, it is understood and agreed upon by the parties hereto that payments under this contract are contingent upon ECDC's substantial performance of its obligations under this

Contract. No payment shall be delayed unless a failure to perform is material and substantial. County agrees to work with ECDC to expedite payment and resolve issues.

D. Schedule of Administrative Payments. Upon successfully meeting Expenditure Thresholds as described in the Colonia Self Help Center Program Rules, administrative draw requests from the General Administration line item shall be submitted to County in accordance with the Administrative Thresholds as described in the Colonia Self Help Center Program Rules. Administrative draw requests involving activity delivery expenses for the direct provision of contract performance measures shall be in accordance with the Colonia Self Help Center Program Rules. After receiving payment from TDHCA, the County shall remit payment to ECDC as soon as administratively possible.

E. Waiver. It is understood and agreed upon by the parties hereto that any right or remedy provided for in Section 5 of this Contract, or in any other provision of this Contract shall not preclude the exercise of any other right or remedy under this Contract or under any provision of law. Nor shall any action in the exercise of any right or remedy be deemed a waiver of any other rights or remedies. Failure to exercise any right or remedy hereunder shall not constitute a waiver of the right to exercise that or any other right or remedy at any time.

SECTION 6. ADMINISTRATIVE REQUIREMENTS AND COST PRINCIPLES

A. Allowable Costs. Except as specifically modified by law or the provisions of this Contract, ECDC shall comply with all applicable regulations and the Office of Management and Budget (OMB) Super Circular.

SECTION 7. RETENTION AND ACCESSIBILITY OF RECORDS

A. Records. ECDC shall maintain original records and supporting documentation for all expenditures of funds under this Contract at the Colonia Self Help Center at FM 2523 Bldg. #97, Del Rio, Texas 78840. All records shall include information required by the OMB Super Circular and Title 24, Code of Federal Regulations, Part 570.490. Upon successful completion of the requirements under this Contract, ECDC shall deliver all records to County and County shall retain such records for the greater of three (3) years from closeout of County's contract with TDHCA or the period required by other applicable laws and regulations.

B. Access. ECDC shall give the United States Department of Housing and Urban Development, the Inspector General, the General Accounting Office, the Auditor of the State of Texas, TDHCA, and County, or any of its duly authorized representatives, access to and the right to examine all records, accounts, reports, files, and property belonging to or in use by ECDC pertaining to this Contract.

SECTION 8. REPORTING REQUIREMENTS

A. TDHCA Requirements. ECDC shall submit to County required Quarterly Reports no later than three (3) business days prior to their due date to TDHCA. Quarterly Reports are due to TDHCA on April 10, July 10, October 10, and January 10 of each calendar year. Quarterly Reports shall be provided in the format required by TDHCA.

B. County Requirements. ECDC may present to the County Commissioners' Court detailed progress reports on a quarterly basis coinciding with the submission of the Quarterly Report.

SECTION 9. CONFLICT OF INTEREST

A. ECDC shall ensure that no employee, officer, or agent of ECDC shall participate in the selection, or in the award or administration of a subcontract supported by funds provided if a conflict of interest, real or apparent, would be involved. Such conflict of interest would arise when: 1) The employee, officer, or agent; 2) any member of his or her immediate family; 3) his or her partner; or 4) any organization which employs, or is about to employ any of the above, has a financial or other interest in the firm or person selected to perform the subcontract. ECDC shall comply with 24 C.F.R. 570.489(h).

B. The conflict of interest provisions of Subsection (A) apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of County or ECDC.

SECTION 10. NONDISCRIMINATION AND SECTARIAN ACTIVITY

A. ECDC shall ensure that no person shall on the ground of race, color, national origin, religion, sex, familial status, age, or disability be excluded from participation in, be denied the benefits of, or be subjected to discrimination under or be denied access to any program or activity funded in whole or in part with funds made available under this Contract.

B. ECDC shall meet the accessibility standards under (i) Title VI of the Civil Rights Act of 1964, as amended, (ii) the Age Discrimination Act of 1975 and its implementing regulations at 24.C.F.R. Part 146, (iii) Titles II and II of the Americans with Disabilities Act of 1990, as implemented by Department of Justice regulations at 28 C.F.R. Parts 35 and 36, (iv) Section 504 of the Rehabilitation Act of 1973 and its implementing regulations at and 24 C.F.R. Part 8, (v) Title VIII of the Civil Rights Act as implemented by the U.S. Department of Housing and Urban Development at 24 C.F.R. Part 100, (vi) the Architectural Barriers Act of 1968, including the use of a telecommunications device for deaf persons (TDDs) or equally effective communication system and (vii) TDHCA's Accessibility Rules in Subchapter B of 10 TAC Chapter 1, as may be amended from time to time.

C. By the execution of this Contract, ECDC agrees that the Colonia Self Help Center Program will be conducted and administered in conformity with the Civil Rights Act of 1964, as amended and 24 C.F.R. Part 1, "Nondiscrimination in Federally Assisted Programs of the U.S. Department of Housing and Urban Development – Effectuation of Title VI of the

Civil Rights Act of 1964," the Texas Fair Housing Act (Chapter 301 of the Texas Property Code) and the Fair Housing Act and implementing regulations at 24 C.F.R. Parts 100-115, and that it will affirmatively further fair housing, as specified by TDHCA.

D. ECDC agrees to comply with Equal Employment Opportunity requirements as provided in President's Executive Order 11246 of September 24, 1965, as amended, and its implementing regulations at 41 C.F.R Part 60.

E. ECDC shall comply with the Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12259) and its implementing regulations at 24 C.F.R. Part 107. The failure or refusal to comply with the requirements of Executive Order 11063 or 24 C.F.R. Part 107 shall be a proper basis for the imposition of sanctions specified in 24 C.F.R. 107.60.

Section 11. LEGAL AUTHORITIES

A. ECDC assures and guarantees that it possesses the legal authority to enter into this Contract, receive funds authorized by this Contract, and to perform the services ECDC has obligated itself to perform hereunder.

B. The person or persons signing and executing this Contract on behalf of ECDC do hereby warrant and guarantee that he, she, or they have been duly authorized by ECDC to execute this Contract and to validly and legally bind ECDC to all terms, performances, and provisions herein set forth.

C. County shall have the right to suspend or terminate this Contract if there is a dispute as to the legal authority of either ECDC or the person signing this Contract to enter into this Contract or to render performance hereunder.

Section 12. CHANGES AND AMENDMENTS

A. Except as specifically provided otherwise in this Contract, any alterations, additions, or deletions to the terms of this Contract shall be by amendment hereto in writing and executed by both parties to this Contract. If any party returns an executed copy by electronic transmission, the signing party intends the copy of its authorized signature to be its original signature.

B. Any changes, additions, or deletions to the terms of this Contract which are required by changes in Federal or State law or regulations are automatically incorporated into this Contract without written amendment, and shall become effective on the day designated by such law or regulation.

Section 13. SUSPENSION

A. Notwithstanding the provision of Chapter 2251 of the Texas Government Code, in the event ECDC fails to comply with any term of this Contract, County may, upon written notification to ECDC, suspend this Contract in whole or in part and withhold further payment to ECDC, and prohibit ECDC from incurring additional obligations of funds under this Contract.

Section 14. TERMINATION

A. County shall have the right to terminate this Contract, in whole or in part, a any time before the date specified in Section 2 of this Contract whenever County determines that ECDC has failed to comply with any term of this Contract. County shall notify ECDC in writing of any defect in performance and the consequences of said defect up to and including termination, the reasons for termination, the effective date of such termination and in the case of partial termination, the portion of this Contract to be terminated.

B. Either of the parties to this Contract shall have the right to terminate this Contract, in whole or in part, when both parties agree that the continuation of the activities funded under this Contract would not produce beneficial results commensurate with the further expenditure of funds; provided that both parties agree, in writing, upon the termination conditions, including the effect date of such termination, and in the case of partial termination, the portion of this Contract to be terminated.

C. Upon termination or receipt of notice to terminate, whichever occurs first, County shall reimburse ECDC only for those expenses that have been approved prior to the notice of termination. County shall not be liable to ECDC or to ECDC's creditors for any costs, expenses, or liabilities of ECDC incurred after termination of the Contract, which shall be ECDC's sole responsibility.

D. Notwithstanding any exercise by County of its right of suspension under Section 13 of this Contract, or of early termination pursuant to this Section 14, ECDC shall not be relieved of any liability to County for damages due to County by virtue of any breach of this Contract by ECDC. County may withhold payments to ECDC until the exact amount of damages due to County from ECDC is agreed upon or is otherwise determined.

E. County shall grant ECDC a thirty (30) day opportunity to cure any failures of performance.

Section 15. ENVIRONMENTAL CLEARANCE

A. ECDC understands and agrees that by execution of this Contract, ECDC shall assume the responsibility for environmental review.

Section 16. CITIZEN PARTICIPATION

A. ECDC shall provide for and encourage citizen participation through public hearings concerning any activities proposed to added, deleted or substantially changed, as determined by County, from the activities specified in the Performance Statement. ECDC shall ensure that citizens are aware of the location and time of public hearings.

B. ECDC shall maintain a written citizen complaint procedure to provide a timely written response to complaints and grievances. Such procedure shall comply with TDHCA's Complaint System at 10 TAC 1.2.

Section 17. ORAL AND WRITTEN AGREEMENTS

A. All oral and written agreements between the parties to this Contract relating to the subject matter of this Contract that were made prior to the execution of this Contract have been reduced to writing and are contained in this Contract.

Section 18. ATTACHMENTS

A. The attachments enumerated and denominated below are hereby made a part of this Contract and constitute required performance by ECDC in accordance with Section 3 of this Contract. Any amendments or modifications made to the Performance Statement and Budget and executed between County and TDHCA are automatically incorporated into this Contract without written amendment, and shall become effective on the day the amendment or modification was executed.

1. Performance Statement
2. Budget

**VAL VERDE COUNTY**

By: Efrain Valdez  
Efrain Valdez, County Judge

Date: 2/16/18

ATTEST:  
Generosa Gracia-Ramon  
Generosa Gracia-Ramon, County Clerk



**EQUITY COMMUNITY DEVELOPMENT CORPORATION**

By: Robert Stevenson  
Robert Stevenson, Executive Director

Date: 2/7/18

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
COLONIA COUNTY SELF-HELP CENTER  
CONTRACT NO. 7217013  
COUNTY OF VAL VERDE, TEXAS

**EXHIBIT A**  
**PERFORMANCE STATEMENT**

Contractor shall carry out the following activities in the Val Verde County Colonia Self-Help Center (SHC) service area colonias of **Rise Estates (M2330019)**, **Val Verde Park (M2330012)**, **Val Verde Park #2 (M2330013)**, **Cienegas Terrace (M2330003)**, and the **Town of Comstock (M230011)**. The persons to benefit from the activities described in this Performance Statement must be receiving service or a benefit from the use of the new or improved facilities and activities for the contract obligations to be fulfilled. The Contractor shall ensure that the amount of funds expended for each activity described does not exceed the amount specified for such activity in Exhibit B, Budget. The total number of beneficiaries to be targeted will be four thousand nine hundred thirty-eight (4,938) persons of which four thousand nine hundred thirty-eight (4,938) or one hundred percent (100%) are of low- to moderate-income.

**7. Public Service** **\$100,000**

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**Solid Waste Removal**

Contractor shall implement a minimum of sixteen (16) solid waste removal activities such as colonia lot cleanup campaigns, the removal of junk vehicles and large item trash pick-up as needed at an average cost of two thousand dollars (\$2,000) per activity. An average of twenty thousand pounds (20,000 lbs.) will be collected per activity and all activities will include the proper disposal of all solid waste for the residents of the Val Verde County Colonia Self-Help Center target area.

These activities shall benefit four thousand nine hundred thirty-eight (4,938) persons of which four thousand nine hundred thirty-eight (4,938) or one hundred percent (100%) are of low- to moderate-income.

**Title Related Services**

Contractor shall conduct a minimum of five (5) Title Related Services to correct and regularize Contracts for Deed, clouded titles, property transfers, intestate estates, and other title ownership matters.

These activities shall benefit fifteen (15) persons, of which fifteen (15) persons or one hundred percent (100%) are of low- to moderate-income.

**Tool Library**

The tool lending library is an area-wide public service activity and the contractor shall operate one (1) tool lending library the duration of the contract period, maintain and purchase tools as necessary to provide tools for home construction and improvements for the benefit of colonia residents who are building or repairing their residence or installing necessary residential infrastructure.

The Val Verde Colonia Self-Help Center will complete a minimum of four hundred (400) tool checkouts within the targeted colonias. The tool library resources will be prioritized for the residents of the Val Verde County Colonia SHC target area.

These activities shall benefit four hundred (400) persons, of which four hundred (400) persons or one hundred percent (100%) are of low- to moderate-income.

**Technology Access**

Contractor shall provide colonia residents access to computers and the internet. A minimum of four hundred (400) visits by colonia residents shall be accomplished. Access to technology shall be prioritized in the Val Verde County Colonia Self-Help Center target area.

These activities shall benefit four hundred (400) persons, of which four hundred (400) persons or one hundred percent (100%) are of low- to moderate-income.

**Homeownership Classes**

Contractor shall conduct ten (10) homeownership classes/workshops to educate individuals and families on their rights and responsibilities as homeowners including, but not limited to, consumer education, home maintenance, will and estate planning, financial fitness, understanding credit and insurance, and predatory lending. Classes may be conducted on-line or in person.

These activities shall benefit fifty (50) persons, of which fifty (50) persons or one hundred percent (100%) are of low- to moderate-income.

**Model Home Plans**

Contractor shall develop new model home plans consisting of three (3) floor plan options that will meet or exceed current Texas Department of Housing and Community Affairs housing standards, including energy efficiency requirements, to be made available to the residents of the Val Verde County Colonia Self-Help Center target area.

These activities shall benefit four thousand nine hundred thirty-eight (4,938) persons of which four thousand nine hundred thirty-eight (4,938) or one hundred percent (100%) are of low- to moderate-income.

**9a. Residential Rehabilitation **\$570,000****

**Colonia Housing Rehabilitation**

Contractor shall conduct thirteen (13) residential rehabilitations of housing units for residents of the Colonia SHC service area at a cost not to exceed forty-five thousand dollars (\$45,000) that will bring the rehabilitated homes up to Texas Minimum Construction Standards.

These activities shall benefit twenty-six (26) persons, of which twenty-six (26) or one hundred percent (100%) are of low- to moderate-income.

**13. Administration, Planning and Management **\$150,000****

Contractor shall ensure the amount of funds expended for all eligible project-related administration activities that are intended to be charged to the contract, including the required annual program compliance and fiscal audit costs, do not exceed the amount specified for administration in Exhibit B, Budget.

**15b. Not Feasible for Rehabilitation (Reconstruction) **\$180,000****

Contractor shall conduct four (4) reconstructions of housing units for residents of the Colonia SHC service area at a cost not to exceed forty-five thousand dollars (\$45,000). The reconstructed homes must meet the local adopted code or, in the absence of local adopted code, must meet at a minimum the 2015 International Residential Code (not including §P2904, "Dwelling Unit Fire Sprinkler Systems"). The homes

must also meet Health and Safety Code Chapter 388, "Texas Building Energy Performance Standards"; Tex. Gov't Code §2306.514, "Construction Requirements for Single Family Affordable Housing"; and all other applicable codes, requirements, zoning ordinances.

Contractor shall work with the program participant to obtain additional funding to complete the individual activities, as necessary. Total funds necessary to complete construction shall be identified prior to commencement of construction.

These activities shall benefit eight (8) persons, of which eight (8) or one hundred percent (100%) are of low-to moderate-income.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
 COLONIA SELF-HELP CENTER PROGRAM  
 CONTRACT NO. 7217013  
 COUNTY OF VAL VERDE, TEXAS

**EXHIBIT B**  
**CONTRACT BUDGET**

LINE	CATEGORIES	CONTRACT FUNDS	OTHER FUNDS	TOTAL
1	Acquisition Disposition			
2	Clearance			
3	Center/Facility			
4	Public Facilities (use 4a, 4b or 4c)			
4a	Water			
4b	Sewer			
4c	Flood and Drainage Facilities			
5	Street/Bridges			
6	Other Public Facilities			
7	Public Service (Limited to 8% of request)	\$100,000		\$100,000
8	Relocation			
9	Rehabilitation (use 9a or 9b)			
9a	Residential Rehabilitation	\$570,000		\$570,000
9b	Commercial Rehabilitation			
10	Public Housing Modernization			
11	Removal of Architectural Barriers			
12	Planning Only			
13	Administration, Planning and Management	\$150,000		\$150,000
14	Economic Development (use 14a, 14b or 14c)			
14a	Assistance to Non-Profit Entities			
14b	Assistance to For-Profit Entities			
14c	Micro enterprise or Small Business			
15	New Construction (use 15a, 15b or 15c)			
15a	Last Resort			
15b	Not Feasible for Rehabilitation (Reconstruction)	\$180,000		\$180,000
15c	Other 105 (a) 15 (New Construction)			
16	Unspecified Activities			
17	Homeownership Assistance			
	<b>TOTAL</b>	<b>\$1,000,000</b>	<b>\$0</b>	<b>\$1,000,000</b>



any claim that the DA's Office was under-funded by the County for the period January 1, 2009 through December 31, 2017.

6. With respect to assets of the DA's Office, the Parties agree as follows:
- a. Except for personal property brought to the DA's Office prior to December 31, 2017 by District Attorney Michael J. Bagley ("DA's Personal Property"), all of the assets of the DA's Office including motor vehicles, equipment, furnishings, and other personal or real property that had been acquired and were being used by the DA's Office between January 1, 2009 and December 31, 2017 ("Assets") shall be transferred to the County and shall be the property of the County as of \_\_\_\_\_, 2018. The County shall list the Assets in its inventory and insure the Assets in the same manner as other County assets. The DA's personal property and the Assets shall be used for the sole use and benefit of the District Attorney's Office subject to the District Attorney's discretion.
  - b. The County agrees that the DA's Personal Property shall be owned by the DA's Office and further, that the DA's Personal Property and the Assets shall not be removed from the DA's Office by the County without providing for adequate compensation to the DA's Office. The DA shall be responsible for providing adequate insurance coverage for the DA's Personal Property. The DA's personal property and the Assets shall be used for the sole use and benefit of the District Attorney's Office subject to the District Attorney's discretion.
  - c. All personal or real property assets acquired by the County from and after January 1, 2018 that are provided by the County to the DA or are received by the DA's Office from other sources for use by the DA's Office shall be and shall remain property of the County.
  - d. For purposes of identifying the Assets and the DA's Personal Property, the Val Verde County Purchasing Agent ("Purchasing Agent"), with the assistance and cooperation of the DA, shall prepare an inventory of the DA's Personal Property and the Assets ("Inventory"). The Purchasing Agent shall provide the DA and the County Auditor with a draft of the Inventory for comment. The Inventory shall be completed by the Purchasing Agent no later than sixty (60) days after the effective date of this General Compromise, Release, and Settlement Agreement ("Agreement"). The Purchasing Agent shall present the final Inventory to the Commissioners Court for approval and provide a copy to the DA.
  - e. The Parties agree to cooperate with each other and to provide additional information, take additional action, or execute any additional document that may be reasonably necessary for the performance of this Agreement.

### III. MUTUAL RELEASE OF CLAIMS

NOW THEREFORE, in consideration of the agreements set forth herein, the Parties hereby knowingly, voluntarily, irrevocably, and unconditionally release, remise, acquit, and forever discharge each other and any of their respective officers, employees, agents, attorneys, representatives, successors, or assigns for any and all claims and causes of action that do or might exist between the DA and the County, including any claim for damages, losses, rights to compensation, costs, expenses, fees, attorneys' fees, claims, demands, actions, causes of action, suits in law or equity of whatsoever kind or nature, including but not limited to administrative review, and declaratory judgment, for damages or any type of relief, under common law, federal and state constitutional and statutory law, administrative regulation, or otherwise, known or unknown, direct or derivative, existing or known to exist, that could be filed in any court or administrative agency, arising out of the dispute concerning the Funds that are the subject of this Agreement, up to the date of this Agreement.

By his signature below, the DA hereby acknowledges that the consideration set forth in this Agreement constitutes final, full, and complete satisfaction, settlement, and discharge of any and all liability whatsoever on behalf of the County by reason of any manner, cause, or thing in any way connected with or arising out of the dispute concerning the Funds that are the subject of this Agreement, up to the date of this Agreement.

### IV. COMPLETE AGREEMENT EXPRESSED HEREIN

IT IS FURTHER AGREED that the consideration set forth in this Agreement constitutes the full consideration for this Agreement, that said consideration stated herein is contractual and not a mere recital, that all agreements and understandings of all Parties are embodied and expressed in this Agreement, and no material representation of any kind, other than as recited herein, has been made to the DA with respect to this settlement by the County or any other person, firm, association, or corporation on behalf of the County.

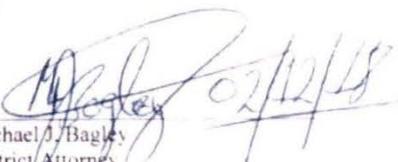
### V. MISCELLANEOUS PROVISIONS

1. This Agreement is severable, and if one or more of the provisions contained in this Agreement shall, for any reason, be determined to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any of the remaining provisions and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein. This Agreement shall be binding on the Parties and their successors in interest, heirs, and assigns.
2. The DA acknowledges that the terms contained in this Agreement constitute the entire agreement between the parties and this Agreement supersedes any and all prior understandings. The DA represents and acknowledges that in executing this Agreement, he does not rely on any representation, promise, or agreement not contained herein.

3. The Parties shall bear their own attorney costs and other expenses incurred in this dispute.
4. This Agreement shall be governed by, enforced in accordance with, and subject to the laws of the State of Texas.
5. This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.
6. This Agreement has been and shall be construed to have been drafted by all the parties so that the rule of construing ambiguities against the drafter shall have no force or effect.

IN WITNESS WHEREOF, I have signed my name to this Agreement, to be effective as of \_\_\_\_\_, 2018.

DA

  
Michael J. Bagley  
District Attorney  
63<sup>rd</sup> & 83<sup>rd</sup> Judicial District

COUNTY

\_\_\_\_\_  
Hon. Efrain Valdez  
County Judge  
Val Verde County, Texas

#13



PATTILLO, BROWN & HILL, LLP  
CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

February 1, 2018

Honorable Efrain Valdez  
County Judge  
400 Pecan Street  
Del Rio, Texas 78840

You have requested that we audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Val Verde County, Texas, as of September 30, 2017, and for the year then ended, and the related notes to the financial statements, which collectively comprise Val Verde County, Texas' basic financial statements as listed in the table of contents.

In addition, we will audit the entity's compliance over major federal and state award programs for the period ended September 30, 2017. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding the entity's major federal and state award programs.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension related information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's Discussion and Analysis
- Budgetary Comparison Information
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Contributions

RIO GRANDE VALLEY, TX  
78131-78131  
Brownsville, TX 78020  
936-841-5578  
www.pbh.com

HOUSTON, TX  
77001-77001  
Temple, TX  
76788-76788

WACO, TX  
76798-76798  
ALBUQUERQUE, NM  
87102-87102



Supplementary information other than RSI will accompany Val Verde County, Texas' basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

- Nonmajor Combining and Individual Statements and Schedules.

#### **Schedule of Expenditures of State Awards**

We will subject the schedule of expenditures of federal and state awards to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on whether the schedule of expenditures of state awards is presented fairly in all material respects in relation to the financial statements as a whole.

Also, the document we submit to you will include the following other additional information that will not be subjected to the auditing procedures applied in our audit of the financial statements:

- Statistical Section.

#### **Audit of the Financial Statements**

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and the State of Texas' Uniform Grant Management Standards (UGMS). Those standards and the State of Texas' Uniform Grant Management Standards (UGMS) require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Our responsibility as auditors is, of course, limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of Val Verde County, Texas' basic financial statements. Our report will be addressed to the governing body of Val Verde County, Texas. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

#### **Audit of Major Program Compliance**

Our audit of Val Verde County, Texas' major federal and state award programs compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended, the Uniform Guidance and the State of Texas' Uniform Grant Management Standards (UGMS), and will include tests of accounting records, a determination of major programs in accordance with the State of Texas' Uniform Grant Management Standards (UGMS) and other procedures we consider necessary to enable us to express such an opinion on major state award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance and the State of Texas' Uniform Grant Management Standards (UGMS) requires that we also plan and perform the audit to obtain reasonable assurance about whether the entity has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major state award programs. Our procedures will consist of determining major federal and state programs and performing the applicable procedures described in the U.S. Office of Management and the State of Texas' Uniform Grant Management Standards (UGMS) for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs. The purpose of those procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the State of Texas' Uniform Grant Management Standards (UGMS).

Also, as required by the Uniform Guidance and the State of Texas' Uniform Grant Management Standards (UGMS), we will perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the entity's major state award programs. However, our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the entity's major federal and state award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

#### **Management's Responsibilities**

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements;
3. For safeguarding assets;
4. For identifying all federal and state awards expended during the period in accordance with the Uniform Guidance and the State of Texas' Uniform Grant Management Standards (UGMS);
5. For preparing the schedule of expenses of federal and state awards (including notes and noncash assistance received) in accordance with the Uniform Guidance and State of Texas' Uniform Grant Management Standards (UGMS) requirements;
6. For the design, implementation, and maintenance of internal control over compliance;
7. For identifying and ensuring that the entity complies with laws, regulations, grants, and contracts applicable to its activities and its state award programs;
8. For following up and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
9. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
10. For submitting the reporting package to the appropriate parties;
11. For making the auditor aware of any significant vendor relationships where the vendor is responsible for program compliance;

## 12. To provide us with:

- a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, and relevant to state award programs, such as records, documentation, and other matters;
- b. Additional information that we may request from management for the purpose of the audit; and
- c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

13. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year periods under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;

14. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets; and

15. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility (a) for the preparation of the supplementary information in accordance with the applicable criteria, (b) to provide us with the appropriate written representations regarding supplementary information, (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information, and (d) to present the supplementary information with the audited financial statements, or if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

With respect to any nonattest services we perform, such as preparation of financial statements and related note disclosures and the schedule of expenditures of state awards. The entity's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

*Government Auditing Standards* require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

#### **Engagement Administration, Fees**

We will schedule the engagement based in part on deadlines, working condition, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If for whatever reason your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

Carlos Cascos is the engagement partner for the audit services specified in this letter. His responsibilities include supervising Pattillo, Brown & Hill, L.L.P.'s services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fees for these services will be at our standard hourly rates plus out-of-pocket cost (such as reports reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$38,000. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional cost.

**Other Matters**

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Our firm may transmit confidential information that you provided us to third parties in order to facilitate delivering our services to you. For example, such transmissions might include, but not be limited to investment information. We have obtained confidentiality agreements with all our service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. We will remain responsible for the work provided by any third-party service providers used under this agreement. By your signature below, you consent to having confidential information transmitted to entities outside the firm. Please feel free to inquire if you would like additional information regarding the transmission of confidential information to entities outside the firm.

The audit documentation for this engagement is the property of Pattillo, Brown & Hill, L.L.P. and constitutes confidential information. However, we may be requested to make certain audit documentation available to state agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Pattillo, Brown & Hill, L.L.P.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

At the conclusion of our audit engagement, we will communicate to management and those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;

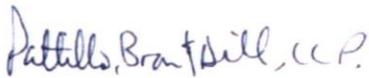
- Other findings or issues, if any, arising from the audit that are, in our professional judgement, significant and relevant to those charged with governance regarding their oversight of the financial reporting process.
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.
- Representations we requested from management.
- Management's consultations with other accountants, if any, and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm for your consideration and files.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements compliance over major state award programs including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,



Pattillo, Brown & Hill, L.L.P.  
Brownsville, Texas

RESPONSE:

This letter correctly sets forth our understanding

Acknowledged and agreed on behalf of Val Verde County, Texas by:

Name: Egfran Velazquez

Title: County Judge

Date: 2/16/18