

ARCOLA GRANT AGREEMENT

THE STATE OF TEXAS §
 §
 COUNTY OF FORT BEND §

This Agreement is by and between the City of Arcola, a body corporate and politic under the laws of the State of Texas (the "City") and Fort Bend County, a body corporate and politic under the laws of the State of Texas (the "County").

WITNESSETH:

WHEREAS, the County will enter a Contract for Loan Guarantee Assistance (the "Contract") with the Secretary of Housing and Urban Development (the "Secretary"), as guarantor for the Guarantee made pursuant to Section 108 of Title I of the Housing and Community Development Act of 1974, as amended and 24 CFR 570, Subpart M, of the promissory note executed contemporaneously therewith and numbered B-19-UC-48-0004 [City of Arcola Water Treatment Plant Project], in the maximum commitment amount of \$3,384,000, and any amended note or note issued in substitution for such note and have the same note number, attached hereto as Exhibit A (the "Note"); and

WHEREAS, the Contract is the first contract under the funding approval (the "Commitment") in the amount of \$3,384,000, and the funds paid or credited to the account of the County pursuant to the Note are referred to herein as the "Guaranteed Loan Funds"; and

WHEREAS, the County may grant the Guaranteed Loan Funds to the City to carry out the construction of a public facility activity eligible under 24 CFR 570.201(c), pursuant to 570.703(1) (the "Arcola Grant"), in connection with the City of Arcola Water Treatment Plant Project (the "Project"); and

WHEREAS, any transfer of Guaranteed Loan Funds by the County must be subject to an agreement that includes any provisions necessary or appropriate to ensure compliance with all requirements associated with the use of the Guaranteed Loan Funds contained in the Contract and 24 CFR Part 570, and to ensure that in the event that any requirements of the United States Department of Housing and Urban Development (hereinafter referred to as "HUD") conflict with any other agreement governing the use of the funds, HUD's requirements on the use of the Guaranteed Loan Funds shall control; and

WHEREAS, the County and the City mutually agree to enter into this Agreement to ensure compliance with all requirements as described above; and

NOW, THEREFORE, the County and City do mutually agree as follows:

I.
STATEMENT OF WORK

1.01 Principal Activity. The principal activity is the construction of a City of Arcola Water Treatment Plant inside the City's municipal boundaries. The provision of a water treatment plant for this small city is consistent with the County's Consolidated Plan's overall goal. City will be responsible for constructing the Project in a manner satisfactory to the County, consistent with the terms of the Contract, this Agreement, and applicable Federal statutes and regulations, and in accordance with the guidelines, rules, and regulations required by HUD as a condition of providing these funds.

1.02 National Objectives. All activities funded with Community Development Block Grant ("CDGB") funds, including the Guaranteed Loan Funds, must meet one of the CDGB program's National Objectives. The City certifies the Project is eligible and will meet the CDBG Program National Objective of benefitting low- and moderate-income persons as a low- and moderate-income area benefit activity in compliance with 24 CFR 570.208(a)(1). According to HUD, the City of Arcola is 59.85 percent low- and moderate-income. The Project is eligible for Guaranteed Loan Funds assistance under the regulations at 24 CFR 570.201(c) Public Facilities and Improvements, pursuant to 24 CFR 570.703(l). The regulations at 24 CFR part 570 Subpart M Loan Guarantees allow public entities to borrow guaranteed loan funds for eligible Section 108 projects subject to, among other things, a pledge of all grants made or for which the public entity may become eligible under section 106 as well as section 108(q) of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5306 and 42 U.S.C. 5308(q)).

1.03 Project Schedule. The Project is currently sixty-nine percent (69%) completely constructed in accordance with the project schedule below:

ACTIVITY	UNIT	#	AMOUNT PRICE	TOTAL COST
1. Mobilization	LS	1	\$ 25,000.00	\$ 25,000.00
2. 1200 GPM Water Well, Complete in Place (2000 con.)	LS	1	2,000,000.00	2,000,000.00
3. 280,000 Gallon Ground Storage Tank, Including Foundation, Complete in Place (1400 con.)	EA	1	280,000.00	280,000.00
4. 15,000 Gallon Hydroneumatic Tank, Complete in Place	EA	1	105,000.00	105,000.00
5. Booster Pump Station, Complete in Place				
855 GPM, 165' TDH, 10 HP Booster Pump	EA	3	25,000.00	75,000.00
Reinforced Concrete Pad, 22' x 38' x 8"	CY	25	400.00	10,000.00
Pump Can and Foundation	LS	1	20,000.00	20,000.00
Paint	LS	1	6,000.00	6,000.00
6. Emergency Power Generator, Including Sound Attenuating Enclosure, Complete in Place	LS	1	180,000.00	180,000.00
7. Work/Electrical				
Yard piping				
Ductile Iron pipe & fittings	LS	1	50,000.00	50,000.00
Other piping & fittings	LS	1	20,000.00	20,000.00
GST	LS	1	15,000.00	15,000.00
Valves	LS	1	20,000.00	20,000.00
8. Miscellaneous Electrical)				
Motor Control Center (MCC)	EA	1	75,000.00	75,000.00
Transformer	EA	1	20,000.00	20,000.00
9. Control Building (Electrical & Chlorine Rooms) -- CMU Block Building (14'-8" x 34") with A/C & Htr. Complete in Place	LS	1		65,000.00
10. Hypochlorite Feed System	LS			50,000.00
SUB-TOTAL: CONSTRUCTION				\$3,016,000.00
SUB-TOTAL: CONSTRUCTION CONTINGENCIES @10%				301,600.00
TOTAL : CONSTRUCTION & CONTINGENCIES				3,317,600.00
Section 108 financing fee @2% of principal				66,352.00
GRAND TOTAL (NOT ROUNDED)				\$3,383,952.00

3.02 The County shall not be liable for the payment of expenses or costs which are not allowable under the terms of this Agreement and the Contract. Any change in scope of the Project as a result of insufficient funds may create the need for an amendment to the Agreement under 24 CFR 704(c)(5) that must be approved by HUD.

IV.

PAYMENT OF FUNDS FROM CITY TO COUNTY

4.01 It is expressly agreed and understood that the total amount to be paid by the County under this Agreement shall not exceed (\$3,384,000.00). Drawdowns for the payment of eligible expenses shall be made against the budget items specified in Paragraph III herein and in accordance with performance, as reflected in invoices submitted by the City. Such invoices shall include any other documentation requested by the County. All invoices shall be approved by the Fort Bend County Community

Development Department prior to payment. Payments may be contingent upon certification of the City's financial management system in accordance with the standards specified in 2 CFR part 200.

4.02 The County has no County funds for the costs of goods and services to be rendered under this Agreement. The maximum liability of the County under the terms and provisions of this Agreement shall not exceed the \$3,384,000.00 amount actually received by the County from HUD pursuant to the Note.

4.03 The City admits knowledge of the fact that the County's obligation hereunder for payment of compensation and costs, if any, is limited to the Guaranteed Loan Funds.

4.04 The City agrees and acknowledges that, as a subrecipient of the Guaranteed Loan Funds granted to the County, the City is subject to the same terms and conditions binding the County regarding the use of the Guaranteed Loan Funds contained in the Contract and 24 CFR part 570.

V.

CITY'S REPAYMENT OF GUARANTEED LOAN FUNDS

5.01 The City's CDBG allocations from the County pursuant to a cooperation agreement entered into in accordance with 24 CFR 570.308 shall be withheld by the County and applied to debt service payments on the Guaranteed Loan Funds for amount of \$3,691,844 to include the principal amount of \$3,384,000 and interest estimated at \$307,844 based on two percent (2%) over the seven-year term of the Note. The City's previous fiscal year allocations currently withheld by the County will comprise the first payment on August 3, 2022 in the amount of \$607,000. Thereafter, succeeding City CDBG allocations will be applied pursuant to the following repayment schedule:

Due Date	Source	Amount
August 1, 2023	FY 2022 County Allocation for the City	\$309,000
August 1, 2024	FY 2023 County Allocation for the City	\$309,000
August 1, 2025	FY 2024 County Allocation for the City	\$309,000
August 1, 2026	FY 2025 County Allocation for the City	\$309,000
August 1, 2027	FY 2026 County Allocation for the City	\$309,000
August 1, 2028	FY 2027 County Allocation for the City	\$309,000
August 1, 2029	FY 2028 County Allocation for the City	\$308,000
August 1, 2030	FY 2029 County Allocation for the City	\$308,000
August 1, 2031	FY 2030 County Allocation for the City	\$308,000
August 1, 2032	FY 2031 County Allocation for the City	\$307,844

- 5.02 The County agrees to seek to maintain its qualification as an urban county during the term of this Agreement. Should the City no longer participate in the joint community development and housing program, and receive CDBG allocations from the County pursuant to a cooperation agreement entered into in accordance with 24 CFR 570.308, the City shall remain responsible for making direct payments to the County in accordance with the schedule above.

VI. SECURITY

6.01 The City hereby pledges as security for the repayment of the Note, and any such charges as may be authorized in the Contract, the following:

- A. A sole first-priority lien in the name of the Secretary on the real property described in Exhibit B, including all air rights, water rights, and other real property interests (the "Property");
- B. A collateral assignment to the Secretary of all rights, titles, and interests in and to any leases covering the Property and any rents derived from the Property;
- C. A collateral assignment to the Secretary of all rights, titles, and interests, whether now owned or hereafter acquired, in and to any fixtures located on the Property and any personal property affixed to, installed in, or attached to the Property; and
- D. A collateral assignment to the Secretary of all rights, titles, and interests in and to permits, licenses, agreements, and other intangible personal property rights converging the Property, including but not limited to utility connection rights, or insurance policies held by the City with respect to the Property, whether now owned or hereafter acquired, and which are used in connection with the maintenance, use, occupancy or enjoyment of the Property.

6.02 Collectively, the collateral described or identified in 6.01 (A) - (D) shall be referred to as the "Collateral". The City shall take all steps necessary to ensure the attachment, perfection and priority of the security interests granted to the Secretary in the Collateral described in 6.01 (A) - (D). Real Property interests must be properly recorded. Personal property and fixtures pledged as Collateral shall be included in valid agreements necessary for attachment and perfection, for example, a security agreement that reasonably identified the Property, or in the case of a deposit account, a deposit account control agreement (together, the "Security Agreement or Other Security Documents"). As needed for attachment and perfection, the Security Agreement or Other Security Documents shall be referenced in appropriate Uniform Commercial Code ("UCC") Financing Statements filed in accordance with applicable law and the UCC. The Security Agreement and Other Security Documents and related UCC Financing Statements shall contain such provisions as the Secretary deems necessary. The City shall also ensure that UCC Financing Statements shall be refiled as necessary to remain current and effective.

6.03 The County shall select a financial institution acceptable to the Secretary (the "Custodian") to act as custodian for the documents specified in 6.04 below (the "Security Documents"). The County and the Custodian shall enter into a written agreement containing such provisions as the Secretary deems necessary. A fully signed original agreement shall be delivered to the Secretary contemporaneously with the delivery of this Agreement and the Note. At the request of the County, the City shall deliver electronic copies of all Security Documents to the office identified in Paragraph XIII, or upon the request of the Secretary, electronic copies to an address to be identified by the Secretary.

6.04 Not later than five business days after receipt by the County of the Guaranteed Loan Funds, or at such other time as may be required by the Secretary, the City shall deliver to the County for delivery to the Custodian the following:

- A. An original of this Agreement.
- B. The original recorded Arcola Subrecipient Mortgage, Assignment, Security Agreement, and Fixture Filing (which may consist of one or more instruments that contain the mortgage and assignments from the City to the Secretary required by 6.01(A), (B), (C), and (D), and the related Security Agreement or Other Security Documents required by 6.02.

The Arcola Subrecipient Mortgage, Assignment, Security Agreement, and Fixture Filing shall be accompanied by copies of all UCC Financing Statement filings and re-filings made pursuant to 6.02.

The Arcola Subrecipient Mortgage, Assignment, Security Agreement, and Fixture Filing may be delivered to the County within five (5) business days after receipt from the local recordation office, but not longer than 45 days after disbursement of Guaranteed Loan Funds.

- C. A mortgagee title policy covering the Property, issued by a company and in a form acceptable to the Secretary, naming the Secretary as the insured party.
- D. An appraisal of the ownership interest in the Property specifying an estimate of the "as completed" fair market value of not less than 125 percent (125%) of the principal balance of the Note plus 125 percent (125%) of any outstanding balance on other indebtedness secured by a mortgage lien of senior or equal priority on the Property, if agreed to by the Secretary. The appraisal shall be completed by an appraiser who is certified by the state and has a professional designation (such as "SRA" or "MAI"), and it shall conform to the standards of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA").
- E. A certified survey of the Property with a legal description conforming to the title policy and the Arcola Subrecipient Mortgage, Assignment, Security Agreement, and Fixture Filing.

- F. An opinion of the City's counsel on its letterhead, addressed and satisfactory to the Secretary, that:
- (i). The City is duly organized and validly existing as a municipality under the laws of the State of Texas is *[existing, qualified to do business, in good standing, as applicable]* in and under the laws of the State of Texas;
 - (ii). The Arcola Grant Agreement has been duly executed and delivered by a party authorized by the City to take such action and is a valid and binding obligation of the City, enforceable in accordance with its terms, except as limited by bankruptcy and similar laws affecting creditors generally; and
 - (iii). The security instruments specified in (A) and (B) above are valid and legally binding obligations, enforceable in accordance with their respective terms.
- G. Any instruments, documents, agreements, and legal opinions required pursuant to Section 6.02, including an opinion of the City's counsel that the instruments, documents, and agreements are valid and legally binding obligations, enforceable in accordance with their respective terms. These instruments shall include any Security Agreement or Other Security Documents required by Section 6.02, and an assignment thereof to the Secretary, which shall be in a form acceptable to the Secretary. The Security Agreement or Other Security Documents shall be accompanied by copies of all UCC Financing Statement filings and re-filings required by Section 6.02.

6.05 The City shall deliver to the County all recorded refilings of financing statements or filings of continuation statements filed to continue the effectiveness of the financing statements securing repayment of the Note within five business days of such filings.

6.06 The County and the City shall not enter or amend an intercreditor agreement, subordination agreement, or similar agreement that affects the County's or HUD's rights under the Security Documents as defined in Section 6.03 of this Agreement, including HUD's rights under the lien described in Section 6.01(A) (each individually, an "Intercreditor Agreement"). Intercreditor Agreements approved by the Secretary, including amendments, must be in a form acceptable to the Secretary.

VII. DEFAULT

7.01 A Default under this Agreement shall occur upon failure by the City to:

- A. Pay when due an installment in accordance with the schedule shown in 5.01 above, if the City no longer receives CDBG allocations from the County pursuant to a cooperation agreement entered into in accordance with 24 CFR 570.308; or
- B. Punctually and properly perform, observe, and comply with any covenant, agreement, or condition contained in:

- (i). This Agreement,
- (ii). Any security agreement, deed of trust, mortgage, assignment, guarantee, or other contract securing payment of indebtedness evidenced by the Note, or
- (iii). Any future amendments, modifications, restatements, renewals, or extensions of any such documents.

7.02 The City waives notice of Default and opportunity for hearing with respect to a Default under Section 7.01.

7.03 Remedial Actions. Upon a Default or declaration of Default under this Agreement or the Contract, the Secretary may exercise or enforce any and all other rights or remedies available by law or agreement, including any and all rights and remedies available to a secured party under the Uniform Commercial Code or in any of the Security Documents (as defined in Section 6.03), against the Collateral, against the County, against the City, or against any other person or property (including the Property).

7.04 Additional Grounds for Default. Notice of Default. Restriction of Pledged Grants. Availability of Other Remedial Actions.

- A. All notices and submissions provided for hereunder above shall be submitted as directed in Paragraph XIII.
- B. The City is prohibited from selling, conveying, transferring or further encumbering the Property (as defined in Section 6.01 (A)) or any part thereof of any interest therein (whether legal, equitable, or beneficial), whether voluntary, by gift, bequest, operation of law, merger, or in any other manner, after granting the lien described in Section 6.01(A).
- C. The City shall not incur any obligations to be paid with Guaranteed Loan Funds which will be subject to the alternative collateral or security arrangements.

7.05 To the extent that a pledge of ad valorem tax is securing payment of all or a portion of the principal of and interest on the Note, acceleration of the maturity date of that portion of the Note shall not be available as a remedy in the event of a default by the City under the Agreement.

VIII. GENERAL CONDITIONS

8.01 General Compliance. The City agrees to comply with the requirements of Title 24 of the Code of Federal Regulations, Part 570 (the U.S. Housing and Urban Development regulations concerning CDBG funds) including subpart A, C, J, K, M, and O of these regulations, as modified by the Contract, except that (1) the City does not assume the County's environmental responsibilities described in 24 CFR 570.604 and (2) the City does not assume the County's responsibility for initiating the review process under the provisions of 24 CFR Part 52. The City also agrees to comply with all other applicable

Federal, state and local laws, regulations, and policies governing the funds provided under this Agreement. The City further agrees to utilize funds available under this Agreement to supplement rather than supplant funds otherwise available.

8.02 "Independent Contractor". Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the parties. The City shall ensure that its contractors shall at all times remain an "independent contractor" with respect to the services to be performed under any contract funded by this Agreement. The City shall be exempt from payment of all Unemployment Compensation, FICA, retirement, life and/or medical insurance and Workers' Compensation Insurance, as its contractors shall remain as independent contractors.

8.03 Hold harmless. The City shall ensure its contractors hold harmless, defend and indemnify the County from any and all claims, actions, suits, charges and judgments whatsoever that arise out of the contractors's performance or nonperformance of the services or subject matter called for in this Agreement.

8.04 Workers' Compensation. The City shall ensure its contractors provide Workers' Compensation Insurance coverage for all of its employees involved in the performance of this Agreement.

8.05 Insurance and Bonding. The City shall ensure its contractors comply with the bonding and insurance requirements of 2 CFR 200.326, 2 CFR 200.310, 2 CFR 200.327, and 2 CFR 200.447, Bonding and Insurance to carry sufficient insurance coverage to protect contract assets from loss due to theft, fraud and/or undue physical damage, and as a minimum shall purchase a blanket fidelity bond covering all employees in an amount equal to cash advances from the County.

8.06 Grantee Recognition. The City shall ensure recognition of the role of the County in providing services through this Agreement. All activities, facilities and items utilized pursuant to this Agreement shall be prominently labeled as to funding source. In addition, the City will include a reference to the support provided herein in all publications made possible with funds made available under this Agreement.

8.07 Amendments. The County may, in its discretion, amend this Agreement to conform with Federal, state or local governmental guidelines, policies and available funding amounts, or for other reasons. If such amendments result in a change in the funding, the scope of services, or schedule of the activities to be undertaken as part of this Agreement, such modifications will be incorporated only by written amendment signed by both the County and the City.

8.08 Suspension or Termination. In accordance with 2 CFR part 200, including 2 CFR 200.339 and 200.340, the County may suspend or terminate this Agreement if the City

materially fails to comply with any terms of this Agreement, which include (but are not limited to) the following:

- A. Failure to comply with any of the rules, regulations or provisions referred to herein, or such statutes, regulations, executive orders, and HUD guidelines, policies or directives as may become applicable at any time;
- B. Failure, for any reason, of the City to fulfill in a timely manner and proper manner its obligations under this Agreement;
- C. Ineffective or improper use of funds provided under this Agreement; or
- D. Submission by the City to the County reports that are incorrect or incomplete in any material respect.

In accordance with 2 CFR 200.340, this Agreement may also be terminated for convenience by either the County or the City, in whole or in part, by setting forth the reasons for such termination, the effective date, and, in the case of partial termination, the portion to be terminated. However, if in the case of a partial termination, the County determines that the remaining portions of the award will not accomplish the purpose for which the award was made, the County may terminate the award in its entirety.

IX.

ADMINISTRATIVE REQUIREMENTS

9.01 Financial Management. The City and its agencies or instrumentalities, and subcontractors shall comply with policies, guidelines, and requirements of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards at 2 CFR Part 200, as applicable, as they relate to the acceptance and use of Federal funds under this part.

- A. Accounting Standards. The City agrees to comply with 2 CFR 200.302 and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.
- B. Cost Principles. The City shall administer its program and the Guaranteed Loan Funds in conformance with 2 CFR part 200 as set forth in 24 CFR 570.502, including the cost principles in 2 CFR part 200 subpart F. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.
- C. The City will comply with 2 CFR part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" as modified by 24 CFR 570.502(a).

9.02 Documentation and Record Keeping.

- A. Records to be Maintained. Without limitation to any other provision of this Agreement, the City shall maintain all records concerning the Project required by

the Federal regulations specified in 24 CFR 570.506, that that will facilitate an effective audit to determine compliance with program requirements. Such records shall include but not be limited to:

- (i). Records providing a full description of each activity undertaken;
- (ii). Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program;
- (iii). Records required to determine the eligibility of activities;
- (iv). Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance in compliance with 24 CFR 570.503(b)(7) and 24 CFR 570.505;
- (v). Records identified in 24 CFR 570.506(g) documenting compliance with the fair housing and equal opportunity components of the CDBG program;
- (vi). Financial records as required by 24 CFR 570.502, and 2 CFR part 200, including records necessary to demonstrate compliance with all procurement requirements of 24 CFR part 570; and
- (vii). Other records necessary to document compliance with Subpart K of 24 CFR Part 570.

B. Retention. The City shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the Agreement for a period of at least four (4) years after the expiration of this Agreement and after the Note or Notes are fully satisfied. The retention period begins on the date of the submission of the County's annual performance and evaluation report to HUD in which the activities assisted under the Agreement are reported on for the final time. Notwithstanding the above, if there is litigation, claims, audits, negotiations or other actions that involve any of the records cited and that have started before the expiration of the four-year period, then such records must be retained until completion of the actions and resolution of all issues, or the expiration of the four-year period, whichever occurs later.

C. Client Data. The City shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of service provided. Such information shall be made available to County monitors or their designees for review upon request.

D. Disclosure. The City understands that client information collected under this Agreement is private and the use or disclosure of such information, when not directly connected with the administration of the County's or City's responsibilities with respect to services provided under this Agreement, is prohibited unless written consent is obtained from such person receiving service and, in the case of a minor, that of a responsible parent/guardian.

- E. Close-outs. The City's obligation to the County shall not end until all close-out requirements are completed. Activities during this close-out period shall include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the County), and determining the custodianship of records. Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that the City has control over CDBG funds, including program income.
- F. Audits and Inspections. All City records with respect to any matters covered by this Agreement shall be made available to the County, grantor agency, and the Comptroller General of the United States or any of their authorized representatives, at any time during normal business hours, as often as deemed necessary, to audit, examine, and make excerpts or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by the City within 30 days after receipt by the City. Failure of the City to comply with the above audit requirements will constitute a violation of this Agreement and may result in the withholding of future payments. The City hereby agrees to have an annual agency audit conducted in accordance with current County policy concerning subrecipient audits and 2 CFR part 200 (formerly OMB Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations").

9.03 Reporting and Payment Procedures

- A. Program Income. The City shall report monthly all program income (as defined at 24 CFR 570.500(a)) generated by activities carried out with CDBG funds made available under this Agreement. The use of program income by the City shall comply with the requirements set forth at 24 CFR 570.504. By way of further limitations, the City may use such income during the contract period for activities permitted under this Agreement and shall reduce requests for additional funds by the amount of any such program income balances on hand. All unexpended program income shall be returned to the County at the end of the contract period. Any interest earned on cash advances from the U.S. Treasury and from funds held in a revolving fund account is not program income and shall be remitted promptly to the County.
- B. Indirect Costs. If indirect costs are charged, the City will develop a cost allocation plan for determining the appropriate City's share of administrative costs pursuant to 2 CFR 200.416.
- C. Payment Procedures. The County will pay to the City funds available under this Agreement based upon information submitted by the City and consistent with any approved budget and County policy concerning payments. With the exception of certain advances, payments will be made for eligible expenses actually incurred by the City, and not to exceed actual cash requirements. Payments will be adjusted by the County in accordance with advance fund and program income balances

available in City accounts. In addition, the County reserves the right to liquidate funds available under this Agreement for costs incurred by the County on behalf of the City.

- D. Progress Reports. The City shall submit regular Progress Reports to the County in the form, content, and frequency as required by the County.

9.04 Procurement

- A. Compliance. The City shall comply with current County policy concerning the purchase of equipment and shall maintain inventory records of all non-expendable personal property as defined by such policy as may be procured with funds provided herein.
- B. OMB Standards. Unless specified otherwise within this agreement, the City shall procure all materials, property, or services in accordance with the requirements of 2 CFR part 200.
- C. Travel. The City shall ensure its contractors obtain written approval from the City for any travel outside the metropolitan area with funds provided under this Agreement.

9.05 Use and Reversion of Assets. The use and disposition of real property and equipment under this Agreement shall be in compliance with the requirements of 2 CFR Part 200 and 24 CFR 570.502, 570.503, and 570.504, as applicable, which include but are not limited to the following:

- A. The City shall transfer to the County any CDBG funds on hand and any accounts receivable attributable to the use of funds under this Agreement at the time of expiration, cancellation, or termination.
- B. Real property under the City's control that was acquired or improved, in whole or in part, with funds under this Agreement in excess of \$25,000 shall be used to meet one of the CDBG National Objectives pursuant to 24 CFR 570.208 until ten (10) years after expiration of this Agreement. If the City fails to use CDBG-assisted real property in a manner that meets a CDBG National Objective for the prescribed period of time, the City shall pay the County an amount equal to the current fair market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, or improvement to, the property. Such payment shall constitute program income to the County. The City may retain real property acquired or improved under this Agreement after the expiration of the ten-year period.
- C. In all cases in which equipment acquired, in whole or in part, with funds under this Agreement is sold, the proceeds shall be program income (prorated to reflect the extent to that funds received under this Agreement were used to acquire the equipment). Equipment not needed by the City for activities under this Agreement shall be (a) transferred to the County for the CDBG program or (b) retained after

compensating the County [an amount equal to the current fair market value of the equipment less the percentage of non-CDBG funds used to acquire the equipment].

X.

RELOCATION, REAL PROPERTY ACQUISITION AND ONE-FOR-ONE HOUSING REPLACEMENT

The City agrees to comply with (a) the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), and implementing regulations at 49 CFR Part 24 and 24 CFR 570.606(b); (b) the requirements of 24 CFR 570.606(c) governing the Residential Anti-displacement and Relocation Assistance Plan under section 104(d) of the HCD Act; and (c) the requirements in 24 CFR 570.606(d) governing optional relocation policies relating to the acquisition and disposition of all real property utilizing grant funds, and to the displacement of persons, businesses, nonprofit organizations and farms occurring as a direct result of any acquisition of real property utilizing grant funds. The City shall provide relocation assistance to displaced persons as defined by 24 CFR 570.606(b)(2) that are displaced as a direct result of acquisition, rehabilitation, demolition or conversion for a CDBG-assisted project. The City also agrees to comply with applicable County ordinances, resolutions and policies concerning the displacement of persons from their residences.

XI.

PERSONNEL AND PARTICIPANT CONDITIONS

11.01 Civil Rights

A. Compliance. The City shall comply with Title VI of the Civil Rights Act of 1964 (P.L. 88-352) as amended, Title VIII of the Civil Rights Act of 1968 as amended, Section 104(b), Title 24 CFR Part 1, and Section 109 of Title I of the Housing and Community Development Act of 1974 as amended, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, the Age Discrimination Act of 1975, Executive Order 11063, and Executive Order 11246 as amended by Executive Orders 11375, 11478, 12107 and 12086.

- (i). In accordance with the Act, no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subject to discrimination under any program or activity for which the City receives Federal financial assistance. The City will immediately take any measures necessary to comply with Title VI. If any real property or structure is thereon provided or improved with the aid of Federal financial assistance, this clause shall obligate the owner, or in the case of any transfer of such property, any transferee, to comply with the requirements and restrictions contained in this clause for the period during which the real property or structure is used

for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits. The City will further comply with federal regulations, 24 CFR Part 1, which implement the act.

- (ii). The City shall comply with the Fair Housing Act (42 U.S.C. 3601-20) and implementing regulations at 24 CFR Part 100, Part 108, and Part 110. No person in the United States shall, on the basis of race, color, religion, sex, national origin, handicap or familial status, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with federal funds.
- (iii). The Contractor shall comply with Executive Order 11063 as amended by Executive Order 12259 and as contained in 24 CFR Part 107. Contractor will take all action necessary and appropriate to prevent discrimination because of race, color, religion (creed), sex, or national origin, in the sale leasing, rental, or other disposition of residential property and related facilities (including land to be developed for residential use), or in the use or occupancy thereof, if such property and related facilities area, among other things, provided in whole or in part with the aid of loans, advances, grants, or contributions agreed to be made by the Federal Government.
- (iv). The Contractor shall comply with Section 109 of the Community Development Act of 1974, in that no person in the United States shall on the ground of race, color, religion, national origin or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with Loan Guarantee Assistance funds.
- (v). The Contractor shall comply with Executive Order 11246, as amended by Executive Order 12086, and the regulations issued pursuant thereto (451 CFR Chapter 60) which provides that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in all phases of employment during the performance of Federal or federally-assisted construction contracts.

Contractor agrees that contractors and subcontractors on Federal or federally-assisted construction contracts shall take affirmative action to ensure fair treatment in employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay, or other forms of compensation and selection for training and apprenticeship.

- (vi). The Contractor shall not discriminate on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 61-1-07) and implementing regulations at 24 CFR part 146. The Contractor shall not discriminate

against handicapped individuals under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR part 8.

- B. Nondiscrimination. The City agrees to comply with the non-discrimination in employment and contracting opportunities laws, regulations, and executive orders referenced in 24 CFR 570.607, as revised by Executive Order 13279. The applicable non-discrimination provisions in Section 109 of the HCDA are still applicable.
- C. Land Covenants. This Agreement is subject to the requirements of Title VI of the Civil Rights Act of 1964 (P. L. 88-352) and 24 CFR 570.601 and 570.602. In regard to the sale, lease, or other transfer of land acquired, cleared or improved with assistance provided under this Agreement, the City shall cause or require a covenant running with the land to be inserted in the deed or lease for such transfer, prohibiting discrimination as herein defined, in the sale, lease or rental, or in the use or occupancy of such land, or in any improvements erected or to be erected thereon, providing that the County and the United States are beneficiaries of and entitled to enforce such covenants. The City, in undertaking its obligation to carry out the program assisted hereunder, agrees to take such measures as are necessary to enforce such covenant, and will not itself so discriminate.
- D. Section 504. The City agrees to comply with all Federal regulations issued pursuant to compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), which prohibits discrimination against the individuals with disabilities or handicaps in any Federally assisted program. The County shall provide the City with any guidelines necessary for compliance with that portion of the regulations in force during the term of this Agreement.

11.02 Affirmative Action

- A. Approved Plan. The City agrees that it shall be committed to carry out pursuant to the County's specifications an Affirmative Action Program in keeping with the principles as provided in President's Executive Order 11246 of September 24, 1966. The County shall provide Affirmative Action guidelines to the City to assist in the formulation of such program. The City shall submit a plan for an Affirmative Action Program for approval prior to the award of funds.
- B. Women- and Minority-Owned Businesses (W/MBE). The City shall comply with Executive Orders 11625, 12432, and 12138. Consistent the HUD's responsibilities under these Orders, the City will use its best efforts to afford small businesses, minority business enterprises, and women's business enterprises the maximum practicable opportunity to participate in the performance of this Agreement. As used in this Agreement, the terms "small business" means a business that meets the criteria set forth in section 3(a) of the Small Business Act, as amended (15 U.S.C. 632), and "minority and women's business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or

women. For the purpose of this definition, "minority group members" are AfroAmericans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, AsianAmericans, and American Indians. The City may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation.

- C. Access to Records. The City shall furnish and cause each of its own subrecipients or subcontractors to furnish all information and reports required hereunder and will permit access to its books, records and accounts by the County, HUD or its agent, or other authorized Federal officials for purposes of investigation to ascertain compliance with the rules, regulations and provisions stated herein.
- D. Notifications. The City will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or worker's representative of the City's commitments hereunder, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- E. Equal Employment Opportunity and Affirmative Action (EEO/AA) Statement. The City will, in all solicitations or advertisements for employees placed by or on behalf of the City, state that it is an Equal Opportunity or Affirmative Action employer.
- F. Subcontract Provisions. The City will include the provisions of Paragraphs XI.A, Civil Rights, and B, Affirmative Action, in every subcontract or purchase order, specifically or by reference, so that such provisions will be binding upon each of its own subrecipients or subcontractors.

11.03 Employment Restrictions

- A. Prohibited Activity. The City is prohibited from using funds provided herein or personnel employed in the administration of the program for: political activities; inherently religious activities; lobbying; political patronage; and nepotism activities.
- B. Labor Standards. The City agrees to comply with the requirements of the Secretary of Labor in accordance with the Davis-Bacon Act as amended, the provisions of Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.) and all other applicable Federal, state and local laws and regulations pertaining to labor standards insofar as those acts apply to the performance of this Agreement. The City agrees to comply with the Copeland AntiKick Back Act (18 U.S.C. 874 et seq.) and its implementing regulations of the U.S. Department of Labor at 29 CFR Part 5. The City shall maintain documentation that demonstrates compliance with hour and wage requirements of this part. Such documentation shall be made available to the County for review upon request,

The City agrees that, except with respect to the rehabilitation or construction of residential property containing less than eight (8) units, all contractors engaged under contracts in excess of \$2,000.00 for construction, renovation or repair work financed in whole or in part with assistance provided under this Agreement, shall comply with Federal requirements adopted by the County pertaining to such contracts and with the applicable requirements of the regulations of the Department of Labor, under 29 CFR Parts 1, 3, 5 and 7 governing the payment of wages and ratio of apprentices and trainees to journey workers; provided that, if wage rates higher than those required under the regulations are imposed by state or local law, nothing hereunder is intended to relieve the City of its obligation, if any, to require payment of the higher wage. The City shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirements of this paragraph.

C. "Section 3" Clause.

- (i). Compliance - The City shall comply with Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u), and as implemented by the regulations set forth in 24 CFR 135, and all applicable rules and orders issued hereunder prior to the execution of this Agreement. Failure to fulfill these requirements shall subject the County, the City and any of the City's subrecipients and subcontractors, their successors and assigns, to those sanctions specified by the Agreement through which Federal assistance is provided. The City certifies and agrees that no contractual or other disability exists that would prevent compliance with these requirements.

The City further agrees to comply with these "Section 3" requirements and to include the following language in all subcontracts executed under this Agreement:

"The work to be performed under this Agreement is a project assisted under a program providing direct Federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701). Section 3 requires that to the greatest extent feasible opportunities for training and employment be given to low- and very low-income residents of the project area, and that contracts for work in connection with the project be awarded to business concerns that provide economic opportunities for low- and very low-income persons residing in the metropolitan area in which the project is located."

The City further agrees to ensure that opportunities for training and employment arising in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing

construction, or other public construction project are given to low- and very low-income persons residing within the metropolitan area in which the CDBG-funded project is located; where feasible, priority should be given to low- and very low-income persons within the service area of the project or the neighborhood in which the project is located, and to low- and very low-income participants in other HUD programs; and award contracts for work undertaken in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project to business concerns that provide economic opportunities for low- and very low-income persons residing within the metropolitan area in which the CDBG-funded project is located; where feasible, priority should be given to business concerns that provide economic opportunities to low- and very low-income residents within the service area or the neighborhood in which the project is located, and to low- and very low-income participants in other HUD programs.

The City certifies and agrees that no contractual or other legal incapacity exists that would prevent compliance with these requirements.

- (ii). Notifications – The City agrees to send to each labor organization or representative of workers with which it has a collective bargaining agreement or other contract or understanding, if any, a notice advising said labor organization or worker's representative of its commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.
- (iii). Subcontracts – The City will include this Section 3 clause in every subcontract and will take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of regulations issued by the grantor agency. The City will not subcontract with any entity where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR Part 135 and will not let any subcontract unless the entity has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.

D. Eligibility Restrictions for Certain Resident Aliens. The City agrees to abide by the provisions of 24 CFR 570.613 with respect to the eligibility restrictions for certain resident aliens. Certain newly legalized aliens, as described in 24 CFR Part 49, are not eligible to apply for benefits under covered activities funded by the programs listed in this part of the regulation. The County shall provide the City with any guidelines necessary for compliance with that portion of the regulation.

11.04 Conduct

- A. Assignability. Except for the assignment of Collateral provided herein, the City shall not assign or transfer any interest in this Agreement without the prior written consent of the County.

B. Subcontracts.

- (i). Approvals – The City shall not enter into any subcontracts with any agency or individual in the performance of this Agreement without the written consent of the County prior to the execution of such agreement.
- (ii). Monitoring – The City will monitor all subcontracted services on a regular basis to assure contract compliance. Results of monitoring efforts shall be summarized in written reports and supported with documented evidence of follow-up actions taken to correct areas of noncompliance.
- (iii). Content – The City shall cause all of the provisions of this Agreement in its entirety to be included in and made a part of any subcontract executed in the performance of this Agreement.
- (iv). Selection Process – The City shall undertake to insure that all subcontracts let in the performance of this Agreement shall be awarded on a fair and open competition basis in accordance with applicable procurement requirements. Executed copies of all subcontracts shall be forwarded to the County along with documentation concerning the selection process.

C. Hatch Act. The City agrees that no funds provided, nor personnel employed under this Agreement, shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title V of the U.S.C.

D. Conflict of Interest. The City agrees to abide by the provisions of 2 CFR 200.317, 2 CFR 200.318, and 570.611, which include (but are not limited to) the following:

- (i). The City shall maintain a written code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by Federal funds.
- (ii). No employee, officer or agent of the City shall participate in the selection, or in the award, or administration of, a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved.
- (iii). No covered persons who exercise or have exercised any functions or responsibilities with respect to CDBG-assisted activities, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to the CDBG-assisted activity, or with respect to the proceeds from the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for a period of one (1) year thereafter. For purposes of this paragraph, a "covered person" includes any person who is an employee, agent, consultant, officer, or elected or appointed official of the County, the City, or any designated public agency.

E. Lobbying. The City hereby certifies that:

- (i). No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
- (ii). If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-L.L.L., "Disclosure Form to Report Lobbying," in accordance with its instructions; and
- (iii). It will require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly;
- (iv). Lobbying Certification - This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S.C. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

F. Copyright. If this Agreement results in any copyrightable material or inventions, the County and/or grantor agency reserves the right to royalty-free, non-exclusive and irrevocable license to reproduce, publish or otherwise use and to authorize others to use, the work or materials for governmental purposes.

G. Religious Activities. The City agrees that funds provided under this Agreement will not be utilized for explicitly religious activities prohibited by 24 CFR 570.200(j) and 24 CFR 5.109, such as worship, religious instruction, or proselytization.

H. Architectural Barriers Act and American with Disabilities Act. The City agrees to comply with any federal regulations issued pursuant to compliance with the Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157) which requires certain Federal and Federally funded buildings and other facilities to be designed, constructed, or altered in accordance with the standards that insure accessibility

to, and use by, physically handicapped people. The City also agrees to comply with any federal regulations issued pursuant to compliance with the Americans with Disabilities Act (42 U.S.C. 12131 U.S.C. 155, 201, 218 and 225) which provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, State and local government services, and telecommunications. The County shall provide the City with any guidelines necessary for compliance with that portion of the regulation in force during the term of this Agreement.

- I. Drug Free Workplace Act of 1988. The City shall comply with the Drug Free Workplace Act of 1988 and certify that it will maintain a drug-free workplace in accordance with the requirements of 2 CFR Part 2429.

XII.

ENVIRONMENTAL CONDITIONS

12.01 The City will carry out its activities in compliance with the requirements of Subpart K of 24 CFR 570, except, however, that the City does not assume the County's environmental responsibilities or the responsibility for initiating the environmental review process under 24 CFR Part 52.

12.02 Air and Water. The City agrees to comply with the following requirements insofar as they apply to the performance of this Agreement:

- Clean Air Act, 42 U.S.C., 7401, et seq.;
- Federal Water Pollution Control Act, as amended, 33 U.S.C., 1251, et seq., as amended, 1318 relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder;
- Environmental Protection Agency (EPA) regulations pursuant to 40 CFR Part 50, as amended.

12.03 Flood Disaster Protection. In accordance with the requirements of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001), the City shall assure that for activities located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, flood insurance under the National Flood Insurance Program is obtained and maintained as a condition of financial assistance for acquisition or construction purposes (including rehabilitation).

12.04 Lead-Based Paint. The City agrees that any construction or rehabilitation of residential structures with assistance provided under this Agreement shall be subject to HUD Lead-Based Paint Regulations at 24 CFR 570.608, and 24 CFR Part 35, Subpart B. Such regulations pertain to all HUD-assisted housing and require that all owners, prospective owners, and tenants of properties constructed prior to 1978 be properly notified that such properties may include lead-based paint. Such notification shall point

out the hazards of lead-based paint and explain the symptoms, treatment and precautions that should be taken when dealing with lead-based paint poisoning and the advisability and availability of blood lead level screening for children under seven. The notice should also point out that if lead-based paint is found on the property, abatement measures may be undertaken. The regulations further require that, depending on the amount of Federal funds applied to a property, paint testing, risk assessment, treatment and/or abatement may be conducted.

12.05 Historic Preservation. The City agrees to comply with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470) and the procedures set forth in 36 CFR Part 800, Advisory Council on Historic Preservation Procedures for Protection of Historic Properties, insofar as they apply to the performance of this agreement.

In general, this requires concurrence from the State Historic Preservation Officer for all rehabilitation and demolition of historic properties that are fifty years old or older or that are included on a Federal, state, or local historic property list

XIII. NOTICES

All notices and submissions provided for hereunder shall be in writing (including by telex, telecopier or any other form of facsimile communication) and mailed or sent or delivered, as to each party hereto, at its address set forth below or at such other address as shall be designated by such party in a written notice to the other party hereto. All such notices and other communications shall be effective when received as follows: (i) if sent by hand delivery, upon delivery; (ii) if sent by mail, upon the earlier of the date of receipt or five Business Days after deposit in the mail, postage prepaid; (iii) if sent by telex, upon receipt by the sender of an answer back; and (iv) if sent by telecopier, upon receipt.

If to the County, then to:

Fort Bend County
Attention: County Judge
301 Jackson Street
Richmond, Texas 77469

If to the City, then to:

City of Arcola
Attention: Mayor
13222 Highway 6
Arcola, Texas 77583

XIV.
SEVERABILITY

If any one or more of the covenants, agreements, provisions, or terms of this Agreement shall be for any reason whatsoever held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement.

XV.
SECTION HEADINGS AND SUBHEADINGS

The section headings and subheadings contained in this Agreement are included for convenience only and shall not limit or otherwise affect the terms of this Agreement.

XVI.
WAIVER

The County's failure to act with respect to a breach by the City does not waive its right to act with respect to the City or similar breaches. The failure of the County to exercise or enforce any right or provision shall not constitute a waiver of such right or provision.

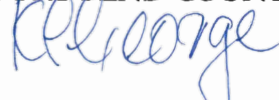
XVII.
ENTIRE AGREEMENT

This Agreement and the attached exhibits represent the entire Agreement between the County and the City, and there are no other effective agreements, representations or warranties between the County and the City that are not contained in the Agreement Documents.

XVIII.
EXECUTION

IN WITNESS WHEREOF, the Parties have executed this Agreement shall become effective upon execution by County.

FORT BEND COUNTY:

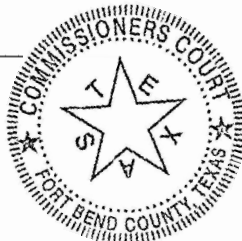


County Judge KP George
KP George, County Judge

ATTEST:



County Clerk



7/15/2022

Date

APPROVED AS TO FORM:

Marcus D. Spencer

Assistant County Attorney

July 15, 2022

Date

APPROVED: COUNTY PROJECT MANAGER

Carol Borrego

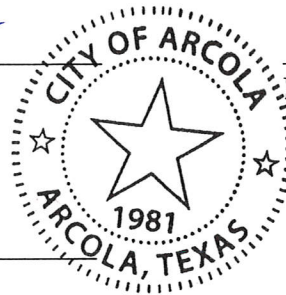
Carol Borrego, Director

Fort Bend County Community Development Department

CITY OF ARCOLA:

By
Mayor

[Signature]



Date

7-14-2022

ATTEST:

[Signature]
City Secretary

AUDITOR'S CERTIFICATE

I hereby certify that funds are available in the amount of \$3,384,000.00 to accomplish and pay the obligation of the Fort Bend County under this Agreement.

[Signature]

Robert Ed Sturdivant, County Auditor

EXHIBIT A

[THE NOTE]

COMMITMENT SCHEDULE

Note No. B-19-UC-48-0004

<u>Principal Due Date</u>	<u>Commitment Amount</u>
August 1, 2023	607,000
August 1, 2024	309,000
August 1, 2025	309,000
August 1, 2026	309,000
August 1, 2027	309,000
August 1, 2028	309,000
August 1, 2029	1,232,000
August 1, 2030	-
August 1, 2031	-
August 1, 2032	-
August 1, 2033	-
August 1, 2034	-
August 1, 2035	-
August 1, 2036	-
August 1, 2037	-
August 1, 2038	-
August 1, 2039	-
August 1, 2040	-
August 1, 2041	-
August 1, 2042	-
Maximum Commitment Amount =	\$3,384,000

SCHEDULE P&I*Note No. B-19-UC-48-0004

Principal Amount	Principal Due Date	Interest Rate**	Optional Redemption Available	
			YES	NO
	August 1, 2023			X
	August 1, 2024			X
	August 1, 2025			X
	August 1, 2026			X
	August 1, 2027			X
	August 1, 2028			X
	August 1, 2029			X
	August 1, 2030			X
	August 1, 2031			X
	August 1, 2032			X
	August 1, 2033		X	
	August 1, 2034		X	
	August 1, 2035		X	
	August 1, 2036		X	
	August 1, 2037		X	
	August 1, 2038		X	
	August 1, 2039		X	
	August 1, 2040		X	
	August 1, 2041		X	
	August 1, 2042		X	

\$..... = Aggregate Principal Amount

Principal Amounts due on or after August 1, 2032, may be redeemed, subject to the terms contained herein and in the Trust Agreement, on any Interest Due Date on or after August 1, 2031.

*This schedule will not be completed when initially executed and delivered by the Borrower for Guarantee for interim, variable-rate financing. It will be completed when assigned by the Holder at the request of the Borrower for conversion to Fixed Rates on the Conversion Date. The first date shown above on which Optional Redemption is available is expected to be the same when this schedule is completed, if the Borrower participates in the initial Section 108 public offering after receiving an interim financing Advance hereunder. If the Borrower participates in a later public offering, the first date on which Optional Redemption is available is expected to be correspondingly later.

** The fixed rate applicable to each Principal Amount shall be listed by the Secretary.

EXHIBIT B

[COLLATERAL - Property Description]



GENERAL WARRANTY DEED

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

**THE STATE OF TEXAS
COUNTY OF HARRIS**

KNOW ALL MEN BY THESE PRESENTS:

That **JOSE N. ROMERO**, a single person owning property in the County of HARRIS Texas, hereinafter called "Grantor" (whether one or more), for and in consideration of the sum of **TEN AND 00/100 DOLLARS (\$10.00)** and other good and valuable consideration to Grantor in hand paid by City of Arhola, hereinafter called "Grantee" (whether one or more), whose mailing address is 13222 May 6 Alcolia TX 77583 the receipt and sufficiency of which are hereby acknowledged and confessed;

Grantor has **GRANTED, SOLD AND CONVEYED**, and by these presents does **GRANT, SELL AND CONVEY**, unto said Grantee, the following described real property, to-wit:

**EXHIBIT "A"
LEGAL DESCRIPTION**

Address: 0 McKeever ST, Rosharon, TX, 77583

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereunto in anywise belonging, unto said Grantee, its successors and assigns, **FOREVER**. Grantors do hereby bind themselves, their heirs and assigns, **TO WARRANT AND FOREVER DEFEND** all and singular the said premises unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming, or to claim the same, or any part thereof.

This Deed is executed, delivered and accepted subject to all and singular any liens existing against the property, standby fees, ad valorem taxes for the current and all subsequent years, subsequent assessments for prior years due to changes in land usage or ownership, zoning ordinances, utility district assessments and standby fees, if any, applicable to and enforceable against the above described property, and all valid utility easements created by the dedication deed or plat of the subdivision in which said real property is located, covenants, restrictions common to the platted subdivision in which said real property is located, mineral reservations, maintenance fund liens, and any title or rights asserted by anyone, including, but not limited to, persons, corporations, governments or other entities to tidelands, or lands comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs or oceans, or to any land extending from the line of the harbor or bulkhead lines as established or changed, by any government or to filled-in lands, or artificial islands, or to riparian rights or other statutory water rights, or the rights or interests of the State of Texas or the public generally in the area extending from the line of mean low tide to the line of vegetation or the right of access thereto, or right of easement along and across the same, if any, applicable to and enforceable against the above described property as shown by the records of the County Clerk of the County in which said real property is located.

WHEN this Deed is executed by more than one person, or when the Grantee is more than one person, the instrument shall read as though pertinent verbs, nouns and pronouns were changed correspondingly, and when executed by or to a corporation, the words, "heirs, executors and administrators" or "heirs and assigns" shall be construed to mean "successors and assigns". Reference to any gender shall include either gender and, in the case of a corporation, shall include the neuter gender, all as the case may be.

DATED this the 8 day of March, 2019

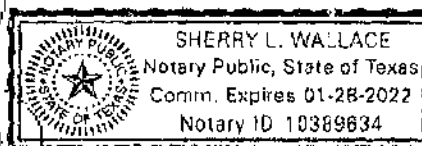
JOSE N. ROMERO

STATE OF TEXAS

COUNTY OF BRAZORIA

This instrument was acknowledged before me on the 8 day of March, 2019
by JOSE N. ROMERO.

Sherry L. Wallace
NOTARY PUBLIC STATE OF TEXAS



RETURN TO:
Patriot Title - East
11200 Broadway
Pearland, TX. 77584
GF# 60-01005

Escrow File No.: 60-01005

EXHIBIT "A"**EXHIBIT "A"
LEGAL DESCRIPTION**

ALL THAT CERTAIN TRACT OR PARCEL OF LAND CONTAINING 1.0332 ACRES CALLED TRACT NO. 3 (VOL. 1607, PG. 735, OFFICIAL RECORDS OF FORT BEND COUNTY TEXAS) OUT OF A 5.166 ACRE TRACT OF LAND (VOL. 73, PG. 276, FORT BEND COUNTY DEED RECORDS); SAID 1.0332 ACRE TRACT MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT AN IRON ROD WITH SURVEY CAP FOUND FOR THE SOUTHWEST CORNER TRACT 2 AND OF SAID 5.166 ACRE TRACT ON THE NORTH RIGHT-OF-WAY OF MCKEEVER ROAD, 80.00 FOOT RIGHT-OF-WAY;

THENCE NORTH 514.36 FEET ALONG THE WEST LINE OF TRACTS 2 AND 4 TO AN IRON ROD FOUND FOR CORNER OF TRACTS 4 AND 5;

THENCE NORTH 89 DEGREES 24 MINUTES 00 SECOND EAST, 175.00 FEET ALONG THE COMMON LINE OF TRACTS 4 AND 5 TO A 1/2 INCH IRON ROD SET FOR THE NORTHWEST CORNER AND POINT OF BEGINNING OF SAID TRACT 3;

THENCE NORTH 89 DEGREES 24 MINUTES 00 SECONDS EAST, 175.00 FEET ALONG THE COMMON LINE OF TRACTS 3 AND 5 TO A 1/2 INCH IRON ROD SET FOR THE NORTHEAST CORNER OF TRACT 3;

THENCE SOUTH 257.18 FEET WITH THE EAST LINE OF SAID TRACT 3, TO A 1/2 INCH IRON ROD SET FOR CORNER AT THE NORTHEAST CORNER OF TRACT NUMBER 1;

THENCE SOUTH 89 DEGREES 24 MINUTES 00 SECONDS WEST 175.00 FEET WITH THE COMMON LINE OF TRACTS 1 AND 3 TO A 1/2 INCH IRON ROD SET FOR THE COMMON CORNER OF TRACTS 1,2,3, AND 4;

THENCE NORTH 257.18 FEET ALONG THE COMMON LINE OF TRACTS 3 AND 4 TO THE POINT OF BEGINNING AND CONTAINING 1.0332 ACRES OF LAND, MORE OR LESS.

NOTE: The Company is prohibited from insuring the area or quantity of the land described herein. Any statement in the above legal description of the area or quantity of land is not a representation that such area or quantity is correct, but is made only for information and/or identification purposes.



Laura Richard
Laura Richard, County Clerk
Fort Bend County Texas
Pages: 2 Fee: \$17.00

GENERAL WARRANTY DEED

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

THE STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF FORT BEND

That Jackie Lee Hall and wife, Mary Hall, owning property in the County of FORT BEND Texas, hereinafter called "Grantor" (whether one or more), for and in consideration of the sum of TEN AND 00/100 DOLLARS (\$10.00) and other good and valuable consideration to Grantor in hand paid by City of Arcola hereinafter called "Grantee" (whether one or more), whose mailing address is 13222 Hwy 6 Arcola, TX 77583 the receipt and sufficiency of which are hereby acknowledged and confessed;

Grantor has GRANTED, SOLD AND CONVEYED, and by these presents does GRANT, SELL AND CONVEY, unto said Grantee, the following described real property, to-wit:

A FILED NOTE DESCRIPTION of a 1.0332 acre tract of land being out of the middle of the West one-half of a 5.1666 acre tract of land with said 5.166 acres of land out of the East side of Lots No. 1 and 2, New York and Texas Land Subdivision (Vol. 26, Page 596 DR) and situated in the Manuel Escalera Survey, Abstract 170, Fort Bend County, Texas. 1.0332 acre tract of land being more particularly described by meters and bounds in Warranty Deed from Ida Mae Burkman to Jackie Lee Hall and wife, Mary Hall, filed March 14, 1996, Fort Bend County Clerk's File No. 9615629 and having been corrected in Corrocted Warranty Deed filed January 30, 1997, Fort Bend County Clerk's File No. 9705532. The Company does not represent or insure that the acreage or square footage calculations are correct.

Address: McKeever Rd # off Arcola, TX. 77583

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereunto in anywise belonging, unto said Grantee, its successors and assigns, FOREVER. Grantors do hereby bind themselves, their heirs and assigns, TO WARRANT AND FOREVER DEFEND all and singular the said premises unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming, or to claim the same, or any part thereof.

This Deed is executed, delivered and accepted subject to all and singular any liens existing against the property, standby fees, ad valorem taxes for the current and all subsequent years, subsequent assessments for prior years due to changes in land usage or ownership, zoning ordinances, utility district assessments and standby fees, if any, applicable to and enforceable against the above described property, and all valid utility easements created by the dedication deed or plat of the subdivision in which said real property is located, covenants, restrictions common to the platted subdivision in which said real property is located, mineral reservations, maintenance fund liens, and any title or rights asserted by anyone, including, but not limited to, persons, corporations, governments or other entities to tidelands, or lands comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs or oceans, or to any land extending from the line of the harbor or bulkhead lines as established or changed by any government or to filled-in lands, or artificial islands, or to riparian rights or other statutory water rights, or the rights or interests of the State of Texas or the public generally in the area extending from the line of mean low tide to the line of vegetation or the right of access thereto, or right of easement along and across the same, if any, applicable to and enforceable against the above described property as shown by the records of the County Clerk of the County in which said real property is located.

WHEN this Deed is executed by more than one person, or when the Grantee is more than one person, the instrument shall read as though pertinent verbs, nouns and pronouns were changed correspondingly, and when executed by or to a corporation, the words, "heirs, executors and administrators" or "heirs and assigns" shall be construed to mean "successors and assigns". Reference to any gender shall include either gender and, in the case of a corporation, shall include the neuter gender, all as the case may be.

DATED this the 9 day of Feb. 2019

Jackie Lee Hall
Jackie Lee Hall

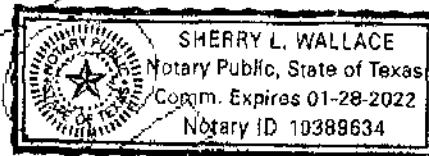
Mary Hall
Mary Hall

STATE OF Texas

COUNTY OF Fox Bend

This instrument was acknowledged before me on the 9 day of Feb., 2019 by Jackie Lee Hall and wife, Mary Hall.

Sherry L. Wallace
NOTARY PUBLIC STATE OF TEXAS



RETURN TO:
Patriot Title
5225 Katy Freeway Ste. 510
Houston, TX 77007
GF# 60-01010

PREPARED BY:
KALUZA INC.
 CONSULTING ENGINEERS AND SURVEYORS
 TEXAS LICENSED SURVEYING FIRM No. 10010000
 3014 AVENUE I
 ROSENBERG, TEXAS 77471
 (281) 341-0808
 bschedek@kaluzainc.com

RESERVE "A"
 (RESTRICTED FOR
 COMMERCIAL USE)
 CALL 1.8812 ACRE
 CHAVARRIA PLACE
 (F.B.C.P.
 No. 20120215)

H.L. & P.
 10' EASEMENT
 WITH A.E.
 (TRACT 1 -
 VOL. 2712,
 PG. 1887; O.R.)

WIFE R. SANCHEZ
 & SUSIE D. SANCHEZ
 CALL 4.14 ACRE TRACT
 (F.B.C.F. No. 201915964)
 (F.B.C.F. No. 9517810)
 VOL. 513, PG. 510, D.R.
 CALLED "SOUTH 4 ACRES"
 (VOL. 401, PG. 215; D.R.)



0 100'
 SCALE 1" = 100'

MANUEL ESCALERO
 SURVEY
 ABSTRACT No. 170

**CITY OF
 ARCOLA**

RW HOLDING COMPANY LLC
 CALL 0.7449 ACRE
 (F.B.C.F. No. 2019143175)
 (F.B.C.F. No. 2014028394)

DAVID C. WALKER &
 ROBERTA D. WALKER
 CALL 0.5166 ACRE
 (F.B.C.F. No. 2015034449)

[RW HOLDING
 COMPANY LLC]
 CALL 1.03 ACRE
 (F.B.C.F. No. 2020153931)
 UNRESTRICTED
 RESERVE A
 CALL 1.03 ACRE
 CROSSWIND RANCH
 (F.B.C.P.
 No. 20180228)

CENTRALINE OF 40' ROAD
 (PRIVATE, NO OPEN
 VOL. 1607, PGS. 717-746; O.R.)

STATE OF TEXAS
 125' TRAPANE CHANNEL
 CALL 1.580 ACRE
 (CAUSE No. 019934,
 PARCEL No. 12E -
 F.B.C.F. No. 2004129341)

TRANSFORMER
 X= 3,092,398
 Y= 13,749,746

METER FOR WATER PLANT
 X= 3,092,407
 Y= 13,749,741

FOUND 3-1/4"
 TxDOT ALUM. DISK
 X= 3,092,453.79'
 Y= 13,749,714.92'

METER FOR STORM WATER
 PUMP STATION
 X= 3,092,324
 Y= 13,749,667

RKD, SR, FAMILY L.P.
 REMAINDER OF
 ORIGINAL CALL 9.02 ACRE TRACT
 (F.B.C.F. No. 2006146954)
 (F.B.C.F. No. 9808656)

LEGEND:
 R.O.W. - RIGHT-OF-WAY
 VOL. - VOLUME
 PG. - PAGE
 D.M. - DEED RECORDS OF
 FORT BEND COUNTY
 O.R. - OFFICIAL RECORDS OF
 FORT BEND COUNTY
 F.B.C.F. - FORT BEND COUNTY
 CLERK'S FILE
 F.B.C.P. - FORT BEND COUNTY PLAT
 F.B.C.D. - FORT BEND COUNTY
 APPRAISAL DISTRICT
 H.L. & P. - HOUSTON LIGHTING &
 POWER COMPANY
 A.E. - AERIAL EASEMENT
 - EXISTING CONDITIONS
 - PROPOSED IMPROVEMENTS
 - PROPOSED ELECTRIC

NOTE: PREPARED WITHOUT BENEFIT OF CURRENT
 TITLE REPORT.

ALL COORDINATES REFERENCED TO THE TEXAS
 COORDINATES SYSTEM OF 1983 (SOUTH CENTRAL
 ZONE). ALL COORDINATES LISTED ARE GRID AND
 CAN BE BROUGHT TO SURFACE BY APPLYING A
 COMBINED PROJECT SCALE FACTOR= 0.995865930.

The City of Arcola 4.703 acres of Land overall:

a call 0.159 acre tract
 (Fort Bend County Clerk's File No. 2020080990)
 FBCAD R42610 / Geographic ID: 0170-00-000-5050-907
 FBCAD address "1323 Highway 6, Arcola"

the remainder of a call 0.4400 acre tract
 (Vol. 1880, Pg. 41; Official Records of Fort Bend County, Texas)
 FBCAD R133017 / Geographic ID: 0170-00-000-5049-907
 FBCAD address "13322 Highway 6, Rosharon"

the remainder of a call 0.5133 acre tract
 (Vol. 2077, Pg. 166; Official Records of Fort Bend County, Texas)
 FBCAD R133017 / Geographic ID: 0170-00-000-5049-907
 FBCAD address "13322 Highway 6, Rosharon"

a call 1.000 acre tract
 (Vol. 2675, Pg. 988; Official Records of Fort Bend County, Texas)
 FBCAD R183848 / Geographic ID: 0170-00-000-5003-907
 FBCAD address "13222 Highway 6, Arcola"

a 0.135 acre tract
 (Fort Bend County Clerk's File No. 2001104305)
 FBCAD R263592 / Geographic ID: 0170-00-000-5004-907
 FBCAD address "13322 Highway 6"

Tract No. 3 - call 1.0332 acre
 (Fort Bend County Clerk's File No. 2019131736 &
 Vol. 1607, Pg. 735; Official Records of Fort Bend County, Texas)
 FBCAD R118256 / Geographic ID: 0170-00-000-4902-907
 FBCAD address "Davis RD, Rosharon"

Tract No. 4 - call 1.0332 acre
 (Fort Bend County Clerk's File No. 2019129140 &
 Vol. 1607, Pg. 723; Official Records of Fort Bend County, Texas)
 FBCAD R118258 / Geographic ID: 0170-00-000-4903-907
 FBCAD address "McKeever RD #Off, Arcola"

the remainder of Tract No. 5
 (Fort Bend County Clerk's File No. 2019131755
 original call 1.0332 acre - Vol. 1607, Pg. 729;
 Official Records of Fort Bend County, Texas)
 FBCAD R118259 / Geographic ID: 0170-00-000-4904-907
 FBCAD address "13302 Highway 6"

all inclusive being out of Lots One, Two, and Three of the New
 York and Texas Land Company, Limited, Subdivision (Volume 26,
 Page 594; Deed Records of Fort Bend County, Texas), and being
 in the Manuel Escalero Survey, Abstract No. 170, City of Arcola,
 Fort Bend County, Texas.

**CITY OF ARCOLA
 CITY HALL & WATER PLANT
 PROPOSED ELECTRIC**

JANUARY 6, 2021

McKEEVER ROAD (80' R.O.W.)

EXHIBIT C

Certification for Contracts, Grants, Loans and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LJL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, sub grants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making for entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Executed this _____ date of _____, 20____

By _____
(signature)

(typed or printed name)

(title, if any)

Covered Action: LOAN GUARANTEE ASSISTANCE
(type and identity of program, project or activity)

EXHIBIT D

**GUIDELINES FOR
ENTITY DESIGN, BIDDING AND ADMINISTRATION
OF CONSTRUCTION PROJECTS**

These guidelines are intended to assist those public entities receiving Fort Bend County Loan Guarantee Assistance Funds. The guidelines will facilitate the entity's understanding and compliance with applicable federal and county regulations, policies and processes where the entity is responsible for the design, bidding, and construction administration phases of a project. If clarification is needed, call Karen Bringol, Project Coordinator, Fort Bend County Community Development Department (CDD), at (281) 341-4410.

1. The entity must submit the proposed consultant's SF 254 and 255 or SF 330 qualification statements and professional liability insurance certification for approval prior to commissioning the consultant.
2. Upon approval by CDD the entity may retain consultant services.
3. The schematic design must be within the previously approved project scope.
4. Preliminary plans and outline specifications shall be submitted to CDD to review for compliance with project scope, estimated cost and constructibility. Comments will be returned to the consultant for incorporation into the final plans. Final plans will be submitted to the County and will be reviewed to ensure compliance with HUD/County technical requirements and to insert County-related documents. Corrections and comments will be returned to the consultant for revisions. Final documents must be approved by CDD.
5. Prior to award of contract, CDD and the County Engineer's Office will review the bid documents, the bidder's qualification statements, minority business plan and financial statements to ensure that the District has a good contracting record, adequate capitalization and/or equipment, etc., to successfully complete the project, meets minority participation goals and that the bidder has not been debarred by HUD from working on federal contracts.

6. The Entity shall conduct a prebid meeting (if necessary) and a preconstruction conference with the District(s), consultant, and CDD representatives in attendance.
7. Inspection will be the responsibility of the Entity. The County Engineer will periodically inspect construction.
8. The Entity will be responsible for preparing monthly pay estimates. Preparation will consist of a site meeting with the Entity and/or consultant and the District's representative to accurately determine the percentage completion of various components of the work and time used. The monthly estimate is based on a previously submitted and approved schedule of values. Upon completion of the final draft of each monthly estimate, the consultant will be required to sign same. The estimates will then be reviewed by the County Engineer and processed through CDD, County Auditor and the County Treasurer.
9. All requests for changes in contract will be processed by the Entity. All change requests must be within the original scope of work and be approved by CDD prior to processing. No person will have authority to verbally alter, modify, expand or reduce the requirements of the drawings or specifications. All modifications affecting cost, scope, quality or time shall be made part of the contract by a "Change-In-Contract" approved by the Entity. All change orders required due to errors and/or omissions by the consultant will be paid for by the Entity. Total aggregate Changes In Contract will not exceed twenty-five percent (25%) of the original contract amount.
10. CDD will review all payrolls and conduct working interviews and will hold the general District responsible for compliance with labor, EEO and minority business requirements.

APPENDIX 1

I. PROCEDURES FOR SUBMITTING ENGINEERING PROPOSALS

Fort Bend County's Community Development Department requires that engineering firms submitting qualification statements do so in the manner prescribed below. This information should substantiate the capacity and ability of the firm and its staff to perform this type of engineering work. It is also important to list projects completed of a similar nature that demonstrate this capability. Any proposal submitted without all of the information requested below will be considered as non-responsive.

- A. Submit one (1) copy of information on the firm in the form of a corporate resume, including SF 254 and SF 255 or SF 330 Forms.
- *B. Submit one (1) copy of current project activities of a similar nature being undertaken by your firm (including dollar amount and contact persons).
- *C. Submit any other pertinent information on the firm's ability to carry out the contractual responsibilities; including such things as equipment, use of sub-contracts, special knowledge of the project area or activity being considered.
- *D. Provide a list of persons, and their classification, who will be assigned to this job.
- *E. Provide a resume of all employees who will be assigned to this project, including a listing of projects having similar work.
- F. Provide a detailed scope of work on how you propose to handle this type of construction. The scope of work should contain categories for initial site investigation, submission of preliminary plans (construction drawings) for review, correction of revisions which result from said review, technical specifications, easement drawings/legal descriptions, and meetings as may be required.
- G. Provide a list of subDistricts to be employed (if known) and whether these firms are minority or female owned.
- H. Submit one (1) copy of the Certification for Contracts, Grants, Loans and Cooperative Agreements (Appendix 3).

*NOTE: It is not necessary to re-list data already included on the SF 254 and SF 255 or SF 330 Forms.

II. SELECTION CRITERIA

The award of the contract for engineering services required by this Request for Proposal shall be determined by analysis of, but not necessarily limited to, the following factors:

- A. Documented evidence of qualifications, resources and experience of the proposing firm to perform the required services;
- B. Commitment by the proposing firm to complete the construction plans, documents, design surveys and easement descriptions within the required time.
- C. Other factors as deemed appropriate, including a review of the items submitted under Section I. PROCEDURES FOR SUBMITTING ENGINEERING PROPOSALS.

III. MBE/WBE PARTICIPATION

Where possible, engineering firms are encouraged to utilize the skills and services of minority businesses in the fulfillment of the contractual responsibilities pertaining to this project.

IV. ENGINEERING SERVICES

The District shall enter into a contract for engineering services as listed below:

- 1. The Engineer will be responsible for ascertaining the scope of improvements outlined in this report (scope of work) and developing a Layout and Cost Estimate. The Engineer should recommend alternative layouts if field investigations identify additional problems not covered in the original scope of work.
- 2. Upon direction of the District, the Engineer will prepare construction plans and documents as required so as to install the scope of work identified in this report.
- 3. The Engineer will identify and prepare easement/right-of-way descriptions if necessary.

APPENDIX 2

PROPOSAL SUMMARY

(Include with proposal after selection of engineer)

1. Engineer (Firm Name) _____
- *2. P.E. Hours _____
- *3. Minority/Female Hours _____
- *4. Total Hours _____

*These are total estimated hours for the entire project. The data requested here is in addition to the breakdowns called for in Section I (D & F), PROCEDURES FOR SUBMITTING PROPOSALS.

APPENDIX 3

Certification for Contracts, Grants, Loans and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-L.L.L., "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, sub grants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making for entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Executed this _____ date of _____, 20____.

By _____
(signature)

(typed or printed name)

(title, if any)

Covered Action: LOAN GUARANTEE ASSISTANCE
(type and identity of program, project or activity)

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
SECTION 108 LOAN GUARANTEE PROGRAM**

VARIABLE/FIXED RATE NOTE

NOTE NUMBER: **B-19-UC-48-0004**

DATE OF NOTE: _____

BORROWER: **County of Fort Bend, Texas**
[City of Arcola Water Treatment Plant
Project]

PRINCIPAL DUE DATES AND PRINCIPAL AMOUNT: Before the Conversion Date, the aggregate of Advances made for each applicable Principal Due Date specified in the Commitment Schedule to this Note; on or after the Conversion Date, the Principal Amount (if any) listed for each Principal Due Date in Schedule P & I hereto.

MAXIMUM COMMITMENT
AMOUNT: **\$3,384,000**

COMMITMENT AMOUNTS: See
Commitment Schedule attached hereto.

VARIABLE INTEREST RATE: As set forth below.

REGISTERED HOLDER: Daedalus & Co
As Nominee for
Federated Hermes Money Market Obligations Trust
on behalf of its Federated Hermes Government
Obligations Fund

I. Terms Applicable Before the Conversion Date

A. Advances

For value received, the undersigned, the County of Fort Bend (the "Borrower"), which term includes any successors and assigns, a public entity organized and existing under the laws of the State (or Commonwealth as applicable) of Texas, promises to pay to the Registered Holder (the "Holder," which term includes any successors or assigns), at the time, in the manner, and with

interest at the rate or rates hereinafter provided, such amounts as may be advanced under this Note from time to time by the Holder for disbursement to, or on behalf of, the Borrower (individually, an "Advance", and collectively, "Advances"). The Holder shall make Advances upon the written request of the Borrower and the approval of the Secretary of Housing and Urban Development or his designee (the "Secretary"), pursuant to the Contract for Loan Guarantee Assistance (as further defined in Section IV.A. of this Note, the "Contract"), and the Amended and Restated Master Fiscal Agency Agreement (the "Fiscal Agency Agreement") dated as of May 17, 2000, between The Bank of New York Mellon (successor to The Chase Manhattan Bank and JPMorgan Chase Bank, N.A.), as Fiscal Agent (the "Fiscal Agent"), and the Secretary. The total amount of Advances made for each Principal Due Date under this Note shall not exceed the applicable Commitment Amount for such Principal Due Date set forth on the Commitment Schedule attached hereto. The aggregate of all Advances under this Note for all Principal Due Dates shall not exceed the Maximum Commitment Amount specified on the attached Commitment Schedule. The Fiscal Agent shall record the date and amount of all payments and Advances on this Note and maintain the books and records of all such Advances and Commitment Amounts for each corresponding Principal Due Date, and all payments. No Advances shall be made on this Note after its Conversion Date.

As used herein, "Conversion Date" means the date (if any) upon which this Note is (i) delivered by the Holder to the Fiscal Agent against payment therefore by the purchasers selected by the Secretary to make such payment; and (ii) assigned to Bank of New York Mellon (or any successor thereto) acting in its capacity as Trustee (the "Trustee") pursuant to a Trust Agreement between the Secretary and the Trustee, dated as of January 1, 1995, as such agreement may be amended or supplemented (the "Trust Agreement"). Upon the occurrence of both (i) and (ii) in the previous sentence, Section III of this Note applies, thereby converting this Note to a fixed rate obligation.

B. Variable Rate of Interest

From and including the date of each Advance to but excluding the earlier of (i) the Conversion Date, and (ii) the date of redemption or prepayment of such Advance pursuant to Section I.D. below (each such date of redemption or prepayment, a "Prepayment Date") interest shall be paid quarterly at a variable interest rate (as set forth below) on the unpaid principal balance of each Advance on the first day of each February, May, August and November (each, an "Interim Payment Date"), commencing on the first Interim Payment Date after the initial Advance is made under this Note. Interest also shall be paid on each applicable Conversion Date, Prepayment Date or Principal Due Date. The amount of interest payable on each Interim Payment Date will represent interest accrued during the three-month period ending immediately prior to such Interim Payment Date, or in the case of the first Interim Payment Date following each Advance that is not made on an Interim Payment Date, the period from and including the date of such Advance to but excluding the first Interim Payment Date following such Advance. The amount of interest payable on this Note's Conversion Date, Prepayment Date, or on any Principal Due Date that precedes such Conversion Date will represent interest accrued during the period from the last Interim Payment Date to such Conversion Date, Prepayment Date, or Principal Due Date, respectively.

The initial variable interest rate for each Advance will be set on the date of such Advance and will be equal to the Applicable Rate (as hereinafter defined) and thereafter will be adjusted monthly on the first day of each month (each, a "Reset Date") to a variable interest rate equal to the Applicable Rate (such interest rate, as reset from time to time, the "Standard Note Rate"). If Secretary and Holder agree to a Subsequent Rate (as hereinafter defined) and Subsequent Variable Interest Rate (as hereinafter defined) pursuant to paragraph IV.H. of this Note, the Secretary shall notify the Fiscal Agent in writing of any Subsequent Rate and Subsequent Variable Interest Rate within two Business Days of the determination thereof. If the Conversion Date for this Note has not occurred by the March 1 following the initial Advance under this Note, then the terms of Appendix A shall be used to set the variable interest rate. If the Fiscal Agent does not receive notice of either a Negotiated Special Interest Rate or Holder Determined Special Interest Rate (as defined in Appendix A attached hereto) from the Secretary or Holder, respectively, by the times specified in Appendix A to this Note, then the Standard Note Rate shall apply for the period to which such Negotiated Special Interest Rate or Holder Determined Special Interest Rate would otherwise apply. The Fiscal Agent may conclusively rely on any such notice as to the correctness of any matters set forth therein. Appendix A shall be inapplicable to this Note on or after the Conversion Date.

"3-Month T-Bill Rate" for any given Business Day means, except in the case of manifest error, the High Rate announced in the most recent Treasury Auction Results release corresponding to the 13-Week Bill auction with an auction date on a day preceding the initial Advance, or for subsequent Advances, the most recent Reset Date (but not with respect to an auction published on any Reset Date), as published on TreasuryDirect or any successor publication, published by the U.S. Department of the Treasury Bureau of the Fiscal Service, under the "Financial Institutions" heading (or any successor heading), in the section titled "Announcements, Data & Results" (or any successor section) and under the subsection "Bills – Security Term: 13-Week" (or any successor caption). If, as of any Reset Date, such rate was not published on TreasuryDirect or any successor publication any day since the immediately preceding Reset Date, for each interest period, the 3-Month T-Bill Rate shall be the yield on Treasury Bills (secondary market) with 3-month maturity, as reported in Federal Reserve Statistical Release H. 15, Selected Interest Rates of the Board of Governors of the Federal Reserve System (or any successor publication).

Prior to the effective date of a Subsequent Rate and Subsequent Variable Interest Rate established by an amendment to this Note pursuant to paragraph IV.H. of this Note, "Applicable Rate" means: (1) with respect to the initial interest rate for the first Advance hereunder, 35 basis points (0.35%) above the 3-Month T-Bill Rate one New York Banking Day before the date of such first Advance; (2) with respect to the initial interest rate for any subsequent Advance made before the first Reset Date, the interest rate borne by the first Advance; (3) with respect to the initial interest rate for any subsequent Advance made after the first Reset Date, 35 basis points (0.35%) above the 3-Month T-Bill Rate one New York Banking Day before the immediately preceding Reset Date; and (4) with respect to the subsequent interest rate at any Reset Date for any Advance, 35 basis points (0.35%) above the 3-Month T-Bill Rate one New York Banking Day before such Reset Date.

Upon the effective date of a Subsequent Rate and Subsequent Variable Interest Rate established by an amendment to this Note pursuant to paragraph IV.II. of this Note, "Applicable Rate" means the Subsequent Variable Interest Rate.

"New York Banking Day" means any day in which dealings in deposits in United States dollars are transacted in the New York interbank market. Interest payable on or before the Conversion Date shall be calculated on the basis of a 360-day year and the actual number of days lapsed.

"Subsequent Rate" means the rate, as agreed upon by Secretary and Holder, that shall be used in lieu of the 3-Month T-Bill Rate to establish the Applicable Rate, upon agreement between the Secretary and Holder. The Subsequent Rate shall be a rate that is publicly available daily.

"Subsequent Variable Interest Rate" means the interest rate for each Advance that will be set on the date of such Advance and will be equal to a specific amount of basis points above or below the Subsequent Rate, and thereafter will be adjusted monthly on the Reset Date to an interest rate equal to a specific amount of basis points above or below the Subsequent Rate, all as agreed upon by the Secretary and Holder pursuant to paragraph IV.H. of this Note.

C. Principal Amount

Prior to the Conversion Date, the aggregate amount of Advances under this Note for each specified Principal Due Date shall be the Principal Amount paid by the Borrower on such Principal Due Date (as assigned to such Advances by the Secretary's instructions to the Fiscal Agent in accordance with the Contract and the Fiscal Agency Agreement), except to the extent such Principal Amount shall have been reduced by redemption before such Principal Due Date as provided below.

D. Redemption before Conversion Date

At any time on or before the Conversion Date, the Borrower, with the consent of the Secretary, may redeem this Note, in whole or in part, upon fourteen calendar days notice to the Fiscal Agent and the Secretary, at the purchase price of one hundred percent (100%) of the unpaid Principal Amount to be redeemed, plus accrued interest thereon to the date of redemption. Partial redemptions shall be credited against the applicable Principal Amount(s). The related Commitment Amounts and the Maximum Commitment Amount shall be adjusted concurrently with any such redemptions in accordance with the Secretary's instructions to the Fiscal Agent pursuant to the Contract and the Fiscal Agency Agreement.

II. Conversion

The following events shall occur on the Conversion Date:

A. Schedule P&I

On the Conversion Date all Advances owed by the Borrower under this Note with the same Principal Due Date shall be aggregated into a single Principal Amount which will accrue interest at the fixed rate applicable to such Principal Due Date. Such Principal Amount may be adjusted by the Fiscal Agent in accordance with the following paragraph or paragraph IV.H, as applicable. Whether or not adjusted, each Principal Amount, the fixed rate applicable to each Principal Amount, and the applicable Principal Due Date, shall be listed by the Secretary in Schedule P&I. Schedule P&I will be provided by the Secretary to the Fiscal Agent and attached to this Note by the Fiscal Agent upon the Fiscal Agent's receipt of this Note on the Conversion Date.

B. Conversion Date Advances

If, on or prior to the Conversion Date, the Borrower has not utilized the entire Commitment Amount indicated on the Commitment Schedule attached hereto for a given Principal Due Date, the Borrower may, in accordance with the Fiscal Agency Agreement and the Contract, and with the approval of the Secretary, utilize such Commitment Amount on the Conversion Date to obtain a Conversion Date Advance. A "Conversion Date Advance" shall mean any amount by which the Secretary instructs the Fiscal Agent to increase a Principal Amount on Schedule P&I for a given Principal Due Date, effective as of the Conversion Date of this Note. Conversion Date Advances shall be funded by the sale of this Note to the purchaser selected by the Secretary. The proceeds of a Conversion Date Advance (net of any applicable fees) shall be distributed to or on behalf of the Borrower on the Conversion Date. The total amount of Conversion Date Advances hereunder shall not exceed the sum of any unused Commitment Amounts for all Principal Due Dates.

III. Terms Applicable Upon Conversion

The following terms shall apply to this Note from the Conversion Date (if any) until this Note is canceled, or matured and paid in full:

Commencing on the Conversion Date, the Borrower promises to pay to the Holder on the applicable Principal Due Date each Principal Amount set forth on the attached Schedule P&I, together with interest on each such Principal Amount at the rate applicable thereto specified on the Schedule P&I. Interest shall be calculated and payments shall be made in the manner set forth below.

Interest on each scheduled Principal Amount of this Note due as of a given date specified on Schedule P&I hereto shall accrue at the related per annum rate specified on Schedule P&I from (and including) the Conversion Date to (but excluding) such Principal Due Date or, if applicable, to the applicable Interest Due Date on which an Optional Redemption (as defined below) occurs. Each interest amount accrued on each unpaid Principal Amount of this Note shall be due semiannually as of February 1 and August 1 of each year (each such February 1 and August 1, an "Interest Due Date") commencing on the first such date after the Conversion Date, until each Principal Amount listed on Schedule P&I to this Note is paid in full. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Certain Principal Amounts that are indicated as being eligible for Optional Redemption on Schedule P&I may be paid, in whole or in part, at the option of the Borrower as of any Interest Due Date on or after the date specified in such schedule (an "Optional Redemption"). In order to elect an Optional Redemption of such a Principal Amount, the Borrower shall give notice of its intention to prepay a Principal Amount to the Trustee and the Secretary not less than 60 days and not more than 90 days prior to the Interest Due Date as of which the Borrower intends to prepay the Principal Amount. The Trustee shall apply any payments received in respect of Optional Redemptions in accordance with written instructions of the Borrower, as approved by the Secretary. Principal Amounts that are not indicated as being eligible for Optional Redemption on Schedule P&I may not be prepaid.

IV. General Terms

A. Additional Definitions

For purposes of this Note, the following terms shall be defined as follows:

"Business Day" shall mean a day on which banking institutions in New York City are not required or authorized to remain closed and on which the Federal Reserve Bank and the New York Stock Exchange are not closed. If any payment (including a payment by the Secretary) is required to be made on a day that is not a Business Day, then payment shall be made on the next Business Day.

"Contract" shall mean the Contract for Loan Guarantee Assistance, and any amendments thereto, among the Secretary and the Borrower, the designated public entity named therein (if applicable), and the State named therein (if applicable), that refers to and incorporates this Note by the number hereof.

"Principal Amount" shall mean: (i) before the Conversion Date for this Note, the aggregate amount of Advances made for each Principal Due Date specified in the Commitment Schedule attached to this Note, less the amount of any redemptions pursuant to Section I.D. hereof, and any principal repayment; and (ii) on or after the Conversion Date, the principal amount (if any) stated for each Principal Due Date in Schedule P&I attached hereto, less the amount of any principal repayment and any Optional Redemptions made pursuant to Section III hereof and the Trust Agreement.

B. Timely Payment to Fiscal Agent or Trustee

Notwithstanding anything contained in Section I, Section II, or Section III, the Borrower, in accordance with the Contract, shall be required to make all payments of interest and principal, including any Optional Redemption payment, directly to the Fiscal Agent or the Trustee (as applicable) on the seventh Business Day prior to the appropriate Interim Payment Date, Interest Due Date, Principal Due Date, Prepayment Date, or date of Optional Redemption, as applicable.

C. Interest on Late Payments

If a payment of principal or interest herein provided for shall not be made by either (i) 2:30 p.m. on an Interest Due Date or Principal Due Date; or (ii) 2:30 p.m. on the second Business Day (as herein defined) next succeeding an Interim Payment Date, then interest shall accrue on the amount of such payment at the then applicable interest rate or rates payable on this Note, from the relevant due date, as the case may be, until the date such payment is made. Nothing in the immediately preceding sentence shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder timely to receive any and all payments of principal and interest specified in this Note.

D. Applicability of Fiscal Agency Agreement or Trust Agreement

Prior to the Conversion Date, this Note and Advances and payments made hereunder shall be administered pursuant to the terms of the Fiscal Agency Agreement and are subject to such agreement. On or after the Conversion Date, this Note and Advances and payments made hereunder shall be administered pursuant to the Trust Agreement and are subject to such agreement. The terms and provisions of the Fiscal Agency Agreement or the Trust Agreement, insofar as they affect the rights, duties and obligations of the Holder and/or the Borrower, are hereby incorporated herein and form a part of this Note. The Borrower hereby agrees to be bound by all obligations of the Borrower to the Fiscal Agent set forth in the Fiscal Agency Agreement. Capitalized terms not defined in this Note shall have the meanings ascribed to them in the Fiscal Agency Agreement or Trust Agreement, as applicable. The Fiscal Agency Agreement provides for the Fiscal Agent to perform certain duties, including the duties of (i) paying agent and calculation agent for this Note until its Conversion Date, and (ii) registrar for this Note until this Note is canceled or a new registrar appointed, each in accordance with the Fiscal Agency Agreement. The Trust Agreement provides for the Trustee to perform certain duties, including the duties of collection agent for this Note after its Conversion Date until a new Trustee is appointed in accordance with the Trust Agreement. This Note may be surrendered to the Fiscal Agent for registration of transfer or exchange, as provided in the Fiscal Agency Agreement. The Fiscal Agent and Trustee each shall permit reasonable inspection to be made of a copy of the Fiscal Agency Agreement or Trust Agreement kept on file at its respective corporate trust office. Neither the Fiscal Agency Agreement nor the Trust Agreement shall change the Borrower's payment obligations under this Note.

E. Applicability of Contract and Secretary's Guarantee

This Note evidences indebtedness incurred pursuant to and in accordance with the Contract and pursuant to Section 108 of Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. § 5308) (the "HCD Act"). This Note is subject to the terms and provisions of the Contract, to which Contract reference is hereby made for a statement of said terms and provisions and for a description of the collateral security for this Note. The payment of principal on the applicable Principal Due Dates and interest on the applicable Interim Payment Dates or Interest Due Dates under this Note is unconditionally guaranteed by the Secretary to the Holder through a guarantee (the "Guarantee"). Execution of the Secretary's Guarantee is required before this Note is effective, and such Guarantee shall be issued pursuant to and in accordance with the terms of the Contract and Section 108 of the HCD Act.

F. Default

A default under this Note shall occur upon failure by the Borrower to pay principal or interest on this Note when due hereunder. If a Borrower defaults on the payment of any interest or Principal Amounts when due, or if the Secretary gives notice of a final decision to declare the Borrower in default pursuant to the following paragraph of this Section IV.F, the Secretary may, but is not obligated to, make on any date on or prior to the Conversion Date with fourteen calendar days prior notice to the Fiscal Agent, or on the seventh Business Day preceding any Interest Due Date on or after the first permissible Optional Redemption date with seven Business Days prior notice to the Trustee, an acceleration payment to the Fiscal Agent or the Trustee, as applicable, equal to the unpaid Aggregate Principal Amount of the Note, together with accrued and unpaid interest thereon to such acceleration payment date or Interest Due Date, as applicable. In the event that any such acceleration payment is made from sources other than funds pledged by the Borrower as security under the Contract (or other Borrower funds), the amounts paid on behalf of the Borrower shall be deemed to be immediately due and payable to the Secretary. Nothing in this paragraph shall be construed as permitting or implying that the Borrower may, without the written consent of the Holder and the Secretary, modify, extend, alter or affect in any manner whatsoever the right of the Holder timely to receive any and all payments of principal and interest specified in this Note.

In addition, the Secretary may declare the Borrower in default under this Note if the Secretary makes a final decision in accordance with the provisions of 24 C.F.R. § 570.913 (or any successor regulation thereof), including requirements for reasonable notice and opportunity for hearing, that the Borrower has failed to comply substantially with Title I of the HCD Act. Following the giving of such reasonable notice, the Secretary may take the remedial actions specified as available in the relevant provisions of the Contract pending the Secretary's final decision.

G. Holder's Reliance on Guarantee

Following a default by the Borrower under the terms of this Note, the Holder agrees to rely wholly and exclusively for repayment of this Note upon the Guarantee. The enforcement of any instruments or agreements securing or otherwise related to this Note shall be the sole responsibility

of the Secretary, and the Holder shall not be responsible for the preparation, contents or administration of such instruments and agreements, or for any actions taken in connection with such instruments and agreement. The Holder, to the extent it is legally able to do so, shall bind or cause to be bound its successors and assigns to all limitations imposed upon the Holder by this Note.

H. Amendment

This Note may only be amended with the prior written consent of the Secretary and the Borrower. No such amendment shall reduce, without the prior written consent of the Holder of this Note, in any manner the amount of, or delay the timing of, payments required to be received on this Note by the Holder, Fiscal Agent or Trustee, including Guarantee Payments; provided that prior to the Conversion Date, the Commitment Amounts on the Commitment Schedule attached hereto, and the Principal Amounts due on the corresponding Principal Due Dates may be rescheduled pursuant to written instructions given to the Fiscal Agent by the Secretary based upon a written request by the Borrower absent the consent of the Holder.

Notwithstanding the foregoing, Borrower agrees that Note may be amended without consent of the Borrower to establish a Subsequent Rate and a Subsequent Variable Interest Rate for purposes of determining the Applicable Rate, if the Secretary, in his or her sole discretion, determines that an Applicable Rate based upon the 3-Month T-Bill Rate no longer represents a reasonable rate, and the Secretary and Holder agree on a reasonable Subsequent Rate and Subsequent Variable Interest Rate. Any amendment establishing a Subsequent Rate and Subsequent Variable Interest Rate shall be appended to and become part of this Note as of the effective date of such amendment. Borrower shall be given 30 days-notice prior to the effective date of an amendment establishing a Subsequent Rate and Subsequent Variable Interest Rate.

I. Waivers

The Borrower hereby waives any requirement for presentment, protest or other demand or notice with respect to this Note. The Borrower hereby waives notice of default and opportunity for hearing for any failure to make a payment when due.

J. Delivery and Effective Date

This Note is deemed issued, executed, and delivered on behalf of the Borrower by its authorized official as an obligation guaranteed by the Secretary pursuant to Section 108 of the HCD Act, effective as of the date of the Secretary's Guarantee.

V. Borrower-Specific Provisions

[This space intentionally left blank]

THE UNDERSIGNED, as an authorized official of the Borrower, has executed and delivered this Note.

County of Fort Bend, Texas
BORROWER

By: _____
(Signature)

(Name)

(Title)

ASSIGNMENT AND TRANSFER

For value received, the undersigned assigns and transfers this Note to

(Name and Address of Assignee)

(Social Security or Other Identifying Number of Assignee)

and irrevocably appoints _____
attorney-in-fact to transfer it on the books kept for registration of the Note, with full power of
substitution.

Dated: _____

Note: The signature to this assignment
must correspond with the name as written on
the face of the Note without alteration or
enlargement or other change.

Signature Guaranteed:

Qualified Financial Institution

By: _____
Authorized Signature

[This page to be completed by the Fiscal Agent for transfer of the Note by the Holder as of the
Conversion Date pursuant to the last paragraph of Section I.A. of this Note.]

APPENDIX A

Special Pre-Conversion Interest Rates.

- (a) The Holder and the Secretary contemplate that the majority of the outstanding Variable/Fixed Rate Notes will be purchased by underwriters selected by the Secretary for sale in public offerings to occur each year. If a public offering including this Note has not occurred by each March 1 following the initial Advance under this Note, the Secretary shall, upon request, advise the Holder as to when a public offering including this Note is expected to occur, and the Holder and the Secretary agree to consult with each other as to what the interest rate on this Note will be after May 1 of that year if a public offering has not occurred by such May 1. The Holder shall notify the Secretary if such consultation has not occurred by April 1 of that year. If no public offering including this Note has occurred on or before such May 1, the applicable interest rate on this Note from such May 1 shall be the rate (if any) negotiated and agreed upon by the Secretary and the Holder. Such rate may be the Standard Note Rate or some other rate agreed upon by the Holder and the Secretary at least two Business Days before such May 1 (such other rate, the "Negotiated Special Interest Rate"). The Secretary shall notify the Fiscal Agent and the Holder in writing of any Negotiated Special Interest Rate within two Business Days of the determination thereof.
- (b) If the Secretary and the Holder do not, by the April 15th preceding such May 1, negotiate and agree under Section (a) of this Appendix on an interest rate applicable to this Note, then the Holder may, on or before the April 20th preceding such May 1, give written notice to the Secretary of its intent to change the interest rate on this Note and, if such notice was given during such period, the Holder may, on such May 1, unilaterally determine (subject to the terms of this paragraph) the interest rate that this Note will bear (such rate, the "Holder Determined Interest Rate") from and including such May 1 to but excluding the earliest of: (i) the Conversion Date; (ii) the date that this Note is purchased by a new Holder (as described in Section (c) below) or (iii) a Monthly Special Reset Date (as defined below). Interest from and including such May 1 to but excluding the Public Offering Date shall be paid on the unpaid principal balance of all outstanding Advances under this Note at the rate(s) to be determined by the Holder which, based upon then prevailing market conditions and taking into account all the circumstances, will enable the Holder to sell this Note at one hundred percent (100%) of the aggregate amount of all Advances hereunder prior to the date of such sale. Such interest rate shall be determined as of such May 1 and shall be determined again on the foregoing basis on the first of each month thereafter (the first of each month after such May 1, a "Monthly Special Reset Date"). The Holder shall notify the Fiscal Agent and the Secretary in writing within two Business Days following such dates of the determination of the Holder Determined Interest Rate and each applicable interest rate determined on a Monthly Special Reset Date.

- (c) If the Secretary and the Holder have failed to agree upon an interest rate pursuant to Section (a) of this Appendix A, the Secretary, upon seven calendar days notice to the Holder, may arrange for the purchase of this Note in full by another entity on the following May 1 or any Business Day thereafter. If such a purchase occurs, the Holder shall sell and assign this Note to the purchaser thereof without recourse to the Holder and deliver this Note and its Guarantee to the Fiscal Agent for registration in the name of the purchaser thereof in accordance with the Secretary's written instructions. The purchase price for this Note shall be 100% of the aggregate amount of all Advances owing hereunder plus accrued interest to the date of purchase. Payment to the Holder of the purchase price for this Note shall be made by the purchaser thereof in Federal funds at the offices of the Holder, or at such other place as shall be agreed upon by the Holder and the Secretary, at 10:00 a.m., New York time, on the date of purchase. After such purchase date this Note shall bear a rate of interest negotiated between the Secretary and the new interim Holder (the "New Purchaser Special Interest Rate"). The Secretary shall notify the Fiscal Agent and the new purchaser in writing of any New Purchaser Special Interest Rate within two Business Days following the date of determination thereof.
- (d) Notwithstanding Sections (a) through (c) (inclusive) of this Appendix, no Borrower is obligated to pay interest at a variable rate exceeding the maximum rate permitted by generally applicable law of the Borrower's state (such rate, the "Maximum Rate"). If the Borrower receives notice of a variable interest payment that exceeds the Maximum Rate, then the Borrower shall timely pay such amount as does not exceed the Maximum Rate, and concurrently shall notify the Secretary and the Fiscal Agent of the reason for any interest non-payment.