

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, hereinafter referred to as the WSC, acting through its Board of Directors.

The COUNTY agrees to provide grant funds budgeted for the construction of public water system improvements on behalf of the WSC 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 July 13, 2015, 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 WSC, and TDA.
4. Provide pre-bid project design changes or change orders to the WSC for its review and approval prior to authorization by the COUNTY.
5. Gain WSC approval before awarding a construction contract that exceeds the funds available in the GRANT budget.
6. Ensure that the WSC shall not be responsible for any GRANT-related costs other than those outlined herein without the WSC's written approval, except for costs associated with a violation or early termination of this Agreement by the WSC.
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 WSC upon acceptance by the COUNTY of the Certificate of Construction Completion.

The WSC shall:

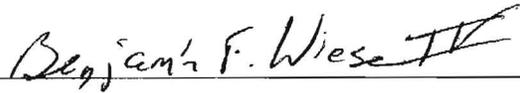
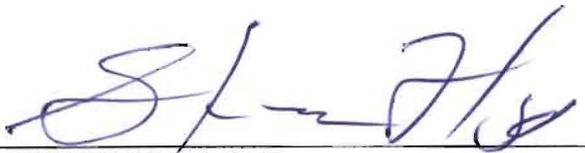
1. Comply with the federal conflict of interest provisions at 24 CFR 85.36(b)(3) and 570.489(h) relating to the purchase of goods or services through this GRANT.
2. Comply with all COUNTY requests for information required to fulfill the COUNTY'S obligations under the GRANT.
3. Offer to provide access to the improved services to all beneficiaries of this project at its officially adopted utility rates.
4. Permit unrestricted access by the COUNTY and its selected engineering, administrative, and construction contractors to those portions of the construction site under WSC control, to allow performance of the GRANT-related duties outlined in agreements these entities shall have with the COUNTY.
5. Be solely responsible for the continued maintenance and operation of any proposed improvements upon acceptance by the COUNTY of the Certificate of Construction Completion.
6. 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.

7. Pay for any costs resulting from violation or early termination of this Agreement by the WSC including repayment of any grant expenditures disallowed by TDA if the project is not completed and placed in service.
8. Automatically receive full ownership of the grant improvements upon acceptance by the COUNTY of the Certificate of Construction Completion.
9. Provide any matching funds that it has committed elsewhere in writing.

The parties further agree that any GRANT funds provided by the COUNTY are without warranty of any kind to the WSC or any third party, and the WSC 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.

TOM GREEN COUNTY

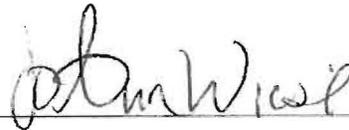
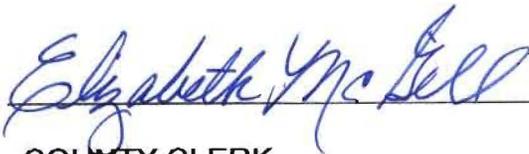
CONCHO RURAL WATER
CORPORATION



STEPHEN C. FLOYD
COUNTY JUDGE

PRESIDENT OF THE BOARD

ATTEST:



COUNTY CLERK

BOARD SECRETARY





TOM GREEN COUNTY TEXAS

STEPHEN C. FLOYD
COUNTY JUDGE

June 30, 2015

Ms. Suzanne Barnard, Director
Texas CDBG Program
P.O. Box 12847
Austin, Texas 78711

Re: Pre-Agreement Cost Approval for Administration and Engineering Activities

Dear Ms. Barnard :

This is to notify the Texas Department of Agriculture, Texas Community Development Block Grant (TxCDBG) Program, that Tom Green County may proceed with its 2015-2016 Colonia Construction Fund application project per the pre-agreement costs stratagem, once it has been determined that an award will be offered to our community.

As a condition of this pre-agreement, the County acknowledges and agrees to the following:

1. We will comply with all applicable state and federal laws, including procurement procedures for professional services and applicable vendors; all applicable TxCDBG policies and procedures, including a completed Environmental Assessment necessary for the Release of Funds (for construction activities) by TxCDBG, acquisition requirements, approval of plans and specifications as regulated by the Texas Commission on Environmental Quality (TCEQ), Davis-Bacon wage requirements, and any applicable contract Special Conditions.
2. We understand that the Department will not reimburse any costs under this agreement until a 2015 or 2016 Colonia Construction Fund contract is fully executed with the County. The Department shall not be liable for costs incurred prior to the June 13, 2015, TxCDBG application deadline or for any activities not included in Exhibit A (Performance Statement) and Exhibit B (Budget) of the executed contract associated with the 2015 or 2016 grant.
3. We understand that we retain the right to not proceed with pre-agreement activities and may choose to wait until we receive a fully executed contract before proceeding with any grant activities.

Sincerely,

Judge Stephen C. Floyd

SCF/slk