

THE STATE OF TEXAS §

TEXAS CDBG PROJECT AGREEMENT

COUNTY OF TOM GREEN §

This AGREEMENT is made between TOM GREEN COUNTY, TEXAS, hereinafter referred to as the COUNTY, acting through its Commissioners' Court, and the CONCHO RURAL WATER CORPORATION (GRAPE CREEK SERVICE AREA), hereinafter referred to as the DISTRICT, acting through its Board of Directors.

The COUNTY agrees to provide grant funds budgeted for the construction of public water DISTRICT improvements on behalf of the DISTRICT from any Community Development Block Grant Program Fund Contract if such is awarded to the COUNTY by the Texas Department of Agriculture (TDA), hereinafter referred to as the GRANT. The term of this Agreement shall be from May 20, 2014, until the project is administratively closed by TDA. Either party may terminate this Agreement with thirty (30) days written notice to the other party.

The COUNTY shall:

1. Endeavor to execute its GRANT responsibilities in a timely and efficient manner.
2. Be the repository of all receipts and documentation pertinent to the GRANT and furnish such to TDA upon its request.
3. Serve as the primary contact in all matters pertaining to the GRANT and the conduit for communication between itself, the DISTRICT, and TDA.
4. Provide pre-bid project design changes or change orders to the DISTRICT for its review and approval prior to authorization by the COUNTY.
5. Gain DISTRICT approval before awarding a construction contract that exceeds the funds available in the GRANT budget.
6. Ensure that the DISTRICT shall not be responsible for any GRANT-related costs other than those outlined herein without the DISTRICT'S written approval, except for costs associated with a violation or early termination of this Agreement by the DISTRICT.
7. Maintain at its sole discretion the option to approve construction contracts or change orders that would result in its obligation to pay for costs that exceed available GRANT funds.
8. Automatically transfer full ownership of the grant improvements to the DISTRICT upon acceptance by the COUNTY of the Certificate of Construction Completion.

The DISTRICT shall:

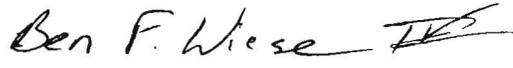
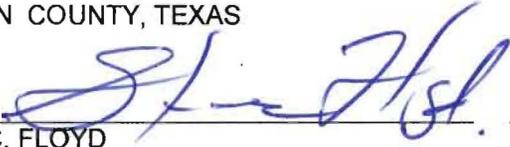
1. Comply with all COUNTY requests for information required to fulfill the COUNTY'S obligations under the GRANT.
2. Offer to provide public water services to all beneficiaries of this project at its officially adopted utility rates.
3. Permit unrestricted access by the COUNTY and its selected engineering, administrative, and construction contractors to those portions of the construction site under DISTRICT control, to allow performance of the GRANT-related duties outlined in agreements these entities shall have with the COUNTY.
4. Be solely responsible for the continued maintenance and operation of any proposed public water DISTRICT improvements upon acceptance by the COUNTY of the Certificate of Construction Completion.
5. Pay for any cost overruns attributable to construction contract award, change orders, project redesign, or additions to the GRANT scope of work that it has approved in writing.
6. Pay for any costs resulting from violation or early termination of this Agreement by the DISTRICT including repayment of any grant expenditures disallowed by TDA if the project is not completed and placed in service.
7. Automatically receive full ownership of the grant improvements upon acceptance by the COUNTY of the Certificate of Construction Completion.

The parties further agree that any GRANT funds provided by the COUNTY are without warranty of any kind to the DISTRICT or any third party, and the DISTRICT hereby agrees, to the extent allowable by law, to defend, hold harmless, and indemnify the COUNTY, its officers, agents, and employees for any claims for injury or death of any person or any property damage arising out of the COUNTY'S performance of its obligations under this Agreement. Nothing herein shall be construed to create any rights in third parties.

SIGNED and ENTERED this 27th day of May, 2014.

TOM GREEN COUNTY, TEXAS

CONCHO RURAL WATER CORP. (GRAPE CREEK)



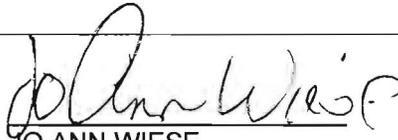
STEPHEN C. FLOYD
COUNTY JUDGE

BEN F. WIESE, IV
PRESIDENT OF THE BOARD

ATTEST:



ELIZABETH MCGILL
COUNTY CLERK



JO ANN WIESE
BOARD SECRETARY

